

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 SEPTEMBER 2016 TOGETHER WITH  
LIMITED REVIEW REPORT**

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

## INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

**(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I.b of Section three)**

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

### **Introduction**

We have reviewed the consolidated statement of financial position of Akbank T.A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at 30 September 2016 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "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 Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements 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 of Qualified Conclusion**

The accompanying consolidated financial statements as at 30 September 2016 include a general reserve for possible risks amounting to TL 200.000 thousands which is carried forward from 2014 by the Bank management for possible results of the circumstances which may arise from possible changes in the economy and market conditions.

### **Qualified Conclusion**

Based on our review, except for the effect of the matter referred in the 'basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of Akbank T.A.Ş. at 30 September 2016 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects 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 annual report in Section VII, are not consistent with the consolidated financial statements and disclosures in all material respects.

### **Additional paragraph for convenience translation to English:**

As explained in detail in Note I.b. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation., 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst&Young Global Limited

Ayşe Zeynep Deldağ  
SMMM, Partner

İstanbul, 21 October 2016

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

**THE CONSOLIDATED FINANCIAL REPORT OF  
AKBANK T.A.Ş. AS OF  
30 SEPTEMBER 2016**

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The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - LIMITED 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.	Akbank (Dubai) Limited	-	-

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

The accompanying reviewed consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related appendices and interpretations on these, and are independently audited.

21 October 2016

Suzan SABANCI DİNÇER	Hayri ÇULHACI	Ş.Yaman TÖRÜNER	S. Hakan BİNBAŞGİL	K. Atıl ÖZUS	Türker TUNALI
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 : Türker TUNALI / Senior Vice President  
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## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

#### SECTION ONE GENERAL INFORMATION ABOUT THE BANK

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 30 September 2016, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2015: 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>
<b>Chairman:</b>	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
<b>Honorary Chairman,</b>		Honorary Chairman,	
<b>Board Member, Consultant:</b>	Erol SABANCI	Board Member and Consultant	Undergraduate
<b>Board of Directors:</b>	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Cem MENĞİ	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
<b>President and CEO:</b>	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
<b>Head of Internal Audit:</b>	S. Hakan BİNBAŞGİL	CEO	Graduate
<b>Executive Vice Presidents:</b>	Eyüp ENGİN	Head of Internal Audit	Undergraduate
	A. Fuat AYLA	Credit Allocation	Undergraduate
	K. Atıl ÖZÜS	Financial Coordination	Undergraduate
	Kerim ROTA	Treasury	Graduate
	C. Kaan GÜR	Commercial Banking	Undergraduate
	Turgut GÜNEY	Technology and Operation	Graduate
	Bülent OĞUZ	SME Banking	Graduate
	H. Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A. Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate – Investment and Private Banking	Undergraduate
	Emin Tolga Ulutaş	Direct Banking	Graduate
	Hayri ÇULHACI	Head of the Audit Committee	Graduate
<b>Internal Audit Committee:</b>	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

As of 1 July 2016, Private Banking Operations are separated from Consumer and Private Banking and incorporated into Corporate and Investment Banking business unit. With the related change, the new names of the business units have become "Consumer Banking" and "Corporate-Investment and Private Banking" respectively.

As of 19 September 2016, Emin Tolga Ulutaş has been assigned as Executive Vice President responsible of Direct Banking Unit instead of Orkun Oğuz who had resigned from his position on 19 July 2016.

**IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:**

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

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

The Bank's core business activities include consumer banking, commercial banking, SME banking, corporate-investment and private banking, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş and AvivaSA Emeklilik ve Hayat A.Ş.. As of 30 September 2016, the Bank has 882 branches dispersed throughout the country and 1 branch operating abroad (31 December 2015: 901 branches and 1 branch operating abroad). As of 30 September 2016, the Bank employed 13.744 people (31 December 2015: 14.050).

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., Akbank (Dubai) Limited and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but over which the Bank has 100% controlling power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements and notes to consolidated financial statements.

As at 30 September 2016, the Group employed 14.120 people (31 December 2015: 14.418).

**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.

**AKBANK T.A.Ş.**
**I. CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2016 (STATEMENT OF FINANCIAL POSITION)**

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/09/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-a)</b>	<b>5.162.027</b>	<b>29.501.590</b>	<b>34.663.617</b>	<b>2.165.780</b>	<b>23.307.659</b>	<b>25.473.439</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)</b>	<b>(I-b)</b>	<b>1.972.150</b>	<b>2.490.821</b>	<b>4.462.971</b>	<b>816.680</b>	<b>1.920.990</b>	<b>2.737.670</b>
2.1 Trading Financial Assets		1.972.150	2.490.821	4.462.971	816.680	1.920.990	2.737.670
2.1.1 Government Debt Securities		9.184	-	9.184	9.996	107	10.103
2.1.2 Equity Securities		10.257	-	10.257	6.532	-	6.532
2.1.3 Trading Derivative Financial Assets		1.931.298	2.490.821	4.422.119	774.274	1.920.883	2.697.157
2.1.4 Other Marketable Securities		21.411	-	21.411	23.878	-	23.878
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(I-c)</b>	<b>1.713.121</b>	<b>6.211.056</b>	<b>7.924.177</b>	<b>1.586.889</b>	<b>7.228.274</b>	<b>8.815.163</b>
<b>IV. MONEY MARKETS</b>		<b>2.476.880</b>	<b>-</b>	<b>2.476.880</b>	<b>98</b>	<b>-</b>	<b>98</b>
4.1 Interbank Money Market Placements		323	-	323	98	-	98
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		2.476.557	-	2.476.557	-	-	-
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>(I-d)</b>	<b>17.497.150</b>	<b>21.405.615</b>	<b>38.902.765</b>	<b>19.567.662</b>	<b>23.816.778</b>	<b>43.384.440</b>
5.1 Equity Securities		12.836	49.543	62.379	12.836	115.958	128.794
5.2 Government Debt Securities		17.273.599	14.043.777	31.317.376	19.376.723	15.929.478	35.306.201
5.3 Other Marketable Securities		210.715	7.312.295	7.523.010	178.103	7.771.342	7.949.445
<b>VI. LOANS and RECEIVABLES</b>	<b>(I-e)</b>	<b>105.051.943</b>	<b>64.066.127</b>	<b>169.118.070</b>	<b>93.013.626</b>	<b>60.452.870</b>	<b>153.466.496</b>
6.1 Loans and Receivables		104.906.553	64.066.127	168.972.680	92.866.313	60.452.870	153.319.183
6.1.1 Loans to Bank's Risk Group	<b>(VI)</b>	3.056.315	1.209.069	4.265.384	2.247.912	1.173.863	3.421.775
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		101.850.238	62.857.058	164.707.296	90.618.401	59.279.007	149.897.408
6.2 Loans under Follow-up		3.851.463	-	3.851.463	3.373.323	-	3.373.323
6.3 Specific Provisions [-]		3.706.073	-	3.706.073	3.226.010	-	3.226.010
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>(I-f)</b>	<b>5.394.059</b>	<b>5.539.175</b>	<b>10.933.234</b>	<b>5.184.759</b>	<b>5.503.681</b>	<b>10.688.440</b>
8.1 Government Debt Securities		5.394.059	5.539.175	10.933.234	5.184.759	5.503.681	10.688.440
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-g)</b>	<b>3.923</b>	<b>-</b>	<b>3.923</b>	<b>3.923</b>	<b>-</b>	<b>3.923</b>
9.1 Associates Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Associates Unconsolidated		3.923	-	3.923	3.923	-	3.923
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		3.923	-	3.923	3.923	-	3.923
<b>X. SUBSIDIARIES (Net)</b>	<b>(I-h)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	<b>(I-i)</b>	<b>1.113.496</b>	<b>3.305.567</b>	<b>4.419.063</b>	<b>994.415</b>	<b>2.981.366</b>	<b>3.975.781</b>
12.1 Financial Lease Receivables		1.375.175	3.773.316	5.148.491	1.278.004	3.421.676	4.699.680
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income [-]		261.679	467.749	729.428	283.589	440.310	723.899
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>(I-j)</b>	<b>148.350</b>	<b>2.495</b>	<b>150.845</b>	<b>648.858</b>	<b>2.510</b>	<b>651.368</b>
13.1 Fair Value Hedge		148.350	2.495	150.845	648.858	575	649.433
13.2 Cash Flow Hedge		-	-	-	-	1.935	1.935
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		<b>736.341</b>	<b>2.278</b>	<b>738.619</b>	<b>793.600</b>	<b>2.530</b>	<b>796.130</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>225.335</b>	<b>862</b>	<b>226.197</b>	<b>223.486</b>	<b>619</b>	<b>224.105</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		225.335	862	226.197	223.486	619	224.105
<b>XVI. INVESTMENT PROPERTY (Net)</b>	<b>(I-k)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>4.526</b>	<b>4.665</b>	<b>9.191</b>	<b>139.013</b>	<b>23.140</b>	<b>162.153</b>
17.1 Current Tax Asset		2.513	-	2.513	-	-	-
17.2 Deferred Tax Asset	<b>(I-l)</b>	2.013	4.665	6.678	139.013	23.140	162.153
<b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-m)</b>	<b>66.366</b>	<b>-</b>	<b>66.366</b>	<b>179.866</b>	<b>-</b>	<b>179.866</b>
18.1 Held for Sale Purpose		66.366	-	66.366	179.866	-	179.866
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(I-n)</b>	<b>2.220.462</b>	<b>1.046.387</b>	<b>3.266.849</b>	<b>1.327.027</b>	<b>581.081</b>	<b>1.908.108</b>
<b>TOTAL ASSETS</b>		<b>143.786.129</b>	<b>133.576.638</b>	<b>277.362.767</b>	<b>126.645.682</b>	<b>125.821.498</b>	<b>252.467.180</b>

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

**AKBANK T.A.S.**  
**I. CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2016 (STATEMENT OF FINANCIAL POSITION)**

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/09/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>86.428.920</b>	<b>77.596.773</b>	<b>164.025.693</b>	<b>68.978.602</b>	<b>80.492.216</b>	<b>149.470.818</b>
1.1 Deposits of Bank's Risk Group	(VI)	2.402.421	1.954.163	4.356.584	2.435.612	1.848.224	4.283.836
1.2 Other		84.026.499	75.642.610	159.669.109	66.542.990	78.643.992	145.186.982
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b)</b>	<b>596.850</b>	<b>1.012.852</b>	<b>1.609.702</b>	<b>479.349</b>	<b>1.288.502</b>	<b>1.767.851</b>
<b>III. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>410.943</b>	<b>29.199.733</b>	<b>29.610.676</b>	<b>303.083</b>	<b>25.873.792</b>	<b>26.176.875</b>
<b>IV. MONEY MARKETS</b>		<b>7.451.287</b>	<b>18.853.197</b>	<b>26.304.484</b>	<b>6.249.039</b>	<b>18.000.200</b>	<b>24.249.239</b>
4.1 Funds from Interbank Money Market		156.773	-	156.773	80.031	-	80.031
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements		7.294.514	18.853.197	26.147.711	6.169.008	18.000.200	24.169.208
<b>V. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>3.424.841</b>	<b>8.521.631</b>	<b>11.946.472</b>	<b>3.373.821</b>	<b>9.036.968</b>	<b>12.410.789</b>
5.1 Bills		1.695.336	60.008	1.755.344	1.548.685	892.932	2.441.617
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		1.729.505	8.461.623	10.191.128	1.825.136	8.144.036	9.969.172
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>4.165.331</b>	<b>1.178.037</b>	<b>5.343.368</b>	<b>3.832.655</b>	<b>1.010.762</b>	<b>4.843.417</b>
<b>VIII. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>2.357.336</b>	<b>209.891</b>	<b>2.567.227</b>	<b>1.358.302</b>	<b>134.559</b>	<b>1.492.861</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	<b>(II-f)</b>	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses ( - )		-	-	-	-	-	-
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-g)</b>	<b>54.162</b>	<b>272.298</b>	<b>326.460</b>	-	<b>158.960</b>	<b>158.960</b>
11.1 Fair Value Hedge		54.162	261.450	315.612	-	157.528	157.528
11.2 Cash Flow Hedge		-	10.848	10.848	-	1.432	1.432
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>(II-h)</b>	<b>2.591.959</b>	<b>771.282</b>	<b>3.363.241</b>	<b>2.500.234</b>	<b>695.462</b>	<b>3.195.696</b>
12.1 General Loan Loss Provisions		2.012.298	754.816	2.767.114	1.868.060	675.132	2.543.192
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		202.795	604	203.399	192.286	620	192.906
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		376.866	15.862	392.728	439.888	19.710	459.598
<b>XIII. TAX LIABILITY</b>	<b>(II-i)</b>	<b>593.124</b>	<b>96.112</b>	<b>689.236</b>	<b>607.179</b>	<b>78.604</b>	<b>685.783</b>
13.1 Current Tax Liability		496.256	34.773	531.029	607.179	21.152	628.331
13.2 Deferred Tax Liability		96.868	61.339	158.207	-	57.452	57.452
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-j)</b>	<b>31.984.286</b>	<b>(408.078)</b>	<b>31.576.208</b>	<b>28.527.127</b>	<b>(512.236)</b>	<b>28.014.891</b>
16.1 Paid-in capital		4.000.000	-	4.000.000	4.000.000	-	4.000.000
16.2 Capital Reserves		2.471.309	(408.078)	2.063.231	2.219.173	(512.236)	1.706.937
16.2.1 Share Premium		1.700.000	-	1.700.000	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences	(II-k)	(339.162)	(376.621)	(715.783)	(627.540)	(486.868)	(1.114.408)
16.2.4 Property and Equipment Revaluation Differences		47.106	-	47.106	47.106	-	47.106
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		3.895	-	3.895	3.895	-	3.895
16.2.8 Hedging Funds (Effective portion)		(289.504)	(31.457)	(320.961)	(253.262)	(25.368)	(278.630)
16.2.9 Value Increase of Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		1.348.974	-	1.348.974	1.348.974	-	1.348.974
16.3 Profit Reserves		21.285.462	-	21.285.462	18.675.645	-	18.675.645
16.3.1 Legal Reserves		1.386.657	-	1.386.657	1.336.311	-	1.336.311
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		19.199.849	-	19.199.849	16.772.396	-	16.772.396
16.3.4 Other Profit Reserves		698.956	-	698.956	566.938	-	566.938
16.4 Income or (Loss)		4.227.387	-	4.227.387	3.632.190	-	3.632.190
16.4.1 Prior Periods' Income or (Loss)		545.745	-	545.745	402.833	-	402.833
16.4.2 Current Period Income or (Loss)		3.681.642	-	3.681.642	3.229.357	-	3.229.357
16.5 Minority Interest		128	-	128	119	-	119
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>140.059.039</b>	<b>137.303.728</b>	<b>277.362.767</b>	<b>116.209.391</b>	<b>136.257.789</b>	<b>252.467.180</b>

