

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2016 TOGETHER WITH
AUDIT 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)**

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

Independent auditor report

To the Board of Directors of Akbank T.A.Ş.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Akbank T.A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") as at December 31, 2016, and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the consolidated financial statements

Bank management is responsible for the preparation and fair presentation of the consolidated financial statement in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Reporting Legislation" which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Independent Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with communique "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

The accompanying consolidated financial statements as at 31 December 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 Opinion

In our opinion, except for the effect of the matter referred in the preceding paragraph on the consolidated financial statements, the accompanying consolidated financial statements presents fairly, in all material respects, the financial position of Akbank T.A.Ş. ("the Bank") and its subsidiaries as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

Reports on arising from other regulatory requirements

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 - December 31, 2016 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English

As explained in detail in Note I.b. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting 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

Metin Canoğulları
SMMM, Partner

Istanbul, 31 January 2017

**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 31 DECEMBER 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** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDIT 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.

31 January 2017

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
Phone No : (0 212) 385 55 55
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SECTION ONE

General Information about the Group

I.	Parent Bank's foundation date, start-up status, history regarding the changes in this status	1
II.	Explanation about the Parent Bank's capital structure and shareholders of the Parent Bank who are in charge of the management and/or auditing of the Parent Bank directly or indirectly, changes in these matters (if any) and the group the Parent Bank belongs to	1
III.	Explanation on the board of directors, members of the audit committee, president and executive vice presidents, if available, and the shares of the Parent Bank they possess and their areas of responsibility	1
IV.	Information on shareholder's having control shares	2
V.	Explanations on the Parent Bank's service types and fields of operation	2
VI.	A Short Explanation on the differences between the Communique on Consolidated Financial Statement Reporting and the consolidation procedures required by Turkish Accounting Standards and about institutions that are subject to full consolidation, proportional consolidation, by way of deduction from capital or those that are subject to none	2
VII.	Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts	2

SECTION TWO

Consolidated Financial Statements of the Group

I.	Balance sheet	3
II.	Income statement	5
III.	Off-Balance Sheet Commitments	6
IV.	Income and expenses accounted under shareholders' equity	7
V.	Statement of changes in shareholders' equity	8
VI.	Statement of cash flows	9
VII.	Statement of profit appropriation	10

SECTION THREE

Accounting Policies

I.	Explanations on basis of presentation	11
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions	12
III.	Explanations on investments in associates and subsidiaries	12
IV.	Explanations on forward transactions and derivative instruments	13
V.	Explanations on interest income and expense	14
VI.	Explanations on fee and commission income and expenses	14
VII.	Explanations on financial assets	14
VIII.	Explanations on impairment of financial assets	15
IX.	Explanations on offsetting financial assets	15
X.	Explanations on sales and repurchase agreements and securities lending transactions	15
XI.	Explanations on property and equipment held for sale purpose and related to discontinued operations	16
XII.	Explanations on goodwill and other intangible assets	16
XIII.	Explanations on property and equipment	16
XIV.	Explanations on leasing transactions	16
XV.	Explanations on provisions and contingent liabilities	17
XVI.	Explanations on contingent assets	17
XVII.	Explanations on obligations related to employee rights	17
XVIII.	Explanations on taxation	19
XIX.	Explanations on borrowings	20
XX.	Explanations on issuance of share certificates	20
XXI.	Explanations on avalized drafts and acceptances	20
XXII.	Explanations on government grants	20
XXIII.	Explanations on segment reporting	20
XXIV.	Profit reserves and profit appropriation	20
XXV.	Earnings per share	20
XXVI.	Related parties	21
XXVII.	Cash and cash equivalent assets	21
XXVIII.	Reclassifications	21

SECTION FOUR

Information Related to Financial Position and Risk Management of the Group

I.	Explanations on equity	22
II.	Explanations on credit risk	26
III.	Explanations on currency risk	35
IV.	Explanations on interest rate risk	37
V.	Explanations on equity securities position risk derived from banking books	39
VI.	Explanations on liquidity risk management and liquidity coverage ratio:	39
VII.	Explanations on leverage ratio	46
VIII.	Explanations on the presentation of financial assets and liabilities at their fair values	47
IX.	Explanations on the activities carried out on behalf and account of other persons	49
X.	Explanations on risk management target and policies	49
XI.	Explanations on hedge transactions	63
XII.	Explanations on business segments	65

SECTION FIVE

Information and Disclosures Related to Consolidated Financial Statements

I.	Explanations and notes related to consolidated assets	67
II.	Explanations and notes related to consolidated liabilities	84
III.	Explanations and notes related to consolidated income statement	92
IV.	Explanations and notes related to consolidated off-balance sheet accounts	97
V.	Explanations and notes related to consolidated statement of changes in the shareholders' equity	100
VI.	Explanations and notes related to consolidated statement of cash flows	101
VII.	Explanations and notes related to Group's risk group	102
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the bank	103
IX.	Explanations and notes related to subsequent events	104

SECTION SIX

Other Explanations

I.	Other explanations	104
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SECTION SEVEN

Explanations on Audit Report

I.	Explanations on audit report	104
II.	Explanations and notes prepared by independent auditor	104

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 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>
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
Honorary Chairman,		Honorary Chairman,	
Board Member, Consultant:	Erol SABANCI	Board Member and Consultant	Undergraduate
Board of Directors:	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
President and CEO:	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
Head of Internal Audit:	S. Hakan BİNBAŞGİL	CEO	Graduate
Executive Vice Presidents:	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
Internal Audit Committee:	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 31 DECEMBER 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.

İlker Altıntaş will be assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017, after obtaining necessary legal permissions.

IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:

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

V. 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 31 December 2016, the Bank has 840 branches dispersed throughout the country and 1 branch operating abroad (31 December 2015: 901 branches and 1 branch operating abroad). As of 31 December 2016, the Bank employed 13.843 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 31 December 2016, the Group employed 14.218 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 31 DECEMBER 2016 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(I-a)	5.363.604	29.648.681	35.012.285	2.165.780	23.307.659	25.473.439
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(I-b)	4.264.928	3.419.931	7.684.859	816.680	1.920.990	2.737.670
2.1 Trading Financial Assets		4.264.928	3.419.931	7.684.859	816.680	1.920.990	2.737.670
2.1.1 Government Debt Securities		9.865	-	9.865	9.996	107	10.103
2.1.2 Equity Securities		7.268	-	7.268	6.532	-	6.532
2.1.3 Trading Derivative Financial Assets		4.201.007	3.419.931	7.620.938	774.274	1.920.883	2.697.157
2.1.4 Other Marketable Securities		46.788	-	46.788	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		-	-	-	-	-	-
III. BANKS	(I-c)	150.527	10.235.651	10.386.178	1.586.889	7.228.274	8.815.163
IV. MONEY MARKETS		37	-	37	98	-	98
4.1 Interbank Money Market Placements		37	-	37	98	-	98
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	18.145.438	16.661.619	34.807.057	19.567.662	23.816.778	43.384.440
5.1 Equity Securities		12.836	54.505	67.341	12.836	115.958	128.794
5.2 Government Debt Securities		17.912.731	11.328.132	29.240.863	19.376.723	15.929.478	35.306.201
5.3 Other Marketable Securities		219.871	5.278.982	5.498.853	178.103	7.771.342	7.949.445
VI. LOANS and RECEIVABLES	(I-e)	108.979.221	69.914.012	178.893.233	93.013.626	60.452.870	153.466.496
6.1 Loans and Receivables		108.824.251	69.914.012	178.738.263	92.866.313	60.452.870	153.319.183
6.1.1 Loans to Bank's Risk Group	(VII)	3.469.677	1.122.120	4.591.797	2.247.912	1.173.863	3.421.775
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		105.354.574	68.791.892	174.146.466	90.618.401	59.279.007	149.897.408
6.2 Loans under Follow-up		4.267.191	-	4.267.191	3.373.323	-	3.373.323
6.3 Specific Provisions [-]		4.112.221	-	4.112.221	3.226.010	-	3.226.010
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(I-f)	5.485.602	12.491.268	17.976.870	5.184.759	5.503.681	10.688.440
8.1 Government Debt Securities		5.485.602	9.976.303	15.461.905	5.184.759	5.503.681	10.688.440
8.2 Other Marketable Securities		-	2.514.965	2.514.965	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(I-g)	3.923	-	3.923	3.923	-	3.923
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
X. SUBSIDIARIES (Net)	(I-h)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
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		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	(I-i)	1.202.964	3.805.636	5.008.600	994.415	2.981.366	3.975.781
12.1 Financial Lease Receivables		1.528.271	4.334.700	5.862.971	1.278.004	3.421.676	4.699.680
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income [-]		325.307	529.064	854.371	283.589	440.310	723.899
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-j)	682.966	124.908	807.874	648.858	2.510	651.368
13.1 Fair Value Hedge		682.966	30.570	713.536	648.858	575	649.433
13.2 Cash Flow Hedge		-	94.338	94.338	-	1.935	1.935
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-k)	878.932	2.428	881.360	793.600	2.530	796.130
XV. INTANGIBLE ASSETS (Net)	(I-l)	360.570	957	361.527	223.486	619	224.105
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		360.570	957	361.527	223.486	619	224.105
XVI. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
XVII. TAX ASSET		11.942	14.392	26.334	139.013	23.140	162.153
17.1 Current Tax Asset		2.561	-	2.561	-	-	-
17.2 Deferred Tax Asset	(I-n)	9.381	14.392	23.773	139.013	23.140	162.153
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	74.188	-	74.188	179.866	-	179.866
18.1 Held for Sale Purpose		74.188	-	74.188	179.866	-	179.866
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-p)	1.186.816	1.389.682	2.576.498	1.327.027	581.081	1.908.108
TOTAL ASSETS		146.791.658	147.709.165	294.500.823	126.645.682	125.821.498	252.467.180

