

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 JUNE 2020 WITH
AUDITOR'S REVIEW REPORT**

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

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of Akbank T.A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, 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; the accompanying consolidated financial statements as at 30 June 2020 include a free provision amounting to TL 900.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 250.000 thousand recognized in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. and its consolidated subsidiaries at 30 June 2020 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

Istanbul, 28 July 2020

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

**THE CONSOLIDATED FINANCIAL REPORT OF
AKBANK T.A.Ş. AS OF 30 JUNE 2020**

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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** - INTERIM REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY REPORT

Investments in associates, joint ventures and subsidiaries whose financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Investments in Associates	Joint Ventures
1.	Ak Finansal Kiralama A.Ş.	-	-
2.	Ak Yatırım Menkul Değerler A.Ş.	-	-
3.	Ak Portföy Yönetimi A.Ş.	-	-
4.	Akbank AG	-	-
5.	AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	-

A.R.T.S. Ltd., which is not subsidiary of the Bank but over which the Bank has 100% controlling power, has been included in the consolidation due to the reason that this company is "Structured Entity".

The accompanying consolidated financial statements and notes to these financial statements for 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.

28 July 2020

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

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

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President
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AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 30 June 2020, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2019: 51%).

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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

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

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

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. via its branch network. As of 30 June 2020, the Bank has 746 branches dispersed throughout the country and 1 branch operating abroad (31 December 2019: 770 branches and 1 branch operating abroad). As of 30 June 2020, the Bank has 12.633 employees (31 December 2019: 12.750).

The Parent Bank and its subsidiaries, Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but over which the Bank has 100% controlling power due to the reason that this company is a "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group".

As at 30 June 2020, the Group employed 13.019 people (31 December 2019: 13.136).

VI. A SHORT EXPLANATION ON THE DIFFERENCES BETWEEN THE COMMUNIQUE ON CONSOLIDATED FINANCIAL STATEMENT REPORTING AND THE CONSOLIDATION PROCEDURES REQUIRED BY TURKISH ACCOUNTING STANDARDS AND ABOUT INSTITUTIONS THAT ARE SUBJECT TO FULL CONSOLIDATION, PROPORTIONAL CONSOLIDATION, BY WAY OF DEDUCTION FROM CAPITAL OR THOSE THAT ARE SUBJECT TO NONE:

The Bank sees no difference between the Communiqué on Consolidated Financial Reporting and the consolidation procedures required by Turkish Accounting Standards. Information in regards to consolidated subsidiaries and consolidation methods are given in Section III. Note III.

VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF CAPITAL BETWEEN PARENT BANK AND ITS SUBSIDIARIES AND REPAYMENT OF DEBTS:

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.
I. CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2020 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		50.708.202	90.949.371	141.657.573	50.353.146	88.847.971	139.201.117
1.1 Cash and Cash Equivalents		6.439.803	50.666.329	57.106.132	2.401.694	45.498.382	47.900.076
1.1.1 Cash and Balances with Central Bank	(I-a)	6.418.211	36.314.007	42.732.218	2.243.226	27.650.703	29.893.929
1.1.2 Banks	(I-d)	21.403	14.352.883	14.374.286	92.372	17.848.302	17.940.674
1.1.3 Money Markets		196	-	196	66.120	-	66.120
1.1.4 Expected Loss Provision (-)		7	561	568	24	623	647
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	512.885	7.648.666	8.161.551	195.719	7.069.120	7.264.839
1.2.1 Government Debt Securities		32.804	86.702	119.506	182.344	92.378	274.722
1.2.2 Equity Instruments		473.947	258.737	732.684	12.470	220.294	232.764
1.2.3 Other Financial Assets		6.134	7.303.227	7.309.361	905	6.756.448	6.757.353
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	30.314.616	26.473.779	56.788.395	36.203.273	31.315.167	67.518.440
1.3.1 Government Debt Securities		29.610.833	16.018.324	45.629.157	35.534.282	16.168.796	51.703.078
1.3.2 Equity Instruments		15.777	607	16.384	15.777	607	16.384
1.3.3 Other Financial Assets		688.006	10.454.848	11.142.854	653.214	15.145.764	15.798.978
1.4 Derivative Financial Assets	(I-c, I-l)	13.440.898	6.160.597	19.601.495	11.552.460	4.965.302	16.517.762
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		10.120.369	6.160.597	16.280.966	9.458.665	4.932.085	14.390.750
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3.320.529	-	3.320.529	2.093.795	33.217	2.127.012
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		190.932.029	94.663.261	285.595.290	147.259.503	87.515.563	234.775.066
2.1 Loans	(I-f)	166.640.113	86.883.289	253.523.402	144.802.842	81.973.456	226.776.298
2.2 Lease Receivables	(I-k)	1.341.798	3.750.591	5.092.389	1.534.777	3.605.542	5.140.319
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(I-g)	35.704.215	6.654.820	42.359.035	11.814.099	3.760.759	15.574.858
2.4.1 Government Debt Securities		35.604.075	6.065.340	41.669.415	11.479.840	2.379.418	13.859.258
2.4.2 Other Financial Assets		100.140	589.480	689.620	334.259	1.381.341	1.715.600
2.5 Expected Credit Loss (-)		12.754.097	2.625.439	15.379.536	10.892.215	1.824.194	12.716.409
III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	317.536	-	317.536	666.067	-	666.067
3.1 Held for Sale Purpose		317.536	-	317.536	666.067	-	666.067
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		14.107	-	14.107	5.521	-	5.521
4.1 Investments In Associates (Net)	(I-h)	14.107	-	14.107	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		14.107	-	14.107	5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(I-j)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		5.248.314	57.086	5.305.400	4.866.527	53.170	4.919.697
VI. INTANGIBLE ASSETS (Net)		1.051.449	4.110	1.055.559	948.305	4.883	953.188
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.051.449	4.110	1.055.559	948.305	4.883	953.188
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		645	-	645	9.971	-	9.971
IX. DEFERRED TAX ASSET	(I-n)	60.778	-	60.778	80.564	55.408	135.972
X. OTHER ASSETS (Net)	(I-p)	4.922.657	4.754.457	9.677.114	2.631.103	3.874.735	6.505.838
TOTAL ASSETS		253.255.717	190.428.285	443.684.002	206.820.707	180.351.730	387.172.437

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

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.S.

I. CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2020 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	104.488.244	154.756.869	259.245.115	95.854.279	148.858.054	244.712.333
II. FUNDS BORROWED	(II-c)	353.808	37.102.310	37.456.118	548.615	34.287.866	34.836.481
III. MONEY MARKETS		20.290.932	14.035.073	34.326.005	763.198	9.343.352	10.106.550
IV. SECURITIES ISSUED (Net)	(II-d)	12.251.282	6.825.274	19.076.556	4.924.276	8.612.669	13.536.945
4.1 Bills		10.088.055	-	10.088.055	2.391.332	-	2.391.332
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.163.227	6.825.274	8.988.501	2.532.944	8.612.669	11.145.613
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(II-b, II-g)	7.971.393	3.117.825	11.089.218	7.245.411	1.700.291	8.945.702
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		7.397.454	2.734.447	10.131.901	6.397.372	1.647.226	8.044.598
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		573.939	383.378	957.317	848.039	53.065	901.104
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	570.652	52.118	622.770	576.563	47.591	624.154
X. PROVISIONS	(II-h)	1.867.365	142.320	2.009.685	1.411.459	181.183	1.592.642
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		502.358	954	503.312	450.238	646	450.884
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.365.007	141.366	1.506.373	961.221	180.537	1.141.758
XI. CURRENT TAX LIABILITY	(II-i)	1.404.680	10.666	1.415.346	772.096	59.603	831.699
XII. DEFERRED TAX LIABILITY	(II-i)	105.895	76.613	182.508	704.309	132.903	837.212
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-j)	-	6.201.725	6.201.725	-	5.381.534	5.381.534
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	6.201.725	6.201.725	-	5.381.534	5.381.534
XV. OTHER LIABILITIES	(II-e)	9.676.978	4.863.974	14.540.952	7.465.579	3.939.153	11.404.732
XVI. SHAREHOLDERS' EQUITY	(II-k)	59.446.238	(1.928.234)	57.518.004	54.875.134	(512.681)	54.362.453
16.1 Paid-in capital		5.200.000	-	5.200.000	5.200.000	-	5.200.000
16.2 Capital Reserves		5.320.613	-	5.320.613	5.320.613	-	5.320.613
16.2.1 Share Premium		3.505.742	-	3.505.742	3.505.742	-	3.505.742
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.814.871	-	1.814.871	1.814.871	-	1.814.871
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.142.377	6.055	2.148.432	2.025.172	6.055	2.031.227
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.188.241	(1.934.289)	1.253.952	1.632.533	(518.736)	1.113.797
16.5 Profit Reserves		40.117.963	-	40.117.963	34.576.406	-	34.576.406
16.5.1 Legal Reserves		1.882.950	-	1.882.950	1.626.891	-	1.626.891
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		37.956.649	-	37.956.649	32.684.032	-	32.684.032
16.5.4 Other Profit Reserves		278.364	-	278.364	265.483	-	265.483
16.6 Income or (Loss)		3.476.876	-	3.476.876	6.120.251	-	6.120.251
16.6.1 Prior Periods' Income or (Loss)		591.573	-	591.573	767.926	-	767.926
16.6.2 Current Period Income or (Loss)		2.885.303	-	2.885.303	5.352.325	-	5.352.325
16.7 Minority Interest		168	-	168	159	-	159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		218.427.469	225.256.533	443.684.002	175.140.919	212.031.518	387.172.437

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

AKBANK T.A.S.
II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 30 JUNE 2020
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)		145.702.321	454.624.987	600.327.308	162.285.048	473.496.707	635.781.755
I. GUARANTEES AND WARRANTIES	(III-2, 3)	19.515.950	23.083.799	42.599.749	19.905.773	22.793.252	42.699.025
1,1 Letters of Guarantee		16.650.038	14.989.138	31.639.176	16.949.962	14.187.155	31.137.117
1.1.1 Guarantees Subject to State Tender Law		294.030	1.628.871	1.922.901	282.800	1.422.854	1.705.654
1.1.2 Guarantees Given for Foreign Trade Operations		-	2.009.387	2.009.387	-	2.223.470	2.223.470
1.1.3 Other Letters of Guarantee		16.356.008	11.350.880	27.706.888	16.667.162	10.540.831	27.207.993
1,2 Bank Acceptances		-	59.950	59.950	-	50.678	50.678
1.2.1 Import Letter of Acceptance		-	59.950	59.950	-	50.678	50.678
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1,3 Letters of Credit		16.258	3.804.666	3.820.924	8.409	4.396.101	4.404.510
1.3.1 Documentary Letters of Credit		16.258	3.112.796	3.129.054	8.409	3.747.283	3.755.692
1.3.2 Other Letters of Credit		-	691.870	691.870	-	648.818	648.818
1,4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1,5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1,6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1,7 Factoring Guarantees		-	14.637	14.637	-	14.790	14.790
1,8 Other Guarantees		113.113	4.210.625	4.323.738	5.990	4.131.474	4.137.464
1,9 Other Collaterals		2.736.541	4.783	2.741.324	2.941.412	13.054	2.954.466
II. COMMITMENTS	(III-1)	48.929.245	5.751.620	54.680.865	43.611.686	12.978.081	56.589.767
2,1 Irrevocable Commitments		47.597.110	5.352.180	52.949.290	42.539.957	12.676.833	55.216.790
2.1.1 Asset Purchase Commitments		1.769.823	3.989.998	5.759.821	3.512.234	11.250.734	14.762.968
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		20.000	-	20.000	-	-	-
2.1.4 Loan Granting Commitments		8.996.680	1.359.120	10.355.800	8.228.762	1.423.408	9.652.170
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.661.276	-	2.661.276	2.632.311	-	2.632.311
2.1.8 Tax and Fund Liabilities from Export Commitments		4.632	-	4.632	4.430	-	4.430
2.1.9 Commitments for Credit Card Limits		28.051.996	-	28.051.996	23.193.073	-	23.193.073
2.1.10 Commitments for Credit Cards and Banking Services Promotions		129.418	-	129.418	94.381	-	94.381
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		5.963.285	3.062	5.966.347	4.874.766	2.691	4.877.457
2,2 Revocable Commitments		1.332.135	399.440	1.731.575	1.071.729	301.248	1.372.977
2.2.1 Revocable Loan Granting Commitments		1.112.201	-	1.112.201	992.817	-	992.817
2.2.2 Other Revocable Commitments		219.934	399.440	619.374	78.912	301.248	380.160
III. DERIVATIVE FINANCIAL INSTRUMENTS		77.257.126	425.789.568	503.046.694	98.767.589	437.725.374	536.492.963
3,1 Hedging Derivative Financial Instruments		16.788.964	61.778.810	78.567.774	13.674.935	50.984.080	64.659.015
3.1.1 Fair Value Hedges		3.445.269	24.183.418	27.628.687	4.122.135	22.691.635	26.813.770
3.1.2 Cash Flow Hedges		13.343.695	37.595.392	50.939.087	9.552.800	28.292.445	37.845.245
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3,2 Trading Derivative Financial Instruments		60.468.162	364.010.758	424.478.920	85.092.654	386.741.294	471.833.948
3.2.1 Forward Foreign Currency Buy/Sell Transactions		4.716.481	10.342.148	15.058.629	6.344.720	14.506.012	20.850.732
3.2.1.1 Forward Foreign Currency Transactions-Buy		4.462.552	3.175.194	7.637.746	5.802.042	4.937.886	10.739.928
3.2.1.2 Forward Foreign Currency Transactions-Sell		253.929	7.166.954	7.420.883	542.678	9.568.126	10.110.804
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		52.651.681	301.614.115	354.265.796	73.868.613	322.537.764	396.406.377
3.2.2.1 Foreign Currency Swap-Buy		10.982.321	83.324.651	94.306.972	22.948.085	97.089.617	120.037.702
3.2.2.2 Foreign Currency Swap-Sell		35.297.360	65.845.482	101.142.842	48.590.528	74.408.155	122.998.683
3.2.2.3 Interest Rate Swap-Buy		3.186.000	76.221.991	79.407.991	1.165.000	75.519.996	76.684.996
3.2.2.4 Interest Rate Swap-Sell		3.186.000	76.221.991	79.407.991	1.165.000	75.519.996	76.684.996
3.2.3 Foreign Currency, Interest Rate and Securities Options		2.461.640	24.112.051	26.573.691	4.702.430	27.522.912	32.225.342
3.2.3.1 Foreign Currency Options-Buy		1.174.096	2.678.288	3.852.384	1.934.397	3.443.224	5.377.621
3.2.3.2 Foreign Currency Options-Sell		1.286.309	2.550.841	3.837.150	2.734.120	2.804.616	5.538.736
3.2.3.3 Interest Rate Options-Buy		-	9.441.461	9.441.461	-	10.637.536	10.637.536
3.2.3.4 Interest Rate Options-Sell		-	9.441.461	9.441.461	-	10.637.536	10.637.536
3.2.3.5 Securities Options-Buy		993	-	993	19.333	-	19.333
3.2.3.6 Securities Options-Sell		242	-	242	14.580	-	14.580
3,2,4 Foreign Currency Futures		551.429	539.620	1.091.049	85.946	85.005	170.951
3.2.4.1 Foreign Currency Futures-Buy		489.855	60.487	550.342	85.946	-	85.946
3.2.4.2 Foreign Currency Futures-Sell		61.574	479.133	540.707	-	85.005	85.005
3,2,5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3,2,6 Other		86.931	27.402.824	27.489.755	90.945	22.089.601	22.180.546
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		902.606.253	402.892.310	1.305.498.563	871.352.485	344.368.703	1.215.721.188
IV. ITEMS HELD IN CUSTODY		69.864.380	33.906.708	103.771.088	61.762.629	24.508.688	86.271.317
4,1 Customer Fund and Portfolio Balances		12.586.266	4.059.914	16.646.180	9.483.940	1.309.375	10.793.315
4,2 Investment Securities Held in Custody		21.286.269	6.495.008	27.781.277	17.737.273	2.996.399	20.733.672
4,3 Cheques Received for Collection		29.513.078	3.378.241	32.891.319	28.123.634	3.036.679	31.160.313
4,4 Commercial Notes Received for Collection		6.177.593	3.744.053	9.921.646	6.116.849	3.118.920	9.235.769
4,5 Other Assets Received for Collection		-	-	-	-	-	-
4,6 Assets Received for Public Offering		-	-	-	-	-	-
4,7 Other Items Under Custody		301.174	16.229.492	16.530.666	300.933	14.047.315	14.348.248
4,8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		214.856.361	123.634.080	338.490.441	209.087.002	109.793.747	318.880.749
5,1 Marketable Securities		606.636	1.543.398	2.150.034	785.963	1.137.538	1.923.501
5,2 Guarantee Notes		628.147	651.303	1.279.450	652.116	574.500	1.226.616
5,3 Commodity		176.188	156.955	333.143	-	135.780	135.780
5,4 Warranty		-	-	-	-	-	-
5,5 Immovables		168.490.035	96.391.113	264.881.148	166.259.977	84.587.022	250.846.999
5,6 Other Pledged Items		44.955.355	24.891.311	69.846.666	41.388.946	23.358.907	64.747.853
5,7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTEES		617.885.512	245.351.522	863.237.034	600.502.854	210.066.268	810.569.122
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.048.308.574	857.517.297	1.905.825.871	1.033.637.533	817.865.410	1.851.502.943

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

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.S.