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



**AKBANK T.A.Ş.**
**II. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD (01/01-30/09/2016)	PRIOR PERIOD (01/01-30/09/2015)	CURRENT PERIOD (01/07-30/09/2016)	PRIOR PERIOD (01/07-30/09/2015)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(III-a)</b>	<b>14.037.348</b>	<b>11.514.546</b>	<b>4.842.442</b>	<b>4.022.488</b>
1.1	Interest on Loans	(III-a-1)	11.016.009	9.004.029	3.855.377	3.157.893
1.2	Interest on Reserve Requirements		150.613	30.369	55.053	20.576
1.3	Interest on Banks	(III-a-2)	80.705	51.034	35.835	18.245
1.4	Interest on Money Market Transactions		18.962	117.391	16.595	15.566
1.5	Interest on Marketable Securities Portfolio	(III-a-3)	2.504.268	2.064.260	785.634	722.443
1.5.1	Trading Financial Assets		8.737	6.363	2.453	2.510
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3	Available-for-sale Financial Assets		2.022.237	1.632.607	621.967	577.554
1.5.4	Held- to- maturity Investments		473.294	425.290	161.214	142.379
1.6	Financial Lease Income		233.967	221.121	82.457	77.810
1.7	Other Interest Income		32.824	26.342	11.491	9.955
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(III-b)</b>	<b>7.757.341</b>	<b>5.997.422</b>	<b>2.630.314</b>	<b>2.160.202</b>
2.1	Interest on Deposits	(III-b-4)	5.946.372	4.455.630	2.061.738	1.603.215
2.2	Interest on Funds Borrowed	(III-b-1)	414.365	304.242	157.719	108.679
2.3	Interest Expense on Money Market Transactions		767.225	655.102	208.663	251.716
2.4	Interest on Securities Issued	(III-b-3)	598.561	560.964	193.213	192.598
2.5	Other Interest Expenses		30.818	19.484	8.981	3.994
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>6.280.007</b>	<b>5.517.124</b>	<b>2.212.128</b>	<b>1.862.286</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1.905.776</b>	<b>1.832.986</b>	<b>618.814</b>	<b>636.464</b>
4.1	Fees and Commissions Received		2.292.188	2.181.468	755.964	762.916
4.1.1	Non-cash Loans		151.378	129.393	53.019	43.973
4.1.2	Other		2.140.810	2.052.075	702.945	718.943
4.2	Fees and Commissions Paid		386.412	348.482	137.150	126.452
4.2.1	Non-cash Loans		238	2.309	58	434
4.2.2	Other		386.174	346.173	137.092	126.018
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>2.599</b>	<b>2.264</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/(LOSS) (Net)</b>	<b>(III-c)</b>	<b>557.499</b>	<b>75.128</b>	<b>278.370</b>	<b>(1.223)</b>
6.1	Trading Gains / (Losses) on Securities		237.881	201.013	63.778	(8.841)
6.2	Gains / (Losses) on Derivative Financial Transactions		434.989	(6.564)	488.018	253.488
6.3	Foreign Exchange Gains / (Losses)		(115.371)	(119.321)	(273.426)	(245.870)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(III-d)</b>	<b>795.392</b>	<b>526.500</b>	<b>130.692</b>	<b>95.845</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>9.541.273</b>	<b>7.954.002</b>	<b>3.240.004</b>	<b>2.593.372</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(III-e)</b>	<b>1.589.267</b>	<b>1.811.998</b>	<b>540.603</b>	<b>597.184</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(III-f)</b>	<b>3.271.817</b>	<b>3.244.325</b>	<b>1.145.315</b>	<b>1.060.053</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>4.680.189</b>	<b>2.897.679</b>	<b>1.554.086</b>	<b>936.135</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)</b>		<b>4.680.189</b>	<b>2.897.679</b>	<b>1.554.086</b>	<b>936.135</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(III-h)</b>	<b>998.538</b>	<b>675.649</b>	<b>357.042</b>	<b>225.987</b>
16.1	Current Tax Provision		880.344	598.699	234.063	183.695
16.2	Deferred Tax Provision		118.194	76.950	122.979	42.292
<b>XVII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>3.681.651</b>	<b>2.222.030</b>	<b>1.197.044</b>	<b>710.148</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1	Income from Non-current Assets Held for Sale		-	-	-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3	Income from Other Discontinued Operations		-	-	-	-
<b>XIX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3	Expenses for Other Discontinued Operations		-	-	-	-
<b>XX.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1	Current Tax Provision		-	-	-	-
21.2	Deferred Tax Provision		-	-	-	-
<b>XXII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET INCOME/(LOSS) (XVII+XXII)</b>	<b>(III-i)</b>	<b>3.681.651</b>	<b>2.222.030</b>	<b>1.197.044</b>	<b>710.148</b>
<b>23.1</b>	<b>Income/(Loss) from the Group</b>		<b>3.681.642</b>	<b>2.222.024</b>	<b>1.197.041</b>	<b>710.146</b>
23.2	Income/(Loss) from Minority Interest	(III-g)	9	6	3	2
	Earning/(Loss) per share (in TL full)		0,00920	0,00556	0,00299	0,00178

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

**AKBANK T.A.Ş.**
**III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2016**

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

	Note (Section Five)	CURRENT PERIOD (30/09/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>126.499.481</b>	<b>307.202.578</b>	<b>433.702.059</b>	<b>97.206.807</b>	<b>228.649.384</b>	<b>325.856.191</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(IV-2, 3)</b>	<b>15.358.332</b>	<b>18.155.273</b>	<b>33.513.605</b>	<b>13.762.954</b>	<b>18.593.766</b>	<b>32.356.720</b>
1.1	Letters of Guarantee	13.455.841	11.233.525	24.689.366	11.863.179	10.688.085	22.551.264
1.1.1	Guarantees Subject to State Tender Law	347.104	2.089.614	2.436.718	489.460	1.799.894	2.289.354
1.1.2	Guarantees Given for Foreign Trade Operations	-	2.911.202	2.911.202	-	4.121.220	4.121.220
1.1.3	Other Letters of Guarantee	13.108.737	6.232.709	19.341.446	11.373.719	4.766.971	16.140.690
1.2	Bank Acceptances	-	1.186.789	1.186.789	-	933.230	933.230
1.2.1	Import Letter of Acceptance	-	1.186.789	1.186.789	-	933.230	933.230
1.2.2	Other Bank Acceptances	-	-	-	-	-	-
1.3	Letters of Credit	520	4.135.045	4.135.565	396	5.358.740	5.359.136
1.3.1	Documentary Letters of Credit	520	3.717.479	3.717.999	396	4.846.143	4.846.539
1.3.2	Other Letters of Credit	-	417.566	417.566	-	512.597	512.597
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	-	15.387	15.387	-	22.866	22.866
1.8	Other Guarantees	51.184	1.570.935	1.622.119	115.520	1.577.180	1.692.700
1.9	Other Collaterals	1.850.787	13.592	1.864.379	1.783.859	13.665	1.797.524
<b>II. COMMITMENTS</b>	<b>(IV-1)</b>	<b>40.017.606</b>	<b>10.296.161</b>	<b>50.313.767</b>	<b>35.121.865</b>	<b>7.466.643</b>	<b>42.588.488</b>
2.1	Irrevocable Commitments	39.397.987	10.029.423	49.427.410	34.577.080	7.298.052	41.875.132
2.1.1	Asset Purchase Commitments	6.378.771	5.853.850	12.232.621	2.190.531	2.963.600	5.154.131
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.4	Loan Granting Commitments	6.131.671	4.174.553	10.306.224	5.643.211	4.333.444	9.976.655
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments	6.028.416	-	6.028.416	5.764.751	-	5.764.751
2.1.8	Tax and Fund Liabilities from Export Commitments	3.990	-	3.990	2.956	-	2.956
2.1.9	Commitments for Credit Card Limits	17.458.809	-	17.458.809	17.672.898	-	17.672.898
2.1.10	Commitments for Credit Cards and Banking Services Promotions	102.740	-	102.740	95.366	-	95.366
2.1.11	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments	3.293.590	1.020	3.294.610	3.207.367	1.008	3.208.375
2.2	Revocable Commitments	619.619	266.738	886.357	544.765	168.591	713.356
2.2.1	Revocable Loan Granting Commitments	551.818	-	551.818	505.135	-	505.135
2.2.2	Other Revocable Commitments	67.801	266.738	334.539	39.630	168.591	208.221
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>71.123.543</b>	<b>278.751.144</b>	<b>349.874.687</b>	<b>48.322.008</b>	<b>202.588.975</b>	<b>250.910.983</b>
3.1	Hedging Derivative Financial Instruments	2.497.225	18.472.271	20.969.496	1.228.638	11.575.795	12.804.433
3.1.1	Fair Value Hedges	2.497.225	15.421.973	17.919.198	1.228.638	11.298.317	12.526.955
3.1.2	Cash Flow Hedges	-	3.050.298	3.050.298	-	277.478	277.478
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	68.626.318	260.278.873	328.905.191	47.093.370	191.013.180	238.106.550
3.2.1	Forward Foreign Currency Buy/Sell Transactions	5.809.756	11.468.358	17.278.114	6.129.024	8.981.501	15.110.525
3.2.1.1	Forward Foreign Currency Transactions-Buy	2.909.985	5.498.713	8.608.698	2.647.607	4.857.383	7.504.990
3.2.1.2	Forward Foreign Currency Transactions-Sell	2.899.771	5.769.645	8.669.416	3.481.417	4.124.118	7.605.535
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	54.826.560	167.978.235	222.660.795	29.861.447	112.566.425	142.427.872
3.2.2.1	Foreign Currency Swap-Buy	27.820.160	48.663.729	76.483.889	11.458.152	31.255.612	42.713.764
3.2.2.2	Foreign Currency Swap-Sell	23.642.200	48.326.258	71.968.458	15.583.295	23.734.909	39.318.204
3.2.2.3	Interest Rate Swap-Buy	1.610.100	35.494.124	37.104.224	1.410.000	28.787.952	30.197.952
3.2.2.4	Interest Rate Swap-Sell	1.610.100	35.494.124	37.104.224	1.410.000	28.787.952	30.197.952
3.2.3	Foreign Currency, Interest Rate and Securities Options	7.906.869	66.739.282	74.646.151	10.274.802	58.882.918	69.157.720
3.2.3.1	Foreign Currency Options-Buy	3.737.874	8.327.871	12.065.745	4.938.312	7.023.471	11.961.783
3.2.3.2	Foreign Currency Options-Sell	4.168.995	8.091.389	12.260.384	5.336.490	6.753.791	12.090.281
3.2.3.3	Interest Rate Options-Buy	-	25.160.011	25.160.011	-	22.552.828	22.552.828
3.2.3.4	Interest Rate Options-Sell	-	25.160.011	25.160.011	-	22.552.828	22.552.828
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	227.133	14.092.998	14.320.131	828.097	10.582.336	11.410.433
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>703.633.613</b>	<b>165.514.378</b>	<b>869.147.991</b>	<b>623.498.370</b>	<b>160.734.015</b>	<b>784.232.385</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>39.982.855</b>	<b>8.449.128</b>	<b>48.431.983</b>	<b>38.949.600</b>	<b>11.806.667</b>	<b>50.756.267</b>
4.1	Customer Fund and Portfolio Balances	3.366.562	-	3.366.562	2.820.657	-	2.820.657
4.2	Investment Securities Held in Custody	16.570.821	904.955	17.475.776	17.319.495	818.636	18.138.131
4.3	Cheques Received for Collection	15.666.308	970.165	16.636.473	14.928.116	876.770	15.804.886
4.4	Commercial Notes Received for Collection	3.896.318	1.486.500	5.382.818	3.395.579	1.454.631	4.850.210
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	482.846	5.087.508	5.570.354	485.753	8.656.630	9.142.383
4.8	Custodians	-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>243.139.650</b>	<b>56.008.272</b>	<b>299.147.922</b>	<b>201.769.401</b>	<b>49.562.840</b>	<b>251.332.261</b>
5.1	Marketable Securities	116.627.351	464.544	117.091.895	93.300.273	443.023	93.743.296
5.2	Guarantee Notes	821.717	523.617	1.345.334	764.035	596.171	1.360.206
5.3	Commodity	65.004	27.876	92.880	63.620	37.493	101.113
5.4	Warranty	8.180	2.088	10.268	277	-	277
5.5	Immovables	93.011.039	43.112.107	136.123.146	78.618.442	36.241.798	114.860.240
5.6	Other Pledged Items	32.600.556	11.852.151	44.452.707	29.019.718	12.223.598	41.243.316
5.7	Pledged Items-Depository	5.803	25.889	31.692	3.036	20.757	23.793
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>420.511.108</b>	<b>101.056.978</b>	<b>521.568.086</b>	<b>382.779.369</b>	<b>99.364.508</b>	<b>482.143.877</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>830.133.094</b>	<b>472.716.956</b>	<b>1.302.850.050</b>	<b>720.705.177</b>	<b>389.383.399</b>	<b>1.110.088.576</b>

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

**AKBANK T.A.Ş.****IV. CONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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

<b>INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>CURRENT PERIOD (30/09/2016)</b>	<b>PRIOR PERIOD (30/09/2015)</b>
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS</b>	<b>498.281</b>	<b>(1.929.667)</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS</b>	<b>123.372</b>	<b>268.676</b>
<b>V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)</b>	<b>15.119</b>	<b>24.784</b>
<b>VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion) (*)</b>	<b>(68.033)</b>	<b>(149.806)</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	-	-
<b>IX. TAX RELATED TO VALUATION DIFFERENCES</b>	<b>(89.073)</b>	<b>410.938</b>
<b>X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>479.666</b>	<b>(1.375.075)</b>
<b>XI. CURRENT PERIOD INCOME / LOSS</b>	<b>3.681.651</b>	<b>2.222.030</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	194.001	109.065
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(29.014)	(19.633)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	3.516.664	2.132.598
<b>XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>4.161.317</b>	<b>846.955</b>

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

İlişkideki açıklama ve dipnotlar bu finansal tabloların tamamlayıcı bir parçasıdır.

AKBANK T.A.Ş.

**V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016**  
(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital(*)	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Equipment Revaluation Differences	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Transactions	Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr.	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
<b>PRIOR PERIOD</b>																			
<b>(30/09/2015)</b>																			
I.	Beginning Balance	4.000.000	1.405.892	1.700.000	-	1.295.468	-	14.150.654	399.725	3.378.639	260.884	(270.179)	47.106	3.895	(232.140)	-	26.139.944	100	26.140.044
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)	(II-I)	4.000.000	1.405.892	1.700.000	-	1.295.468	-	14.150.654	399.725	3.378.639	(270.179)	47.106	3.895	(232.140)	-	26.139.944	100	26.140.044
<b>Changes in the period</b>																			
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	(1.543.733)	-	-	-	-	(1.543.733)	-	(1.543.733)
VI.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(100.018)	-	(100.018)	-	(100.018)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	19.827	-	19.827	-	19.827
6.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(119.845)	-	(119.845)	-	(119.845)
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation Differences	-	-	-	-	-	-	-	268.676	-	-	-	-	-	-	-	268.676	-	268.676
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	2.222.024	-	-	-	-	-	-	2.222.024	6	2.222.030
XX.	Profit distribution	-	-	-	-	40.843	-	2.621.742	4.505	(3.378.639)	141.949	-	-	-	-	-	(569.600)	-	(569.600)
20.1	Dividends paid	-	-	-	-	40.843	-	2.621.742	4.505	(569.600)	141.949	-	-	-	-	-	(569.600)	-	(569.600)
20.2	Transfers to Reserves	-	-	-	-	-	-	-	-	(2.809.039)	-	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance (III+IV+V+...+XVIII+XIX+XX)</b>		<b>4.000.000</b>	<b>1.405.892</b>	<b>1.700.000</b>	<b>-</b>	<b>1.336.311</b>	<b>-</b>	<b>16.772.396</b>	<b>672.906</b>	<b>2.222.024</b>	<b>402.833</b>	<b>(1.813.912)</b>	<b>47.106</b>	<b>3.895</b>	<b>(332.158)</b>	<b>-</b>	<b>26.417.293</b>	<b>116</b>	<b>26.417.409</b>
<b>CURRENT PERIOD</b>																			
<b>(30/09/2016)</b>																			
I.	Prior Period End Balance	4.000.000	1.405.892	1.700.000	-	1.336.311	-	16.772.396	510.020	3.229.357	402.833	(1.114.408)	47.106	3.895	(278.630)	-	28.014.772	119	28.014.891
<b>Changes in the period</b>																			
II.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	398.625	-	-	-	-	398.625	-	398.625
IV.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(42.331)	-	(42.331)	-	(42.331)
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	12.095	-	12.095	-	12.095
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(54.426)	-	(54.426)	-	(54.426)
V.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets (**)	-	-	-	-	-	-	-	123.372	-	-	-	-	-	-	-	123.372	-	123.372
X.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
XVII.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	3.681.642	-	-	-	-	-	-	3.681.642	9	3.681.651
XVIII.	Profit distribution	-	-	-	-	50.346	-	2.427.453	8.646	(3.229.357)	142.912	-	-	-	-	-	(600.000)	-	(600.000)
18.1	Dividends paid	-	-	-	-	50.346	-	2.427.453	8.646	(600.000)	142.912	-	-	-	-	-	(600.000)	-	(600.000)
18.2	Transfers to Reserves	-	-	-	-	-	-	-	-	(2.629.357)	-	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.000.000</b>	<b>1.405.892</b>	<b>1.700.000</b>	<b>-</b>	<b>1.386.657</b>	<b>-</b>	<b>19.199.849</b>	<b>642.038</b>	<b>3.681.642</b>	<b>545.745</b>	<b>(715.783)</b>	<b>47.106</b>	<b>3.895</b>	<b>(320.961)</b>	<b>-</b>	<b>31.576.080</b>	<b>128</b>	<b>31.576.208</b>