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

AKBANK T.A.S.
I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016 (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	84.428.188	89.539.616	173.967.804	68.978.602	80.492.216	149.470.818
1.1 Deposits of Bank's Risk Group	(VII)	2.430.241	2.058.194	4.488.435	2.435.612	1.848.224	4.283.836
1.2 Other		81.997.947	87.481.422	169.479.369	66.542.990	78.643.992	145.186.982
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	3.648.925	950.922	4.599.847	479.349	1.288.502	1.767.851
III. FUNDS BORROWED	(II-c)	421.737	31.882.549	32.304.286	303.083	25.873.792	26.176.875
IV. MONEY MARKETS		5.725.625	21.594.417	27.320.042	6.249.039	18.000.200	24.249.239
4.1 Funds from Interbank Money Market		1.222.174	-	1.222.174	80.031	-	80.031
4.2 Funds from Istanbul Stock Exchange Money Market		55.199	-	55.199	-	-	-
4.3 Funds Provided Under Repurchase Agreements		4.448.252	21.594.417	26.042.669	6.169.008	18.000.200	24.169.208
V. SECURITIES ISSUED (Net)	(II-d)	2.556.267	9.977.034	12.533.301	3.373.821	9.036.968	12.410.789
5.1 Bills		776.911	-	776.911	1.548.685	892.932	2.441.617
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		1.779.356	9.977.034	11.756.390	1.825.136	8.144.036	9.969.172
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		3.966.117	1.413.354	5.379.471	3.832.655	1.010.762	4.843.417
VIII. OTHER LIABILITIES	(II-e)	1.249.388	187.509	1.436.897	1.358.302	134.559	1.492.861
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	-	98.991	98.991	-	158.960	158.960
11.1 Fair Value Hedge		-	98.645	98.645	-	157.528	157.528
11.2 Cash Flow Hedge		-	346	346	-	1.432	1.432
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(II-h)	2.678.915	878.986	3.557.901	2.500.234	695.462	3.195.696
12.1 General Loan Loss Provisions		2.069.292	858.453	2.927.745	1.868.060	675.132	2.543.192
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		227.221	861	228.082	192.286	620	192.906
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		382.402	19.672	402.074	439.888	19.710	459.598
XIII. TAX LIABILITY	(II-i)	692.521	117.495	810.016	607.179	78.604	685.783
13.1 Current Tax Liability		567.678	14.619	582.297	607.179	21.152	628.331
13.2 Deferred Tax Liability		124.843	102.876	227.719	-	57.452	57.452
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(II-j)	33.014.327	(522.060)	32.492.267	28.527.127	(512.236)	28.014.891
16.1 Paid-in capital		4.000.000	-	4.000.000	4.000.000	-	4.000.000
16.2 Capital Reserves		2.122.151	(522.060)	1.600.091	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	(587.935)	(573.267)	-	(1.161.202)	(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	-	3.895
16.2.8 Hedging Funds (Effective portion)	(373.697)	51.207	(322.490)	(253.262)	(25.368)	(278.630)	
16.2.9 Value Increase of Assets Held for Sale	-	-	-	-	-	-	-
16.2.10 Other Capital Reserves	1.332.782	-	1.332.782	1.348.974	-	-	1.348.974
16.3 Profit Reserves	21.492.133	-	21.492.133	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	905.627	-	905.627	566.938	-	-	566.938
16.4 Income or (Loss)	5.399.913	-	5.399.913	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)	4.854.168	-	4.854.168	3.229.357	-	-	3.229.357
16.5 Minority Interest	(II-k)	130	-	130	119	-	119
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		138.382.010	156.118.813	294.500.823	116.209.391	136.257.789	252.467.180

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 31 DECEMBER 2016

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

INCOME AND EXPENSE ITEMS	Note (Section Five)	CURRENT PERIOD (01/01-31/12/2016)	PRIOR PERIOD (01/01-31/12/2015)
I. INTEREST INCOME	(III-a)	18.961.635	15.855.073
1.1 Interest on Loans	(III-a-1)	15.053.409	12.367.124
1.2 Interest on Reserve Requirements		222.852	58.992
1.3 Interest on Banks	(III-a-2)	106.906	60.560
1.4 Interest on Money Market Transactions		22.938	128.543
1.5 Interest on Marketable Securities Portfolio	(III-a-3)	3.189.980	2.909.443
1.5.1 Trading Financial Assets		11.287	9.422
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		2.540.729	2.311.983
1.5.4 Held- to- maturity Investments		637.964	588.038
1.6 Financial Lease Income		322.607	294.510
1.7 Other Interest Income		42.943	35.901
II. INTEREST EXPENSE	(III-b)	10.471.166	8.266.368
2.1 Interest on Deposits	(III-b-4)	8.047.471	6.161.481
2.2 Interest on Funds Borrowed	(III-b-1)	598.231	436.249
2.3 Interest Expense on Money Market Transactions		1.000.344	899.474
2.4 Interest on Securities Issued	(III-b-3)	791.182	744.167
2.5 Other Interest Expenses		33.938	24.997
III. NET INTEREST INCOME (I - II)		8.490.469	7.588.705
IV. NET FEES AND COMMISSIONS INCOME		2.569.397	2.486.906
4.1 Fees and Commissions Received		3.111.647	2.953.752
4.1.1 Non-cash Loans		202.294	179.669
4.1.2 Other		2.909.353	2.774.083
4.2 Fees and Commissions Paid		542.250	466.846
4.2.1 Non-cash Loans		975	3.435
4.2.2 Other		541.275	463.411
V. DIVIDEND INCOME	(III-c)	2.658	2.275
VI. TRADING INCOME/(LOSS) (Net)	(III-d)	945.980	66.146
6.1 Trading Gains / (Losses) on Securities		185.446	226.135
6.2 Gains / (Losses) on Derivative Financial Transactions		997.049	(580.609)
6.3 Foreign Exchange Gains / (Losses)		(236.515)	420.620
VII. OTHER OPERATING INCOME	(III-e)	907.467	613.927
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		12.915.971	10.757.959
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(III-f)	2.250.176	2.221.082
X. OTHER OPERATING EXPENSES (-)	(III-g)	4.464.913	4.357.805
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		6.200.882	4.179.072
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)		6.200.882	4.179.072
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(III-j)	1.346.703	949.706
16.1 Current Tax Provision		1.069.329	919.344
16.2 Deferred Tax Provision		277.374	30.362
XVII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		4.854.179	3.229.366
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
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		-	-
XIX. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XX. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	(III-l)	4.854.179	3.229.366
23.1 Income/(Loss) from the Group		4.854.168	3.229.357
23.2 Income/(Loss) from Minority Interest	(III-h)	11	9
Earning/(Loss) per share (in TL full)		0,01214	0,00807

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 31 DECEMBER 2016

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

	Note (Section Five)	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		147.851.229	356.210.504	504.061.733	97.206.807	228.649.384	325.856.191
I. GUARANTEES AND WARRANTIES	(IV-a-2, 3)	15.976.452	24.370.684	40.347.136	13.762.954	18.593.766	32.356.720
1.1 Letters of Guarantee		13.721.435	13.430.357	27.151.792	11.863.179	10.688.085	22.551.264
1.1.1 Guarantees Subject to State Tender Law		388.011	2.543.143	2.931.154	489.460	1.799.894	2.289.354
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.219.372	3.219.372	-	4.121.220	4.121.220
1.1.3 Other Letters of Guarantee		13.333.424	7.667.842	21.001.266	11.373.719	4.766.971	16.140.690
1.2 Bank Acceptances		-	3.583.229	3.583.229	-	933.230	933.230
1.2.1 Import Letter of Acceptance		-	3.583.229	3.583.229	-	933.230	933.230
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		260	5.232.516	5.232.776	396	5.358.740	5.359.136
1.3.1 Documentary Letters of Credit		260	4.722.556	4.722.816	396	4.846.143	4.846.539
1.3.2 Other Letters of Credit		-	509.960	509.960	-	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		-	18.849	18.849	-	22.866	22.866
1.8 Other Guarantees		38.726	2.086.153	2.124.879	115.520	1.577.180	1.692.700
1.9 Other Collaterals		2.216.031	19.580	2.235.611	1.783.859	13.665	1.797.524
II. COMMITMENTS	(IV-a-1)	41.336.640	13.619.711	54.956.351	35.121.865	7.466.643	42.588.488
2.1 Irrevocable Commitments		40.690.428	13.304.259	53.994.687	34.577.080	7.298.052	41.875.132
2.1.1 Asset Purchase Commitments		7.444.452	9.261.461	16.705.913	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		6.195.974	4.040.927	10.236.901	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		6.200.426	-	6.200.426	5.764.751	-	5.764.751
2.1.8 Tax and Fund Liabilities from Export Commitments		4.526	-	4.526	2.956	-	2.956
2.1.9 Commitments for Credit Card Limits		17.397.602	-	17.397.602	17.672.898	-	17.672.898
2.1.10 Commitments for Credit Cards and Banking Services Promotions		121.979	-	121.979	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		3.325.469	1.871	3.327.340	3.207.367	1.008	3.208.375
2.2 Revocable Commitments		646.212	315.452	961.664	544.765	168.591	713.356
2.2.1 Revocable Loan Granting Commitments		527.125	-	527.125	505.135	-	505.135
2.2.2 Other Revocable Commitments		119.087	315.452	434.539	39.630	168.591	208.221
III. DERIVATIVE FINANCIAL INSTRUMENTS	(IV-b)	90.538.137	318.220.109	408.758.246	48.322.008	202.588.975	250.910.983
3.1 Hedging Derivative Financial Instruments		2.497.225	20.894.823	23.392.048	1.228.638	11.575.795	12.804.433
3.1.1 Fair Value Hedges		2.497.225	15.885.640	18.382.865	1.228.638	11.298.317	12.526.955
3.1.2 Cash Flow Hedges		-	5.009.183	5.009.183	-	277.478	277.478
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		88.040.912	297.325.286	385.366.198	47.093.370	191.013.180	238.106.550
3.2.1 Forward Foreign Currency Buy/Sell Transactions		9.200.025	16.578.421	25.778.446	6.129.024	8.981.501	15.110.525
3.2.1.1 Forward Foreign Currency Transactions-Buy		3.360.716	9.502.584	12.863.300	2.647.607	4.857.383	7.504.990
3.2.1.2 Forward Foreign Currency Transactions-Sell		5.839.309	7.075.837	12.915.146	3.481.417	4.124.118	7.605.535
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		67.936.685	192.861.386	260.798.071	29.861.447	112.566.425	142.427.872
3.2.2.1 Foreign Currency Swap-Buy		35.263.207	52.719.664	87.982.871	11.458.152	31.255.612	42.713.764
3.2.2.2 Foreign Currency Swap-Sell		29.765.278	57.044.998	86.810.276	15.583.295	23.734.909	39.318.204
3.2.2.3 Interest Rate Swap-Buy		1.454.100	41.548.362	43.002.462	1.410.000	28.787.952	30.197.952
3.2.2.4 Interest Rate Swap-Sell		1.454.100	41.548.362	43.002.462	1.410.000	28.787.952	30.197.952
3.2.3 Foreign Currency, Interest Rate and Securities Options		10.848.869	75.616.092	86.464.961	10.274.802	58.882.918	69.157.720
3.2.3.1 Foreign Currency Options-Buy		5.594.038	8.759.955	14.353.993	4.938.312	7.023.471	11.961.783
3.2.3.2 Foreign Currency Options-Sell		5.254.831	9.273.601	14.528.432	5.336.490	6.753.791	12.090.281
3.2.3.3 Interest Rate Options-Buy		-	28.791.268	28.791.268	-	22.552.828	22.552.828
3.2.3.4 Interest Rate Options-Sell		-	28.791.268	28.791.268	-	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		55.333	12.269.387	12.324.720	828.097	10.582.336	11.410.433
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		732.086.398	194.315.315	926.401.713	623.498.370	160.734.015	784.232.385
IV. ITEMS HELD IN CUSTODY		38.200.062	9.892.470	48.092.532	38.949.600	11.806.667	50.756.267
4.1 Customer Fund and Portfolio Balances		3.505.508	-	3.505.508	2.820.657	-	2.820.657
4.2 Investment Securities Held in Custody		13.745.747	1.126.900	14.872.647	17.319.495	818.636	18.138.131
4.3 Cheques Received for Collection		16.330.556	1.218.160	17.548.716	14.928.116	876.770	15.804.886
4.4 Commercial Notes Received for Collection		4.135.405	1.799.253	5.934.658	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	5.748.157	6.231.003	485.753	8.656.630	9.142.383
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		261.084.649	67.444.634	328.529.283	201.769.401	49.562.840	251.332.261
5.1 Marketable Securities		126.605.044	514.939	127.119.983	93.300.273	443.023	93.743.296
5.2 Guarantee Notes		975.905	667.148	1.643.053	764.035	596.171	1.360.206
5.3 Commodity		65.766	24.531	90.297	63.620	37.493	101.113
5.4 Warrant		9.931	2.304	12.235	277	-	277
5.5 Immovables		99.808.370	49.799.045	149.607.415	78.618.442	36.241.798	114.860.240
5.6 Other Pledged Items		33.617.244	16.409.120	50.026.364	29.019.718	12.223.598	41.243.316
5.7 Pledged Items-Depository		2.389	27.547	29.936	3.036	20.757	23.793
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		432.801.687	116.978.211	549.779.898	382.779.369	99.364.508	482.143.877
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		879.937.627	550.525.819	1.430.463.446	720.705.177	389.383.399	1.110.088.576