III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2020

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

INCOME AND EXPENSE ITEMS	Note (Section Five)	CURRENT PERIOD	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD
		(01/01-30/06/2020)	(01/04-30/06/2020)	(01/01-30/06/2019)	(01/04-30/06/2019)
I. INTEREST INCOME	(IV-a)	16.709.074	8.248.593	18.639.239	9.506.052
1.1 Interest on Loans	(IV-a-1)	11.904.321	5.804.892	14.445.817	7.334.611
1.2 Interest on Reserve Requirements		13.689	-	252.067	131.704
1.3 Interest on Banks	(IV-a-2)	120.937	22.534	479.073	284.246
1.4 Interest on Money Market Transactions		53.937	5.162	74.519	74.000
1.5 Interest on Marketable Securities Portfolio	(IV-a-3)	4.381.177	2.299.679	3.045.674	1.499.658
1.5.1 Fair Value Through Profit or Loss		9.574	3.710	1.693	953
1.5.2 Fair Value Through Other Comprehensive Income		2.921.426	1.391.310	2.462.881	1.231.121
1.5.3 Measured at Amortised Cost		1.450.177	904.659	581.100	267.584
1.6 Financial Lease Interest Income		209.212	103.680	243.742	120.605
1.7 Other Interest Income		25.801	12.646	98.347	61.228
II. INTEREST EXPENSE (-)	(IV-b)	6.475.245	3.255.890	10.929.199	5.461.620
2.1 Interest on Deposits	(IV-b-4)	4.160.049	1.878.655	7.975.169	3.945.004
2.2 Interest on Funds Borrowed	(IV-b-1)	623.642	283.571	916.015	448.877
2.3 Interest Expense on Money Market Transactions		655.229	497.120	794.128	344.052
2.4 Interest on Securities Issued	(IV-b-3)	794.478	463.380	1.182.882	689.830
2.5 Interest on Leases		46.972	23.357	46.513	22.990
2.6 Other Interest Expenses		194.875	109.807	14.492	10.867
III. NET INTEREST INCOME (I - II)		10.233.829	4.992.703	7.710.040	4.044.432
IV. NET FEES AND COMMISSIONS INCOME		2.262.304	998.321	2.403.167	1.210.357
4.1 Fees and Commissions Received		2.740.060	1.231.059	3.044.813	1.542.830
4.1.1 Non-cash Loans		227.023	113.797	304.821	159.719
4.1.2 Other		2.513.037	1.117.262	2.739.992	1.383.111
4.2 Fees and Commissions Paid (-)		477.756	232.738	641.646	332.473
4.2.1 Non-cash Loans		2.062	1.026	304	163
4.2.2 Other		475.694	231.712	641.342	332.310
V. DIVIDEND INCOME		3.813	3.578	5.526	1.533
VI. TRADING INCOME / (LOSS) (Net)	(IV-c)	(182.770)	302.914	(197.971)	(398.503)
6.1 Trading Gains / (Losses) on Securities		292.401	314.247	78.761	14.467
6.2 Gains / (Losses) on Derivative Financial Transactions		(69.291)	(436.338)	2.648.419	36.618
6.3 Foreign Exchange Gains / (Losses)		(405.880)	425.005	(2.925.151)	(449.588)
VII. OTHER OPERATING INCOME	(IV-d)	625.517	232.271	386.669	161.077
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		12.942.693	6.529.787	10.307.431	5.018.896
IX. EXPECTED CREDIT LOSS (-)	(IV-e)	3.493.919	2.038.648	2.735.025	1.470.199
X. OTHER PROVISION EXPENSES (-)		1.689.531	560.827	748.613	253.749
XI. PERSONNEL EXPENSE (-)		1.546.070	738.172	1.377.503	697.852
XII. OTHER OPERATING EXPENSES (-)	(IV-f)	2.352.365	1.105.256	1.990.769	991.483
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		3.860.808	2.086.884	3.455.521	1.605.613
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		3.860.808	2.086.884	3.455.521	1.605.613
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-h)	975.496	504.243	788.509	346.341
18.1 Current Tax Provision		1.227.829	952.515	470.329	422.830
18.2 Deferred Tax Expense Effect (+)		668.165	54.091	953.337	(104.878)
18.3 Deferred Tax Income Effect (-)		920.498	502.363	635.157	(28.389)
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(IV-i)	2.885.312	1.582.641	2.667.012	1.259.272
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET INCOME/(LOSS) (XIX+XXIV)	(IV-i)	2.885.312	1.582.641	2.667.012	1.259.272
25.1 Income/(Loss) from the Group	(IV-g)	2.885.303	1.582.637	2.667.003	1.259.267
25.2 Income/(Loss) from Minority Interest		9	4	9	5
Earning/(Loss) per share (in TL full)		0,00555	0,00304	0,00604	0,00285

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 2020**

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

	CURRENT PERIOD	PRIOR PERIOD
	(30/06/2020)	(30/06/2019)
I. CURRENT PERIOD INCOME/LOSS	2.885.312	2.667.012
II. OTHER COMPREHENSIVE INCOME	270.068	(25.948)
2.1 Not Reclassified Through Profit or Loss	129.913	(14.868)
2.1.1 Property and Equipment Revaluation Increase/Decrease	157.929	1.276
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(18.932)	(20.338)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	5.687	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(14.771)	4.194
2.2 Reclassified Through Profit or Loss	140.155	(11.080)
2.2.1 Foreign Currency Translation Differences	816.505	362.483
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(436.096)	(92.752)
2.2.3 Cash Flow Hedge Income/Loss	(100.683)	(224.927)
2.2.4 Foreign Net Investment Hedge Income/Loss	(330.336)	(161.248)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	190.765	105.364
III. TOTAL COMPREHENSIVE INCOME (I+II)	3.155.380	2.641.064

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

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest		Total Shareholders' Equity		
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences				Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)		Minority Interest	Minority Interest
CURRENT PERIOD																	
(30/06/2020)																	
I. Prior Period End Balance		5.200.000	3.505.742	-	1.814.871	2.207.594	(180.262)	3.895	2.783.378	131.159	(1.800.740)	34.576.406	767.926	5.352.325	54.362.294	159	54.362.453
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		5.200.000	3.505.742	-	1.814.871	2.207.594	(180.262)	3.895	2.783.378	131.159	(1.800.740)	34.576.406	767.926	5.352.325	54.362.294	159	54.362.453
IV. Total Comprehensive Income		-	-	-	-	138.993	(14.767)	5.687	816.505	(340.155)	(336.195)	-	-	2.885.303	3.155.371	9	3.155.380
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	-	(12.708)	-	-	-	-	-	189.232	(176.353)	-	171	-	171
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5.352.325	(5.352.325)	-	-	-	-
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5.352.325	(5.352.325)	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+III+...+XI)		5.200.000	3.506.742	-	1.814.871	2.333.879	(195.029)	9.582	3.599.883	(208.994)	(2.136.936)	40.117.963	891.873	2.886.303	57.517.836	168	57.518.004

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

AKBANK T.A.S.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity			
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)				Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)
PRIOR PERIOD (30/06/2019)																	
I. Prior Period End Balance		4,000,000	1,700,000	-	1,907,551	2,207,533	(110,731)	3,895	2,329,472	(2,979,278)	[614,928]	28,961,397	672,838	5,709,166	43,786,915	126	43,787,041
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	(92,680)	-	-	-	-	-	-	-	-	-	(92,680)	-	(92,680)
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	(92,680)	-	-	-	-	-	-	-	-	-	(92,680)	-	(92,680)
III. Adjusted Beginning Balance (I+II)		4,000,000	1,700,000	-	1,814,871	2,207,533	(110,731)	3,895	2,329,472	(2,979,278)	[614,928]	28,961,397	672,838	5,709,166	43,694,235	126	43,694,361
IV. Total Comprehensive Income		-	-	-	-	995	[15,864]	-	362,483	(72,346)	[301,216]	-	2,667,003	2,641,054	9	2,641,063	
V. Capital Increase by Cash		1,200,000	1,805,742	-	-	-	-	-	-	-	-	-	-	-	3,005,742	18	3,005,760
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		-	-	-	-	(931)	-	-	-	-	-	[94,157]	95,088	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,709,166	-	(5,709,166)	-	-	-
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,709,166	-	(5,709,166)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+III+...+XI)		5,200,000	3,505,742	-	1,814,871	2,207,897	(126,895)	3,895	2,691,955	(3,051,624)	[916,144]	34,576,406	767,926	2,667,003	49,341,031	153	49,341,184

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

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

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

	Note (Section Five)	CURRENT PERIOD (30/06/2020)	PRIOR PERIOD (30/06/2019)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities	8.158.473	7.631.434
1.1.1	Interest received	15.000.429	16.712.427
1.1.2	Interest paid	(6.584.023)	(10.994.447)
1.1.3	Dividend received	3.813	2.764
1.1.4	Fees and commissions received	2.749.864	3.019.684
1.1.5	Other income	(386.927)	1.399.114
1.1.6	Collections from previously written-off loans and other receivables	930.756	681.634
1.1.7	Cash Payments to personnel and service suppliers	(1.653.234)	(1.486.556)
1.1.8	Taxes paid	(166.508)	(109.867)
1.1.9	Other	(1.735.697)	(1.593.319)
1.2	Changes in operating assets and liabilities	(9.868.591)	(11.039.016)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(1.469.296)	(592.067)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	(1.844.445)	(160.330)
1.2.3	Net (increase) / decrease in loans	(26.782.275)	(11.585.542)
1.2.4	Net (increase) / decrease in other assets	(20.342.741)	(4.098.512)
1.2.5	Net increase / (decrease) in bank deposits	4.749.084	(1.104.624)
1.2.6	Net increase / (decrease) in other deposits	9.940.183	22.084.286
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	2.943.084	(6.914.253)
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	22.937.815	(8.667.974)
I.	Net cash provided from banking operations	(1.710.118)	(3.407.582)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(11.710.940)	(6.896.568)
2.1	Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3	Purchases of property and equipment	(611.888)	98.420
2.4	Disposals of property and equipment	2.259	10.158
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(41.609.739)	(11.551.159)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	52.257.983	2.890.820
2.7	Purchase of Financial Assets Measured at Amortised Cost	(23.934.207)	(8.075)
2.8	Sale of Financial Assets Measured at Amortised Cost	1.985.038	1.868.640
2.9	Other	199.614	(205.372)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	6.247.577	7.960.326
3.1	Cash obtained from funds borrowed and securities issued	26.952.093	20.383.620
3.2	Cash used for repayment of funds borrowed and securities issued	(20.554.922)	(15.294.286)
3.3	Issued equity instruments	-	3.005.742
3.4	Dividends paid	-	-
3.5	Payments for finance leases	(149.594)	(134.750)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	2.178.962	2.265.729
V.	Net increase in cash and cash equivalents (I+II+III+IV)	(4.994.519)	(78.095)
VI.	Cash and cash equivalents at beginning of the period	18.691.977	18.432.454
VII.	Cash and cash equivalents at end of the period	13.697.458	18.354.359

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 2020

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS ON BASIS OF PRESENTATION:

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

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, Turkish Accounting Standard 34 ("TAS 34") Interim Financial Reporting Standard and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

The COVID-19 pandemic caused serious effects on health systems and the global economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has many citizens' health and safety measures, as well as to ensure that companies and regulators to support the households in these challenging circumstances, fiscal and monetary actions have been implemented. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. On the other hand, estimations and assumptions used to reflect COVID-19 impacts on 30 June 2020 financial statements of the Bank are explained in the relevant footnotes.

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

b. Explanation for convenience translation to English:

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

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

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

are not regulated by the foregoing, with the provisions of TAS/TFRS (together "BRSA Accounting and Financial Reporting Legislation") put into force by Public Oversight, Accounting and Auditing Standards Authority (POA).

d. Items Subject to different accounting policies in the preparation of consolidated financial statements:

There are no items subject to different accounting policies in the preparation of these consolidated financial statements.

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

The Group's core business activities include retail banking, commercial banking, and corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The Group performs financial leasing transactions through Ak Finansal Kiralama A.Ş. By nature, the Group's activities are principally related to the use of financial instruments. As the main funding source, the Group accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Group's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Group's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Group's equity. The Asset-Liability Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee ("ERC").

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Assets and liabilities of foreign subsidiaries are translated into Turkish lira using the foreign exchange rates prevailing at the balance sheet date, income and expenses of foreign subsidiaries are translated into Turkish Lira at the average exchange rates and all resulting exchange differences are accounted in the shareholders' equity under "Other profit reserves".

As of 30 June 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 6,8432 and TL 7,6720 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but the Bank has 100% control power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements.

Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

Ak Portföy Yönetimi A.Ş. was established on 28 June 2000 and manages its own investment (mutual) funds and AvivaSA Emeklilik ve Hayat A.Ş. and some of the pension funds established by Axa Hayat Emeklilik A.Ş., Allianz Hayat Emeklilik A.Ş. and Allianz Yaşam Emeklilik A.Ş., The company also is managing both individual and institutional customers' portfolios, it continues investing in the Fund SICAV 2 Turkey on the international market and founder of 1 Sompo Japan in money market funds management activities.

Akbank AG operates in Germany, providing corporate, consumer and private banking services.

AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., 100% owned by the Bank, has been established on 19 February 2018 to provide payment services and electronic money issuance under the Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions registered in the trade registry.

A.R.T.S. Ltd. is a "Structured Entity" which was established in November 1999 for the purpose of supplying long-term financing.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

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

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

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 30 June 2020, the Group has no embedded derivative instruments (31 December 2019: None).

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest rate method" and TFRS 15 "Revenue from Contracts with Customers" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

Classification and measurement of financial assets

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

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

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

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

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

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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

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

b. Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

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

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

c. Financial assets measured at amortised cost:

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

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

"Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two 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.

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d. Derivative Financial Assets:

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

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

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

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

e. Loans

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

1. Loans measured at amortised cost:

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that, do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined based on the instrument's lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

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

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

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

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

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

Significant increase in credit risk:

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

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

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

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

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

Definition of Default:

The Bank considers that there is a default on the relevant debt in the following two cases:

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days.