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

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

**AKBANK T.A.Ş.****VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

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

	Note (Section Five)	CURRENT PERIOD (30/09/2016)	PRIOR PERIOD (30/09/2015)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	Operating Profit before changes in operating assets and liabilities	2.782.303	(728.409)
<b>1.1.1</b>	Interest received	13.420.663	10.196.604
<b>1.1.2</b>	Interest paid	(7.580.322)	(5.947.307)
<b>1.1.3</b>	Dividend received	2.599	2.264
<b>1.1.4</b>	Fees and commissions received	2.292.644	2.135.806
<b>1.1.5</b>	Other income	(914.558)	(899.579)
<b>1.1.6</b>	Collections from previously written-off loans and other receivables	510.031	485.180
<b>1.1.7</b>	Payments to personnel and service suppliers	(2.904.244)	(2.892.370)
<b>1.1.8</b>	Taxes paid	(1.424.720)	(763.745)
<b>1.1.9</b>	Other	(619.790)	(3.045.262)
<b>1.2</b>	Changes in operating assets and liabilities	3.168.616	2.963.627
<b>1.2.1</b>	Net decrease in trading securities	(392)	(2.306)
<b>1.2.2</b>	Net (increase) / decrease in fair value through profit/(loss) financial assets	-	-
<b>1.2.3</b>	Net (increase) / decrease in due from banks and other financial institutions	8.855.824	(949.981)
<b>1.2.4</b>	Net (increase) / decrease in loans	(16.225.161)	(18.362.100)
<b>1.2.5</b>	Net (increase) / decrease in other assets	(11.122.423)	(9.603.951)
<b>1.2.6</b>	Net increase / (decrease) in bank deposits	(2.858.108)	(682.047)
<b>1.2.7</b>	Net increase / (decrease) in other deposits	17.251.386	30.776.470
<b>1.2.8</b>	Net increase / (decrease) in funds borrowed	3.500.644	6.407.870
<b>1.2.9</b>	Net increase / (decrease) in payables	-	-
<b>1.2.10</b>	Net increase / (decrease) in other liabilities	3.766.846	(4.620.328)
<b>I.</b>	Net cash provided from banking operations	5.950.919	2.235.218
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	Net cash provided from investing activities	4.700.821	(3.383.585)
<b>2.1</b>	Cash paid for acquisition of investments, associates and subsidiaries	-	-
<b>2.2</b>	Cash obtained from disposal of investments, associates and subsidiaries	-	-
<b>2.3</b>	Purchases of property and equipment	(154.670)	(123.814)
<b>2.4</b>	Disposals of property and equipment	165.281	13.218
<b>2.5</b>	Cash paid for purchase of investments available-for-sale	(11.314.161)	(21.072.127)
<b>2.6</b>	Cash obtained from sale of investments available-for-sale	16.373.431	17.030.596
<b>2.7</b>	Cash paid for purchase of investment securities	-	(189)
<b>2.8</b>	Cash obtained from sale of investment securities	130.051	1.112.654
<b>2.9</b>	Other	(499.111)	(343.923)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	Net cash provided from financing activities	(1.020.287)	1.499.494
<b>3.1</b>	Cash obtained from funds borrowed and securities issued	4.834.444	10.027.683
<b>3.2</b>	Cash used for repayment of funds borrowed and securities issued	(5.254.731)	(7.958.589)
<b>3.3</b>	Issued equity instruments	-	-
<b>3.4</b>	Dividends paid	(600.000)	(569.600)
<b>3.5</b>	Payments for finance leases	-	-
<b>3.6</b>	Other	-	-
<b>IV.</b>	Effect of change in foreign exchange rate on cash and cash equivalents	158.109	850.723
<b>V.</b>	Net increase in cash and cash equivalents (I+II+III+IV)	9.789.562	1.201.850
<b>VI.</b>	Cash and cash equivalents at beginning of the period	<b>(VI)</b> 7.109.441	5.345.529
<b>VII.</b>	Cash and cash equivalents at end of the period	<b>(VII)</b> 16.899.003	6.547.379

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

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

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

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

The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the Group's accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Group. The Group assesses the impact of TFRS 9 Financial Instruments standard.

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

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

**c. Accounting policies and valuation principles applied in the presentation of consolidated financial statements:**

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2015. The aforementioned accounting policies and valuation principles are explained in Notes II to XXVIII below.

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

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

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

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

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

As of 30 September 2016, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,0004 TL 3,3548 and TL 2,9617 for USD, EURO and Yen respectively.

**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:**

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

Consolidation principles for subsidiaries:

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

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

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

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

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

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The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., Akbank (Dubai) Limited and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but 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 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş. and pension funds of AvivaSa Emeklilik and Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

Based on restructuring of Bank's foreign subsidiaries, Akbank NV and Akbank AG have merged in Akbank AG with the discontinuation of activities of Akbank N.V effective from 15 June 2012. Akbank AG operates in Germany, providing corporate and consumer banking services.

Akbank (Dubai) Limited was established in December 2009 in Dubai International Finance Center (DIFC) to serve delivering intermediary services on acquisition and mergers, consultancy about financial instruments, intermediary services on loan and investment instruments.

A.R.T.S. Ltd. is a "Structured Entity" which was established in November 1999 for the purpose of supplying long term financing. Ak Receivables Corporation which was established in July 1998 for the similar purposes has been liquidated on March 1, 2016 due to the termination of financing program provided.

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS AND DERIVATIVE INSTRUMENTS:**

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

The Bank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). Although certain derivative transactions provide effective economic hedges under the Bank's risk management position, in accordance with TAS 39 they are treated as derivatives "Held-for-trading".

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Trading derivative financial assets" or "Hedging derivative financial assets"; if the fair value difference is negative, it is recorded to "Trading derivative financial liabilities" or "Hedging derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

An embedded derivative shall be separated from host contract only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss

If an embedded derivative is separated, the host contract shall be accounted for under TAS 39 if it is a financial instrument, and in accordance with other appropriate Standards if it is not a financial instrument.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognized in the income by using the "Effective interest method". The Group ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until the collection is made according to the related regulation.

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Group categorizes its financial assets as "Fair value through profit/loss", "Available for sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Group management, taking into consideration the purpose of the investment.

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

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

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aimed at short-term profit making.

All regular way purchases and sales of trading financial assets are recognized at the settlement date, which is the date that the asset is delivered to/from the Bank. Trading financial assets are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Interest earned while holding trading financial assets is accounted as interest income and dividends received are included separately in dividend income.

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

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

**b. Financial assets available-for-sale:**

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

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

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

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**c. Loans and Receivables:**

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

If the collectability of any receivable is identified as limited or doubtful by the management through assessments and estimates, the Group provides general and specific provisions for these loans and receivables in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" and with the scope of TAS, published in the Official Gazette dated 1 November 2006, no. 26333. If a receivable is collected which is provisioned in the same year, it is deducted from the "Special Provisions for Loans and Other Receivables". Provision expenses are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and deducted from the net income of the period. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

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

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

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

The Bank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:**

It is assessed whether there is objective evidence for a financial asset or group of financial assets is impaired at each balance sheet date. Provision for impairment is provided when there is an objective evidence of impairment.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest method" and its carrying value. In case an impairment occurs, the impairment amount is deducted from the carrying value of the asset and the impairment loss is recognized in profit and loss. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-c of Section Three.

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:**

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.

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

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

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

The Group has no securities lending transactions.

**XI. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS:**

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, no.26333.

The Group has no discontinued operations.

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

The Group has no goodwill.

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

Intangibles are amortized over three to five 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.

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
Machinery, furniture, fixtures and vehicles	5 years

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment.

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

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

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the

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tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

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

The Group performs financial leasing operations as a "Lessor" through Ak Finansal Kiralama A.Ş. which is a consolidated subsidiary. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

The Group provides specific provisions for financial lease receivables in accordance with the "Communiqué Regarding the Principles and Procedures for the Provisions Provided for Receivables by Financial Leasing, Factoring and Finance Companies" published in Official Gazette no. 28861, dated 23 December 2013. The Group provides general provisions for non-impaired financial lease receivables.

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

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

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

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

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

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

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**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 for 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, article No.20. The financial statements of the Pension Fund have been audited as of year ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

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

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

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

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

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With respect to that, according to the technical balance sheet report as at 31 December 2015 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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

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

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current tax:**

Turkish Tax Legislation does not permit a parent bank and its subsidiaries to file a consolidated tax return. Therefore, a provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 20%. Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses, tax-exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th day and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the 25th day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during which time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

Information on taxation in foreign associates are given below:

**Akbank AG (Germany)**

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

**Akbank (Dubai) Limited (United Arab Emirates)**

Akbank Dubai, operating in Dubai International Finance Center, is not subject to taxes according to the legislations of this country.

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**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.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

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

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

There is no share certificate issuance in 2016.

**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 September 2016 and 31 December 2015, there is no government grant for the Group.

**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 segment is presented in Note IX of Section Four.

**XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:**

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

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

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The Ordinary General Assembly Meeting of the Bank was held on 28 March 2016. In the Ordinary General Assembly, it was decided to distribute a TL 600.000 cash dividend over the TL 2.994.848 net income from 2015 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 8.646 to special funds account under other capital reserves, to allocate TL 40.000 as legal and TL 2.346.202 as extraordinary reserves.

**XXV. EARNINGS PER SHARE:**

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>30 September 2015</b>
Net Profit for the Year	3.681.642	2.222.024
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,00920</b>	<b>0,00556</b>

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

No bonus shares issued in 2016 (2015: (-)).

**XXVI. RELATED PARTIES:**

Parties defined in Article 49 of the Banking Law No.5411, Bank's senior management, and Board Members are deemed as related parties. Transactions regarding 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:**

In order to be consistent with the presentation of financial statements dated 30 September 2016, there are certain reclassifications made on income statement and cash flow statement of 30 September 2015.



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**SECTION FOUR**

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

**I. EXPLANATIONS ON EQUITY:**

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

As of 30 September 2016 Group's total capital has been calculated as 33.960.101 TL, capital adequacy ratio is % 14,84. As of 31 December 2015, Group's total capital amounted to 30.410.851 TL, Capital adequacy ratio was % 14,46 calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

**a. Information about Consolidated Total Capital:**

	Current Period 30 September 2016	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	21.285.462	
Gains recognized in equity as per TAS	47.106	
Profit	4.227.387	
Current Period Profit	3.681.642	
Prior Period Profit	545.745	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	3.895	
Minorities' Share	128	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>32.669.870</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	22.081	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.045.132	
Improvement costs for operating leasing	27.100	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	120.427	200.711
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>1.214.740</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>31.455.130</b>	

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	Current Period 30 September 2016	Amounts related to treatment before 1/1/2014(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not 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 (-)	80.284	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>31.374.846</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.599.001	
<b>Tier II Capital Before Deductions</b>	<b>2.599.001</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>2.599.001</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>33.973.847</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	19	
Other items to be defined by the BRSA (-)	13.727	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not 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 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 deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Current Period 30 September 2016	Amounts related to treatment before 1/1/2014 (*)
<b>TOTAL CAPITAL</b>		
Total Capital	33.960.101	
Total risk weighted amounts	228.898.974	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	13,74%	
Tier 1 Capital Adequacy Ratio	13,71%	
Capital Adequacy Ratio	14,84%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	5,52%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	0,39%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,74%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital		-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital		-
Amount arising from mortgage-servicing rights		-
Amount arising from deferred tax assets based on temporary differences	245.998	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.767.114	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.599.001	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4		-
Upper limit for Additional Tier II Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4		-

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

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	<b>Prior Period 31 December 2015[*]</b>
<b>COMMON EQUITY TIER I CAPITAL</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892
Share premium	1.700.000
Share cancellation profits	-
Reserves	18.675.645
Gains recognized in equity as per TAS	47.106
Profit	3.632.190
Current Period Profit	3.229.357
Prior Period Profit	402.833
Provisions for Possible Risks	200.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	3.895
Minorities' Share	116
<b>Common Equity Before Deductions</b>	<b>29.664.847</b>
<b>Deductions from Common Equity</b>	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	1.389.331
Leasehold improvements (-)	36.670
Goodwill or other intangible assets and deferred tax liability related to these items (-)	79.516
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own Common Equity (-)	-
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 in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Common Equity</b>	<b>1.505.517</b>
<b>Total Common Equity Tier I Capital</b>	<b>28.159.330</b>
<b>ADDITIONAL TIER I CAPITAL</b>	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Debt instruments and premiums deemed suitable by BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-
Third parties' share in the Tier II Capital	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
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 and Tier II Capital 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 (-)z	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>
<b>DEDUCTIONS FROM TIER I CAPITAL</b>	
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	119.274
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>Total Tier I Capital</b>	<b>28.040.056</b>

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	<b>Prior Period 31 December 2015(*)</b>
<b>TIER II CAPITAL</b>	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	-
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	2.391.050
Third parties' share in the Tier II Capital	-
<b>Tier II Capital Before Deductions</b>	<b>2.391.050</b>
<b>Deductions From Tier II Capital</b>	
Direct and indirect investments of the Bank in its own Tier II Capital (-)	-
Portion of the total of net long positions of investments made in Common 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 and Tier II Capital 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 (-)	-
Other items to be defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2.391.050</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>30.431.106</b>
<b>Deductions from Capital</b>	
Loans granted contrary to the 50th and 51th Article of the Law (-)	-
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	75
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	-
Amounts to be deducted from equity as per the 2nd Clause of Article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	171
Other items to be defined by the BRSA (-)	20.009
Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital 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 not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>TOTAL CAPITAL</b>	<b>30.410.851</b>
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	358.124

(\*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 30 June 2016, the information given in the prior period column has been calculated pursuant to former regulation.

**b. Information about instruments that will be included in total capital calculation:** None.

**c.** The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from the general provision. In the calculation of Total Capital, general provision up to %1,25 credit risk is taken into consideration as Tier II Capital. Besides, losses that are subject to deductions from Common Equity Tier I and reflected to Equity in line with the TAS, are determined by excluding the losses related to cash flow hedge transactions. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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**II. EXPLANATIONS ON 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 Board, taking into account the recommendations by the ERC, sets a limit for the size of a foreign exchange exposure, which is closely monitored by ALCO. Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

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

	<b>USD</b>	<b>EURO</b>	<b>Yen</b>
Balance Sheet Evaluation Rate	TL 3,0004	TL 3,3548	TL 2,9617
1.Day bid rate	TL 2,9959	TL 3,3608	TL 2,9451
2.Day bid rate	TL 2,9764	TL 3,3362	TL 2,9493
3.Day bid rate	TL 2,9709	TL 3,3401	TL 2,9489
4.Day bid rate	TL 2,9846	TL 3,3546	TL 2,9606
5.Day bid rate	TL 2,9474	TL 3,3044	TL 2,9146

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 2,9561
EURO	:TL 3,3186
Yen	:TL 2,8995

As of 31 December 2015;

	<b>USD</b>	<b>EURO</b>	<b>Yen</b>
Balance Sheet Evaluation Rate	TL 2,8800	TL 3,1422	TL 2,3864

**Information related to Group's Currency Risk: (Thousands of TL)**

The table below summarizes the Group's net foreign currency position, categorized by currency. Foreign currency indexed assets, classified as Turkish Lira assets according to the Uniform Chart of Accounts. In the calculation of the currency risk, currency indexed assets are considered as foreign currency item. Also, trading derivative financial assets and liabilities, deferred tax assets and liabilities, prepaid expenses, general loan loss provision, hedging derivative financial assets and liabilities and shareholders' equity 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.