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 31 DECEMBER 2016**

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

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY	CURRENT PERIOD (31/12/2016)	PRIOR PERIOD (31/12/2015)
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS	(58.493)	(1.055.286)
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS	330.043	156.806
V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)	120.375	27.277
VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion) (*)	(175.200)	(85.390)
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS	-	-
VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(20.240)	(63.770)
IX. TAX RELATED TO VALUATION DIFFERENCES	26.712	235.434
X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	223.197	(784.929)
XI. CURRENT PERIOD INCOME / LOSS	4.854.179	3.229.366
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	-31.285	16.286
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(33.413)	(22.070)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	4.918.877	3.235.150
XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)	5.077.376	2.444.437

(*) 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 31 DECEMBER 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
PRIOR PERIOD																			
(31/12/2015)																			
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
Changes in the period																			
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	(844.229)	-	-	-	-	(844.229)	-	(844.229)
VI.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(46.490)	-	(46.490)	-	(46.490)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	21.822	-	21.822	-	21.822
6.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(68.312)	-	(68.312)	-	(68.312)
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	-	-	-	-	-	-	-	156.806	-	-	-	-	-	-	-	156.806	-	156.806
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
XV.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	(51.016)	-	-	-	-	-	-	(51.016)	-	(51.016)
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	3.229.357	-	-	-	-	-	-	3.229.357	9	3.229.366
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (III+IV+V+...+XVIII+XIX+XX)		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
CURRENT PERIOD																			
(31/12/2016)																			
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
Changes in the period																			
II.	Increase/Decrease due to Mergers	(II-I)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(IV-b)	-	-	-	-	-	-	-	-	-	(46.794)	-	-	-	-	(46.794)	-	(46.794)
IV.	Hedging Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(43.860)	-	(43.860)	-	(43.860)
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	96.300	-	96.300	-	96.300
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(140.160)	-	(140.160)	-	(140.160)
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 (**)	-	-	-	-	-	-	-	330.043	-	-	-	-	-	-	-	330.043	-	330.043
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 (***)	-	-	-	-	-	-	-	(16.192)	-	-	-	-	-	-	-	(16.192)	-	(16.192)
XVII.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	4.854.168	-	-	-	-	-	-	4.854.168	11	4.854.179
XVIII.	Profit distribution	(IV-a)	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (I+II+III+...+XVI+XVII+XVIII)		4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	832.517	4.854.168	545.745	(1.161.202)	47.106	3.895	(322.690)	-	32.492.137	130	32.492.267

(*) 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 31 DECEMBER 2016**

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

	Note (Section Five)	CURRENT PERIOD (31/12/2016)	PRIOR PERIOD (31/12/2015)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		897.733	2.328.265
1.1.1		16.322.342	13.819.096
1.1.2		(10.289.657)	(8.205.358)
1.1.3		2.658	2.275
1.1.4		3.176.253	2.905.632
1.1.5		227.537	130.050
1.1.6		767.018	674.604
1.1.7		(3.981.201)	(3.887.212)
1.1.8		(1.689.898)	(929.202)
1.1.9	(VI-b)	(3.637.319)	(2.181.620)
1.2		1.528.879	4.505.218
1.2.1		(23.688)	14.400
1.2.2		-	-
1.2.3		4.617.730	(77.879)
1.2.4		(26.214.076)	(18.834.902)
1.2.5		(10.844.593)	(4.828.015)
1.2.6		(5.712.562)	(660.189)
1.2.7		30.067.290	27.767.595
1.2.8		7.320.176	4.516.333
1.2.9		-	-
1.2.10	(VI-b)	2.318.602	(3.392.125)
I.		2.426.612	6.833.483
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		2.368.197	(7.283.302)
2.1		-	-
2.2		-	-
2.3		(445.363)	(159.528)
2.4		180.323	27.194
2.5		(7.902.570)	(26.641.086)
2.6		10.735.543	18.428.960
2.7		-	(382)
2.8		130.259	1.112.849
2.9	(VI-b)	(329.995)	(51.309)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		(493.176)	1.279.391
3.1		6.220.955	13.785.368
3.2		(6.114.131)	(11.936.377)
3.3		-	-
3.4		(600.000)	(569.600)
3.5		-	-
3.6	(VI-b)	-	-
IV.	(VI-b)	1.416.377	934.340
V.		5.718.010	1.763.912
VI.	(VI-a)	7.109.441	5.345.529
VII.	(VI-a)	12.827.451	7.109.441

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

AKBANK T.A.Ş.**VII. PROFIT APPROPRIATION STATEMENT**

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

	CURRENT PERIOD (31/12/2016)	PRIOR PERIOD (31/12/2015)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	5.699.265	3.827.671
1.2	1.170.553	832.823
1.2.1	923.247	806.798
1.2.2	-	-
1.2.3	247.306	26.025
A.	4.528.712	2.994.848
1.3	-	-
1.4	-	-
1.5	-	-
B.	4.528.712	2.994.848
1.6	-	200.000
1.6.1	-	200.000
1.6.2	-	-
1.6.3	-	-
1.6.4	-	-
1.6.5	-	-
1.7	-	-
1.8	-	-
1.9	-	400.000
1.9.1	-	400.000
1.9.2	-	-
1.9.3	-	-
1.9.4	-	-
1.9.5	-	-
1.10	-	40.000
1.11	-	-
1.12	-	2.346.202
1.13	-	-
1.14	-	8.646
II. DISTRIBUTION OF RESERVES		
2.1	-	-
2.2	-	-
2.3	-	-
2.3.1	-	-
2.3.2	-	-
2.3.3	-	-
2.3.4	-	-
2.3.5	-	-
2.4	-	-
2.5	-	-
III. EARNINGS PER SHARE (*)		
3.1	0,011	0,007
3.2	1,1	0,7
3.3	-	-
3.4	-	-
IV. DIVIDEND PER SHARE		
4.1	-	0,002
4.2	-	0,2
4.3	-	-
4.4	-	-

(*) Amounts are expressed in TL.

NOTES:

[1] Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

[2] Profit appropriation is being done according to unconsolidated financial statements.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

**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 will be effective as of 1 January 2018, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Group. The Group has started works in order to comply with 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.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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 31 December 2016, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,5000 TL 3,6897 and TL 2,9861 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.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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. As of 27 December 2016 The Board of Directors of the Bank decided to wind up Akbank (Dubai) Limited and open a representative office in same location. Operations related to process started to be carried out by the competent authorities.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income 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.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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.

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

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and 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.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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 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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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.

With respect to that, according to the technical balance sheet report as at 31 December 2016 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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 31 December 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.

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.

	Current Period 31 December 2016	Prior Period 31 December 2015
Net Profit for the Year	4.854.168	3.229.357
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,01214	0,00807

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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 31 December 2016, there are certain reclassifications made on income statement and cash flow statement of 31 December 2015.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

I. EXPLANATIONS ON EQUITY:

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

As of 31 December 2016, Group's total capital has been calculated as TL 34.871.848, the capital adequacy ratio is 14,16 %. As of 31 December 2015, Group's total capital amounted to TL 30.410.851, 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 total consolidated capital items:

	Current Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	21.492.133	
Gains recognized in equity as per TAS	47.106	
Profit	5.399.913	
Current Period Profit	4.854.168	
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	130	
Common Equity Tier 1 Capital Before Deductions	34.049.069	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.760	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.592.477	
Improvement costs for operating leasing	28.863	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	192.456	320.760
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.842.556	
Total Common Equity Tier 1 Capital	32.206.513	

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

	Current Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not 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 (-)	128.304	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	32.078.209	
TIER II CAPITAL		
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)	2.804.483	
Tier II Capital Before Deductions	2.804.483	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2.804.483	
Total Capital (The sum of Tier I Capital and Tier II Capital)	34.882.692	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	19	
Other items to be defined by the BRSA (-)	10.825	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not 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	-	

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

	Current Period 31 December 2016	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	34.871.848	
Total risk weighted amounts	246.205.794	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,08%	
Tier 1 Capital Adequacy Ratio	13,03%	
Capital Adequacy Ratio	14,16%	
BUFFERS		
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	5,12%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	451.915	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.927.745	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.804.483	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

	Prior Period 31 December 2015[*]
COMMON EQUITY TIER I CAPITAL	
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	119
Common Equity Before Deductions	29.664.847
Deductions from Common Equity	
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 (-)	-
Total Deductions From Common Equity	1.505.517
Total Common Equity Tier I Capital	28.159.330
ADDITIONAL TIER I CAPITAL	
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	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
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 (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
DEDUCTIONS FROM TIER I CAPITAL	
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1 st 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 (-)	-
Total Tier I Capital	28.040.056

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

	Prior Period 31 December 2015(*)
TIER II CAPITAL	
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	-
Tier II Capital Before Deductions	2.391.050
Deductions From Tier II Capital	
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 (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	2.391.050
CAPITAL BEFORE DEDUCTIONS	30.431.106
Deductions from Capital	
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 (-)	-
TOTAL CAPITAL	30.410.851
Amounts below the Excess Limits as per the Deduction Principles	
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 31 March 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

II. EXPLANATIONS ON CREDIT RISK:

a. Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

For daily treasury operations limit allocation and follow-up is performed by the Treasury Business Unit.

Credit worthiness of loan and other receivable debtors are watched regularly and in line with related regulations. In case of an increase in credit debtor's risk level credit limits are re-determined or additional guarantee is taken. For new credit accounts, account follow-up documents are taken in accordance with the related regulation.

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired loans."

The Bank calculates general loan loss provision for "past due loans" and specific provision for "impaired loans" according to the Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made.

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note 2-o of Section Four.