However, due to COVID-19, the "more than 90 days delay" condition used in the definition of default in accordance with the related legislation of BRSA started to be applied as "more than 180 days delay" as of 17 March 2020. This application will be valid until December 31, 2020. According to these amendments, the Bank has made provisions for loans with a delay of 91-180 days according to its own risk policies and models, where the conditions of the borrower are also evaluated.

2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is an overdue payment or number of days.

Write-off Policy:

Loans and provision ratio of a financial asset in the Bank, which have been completely write-off, do not have any expectation that it will be recovered, are applied in cases where these expectations are documented by legal means or are not classified under the 5th group and do not have reasonable expectations for recovery. It is a transaction applied to all 100% fraud and fraud-based follow-up accounts.

Partial write-off transactions mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered from the financial statements.

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSS:

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

As of 1 January 2018, the Group recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Expected Credit Loss (ECL) Calculation – Input and Forecasting Methodologies

Expected Credit Loss (ECL) is calculated as 12 months or lifetime, depending on whether there is a significant increase in credit risk after initial recognition or whether an asset is considered as a credit loss. Expected Credit Loss is calculated by using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components.

- Exposure at Default: Specifies the amount of risk that the borrower should pay in case of default. It is kept in the system by constantly calculated until the maturity of the borrower. The amount of extra risk that can be incurred in the event of default is included in the calculations by using the credit conversion rate (CCR) calculated for the irrevocable commitment products.

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk.

- Loss Given Default (LGD): In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance. Calculated LGD remains constant until its overdue.

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period. However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

Within the scope of TFRS 9, models of Probability of default (PD), Lost given default (LGD) and Exposure at default (EAD) have been developed. The models used by the IRB "(Internal Rating Based Approach)" are taken into account when creating these models. The models developed under TFRS 9 have a detailed segment structure. Loans that have similar characteristics are segmented in order to reflect the expected credit losses collectively in financial reports. When creating the segmentation structure, the following information of the loans is taken into consideration.

1. Customer type (retail or corporate / commercial)
2. Product type
3. IRB rating notes /scores
4. Customer credit performance
5. Collateral type
6. Collection Period
7. Exposure at default

Macro-economic indicators are taken into account in determining the PD component in the expected credit loss calculation. Macro-economic indicators vary on a product-by-product basis for individual products and on a segment basis for commercial products. Future macroeconomic forecasts are reflected in the ECLs using more than one scenario.

The risk parameters used in the TFRS 9 calculations include prospective macroeconomic information. While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) growth rate and the policy interest rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

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The ECL calculations are reviewed once a year. After the last review during the reporting period;

- There has been no change in the assumptions in forecasting techniques.
- Model risk parameters and macroeconomic forecast models have been updated with recent data.
- The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

Within the scope IFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Bank moves the default rate calculated for each maturity up or down. The main parameters of default ratio model are "Growth Rate" and "Policy Interest". Therefore, the calculated provisions can change when the macroeconomic expectations are taken into consideration.

The PD values subject to the ECL calculation have been obtained for the following portfolios.

Consumer/Commercial	Portfolio
Retail	Consumer
Retail	Automotive
Retail	Mortgage
Retail	Credit Card
Retail	Overdraft Account
Commercial	Micro
Commercial	Company
Commercial	Commercial
Commercial	Corporate

In forward-looking expectations, 3 scenarios are being used: the base scenario, the bad scenario and the good scenario. Final provisions are calculated by weighting on the possibilities given to the scenarios. Within the scope of COVID-19 impact to the ECL, the macroeconomic data (growth rate and policy interest rate) used in the scenarios as of 30 June 2020 has updated in line with the estimates of the Economic Research Unit. Also the weight of the bad scenario was increased by reducing the weight of the base scenario from the 3 scenarios. As of 30 June 2020, the effects of COVID-19 on the loans evaluated individually were taken into account by updating the expected cash flows.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

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

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

The Group has securities lending transactions amounting TL 529.296 as of 30 June 2020 (31 December 2019: TL 474.457).

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XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET):

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

Buildings	50 years
Vault	5-50 years
Transportation Vehicles	5 years
Other property and equipments	3-15 years

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability.

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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 that reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

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

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise in the Group, the asset and the related income are recognized in the financial statements in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

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

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

b. Retirement Rights:

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

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

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related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette numbered 28156 dated 28 December 2011.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly, the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published on the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published in the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

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

The Group has made a provision in the financial statements for the technical deficit amounted 38.125 TL in the previous periods, determined by the report prepared by an actuary registered in the actuaries register.

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

In Turkey, corporate tax rate is 20%. Corporate tax rate will be applied as 22% for a period of three years in 2018, 2019 and 2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The corporate tax rate is applied to tax base which is calculated by adding certain non deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period. Advance tax paid by corporations which is for the current

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period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the last day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

Information on taxation in foreign associates are given below:

Akbank AG (Germany)

German-resident corporations (i.e. corporations with legal or business centers located in Germany) are subject to corporate taxation in Germany over their total income. Regardless of any profit distribution corporate tax is levied at 15% over total income. Effective corporate tax rate is 15,825% since an additional solidarity tax of 5,5% is applied over the calculated corporate tax. In addition to that, trade income tax at an approximate rate of 16% is levied by the local city governance. Accordingly, the total tax burden including all types of tax (corporate tax, solidarity tax and trade income tax) is approximately 32%.

b. Deferred Tax:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes.

In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

Calculated deferred tax receivables and deferred tax liabilities have shown in net balances in the financial statements separately for domestic and international branches and for different subsidiaries subject to consolidation. Net balances of deferred tax assets and liabilities from companies are shown separately in assets and liabilities.

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

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XIX. EXPLANATIONS ON BORROWINGS:

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2020.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2020 and 31 December 2019, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity;

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Reporting according to the operational segments is presented in Note IX of Section Four.

XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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

XXV. EARNINGS PER SHARE:

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

	Current Period	Prior Period
	30 June 2020	30 June 2019
Net Profit for the Period of the Group	2.885.303	2.667.003
Average Number of Issued Common Shares (Thousand)	520.000.000	480.883.978
Earnings Per Share (Amounts presented as full TL)	0,00555	0,00555

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

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shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

The number of rights issued in 2020: None (2019: 120.000.000.000).

XXVI. RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411 are deemed as related parties. Transactions with related parties are presented in Note VI of Section Five.

XXVII. CASH AND CASH EQUIVALENT ASSETS:

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

XXVIII. RECLASSIFICATIONS:

The Group made some classifications on profit or loss statement and cash flow dated 30 June 2019 to be in compliance with the presentation of financial statements dated 30 June 2020.

XXIX. DISCLOSURES OF TFRS 16 LEASES:

The group has implemented accounting policy changes resulting from the initial implementation of the "TFRS 16 Leases" standard from the new standard, amendments and interpretations effective from 1 January 2019 in accordance with the transitional provisions of the relevant standard.

TFRS 16 "Leases" Standard

Group – lessee :

The Group assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Group reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Group

When Group applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

The group applies the provisions of depreciation regulated under the TMS 16 Tangible Assets Standards, while depreciating the rights of use assets.

The Lease Obligations:

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

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After the effective date of the lease, the Group measures the leasing liability as follows:

- Increase the book value to reflect the interest on the lease obligation
- Reduces the book value to reflect the lease payments made and
- The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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

	30 June 2020	31 December 2019
Real estate	863.438	852.500
Total right of use assets	863.438	852.500

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

	30 June 2020	31 December 2019
Real estate	359.303	345.737
Total right of use assets depreciation	359.303	345.737

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 60.176 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

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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", additionally, calculated according to BRSA regulations dated 23 March 2020 and numbered 3397 and dated 16 April 2020 and numbered 3984. Based on recent regulation changes ;

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

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

3) Within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, published in the Official Gazette dated 23 May 2015 and numbered 29511 and in accordance with the Standard Approach, 0% risk weight can be applied in calculating the amount subject to credit risk to receivables in foreign currency and from the centralized administration of Republic of Turkey.

As of 30 June 2020, taking into consideration the above-mentioned regulations, the current period equity of the Group has been calculated as TL 67.659.750 (31 December 2019: TL 63.110.300), and the capital adequacy ratio is 21,86% (31 December 2019: 19,66%). This ratio is above the minimum ratio required by the legislation.

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a. Information about total consolidated capital items:

	Current Period 30 June 2020	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.014.871	
Share issue premiums	3.505.742	
Reserves	40.117.963	
Gains recognized in equity as per TAS	5.933.763	
Profit	3.476.876	
Current Period Profit	2.885.303	
Prior Period Profit	591.573	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	9.581	
Minorities' Share	168	
Common Equity Tier 1 Capital Before Deductions	60.058.964	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	630	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	758.932	
Improvement costs for operating leasing	36.644	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.040.623	1.040.623
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.836.829	
Total Common Equity Tier 1 Capital	58.222.135	

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	Current Period 30 June 2020	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	58.222.135	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	6.096.746	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.341.900	
Tier II Capital Before Deductions	9.438.646	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	9.438.646	
Total Capital (The sum of Tier I Capital and Tier II Capital)	67.660.781	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	1.031	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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TOTAL CAPITAL		
Total Capital (Total of Tier I and Tier II Capital)	67.659.750	
Total Risk Weighted Amounts	309.571.833	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	18,81%	
Tier 1 Capital Adequacy Ratio (%)	18,81%	
Capital Adequacy Ratio (%)	21,86%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	4,56%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,06%	
c) Systemic significant bank buffer ratio (%)	2,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	10,81%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(46.196)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	5.911.206	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.341.900	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.014.871	
Share issue premiums	3.505.742	
Reserves	34.576.406	
Gains recognized in equity as per TAS	5.122.131	
Profit	6.120.251	
Current Period Profit	5.352.325	
Prior Period Profit	767.926	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	159	
Common Equity Tier 1 Capital Before Deductions	56.343.455	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.279.788	
Improvement costs for operating leasing	41.222	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	778.469	778.469
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	2.099.565	
Total Common Equity Tier 1 Capital	54.243.890	

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ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	54.243.890	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.540.059	
Tier II Capital Before Deductions	8.868.059	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	8.868.059	
Total Capital (The sum of Tier I Capital and Tier II Capital)	63.111.949	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	1.649	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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TOTAL CAPITAL		
Total Capital (Total of Tier I and Tier II Capital)	63.110.300	
Total Risk Weighted Amounts	320.975.502	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	16,90%	
Tier 1 Capital Adequacy Ratio (%)	16,90%	
Capital Adequacy Ratio (%)	19,66%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	4,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,07%	
c) Systemic significant bank buffer ratio (%)	2,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	8,90%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(701.240)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.538.537	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.540.059	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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

**Current Period
30 June 2020**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	3.422 million TL (in full TL amount)
Nominal value of instrument	3.422 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans [347011 Accounting Number]
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day [Maturity date: 16 March 2027]
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 3.422 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
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AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

**Current Period
30 June 2020**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.737 million TL (in full TL amount)
Nominal value of instrument	2.737 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans [347011 Accounting Number]
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.737 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

- c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is 100% less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON CURRENCY RISK

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure. Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Parent Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	USD	EURO
Balance Sheet Evaluation Rate	TL 6,8432	TL 7,6720
1.Day bid rate	TL 6,8422	TL 7,7082
2.Day bid rate	TL 6,8417	TL 7,6776
3.Day bid rate	TL 6,8417	TL 7,6776
4.Day bid rate	TL 6,8417	TL 7,6776
5.Day bid rate	TL 6,8434	TL 7,6796

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD : TL 6,8113
EURO : TL 7,6707

As of 31 December 2019;

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

Information related to Group's Currency Risk:

The table below summarizes the Group's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets and and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period – 30 June 2020	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank (*)	13.681.434	19.745.647	2.886.926	36.314.007
Banks	5.046.883	7.543.683	1.762.317	14.352.883
Financial Assets at Fair Value through Profit or Loss	22.810	7.625.856	-	7.648.666
Interbank Money Market Placements	-	-	-	-
Financial Assets measured at other comprehensive income	4.632.363	20.771.473	1.069.943	26.473.779
Loans (**)	55.325.205	35.941.445	77.426	91.344.076
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost	1.038.132	5.616.688	-	6.654.820
Hedging Derivative Financial Assets	105.766	-	68.375	174.141
Tangible Assets (Net)	50.100	6.986	-	57.086
Intangible Assets (Net)	4.097	13	-	4.110
Other Assets (***)	2.318.930	5.695.764	7.065	8.021.759
Total Assets	82.225.720	102.947.555	5.872.052	191.045.327
Liabilities				
Bank Deposits (****)	2.032.135	4.221.657	1.706.572	7.960.364
Foreign Currency Deposits (****)	48.424.345	84.918.497	13.453.663	146.796.505
Funds from Interbank Money Market	623.657	13.411.416	-	14.035.073
Borrowings	8.706.960	28.395.350	-	37.102.310
Marketable Securities Issued (Net) [*****]	77.594	12.949.405	-	13.026.999
Miscellaneous Payables	2.670.017	1.662.754	270.057	4.602.828
Hedging Derivative Financial Liabilities	-	921.292	-	921.292
Other Liabilities	867.970	1.860.544	10.882	2.739.396
Total Liabilities	63.402.678	148.340.915	15.441.174	227.184.767
Net on Balance Sheet Position	18.823.042	[45.393.360]	[9.569.122]	[36.139.440]
Net off-Balance Sheet Position [*****]	[14.847.931]	43.525.354	9.396.842	38.074.265
Financial Derivative Assets	26.601.976	81.836.665	11.432.864	119.871.505
Financial Derivative Liabilities	41.449.907	38.311.311	2.036.022	81.797.240
Non-cash Loans	12.257.172	10.301.705	524.922	23.083.799
Prior Period – 31 December 2019				
Total Assets	72.998.309	103.296.776	4.912.480	181.207.565
Total Liabilities	68.986.015	133.674.335	9.883.849	212.544.199
Net on-Balance Sheet Position	4.012.294	[30.377.559]	[4.971.369]	[31.336.634]
Net off-Balance Sheet Position [*****]	(1.675.480)	30.698.654	4.940.754	33.963.928
Financial Derivative Assets	37.973.894	85.934.310	7.222.087	131.130.291
Financial Derivative Liabilities	39.649.374	55.235.656	2.281.333	97.166.363
Non-cash Loans	10.952.020	11.192.434	648.798	22.793.252

(*) Of the Cash Equivalents and Central Bank and Other FC, TL 2.645.951 (31 December 2019: TL 1.224.161) are precious metal deposit account in demand.

(**) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 710.196 (31 December 2019: TL 936.478).

(***) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 29.059 (31 December 2019: TL 17.794). Prepaid assets amounted TL 64.095 (31 December 2019: TL 62.849) is excluded in the financial statements.

(****) Of Bank Deposits Other FC of the TL 4.156 (31 December 2019: TL 3.314) and the foreign currency deposits TL 10.029.265 (31 December 2019: TL 4.491.847) are precious metal deposit account in demand.