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

<b>Current Period – 30 September 2016</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank(**)	11.374.469	14.293.131	3.833.990	<b>29.501.590</b>
Banks	1.661.590	4.484.883	64.583	<b>6.211.056</b>
Financial Assets at Fair Value through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2.786.421	18.102.070	517.124	<b>21.405.615</b>
Loans	31.512.979	36.275.534	75.421	<b>67.863.934</b>
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	2.264.696	3.274.479	-	<b>5.539.175</b>
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	547	1.731	-	<b>2.278</b>
Intangible Assets (Net)	862	-	-	<b>862</b>
Other Assets	2.322.510	1.966.028	42	<b>4.288.580</b>
<b>Total Assets</b>	<b>51.924.074</b>	<b>78.397.856</b>	<b>4.491.160</b>	<b>134.813.090</b>
<b>Liabilities</b>				
Bank Deposits	1.378.859	5.641.626	465.656	<b>7.486.141</b>
Foreign Currency Deposits (**)	30.156.349	37.683.776	2.270.507	<b>70.110.632</b>
Funds from Interbank Money Market	1.333.653	17.519.544	-	<b>18.853.197</b>
Borrowings	9.303.412	19.895.737	584	<b>29.199.733</b>
Marketable Securities Issued (Net)	33.595	8.315.338	172.698	<b>8.521.631</b>
Miscellaneous Payables	602.038	571.499	4.500	<b>1.178.037</b>
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	161.697	96.989	2.444	<b>261.130</b>
<b>Total Liabilities</b>	<b>42.969.603</b>	<b>89.724.509</b>	<b>2.916.389</b>	<b>135.610.501</b>
<b>Net on Balance Sheet Position</b>	<b>8.954.471</b>	<b>(11.326.653)</b>	<b>1.574.771</b>	<b>(797.411)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(7.686.608)</b>	<b>10.941.881</b>	<b>(1.554.442)</b>	<b>1.700.831</b>
Financial Derivative Assets	17.087.153	54.658.932	2.327.135	<b>74.073.220</b>
Financial Derivative Liabilities	24.773.761	43.717.051	3.881.577	<b>72.372.389</b>
<b>Non-cash Loans</b>	<b>6.252.244</b>	<b>11.577.268</b>	<b>325.761</b>	<b>18.155.273</b>
<b>Prior Period – 31 December 2015</b>				
Total Assets	38.606.527	84.885.534	3.813.504	<b>127.305.565</b>
Total Liabilities	36.260.877	95.199.089	3.130.013	<b>134.589.979</b>
<b>Net on-Balance Sheet Position</b>	<b>2.345.650</b>	<b>(10.313.555)</b>	<b>683.491</b>	<b>(7.284.414)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(1.060.502)</b>	<b>9.696.914</b>	<b>(711.580)</b>	<b>7.924.832</b>
Financial Derivative Assets	11.691.940	35.565.987	2.383.944	<b>49.641.871</b>
Financial Derivative Liabilities	12.752.442	25.869.073	3.095.524	<b>41.717.039</b>
<b>Non-cash Loans</b>	<b>5.540.104</b>	<b>12.755.039</b>	<b>298.623</b>	<b>18.593.766</b>

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

(\*\*\*) Of the Cash Equivalents and Central Bank and Other FC, TL 3.781.304 (31 December 2015: TL 3.663.362) and of the foreign currency deposits TL 763.139 (31 December 2015: TL 777.277) are precious metal deposit account in demand.

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**III. EXPLANATIONS ON INTEREST RATE RISK:**

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

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

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

<b>Current Period – 30 September 2016</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Non- Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents and Central Bank	25.095.645	-	-	-	-	9.567.972	<b>34.663.617</b>
Banks	2.700.264	369.529	42.041	-	-	4.812.343	<b>7.924.177</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	415.037	2.370.562	1.199.276	293.430	158.162	26.504	<b>4.462.971</b>
Interbank Money Market Placements	2.476.880	-	-	-	-	-	<b>2.476.880</b>
Available-for-sale Financial Assets (Net)	4.222.091	4.195.732	8.705.127	16.148.897	5.367.715	263.203	<b>38.902.765</b>
Loans	49.450.480	22.391.362	41.295.623	45.775.087	10.060.128	145.390	<b>169.118.070</b>
Held-to-maturity Investments (Net)	521.808	575.110	3.387.773	6.448.543	-	-	<b>10.933.234</b>
Other Assets	991.816	1.278.657	1.246.016	1.692.148	172.096	3.500.320	<b>8.881.053</b>
<b>Total Assets</b>	<b>85.874.021</b>	<b>31.180.952</b>	<b>55.875.856</b>	<b>70.358.105</b>	<b>15.758.101</b>	<b>18.315.732</b>	<b>277.362.767</b>
<b>Liabilities</b>							
Bank Deposits	6.883.367	2.517.115	368.304	-	-	293.697	<b>10.062.483</b>
Other Deposits	88.345.954	23.095.167	11.563.885	3.589.525	395.312	26.973.367	<b>153.963.210</b>
Funds from Interbank Money Market	11.081.360	8.329.404	6.260.535	-	-	633.185	<b>26.304.484</b>
Miscellaneous Payables	265.854	306.740	293.916	153.371	49.152	4.274.335	<b>5.343.368</b>
Marketable Securities Issued (Net)	398.745	1.263.915	899.789	6.484.193	2.899.830	-	<b>11.946.472</b>
Borrowings	2.412.882	23.682.279	2.564.885	874.739	75.891	-	<b>29.610.676</b>
Other Liabilities (*)	322.419	789.153	712.082	363.663	76.672	37.868.085	<b>40.132.074</b>
<b>Total Liabilities</b>	<b>109.710.581</b>	<b>59.983.773</b>	<b>22.663.396</b>	<b>11.465.491</b>	<b>3.496.857</b>	<b>70.042.669</b>	<b>277.362.767</b>
Balance Sheet Long Position	-	-	33.212.460	58.892.614	12.261.244	-	<b>104.366.318</b>
Balance Sheet Short Position	(23.836.560)	(28.802.821)	-	-	-	(51.726.937)	<b>(104.366.318)</b>
Off-balance Sheet Long Position	2.695.391	7.301.633	2.382.287	-	-	-	<b>12.379.311</b>
Off-balance Sheet Short Position	-	-	-	(8.694.970)	(616.358)	-	<b>(9.311.328)</b>
<b>Total Position</b>	<b>(21.141.169)</b>	<b>(21.501.188)</b>	<b>35.594.747</b>	<b>50.197.644</b>	<b>11.644.886</b>	<b>(51.726.937)</b>	<b>3.067.983</b>

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



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

Prior Period - 31 December 2015	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	19.599.410	-	-	-	-	5.874.029	<b>25.473.439</b>
Banks	4.001.869	221.525	-	-	-	4.591.769	<b>8.815.163</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	161.639	1.370.672	779.958	192.113	216.798	16.490	<b>2.737.670</b>
Interbank Money Market Placements	98	-	-	-	-	-	<b>98</b>
Available-for-sale Financial Assets (Net)	3.027.883	3.772.412	8.434.421	20.027.889	7.722.413	399.422	<b>43.384.440</b>
Loans	38.680.211	23.311.515	47.377.144	38.271.874	5.678.439	147.313	<b>153.466.496</b>
Held-to-maturity Investments (Net)	2.129.916	538.768	1.146.641	6.873.115	-	-	<b>10.688.440</b>
Other Assets	1.313.094	1.164.992	802.088	1.668.782	359.191	2.593.287	<b>7.901.434</b>
<b>Total Assets</b>	<b>68.914.120</b>	<b>30.379.884</b>	<b>58.540.252</b>	<b>67.033.773</b>	<b>13.976.841</b>	<b>13.622.310</b>	<b>252.467.180</b>
<b>Liabilities</b>							
Bank Deposits	7.555.987	4.837.964	267.238	-	-	256.697	<b>12.917.886</b>
Other Deposits	83.384.520	18.655.798	10.386.797	2.656.181	323.741	21.145.895	<b>136.552.932</b>
Funds from Interbank Money Market	9.126.813	1.716.681	867.723	10.328.904	2.209.118	-	<b>24.249.239</b>
Miscellaneous Payables	248.647	125.858	245.043	75.900	96.075	4.051.894	<b>4.843.417</b>
Marketable Securities Issued (Net)	257.468	1.461.110	1.473.515	6.489.944	2.728.752	-	<b>12.410.789</b>
Borrowings	2.761.728	18.122.250	4.345.062	724.989	222.846	-	<b>26.176.875</b>
Other Liabilities (*)	395.911	511.549	623.125	290.189	198.837	33.296.431	<b>35.316.042</b>
<b>Total Liabilities</b>	<b>103.731.074</b>	<b>45.431.210</b>	<b>18.208.503</b>	<b>20.566.107</b>	<b>5.779.369</b>	<b>58.750.917</b>	<b>252.467.180</b>
Balance Sheet Long Position	-	-	40.331.749	46.467.666	8.197.472	-	<b>94.996.887</b>
Balance Sheet Short Position	(34.816.954)	(15.051.326)	-	-	-	(45.128.607)	<b>(94.996.887)</b>
Off-balance Sheet Long Position	1.059.384	5.965.675	4.161.014	-	-	-	<b>11.186.073</b>
Off-balance Sheet Short Position	-	-	-	(5.180.675)	(4.240.072)	-	<b>(9.420.747)</b>
<b>Total Position</b>	<b>(33.757.570)</b>	<b>(9.085.651)</b>	<b>44.492.763</b>	<b>41.286.991</b>	<b>3.957.400</b>	<b>(45.128.607)</b>	<b>1.765.326</b>

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

**b. Effective 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 September 2016	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	0,49	-	4,78
Banks	0,14	0,70	-	11,88
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	14,00
Interbank Money Market Placements	-	-	-	9,97
Available-for-sale Financial Assets (Net)	2,50	3,72	3,79	10,05
Loans	3,61	4,91	4,19	13,03
Held-to-maturity Investments (Net)	3,69	3,87	-	10,41
<b>Liabilities</b>				
Bank Deposits	0,51	1,10	-	8,92
Other Deposits	0,88	1,87	0,06	8,62
Funds from Interbank Money Market	0,76	1,90	-	7,52
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4,00	4,83	1,29	9,45
Borrowings	0,90	2,48	-	9,13

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Prior Period – 31 December 2015	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	0,49	-	5,81
Banks	0,47	0,48	-	10,86
Financial Assets at Fair Value Through Profit or Loss (Net)	3,26	-	-	13,14
Interbank Money Market Placements	-	-	-	9,37
Available-for-sale Financial Assets (Net)	2,46	3,80	-	9,94
Loans	3,56	4,35	3,36	12,93
Held-to-maturity Investments (Net)	3,69	3,83	-	10,13
<b>Liabilities</b>				
Bank Deposits	0,51	1,02	-	9,53
Other Deposits	1,12	1,94	0,06	9,10
Funds from Interbank Money Market	0,05	1,50	-	7,69
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	1,57	4,48	-	10,02
Borrowings	1,06	1,86	-	8,00

**IV. EXPLANATIONS ON EQUITY SECURITIES POSITION RISK DERIVED FROM BANKING BOOKS:**

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Liquidity Coverage Ratio:**

Current Period- 30.09.2016		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			41.362.284	26.722.989
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	90.198.290	36.439.557	8.063.638	3.643.956
3	Stable deposits	19.123.827	-	956.192	-
4	Less stable deposits	71.074.463	36.439.557	7.107.446	3.643.956
5	Unsecured Funding other than Retail and Small Business Customers Deposits	58.267.835	28.992.829	30.349.335	16.005.475
6	Operational deposits	795.263	322.560	198.816	80.640
7	Non-Operational Deposits	54.482.493	28.474.682	28.204.529	15.732.846
8	Other Unsecured Funding	2.990.079	195.587	1.945.990	191.989
9	Secured funding			41.278	41.278
10	Other Cash Outflows	24.234.943	18.520.693	22.142.789	16.608.710
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	21.912.803	16.397.513	21.912.803	16.397.512
12	Debts related to the structured financial products Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
13		2.322.140	2.123.180	229.986	211.198
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	487.740	-	24.387	-
15	Other irrevocable or conditionally revocable commitments	49.778.907	14.114.113	2.488.945	705.706
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>63.110.372</b>	<b>37.005.125</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	17.062.314	7.196.071	12.149.386	6.151.429
19	Other contractual cash inflows	20.085.938	15.131.257	20.084.605	15.130.184
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>37.148.252</b>	<b>22.327.328</b>	<b>32.233.991</b>	<b>21.281.613</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>41.362.284</b>	<b>26.722.989</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>30.876.381</b>	<b>15.723.512</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>134,09</b>	<b>170,84</b>

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

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

Prior Period– 31.12.2015	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)		
	TL+FC	FC	TL+FC	FC	
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets		40.208.564	28.575.791	
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	85.208.857	36.772.343	7.318.637	3.350.616
3	Stable deposits	24.044.967	6.532.367	1.202.248	326.618
4	Less stable deposits	61.163.890	30.239.977	6.116.389	3.023.998
	Unsecured Funding other than Retail and Small Business				
5	Customers Deposits	51.313.589	32.992.218	26.868.305	18.469.889
6	Operational deposits	3.594.333	1.348.712	898.583	337.178
7	Non-Operational Deposits	45.116.389	30.780.807	24.304.813	17.270.012
8	Other Unsecured Funding	2.602.867	862.699	1.664.909	862.699
9	Secured funding			76.445	76.445
10	Other Cash Outflows	22.328.218	14.385.247	20.447.844	12.685.752
	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	20.240.581	12.497.597	20.240.581	12.497.597
12	Debts related to the structured financial products	-	-	-	-
	Commitment related to debts to financial markets and other off balance sheet liabilities	2.087.637	1.887.650	207.263	188.155
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	513.147	-	25.657	-
15	Other irrevocable or conditionally revocable commitments	47.384.793	12.505.733	2.369.240	625.287
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>57.106.129</b>	<b>35.207.988</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	15.290.277	7.301.889	10.457.063	6.137.499
19	Other contractual cash inflows	18.723.880	15.588.966	18.723.880	15.588.966
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>34.014.157</b>	<b>22.890.855</b>	<b>29.180.943</b>	<b>21.726.465</b>
			<b>Upper limit applied amounts</b>		
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>40.208.564</b>	<b>28.575.791</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>27.925.186</b>	<b>13.481.523</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>144,64</b>	<b>214,80</b>

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 127% during the period and remain at a quite higher level than the legal lower limit.

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 60% and securities issued by Treasury of Republic of Turkey by 36%. Funding sources are mainly distributed between individual and retail deposits by 59%, corporate deposits by 27%, borrowings from banks by 5% and collateralized borrowings such as repurchase agreements by 5%.