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	80.361.545	79.977.360
Conditional and unconditional receivables from regional or local governments	250	250
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	57.896	69.810
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	75.029.561	59.172.209
Conditional and unconditional receivables from corporate	158.596.631	143.866.036
Conditional and unconditional receivables from retail portfolios	79.192.585	69.993.677
Conditional and unconditional receivables secured by mortgages	21.164.803	19.753.687
Past due receivables	220.140	187.738
Receivables defined under high risk category by BRSA	235	2.199.119
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	460.876	883.203
Equity security investments	71.259	28.416
Other receivables	3.896.437	4.383.612
Total	419.052.219	380.515.118

(*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor

b. Risk control limits exist that are placed against credit and market risk from of forward transaction and option agreements and other similar agreements. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

c. The risks of the forward, option and other similar type agreements are followed regularly and as deemed necessary based on the credit risk, the risks are tried to be minimized.

d. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed according to Group's credit risk management and follow-up principles. Relevant customer's financial status and commercial operations are constantly analyzed and payment schedule is closely monitored by related business segment. Monitoring continues until the receivables from the loans are completely collected.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

e. The Group's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Group as an active participant in the national and international banking market is not exposed to a significant credit risk concentration.

As seen in the Group's balance sheet, the ratio of loans under follow-up to total loans is as low as 2,3% (31 December 2015: 2,2%).

f. 1. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 34% and 42% respectively (31 December 2015: 33% and 39%).

2. The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 66% and 78%. (31 December 2015: 59% and 68%).

3. The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 23% and 29% respectively. (31 December 2015: 21% and 26%).

g. The Bank provided a general loan loss provision amounting to TL 2.927.745 (31 December 2015: TL 2.543.192).

h. Information on loan types and provisions:

Current Period - 31 December 2016	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	132.696.769	27.894.782	12.128.729	172.720.280
Close Monitoring Loans	3.790.611	1.536.885	690.487	6.017.983
Loans Under Follow-up	1.639.126	1.396.806	1.231.259	4.267.191
Specific Provision (-)	1.484.156	1.396.806	1.231.259	4.112.221
Total	136.642.350	29.431.667	12.819.216	178.893.233

As of 31 December 2016, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 206 million.

Prior Period - 31 December 2015	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	109.865.327	26.821.142	11.723.535	148.410.004
Close Monitoring Loans	2.249.269	1.853.129	806.781	4.909.179
Loans Under Follow-up	1.016.088	1.184.274	1.172.961	3.373.323
Specific Provision (-)	868.775	1.184.274	1.172.961	3.226.010
Total	112.261.909	28.674.271	12.530.316	153.466.496

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

i. Information on the movement of provision for loans and other receivables of the Bank:

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2016	868.775	1.184.274	1.172.961	3.226.010
Transferred during the period	929.529	637.906	513.936	2.081.371
Collection	(207.055)	(307.335)	(211.185)	(725.575)
Write-off (*)	(107.093)	(118.039)	(244.453)	(469.585)
31 December 2016	1.484.156	1.396.806	1.231.259	4.112.221

(*) TL 450,1 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 49,1 million (in full TL amount). Specific provision previously allocated for this amount, is shown under "Write-off" in the above table.

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2015	600.077	685.612	893.140	2.178.829
Transferred during the period	585.733	787.671	650.058	2.023.462
Collection	(182.014)	(230.670)	(221.620)	(634.304)
Write-off (*)	(135.021)	(58.339)	(148.617)	(341.977)
31 December 2015	868.775	1.184.274	1.172.961	3.226.010

(*) TL 248,5 million (in full TL amount) of the Bank's non-performing loan portfolio were sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 40,3 million (in full TL amount). Specific provision previously allocated for this amount is, included in "Write-off" section in above table.

j. Information on debt securities, treasury bills and other eligible bills:

Current Period - 31 December 2016	Trading Financial Assets (Net)	Available-for-Sale Financial Assets (Net)	Held-to-Maturity Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
Aa1, Aa2, Aa3	-	132.700	-	132.700
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	2.073.074	-	2.073.074
Ba1	56.653	32.321.698	17.976.870	50.355.221
Ba2	-	-	-	-
Total	56.653	34.527.472	17.976.870	52.560.995

Prior Period - 31 December 2015	Trading Financial Assets (Net)	Available-for-Sale Financial Assets (Net)	Held-to-Maturity Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
Aa1, Aa2, Aa3	171	-	-	171
A1, A2, A3	8.434	255.376	-	263.810
Baa1, Baa2, Baa3	15.418	42.220.320	10.688.440	52.924.178
Ba1	-	509.323	-	509.323
Ba2	-	-	-	-
Total	24.023	42.985.019	10.688.440	53.697.482

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

k. Profile on significant risks in significant regions:

Current Period 31 December 2016	Risk Categories (*)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	79.508.445	50	46.010	-	-	12.607.632	129.426.842	50.588.970	20.687.819	220.140	-	-	-	-	460.842	71.098	3.896.437	297.514.285
European Union Countries	836.591	-	7	-	-	37.088.847	6.484.917	15.356	12.089	-	-	-	-	-	-	161	-	44.437.968
OECD Countries(**)	-	-	-	-	-	1.746.977	393.390	2.321	2.261	-	-	-	-	-	-	-	-	2.144.949
Off- Shore Regions	-	-	-	-	-	167.679	296.820	310	309	-	-	-	-	-	-	-	-	465.118
USA, Canada	-	-	-	-	-	3.371.790	289.366	6.145	2.781	-	-	-	-	-	-	-	-	3.670.082
Other Countries	-	-	24	-	-	645.996	792.231	12.575	3.312	-	-	-	-	-	-	-	-	1.454.138
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	80.345.036	50	46.041	-	-	55.628.921	137.683.566	50.625.677	20.708.571	220.140	-	-	-	-	460.842	71.259	3.896.437	349.686.540

Prior Period 31 December 2015	Risk Categories (*)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16(****)	17	Total
Domestic	76.063.029	48	27.013	-	-	17.366.984	101.423.711	33.496.207	20.620.877	187.210	13.507.875	-	-	-	278.802	-	4.341.753	267.313.509
European Union Countries	761.423	-	258	-	-	25.119.208	4.484.984	18.069	341.906	-	7.021	-	-	-	-	-	161	30.733.030
OECD Countries(**)	-	-	-	-	-	1.497.054	397.106	2.744	2.258	-	1.078	-	-	-	-	-	-	1.900.240
Off- Shore Regions	-	-	-	-	-	579.036	147.376	514	264	-	104	-	-	-	-	-	-	727.294
USA, Canada	-	-	-	-	-	1.817.962	119.676	6.444	3.398	-	1.238	-	-	-	-	-	-	1.948.718
Other Countries	-	-	25	-	-	598.292	953.639	16.184	4.023	-	2.381	-	-	-	-	-	-	1.574.544
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	76.824.452	48	27.296	-	-	46.978.536	107.526.492	33.540.162	20.972.726	187.210	13.519.697	-	-	-	278.802	-	4.341.914	304.197.335

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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|--|--|
| 1. Conditional and unconditional receivables from central governments and Central Banks | 9. Conditional and unconditional receivables secured by mortgages |
| 2. Conditional and unconditional receivables from regional or local governments | 10. Past due receivables |
| 3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. Receivables defined under high risk category by BRSA |
| 4. Conditional and unconditional receivables from multilateral development banks | 12. Securities collateralized by mortgages |
| 5. Conditional and unconditional receivables from international organizations | 13. Securitization positions |
| 6. Conditional and unconditional receivables from banks and brokerage houses | 14. Short-term receivables from banks, brokerage houses and corporates |
| 7. Conditional and unconditional receivables from corporates | 15. Investments similar to collective investment funds |
| 8. Conditional and unconditional receivables from retail portfolios | 16. Equity security transactions |
| | 17. Other receivables |

(**) EU countries, OECD countries other than USA and Canada

(***) Assets and liabilities that are not distributed according to a consistent principle

(****) Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

I. Risk Profile according to sectors and counterparties:

31 December 2016	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	1	-	5	-	-	-	43.943	210.738	47.007	36	-	-	-	-	-	-	-	300.466	1.264	301.730
Farming and raising livestock	1	-	5	-	-	-	32.428	124.707	30.559	36	-	-	-	-	-	-	-	187.639	97	187.736
Forestry	-	-	-	-	-	-	11.134	84.596	16.290	-	-	-	-	-	-	-	-	110.853	1.167	112.020
Fishing	-	-	-	-	-	-	381	1.435	158	-	-	-	-	-	-	-	-	1.974	-	1.974
Manufacturing	10	-	411	-	-	-	45.661.241	4.752.648	2.884.987	36.405	-	-	-	-	-	-	-	23.056.376	30.279.326	53.335.702
Mining	-	-	0	-	-	-	1.768.451	134.179	106.877	-	-	-	-	-	-	-	-	374.550	1.634.957	2.009.507
Production	10	-	408	-	-	-	27.640.406	4.534.933	2.748.772	36.405	-	-	-	-	-	-	-	18.250.613	16.710.321	34.960.934
Electricity, Gas, Water	-	-	3	-	-	-	16.252.384	83.536	29.338	-	-	-	-	-	-	-	-	4.431.213	11.934.048	16.365.261
Construction	-	-	65	-	-	-	24.323.055	1.999.196	2.109.801	5.806	-	-	-	-	-	-	-	11.657.470	16.780.453	28.437.923
Services	1.964	38	27.011	-	-	55.559.491	58.998.206	14.632.014	6.141.853	172.036	-	-	-	-	71.867	61.047	-	46.941.611	88.723.916	135.665.527
Wholesale and Retail Trade	54	10	1.367	-	-	-	18.680.498	11.674.834	4.338.139	16.839	-	-	-	-	-	-	-	27.600.374	7.111.367	34.711.741
Hotel,Food,Beverage Services	2	-	30	-	-	-	3.476.056	610.224	669.366	154.970	-	-	-	-	-	-	-	1.940.037	2.970.611	4.910.648
Transportation and Telecommunication	1.749	-	9	-	-	-	9.712.810	1.172.599	236.078	197	-	-	-	-	-	-	-	2.173.028	8.950.414	11.123.442
Financial Institutions	3	3	20	-	-	55.558.038	21.877.463	26.100	121.780	-	-	-	-	-	71.867	59.223	-	11.594.304	66.120.193	77.714.497
Real Estate and Lending Services	-	-	15	-	-	-	2.649.642	92.681	130.558	-	-	-	-	-	-	-	-	677.784	2.195.112	2.872.896
Self employment Service	-	-	26	-	-	-	555.765	142.891	35.665	-	-	-	-	-	-	-	-	222.739	511.608	734.347
Education Service	118	-	1.525	-	-	-	190.664	135.575	140.613	-	-	-	-	-	-	-	-	400.101	68.394	468.495
Health and social Services	38	25	24.019	-	-	1.453	1.855.308	777.110	469.654	30	-	-	-	-	-	1.824	-	2.333.244	796.217	3.129.461
Other	80.343.061	12	18.549	-	-	69.430	8.657.121	29.031.081	9.524.923	5.857	-	-	-	-	388.975	10.212	3.896.437	74.481.968	57.463.690	131.945.658
Total	80.345.036	50	46.041	-	-	55.628.921	137.683.566	50.625.677	20.708.571	220.140	-	-	-	-	460.842	71.259	3.896.437	156.437.891	193.248.649	349.686.540