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

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

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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)

Current Period - 30 June 2020	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	4.652.139	-	-	-	-	38.080.079	42.732.218
Banks	1.195.697	1.022.275	-	-	-	12.156.314	14.374.286
Financial Assets at Fair Value Through Profit or Loss	440	11.062	7.252.598	67.944	90.689	738.818	8.161.551
Interbank Money Market Placements	196	-	-	-	-	-	196
Financial Assets at measured Fair Value Other Comprehensive Income	5.438.011	6.314.506	17.608.770	20.331.241	6.638.883	456.984	56.788.395
Loans (*)	59.837.495	26.560.535	76.596.377	73.624.910	5.594.382	16.402.092	258.615.791
Financial Assets measured at amortised cost	6.696.033	2.315.820	19.662.124	12.609.196	1.075.862	-	42.359.035
Other Assets (**)	5.098.976	6.367.113	10.095.299	2.470.303	1.312.925	(4.692.086)	20.652.530
Total Assets	82.918.987	42.591.311	131.215.168	109.103.594	14.712.741	63.142.201	443.684.002
Liabilities							
Bank Deposits	7.830.469	1.954.137	586.784	-	-	1.153.765	11.525.155
Other Deposits	124.509.888	26.571.841	8.256.213	8.551.960	1.249.850	78.580.208	247.719.960
Funds from Interbank Money Market	23.387.074	7.684.447	2.178.859	1.075.625	-	-	34.326.005
Miscellaneous Payables	938.901	1.587.852	1.654.901	396.571	32.005	6.739.623	11.349.853
Marketable Securities Issued (Net) (***)	1.011.290	330.607	9.608.583	8.151.084	6.173.466	3.251	25.278.281
Borrowings	12.170.355	21.013.410	3.148.478	1.057.791	66.084	-	37.456.118
Other Liabilities (****)	2.359.007	4.074.318	4.493.484	1.176.172	657.304	63.268.345	76.028.630
Total Liabilities	172.206.984	63.216.612	29.927.302	20.409.203	8.178.709	149.745.192	443.684.002
Balance Sheet Long Position	-	-	101.287.866	88.694.391	6.534.032	-	196.516.289
Balance Sheet Short Position	(89.287.997)	(20.625.301)	-	-	-	(86.602.991)	(196.516.289)
Off-balance Sheet Long Position	7.090.996	11.711.898	[91.850]	1.245.139	1.079.567	-	21.035.750
Off-balance Sheet Short Position	(1.409)	(126)	(9.820.487)	(3.614)	732	-	(9.824.904)
Total Position	(82.198.410)	(8.913.529)	91.375.529	89.935.916	7.614.331	(86.602.991)	11.210.846

(*) Included lease receivables. Non-performing loans are shown in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(**) Derivative financial assets and expected credit losses are classified under other assets.

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

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

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Prior Period – 31 December 2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	726.416	-	-	-	-	29.167.513	29.893.929
Banks	3.978.963	13.417	-	-	-	13.948.294	17.940.674
Financial Assets at Fair Value Through Profit or Loss							
Interbank Money Market Placements	20.042	2.672	6.860.315	121.421	27.121	233.268	7.264.839
Financial Assets at Fair Value Other	21.263	44.857	-	-	-	-	66.120
Comprehensive Income	5.617.995	5.626.542	20.937.234	25.214.664	9.680.956	441.049	67.518.440
Loans (***)	64.889.342	24.291.100	51.365.711	69.302.548	6.506.434	15.561.482	231.916.617
Financial Assets measured at amortised cost (Net)	2.843.838	1.155.013	6.008.502	4.907.947	659.558	-	15.574.858
Other Assets (****)	5.442.631	6.180.818	4.844.638	2.885.880	1.066.276	(3.423.283)	16.996.960
Total Assets	83.540.490	37.314.419	90.016.400	102.432.460	17.940.345	55.928.323	387.172.437
Liabilities							
Bank Deposits	3.296.911	1.664.155	258.941	-	-	1.555.546	6.775.553
Other Deposits	132.490.853	33.970.761	11.311.844	7.469.389	980.691	51.713.242	237.936.780
Funds from Interbank Money Market	2.997.414	4.393.016	2.226.509	-	-	489.611	10.106.550
Miscellaneous Payables	891.208	1.363.963	1.111.225	176.860	2.155	5.607.451	9.152.862
Marketable Securities Issued (Net) (*)	4.474.181	1.136.751	246.560	4.878.114	8.182.873	-	18.918.479
Borrowings	11.396.262	20.443.056	1.883.764	1.028.179	85.220	-	34.836.481
Other Liabilities (**)	1.973.290	3.799.673	3.277.469	649.051	633.535	59.112.714	69.445.732
Total Liabilities	157.520.119	66.771.375	20.316.312	14.201.593	9.884.474	118.478.564	387.172.437
Balance Sheet Long Position	-	-	69.700.088	88.230.867	8.055.871	-	165.986.826
Balance Sheet Short Position	(73.979.629)	(29.456.956)	-	-	-	(62.550.241)	(165.986.826)
Off-balance Sheet Long Position	6.118.715	8.950.376	-	1.876.541	921.275	-	17.866.907
Off-balance Sheet Short Position	(37.065)	(14.222)	(7.849.822)	-	-	-	(7.901.109)
Total Position	(67.897.979)	(20.520.802)	61.850.266	90.107.408	8.977.146	(62.550.241)	9.965.798

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

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

(***) Included lease receivables. Non-performing loans are shown in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(****) Derivative financial assets and expected credit losses are classified under other assets.

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

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

Current Period - 30 June 2020	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	-	-	8,00
Banks	-	0,92	-	9,59
Financial Assets at Fair Value Through Profit or Loss	4,09	6,38	-	8,81
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Other Comprehensive Income	2,89	5,08	3,09	12,55
Loans	4,22	6,33	7,23	12,01
Financial Assets measured at amortised cost	1,70	5,86	-	11,42
Liabilities				
Bank Deposits (**)	0,15	1,41	-	7,49
Other Deposits (**)	0,20	0,75	-	5,36
Funds from Interbank Money Market	-	1,72	-	7,82
Miscellaneous Payables	-	0,64	-	-
Marketable Securities Issued (Net) (*)	4,00	6,07	-	10,00
Borrowings	2,03	2,73	-	9,82

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

(**) Demand deposit balances are included in average interest rate calculation.

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Prior Period – 31 December 2019	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	-	-	10,00
Banks	0,03	1,41	-	10,70
Financial Assets at Fair Value Through Profit or Loss	0,90	5,62	-	11,17
Interbank Money Market Placements	-	-	-	11,78
Financial Assets at Fair Value Other Comprehensive Income	2,70	5,20	3,09	14,14
Loans	4,45	6,88	7,19	15,47
Financial Assets measured at amortised cost	3,46	5,22	-	14,74
Liabilities				
Bank Deposits (**)	0,05	2,15	-	9,43
Other Deposits (**)	0,36	1,70	-	8,42
Funds from Interbank Money Market	0,21	2,34	-	9,64
Miscellaneous Payables	-	2,16	-	-
Marketable Securities Issued (Net) (*)	4,00	5,68	-	12,14
Borrowings	2,11	4,08	-	13,12

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

(**) Demand deposit balances are included in average interest rate calculation.

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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

V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

a) Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet Bank's liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has capacity to meet a high risk with broad and stable deposit, strong base capital structure and diversified foreign borrowing sources and is capable of providing additional liquidity with high quality liquid securities in its portfolio and available limits at both the Central Bank of Turkey and other Money markets.

Management of liquidity risk is shared by the ERC, ALCO, Treasury Department and Risk Management Department. The ERC determines the liquidity management policies and the appropriate liquidity risk level in line with the Bank's risk appetite and monitors whether the liquidity risk is managed under the framework of determined policies and within the defined limits.

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment.

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

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

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

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

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

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

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

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

e) Information on liquidity risk mitigation techniques:

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

f) Information on the use of stress tests:

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units. Considering the negative economic general impact caused by the COVID-19 pandemic, it is aimed to measure the liquidity vulnerabilities that may arise by performing different scenario analyzes with using stress tests which are already part of the risk management process. The effects of cash inflows and outflows under different stress scenarios have been studied and evaluated.

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

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

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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	
Current Period - 30 June 2020					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1			89.053.219	49.612.212	
CASH OUTFLOWS					
2	Retail and Customers Deposits	170.372.263	94.734.137	15.435.669	9.473.414
3	Stable deposits	32.031.153	-	1.601.558	-
4	Less stable deposits	138.341.110	94.734.137	13.834.111	9.473.414
Unsecured Funding other than Retail and Small Business					
5	Customers Deposits	87.321.735	57.454.019	47.534.292	29.884.617
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	76.693.014	52.919.029	37.977.998	25.349.648
8	Other Unsecured Funding	10.628.721	4.534.990	9.556.294	4.534.969
9	Secured funding			398.023	398.023
10	Other Cash Outflows	19.173.139	20.604.509	10.786.303	13.233.219
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	9.845.516	12.415.249	9.845.516	12.415.249
12	Debts related to the structured financial products	11.486	-	11.486	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	9.316.137	8.189.260	929.301	817.970
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.124.380	-	56.219	-
15	Other irrevocable or conditionally revocable commitments	62.548.167	12.552.547	3.127.408	627.627
16	TOTAL CASH OUTFLOWS			77.337.914	53.616.900
CASH INFLOWS					
17	Secured Lending Transactions	150.622	-	-	-
18	Unsecured Lending Transactions	25.800.946	16.550.724	20.241.378	15.291.797
19	Other contractual cash inflows	6.010.498	13.913.484	6.010.345	13.913.450
20	TOTAL CASH INFLOWS	31.962.066	30.464.208	26.251.723	29.205.247
			Upper limit applied amounts		
21	TOTAL HQLA STOCK			89.053.219	49.612.212
22	TOTAL NET CASH OUTFLOWS			51.086.191	24.411.653
23	Liquidity Coverage Ratio (%)			174,32	203,23

[*] 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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Prior Period - 31 December 2019	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			83.535.258	41.642.153
CASH OUTFLOWS				
2 Retail and Customers Deposits	152.652.860	84.738.337	13.890.847	8.473.834
3 Stable deposits	27.488.793	-	1.374.440	-
4 Less stable deposits	125.164.067	84.738.337	12.516.407	8.473.834
5 Unsecured Funding other than Retail and Small Business Customers Deposits	81.052.521	51.835.815	43.041.388	27.745.563
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	72.591.635	47.764.774	35.863.380	23.674.808
8 Other Unsecured Funding	8.460.886	4.071.041	7.178.008	4.070.755
9 Secured funding	-	-	516.999	516.999
10 Other Cash Outflows	84.495.600	52.940.846	75.358.359	44.411.019
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	74.337.000	43.465.453	74.337.000	43.465.453
12 Debts related to the structured financial products	10.370	-	10.370	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	10.148.230	9.475.393	1.010.989	945.566
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.004.640	-	50.232	-
15 Other irrevocable or conditionally revocable commitments	56.299.127	10.556.620	2.814.956	527.831
16 TOTAL CASH OUTFLOWS			135.672.781	81.675.246
CASH INFLOWS				
17 Secured Lending Transactions	966.384	345.242	-	-
18 Unsecured Lending Transactions	31.041.817	14.265.302	22.930.327	12.931.479
19 Other contractual cash inflows	70.538.222	52.746.269	70.537.808	52.746.244
20 TOTAL CASH INFLOWS	102.546.423	67.356.813	93.468.135	65.677.723
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			83.535.258	41.642.153
22 TOTAL NET CASH OUTFLOWS			42.204.646	20.418.811
23 Liquidity Coverage Ratio [%]			198,10	204,05

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

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 164% during the period and remain at a quite higher level that the legal lower limit.

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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 45% and securities issued by Treasury of Republic of Turkey by 45%. Funding sources are mainly distributed between individual and retail deposits by 60%, corporate deposits by 22%, borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 9%.

Cash outflow amounting to TL 1.687 million is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last 2 years.

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

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

	Current Period - 30 June 2020	
	TL+FC	FC
April	185,11	219,11
May	173,28	210,28
June	164,87	182,58

	Prior Period - 31 December 2019	
	TL+FC	FC
October	195,97	222,89
November	194,26	205,87
December	204,07	183,38

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 30 June 2020	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash Equivalents and Central Bank Banks	22.837.905 12.156.314	19.894.313 1.195.697	- 1.022.275	- -	- -	- -	- -	42.732.218 14.374.286
Financial Assets at Fair Value Through Profit or Loss	738.817	330	11.062	7.245.114	75.539	90.689	-	8.161.551
Interbank Money Market Placements	-	196	-	-	-	-	-	196
Financial Assets measured at other comprehensive income	456.984	177.973	2.273.441	12.128.672	34.147.261	7.604.064	-	56.788.395
Loans (*)	103.804	46.907.527	24.140.949	63.916.898	85.734.855	21.513.470	16.298.288	258.615.791
Financial Assets measured at amortised cost	-	152.395	1.402.329	13.292.631	23.306.171	4.205.509	-	42.359.035
Other Assets (**)	2.244.865	334.260	462.665	7.692.710	9.232.033	6.969.921	(6.283.924)	20.652.530
Total Assets	38.538.689	68.662.691	29.312.721	104.276.025	152.495.859	40.383.653	10.014.364	443.684.002
Liabilities								
Bank Deposits	1.153.765	7.830.469	1.954.137	586.784	-	-	-	11.525.155
Other Deposits	78.580.208	124.509.888	26.533.410	8.278.809	8.662.035	1.155.610	-	247.719.960
Borrowings	-	252.309	1.683.170	16.677.978	16.174.803	2.667.858	-	37.456.118
Funds from Interbank Money Market	-	21.393.489	3.303.903	1.783.720	5.822.396	2.022.497	-	34.326.005
Marketable Securities Issued (Net) (***)	-	1.011.780	333.368	9.608.583	8.151.084	6.173.466	-	25.278.281
Miscellaneous Payables	1.583.026	162.653	153.734	696.372	2.407.542	1.098.416	5.248.110	11.349.853
Other Liabilities (****)	605.635	3.020.877	466.208	2.093.200	6.288.715	3.328.861	60.225.134	76.028.630
Total Liabilities	81.922.634	158.181.465	34.427.930	39.725.446	47.506.575	16.446.708	65.473.244	443.684.002
Net Liquidity Excess / (Gap)	(43.383.945)	(89.518.774)	(5.115.209)	64.550.579	104.989.284	23.936.945	(55.458.880)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(117.590)	(234.699)	4.293.814	3.357.069	3.912.252	-	11.210.846
Financial Derivative Liabilities	-	38.698.275	32.053.881	50.118.302	82.324.107	56.605.198	-	259.799.763
Non-cash Loans (*****)	-	1.973.798	444.222	6.545.438	12.611.011	21.025.280	-	42.599.749
Prior Period – 31 December 2019								
Total Assets	32.972.010	69.085.728	27.809.350	67.776.171	139.574.675	38.806.574	11.147.929	387.172.437
Total Liabilities	54.407.710	144.425.586	40.733.782	29.516.191	38.378.017	17.648.174	62.062.977	387.172.437
Net Liquidity Excess/ (Gap)	(21.435.700)	(75.339.858)	(12.924.432)	38.259.980	101.196.658	21.158.400	(50.915.048)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	461.971	525.869	210.967	5.920.462	2.846.529	-	9.965.798
Financial Derivative Liabilities	-	57.483.288	27.843.540	44.927.036	94.048.788	56.042.115	-	280.344.767
Financial Derivative Liabilities	-	57.021.317	27.317.671	44.716.069	88.128.326	53.195.586	-	270.378.969
Non-cash Loans (*****)	-	2.447.214	203.957	6.506.926	12.239.893	21.301.035	-	42.699.025

(*) Included lease receivables. The non-performing loans is presented "Unallocatable" column.

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

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

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

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

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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 2020, leverage ratio of the Group calculated from the arithmetic average of the last 6 months is 10,46% (31 December 2019: 10,71%). This ratio is above the minimum ratio which is 3%.