Cash outflow amounting to TL 1.769 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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

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

	<b>Current Period - 30.09.2016</b>	
	<b>TL+FC</b>	<b>FC</b>
July	139,22	174,99
August	129,99	178,85
September	133,06	158,69

	<b>Prior Period - 31.12.2015</b>	
	<b>TP+YP</b>	<b>YP</b>
October	155,95	239,12
November	137,50	184,31
December	140,46	220,97

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

Current Period – 30 September 2016	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
<b>Assets</b>								
Cash Equivalents and Central Bank	8.821.731	25.786.682	55.204	-	-	-	-	<b>34.663.617</b>
Banks	4.811.763	2.700.263	369.530	42.041	580	-	-	<b>7.924.177</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	26.504	195.434	350.772	733.282	1.358.060	1.798.919	-	<b>4.462.971</b>
Interbank Money Market Placements	-	2.476.880	-	-	-	-	-	<b>2.476.880</b>
Available-for-sale Financial Assets (Net)	263.203	-	111.140	2.852.158	23.177.285	12.498.979	-	<b>38.902.765</b>
Loans	-	22.675.538	27.149.862	36.139.094	61.981.836	21.026.350	145.390	<b>169.118.070</b>
Held-to-maturity Investments (Net)	-	-	205	582.100	9.209.598	1.141.331	-	<b>10.933.234</b>
Other Assets	1.094.902	1.299.033	305.316	991.661	2.872.942	863.188	1.454.011	<b>8.881.053</b>
<b>Total Assets</b>	<b>15.018.103</b>	<b>55.133.830</b>	<b>28.342.029</b>	<b>41.340.336</b>	<b>98.600.301</b>	<b>37.328.767</b>	<b>1.599.401</b>	<b>277.362.767</b>
<b>Liabilities</b>								
Bank Deposits	293.697	6.883.367	2.517.115	368.304	-	-	-	<b>10.062.483</b>
Other Deposits	27.877.406	85.319.053	23.210.071	11.816.441	5.344.927	395.312	-	<b>153.963.210</b>
Borrowings	-	1.035.254	2.174.826	11.710.106	10.156.232	4.534.258	-	<b>29.610.676</b>
Funds from Interbank Money Market	-	7.949.244	1.616.539	3.529.574	10.509.715	2.699.412	-	<b>26.304.484</b>
Marketable Securities Issued (Net)	-	398.746	1.231.094	899.789	6.517.013	2.899.830	-	<b>11.946.472</b>
Miscellaneous Payables	398.031	4.023.577	75.898	142.890	291.651	411.321	-	<b>5.343.368</b>
Other Liabilities (**)	145.855	2.555.323	422.161	653.442	3.960.550	818.535	31.576.208	<b>40.132.074</b>
<b>Total Liabilities</b>	<b>28.714.989</b>	<b>108.164.564</b>	<b>31.247.704</b>	<b>29.120.546</b>	<b>36.780.088</b>	<b>11.758.668</b>	<b>31.576.208</b>	<b>277.362.767</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(13.696.886)</b>	<b>(53.030.734)</b>	<b>(2.905.675)</b>	<b>12.219.790</b>	<b>61.820.213</b>	<b>25.570.099</b>	<b>(29.976.807)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	69.414	158.759	554.694	1.088.446	1.196.667	-	<b>3.067.980</b>
Financial Derivative Liabilities	-	20.137.356	23.341.234	37.424.827	62.772.882	32.795.036	-	<b>176.471.335</b>
<b>Non-cash Loans (***)</b>	<b>-</b>	<b>993.684</b>	<b>3.036.371</b>	<b>9.931.062</b>	<b>3.651.842</b>	<b>15.900.646</b>	<b>-</b>	<b>33.513.605</b>
<b>Prior Period - 31 December 2015</b>								
Total Assets	11.468.251	45.879.443	22.389.295	38.514.973	91.141.869	41.421.849	1.651.500	<b>252.467.180</b>
Total Liabilities	22.993.963	105.797.736	32.917.347	24.434.256	29.386.654	8.922.333	28.014.891	<b>252.467.180</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(11.525.712)</b>	<b>(59.918.293)</b>	<b>(10.528.052)</b>	<b>14.080.717</b>	<b>61.755.215</b>	<b>32.499.516</b>	<b>(26.363.391)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(282.597)	(133.237)	521.381	764.726	895.056	-	<b>1.765.329</b>
Financial Derivative Liabilities	-	23.205.575	13.692.495	22.971.630	22.967.966	43.500.490	-	<b>126.338.156</b>
<b>Non-cash Loans (***)</b>	<b>-</b>	<b>2.052.141</b>	<b>3.048.802</b>	<b>7.778.711</b>	<b>4.302.278</b>	<b>15.174.788</b>	<b>-</b>	<b>32.356.720</b>

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

(\*\*) 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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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**VI.EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 30 September 2016, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is % 8,59 (31 December 2015: % 8,33). Leverage ratio is almost on the same level in the current and previous period.

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016(**)</b>	<b>31 December 2015(**)</b>
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	269.109.113	249.562.331
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	2.095.671	1.967.300
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	3.221.208	1.740.097
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(26.689.575)	(24.099.825)
5 Differences between off- balance sheet itmes in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(712.658)	(619.515)
6 Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	112.931.668	105.009.592
7 Total Risk	359.955.427	333.559.980

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

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

**Disclosure of Leverage ratio template :**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016 (*)</b>	<b>31 December 2015(*)</b>
<b>Balance sheet Assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	266.416.347	247.950.964
2 (Assets deducted from Core capital)	78.490	118.637
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	266.337.857	247.832.327
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	4.807.371	2.574.641
5 Potential credit risk amount of derivative financial assets and credit derivatives	3.221.208	1.740.097
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	8.028.579	4.314.738
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity	3.298.938	3.004.421
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)	3.298.938	3.004.421
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	83.002.711	78.930.395
11 (Correction amount due to multiplication with credit conversion rates)	(712.658)	(619.515)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	82.290.053	78.310.880
<b>Capital and total risk</b>		
13 Core Capital	30.930.797	27.782.477
14 Total risk amount(sum of lines 3, 6, 9 and 12)	359.955.427	333.462.366
<b>Leverage ratio</b>		
15 Leverage ratio	8,59	8,33

(\*) Three months average values



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

**VII.EXPLANATIONS ON RISK MANAGEMENT:**

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, have not been presented.

**a. Explanations on Risk Management and Risk Weighted Amount (RWA):**

**1. Overview of RWA:**

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
	30 September 2016	31 December 2015	30 September 2016
1 Credit risk (excluding counterparty credit risk) (CCR)	198.384.666	188.685.812	15.870.773
2 Standardised approach (SA)	198.384.666	188.685.812	15.870.773
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	9.334.605	4.420.197	746.768
5 Standardised approach for counterparty credit risk (SA-CCR)	9.334.605	4.420.197	746.768
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 (*)	200.824	-	16.066
10 Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11 Settlement risk	-	171	-
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	3.659.063	2.325.553	292.725
17 Standardised approach (SA)	3.659.063	2.325.553	292.725
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	17.319.816	14.905.737	1.385.586
20 Basic Indicator Approach	17.319.816	14.905.737	1.385.586
21 Standart Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>228.898.974</b>	<b>210.337.470</b>	<b>18.311.918</b>

(\*) Amounts related to Collective Investment Companies (CIY) have been first included in the calculation in accordance with the regulation of "Measurement and Assessment Evaluation of Capital Adequacy for Banks" effectiveness date is 31 March 2016. Accordingly period amounts are not presented.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**VIII.EXPLANATIONS ON HEDGE TRANSACTIONS:**

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

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Hedging reserves" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

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

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

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

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

In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

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

As of 30 September 2016, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet of the Bank are summarized in the following table:

	Current Period 30 September 2016			Prior Period 31 December 2015		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	148.350	54.162	1.228.638	648.858	-
-FC	18.472.271	2.495	272.298	11.575.795	2.510	158.960
<b>Total</b>	<b>20.969.496</b>	<b>150.845</b>	<b>326.460</b>	<b>12.804.433</b>	<b>651.368</b>	<b>158.960</b>

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

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

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

**Current Period - 30 September 2016**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(282.536)	278.032	(4.504)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(416)	388	(28)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	577	(677)	(100)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	177.373	(176.418)	955

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

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

**Prior Period - 31 December 2015**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(175.849)	170.936	(4.913)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	88	(93)	(5)
Cross-currency swap	Fixed interest rate FC Issued Bonds, FC Lease Receivables	Interest rate and currency risk	412	(447)	(35)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	236.846	(233.961)	2.885
Cross-currency swap	Fixed interest rate TL available-for-sale financial assets, FC borrowings	Interest rate and currency risk	312.135	(307.153)	4.982

(\*) 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 September 2016 fair value hedge transactions have been proven to be effective.

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

- As of 30 September 2016, 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 (7.816) (31 December 2015: TL 8.588).

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**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	-	(10.396)	(20.347)	(6.948)	(206)
Interest Rate Swap	Floating-rate FC funds borrowed portfolio	Cash Flow risk due to changes in interest rate of funds	-	(452)	(436)	(120)	-

As of 30 September 2016 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 September 2016, 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 (46.874) (31 December 2015: TL (75.471)).

**IX. EXPLANATIONS ON BUSINESS SEGMENTS:**

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

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

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

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions.

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. The Treasury Unit also serves in fundamental areas such as providing long-term funding opportunities, creating funding facility at lower prices that fully reflect country risk, diversifying funding resources and creating a base of international investors for that purpose.

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

Other Business segments consist of the operations of Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetim A.Ş. and Akbank (Dubai) Limited which are consolidated as subsidiary of Bank.

Information on business segments as of 30 September 2016 and 31 December 2015 presented in the following tables include changes mentioned in Section One, Note III. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	<b>Consumer Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Current Period – 30 September 2016</b>					
Operating Income	3.207.866	4.662.654	709.513	958.641	9.538.674
Profit from Operating Activities	1.186.690	3.103.969	538.551	(151.620)	4.677.590
Income from Subsidiaries				2.599	2.599
Profit before Tax	1.186.690	3.103.969	538.551	(149.021)	4.680.189
Corporate Tax				(998.538)	(998.538)
Minority Shares				(9)	(9)
Net Profit for the Period	1.186.690	3.103.969	538.551	(1.147.568)	3.681.642
Segment Assets	49.320.289	136.643.269	72.755.722	5.267.915	263.987.195
Investments in Associates.	-	-	-	-	3.923
Undistributed Assets	-	-	-	-	13.371.649
Total Assets	-	-	-	-	277.362.767
Segment Liabilities	78.321.376	84.613.990	69.434.683	4.592.635	236.962.684
Undistributed Liabilities	-	-	-	-	8.823.875
Shareholders' Equity	-	-	-	-	31.576.208
Total Liabilities	-	-	-	-	277.362.767
Other Segment Items					
Capital Investment	-	-	-	102.127	102.127
Amortization	(21.935)	(17.312)	(74)	(119.072)	(158.393)
Non-cash Other Income-Expense	(438.585)	(536.916)	(61.338)	(552.748)	(1.589.587)

	<b>Consumer Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Prior Period – 31 December 2015(*)</b>					
Operating Income	2.639.655	3.767.039	733.221	811.823	7.951.738
Profit from Operating Activities	210.017	2.543.229	539.431	(397.262)	2.895.415
Income from Subsidiaries				2.264	2.264
Profit before Tax	210.017	2.543.229	539.431	(394.998)	2.897.679
Corporate Tax				(675.649)	(675.649)
Minority Shares				(6)	(6)
Net Profit for the Period	210.017	2.543.229	539.431	(1.070.653)	2.222.024
Segment Assets	47.424.063	119.823.738	75.311.131	4.599.381	247.158.313
Investments in Associates.	-	-	-	-	3.923
Undistributed Assets	-	-	-	-	5.304.944
Total Assets	-	-	-	-	252.467.180
Segment Liabilities	73.133.732	76.127.302	64.354.829	3.445.966	217.061.829
Undistributed Liabilities	-	-	-	-	7.390.460
Shareholders' Equity	-	-	-	-	28.014.891
Total Liabilities	-	-	-	-	252.467.180
Other Segment Items					
Capital Investment	-	-	-	91.912	91.912
Amortization	(31.448)	(18.998)	(466)	(119.935)	(170.847)
Non-cash Other Income-Expense	(744.536)	(410.123)	(60.378)	(597.302)	(1.812.339)

[\*] 30 September 2015 amounts are used for income statement accounts.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS**

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

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

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Cash/Foreign Currency	1.117.723	470.432	935.450	448.460
The CBRT	4.044.304	28.915.319	1.230.328	22.776.999
Other(*)	-	115.839	2	82.200
<b>Total</b>	<b>5.162.027</b>	<b>29.501.590</b>	<b>2.165.780</b>	<b>23.307.659</b>

(\*) As of 30 September 2016, precious metal account amounts to TL 42.114 (31 December 2015: TL 56.414).

2. Information related to the account of the CBRT:

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Account	2.288	-	1.830	-
Time Unrestricted Account	-	7.901.258	-	853.816
Time Restricted Account	-	-	-	-
Reserve Requirement	4.042.016	21.014.061	1.228.498	21.923.183
<b>Total</b>	<b>4.044.304</b>	<b>28.915.319</b>	<b>1.230.328</b>	<b>22.776.999</b>

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014.

The reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 September 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2016 (31 December 2015: 5% and 25% for all foreign currency liabilities)

**b. Information on financial assets at fair value through profit or loss:**

1. As of 30 September 2016, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.504 (31 December 2015: TL 8.463); and those subject to repo transactions amount to TL 976 (31 December 2015: TL 1.489).

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

2. Table of positive differences related to trading derivative financial assets:

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Forward Transactions	96.451	-	198.176	-
Swap Transactions	1.832.056	2.329.282	577.202	1.699.565
Futures Transactions	-	-	-	-
Options	2.791	161.539	896	221.318
Other	-	-	-	-
<b>Total</b>	<b>1.931.298</b>	<b>2.490.821</b>	<b>776.274</b>	<b>1.920.883</b>

**c. Information on banks account:**

1. Information on banks account:	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Banks	1.713.121	6.211.056	1.586.889	7.228.274
Domestic	1.713.109	1.031.453	1.586.889	1.834.297
Foreign	12	5.179.603	-	5.393.977
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1.713.121</b>	<b>6.211.056</b>	<b>1.586.889</b>	<b>7.228.274</b>

**d. Information on available-for-sale financial assets:**

1. As of 30 September 2016, available-for-sale financial assets subject to repurchase agreements amount to TL 21.039.367 (31 December 2015: TL 20.185.224); and those given as collateral/blocked amounting to TL 1.631.557 (31 December 2015: TL 1.939.145).

2. Information on available-for-sale financial assets:

	Current Period 30 September 2016		Prior Period 31 December 2015	
	Cash	Non-cash	Cash	Non-cash
Debt Securities		39.365.601		44.023.242
Quoted to Stock Exchange		39.187.489		43.796.801
Not Quoted to Stock Exchange		178.112		226.441
Share Certificates		62.379		128.794
Quoted to Stock Exchange		-		-
Not Quoted to Stock Exchange		62.379		128.794
Impairment Provision (-)		525.215		767.596
<b>Total</b>		<b>38.902.765</b>		<b>43.384.440</b>

**e. Information related to loans:**

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

	Current Period 30 September 2016		Prior Period 31 December 2015	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	82	-	82
Corporate Shareholders	-	82	-	82
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	4.265.384	1.266.098	3.421.775	1.447.220
Loans Granted to Employees	102.787	-	99.195	-
<b>Total</b>	<b>4.368.171</b>	<b>1.266.180</b>	<b>3.520.970</b>	<b>1.447.302</b>

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Non-specialized Loans	162.843.028	2.256.755	-	6.129.652	2.676.746	-
Business Loans	26.488.422	303.491	-	1.896.946	875.004	-
Export Loans	7.406.348	59.021	-	32.935	2.186	-
Import Loans	1.284.432	-	-	-	-	-
Loans Granted to Financial Sector	4.989.530	1.807	-	1.215	-	-
Consumer Loans	27.403.902	441.847	-	1.640.234	840.206	-
Credit Cards	11.952.988	348.968	-	748.039	508.142	-
Other	83.317.406	1.101.621	-	1.810.283	451.208	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total</b>	<b>162.843.028</b>	<b>2.256.755</b>	<b>-</b>	<b>6.129.652</b>	<b>2.676.746</b>	<b>-</b>

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Number of Extension</b>		
Extended by 1 or 2 times	2.169.643	2.268.985
Extended by 3,4 or 5 times	86.870	383.826
Extended by more than 5 times	242	23.935
<b>Total</b>	<b>2.256.755</b>	<b>2.676.746</b>

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Extension periods</b>		
0 - 6 Months	191.824	781.145
6 - 12 Months	137.995	210.402
1 - 2 Years	498.506	512.420
2 - 5 Years	832.494	950.557
5 Years and over	595.936	222.222
<b>Total</b>	<b>2.256.755</b>	<b>2.676.746</b>



**AKBANK T.A.Ş.**

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

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

<b>Current Period- 30.09.2016</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>386.273</b>	<b>27.663.132</b>	<b>28.049.405</b>
Mortgage Loans	10.178	13.379.595	13.389.773
Automotive Loans	1.690	366.222	367.912
Consumer Loans	374.405	13.917.315	14.291.720
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>13.630</b>	<b>13.630</b>
Mortgage Loans	-	12.441	12.441
Automotive Loans	-	-	-
Consumer Loans	-	1.189	1.189
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>9.886.592</b>	<b>684.977</b>	<b>10.571.569</b>
With Installment	4.113.445	682.679	4.796.124
Without Installment	5.773.147	2.298	5.775.445
<b>Consumer Credit Cards-FC</b>	<b>18.205</b>	<b>-</b>	<b>18.205</b>
With Installment	5.482	-	5.482
Without Installment	12.723	-	12.723
<b>Personnel Loans-TL</b>	<b>2.713</b>	<b>59.357</b>	<b>62.070</b>
Mortgage Loans	-	2.677	2.677
Automotive Loans	-	133	133
Consumer Loans	2.713	56.547	59.260
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>40.196</b>	<b>20</b>	<b>40.216</b>
With Installment	17.075	20	17.095
Without Installment	23.121	-	23.121
<b>Personnel Credit Cards-FC</b>	<b>501</b>	<b>-</b>	<b>501</b>
With Installment	179	-	179
Without Installment	322	-	322
<b>Credit Deposit Account-TL (Real Person)</b>	<b>919.031</b>	<b>-</b>	<b>919.031</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>11.253.511</b>	<b>28.421.116</b>	<b>39.674.627</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