(*)Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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|----|---|-----|--|
| 1. | Conditional and unconditional receivables from central governments and Central Banks | 9. | Conditional and unconditional receivables secured by mortgages |
| 2. | Conditional and unconditional receivables from regional or local governments | 10. | Past due receivables |
| 3. | Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. | Receivables defined under high risk category by BRSA |
| 4. | Conditional and unconditional receivables from multilateral development banks | 12. | Securities collateralized by mortgages |
| 5. | Conditional and unconditional receivables from international organizations | 13. | Securitization positions |
| 6. | Conditional and unconditional receivables from banks and brokerage houses | 14. | Short-term receivables from banks, brokerage houses and corporates |
| 7. | Conditional and unconditional receivables from corporates | 15. | Investments similar to collective investment funds |
| 8. | Conditional and unconditional receivables from retail portfolios | 16. | Equity security transactions |
| | | 17. | Other receivables |

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

31 December 2015	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16(**)	17			
Agricultural	1	-	3	-	-	-	59.014	176.173	56.587	32	12.801	-	-	-	-	-	-	302.979	1.632	304.611
Farming and raising livestock	1	-	3	-	-	-	45.239	105.837	34.637	32	11.434	-	-	-	-	-	-	197.043	140	197.183
Forestry	-	-	-	-	-	-	13.254	69.167	21.524	-	1.151	-	-	-	-	-	-	103.604	1.492	105.096
Fishing	-	-	-	-	-	-	521	1.169	426	-	216	-	-	-	-	-	-	2.332	-	2.332
Manufacturing	13	-	318	-	-	-	39.479.737	3.138.877	2.342.893	10.980	46.936	-	-	-	-	-	-	18.928.037	26.091.717	45.019.754
Mining	-	-	-	-	-	-	1.664.671	76.379	66.763	-	555	-	-	-	-	-	-	387.361	1.421.007	1.808.368
Production	13	-	315	-	-	-	25.263.326	3.022.440	2.224.301	10.980	45.851	-	-	-	-	-	-	15.257.096	15.310.130	30.567.226
Electricity, Gas, Water	-	-	3	-	-	-	12.551.740	40.058	51.829	-	530	-	-	-	-	-	-	3.283.580	9.360.580	12.644.160
Construction	-	-	855	-	-	-	16.280.919	909.739	2.463.080	19.972	10.997	-	-	-	-	-	-	7.486.109	12.199.453	19.685.562
Services	3.365	37	16.139	-	-	46.511.033	44.455.710	10.569.437	6.804.967	152.742	250.662	-	-	-	-	-	8.294	40.747.987	68.024.399	108.772.386
Wholesale and Retail Trade	52	9	98	-	-	108.279	17.749.788	8.308.198	5.134.642	5.246	160.540	-	-	-	-	-	-	24.737.904	6.728.948	31.466.852
Hotel,Food,Beverage Services	133	-	29	-	-	-	2.443.683	387.474	595.961	147.418	13.225	-	-	-	-	-	-	1.542.057	2.045.866	3.587.923
Transportation and																				
Telecommunication	3.058	-	7	-	-	-	6.999.950	959.742	310.184	78	18.160	-	-	-	-	-	-	2.074.183	6.216.996	8.291.179
Financial Institutions	3	3	352	-	-	46.399.642	13.262.158	10.255	82.765	-	1.332	-	-	-	-	-	6.470	9.201.247	50.561.733	59.762.980
Real Estate and Lending Services	-	-	14	-	-	-	1.512.298	55.981	133.723	-	4.153	-	-	-	-	-	-	463.369	1.242.800	1.706.169
Self employment Service	-	-	48	-	-	-	499.227	124.678	51.164	-	14.195	-	-	-	-	-	-	238.413	450.899	689.312
Education Service	96	-	1.892	-	-	-	206.161	85.944	116.340	-	2.737	-	-	-	-	-	-	362.199	50.971	413.170
Health and social Services	23	25	13.699	-	-	3.112	1.782.445	637.165	380.188	-	36.320	-	-	-	-	-	1.824	2.128.615	726.186	2.854.801
Other	76.821.073	11	9.981	-	-	467.503	7.251.112	18.745.936	9.305.199	3.484	13.198.301	-	-	-	278.802	-	4.333.620	102.362.469	28.052.553	130.415.022
Total	76.824.452	48	27.296	-	-	46.978.536	107.526.492	33.540.162	20.972.726	187.210	13.519.697	-	-	-	278.802	-	4.341.914	169.827.581	134.369.754	304.197.335

(*)Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- | | | | |
|----|---|-----|--|
| 1. | Conditional and unconditional receivables from central governments and Central Banks | 9. | Conditional and unconditional receivables secured by mortgages |
| 2. | Conditional and unconditional receivables from regional or local governments | 10. | Past due receivables |
| 3. | Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. | Receivables defined under high risk category by BRSA |
| 4. | Conditional and unconditional receivables from multilateral development banks | 12. | Securities collateralized by mortgages |
| 5. | Conditional and unconditional receivables from international organizations | 13. | Securitization positions |
| 6. | Conditional and unconditional receivables from banks and brokerage houses | 14. | Short-term receivables from banks, brokerage houses and corporates |
| 7. | Conditional and unconditional receivables from corporates | 15. | Investments similar to collective investment funds |
| 8. | Conditional and unconditional receivables from retail portfolios | 16. | Other receivable |

(**) Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

m. Term distribution of risks with term structure:

31 December 2016 Risk Categories	Time to Maturity					Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional receivables from central governments and Central Banks	4.229.642	33.158.436	2.054	1.014.665	41.940.239	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	50	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	14.869	2.276	2.770	3.921	22.205	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	14.601.052	2.497.116	4.801.796	4.876.725	28.852.232	-
Conditional and unconditional receivables from corporates	7.633.873	7.499.712	15.176.660	22.163.035	85.210.286	-
Conditional and unconditional receivables from retail portfolios	973.169	1.806.534	15.084.058	6.899.273	25.862.643	-
Conditional and unconditional receivables secured by mortgages	187.640	533.907	1.145.446	2.264.201	16.577.377	-
Past due receivables	-	-	-	-	-	220.140
Receivables defined under high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	460.834	-	-	-	8	-
Equity security investments	-	-	-	-	-	71.259
Other Receivables	-	-	-	-	-	3.896.437
Total	28.101.079	45.497.981	36.212.784	37.221.820	198.465.040	4.187.836

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

n. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. As of 6 November 2012, Fitch Ratings has increased Turkey's long-term foreign currency credit note from BB+ to BBB-. After the increase, the ratings of Fitch are also used for foreign currency bonds issued by Turkish Treasury and other foreign currency risks that are related to the Turkish central management. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

Ratings to be matched	Credit Quality Degrees	Fitch
Ratings of long-term credits	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
Ratings of short-term credits	1	F1+ and F1
	2	F2
	3	F3
	4	Below F3
	5	---
	6	---
Long-term securitization position ratings	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and below
Short-term securitization position ratings	1	F1+ and F1
	2	F2
	3	F3
	Diğerleri	Below F3
Matchings regarding collective investment institutes	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Risk amounts according to risk weights:

31.12.2016	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights												
Amount Before												
Credit Risk												
Mitigation	31.607.301	-	13.073.187	-	97.759.722	63.569.097	143.600.341	76.892	-	-	-	10.844
Amount After Credit												
Risk Mitigation	28.055.271	-	11.513.283	11.200.302	86.300.023	50.263.798	133.008.060	76.892	-	-	-	10.844

o. Miscellaneous information regarding important sectors or counterparty type:

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired / provision allocated loans."

The Bank calculates general loan loss provision for "overdue loans" and specific provision for "impaired loans" in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made". The calculated general loan provision is shown under "impairment" column at the table below.

31 December 2016 Sectors/Counterparties	Loans(*)			
	Impaired Receivables	Past Due Receivables	Impairment	Specific Provision
Agricultural	11.276	3.136	74	11.276
Farming and raising livestock	9.971	1.503	33	9.971
Forestry	1.246	1.633	41	1.246
Fishing	59	-	-	59
Manufacturing	381.020	1.252.536	42.547	381.020
Mining	26.672	4.927	115	26.672
Production	346.738	162.848	5.673	346.738
Electricity, Gas, Water	7.610	1.084.761	36.759	7.610
Construction	144.750	207.805	5.507	144.750
Services	1.278.472	484.598	13.246	1.123.502
Wholesale and Retail Trade	874.098	310.816	8.755	874.098
Hotel, Food, Beverage Services	264.419	60.787	1.591	109.449
Transportation and Telecommunication	63.888	38.507	1.203	63.888
Financial Institutions	2.444	32.512	763	2.444
Real Estate and Lending Service	2.940	1.945	39	2.940
Self Employment Service	4.820	243	6	4.820
Education Service	29.379	909	23	29.379
Health and social services	36.484	38.879	866	36.484
Other	2.451.673	1.159.992	99.056	2.451.673
Total	4.267.191	3.108.067	160.430	4.112.221

(*) Breakdown of cash loans

p. Information related to impairment and loan loss provisions:

31 December 2016	Opening Balance	Provisions provided during the period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provision	3.226.010	2.081.371	(725.575)	(469.585)	4.112.221
General Provisions	2.543.192	384.553	-	-	2.927.745

(*) Presents the Write-Offs and Sales from Loans under Follow-up portfolio.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

r. Risk involved in counter-cyclical capital buffer calculation:

31 December 2016			
Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	169.125.928	3.058.902	172.184.830
Ireland	2.991.613	45.233	3.036.846
Holland	1.321.709	6.196	1.327.905
Great Britain	822.123	188.366	1.010.489
Russian Federation	548.376	15.797	564.173
Luxemburg	410.019	-	410.019
France	392.979	1.549	394.528
USA	203.919	163.150	367.069
Croatia	261.598	-	261.598
Egypt	5.978	243.506	249.484
Other	829.892	11.873	841.765

III. EXPLANATIONS ON CURRENCY RISK

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The 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:

	USD	EURO	Yen
Balance Sheet Evaluation Rate	TL 3,5000	TL 3,6897	TL 2,9861
1.Day bid rate	TL 3,5318	TL 3,6939	TL 3,0264
2.Day bid rate	TL 3,5329	TL 3,6901	TL 2,9961
3.Day bid rate	TL 3,5135	TL 3,6711	TL 2,9883
4.Day bid rate	TL 3,5041	TL 3,6639	TL 2,9852
5.Day bid rate	TL 3,5077	TL 3,6647	TL 2,9809

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 3,5000
EURO	:TL 3,6897
Yen	:TL 2,9861

As of 31 December 2015;