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

	Current Period 30 June 2020 (**)	Prior Period 31 December 2019 (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	448.486.257	387.775.601
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(198.000)	(143.000)
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	4.367.767	4.931.013
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(38.510.188)	(13.855.418)
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.561.747)	(1.222.119)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	136.916.052	121.029.921
7 Total Risk	549.500.141	498.515.998

(*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(**) The arithmetic average of the last 3 months in the related periods.

c. Disclosure of Leverage ratio template:

	Current Period 30 June 2020 (*)	Prior Period 31 December 2019 (*)
Balance sheet Assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	427.830.372	369.924.352
2 [Assets deducted from Core capital]	-	-
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	427.830.372	369.924.352
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	12.566.068	12.695.680
5 Potential credit risk amount of derivative financial assets and credit derivatives	4.367.767	4.931.013
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.933.835	17.626.693
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity	3.708.443	1.841.829
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	3.708.443	1.841.829
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	102.589.238	110.345.243
11 [Correction amount due to multiplication with credit conversion rates]	(1.561.747)	(1.222.119)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	101.027.491	109.123.124
Capital and total risk		
13 Core Capital	57.435.945	53.368.506
14 Total risk amount (sum of lines 3, 6, 9 and 12)	549.500.141	498.515.998
Leverage ratio		
15 Leverage ratio	10,46	10,71

(*) 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.

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

a. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 30 June 2020	Prior Period 31 December 2019	Current Period 30 June 2020
1 Credit risk (excluding counterparty credit risk) (CCR)	249.846.356	268.541.573	19.987.708
2 Standardized approach (SA)	249.846.356	268.541.573	19.987.708
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	17.175.838	16.975.855	1.374.067
5 Standardized approach for counterparty credit risk (SA-CCR)	17.175.838	16.975.855	1.374.067
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	323.179	309.273	25.854
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	6.638	-	531
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	7.851.974	6.256.135	628.158
17 Standardized approach (SA)	7.851.974	6.256.135	628.158
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	34.367.848	28.892.666	2.749.428
20 Basic Indicator Approach	34.367.848	28.892.666	2.749.428
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	309.571.833	320.975.502	24.765.746

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b. Credit Risk Explanations:

1. Credit quality of assets:

	Current Period – 30 June 2020	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	16.298.289	242.317.502	15.365.556	243.250.235
2	Debt Securities	-	106.230.600	97.428	106.133.172
3	Off-balance sheet exposures	610.093	94.938.946	305.128	95.243.911
4	Total	16.908.382	443.487.048	15.768.112	444.627.318

	Prior Period – 31 December	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	15.430.545	216.486.072	12.707.076	219.209.541
2	Debt Securities	-	89.799.213	83.688	89.715.525
3	Off-balance sheet exposures	258.507	97.657.308	304.813	97.611.002
4	Total	15.689.052	403.942.593	13.095.577	406.536.068

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

	Current Period 30 June 2020	Prior Period 31 December 2019	
1	Defaulted loans and debt securities at end of the previous reporting period	15.689.052	8.697.474
2	Loans and debt securities that have defaulted since the last reporting period	2.248.506	10.714.875
3	Returned to non-defaulted status	24.920	24.193
4	Amounts written off	98.420	1.898.592
5	Other changes	905.836	1.800.512
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	16.908.382	15.689.052

3. Credit risk mitigation techniques – overview:

Current Period – 30 June 2020	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	106.133.172	-	-	-	-	-
3	Total	342.051.408	7.331.999	5.844.001	5.603.488	4.484.562	-
4	Of which defaulted	16.908.382	-	-	-	-	-

Prior Period – 31 December 2019	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
2	Debt Securities	89.715.525	-	-	-	-	-
3	Total	301.410.817	7.514.249	6.113.347	4.223.971	3.254.282	-
4	Of which defaulted	15.689.052	-	-	-	-	-

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

Current Period - 30.06.2020		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
Asset classes							
1	Exposures to central governments or central banks	122.938.236	20.566.014	127.450.054	1.109.529	958.332	%0,75
2	Exposures to regional governments or local authorities	92.307	-	92.307	-	46.153	%50,00
3	Exposures to public sector entities	405.140	126.446	390.265	31.852	422.118	%100,00
4	Exposures to multilateral development banks	98.761	-	98.761	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	21.075.541	33.434.490	21.070.541	16.310.914	13.273.551	%35,51
7	Exposures to corporates	154.667.845	41.931.163	148.287.336	26.759.004	171.091.835	%97,74
8	Retail exposures	62.455.436	46.755.733	59.109.938	4.416.144	47.644.562	%75,00
9	Exposures secured by residential property	8.197.028	283.742	8.191.336	118.926	2.908.592	%35,00
10	Exposures secured by commercial real estate	12.490.044	1.260.995	12.415.044	861.991	10.040.173	%75,62
11	Past-due loans	6.387.861	-	6.387.861	-	5.304.305	%83,04
12	Higher-risk categories by the Agency Board	-	478.251	-	210.326	306.627	-
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)	297.652	-	297.652	-	297.652	%100,00
16	Other assets	13.482.492	-	13.482.492	-	9.578.118	%71,04
17	Investments in equities	289.220	-	289.220	-	289.220	%100,00
18	Total	402.877.563	144.836.834	397.562.807	49.818.686	262.161.238	%58,60
Prior Period - 31.12.2019		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
Asset classes							
1	Exposures to central governments or central banks	97.045.441	308.932	100.332.836	7.447	19.276.444	%19,21
2	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	%50,00
3	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	%100,00
4	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	34.607.299	37.313.656	34.607.299	14.253.551	27.116.938	%55,50
7	Exposures to corporates	148.188.186	44.524.482	142.412.240	28.367.158	166.174.507	%97,30
8	Retail exposures	57.251.736	40.430.391	55.004.330	4.528.357	44.649.515	%75,00
9	Exposures secured by residential property	8.096.458	317.712	8.090.022	133.739	2.878.316	%35,00
10	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	%65,02
11	Past-due loans	6.791.236	-	6.069.582	-	5.078.686	%83,67
12	Higher-risk categories by the Agency Board	-	297.190	-	121.440	171.601	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	309.776	-	309.776	-	309.776	%100,00
16	Other assets	11.470.950	-	11.470.950	-	8.118.771	%70,78
17	Investments in equities	242.192	-	242.192	-	242.192	%100,00
18	Total	373.467.952	124.583.712	367.934.133	48.429.033	280.600.956	%67,39

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.]

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

Current Period - 30.06.2020

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	126.875.763	-	271.151	-	-	-	884.112	-	-	528.557	128.559.583
2 Exposures to regional governments or local authorities	-	-	-	-	92.307	-	-	-	-	-	92.307
3 Exposures to public sector entities	-	-	-	-	-	-	422.117	-	-	-	422.117
4 Exposures to multilateral development banks	98.761	-	-	-	-	-	-	-	-	-	98.761
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	386.008	-	18.357.891	-	18.071.165	-	566.391	-	-	-	37.381.455
7 Exposures to corporates	1.011.488	-	190.037	-	5.581.973	-	168.262.842	-	-	-	175.046.340
8 Retail exposures	-	-	-	-	-	63.526.082	-	-	-	-	63.526.082
9 Exposures secured by residential property	-	-	-	8.310.262	-	-	-	-	-	-	8.310.262
10 Exposures secured by commercial real estate	-	-	-	-	6.473.723	-	6.803.312	-	-	-	13.277.035
11 Past-due loans	-	-	-	-	3.027.939	-	2.499.095	860.827	-	-	6.387.861
12 Higher-risk categories by the Agency Board	-	-	-	-	385	-	16.954	192.987	-	-	210.326
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)	-	-	-	-	-	-	297.652	-	-	-	297.652
16 Investments in equities	-	-	-	-	-	-	289.220	-	-	-	289.220
17 Other assets	3.904.306	-	82	-	-	-	9.578.104	-	-	-	13.482.492
18 Total	132.276.326	-	18.819.161	8.310.262	33.247.492	63.526.082	189.619.799	1.053.814	-	528.557	447.381.493

Prior Period - 31.12.2019

Asset classes / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weights	Total risk amount
1 Exposures to central governments or central banks	79.641.000	-	289.669	-	2.321.358	-	18.056.563	-	-	31.693	100.340.283
2 Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956
3 Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946
4 Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	18.735.862	-	13.566.213	-	16.503.006	55.769	-	-	48.860.850
7 Exposures to corporates	759.415	-	1.501.163	-	4.245.767	-	163.731.449	-	-	541.604	170.779.398
8 Retail exposures	-	-	-	-	-	59.532.687	-	-	-	-	59.532.687
9 Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761
10 Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326
11 Past-due loans	-	-	-	-	2.750.752	-	2.549.871	768.959	-	-	6.069.582
12 Higher-risk categories by the Agency Board	-	-	-	-	997	-	19.127	101.316	-	-	121.440
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	309.776	-	-	-	309.776
16 Investments in equities	-	-	-	-	-	-	242.192	-	-	-	242.192
17 Other assets	3.352.169	-	14	-	-	-	8.118.767	-	-	-	11.470.950
18 Total	84.060.603	-	20.526.708	8.223.761	29.925.124	59.532.687	212.594.942	926.044	-	573.297	416.363.166

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c. Counterparty Credit Risk (CCR) Explanations:

1. Analysis of counterparty credit risk exposure by approach:

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Current Period - 30.06.2020							
1	Standardised Approach (for derivatives)	11.978.847	4.093.841		1,4	16.072.273	9.995.177
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)					5.450.213	1.976.536
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					5.450.213	1.976.536
6	Total						11.971.713

(*) Effective Expected Positive Exposure

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Prior Period - 31.12.2019							
1	Standardised Approach (for derivatives)	11.519.585	4.623.614		1,4	16.068.273	10.819.881
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					1.888.899	910.288
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					1.888.899	910.288
6	Total						11.730.169

(*) Effective Expected Positive Exposure

2. Credit valuation adjustment (CVA) capital charge:

		Current Period - 30.06.2020		Prior Period - 31.12.2019	
		Exposure at default post-CRM	RWA	Exposure at default post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge					
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardised CVA capital charge	16.568.057	5.184.135	16.609.876	5.225.746
4	Total subject to the CVA capital charge	16.568.057	5.184.135	16.609.876	5.225.746

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

Current Period - 30.06.2020

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Claims from central governments and central banks	579.849	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	156	-	-	156
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	5.806.565	8.549.059	-	30.754	-	-	5.466.597
Corporates	-	-	1.086	1.204	-	6.453.444	-	-	6.454.263
Retail portfolios	-	-	-	-	67.596	-	-	-	50.697
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	579.849	-	5.807.651	8.550.263	67.596	6.484.354	-	-	11.971.713

[*] 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 - 31.12.2019

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.290.425	8.726.111	-	120.949	-	-	4.942.089
Corporates	-	-	-	58	-	6.676.710	-	-	6.676.738
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	4.124	-	2.290.425	8.726.169	109.825	6.826.633	-	-	11.730.169

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

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

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:

	Current Period - 30.06.2020		Prior Period - 31.12.2019	
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	1.177.030	34.216	1.018.240	29.600
Index credit default swaps	-	-	-	-
Total return swaps	-	8.094.638	-	7.633.926
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	1.177.030	8.128.854	1.018.240	7.663.526
Fair values				
Positive fair value (asset)	152.890	2.720.045	71.879	2.704.586
Negative fair value (liability)	-	(9)	-	(34)

6. Exposures to central counterparties (CCP):

	Current Period - 30.06.2020		Prior Period - 31.12.2019	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		53.178		21.208
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which				
3 (i) OTC Derivatives	495.369	19.990	541.603	19.940
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	-	-	-	-
10 Unfunded default fund contributions	33.188	33.188	31.693	1.268
11 Exposures to non-QCCPs (total)				
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)				
13 (i) OTC Derivatives	-	-	-	-
14 (ii) Exchange-traded Derivatives	-	-	-	-
15 (iii) Securities financing transactions	-	-	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Pre-funded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

d. Securitization Explanations:

The Bank has no securitization transactions.

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e. Market Risk Explanations:

Standardised approach:

	Current Period	Prior Period
	30.06.2020	31.12.2019
	RWA	RWA
Outright products (*)		
1 Interest rate risk (general and specific)	1.905.588	2.220.963
2 Equity risk (general and specific)	951.225	61.762
3 Foreign exchange risk	4.935.811	3.899.635
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	59.350	73.775
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	7.851.974	6.256.135

(*) Outright products refer to positions in products that are not optional.

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VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

The Group hedges its TL and foreign denominated fixed rate financial assets with cross currency swaps and interest swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. As long as the hedge relationship is effective, fair value change of the hedged item is disclosed together with its related asset or liability in the balance sheet for TL denominated fixed rate mortgage loans. Fair value changes which have already been booked in equity, have been reclassified from equity to income statement for TL and FC denominated fixed rate financial assets measured at fair value through other comprehensive income.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

Prospective tests are performed at the inception of the hedge relationships and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked due to ineffectiveness of efficiency tests;

- The hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized,
- Adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

The replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement.

The Group, based on the "Main Benchmark Interest Rates Reform" report of the Financial Stability Board dated July 2014, it is expected that the hedging transactions within the scope of the "Benchmark Interest Rate Reform" are reviewed and the possible effects of the reform are reflected in the financial statements. The Bank has made foreign currency interest rate swap transactions in order to hedge the cash flow risk of average 4.8 year terms of USD 1.002.143 of its floating rate USD LIBOR-indexed debts directly affected by the interest rate reform. In addition to this; with the regulation titled "Changes in TFRS 9, TMS 39 and TFRS 7 Benchmark Interest Rate Reform" published by the International Accounting Standards Board in September 2019, the applications related to the termination of hedge accounting required by the reform were temporarily exempted. Within this scope, there is no risk accounting transaction that was terminated due to reform in the 30 June 2020 reports.

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As of 30 June 2020, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet of the Bank are summarized in the following table:

	Notional Amount	Current Period 30 June 2020		Prior Period 31 December 2019		
		Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	16.788.964	6.268.506	599.288	13.674.935	5.166.090	919.269
-FC	61.778.810	174.141	921.292	50.984.080	184.727	244.871
Total	78.567.774	6.442.647	1.520.580	64.659.015	5.350.817	1.164.140

1. Explanations on Accounting Net Investment Hedge:

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

2. Explanations on Fair Value Hedge:

Current Period - 30 June 2020

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk		542.604	(18.374)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(560.978)	(28.756)	(198)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	28.558	58.885	(1.876)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	(60.761)	(1.637.613)	6.989
Cross-currency swap	Fixed interest rate TL Commercial Loans	Interest rate risk	1.644.602	22.862	212
Cross-currency swap	Fixed interest rate TL Commercial Loans. FC borrowings	Interest rate and currency risk	(22.650)	26.038	53
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(25.985)	46	(3)

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

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

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Prior Period - 31 December 2019

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(23.858)	23.858	-
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	(9)	6	(3)

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

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

As of 30 June 2020 fair value hedge transactions have been proven to be effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked due to ineffectiveness of efficiency tests with the information related discontinuous transactions are given below:

- As of 30 June 2020, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL (3.413) (31 December 2019: TL 1.566).

3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	-	381.083	(385.448)	(28.157)	(7.973)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	3.317.003	44.705	(334.926)	(529.644)	17.719
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	-	20.346	29.569	(259)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	3.526	529.235	407	(59.714)	(605)
Interest Rate Swap	Short term FC deposits	Cash Flow risk due to changes in interest rate of funds	-	2.295	1.134	463	(2.113)

As of 30 June 2020 cash flow hedge transactions have been determined as effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 30 June 2020, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 19.863 (31 December 2019: TL 10.105).

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IX. EXPLANATIONS ON BUSINESS SEGMENTS:

The Group operates in three main business segments including retail banking, commercial banking, and corporate-investment and private banking and wealth management with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account customer, customer relationship manager, branch segment and product. This information is made available to the branch and Head Office personnel through a web-based management reporting system.