<b>Prior Period – 31.12.2015</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>116.139</b>	<b>27.719.566</b>	<b>27.835.705</b>
Mortgage Loans	1.485	13.428.250	13.429.735
Automotive Loans	725	538.497	539.222
Consumer Loans	113.929	13.752.819	13.866.748
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>16.613</b>	<b>16.613</b>
Mortgage Loans	-	15.454	15.454
Automotive Loans	-	-	-
Consumer Loans	-	1.159	1.159
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>10.011.944</b>	<b>831.329</b>	<b>10.843.273</b>
With Installment	4.269.698	831.329	5.101.027
Without Installment	5.742.246	-	5.742.246
<b>Consumer Credit Cards-FC</b>	<b>15.969</b>	<b>-</b>	<b>15.969</b>
With Installment	5.457	-	5.457
Without Installment	10.512	-	10.512
<b>Personnel Loans-TL</b>	<b>1.225</b>	<b>58.407</b>	<b>59.632</b>
Mortgage Loans	-	1.730	1.730
Automotive Loans	-	167	167
Consumer Loans	1.225	56.510	57.735
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>39.312</b>	<b>69</b>	<b>39.381</b>
With Installment	15.348	69	15.417
Without Installment	23.964	-	23.964
<b>Personnel Credit Cards-FC</b>	<b>182</b>	<b>-</b>	<b>182</b>
With Installment	79	-	79
Without Installment	103	-	103
<b>Credit Deposit Account-TL (Real Person)</b>	<b>762.321</b>	<b>-</b>	<b>762.321</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>10.947.092</b>	<b>28.625.984</b>	<b>39.573.076</b>

**AKBANK T.A.Ş.**

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

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

<b>Current Period – 30.09.2016</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.011.533</b>	<b>5.933.700</b>	<b>6.945.233</b>
Mortgage Loans	1.556	11.377	12.933
Automotive Loans	40.453	3.433	43.886
Consumer Loans	969.524	5.918.890	6.888.414
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>34.571</b>	<b>160.486</b>	<b>195.057</b>
Mortgage Loans	-	3.232	3.232
Automotive Loans	1.831	1.843	3.674
Consumer Loans	32.740	155.411	188.151
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>45</b>	<b>140.103</b>	<b>140.148</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	45	140.103	140.148
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.068.753</b>	<b>120</b>	<b>2.068.873</b>
With Installment	849.587	91	849.678
Without Installment	1.219.166	29	1.219.195
<b>Corporate Credit Cards-FC</b>	<b>1.663</b>	<b>-</b>	<b>1.663</b>
With Installment	47	-	47
Without Installment	1.616	-	1.616
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>867.303</b>	<b>-</b>	<b>867.303</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3.983.868</b>	<b>6.234.409</b>	<b>10.218.277</b>

<b>Prior Period – 31.12.2015</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>167.589</b>	<b>6.257.337</b>	<b>6.424.926</b>
Mortgage Loans	2.477	25.413	27.890
Automotive Loans	5.309	12.919	18.228
Consumer Loans	159.803	6.219.005	6.378.808
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>4.138</b>	<b>127.182</b>	<b>131.320</b>
Mortgage Loans	-	3.954	3.954
Automotive Loans	330	4.479	4.809
Consumer Loans	3.808	118.749	122.557
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>1.431</b>	<b>133.731</b>	<b>135.162</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.431	133.731	135.162
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>1.629.075</b>	<b>899</b>	<b>1.629.974</b>
With Installment	698.710	899	699.609
Without Installment	930.365	-	930.365
<b>Corporate Credit Cards-FC</b>	<b>1.537</b>	<b>-</b>	<b>1.537</b>
With Installment	17	-	17
Without Installment	1.520	-	1.520
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>733.897</b>	<b>-</b>	<b>733.897</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2.537.667</b>	<b>6.519.149</b>	<b>9.056.816</b>

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

	<b>Current Period</b> <b>30 September 2016</b>	<b>Prior Period</b> <b>31 December 2015</b>
Domestic Loans	162.875.358	148.428.324
Foreign Loans	6.097.322	4.890.859
<b>Total</b>	<b>168.972.680</b>	<b>153.319.183</b>

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

7. Specific provisions accounted for loans:

	<b>Current Period</b> <b>30 September 2016</b>	<b>Prior Period</b> <b>31 December 2015</b>
Loans and Other Receivables with Limited Collectibility	483.707	448.339
Loans and Other Receivables with Doubtful Collectibility	796.445	869.262
Uncollectible Loans and Receivables	2.425.921	1.908.409
<b>Total</b>	<b>3.706.073</b>	<b>3.226.010</b>

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

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

	<b>III. Group</b> <b>Loans and Other</b> <b>Receivables with</b> <b>Limited Collectibility</b>	<b>IV. Group</b> <b>Loans and Other</b> <b>Receivables with</b> <b>Doubtful Collectibility</b>	<b>V. Group</b> <b>Uncollectible Loans</b> <b>and Other Receivables</b>
<b>Current Period: 30 September 2016</b>			
(Gross Amounts Before Specific Provisions)	37.034	44.663	58.012
Restructured Loans and Other Receivables	36.794	43.809	58.012
Rescheduled Loans and Other Receivables	240	854	-
<b>Prior Period: 31 December 2015</b>			
(Gross Amounts Before Specific Provisions)	35.103	55.654	56.366
Restructured Loans and Other Receivables	34.624	55.457	52.131
Rescheduled Loans and Other Receivables	479	197	4.235

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

	<b>III. Group</b> <b>Loans and Other</b> <b>Receivables with</b> <b>Limited Collectibility</b>	<b>IV. Group</b> <b>Loans and Other</b> <b>Receivables with</b> <b>Doubtful Collectibility</b>	<b>V. Group</b> <b>Uncollectible Loans</b> <b>and Other Receivables</b>
<b>Prior Period End Balance: 31 December 2015</b>			
Additions (+)	1.423.864	7.057	23.461
Transfers from Other Categories of Non-Performing Loans (+)	-	1.255.183	1.165.996
Transfers to Other Categories of Non-Performing Loans (-)	1.255.183	1.165.996	-
Collections (-)	131.740	165.119	213.172
Write-offs (-) (*)	1.573	3.942	460.696
Corporate and Commercial Loans	324	2.313	103.384
Consumer Loans	1.049	1.034	114.588
Credit Cards	200	595	242.724
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>483.707</b>	<b>796.445</b>	<b>2.571.311</b>
Specific Provisions (-)	483.707	796.445	2.425.921
<b>Net Balance at Balance Sheet (**)</b>	<b>-</b>	<b>-</b>	<b>145.390</b>

(\*) The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 450,1 million, (in full TL amount) for an amount of TL 49,1 million (in full TL amount) to Güven Varlık Yönetimi A.Ş.

(\*\*) The bank has allocated 100% specific provision amounting to TL 61 million (in full TL amount) after taking the collaterals into consideration for one of its commercial loans amounting to TL 206 million (in full TL amount).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period: 30 September 2016</b>			
Balance at the End of the Period	13.754	59.080	235.765
Specific Provision (-)	13.754	59.080	107.076
Net Balance on Balance Sheet	-	-	128.689
<b>Prior Period: 31 December 2015</b>			
Balance at the End of the Period	14.731	10.469	224.180
Specific Provision (-)	14.731	10.469	93.568
<b>Net Balance at Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>130.612</b>

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net): 30 September 2016</b>			
Loans granted to corporate entities and real persons (Gross)	483.707	796.445	2.571.311
Specific Provision Amount (-)	483.707	796.445	2.425.921
Loans granted to corporate entities and real persons (Net)	-	-	145.390
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
<b>Prior Period (Net): 31 December 2015</b>			
Loans granted to corporate entities and real persons (Gross)	448.339	869.262	2.055.722
Specific Provision Amount (-)	448.339	869.262	1.908.409
Loans granted to corporate entities and real persons (Net)	-	-	147.313
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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**f. Held-to-maturity investments:**

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

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Given as collateral/blocked	111.270	1.857.118	133.637	1.903.784
Subject to repurchase agreements	3.555.358	3.399.350	2.918.515	3.011.127
<b>Total</b>	<b>3.666.628</b>	<b>5.256.468</b>	<b>3.052.152</b>	<b>4.914.911</b>

2. Information on held-to-maturity government debt securities:

	Current Period 30 September 2016	Prior Period 31 December 2015
Government Bonds	9.855.403	9.654.713
Treasury Bills	-	-
Other Government Debt Securities	1.077.831	1.033.727
<b>Total</b>	<b>10.933.234</b>	<b>10.688.440</b>

3. Information on held-to-maturity investments:

	Current Period 30 September 2016	Prior Period 31 December 2015
Debt Securities	11.109.727	10.761.480
Quoted to Stock Exchange	11.109.727	10.761.480
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	176.493	73.040
<b>Total</b>	<b>10.933.234</b>	<b>10.688.440</b>

4. The movement of investment securities held-to-maturity:

	Current Period 30 September 2016	Prior Period 31 December 2015
Balance at the Beginning of the Period	10.688.439	10.800.111
Foreign Currency Differences on Monetary Assets	281.612	864.389
Purchases During Year	-	382
Disposals Through Sales and Redemptions	130.051	1.112.849
Impairment Provision (-)	103.453	63.740
Change in Amortized Cost	196.687	200.147
<b>Balance at the End of the Period</b>	<b>10.933.234</b>	<b>10.688.440</b>

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

**g. Information on investments in associates (Net):**

1. Non-consolidated associates:

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

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

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

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

The financial figures stated below have been obtained from the financial statements dated 30 June 2016

	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	68.992	39.246	47.932	383	-	9.586	5.165	-
2	171.986	123.290	118.180	1.917	17	10.180	17.045	-

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

	Current Period 30 September 2016	Prior Period 31 December 2015
Balance at the Beginning of the Period	3.923	3.923
Movements During the Period		
Additions	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Balance at the End of the Period	3.923	3.923
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

2. Consolidated subsidiaries within the current period: None.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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**h. Information on subsidiaries (Net):**

1. Information related to shareholders' equity of major subsidiaries:

The amounts below are obtained from the 30 September 2016 financial data which were subject to the regulations of the related companies.

	<b>Ak Finansal Kiralama A.Ş.</b>	<b>Ak Yatırım Menkul Değerler A.Ş.</b>	<b>Ak Portföy Yönetimi A.Ş.</b>	<b>Akbank AG</b>	<b>Akbank (Dubai) Limited</b>
Paid in Capital	235.007	46.802	4.079	740.648	2.243
Share Premium	-	-	-	-	-
Reserves	453.950	59.231	11.366	1.045.064	9.463
Gains recognized in equity as per TAS	-	-	12	-	-
Profit/Loss	94.773	82.865	15.021	125.518	16.062
-Net Current Period Profit	94.773	21.939	14.650	125.518	(567)
-Prior Year Profit/Loss	-	60.926	371	-	16.629
Development Cost of Operating Lease (-)	69	1.172	-	181	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	459	1.143	197	496	-
<b>Total Common Equity</b>	<b>783.202</b>	<b>186.583</b>	<b>30.281</b>	<b>1.910.553</b>	<b>27.768</b>
<b>Total Additional Tier I Capital</b>	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1 <sup>st</sup> Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	306	762	131	330	-
<b>Total Tier I Capital</b>	<b>782.896</b>	<b>185.821</b>	<b>30.150</b>	<b>1.910.223</b>	<b>27.768</b>
<b>Tier II Capital</b>	<b>21.355</b>	-	-	-	-
<b>CAPITAL</b>	<b>804.251</b>	<b>185.821</b>	<b>30.150</b>	<b>1.910.223</b>	<b>27.768</b>
<b>Deductions from Capital</b>	-	-	-	-	-
<b>TOTAL CAPITAL</b>	<b>804.251</b>	<b>185.821</b>	<b>30.150</b>	<b>1.910.223</b>	<b>27.768</b>

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

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

3 (i). Information about consolidated subsidiaries:

<b>Title</b>	<b>Address (City / Country)</b>	<b>The Parent Bank's Share Percentage-If Different Voting Percentage (%)</b>	<b>Risk Group of Bank's Percentage (%)</b>
1 Ak Finansal Kiralama A.Ş.	İstanbul/Turkey	99,99	99,99
2 Ak Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	100,00	100,00
3 Ak Portföy Yönetimi A.Ş.	İstanbul/Turkey	100,00	100,00
4 Akbank AG	Frankfurt/Germany	100,00	100,00
5 Akbank (Dubai) Limited	Dubai/TheUnitedArab Emirates	100,00	100,00



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Main financial figures of consolidated subsidiaries, in the order of the above table:

The financial figures have been obtained from the financial statements as at 30 September 2016 prepared in accordance with local regulations.

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	4.895.519	782.577	25.306	257.098	292	94.773	59.624	-
2	1.302.178	188.898	6.161	72.390	23.878	21.939	19.164	-
3	36.533	30.478	983	2.746	-	14.650	11.805	-
4	18.137.448	1.911.230	1.409	391.704	49.136	125.518	100.105	-
5	28.868	27.768	14	-	-	(567)	3.985	-

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

3 (ii). Movement schedule for consolidated subsidiaries:

	<b>Current Period 30 September 2016</b>	<b>Prior Period 31 December 2015</b>
Balance at the Beginning of the Period	1.350.741	907.230
Movements During the Period		
Additions (*)	-	358.121
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries (**)	68.032	85.390
Balance at the End of the Period	1.418.773	1.350.741
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) Additions in the prior period include share capital increases of Ak Finansal Kiralama A.Ş. and Akbank AG amounting to TL 60.000 and EUR 100 Million.

(\*\*) The amount represents the value changes within the scope of fair value hedge as described in unconsolidated financial statements of the Parent Bank.

3 (iii). Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

<b>Subsidiaries</b>	<b>Current Period 30 September 2016</b>	<b>Prior Period 31 December 2015</b>
Banks	1.069.214	1.001.182
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	281.065	281.065
Finance Companies	-	-
Other Financial Subsidiaries	68.494	68.494

3 (iv). Subsidiaries quoted on a stock exchange: None.

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

	Current Period 30 September 2016		Prior Period 31 December 2015	
	Gross	Net	Gross	Net
2016	703.856	671.076	1.461.941	1.232.830
2017	1.324.494	1.075.235	1.009.706	822.731
2018	1.020.682	844.056	784.343	656.898
2019	747.596	630.603	892.889	468.864
2020 and following years	1.351.863	1.198.093	550.801	794.458
<b>Total</b>	<b>5.148.491</b>	<b>4.419.063</b>	<b>4.699.680</b>	<b>3.975.781</b>

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

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	148.350	2.495	648.858	575
Cash Flow Hedge	-	-	-	1.935
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>148.350</b>	<b>2.495</b>	<b>648.858</b>	<b>2.510</b>

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

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

As of 30 September 2016, deferred tax asset of the Group is TL 6.678 (31 December 2015: TL 162.153). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, and provision for employee rights.