	USD	EURO	Yen
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 are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets, general loan loss provision and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period – 31 December 2016	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	7.286.149	21.549.164	813.368	29.648.681
Banks	1.708.890	8.436.049	90.712	10.235.651
Financial Assets at Fair Value through Profit or Loss (Net)	1.040.519	2.291.344	88.068	3.419.931
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2.724.598	13.423.083	513.938	16.661.619
Loans	33.639.670	40.149.507	117.483	73.906.660
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	2.879.047	9.612.221	-	12.491.268
Hedging Derivative Financial Assets	909	123.999	-	124.908
Tangible Assets (Net)	656	1.772	-	2.428
Intangible Assets (Net)	957	-	-	957
Other Assets	2.772.832	2.372.326	332	5.145.490
Total Assets	52.054.227	97.959.465	1.623.901	151.637.593
Liabilities				
Bank Deposits	2.009.033	2.981.866	568.918	5.559.817
Foreign Currency Deposits (**)	35.465.856	45.587.046	2.926.897	83.979.799
Funds from Interbank Money Market	1.192.044	20.402.373	-	21.594.417
Borrowings	10.185.569	21.693.747	3.233	31.882.549
Marketable Securities Issued (Net)	37.318	9.753.037	186.679	9.977.034
Miscellaneous Payables	820.378	588.731	4.245	1.413.354
Hedging Derivative Financial Liabilities	346	98.645	-	98.991
Other Liabilities	538.190	729.369	8.900	1.276.459
Total Liabilities	50.248.734	101.834.814	3.698.872	155.782.420
Net on Balance Sheet Position	1.805.493	(3.875.349)	(2.074.971)	(4.144.827)
Net off-Balance Sheet Position (*)	(247.988)	2.694.400	2.186.692	4.633.104
Financial Derivative Assets	23.610.103	54.216.249	3.126.154	80.952.506
Financial Derivative Liabilities	23.858.091	51.521.849	939.462	76.319.402
Non-cash Loans	9.300.574	14.739.107	331.003	24.370.684
Prior Period – 31 December 2015				
Total Assets	38.606.527	84.885.534	3.813.504	127.305.565
Total Liabilities	36.260.877	95.199.089	3.130.013	134.589.979
Net on-Balance Sheet Position	2.345.650	(10.313.555)	683.491	(7.284.414)
Net off-Balance Sheet Position (*)	(1.060.502)	9.696.914	(711.580)	7.924.832
Financial Derivative Assets	11.691.940	35.565.987	2.383.944	49.641.871
Financial Derivative Liabilities	12.752.442	25.869.073	3.095.524	41.717.039
Non-cash Loans	5.540.104	12.755.039	298.623	18.593.766

(*) 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 739.794 (31 December 2015: TL 3.663.362) and of the foreign currency deposits TL 1.166.647 (31 December 2015: TL 777.277) are precious metal deposit account in demand.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Currency risk sensitivity analysis:

The following table details the Parent Bank's sensitivity to a 10% change in exchange rates:

Change in exchange rate	Effect on Profit/Loss(*)	
	Current period 31 December 2016	Prior period 31 December 2015
(+)10 %	98.241	44.796
(-)10 %	(98.241)	(44.796)

(*) Presents amounts before Tax.

IV. EXPLANATIONS ON INTEREST RATE RISK:

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

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

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

Current Period – 31 December 2016	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank Banks	27.670.460	-	-	-	-	7.341.825	35.012.285
Financial Assets at Fair Value Through Profit or Loss (Net)	3.352.046	526.653	35.765	-	-	6.471.714	10.386.178
Interbank Money Market Placements	1.429.587	3.240.326	1.778.638	831.953	397.087	7.268	7.684.859
Available-for-sale Financial Assets (Net)	37	-	-	-	-	-	37
Loans	2.728.783	3.812.803	10.226.314	12.060.817	5.698.755	279.585	34.807.057
Held-to-maturity Investments (Net)	48.869.828	23.856.332	44.775.558	52.007.808	9.228.737	154.970	178.893.233
Other Assets	2.280.482	576.857	1.788.154	11.961.634	1.369.743	-	17.976.870
Total Assets	1.618.679	1.607.946	1.304.507	2.044.110	290.805	2.874.257	9.740.304
Liabilities							
Bank Deposits	87.949.902	33.620.917	59.908.936	78.906.322	16.985.127	17.129.619	294.500.823
Other Deposits	4.079.131	1.693.367	456.626	-	-	972.501	7.201.625
Funds from Interbank Money Market	93.336.342	23.513.023	15.107.142	6.063.731	470.442	28.275.499	166.766.179
Miscellaneous Payables	10.370.994	11.826.881	4.850.089	272.078	-	-	27.320.042
Marketable Securities Issued (Net)	232.555	281.232	593.932	209.928	70.024	3.991.800	5.379.471
Borrowings	855.665	629.450	1.959.159	5.703.582	3.385.445	-	12.533.301
Other Liabilities (*)	2.032.329	26.445.184	2.992.424	728.260	106.089	-	32.304.286
Total Liabilities	589.218	1.255.622	2.170.074	870.686	248.617	37.861.702	42.995.919
Balance Sheet Long Position	-	-	31.779.490	65.058.057	12.704.510	-	109.542.057
Balance Sheet Short Position	(23.546.332)	(32.023.842)	-	-	-	(53.971.883)	(109.542.057)
Off-balance Sheet Long Position	1.270.226	2.217.995	242.768	-	28.298	-	3.759.287
Off-balance Sheet Short Position	-	-	-	(44.426)	-	-	(44.426)
Total Position	(22.276.106)	(29.805.847)	32.022.258	65.013.631	12.732.808	(53.971.883)	3.714.861

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

(*) 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 - 31 December 2016	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	0,75	-	5,31
Banks	0,19	2,24	-	12,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	12,27
Interbank Money Market Placements	-	-	-	9,84
Available-for-sale Financial Assets (Net)	2,38	3,71	3,79	9,52
Loans	3,66	5,07	4,27	13,04
Held-to-maturity Investments (Net)	3,62	4,05	-	9,82
Liabilities				
Bank Deposits	0,43	1,62	-	9,42
Other Deposits	1,13	2,45	0,07	8,78
Funds from Interbank Money Market	0,56	1,98	-	8,03
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4,00	4,87	1,29	9,40
Borrowings	1,04	2,62	-	9,17

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Prior Period – 31 December 2015	EURO	USD	Yen	TL
Assets				
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
Liabilities				
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

V. 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".

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

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

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

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

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

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

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

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

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

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

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

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

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

e) Information on liquidity risk mitigation techniques:

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

f) Information on the use of stress tests:

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Liquidity Coverage Ratio:

Current Period- 31.12.2016		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
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			44.220.285	27.611.709
CASH OUTFLOWS					
2	Retail and Customers Deposits	95.843.696	40.420.913	8.614.548	4.042.091
3	Stable deposits	19.396.433	-	969.822	-
4	Less stable deposits	76.447.263	40.420.913	7.644.726	4.042.091
5	Unsecured Funding other than Retail and Small Business Customers Deposits	60.880.264	33.548.206	30.803.352	17.305.123
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	57.984.140	33.093.978	28.952.075	16.854.049
8	Other Unsecured Funding	2.896.124	454.228	1.851.277	451.074
9	Secured funding				
10	Other Cash Outflows	36.183.727	23.298.800	33.180.019	20.470.668
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	32.849.260	20.157.913	32.849.260	20.157.913
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	3.334.467	3.140.887	330.759	312.755
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	561.720	-	28.086	-
15	Other irrevocable or conditionally revocable commitments	52.151.420	16.101.047	2.607.571	805.052
16	TOTAL CASH OUTFLOWS			75.233.576	42.622.934
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	15.903.166	6.960.917	10.349.421	5.634.160
19	Other contractual cash inflows	30.532.866	22.223.618	30.532.362	22.223.331
20	TOTAL CASH INFLOWS	46.436.032	29.184.535	40.881.783	27.857.491
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			44.220.285	27.611.709
22	TOTAL NET CASH OUTFLOWS			34.351.793	14.990.017
23	Liquidity Coverage Ratio (%)			129,12	187,06

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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	
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets		40.208.564	28.575.791	
CASH OUTFLOWS					
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
16	TOTAL CASH OUTFLOWS			57.106.129	35.207.988
CASH INFLOWS					
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
20	TOTAL CASH INFLOWS	34.014.157	22.890.855	29.180.943	21.726.465
Upper limit applied amounts					
21	TOTAL HQLA STOCK			40.208.564	28.575.791
22	TOTAL NET CASH OUTFLOWS			27.925.186	13.481.523
23	Liquidity Coverage Ratio (%)			144,64	214,80

[*]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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 124% 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 65% and securities issued by Treasury of Republic of Turkey by 32%. Funding sources are mainly distributed between individual and retail deposits by 59%, corporate deposits by 28%, borrowings from banks by 5% and collateralized borrowings such as repurchase agreements by 4%.

Cash outflow amounting to TL 2.191 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.

	Current Period - 31.12.2016	
	TL+FC	FC
October	122,85	149,72
November	120,89	220,90
December	143,62	190,56

	Prior Period - 31.12.2015	
	TP+YP	YP
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 31 DECEMBER 2016

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

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2016	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank	13.255.673	21.684.117	72.495	-	-	-	-	35.012.285
Banks	6.471.714	3.386.848	491.851	35.765	-	-	-	10.386.178
Financial Assets at Fair Value Through Profit or Loss (Net)	7.268	452.630	358.038	1.550.277	2.835.489	2.481.157	-	7.684.859
Interbank Money Market Placements	-	37	-	-	-	-	-	37
Available-for-sale Financial Assets (Net)	279.585	102.335	205.575	2.530.718	19.037.852	12.650.992	-	34.807.057
Loans	-	24.574.530	24.801.566	38.549.688	68.930.492	21.881.987	154.970	178.893.233
Held-to-maturity Investments (Net)	-	-	-	684.786	14.763.517	2.528.567	-	17.976.870
Other Assets	692.866	833.546	319.011	1.149.036	3.999.175	1.014.929	1.731.741	9.740.304
Total Assets	20.707.106	51.034.043	26.248.536	44.500.270	109.566.525	40.557.632	1.886.711	294.500.823
Liabilities								
Bank Deposits	972.501	4.079.131	1.693.367	456.626	-	-	-	7.201.625
Other Deposits	29.437.227	92.183.207	23.457.017	15.154.555	6.063.731	470.442	-	166.766.179
Borrowings	-	444.937	5.771.129	9.746.657	11.287.031	5.054.532	-	32.304.286
Funds from Interbank Money Market	-	6.833.745	1.265.662	3.657.997	12.403.666	3.158.972	-	27.320.042
Marketable Securities Issued (Net)	-	817.341	553.358	1.888.069	5.889.088	3.385.445	-	12.533.301
Miscellaneous Payables	90.709	4.074.180	191.920	484.608	309.614	228.440	-	5.379.471
Other Liabilities (**)	174.314	1.579.779	1.002.565	2.191.313	4.662.974	892.707	32.492.267	42.995.919
Total Liabilities	30.674.751	110.012.320	33.935.018	33.579.825	40.616.104	13.190.538	32.492.267	294.500.823
Net Liquidity Excess/ (Gap)	(9.967.645)	(58.978.277)	(7.686.482)	10.920.445	68.950.421	27.367.094	(30.605.556)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	210.927	(543.020)	458.147	2.218.108	1.370.701	-	3.714.863
Financial Derivative Liabilities	-	18.596.432	22.825.167	45.712.330	83.437.964	35.664.419	-	206.236.312
Non-cash Loans (***)	-	2.164.751	4.218.702	13.602.349	3.675.985	16.685.349	-	40.347.136
Prior Period - 31 December 2015								
Total Assets	11.468.251	45.879.443	22.389.295	38.514.973	91.141.869	41.421.849	1.651.500	252.467.180
Total Liabilities	22.993.963	105.797.736	32.917.347	24.434.256	29.386.654	8.922.333	28.014.891	252.467.180
Net Liquidity Excess/ (Gap)	(11.525.712)	(59.918.293)	(10.528.052)	14.080.717	61.755.215	32.499.516	(26.363.391)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(282.597)	(133.237)	521.381	764.726	895.056	-	1.765.329
Financial Derivative Liabilities	-	23.205.575	13.692.495	22.971.630	22.967.966	43.500.490	-	126.338.156
Non-cash Loans (***)	-	2.052.141	3.048.802	7.778.711	4.302.278	15.174.788	-	32.356.720