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

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

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

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

Information on business segments as of 30 June 2020 and 31 December 2019 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

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	Retail Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Group's Total Activities
Current Period - 30 June 2020					
Operating Income	4.196.486	3.311.787	5.273.943	156.664	12.938.880
Profit from Operating Activities	549.930	(632.560)	4.924.854	(985.229)	3.856.995
Income from Subsidiaries	-	-	-	3.813	3.813
Profit before Tax	549.930	(632.560)	4.924.854	(981.416)	3.860.808
Tax Expense	-	-	-	(975.496)	(975.496)
Net Profit for the Period	549.930	(632.560)	4.924.854	(1.956.912)	2.885.312
Segment Assets	90.184.415	183.972.445	142.766.405	8.410.648	425.333.913
Investments in Associates.	-	-	-	14.107	14.107
Undistributed Assets	-	-	-	18.335.982	18.335.982
Total Assets					443.684.002
Segment Liabilities	173.785.177	77.950.181	111.232.209	8.014.509	370.982.076
Undistributed Liabilities	-	-	-	15.183.922	15.183.922
Shareholders' Equity	-	-	-	57.518.004	57.518.004
Total Liabilities					443.684.002

	Retail Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Group's Total Activities
Prior Period - 31 December 2019 (*)					
Operating Income	4.654.946	4.408.745	(62.000)	1.300.214	10.301.905
Profit from Operating Activities	1.331.399	1.805.858	(248.742)	561.480	3.449.995
Income from Subsidiaries	-	-	-	5.526	5.526
Profit before Tax	1.331.399	1.805.858	(248.742)	567.006	3.455.521
Corporate Tax	-	-	-	(788.509)	(788.509)
Net Profit for the Period	1.331.399	1.805.858	(248.742)	(221.503)	2.667.012
Segment Assets	78.687.822	162.204.989	123.749.563	6.539.052	371.181.426
Investments in Associates.	-	-	-	5.521	5.521
Undistributed Assets	-	-	-	15.985.490	15.985.490
Total Assets					387.172.437
Segment Liabilities	156.685.999	82.201.250	74.576.328	6.564.326	320.027.903
Undistributed Liabilities	-	-	-	12.782.081	12.782.081
Shareholders' Equity	-	-	-	54.362.453	54.362.453
Total Liabilities					387.172.437

(*) 30 June 2019 amounts are used for income statement accounts.

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Cash/Foreign Currency	1.765.588	2.063.885	1.510.067	1.772.129
The CBRT (*)	4.652.623	34.175.195	733.159	25.808.586
Other (**)	-	74.927	-	69.988
Total	6.418.211	36.314.007	2.243.226	27.650.703

(*) Precious metal account amounting to TL 2. 571.106 are included in FC (31 December 2019: TL 1.154.187).

(**) Precious metal account amounting to TL 74.845 are included in FC (31 December 2019: TL 69.974).

2. Information related to the account of the CBRT:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposits	496	-	6.753	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	4.652.127	34.175.195	726.406	25.808.586
Total	4.652.623	34.175.195	733.159	25.808.586

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. The CBRT pays interest to banks that provide credit growth in accordance with the communique principles dated December 9, 2019 and numbered 2019/19, for Turkish Lira required reserves.

The required reserve rates for TL liabilities vary between 1 % and 7% for TL deposits and other liabilities according to their maturities as of 30 June 2020 (31 December 2019: 1% and 7% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2020 (31 December 2019: 5% and 21% for all foreign currency liabilities).

b. Financial Assets at Fair Value Through Profit or Loss

As of 30 June 2020, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 7.041 (31 December 2019: TL 10.049); and there are no financial assets subject to repo transactions (31 December 2019: None).

Other Financial Assets:

In the previous period, syndication loans extended to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

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Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial statements under the line "Assets for Sale and Discontinued Operations". As of 30 June 2020, the value of the part pursued as loan is TL 8.006.715, and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value impairment accounted for the total amount turned into credit and capital is TL 2.222.136 and the amount of TL 1.416.090 of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and TL 806.046 is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets at Fair Value through Profit Loss".

Financial assets, whose fair value difference is reflected in profit and loss and the part that is transformed into capital, amount to TL 7.200.669 in total, these are measured at fair value within the scope of TFRS 9 Financial Instruments Standard and TFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard. In this valuation study, the fair value was determined by taking into account the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). Within the scope of IFRS 13, loans are followed under Level 3. Possible changes in the basic assumptions in the valuation study will affect the carrying value of the loan and the amount converted into capital.

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation study are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 170 million or will decrease by TL 150 million.

The main purpose of the creditor banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. An international investment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. Within this context, necessary work and discussions with potential investors will be initiated.

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

c. Trading derivative financial assets:

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

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	289.381	25	482.816	162
Swap Transactions	6.859.509	5.901.299	5.892.415	4.719.651
Futures Transactions	-	-	-	-
Options	23.502	85.132	11.139	60.762
Other	-	-	-	-
Total	7.172.392	5.986.456	6.386.370	4.780.575

(*) Excluding hedging derivatives financial assets.

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d. Information on banks account and foreign banks:

1. Information on banks account:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	21.403	180.227	90.699	881.906
Foreign	-	14.172.656	1.673	16.966.396
Head Quarters and Branches Abroad	-	-	-	-
Total	21.403	14.352.883	92.372	17.848.302

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

1. As of 30 June 2020, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 18.441.869 (31 December 2019: TL 8.422.563); and those given as collateral/blocked amounting to TL 13.198.477 (31 December 2019: TL 17.108.499).

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Debt Securities	57.822.765	68.420.444
Quoted at Stock Exchange (*)	57.262.144	66.265.514
Unquoted at Stock Exchange	560.621	2.154.930
Share Certificates	16.384	16.384
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.384	16.384
Impairment Provision (-)	1.050.754	918.388
Total	56.788.395	67.518.440

(*) Investment funds are included.

f. Information related to loans:

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	97
Corporate Shareholders	-	97	-	97
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.659.275	1.438.511	6.723.184	1.048.264
Loans Granted to Employees	135.234	-	132.254	-
Total	7.794.509	1.438.608	6.855.438	1.048.361

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2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled (*):
 (i). Loans at amortised cost (*):

Current Period – 30 June 2020	Loans and other receivables under follow up			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables	
Loans and Receivables with Revised Contract Terms			Refinance	
Cash Loans				
Non-specialized Loans				
Loans given to enterprises	32.348.619	3.073.266	8.250	2.493.921
Export Loans	20.592.179	267.630	63	46.580
Import Loans	2.345.269	-	-	-
Loans Given to Financial Sector	10.342.955	705	-	4.357
Consumer Loans	34.272.961	1.543.981	811.182	387.854
Credit Cards	15.055.265	748.920	613.304	-
Other	96.826.766	2.370.620	933.907	17.228.948
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	211.784.014	8.005.122	2.366.706	20.161.660

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

Expected Credit Loss Stage I and Stage II (*)	Standard Loans	Current Period	Standard Loans	Prior Period
		30 June 2020		31 December 2019
		Loans under Follow-up		Loans under Follow-up
12 Month Expected Credit Losses	818.816	-	649.212	-
Significant Increase in Credit Risk	-	4.591.467	-	3.418.554
Total	818.816	4.591.467	649.212	3.418.554

(*) Included expected credit losses of lease receivables.

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

Current Period – 30 June 2020	Short-term	Medium and Long-term	Total
Consumer Loans-TL	806.510	34.807.458	35.613.968
Mortgage Loans	1.071	9.181.236	9.182.307
Automotive Loans	925	133.722	134.647
Consumer Loans	804.514	25.492.500	26.297.014
Other	-	-	-
Consumer Loans- Indexed to FC	-	670	670
Mortgage Loans	-	670	670
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	13.340.695	587.188	13.927.883
With Installment	4.204.391	584.793	4.789.184
Without Installment	9.136.304	2.395	9.138.699
Consumer Credit Cards-FC	5.981	-	5.981
With Installment	-	-	-
Without Installment	5.981	-	5.981
Personnel Loans-TL	6.467	81.328	87.795
Mortgage Loans	-	3.157	3.157
Automotive Loans	-	-	-
Consumer Loans	6.467	78.171	84.638
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	47.202	125	47.327
With Installment	15.294	125	15.419
Without Installment	31.908	-	31.908
Personnel Credit Cards-FC	112	-	112
With Installment	-	-	-
Without Installment	112	-	112
Credit Deposit Account-TL (Real Person)	1.313.545	-	1.313.545
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	15.520.512	35.476.769	50.997.281

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Prior Period – 31 December 2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	416.245	30.237.038	30.653.283
Mortgage Loans	641	9.304.396	9.305.037
Automotive Loans	499	136.892	137.391
Consumer Loans	415.105	20.795.750	21.210.855
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.065	1.065
Mortgage Loans	-	1.065	1.065
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	12.854.524	617.059	13.471.583
With Installment	4.719.975	616.476	5.336.451
Without Installment	8.134.549	583	8.135.132
Consumer Credit Cards-FC	14.658	-	14.658
With Installment	-	-	-
Without Installment	14.658	-	14.658
Personnel Loans-TL	3.762	70.496	74.258
Mortgage Loans	-	3.117	3.117
Automotive Loans	-	80	80
Consumer Loans	3.762	67.299	71.061
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	57.635	108	57.743
With Installment	20.366	108	20.474
Without Installment	37.269	-	37.269
Personnel Credit Cards-FC	253	-	253
With Installment	-	-	-
Without Installment	253	-	253
Credit Deposit Account-TL (Real Person)	1.385.726	-	1.385.726
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	14.732.803	30.925.766	45.658.569

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

Current Period – 30 June 2020	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	4.548.344	11.675.013	16.223.357
Mortgage Loans	2.943	7.840	10.783
Automotive Loans	35.244	692	35.936
Consumer Loans	4.510.157	11.666.481	16.176.638
Other	-	-	-
FC Indexed Commercial Installment Loans	-	58.970	58.970
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	58.970	58.970
Other	-	-	-
Commercial Installment Loans-FC	11.815	352.656	364.471
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	11.815	352.656	364.471
Other	-	-	-
Corporate Credit Cards-TL	2.421.472	13.734	2.435.206
With Installment	888.139	13.606	901.745
Without Installment	1.533.333	128	1.533.461
Corporate Credit Cards-FC	980	-	980
With Installment	-	-	-
Without Installment	980	-	980
Credit Deposit Account-TL (Legal Person)	823.067	-	823.067
Credit Deposit Account-FC (Legal person)	-	-	-
Total	7.805.678	12.100.373	19.906.051
Prior Period - 31.12.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	159.072	13.267.296	13.426.368
Mortgage Loans	236	6.130	6.366
Automotive Loans	4.912	809	5.721
Consumer Loans	153.924	13.260.357	13.414.281
Other	-	-	-
FC Indexed Commercial Installment Loans	-	98.153	98.153
Mortgage Loans	-	521	521
Automotive Loans	-	-	-
Consumer Loans	-	97.632	97.632
Other	-	-	-
Commercial Installment Loans-FC	9.807	353.752	363.559
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.807	353.752	363.559
Other	-	-	-
Corporate Credit Cards-TL	2.561.575	10.361	2.571.936
With Installment	842.379	10.344	852.723
Without Installment	1.719.196	17	1.719.213
Corporate Credit Cards-FC	3.715	-	3.715
With Installment	-	-	-
Without Installment	3.715	-	3.715
Credit Deposit Account-TL (Legal Person)	1.029.463	-	1.029.463
Credit Deposit Account-FC (Legal person)	-	-	-
Total	3.763.632	13.729.562	17.493.194

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Domestic Loans	249.715.157	222.653.350
Foreign Loans	8.900.634	9.263.267
Total	258.615.791	231.916.617

(*): Included leasing receivables.

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

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Loans and Other Receivables with Limited Collectibility	73.519	2.183.880
Loans and Other Receivables with Doubtful Collectibility	3.810.156	2.054.163
Uncollectible Loans and Receivables	6.071.598	4.401.267
Total	9.955.273	8.639.310

(*): Included leasing receivables.

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

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period: 30 June 2020			
(Gross Amounts Before Specific Provisions)	37.188	392.532	398.924
Rescheduled Loans and Other Receivables	37.188	392.532	398.924
Prior Period: 31 December 2019			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with	Receivables with	and Other
	Limited Collectibility	Doubtful Collectibility	Receivables
Prior Period End Balance: 31 December 2019	3.982.709	4.073.786	7.374.050
Additions (+)	1.274.936	351.486	270.499
Transfers from Other Categories of Non-Performing Loans (+)	-	5.036.778	2.465.197
Transfers to Other Categories of Non-Performing Loans (-)	5.036.779	2.465.197	-
Collections (-)	112.280	254.754	563.722
Write-offs (-) (**)	1.175	1.194	96.051
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	107.411	6.740.905	9.449.973
Specific Provisions (-)	73.519	3.810.156	6.071.598
Net Balance at Balance Sheet	33.892	2.930.749	3.378.375

(*) Included leasing receivables.

(**) There is no write-off process made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 27 November 2019 and numbered 30961. (31 December 2019: TL 1.119.998) and its effect on the NPL ratio is 49 basis point.

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with	Receivables with	and Other
	Limited	Doubtful	Receivables
	Collectibility	Collectibility	Receivables
Current Period: 30 June 2020			
Balance at the End of the Period	59.569	1.467.574	3.142.403
Specific Provision (-)	26.645	720.617	1.539.891
Net Balance on Balance Sheet	32.924	746.957	1.602.512
Prior Period: 31 December 2019			
Balance at the End of the Period	328.325	1.221.406	2.779.344
Specific Provision (-)	144.060	454.769	1.285.111
Net Balance at Balance Sheet	184.265	766.637	1.494.233

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net): 30 June 2020			
Loans granted to corporate entities and real persons (Gross)	107.411	6.740.905	9.449.973
Specific Provision Amount (-)	73.519	3.810.156	6.071.598
Loans granted to corporate entities and real persons (Net)	33.892	2.930.749	3.378.375
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2019			
Loans granted to corporate entities and real persons (Gross)	3.982.709	4.073.786	7.374.050
Specific Provision Amount (-)	2.183.880	2.054.163	4.401.267
Loans granted to corporate entities and real persons (Net)	1.798.829	2.019.623	2.972.783
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

(*) Included leasing receivables.

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 30 June 2020			
Interest accruals and valuation differences	5.974	758.815	1.925.460
Provision (-)	3.370	410.658	1.157.652
Prior Period: 31 December 2019			
Interest accruals and valuation differences	240.819	602.739	1.313.881
Provision (-)	126.538	343.611	797.273

(*) Included leasing receivables.

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g. Financial Assets Measured at Amortised Cost

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

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Given as collateral/blocked	7.482.731	445.444	352.296	-
Subject to repurchase agreements	13.651.475	4.693.553	145.327	1.229.269
Total	21.134.206	5.138.997	497.623	1.229.269

2. Information about Government debt securities:

	Current Period 30 June 2020	Prior Period 31 December 2019
Government debt	40.768.520	13.080.081
Treasury bonds	-	-
Other government debts	900.895	779.177
Total	41.669.415	13.859.258

3. Information on financial assets measured at amortised cost:

	Current Period 30 June 2020	Prior Period 31 December 2019
Debt Securities	42.382.324	15.602.379
Quoted at stock exchange	42.382.324	15.602.379
Not quoted at stock exchange	-	-
Impairment (-)	23.289	27.521
Total	42.359.035	15.574.858

4. The movement of financial assets at amortised costs:

	Current Period 30 June 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	15.574.858	12.263.481
Foreign Currency Differences on Monetary Assets	4.035.303	414.623
Purchases During Year	23.934.207	5.397.163
Disposals Through Sales and Redemptions	(1.985.038)	(3.214.759)
Impairment Provision (-)	4.232	37.062
Change in Amortised Cost	795.473	677.288
Balance at the End of the Period	42.359.035	15.574.858

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

h. Information on investments in associates (Net):

1. Non-consolidated associates:

1 (i). Reasons for being out of consolidation for non-consolidated associates: In accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks they have been left out of the scope of consolidation.