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

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

	Current Period 30 September 2016	Prior Period 31 December 2015
Cost	67.088	183.237
Accumulated Depreciation (-)	722	3.371
<b>Net Book Value</b>	<b>66.366</b>	<b>179.866</b>

	Current Period 30 September 2016	Prior Period 31 December 2015
<b>Opening Balance Net Book Value</b>	<b>179.866</b>	<b>158.652</b>
Additions	52.543	42.857
Disposals (-), net	164.611	18.343
Depreciation (-)	1.432	3.300
<b>Closing Net Book Value</b>	<b>66.366</b>	<b>179.866</b>

**n. Information on other assets:**

Other assets amount to TL 3.266.849 (31 December 2015: TL 1.908.108) 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 September 2016:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	7.263.788	13.434.065	25.186.046	719.548	704.055	639.434	66.601	<b>48.013.537</b>
Foreign Currency Deposits	12.175.626	15.827.091	24.007.429	3.187.623	4.063.616	10.082.799	3.309	<b>69.347.493</b>
Residents in Turkey	8.664.757	15.236.190	21.862.491	1.624.138	1.102.499	3.224.882	3.239	<b>51.718.196</b>
Residents Abroad	3.510.869	590.901	2.144.938	1.563.485	2.961.117	6.857.917	70	<b>17.629.297</b>
Public Sector Deposits	1.087.480	93.215	41.170	25.081	1.879	51	-	<b>1.248.876</b>
Commercial Deposits	6.416.674	6.894.535	9.110.176	4.031.482	2.732.530	500.692	-	<b>29.686.089</b>
Other Institutions Deposits	238.254	234.224	2.889.442	228.221	1.089.108	224.827	-	<b>4.904.076</b>
Gold Vault	695.584	13.705	18.217	33.162	2.471	-	-	<b>763.139</b>
Interbank Deposits	293.697	2.110.234	3.695.687	3.014.513	888.353	59.999	-	<b>10.062.483</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	10.844	1.285.736	16.037	6.014	28.065	4.009	-	<b>1.350.705</b>
Foreign Banks	259.816	824.498	3.679.650	3.008.499	860.288	55.990	-	<b>8.688.741</b>
Participation Banks	23.037	-	-	-	-	-	-	<b>23.037</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>28.171.103</b>	<b>38.607.069</b>	<b>64.948.167</b>	<b>11.239.630</b>	<b>9.482.012</b>	<b>11.507.802</b>	<b>69.910</b>	<b>164.025.693</b>

1 (ii). Prior period - 31 December 2015:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	5.854.541	11.048.811	25.059.860	533.204	423.784	607.126	88.074	<b>43.615.400</b>
Foreign Currency Deposits	9.425.204	16.275.713	26.262.848	1.836.401	5.101.733	9.203.957	4.156	<b>68.110.012</b>
Residents in Turkey	8.162.755	15.755.616	24.538.202	1.076.617	798.916	3.129.479	4.064	<b>53.465.649</b>
Residents Abroad	1.262.449	520.097	1.724.646	759.784	4.302.817	6.074.478	92	<b>14.644.363</b>
Public Sector Deposits	827.355	9.616	38.014	10.414	1.593	2.313	-	<b>889.305</b>
Commercial Deposits	5.139.789	6.149.494	7.277.063	441.389	414.558	252.271	-	<b>19.674.564</b>
Other Institutions Deposits	200.889	480.886	2.227.357	192.340	171.088	213.814	-	<b>3.486.374</b>
Gold Vault	721.005	4.502	22.633	23.092	6.045	-	-	<b>777.277</b>
Interbank Deposits	256.697	1.503.563	4.122.452	6.749.223	217.182	68.769	-	<b>12.917.886</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	8.656	162.141	247.674	-	-	-	-	<b>418.471</b>
Foreign Banks	207.791	1.341.422	3.874.778	6.749.223	217.182	68.769	-	<b>12.459.165</b>
Participation Banks	40.250	-	-	-	-	-	-	<b>40.250</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22.425.480</b>	<b>35.472.585</b>	<b>65.010.227</b>	<b>9.786.063</b>	<b>6.335.983</b>	<b>10.348.250</b>	<b>92.230</b>	<b>149.470.818</b>

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

2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 30 September 2016	Prior Period 31 December 2015	Current Period 30 September 2016	Prior Period 31 December 2015
Saving Deposits	22.254.538	21.092.387	25.758.999	22.523.013
Foreign Currency Saving Deposits	7.165.309	7.409.503	26.338.421	26.265.420
Other Deposits in the Form of Saving Deposits	-	-	-	-
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 September 2016	Prior Period 31 December 2015
Foreign Branches' Deposits and other accounts	-	-
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	808.797	926.599
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

**b. Information on trading derivative financial liabilities:**

Table of negative differences for trading derivative financial liabilities:

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Forward Transactions	114.337	-	249.438	-
Swap Transactions	482.019	822.387	229.908	1.030.603
Futures Transactions	-	-	-	-
Options	494	190.465	3	257.899
Other	-	-	-	-
<b>Total</b>	<b>596.850</b>	<b>1.012.852</b>	<b>479.349</b>	<b>1.288.502</b>

**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	322.286	514.615	286.556	520.324
From Foreign Banks, Institutions and Funds	88.657	28.685.118	16.527	25.353.468
<b>Total</b>	<b>410.943</b>	<b>29.199.733</b>	<b>303.083</b>	<b>25.873.792</b>

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

2. Information on maturity structure of borrowings:

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Short-term	181.515	1.954.270	209.421	3.284.045
Medium and Long-term	229.428	27.245.463	93.662	22.589.747
<b>Total</b>	<b>410.943</b>	<b>29.199.733</b>	<b>303.083</b>	<b>25.873.792</b>

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

**d. Information on securities issued (Net):**

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Bank bills	1.695.336	60.008	1.548.685	892.932
Bonds	1.729.505	8.461.623	1.825.136	8.144.036
<b>Total</b>	<b>3.424.841</b>	<b>8.521.631</b>	<b>3.373.821</b>	<b>9.036.968</b>

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

Other foreign liabilities amount to TL 2.567.227 (31 December 2015: TL 1.492.861) and do not exceed 10% of the total balance sheet.

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

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

	Current Period 30 September 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	54.162	261.450	-	157.528
Cash Flow Hedge	-	10.848	-	1.432
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>54.162</b>	<b>272.298</b>	<b>-</b>	<b>158.960</b>

**h. Information on provisions:**

1. Information on general provisions:

	Current Period 30 September 2016	Prior Period 31 December 2015
<b>General Provisions</b>	<b>2.767.114</b>	<b>2.543.192</b>
Provisions for Group I. Loans and Receivables	2.192.956	2.046.557
- Additional Provision for loans with extended payment period	92.260	70.085
Provisions for Group II. Loans and Receivables	314.319	305.259
- Additional Provision for loans with extended payment period	68.019	62.876
Provisions for Non-cash Loans	123.687	108.853
Other	136.152	82.523

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2. Employment termination benefits and unused vacation rights:

Under the Turkish Labor Law, the Bank and its subsidiaries operated in Turkey are 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 amount payable consists of one month's salary limited to a maximum of TL 4.297,21 (in full TL amount) (31 December 2015: TL 3.828,37 (in full TL amount)) for each year of service. This liability is legally not funded and there is no funding requirement.

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>31 December 2015</b>
Discount Rate (%)	4,17	4,17
Rate for the Probability of Retirement (%)	93,88	93,88

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 4.297,21 (1 January 2016: TL 4.092,53) effective from 1 July 2016 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>31 December 2015</b>
<b>Prior Period Closing Balance</b>	<b>124.027</b>	<b>67.034</b>
Recognized as an Expense During the Period	30.523	62.388
Actuarial Loss/(Gain)	-	63.770
Paid During the Period	(30.364)	(69.165)
<b>Balance at the End of the Period.</b>	<b>124.186</b>	<b>124.027</b>

As of 30 September 2016, the Group has allocated vacation liability amounting to TL 79.213 (31 December 2015: TL 68.879).

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

As of 30 September 2016, the provision related to foreign currency differences of foreign indexed loans amounts to TL 2.108 (31 December 2015: TL 23.811), which is offset with the balance of foreign currency indexed loans in these financial statements.

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 30 September 2016 is amounting to TL 64.340 (31 December 2015: TL 83.868).

5. Information on other provisions:

5 (i). Information on general reserves for possible risks: TL 200.000 (31 December 2015: TL 200.000).

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

The Group has provisions for credit cards and banking services promotion activities amounting to TL 96.602 (31 December 2015: TL 139.240).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**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 September 2016, the corporate tax liability after the deduction of temporary taxes paid is TL 261.736 (31 December 2015: TL 379.083).

1 (i). Information on taxes payable:

	<b>Current Period 30 September 2016</b>	<b>Prior Period 31 December 2015</b>
Corporate Taxes Payable	261.736	379.083
Taxation on Marketable Securities	114.333	96.179
Property Tax	1.857	1.706
Banking Insurance Transaction Tax (BITT)	92.543	90.711
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.455	4.831
Other	54.433	52.145
<b>Total</b>	<b>526.357</b>	<b>624.655</b>

1 (ii). Information on premium payables:

	<b>Current Period 30 September 2016</b>	<b>Prior Period 31 December 2015</b>
Social Security Premiums – Employee	786	362
Social Security Premiums – Employer	235	414
Bank Social Aid Pension Fund Premium- Employee	3	9
Bank Social Aid Pension Fund Premium – Employer	3	11
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.237	948
Unemployment Insurance – Employer	2.358	1.895
Other	50	37
<b>Total</b>	<b>4.672</b>	<b>3.676</b>

2. Information on deferred tax liability:

As of 30 September 2016, the deferred tax liability of the Group amounts to TL 158.207. (31 December 2015: TL 57.452). An explanation about the net deferred tax asset is given in Note I-L of Section Five.

**j. Information on shareholders' equity:**

1. Presentation of paid-in capital:

	<b>Current Period 30 September 2016</b>	<b>Prior Period 31 December 2015</b>
Common Stock	4.000.000	4.000.000
Preferred Stock	-	-

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

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Share Capital	4.000.000	8.000.000

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

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

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

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

	Current Period		Prior Period	
	30 September 2016		31 December 2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(339.162)	(376.621)	(627.540)	(486.868)
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>(339.162)</b>	<b>(376.621)</b>	<b>(627.540)</b>	<b>(486.868)</b>



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

**a. Information on interest income:**

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

	Current Period 30 September 2016		Prior Period 30 September 2015	
	TL	FC	TL	FC
Short-term Loans	3.547.784	79.956	2.915.748	96.486
Medium and Long-term Loans	5.461.229	1.908.408	4.288.468	1.681.735
Interest on Loans Under Follow-Up	18.632	-	21.592	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>9.027.645</b>	<b>1.988.364</b>	<b>7.225.808</b>	<b>1.778.221</b>

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

2. Information on interest income on banks:

	Current Period 30 September 2016		Prior Period 30 September 2015	
	TL	FC	TL	FC
From the CBRT	-	4.703	-	-
From Domestic Banks	49.318	7.256	39.782	2.394
From Foreign Banks	523	18.905	85	8.773
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>49.841</b>	<b>30.864</b>	<b>39.867</b>	<b>11.167</b>

3. Information on interest income on marketable securities:

	Current Period 30 September 2016		Prior Period 30 September 2015	
	TL	FC	TL	FC
From Trading Financial Assets	8.736	1	6.295	68
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	1.410.532	611.705	1.094.074	538.533
From Held-to-Maturity Investments	339.849	133.445	298.864	126.426
<b>Total</b>	<b>1.759.117</b>	<b>745.151</b>	<b>1.399.233</b>	<b>665.027</b>

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available-for sale and held-to-maturity portfolios with nine-month fixed real coupon rates and a maturity of 5 to 10 years. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates in line with this information. The estimated inflation rate used is updated during the year when necessary. In this context, as of 30 September 2016, valuation of such assets is made according to estimated annual inflation rate of 8%. If valuation of these securities indexed to the CPI had been done by the reference index valid through 30 September 2016, the Bank's Marketable securities valuation differences would be increased by TL 13 million (in full TL amount) and net profit would be decreased by TL 20 million (in full TL amount) to TL 3.662 million (in full TL amount).

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**b. Information on interest expense:**

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

	Current Period 30 September 2016		Prior Period 30 September 2015	
	TL	FC	TL	FC
Banks	30.345	369.436	23.765	274.194
The CBRT	-	-	-	-
Domestic Banks	29.050	5.512	16.432	5.306
Foreign Banks	1.295	363.924	7.333	268.888
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	14.584	-	8.283
<b>Total</b>	<b>30.345</b>	<b>384.020</b>	<b>23.765</b>	<b>282.477</b>

(\*) 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 September 2016		Prior Period 30 September 2015	
	TL	FC	TL	FC
Interest expense on securities issued	293.972	304.589	221.697	339.267

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period-30.09.2016	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	137	56.473	65.510	1.938	1.737	162	<b>125.957</b>
Saving Deposits	-	896.902	1.994.511	38.233	37.040	46.382	<b>3.013.068</b>
Public Sector Deposits	-	5.138	2.888	982	115	41	<b>9.164</b>
Commercial Deposits	-	479.516	685.005	189.386	134.672	29.221	<b>1.517.800</b>
Other Deposits	3	47.395	190.886	45.286	51.234	13.438	<b>348.242</b>
<b>Total</b>	<b>140</b>	<b>1.485.424</b>	<b>2.938.800</b>	<b>275.825</b>	<b>224.798</b>	<b>89.244</b>	<b>5.014.231</b>
<b>FC</b>							
Foreign Currency Deposits	2.161	224.669	377.079	65.400	36.179	140.977	<b>846.465</b>
Bank Deposits	-	5.829	25.630	41.969	11.159	578	<b>85.165</b>
Precious Metals Deposits	-	-	1	-	352	158	<b>511</b>
<b>Total</b>	<b>2.161</b>	<b>230.498</b>	<b>402.710</b>	<b>107.369</b>	<b>47.690</b>	<b>141.713</b>	<b>932.141</b>
<b>Grand Total</b>	<b>2.301</b>	<b>1.715.922</b>	<b>3.341.510</b>	<b>383.194</b>	<b>272.488</b>	<b>230.957</b>	<b>5.946.372</b>

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Prior Period – 30.09.2015	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	26	12.504	63.330	4.037	2.501	431	<b>82.829</b>
Saving Deposits	-	841.109	1.560.058	42.214	32.682	40.733	<b>2.516.796</b>
Public Sector Deposits	-	1.128	3.290	3.764	132	160	<b>8.474</b>
Commercial Deposits	-	434.993	348.056	43.778	34.506	9.466	<b>870.799</b>
Other Deposits	2	23.392	106.114	8.156	49.234	15.386	<b>202.284</b>
<b>Total</b>	<b>28</b>	<b>1.313.126</b>	<b>2.080.848</b>	<b>101.949</b>	<b>119.055</b>	<b>66.176</b>	<b>3.681.182</b>
<b>FC</b>							
Foreign Currency Deposits	4.921	176.255	220.093	36.814	75.591	149.211	<b>662.885</b>
Bank Deposits	-	17.567	42.769	46.298	4.165	328	<b>111.127</b>
Precious Metals Deposits	-	-	12	-	347	77	<b>436</b>
<b>Total</b>	<b>4.921</b>	<b>193.822</b>	<b>262.874</b>	<b>83.112</b>	<b>80.103</b>	<b>149.616</b>	<b>774.448</b>
<b>Grand Total</b>	<b>4.949</b>	<b>1.506.948</b>	<b>2.343.722</b>	<b>185.061</b>	<b>199.158</b>	<b>215.792</b>	<b>4.455.630</b>

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

	Current Period 30 September 2016	Prior Period 30 September 2015
<b>Profit</b>	<b>3.031.893.732</b>	<b>4.988.774.532</b>
Income From Capital Market Transactions	656.036	719.824
Income From Derivative Financial Transactions (*)	6.179.905	5.425.042
Foreign Exchange Gains	3.025.057.791	4.982.629.666
<b>Loss (-)</b>	<b>3.031.336.233</b>	<b>4.988.699.404</b>
Loss from Capital Market Transactions	418.155	518.811
Loss from Derivative Financial Transactions (*)	5.744.916	5.431.606
Foreign Exchange Loss	3.025.173.162	4.982.748.987
<b>Total (Net)</b>	<b>557.499</b>	<b>75.128</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 444.541 (30 September 2015: TL 302.657)

**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 the sale from non-performing loans portfolio. In addition, income amounting to TL 181.774 originating from the acquisition of Visa Europe Ltd, of which the Bank is a Shareholder, by Visa Inc., has been reflected to financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>30 September 2015</b>
Specific Provisions for Loans and Other Receivables	1.306.786	1.403.676
III. Group Loans and Receivables	484.967	475.510
IV. Group Loans and Receivables	778.499	848.428
V. Group Loans and Receivables	43.320	79.738
General Provision Expenses	227.036	387.309
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	-	-
Investments in Associates, Subsidiaries and Held-to-maturity	-	-
Securities Value Decrease	3.467	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	3.467	-
Other	51.978	21.013
<b>Total</b>	<b>1.589.267</b>	<b>1.811.998</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>30 September 2015</b>
Personnel Expenses	1.297.444	1.260.450
Reserve for Employee Termination Benefits	320	341
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	95.299	109.288
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	61.662	59.297
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	1.432	2.262
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.259.122	1.193.980
Operational Leasing Expenses	137.632	129.955
Maintenance Expenses	17.772	16.326
Advertisement Expenses	95.619	79.255
Other Expenses	1.008.099	968.444
Loss on Sales of Assets	24	177
Other(*)	556.514	618.530
<b>Total</b>	<b>3.271.817</b>	<b>3.244.325</b>

(\*) The balance shown in the "other" line includes fees and commissions reimbursements as per the decision of Consumer Arbitration Board, Courts and Offices of Enforcement amounting to TL 76.564 (30 September 2015: TL 175.102). In addition, as a result of the audit performed by Ministry of Customs and Trade in accordance with Consumer Protection Law - No: 6502, an administrative fine amounting to TL 116.254 is notified to the Bank. Part of the related fine amounting to TL 87.191, calculated as a result of %25 cash allowance according to the Misdemeanor Law - No: 5326 Provisional Article 17/6, is represented in this row.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>30 September 2015</b>
Income/(loss) from minority interest	9	6

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

As of 30 September 2016, the Group has a current tax expense of TL 880.344 and deferred tax expense of TL 118.194. The amount of deferred tax income that occurred due to the temporary differences is TL 44.434 and deferred tax expense is TL 237.864 the amounts of deferred tax income occurred due to the closing of temporary differences is TL 98.984 and deferred tax expense is TL 23.748 respectively.