(*) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Breakdown of liabilities due to their remaining contractual maturities:

Current Period - 31 December 2016	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	126.752.973	25.961.607	15.931.259	6.469.231	494.663	175.609.733
Funds borrowed from other financial institutions	451.508	5.966.555	10.163.960	12.971.677	5.492.299	35.045.999
Funds from interbank money market	6.859.683	1.319.907	3.940.518	13.129.842	3.335.945	28.585.895
Marketable Securities Issued (Net)	825.647	583.810	2.309.158	6.917.270	3.844.774	14.480.659
Prior Period - 31 December 2015						
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	112.893.811	23.514.980	11.043.222	2.851.340	346.376	150.649.729
Funds borrowed from other financial institutions	841.475	5.714.588	10.946.996	7.084.743	3.124.309	27.712.111
Funds from interbank money market	9.149.762	1.749.709	942.155	11.137.190	2.409.030	25.387.846
Marketable Securities Issued (Net)	291.026	1.647.741	1.825.794	7.666.653	3.123.350	14.554.564

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period – 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
– Inflow	23.564.084	29.916.286	43.654.105	36.371.321	7.448.897
– Outflow	(22.619.992)	(29.205.582)	(43.618.712)	(35.555.506)	(6.690.211)
Interest rate derivatives:					
– Inflow	12.897	106.796	422.549	1.802.328	968.894
– Outflow	(9.437)	(100.096)	(398.477)	(1.657.896)	(876.207)
Derivatives held for hedging					
Foreign exchange derivatives:					
– Inflow	4.321	3.322	29.476	3.460.102	-
– Outflow	(27.886)	(53.308)	(163.159)	(3.368.257)	-
Interest rate derivatives:					
– Inflow	1.829	28.421	77.236	547.580	228.568
– Outflow	(6.570)	(49.212)	(115.317)	(535.384)	(210.855)
Total Inflow	23.583.131	30.054.825	44.183.366	42.181.331	8.646.359
Total Outflow	(22.663.885)	(29.408.198)	(44.295.665)	(41.117.043)	(7.777.273)

Prior Period – 31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
– Inflow	23.521.509	11.659.292	21.402.437	9.573.309	2.256.618
– Outflow	(21.963.394)	(9.919.847)	(19.927.033)	(11.379.826)	(3.463.635)
Interest rate derivatives:					
– Inflow	7.376	91.693	541.979	1.761.854	864.766
– Outflow	(8.009)	(111.650)	(566.608)	(1.733.348)	(804.294)
Derivatives held for hedging					
Foreign exchange derivatives:					
– Inflow	2.706	1.123	11.010	1.334.715	651.433
– Outflow	(17.936)	-	(78.691)	(1.239.213)	(422.920)
Interest rate derivatives:					
– Inflow	12.590	45.028	194.717	1.016.733	446.745
– Outflow	(17.292)	(66.692)	(250.531)	(1.126.186)	(477.654)
Total Inflow	23.544.181	11.797.136	22.150.143	13.686.611	4.219.562
Total Outflow	(22.006.631)	(10.098.189)	(20.822.863)	(15.478.573)	(5.168.503)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

VII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2016, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 8,32 % (31 December 2015: 8,33 %). This ratio is above minimum ratio which is 3%. Leverage ratio is almost on the same level in the current and prior period.

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

	Current Period	Prior Period
	31 December 2016(**)	31 December 2015(**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	283.957.197	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 Communiqué on Preparation of Consolidated Financial Statements of the Banks	2.227.699	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 Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	4.026.602	1.740.097
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	[26.043.948]	[24.099.825]
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(913.573)	(619.515)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	119.792.270	105.009.592
7 Total Risk	383.046.247	333.559.980

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

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

Disclosure of Leverage ratio template :

	Current Period	Prior Period
	31 December 2016 (*)	31 December 2015(*)
Balance sheet Assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	279.032.802	247.950.964
2 [Assets deducted from Core capital]	(100.744)	(118.637)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	278.932.058	247.832.327
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	7.140.932	2.574.641
5 Potential credit risk amount of derivative financial assets and credit derivatives	4.026.602	1.740.097
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	11.167.534	4.314.738
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity	3.076.086	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)	3.076.086	3.004.421
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	90.784.142	78.930.395
11 [Correction amount due to multiplication with credit conversion rates]	(913.573)	(619.515)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	89.870.569	78.310.880
Capital and total risk		
13 Core Capital	31.856.783	27.782.477
14 Total risk amount (sum of lines 3, 6, 9 and 12)	383.046.247	333.462.366
Leverage ratio		
15 Leverage ratio	8,32	8,33

(*) Three months average values

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

a. Calculations of financial assets and liabilities at their fair values:

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand deposit represents the amount to be paid upon request. The fair value of the overnight deposit represents the carrying value. The expected fair value of the fixed rate deposit is calculated by discounted cash flow with the use of the market interest rates of similar liabilities and loans.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	Current Period 31 December	Prior Period 31 December	Current Period 31 December 2016	Prior Period 31 December
Financial Assets	242.063.375	216.354.637	244.418.528	217.085.528
Interbank Money Market Placements	37	98	37	98
Banks	10.386.178	8.815.163	10.385.545	8.815.163
Available-for-Sale Financial Assets	34.807.057	43.384.440	34.807.057	43.384.440
Held-to-Maturity Investments (Net)	17.976.870	10.688.440	17.932.174	10.840.922
Loans	178.893.233	153.466.496	181.293.715	154.044.905
Financial Liabilities	224.184.862	192.901.899	223.681.577	192.616.778
Bank Deposits	7.201.625	12.917.886	7.198.334	12.927.163
Other Deposits	166.766.179	136.552.932	167.098.642	136.696.723
Borrowings	32.304.286	26.176.875	31.410.114	25.879.551
Marketable Securities Issued (Net)	12.533.301	12.410.789	12.595.016	12.269.924
Miscellaneous Payables	5.379.471	4.843.417	5.379.471	4.843.417

b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- a) Quoted market prices (non-adjusted) (1st level).
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level).
- c) Data not based on observable data regarding assets or liabilities (3rd level).

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Fair value hierarchy of the financial assets and liabilities of the Group according to the foregoing principles is given in the table below:

Current Period - 31 December 2016	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	9.865	-	-	9.865
- Share Certificates	7.268	-	-	7.268
- Trading Derivative Financial Assets	2.642	7.618.296	-	7.620.938
- Other Marketable Securities	46.788	-	-	46.788
Available-For-Sale Financial Assets				
- Government Debt Securities	29.240.863	-	-	29.240.863
- Share Certificates	-	54.344	-	54.344
- Other Marketable Securities	5.331.146	167.707	-	5.498.853
Hedging Derivative Financial Assets	-	807.874	-	807.874
Loans	-	181.293.715	-	181.293.715
Held To Maturity Investments (Net)				
- Government Debt Securities	15.205.027	-	-	15.205.027
- Other Marketable Securities	2.727.147	-	-	2.727.147
Total Assets	52.570.746	189.941.936	-	242.512.682
- Trading Derivative Financial Liabilities	4.389	4.595.458	-	4.599.847
- Hedging Derivative Financial Liabilities	-	98.991	-	98.991
Deposits	-	174.296.977	-	174.296.977
Funds Borrowed	-	31.410.114	-	31.410.114
Funds from Interbank Money Market	-	26.224.001	-	26.224.001
Securities Issued (Net)	-	12.595.016	-	12.595.016
Total Liabilities	4.389	249.220.557	-	249.224.946
Prior Period - 31 December 2015	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	10.103	-	-	10.103
- Share Certificates	6.532	-	-	6.532
- Trading Derivative Financial Assets	-	2.697.157	-	2.697.157
- Other Marketable Securities	23.878	-	-	23.878
Available-For-Sale Financial Assets				
- Government Debt Securities	35.306.201	-	-	35.306.201
- Share Certificates	-	115.958	-	115.958
- Other Marketable Securities	7.723.004	226.441	-	7.949.445
Hedging Derivative Financial Assets	-	651.368	-	651.368
Loans	-	154.044.905	-	154.044.905
Held To Maturity Investments (Net)				
- Government Debt Securities	10.840.922	-	-	10.840.922
- Other Marketable Securities	-	-	-	-
Total Assets	53.910.640	157.735.829	-	211.646.469
- Trading Derivative Financial Liabilities	-	1.767.851	-	1.767.851
- Hedging Derivative Financial Liabilities	-	158.960	-	158.960
Deposits	-	149.623.886	-	149.623.886
Funds Borrowed	-	25.879.551	-	25.879.551
Funds from Interbank Money Market	-	24.195.012	-	24.195.012
Securities Issued (Net)	-	12.269.924	-	12.269.924
Total Liabilities	-	213.895.184	-	213.895.184

As explained in the note of VII-b of the Third Section, share certificates, that are classified as available-for-sale and are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably, are not shown in the table above.

There are no transfers between the 1st and the 2nd levels in the current year.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal rating-based (IRB) approach, are not presented.

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

1. The Bank's risk management approach:

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

- Effective management of risks within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting up and monitoring the efficiency of such a risk management system. The Board of Directors fulfills its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors approves and regularly reviews Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Executive Risk Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner. The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyze the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed. The effectiveness and efficiency of the risk mitigation techniques are regularly monitor.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

2. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016
1 Credit risk (excluding counterparty credit risk) (CCR)	210.883.890	188.685.812	16.870.711
2 Standardised approach (SA)	210.883.890	188.685.812	16.870.711
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	13.262.393	4.420.197	1.060.991
5 Standardised approach for counterparty credit risk (SA-CCR)	13.262.393	4.420.197	1.060.991
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 (*)	212.244	-	16.980
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	75	171	6
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	4.527.375	2.325.553	362.190
17 Standardised approach (SA)	4.527.375	2.325.553	362.190
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	17.319.817	14.905.737	1.385.585
20 Basic Indicator Approach	17.319.817	14.905.737	1.385.585
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	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	246.205.794	210.337.470	19.696.464

(*) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

b. Linkages between financial statements and regulatory exposures:

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

Legal consolidation refers to the consolidation that includes the consolidation of subsidiaries which are credit institutions or financial institutions in accordance with Article 5 paragraph 1 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated November 8, 2006 and numbered 26340. Accounting consolidation refers to the consolidation in which all of the subsidiaries are included in the scope of consolidation in accordance with the Article 5 paragraph 6 of the same communiqué, irrespective of whether these subsidiaries are credit institutions or financial institutions, or not.