1 (ii). Information about non-consolidated associates:

Title	Address (City / Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
1 Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	4,89	4,89
2 Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09
3 JCR Avrasya Derecelendirme A.Ş.	Istanbul/Turkey	2,86	2,86
4 Birleşik İpotek Finansmanı A.Ş.	Istanbul/Turkey	8,33	8,33

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

The financial figures stated below have been obtained from the financial statements date 31 March 2020.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	147.898	100.459	77.667	863	-	8.961	8.943	-
2	364.811	229.265	249.880	1.824	-	11.740	12.147	-
3	31.238	25.827	971	666	-	6.146	2.082	-

31 December 2019 financial data of JCR Avrasya Derecelendirme A.Ş. has been used in the table above. Birleşik İpotek Finansmanı A.Ş. started its operations in 2020 and is not included in the table above since have any published financial statements yet.

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	5.521	5.521
Movements During the Period		
Purchases (*)	2.900	-
Bonus Shares and Contributions to Capital	5.686	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	14.107	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

2. Consolidated subsidiaries within the current period: None.

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

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	360.007	96.802	10.534	740.648	42.000
Share Premium	-	-	-	-	-
Reserves	589.209	76.251	24.157	5.119.058	(13)
Gains recognized in equity as per TAS	-	(2.996)	(318)	-	(32)
Profit/Loss	60.711	413.533	87.198	178.069	(33.693)
- Net Current Period Profit	60.711	122.946	44.026	178.069	(14.148)
- Prior Year Profit/Loss	-	290.587	43.172	-	(19.545)
Development Cost of Operating Lease (-)	64	1.041	-	-	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.179	11.161	302	3.996	-
Total Common Equity	1.008.684	571.388	121.269	6.033.779	8.262
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
Total Tier I Capital	1.008.684	571.388	121.269	6.033.779	8.262
Tier II Capital	72.016	146	-	48.449	-
CAPITAL	1.080.700	571.534	121.269	6.082.228	8.262
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	1.080.700	571.534	121.269	6.082.228	8.262

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

Title	Address (City / Country)	Bank's Share Percentage-If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1 Ak Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	99,99
2 Ak Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	100,00
3 Ak Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	100,00
4 Akbank AG	Frankfurt/Germany	100,00	100,00
5 AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul/Turkey	100,00	100,00

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.113.102	1.008.745	94.635	219.133	216	60.711	52.426	-
2	2.894.416	583.590	22.340	52.108	(5.189)	122.946	62.078	-
3	143.087	121.571	5.212	763	-	44.026	29.178	-
4	31.265.103	6.037.775	54.197	506.062	97.001	178.069	183.358	-
5	19.124	8.262	919	301	-	(14.148)	(1.163)	-

Though not being the subsidiary of the Bank, A.R.T.S Ltd. which was established in November 1999 respectively in connection with rising long-term financing, is included in the full scope of consolidation as "Structured Entity" due to the 100% control of this entity by the Group.

5. Movement schedule for consolidated subsidiaries:

	Current Period 30 June 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	6.730.785	5.452.141
Movements During the Period		
Additions (*)	15.000	139.981
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	386.620	640.370
Sales/Liquidation	-	-
Revaluation Increase (**)	627.387	498.293
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	7.759.792	6.730.785
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) The mentioned amounts are increased by 15.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş., which is the 100% subsidiary of the Bank for the current period; increased by 125.000 TL for the capital of Ak Finansal Kiralama A.Ş. which is the 99,99% subsidiary of the Bank for the previous period; increased by 15.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş. which is the 100% subsidiary of the Bank for the previous period.

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

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

Subsidiaries	Current Period	Prior Period
	30 June 2020	31 December 2019
Banks	6.037.775	5.111.016
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	1.008.593	947.751
Finance Companies	-	-
Other Financial Subsidiaries	713.424	672.018

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

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

k. Information on finance lease receivables (Net):

	Current Period		Prior Period	
	30 June 2020		31 December 2019	
	Gross	Net	Gross	Net
2019	-	-	-	-
2020	1.155.245	1.046.228	2.012.951	1.761.924
2021 and following years	3.904.151	3.453.924	3.182.173	2.804.929
Total	5.059.396	4.500.152	5.195.124	4.566.853

l. Information on the hedging derivative financial assets:

	Current Period		Prior Period	
	30 June 2020		31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	2.947.977	174.141	3.072.295	151.510
Cash Flow Hedge	3.320.529	-	2.093.795	33.217
Net Investment Hedge in a foreign operation	-	-	-	-
Total	6.268.506	174.141	5.166.090	184.727

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

n. Information on deferred tax asset:

As of 30 June 2020, the Group has TL 60.778 deferred tax asset (31 December 2019: TL 135.972). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVIII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Cost	317.607	666.140
Accumulated Depreciation (-)	71	73
Net Book Value	317.536	666.067

	Current Period 30 June 2020	Prior Period 31 December 2019
Opening Balance Net Book Value	666.067	264.384
Additions (*)	165.439	1.575.616
Disposals (-), net	36.549	235.066
Impairment (-)	477.421	938.867
Depreciation (-)	-	-
Closing Net Book Value	317.536	666.067

(*) For the prior period, the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from TL 18 to 1.416.090. Related amounts are presented in the "additions" row of table above. The total decrease in fair value allocated by the bank and the capital amount detailed in Note I-b of Section Five is TL 1.416.090 and the amount of TL 477,268 allocated in the current period is presented in the line "Impairment (-)".

p. Information on other assets:

Other assets amounting to TL 9.677.114 [31 December 2019: TL 6.505.838] on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

1. Information on maturity structure of the deposits: There are no seven-day notification deposits.

1 (i). Current Period – 30 June 2020:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	15.272.106	13.007.457	38.971.473	163.466	202.340	519.788	9.927	68.146.557
Foreign Currency Deposits	40.279.929	12.936.020	60.487.132	2.078.300	3.145.685	17.839.316	856	136.767.238
Residents in Turkey	34.766.927	12.658.654	55.573.922	1.586.913	1.339.652	4.141.921	810	110.068.799
Residents Abroad	5.513.002	277.366	4.913.210	491.387	1.806.033	13.697.395	46	26.698.439
Public Sector Deposits	639.804	13.599	34.728	1.219	344	471	-	690.165
Commercial Deposits	12.776.273	9.324.808	7.028.710	149.176	19.213	139.534	-	29.437.714
Other Institutions Deposits	327.638	546.940	1.755.063	14.450	4.198	732	-	2.649.021
Precious metals Deposits	9.284.458	1	149.727	11.320	518.620	65.139	-	10.029.265
Interbank Deposits	1.153.765	3.534.808	5.962.849	214.226	654.545	4.962	-	11.525.155
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	10.222	2.931.362	60.278	-	579.126	-	-	3.580.988
Foreign Banks	262.929	603.446	5.902.571	214.226	75.419	4.962	-	7.063.553
Participation Banks	880.614	-	-	-	-	-	-	880.614
Other	-	-	-	-	-	-	-	-
Total	79.733.973	39.363.633	114.389.682	2.632.157	4.544.945	18.569.942	10.783	259.245.115

1 (ii). Prior period - 31 December 2019:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	10.127.048	10.183.799	41.132.279	182.618	262.221	531.691	12.977	62.432.633
Foreign Currency Deposits	27.509.477	13.423.063	74.235.005	2.709.505	2.970.256	17.691.555	1.154	138.540.015
Residents in Turkey	22.472.756	13.252.797	69.514.476	2.346.602	1.234.268	4.024.290	1.102	112.846.291
Residents Abroad	5.036.721	170.266	4.720.529	362.903	1.735.988	13.667.265	52	25.693.724
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	1.183.421
Commercial Deposits	8.514.974	8.212.215	10.741.257	229.145	82.984	175.345	-	27.955.920
Other Institutions Deposits	272.527	829.067	2.177.831	46.463	6.085	971	-	3.332.944
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	4.491.847
Interbank Deposits	1.555.546	480.512	4.008.293	430.528	288.030	12.644	-	6.775.553
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	11.574	19.373	200.551	332.047	173.450	-	-	736.995
Foreign Banks	246.636	461.139	3.807.742	98.481	114.580	12.644	-	4.741.222
Participation Banks	1.297.336	-	-	-	-	-	-	1.297.336
Other	-	-	-	-	-	-	-	-
Total	53.268.788	33.142.935	132.326.076	3.601.630	3.878.280	18.480.493	14.131	244.712.333

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2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund: The deposit amounts of the consolidated subsidiaries located abroad are subject to local insurance regulations and are not included in the table below.

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 30 June 2020	Prior Period 31 December 2019	Current Period 30 June 2020	Prior Period 31 December 2019
Saving Deposits	35.344.892	30.875.550	32.799.529	30.609.809
Foreign Currency Saving Deposits	16.269.790	16.110.198	59.767.310	56.626.928
Other Deposits in the Form of Saving Deposits	4.500.363	2.373.387	4.585.275	1.807.082
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 30 June 2020	Prior Period 31 December 2019
Foreign Branches' Deposits and other accounts	20	18
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.793.312	1.625.947
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

(i). Table of derivative financial liabilities (*):

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	312.773	2.276	143.501	401
Swap Transactions	7.058.688	2.091.5898	6.176.955	1.360.509
Futures Transactions	-	-	-	-
Options	644	102.669	5.686	94.510
Other	-	-	-	-
Total	7.372.105	2.196.533	6.326.142	1.455.420

[*] Excluding hedge transactions.

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	353.594	4.587.512	548.615	1.187.028
From Foreign Banks, Institutions and Funds	214	32.514.798	-	33.100.838
Total	353.808	37.102.310	548.615	34.287.866

2. Information on maturity structure of borrowings:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Short-term	237.622	450.551	303.879	641.868
Medium and Long-term	116.186	36.651.759	244.736	33.645.998
Total	353.808	37.102.310	548.615	34.287.866

Securitized borrowings procured via A.R.T.S. Ltd. ("Structured Entity") which the Bank has 100% controlling power, are included in external funding sources of the Bank. Under the securitization program agreements, the Bank has sold foreign trade and customer receivables to A.R.T.S. Ltd.

3. The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

d. Information on securities issued (Net):

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Bank bills	10.088.055	-	2.391.332	-
Bonds	2.163.227	6.825.274	2.532.944	8.612.669
Total	12.251.282	6.825.274	4.924.276	8.612.669

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 3.191.098 under "Other Liabilities" (31 December 2019: TL 2.251.871) and do not exceed 10% of the total balance sheet.

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f. Information on financial leasing agreements:

With the "IFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees. Implementation and impacts on transition of IFRS 16 are presented in Note XXIX of Section Three.

Liabilities incurred due to financial leasing agreements:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	Gross	Net	Gross	Net
Less Than 1 Year	153.236	68.175	150.202	63.868
Between 1-4 Years	390.829	197.858	388.038	188.559
More Than 4 Years	512.050	356.736	544.539	371.727
Total	1.056.115	622.769	1.082.779	624.154

g. Information on the hedging derivative financial liabilities:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	25.349	537.914	71.230	191.806
Cash Flow Hedge	573.939	383.378	848.039	53.065
Net Investment Hedge in a foreign operation	-	-	-	-
Total	599.288	921.292	919.269	244.871

h. Information on provisions:

1. Information on reserves for employee rights:

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

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

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Discount Rate (%)	3,97	3,97
Rate for the Probability of Retirement (%)	95,13	95,13

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 7.117,17 (1 January 2019: TL 6.017,60) effective from 1 July 2020 has been taken into consideration in calculating the reserve for employee termination benefits (in full TL amount).

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

	Current Period	Prior Period
	30 June 2020	31 December 2019
Prior Period Closing Balance	324.669	215.202
Recognized as an Expense During the Period	55.812	87.038
Actuarial Loss / (Gain)	18.932	89.142
Paid During the Period	(40.831)	(66.713)
Balance at the End of the Period	358.582	324.669

As of 30 June 2020, the Group has allocated vacation liability amounting to TL 144.730 (31 December 2019: TL 126.215).

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

As of 30 June 2020, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2019: None) and the related prior period amount is offset with the balance of foreign currency indexed loans.

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

Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 298.463 as of 30 June 2020 (31 December 2019: TL 297.102).

4. Information on other provisions:

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

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

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

The Group has provision for credit cards and banking services promotion activities amounting to TL 46.429 (31 December 2019: TL 52.721).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 30 June 2020, the corporate tax liability after the deduction of temporary taxes paid is TL 1.057.125 (31 December 2019: TL 326.797). The current tax asset is TL 645 as of 30 June 2020 (31 December 2019: TL 9.971).

1 (i). Information on taxes payable:

	Current Period	Prior Period
	30 June 2020	31 December 2019
Corporate Taxes Payable	981.592	326.797
Taxation on Marketable Securities	152.432	187.962
Banking Insurance Transaction Tax (BITT)	128.706	99.098
Other	91.484	2.383
Foreign Exchange Transaction Tax	31.084	4.875
Value Added Tax Payable	19.221	18.454
Property Tax	2.807	185.204
Total	1.407.326	824.773

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1 (iii). Information on premium payables:

	Current Period 30 June 2020	Prior Period 31 December 2019
Social Security Premiums – Employee	1.620	1.243
Social Security Premiums – Employer	356	155
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance – Employee	2.035	1.800
Unemployment Insurance – Employer	3.809	3.374
Other	194	348
Total	8.020	6.926

2. Information on deferred tax liability:

As of 30 June 2020, Turkish Lira deferred tax liability of the Group amounts to TL 106.974 (31 December 2019: TL 837.212). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Debt Instruments subject to common equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 equity	-	6.201.725	-	5.381.534
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	6.201.725	-	5.381.534
Total	-	6.201.725	-	5.381.534

Explanation about the subordinated loans is given in Note I-b of Section Four.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period 30 June 2020	Prior Period 31 December 2019
Common Stock	5.200.000	5.200.000
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Share Capital	5.200.000	10.000.000

3. Capital increases and sources in the current period and other information based on increased capital shares:

None.

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

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

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6. The effects of anticipations based on the financial figures for prior periods regarding the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators:

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

7. Information on privileges given to shares representing the capital: None.

8. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	654.502	(946.946)	113.916	(57.111)
Foreign Currency Differences	-	-	-	-
Total	654.502	(946.946)	113.916	(57.111)

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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 5.759.820 asset purchase commitments (31 December 2019: TL 14.762.968), TL 28.051.996 commitments for credit card limits (31 December 2019: TL 23.193.073) and TL 2.661.276 commitments for cheque books (31 December 2019: TL 2.632.311).