The Group has no discontinued operations.

**i. Explanations on current period net profit and loss:**

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Group for the current period: None.
2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there exists a possibility that the profit and loss for the current or the following periods will be impacted: None.

**j. Other figures on profit and loss statement:**

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

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

1. Type and amount of irrevocable commitments: TL 12.232.621 asset purchase commitments (31 December 2015: TL 5.154.131), TL 17.458.809 commitments for credit card limits (31 December 2015: TL 17.672.898) and TL 6.028.416 commitments for cheque books (31 December 2015: TL 5.764.751).

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>31 December 2015</b>
Bank Acceptance Loans	1.186.789	933.230
Letters of Credit	4.135.565	5.359.136
Other Guarantees	3.501.885	3.513.090
<b>Total</b>	<b>8.824.239</b>	<b>9.805.456</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>31 December 2015</b>
Revocable Letters of Guarantee	969.833	651.210
Irrevocable Letters of Guarantee	12.625.482	12.025.211
Letters of Guarantee Given in Advance	2.743.117	2.681.029
Guarantees Given to Customs	2.801.312	3.019.643
Other Letters of Guarantee	5.549.622	4.174.171
<b>Total</b>	<b>24.689.366</b>	<b>22.551.264</b>

3. Information on non-cash loans:

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>31 December 2015</b>
Non-cash Loans Given against Cash Loans	4.360.207	3.411.739
With Original Maturity of 1 Year or Less Than 1 Year	2.241.362	1.614.511
With Original Maturity of More Than 1 Year	2.118.845	1.797.228
Other Non-cash Loans	29.153.398	28.944.981
<b>Total</b>	<b>33.513.605</b>	<b>32.356.720</b>

4. Mutual Funds :

As of 30 September 2016, the Group is the founder of 45 mutual funds (31 December 2015: 43 mutual funds) with an unaudited total fund value of TL 3.773.650 (31 December 2015: TL 3.283.444). The shares of the mutual funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Istanbul Settlement and Custody Bank, Inc.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**V. INFORMATION ON CASH AND CASH EQUIVALENTS:**

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>30 September 2015</b>
<b>Cash</b>	<b>3.049.765</b>	<b>2.247.086</b>
Cash, Foreign Currency and Other	1.409.698	1.478.809
Demand Deposits in Banks (*)	1.640.067	768.277
<b>Cash Equivalents</b>	<b>4.059.676</b>	<b>3.098.443</b>
Interbank Money Market Placements	98	700.000
Time Deposits in Banks	4.031.890	1.512.927
Marketable Securities	27.688	885.516
<b>Total Cash and Cash Equivalents</b>	<b>7.109.441</b>	<b>5.345.529</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2016</b>	<b>30 September 2015</b>
<b>Cash</b>	<b>3.418.609</b>	<b>3.583.159</b>
Cash, Foreign Currency and Other	1.661.880	1.648.342
Demand Deposits in Banks (*)	1.756.729	1.934.817
<b>Cash Equivalents</b>	<b>13.480.394</b>	<b>2.964.220</b>
Interbank Money Market Placements	2.476.323	-
Time Deposits in Banks	10.965.966	2.894.564
Marketable Securities	38.105	69.656
<b>Total Cash and Cash Equivalents</b>	<b>16.899.003</b>	<b>6.547.379</b>

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

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

1. Current Period – 30 September 2016:

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	-	-	3.421.775	1.447.302	-	-
Balance at the End of the Period	-	-	4.265.384	1.266.180	-	-
Interest and Commission Income Received	-	-	251.125	3.515	-	-

2. Prior Period -31 December 2015:

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	-	-	2.464.548	1.986.485	-	-
Balance at the End of the Period	-	-	3.421.775	1.447.302	-	-
Interest and Commission Income Received	-	-	176.016	4.646	-	-

(\*) 30 September 2015 amounts are used for income statement accounts.

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

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.09.2016	31.12.2015	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Deposit						
Balance at the Beginning of the Period	-	-	2.102.633	1.337.174	2.181.203	2.115.511
Balance at the End of the Period	-	-	2.138.752	2.102.633	2.217.832	2.181.203
Interest on Deposits(*)	-	-	182.765	136.674	114.623	94.045

(\*) 30 September 2015 amounts are used for income statement accounts.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.09.2016	31.12.2015	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	3.501.482	2.364.278	-	-
Balance at the End of the Period	-	-	3.402.449	3.501.482	-	-
Total Income/Loss(*)	-	-	9.274	3.207	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss(*)	-	-	-	-	-	-

(\* )30 September 2015 amounts are used for income statement 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 September 2016, the net exposure for direct and indirect shareholders of the Group is TL 6.832 (31 December 2015: TL (-) 10.244).

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

As of 30 September 2016 benefits provided to the Group's key management amount to TL 30.965 (30 September 2015: TL 26.905).

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

None.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

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

The interim period consolidated financial statements for the period ended 30 September 2016 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor's report dated 21 October 2016 is presented preceding the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS**

None.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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

**THE MESSAGE FROM THE CHAIRMAN OF THE BOARD**

In the third quarter of the year, expansionary moves from the ECB and BOJ; and FOMC members reducing their policy rate projections to only one rate hike this year, and domestically rating downgrades have been effective.

In its September meeting FED reiterated that labor market has continued to strengthen and growth of economic activity has picked up from the modest pace seen in the first half. Moreover, recently announced data also seem to support a rate hike in December. While ECB is in wait&see mode; BOE, after the Brexit decision in June, performed a 25 basis point cut in policy rate and expanded its asset purchase program both in size and scope in order to provide additional support to growth.

BOJ, after introducing "quantitative and qualitative monetary easing (QQE) with a negative interest rate", the Bank decided to introduce "QQE with yield curve control" in order to achieve its price stability target of 2% at the earliest possible time. Within this framework, 10 year government bond yield is targeted at zero percent. With this move, a steeper yield curve will counterbalance negative impact of negative interest rates on banking sector profitability.

While consumption expenditures continued to support economic activity domestically, private investment expenditures and net exports (exports minus imports) remained weak. As a result, growth in the first half of the year stood at 3,9%. Leading indicators point out a deceleration of economic activity in the third quarter. The recent easing of macro prudential measures regarding credit cards and consumer loans will likely give further boost to private consumption as well as growth. In October, Medium- Term Economic Program (2017-2019) has been announced and 2016 GDP growth expectation revised down to 3,2%. We expect 2016 GDP growth to be in line with this level.

On the external trade front; gold exports and increasing demand from European Union turned export growth to positive in the second quarter. However due to less number of workdays, exports growth went down to negative territory, again in the third quarter. On the other hand, external trade deficit has continued to shrink along with the decline in net energy expenditures. Decreasing deficit in external trade has also led current account deficit to come down significantly; yet weak tourism revenues have offset this positive outlook. In the coming months, the lagged effect of the rise in oil prices may slow down the decreasing trend in energy expenditures. Hence; the outlook in energy prices, non-energy imports and tourism revenues will be essential in the trend of current account deficit.

In the meantime, CBRT is continuing with its simplification of the interest rate policy. In this regard; the bank decreased the O/N lending rate by 250 basis points to 8,25% since March. We expect CBRT to continue with its simplification steps as long as both headline and core consumer inflations continue to decline.

Credit rating agency Moody's decreased Turkey's credit rating from investment grade of "Baa3" to non-investment-grade "Ba1" level, while keeping the outlook at "stable". The rationale behind the rating cut is Moody's' opinion about the increasing risks regarding Turkey's external financing need, deterioration of institutional strength and weakening in growth outlook. Ongoing, strong fiscal discipline served as a basis for stable outlook. As a matter of fact newly-announced medium term program also intends to maintain government debt stock-to-GDP ratio below 2%.

Although the slow down in annual loan growth continued in the banking sector; it may accelerate along with the cuts in short term interest rates and measures to stimulate consumer loans market in the near future. While low level of non-performing loans is continuing at only 3,3%, the level of capital adequacy ratio stands at high at 16%.

Consequently; globally low interest rate environment and yield search of institutional investors would continue to support capital inflows to emerging economies. In the meantime, steps to be taken regarding the implementation of structural reforms will continue to be critical.

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

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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**MESSAGE FROM THE CEO**

**Please find our CEO's statement after the 3Q16 financials announcement below:**

Despite the difficult conditions in the global markets, we had a high performance in the third quarter. With our strong balance sheet and the long-term financing we provide from abroad, we continued to support the economy.

Akbank has maintained its strong performance in balance sheet and asset quality this quarter. We increased our support to the economy through loans by 9 percent to TL 202 billion, with TL 169 billion cash loans. Our assets increased by 10 percent to over TL 277 billion. In the first nine months of the year, our total deposits increased by 10 percent to over TL 164 billion. Akbank reported a net profit of TL 3 billion 682 million while setting aside TL 999 million of tax provisions. Another indicator of our healthy growth this quarter has been our NPL ratio of 2,2 percent.

Using its strong balance sheet, Akbank will continue to bring resources to Turkey and transfer these to the real sector. We were able to renew our syndicated loan of USD 1,2 billion with a demand of over 100 percent in August, confirming once again the confidence of investors abroad in our bank and sector. We increased financing through international borrowings to USD 5,8 billion in the last nine months, with USD 1,9 billion with an average maturity of 5 years.

With the "Akbank One Stop Corporate Investment Banking" we launched recently, we aim to create more effective solutions for investment finance. Our corporate clients can now benefit from our corporate and investment banking services and access to the experience and expertise of our subsidiaries with one step.

We received the title "Best Bank in Central and Eastern Europe" from Euromoney, a testament to the power of the banking system in Turkey. Our employees continue to work with dedication to raise the bar in banking and create value for our country. We look to the future with hope, and continue our investments for a stronger Turkey. High-quality human resources and investment in technology remain our focus.

I would like to thank our customers and stakeholders for the trust they place in Akbank; and our employees for their performance.

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

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

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#### A. INTRODUCTION

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

There is no change in the Articles of Association during the period.

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

On 18 March 2016, Akbank has signed a 367-day, dual tranche syndicated loan agreement of equivalent to USD 1,2 billion.

Bank has sold a non-performing loan portfolio of TL 450,1 million for TL 49,1 million to Güven Varlık Yönetim A.Ş.

Income amounting to TL 181.774 million originating from the acquisition of Visa Europe Ltd, of which the Bank is a Shareholder, by Visa Inc., has been reflected to financial statements.

Bank has secured the equivalent of USD 1,4 billion through its Diversified Payment Rights securitization programme in 10 separate tranches with maturities ranging from 5 to 12 years.

Bank has signed a dual currency, multi-tranche syndicated loan agreement of equivalent to USD 1,2 billion with separate maturities (1 and 3 years) on August 2016.

Bank has secured USD 250 million financing from International Finance Corporation (IFC) with 8 years maturity through its Diversified Payment Rights securitization programme on August 2016.

After Fitch Ratings affirmation Akbank's National Rating as "AA+" with "Stable" outlook on 26 August 2016, Fitch also has revised Akbank's IDRs' outlook to "Negative" from "Stable".

After the resignation of Orkun Oğuz, Executive Vice President responsible from Direct Banking, on 19 July 2016, E.Tolga Ulutaş has been appointed as Executive Vice President for Direct Banking as of 19 September 2016.

As the result of the audit carried out by the Ministry of Customs and Trade within the context of Law no. 6502, an administrative fine of 116.254.138 TL has been imposed to our Bank. This decision is subject to objection at Administrative Courts. The administrative fine will be paid in advance to take the advantage of the 25% discount in accordance with article 17/6 of the Law on Misdemeanors No. 5326 reserving all objection rights.

Moody's had placed ratings of Turkey and Turkish Banks including Akbank under review for downgrade on 20 July 2016. Akbank's long-term foreign and local currency deposit ratings were downgraded to "Ba2/Ba1" from "Baa3", respectively while short-term foreign and local currency deposit ratings were downgraded to "Not Prime" from "P-3", and foreign and local currency debt ratings were downgraded to "Ba1" from "Baa3" and Baseline Credit Assessment was downgraded to "ba2" from "ba1" on 26 September 2016.

Bank has issued TL 1,3 billion nominal worth of bills in total to qualified investors with separate maturities and nominal values during the period.

There is no change in information which has been disclosed in accordance with "Regulation on the Principles and Procedures Concerning the Preparation Of and Publishing Annual Report By Banks" excluding disclosures related with financial statements.

#### B. BANKING SECTOR 3Q16 OVERVIEW

In the nine months of 2016, loan growth in the sector was 8,4% and deposit growth in the sector was 7,4%.

As of 30 September 2016, NPL ratio of the sector was at 3,3%.

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

**C. CONSOLIDATED FINANCIAL RESULTS**

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

	<b>30.09.2016</b> <b>Consolidated</b> <b>Financial Results</b>	<b>31.12.2015</b> <b>Consolidated</b> <b>Financial Results</b>
Total Assets	277.363	252.467
Loans	169.118	153.466
Deposits	164.026	149.471
Equity	31.576	28.015
Net Income (30.09.2015)	3.682	2.222

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

	<b>30.09.2016</b> <b>Consolidated</b> <b>Financial Results</b>	<b>31.12.2015</b> <b>Consolidated</b> <b>Financial Results</b>
Loans / Total Assets:	61,0	60,8
Deposits / Total Assets:	59,1	59,2
ROE (30.09.2015):	16,5	11,3
ROA (30.09.2015):	1,9	1,3
NPL Ratio:	2,2	2,2
CAR:	14,84%	14,46%
EPS (30.09.2015) (TL):	0,00920	0,00556

**3. Akbank 3Q16 Results Overview:**

Akbank reported a gross profit of TL 4 billion 680 million while setting aside TL 999 million of tax provisions, the bank reported a net consolidated profit of TL 3 billion 682 million in the first nine months of the year. ROE of the bank has realized at 16,5% by the end of first nine months of the year.

As of 30 September 2016 Akbank's consolidated total assets increased by 9,9% up to TL 277,4 billion. Total cash loans grew by 10,2% to TL 169,1 billion while total deposits was up to TL 164 billion with an increase of 9,7%.

Akbank's NPL ratio was stable at 2,2% as of 30 September 2016 compared to 2015-end. While 24% of total cash loans based on consolidated financials are comprised of consumer loans, 36% are corporate, 32% are commercial and remaining 8% are other commercial loans.

**4. Bank's Expectations For 2016:**

There is no change in "Forward Looking Expectations" of the bank which has been disclosed to public as Material Events Disclosure on 7 January 2016

	<b>2016 Macro Indicators (%)</b>
GDP Growth, real terms	3,5
Inflation	-8
<b>Banking Sector Growth</b>	
Loan Growth	13-15
Deposit Growth	13-15

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016**

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

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**Akbank Growth Guidance (Consolidated)**

	<b>2016 (%)</b>
Asset Growth	14-16
Loan Growth	15-17
TL	15-17
FX (USD terms)	7-9
Deposit Growth	15-17
TL	15-17
FX (USD terms)	7-9
	<b>2016 (%)</b>
Return on Assets	~1,5
Leverage Ratio	~9,5x
Return on Equity	~14,0
Net Interest Margin	Flat
Net Fees & Commission Growth	~15
Operational Expense Growth	~8
Operational Cost/Income	~37
Operational Cost/Assets	~1,6
Capital Adequacy Ratio	~14
Loans/Deposits Ratio	Max 105
Non-Performing Loans Ratio	~2,2
Net Cost of Risk	~90 bps
Earnings per Share Growth	+25