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Group has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

- 2 (i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	Current Period	Prior Period
	30 June 2020	31 December 2019
Bank Acceptance Loans	59.950	50.678
Letters of Credit	3.820.924	4.404.510
Other Guarantees and Warranties	7.079.699	7.106.720
Total	10.960.573	11.561.908

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

	Current Period	Prior Period
	30 June 2020	31 December 2019
Revocable Letters of Guarantee	1.091.464	1.081.737
Irrevocable Letters of Guarantee	17.170.380	17.634.443
Letters of Guarantee Given in Advance	1.701.271	1.922.507
Guarantees Given to Customs	2.323.269	2.251.380
Other Letters of Guarantee	9.352.792	8.247.050
Total	31.639.176	31.137.117

3. Information on non-cash loans:

Total amount of non-cash loans:

	Current Period	Prior Period
	30 June 2020	31 December 2019
Non-cash Loans Given against Cash Loans	12.608.491	12.545.219
With Original Maturity of 1 Year or Less Than 1 Year	4.532.624	5.064.000
With Original Maturity of More Than 1 Year	8.075.867	7.481.219
Other Non-cash Loans	29.991.258	30.153.806
Total	42.599.749	42.699.025

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
Short-term Loans	3.541.957	404.653	5.348.119	385.321
Medium and Long-term Loans	5.483.133	1.949.895	5.765.459	2.359.522
Interest on Loans Under Follow-Up	524.683	-	587.396	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	9.549.773	2.354.548	11.700.974	2.744.843

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

2. Information on interest income on banks:

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	47.813	3.615	86.538	175.690
From Foreign Banks	2.752	66.757	8.089	208.756
From Headquarters and Branches Abroad	-	-	-	-
Total	50.565	70.372	94.627	384.446

3. Information on interest income on marketable securities:

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	5.454	4.120	1.693	-
Financial Assets at Fair Value through Other Comprehensive Income	2.156.195	765.231	1.902.102	560.779
Financial Assets Measured at Amortised Cost	1.332.649	117.528	455.792	125.309
Total	3.494.298	886.879	2.359.587	686.088

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

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b. Information on interest expense:

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

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
Banks	31.831	515.535	47.720	760.855
The CBRT	-	-	-	-
Domestic Banks	31.676	8.227	26.605	28.895
Foreign Banks	155	507.308	21.115	731.960
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	76.276	-	107.440
Total	31.831	591.811	47.720	868.295

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

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

3. Information on interest expense given to securities issued:

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
Interest expense on securities issued	412.058	382.420	795.794	387.088

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period - 30.06.2020	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	17.900	84.506	4.888	-	110	-	107.404
Saving Deposits	-	390.290	1.912.292	8.195	12.483	33.997	2.357.257
Public Sector Deposits	-	571	1.463	47	13	26	2.120
Commercial Deposits	-	373.631	514.375	16.623	3.405	3.045	911.079
Other Deposits	-	12.197	117.739	610	229	33	130.808
Total	17.900	861.195	2.550.757	25.475	16.240	37.101	3.508.668
FC							
Foreign Currency Deposits	2.836	73.298	364.166	15.450	19.874	138.900	614.524
Bank Deposits	232	734	24.520	7.460	2.457	54	35.457
Precious Metals Deposits	-	33	40	10	938	379	1.400
Total	3.068	74.065	388.726	22.920	23.269	139.333	651.381
Grand Total	20.968	935.260	2.939.483	48.395	39.509	176.434	4.160.049

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Prior Period - 30.06.2019	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	18.251	71.000	25.419	229	1.574	1.538	118.011
Saving Deposits	-	527.008	3.408.662	77.432	273.547	109.218	4.395.867
Public Sector Deposits	-	1.616	2.565	78	5	26	4.290
Commercial Deposits	-	709.204	862.218	6.055	15.614	30.766	1.623.857
Other Deposits	2	35.522	217.024	4.131	63.513	11.255	331.447
Total	18.253	1.344.350	4.515.888	87.925	354.253	152.803	6.473.472
FC							
Foreign Currency Deposits	7.585	187.092	983.116	31.347	75.873	138.610	1.423.623
Bank Deposits	238	1.475	61.252	4.263	9.227	119	76.574
Precious Metals Deposits	-	1	28	-	1.147	324	1.500
Total	7.823	188.568	1.044.396	35.610	86.247	139.053	1.501.697
Grand Total	26.076	1.532.918	5.560.284	123.535	440.500	291.856	7.975.169

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

	Current Period 30 June 2020	Prior Period 30 June 2019
Profit	480.834.636	537.012.638
Income From Capital Market Transactions	446.829	206.385
Income From Derivative Financial Transactions (*)	15.436.501	20.288.783
Foreign Exchange Gains	464.951.306	516.517.470
Loss (-)	481.017.406	537.210.609
Loss from Capital Market Transactions	154.428	127.624
Loss from Derivative Financial Transactions (*)	15.505.792	17.640.364
Foreign Exchange Loss	465.357.186	519.442.621
Total (Net)	(182.770)	(197.971)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.226.971 (30 June 2019: TL 2.708.704).

d. Explanations on other operating income:

Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and provisions that have been set aside in prior periods and reversed in the current year with the sale from non-performing loans portfolio.

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

Expected provision expense:

	Current Period 30 June 2020	Prior Period 30 June 2019
Expected Credit Loss	3.493.919	2.735.025
12 month expected credit loss (stage 1)	335.923	120.261
Significant increase in credit risk (stage 2)	1.295.142	909.603
Non-performing loans (stage 3)	1.862.854	1.705.161
Marketable Securities Impairment Expense	8	-
Financial Assets at Fair Value through Profit or Loss	8	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates and Subsidiaries Securities		
Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	1.689.523	748.613
Total	5.183.450	3.483.638

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

f. Information related to other operating expenses:

	Current Period 30 June 2020	Prior Period 30 June 2019
Reserve for Employee Termination Benefits	14.981	20.325
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	223.454	148.979
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	100.325	105.277
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	153	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.472.788	1.347.015
Leasing Expenses on TFRS 16 Exceptions	56.462	51.745
Maintenance Expenses	23.898	34.995
Advertisement Expenses	63.650	56.171
Other Expenses	1.328.778	1.204.104
Loss on Sales of Assets	-	39
Other	540.664	369.134
Total	2.352.365	1.990.769

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g. Information on income/loss from minority interest:

	Current Period	Prior Period
	30 June 2020	30 June 2019
Income/(loss) from minority interest	9	9

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

As of 30 June 2020, the Group has a current tax expense of TL 1.227.829 (30 June 2019: TL 470.329), deferred tax expense of TL 668.165 (30 June 2019: TL 953.337) and deferred tax income of TL 920.498 (30 June 2019: TL 635.157).

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 2.885.303 (30 June 2019: TL 2.667.003).

The Group has no discontinued operations.

j. Other figures on profit and loss statement:

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.

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

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

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VI. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE GROUP BELONGS TO:

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

1. Current Period – 30 June 2020:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans					
Balance at the Beginning of the Period	-	-	6.723.184	1.048.361	6.429	1.096
Balance at the End of the Period	-	-	7.659.275	1.438.608	2.999	1.148
Interest and Commission Income Received	-	-	378.952	4.615	251	9

2. Prior Period – 31 December 2019:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Balance at the Beginning of the Period	-	-	5.476.437	1.074.561	10.973	7.684
Balance at the End of the Period	-	-	6.723.184	1.048.361	6.429	1.096
Interest and Commission Income Received (*)	-	-	431.344	4.210	358	45

(*) 30 June 2019 balances used for income/expense accounts.

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Balance at the Beginning of the Period	-	-	4.572.874	5.011.321	1.403.075	1.228.947
Balance at the End of the Period	-	-	4.969.146	4.572.874	527.482	1.403.075
Interest expense on Deposits (*)	-	-	82.745	165.375	12.303	70.888

(*) 30 June 2019 balances used for income/expense accounts.

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4. Information on forward and option agreements and other similar agreements made with the Group's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	11.408.705	10.451.000	-	-
Balance at the End of the Period	-	-	10.175.912	11.408.705	-	-
Total Income/Loss (*)	-	-	22.008	(10.078)	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss (*)	-	-	-	-	-	-

(*) 30 June 2019 balances used for income/expense accounts.

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 30 June 2020, the net exposure for direct and indirect shareholders of the Group is TL (374.021) (31 December 2019: TL 184.042).

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

As of 30 June 2020, benefits provided to the Group's key management amounting to TL 62.201 (30 June 2019: TL 45.722).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

I. EXPLANATIONS ON AUDITOR'S REVIEW REPORT

The consolidated financial statements for the interim period ended 30 June 2020 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 28 July 2020 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

SECTION SEVEN (*)
EXPLANATIONS ON INTERIM ACTIVITY REPORT

Message from the Chairman of the Board:

The number of coronavirus cases increased globally in the second quarter of 2020. As economic data dipped in April with the effect of lockdowns, signs of recovery started to appear thanks to the steps taken towards normalization from May on. IMF revised the global economic growth forecasts downwards again and decreased from -3% to -4.9% in its Economic Outlook Report. Central banks and governments continued to announce monetary and financial incentive packages against the negative economic impact of the pandemic. IMF states that globally announced financial supports are approaching to \$ 11 trillion, and with financial supports, the ratio of global public debt to GDP is expected to exceed 100% this year. The World Trade Organization states that the volume of world merchandise trade shrank 3% in the first quarter, and according to the initial estimates for the second quarter, it will decline by around 18.5% yoy. According to WTO's relatively optimistic scenario, world trade volume would contract by 13% in 2020.

After the Fed cut its target rate by 150 basis points to 0%-25% band in March, it kept interest rates at these levels and stated that the short-term interest rates would remain low until it is confident that the economy has weathered recent events. According to Fed projections, the economy is expected to contract by 6.5% in 2020 and then to grow by 5% and 3.5% in 2021 and 2022, respectively. Recent data flow in the US points out to a recovery along with the normalization steps. Manufacturing industry and the service sector PMI index showed a strong improvement in June.

European Central Bank kept its policy rate constant and expanded its Emergency Purchasing Program by € 600 billion. In addition, the program was extended at least until June 2021. Thus, total asset purchase reached € 1.35 billion. ECB asserts that the contraction in the second quarter was unprecedented, though in the third quarter; it expects a recovery with economic openings. ECB foresees a contraction of 8.7% for 2020 and a growth of 5.2% in 2021 in the region's economy. As a matter of fact, the data for June confirms the recovery. At the country level; governments also support the economy with financial incentive packages. The Bank of England also increased its asset purchase program and raised it from £ 645 billion to £ 745 billion.

Domestically; the economy, which had grown strongly in the first two months of the year, has lost momentum as the economic closures came into effect as of mid-March because of the epidemic. The dip in activity was experienced in April and a rebound is observed with the gradual lifting of the measures. Sectoral confidence indices, consumer confidence index, and PMI expectations index data rose in June, signaling growth in economic activity. On the foreign demand side, a weak course was observed in the second quarter of the year due to the weak foreign demand. With travel restrictions, tourism revenues decreased to very low levels. Thus; both an increase in the foreign trade deficit and weak service revenues caused a rise in current account deficit. The course of the global epidemic in the coming months, countries' steps to lift their travel restrictions, and the recovery in foreign demand would continue to be the determining factors on foreign trade figures.

Inflation accelerated to 12.62%, annually, in June. We consider that inflation will decline in the coming period with the base effect, relatively low energy prices and sub-par economic activity. We foresee that the CBRT will keep policy interest rates at its current level. The budget gave a deficit of TRY109.5 billion in the January-June period, the primary account gave a deficit of TRY 38.2 billion.

In our banking sector, robust credit activity is continuing as our banks continues to support the economic activity. The capital adequacy ratio of the sector stands at 19.4%, while the NPL ratio stands at 4.5% as of the end of May.

The developments regarding the pandemic and the measures countries take to support the economic activity will be closely followed in the second half of 2020.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

Message from the CEO:

COVID-19 pandemic has negatively affected the economies all over the world. Besides the measures taken in our country to reduce the negative effects of the pandemic, the banking sector has also made important contributions. Now, we are about to enter into a period of recovery and growth. With its robust financials, strong capital position, infrastructure and expertise, Akbank will continue to contribute strongly to the development of our country.

In this challenging period, the loan support we provided to the economy increased to a total of TL 296 billion, with TL 254 billion in cash loans. Through providing loans to companies, we continued to contribute to the development of the real sector and in the second quarter, our market share in TL loans among private and foreign banks increased substantially. In the first six months, our deposits reached TL 259 billion, while our assets reached TL 444 billion. With our strong capital structure, we continued to support the development of the real sector. Upon deferral requests received during the pandemic, the payment of over 618.000 loans whose principal amount is over TL 24 billion and due payment amount is about TL 8.5 billion have been deferred. In the first half, our bank reported a net profit of TL 2 billion 885 million, after TL 975 million tax provisions.

Akbank has become the first Turkish bank to issue Eurobond during the COVID-19 pandemic. The transaction was priced at a yield of 6.80%, raising USD 500 million for a 5.5 year maturity. The book was oversubscribed and reached USD 1.5 billion. This strong demand shows investors' confidence in the Turkish Banking sector and Akbank. With stable and transparent management, international banking standards, a strong balance sheet and excellent digital infrastructure, Akbank will continue to support Turkey's economy, as it has for the past 72 years and will continue to provide resources to support the growth of the Turkish economy and the real sector.

We are very happy to have been awarded "Turkey's Best Bank" for the 14th time by Euromoney. With our solid financials, strong technological infrastructure and banking of the future vision, we have been very successful. Our development efforts continue in key areas such as artificial intelligence and customer experience. Moreover, we are working on adapting our qualified workers to the new normal with new competences to equip them and us to thrive as our industry evolves. In this challenging period, we are very pleased to come across with higher than expected interest in our financial transactions, such as syndication and bond issuances, as we continued to provide finance for our country. We find it very significant to be named as "Turkey's Best Bank" for the 14th time and we are proud of it. I would like to thank all our stakeholders especially our employees who have contributed to our success and high performance in the first half of the year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

A. INTRODUCTION

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

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

2. Important Issues and Transactions during the period

With regards to the guidance of the BRSA communicated to the banking sector on sustaining the strength of capital structures and therefore refraining from the distribution of net profit, the Board of Directors has decided to propose to the General Assembly not to distribute the net profit of TL 5.417.467.871,42 resulting from operations conducted in 2019, and to allocate all of the net profit to "Extraordinary Reserves" after the allocation of TL 240.000.000 to general legal reserves.

Fitch Ratings has affirmed Akbank T.A.S.' Long Term FC IDR at "B+" and its outlook at "Negative" and revised Support Rating from "4" to "5" and in line with its application of new criteria Subordinated Debt Rating from "B" to "B-". Other ratings and outlook have been affirmed.

It had been announced that the total loan amount of the syndicated loan - approximate equivalent of USD 560 million with 367 days maturity secured on 1 April 2020 - may be increased through the accordion feature of the facility until drawdown date of April 9, 2020. As a result of additional commitments received, the total loan amount has been increased to approximate equivalent of USD 605 million (USD 256 million and EUR 316 million).

B. BANKING SECTOR SECOND QUARTER OVERVIEW

In the the first half of 2020, loan growth in the sector was 20,5% and deposit growth in the funding side was 17,9%.

C. CONSOLIDATED FINANCIAL RESULTS

1. Main Balance Sheet Items (TL Million):

	30.06.2020	31.12.2019
	Consolidated	Consolidated
	Financial Results	Financial Results
Total Assets	443.696	387.172
Loans	253.523	226.776
Deposits	259.246	244.712
Equity	57.518	54.362
Net Income (30.06.2019)	2.885	2.667

2. Main Financial Ratios (%):

	30.06.2020	31.12.2019
	Consolidated	Consolidated
	Financial Results	Financial Results
Loan / Total Assets	57,1	58,6
Deposit / Total Assets	58,4	63,2
Return on Equity (30.06.2019)	10,4	11,4
Return on Assets (30.06.2019)	1,4	1,5
NPL Ratio (*)	6,2	6,6
Capital Adequacy Ratio	21,9	19,7
Earnings Per Share (TL) (30.06.2019)	0,00555	0,00555

(*) Excluded leasing receivables.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

3. Akbank 2Q20 Results Overview:

Akbank reported a gross profit of TL 3.861 million, setting aside TL 975 million of tax provisions, reporting a net unconsolidated profit of TL 2.885 million in the first six months of the year. Capital adequacy ratio of the bank has realized at 21,9% in this period.

As of June 2020, Akbank's consolidated total asset realized at TL 444 billion, loans are approximately TL 254 billion and total deposits are approximately TL 259 billion.

Akbank's NPL ratio increased to 6,2% in the first half of the year.

4. Bank's Expectations for 2020:

Banks' forward-looking expectations which was announced publicly on 28 July 2020 are stated below:

2020 Guidance Outlook (%)	
TL Loan Growth	Low-twenties
FX Loan Growth (in USD)	Negative ~10%
Leverage	~8x
ROE	Low-teens
NIM (Swap ad.)	%4.2 – 4,5%
Net fees&comm. growth	Neg. high-single digit
Opex growth	Mid-teens
Cost/income	≤ 34%
NPL	< 6%
Net total CoC	250-300 bps

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