	Carrying values of items					Not subject to capital requirements or subject to deduction from capital
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	
Current Period - 31.12.2016						
Assets						
Cash and balances at central bank	35.012.285	35.012.285	-	-	-	-
Financial assets held for trading	7.684.859	-	7.684.859	-	2.892.875	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Banks	10.386.178	10.386.178	-	-	-	-
Receivables from money markets	37	37	-	-	-	-
Available for sale financial assets (net)	34.807.057	32.146.949	-	-	2.631.348	28.760
Loans and receivables	178.893.233	178.882.408	-	-	-	10.825
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	17.976.870	17.961.451	-	-	15.419	-
Investments in associates (net)	3.923	3.923	-	-	-	-
Investments in subsidiaries (net)	-	-	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Leasing receivables	5.008.600	5.008.600	-	-	-	-
Derivative financial assets held for hedges	807.874	-	807.874	-	-	-
Tangible assets (net)	881.360	852.497	-	-	-	28.863
Intangible assets (net)	361.527	-	-	-	-	361.527
Investment properties (net)	-	-	-	-	-	-
Tax assets	26.334	23.334	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	74.188	74.169	-	-	-	19
Other assets	2.576.498	2.576.195	-	-	303	-
Total assets	294.500.823	282.931.026	8.492.733	-	5.539.945	429.994
Liabilities						
Deposits	173.967.804	-	-	-	-	173.967.804
Derivative financial liabilities held for trading	4.599.847	-	4.599.847	-	2.236.153	4.599.847
Loans	32.304.286	-	-	-	-	32.304.286
Debt to money markets	27.320.042	-	27.320.042	-	-	27.320.042
Debt securities in issue	12.533.301	-	-	-	-	12.533.301
Funds	-	-	-	-	-	-
Various debts	5.379.471	-	-	-	57	5.379.471
Other liabilities	1.436.897	-	-	-	-	1.436.897
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	-	-	-	-	-	-
Derivative financial liabilities held for hedges	98.991	-	98.991	-	-	98.991
Provisions	3.557.901	-	-	-	-	3.557.901
Tax liability	810.016	-	-	-	-	810.016
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-
Equity	32.492.267	-	-	-	-	32.492.267
Total liabilities	294.500.823	-	32.018.880	-	2.236.210	294.500.823

(*) Unconsolidated financial statements of Bank are stated.

(**) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

			Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterpart y credit risk framework	Items subject to market risk framework(*)
	Current Period - 31.12.2016	Total				
1	Asset carrying value amount under scope of regulatory consolidation	294.070.829	282.931.026	-	8.492.733	5.539.945
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	(32.018.880)	(2.236.210)
3	Total net amount under regulatory scope of consolidation	294.070.829	282.931.026	-	40.511.613	7.776.155
4	Off-balance sheet amounts	300.531.920	26.631.584	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	(3.248.780)
9	Differences due to risk reduction	-	(5.126.117)	-	(24.530.477)	-
10	Exposure amounts considered for regulatory purposes		304.436.493	-	15.981.136	4.527.375

(*)The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

3. Explanations of differences between accounting and regulatory exposure amounts:

a) Financial and regulatory scope of consolidation:

There is no difference between the financial and regulatory scope of consolidation.

b) Differences between accounting and regulatory exposure amounts:

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

c) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

c. Credit risk explanations:

1. General qualitative information about credit risk:

Risk limits are defined by Board of Directors in a such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. During the process of credit risk management, the Risk Management Department conducts measurement, monitoring and reporting activities of the credit risk using statistical models. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are carried out by the Board of Directors, the Audit Committee, the Executive Risk Committee, Internal Audit, Internal Control, Risk Management activities and Internal Systems Responsible.

The Board of Directors is responsible for determining the risk baseline of the Bank, the risk approach and the level of risk taking. The Board of Directors manages the risks through the Executive Risk Committee. The committee is responsible for establishing risk policies, determining methods for measuring and managing risks, and establishing and monitoring appropriate risk limits. All risk policies established by the Executive Risk Committee are written and integrated into the Bank's long-term general strategy.

2. Credit quality of assets:

		Gross carrying values of (according to TAS)			Net values
		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	
Current Period 31.12.2016					
1	Loans	4.267.191	178.738.263	6.606.412	176.399.042
2	Debt Securities	-	52.568.263	54.877	52.513.386
3	Off-balance sheet exposures	198.157	94.143.666	205.438	94.136.385
4	Total	4.465.348	325.450.192	6.866.727	323.048.813

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

		Current Period 31.12.2016
1	Defaulted loans and debt securities at end of the previous reporting period	3.532.825
2	Loans and debt securities that have defaulted since the last reporting period	2.120.026
3	Returned to non-defaulted status	24.803
4	Amounts written off	469.585
5	Other changes	693.115
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	4.465.348

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

4. Additional disclosure related to the credit quality of assets:

a) Definitions of overdue and provision allocated receivables are presented in Note II-o of Section Four:

b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2016.

c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of Section Three:

d) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enhance customer's ability to repay the loan. Besides, apart from credit risk, it involves changes in the contractual conditions with the demand of customer. While Non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

e) Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

31 December 2016	
Domestic	171.594.721
European Union Countries	6.331.327
OECD Countries (*)	125.337
Off-Shore Banking Regions	2
USA, Canada	26.644
Other	660.232
Total	178.738.263

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector

31 December 2016	
Agricultural	162.329
Farming and raising livestock	84.875
Forestry	77.099
Fishing	355
Manufacturing	41.743.794
Mining	2.281.365
Production	25.660.182
Electricity, Gas, Water	13.802.247
Construction	23.978.994
Services	62.057.217
Wholesale and Retail Trade	24.195.383
Hotel, Food, Beverage Services	3.888.003
Transportation and Telecommunication	8.757.580
Financial Institutions	20.774.570
Real Estate and Lending Services	1.410.477
Self employment Service	564.786
Education Service	387.134
Health and social Services	2.079.284
Other	50.795.929
Total	178.738.263

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Breakdown by outstanding maturity

31 December 2016	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	24.574.530	24.801.566	38.549.688	68.930.492	21.881.987	178.738.263

f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

31 December 2016	Loans Under Follow-up	Provisions
Domestic	4.266.137	4.111.167
European Union Countries	649	649
OECD Countries (*)	-	-
Off-Shore Banking Regions	3	3
USA, Canada	81	81
Other	321	321
Total	4.267.191	4.112.221

(*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector

31 December 2016	Loans Under Follow-up	Provisions
Agricultural	11.276	11.276
Farming and raising livestock	9.971	9.971
Forestry	1.246	1.246
Fishing	59	59
Manufacturing	381.020	381.020
Mining	26.672	26.672
Production	346.738	346.738
Electricity, Gas, Water	7.610	7.610
Construction	144.750	144.750
Services	1.278.472	1.123.502
Wholesale and Retail Trade	874.098	874.098
Hotel, Food, Beverage Services	264.419	109.449
Transportation and Telecommunication	63.888	63.888
Financial Institutions	2.444	2.444
Real Estate and Lending Services	2.940	2.940
Self employment Service	4.820	4.820
Education Service	29.379	29.379
Health and social Services	36.484	36.484
Other	2.451.673	2.451.673
Total	4.267.191	4.112.221

As of 31 December 2016, Non Performing Loans written-off from Asset amounting to TL469.585.

g) Aging analysis for overdue receivables:

Delayed Time	Total
30-60 days overdue	2.367.824
60-90 days overdue	740.243
Total	3.108.067

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

h) Breakdown of restructured receivables based on whether or not provisions are allocated:

Restructured Receivables	31 Aralık 2016
Loans Structured from Standard Loans and Other Receivables	2.742.877
Loans Composed of Follow-on Loans and Other Receivables	3.026.531
Loans Restructured from Non-Performing Loans	177.871

General provision is allocated for the loans restructured from standard loans and loans under Follow-up and other receivables, specific provision is allocated for the loans restructured from non-performing loans.

i) Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The risk amount and the amount of collateral are also compared against the value losses that may occur in the collateral, and in case of gap between risk and collateral, the Bank Monitoring System automatically generates "Risky Transaction Registration".

In the calculation of capital adequacy ratio, real estate mortgages are subject to valuation process in accordance with the related legislation. There is no physical collateral used for risk reduction other than real estate.

Financial guarantees used in capital adequacy calculations are blocked deposits held at the bank and there is no netting other than these.

Collateral management processes are written in credit policies and checks are made to ensure that there is no concentration of third party guarantor type and collateral.

5. Credit risk mitigation techniques – overview:

	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
Current Period 31.12.2016							
1 Loans	156.316.220	20.082.822	17.508.016	4.653.754	4.613.101	-	-
2 Debt Securities	52.513.386	-	-	-	-	-	-
3 Total	208.829.606	20.082.822	17.508.016	4.653.754	4.613.101	-	-
4 Of which defaulted	4.465.348	-	-	-	-	-	-

6. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

The ratings given by the international credit rating agency Fitch Ratings are used to determine the risk weights to be applied in the calculation of capital adequacy. Fitch Ratings are limited to the receivables of the counterparty residing abroad; central government or central banks, banks and corporate receivables.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

7. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

Current Period - 31.12.2016		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	76.720.323	3.641.222	76.720.323	72.683	25.386.083	11,5%
2	Exposures to regional governments or local authorities	-	250	-	50	25	0,0%
3	Exposures to public sector entities	36.006	21.891	36.007	5.946	41.953	0,0%
4	Exposures to multilateral development banks	-	-	-	-	-	0,0%
5	Exposures to international organisations	-	-	-	-	-	0,0%
6	Exposures to institutions	19.932.042	55.097.519	19.932.042	15.981.788	14.787.307	6,7%
7	Exposures to corporates	115.119.449	43.477.182	110.699.263	21.587.620	129.579.790	58,9%
8	Retail exposures	46.640.581	32.552.004	46.453.291	3.810.507	37.697.849	17,2%
9	Exposures secured by residential property	11.138.434	172.492	11.132.846	67.456	3.920.106	1,8%
10	Exposures secured by commercial real estate	8.944.111	909.766	8.944.068	558.570	6.154.894	2,8%
11	Past-due loans	220.140	-	220.140	-	243.346	0,1%
12	Higher-risk categories by the Agency Board	-	235	-	-	-	0,0%
13	Exposures in the form of covered bonds	-	-	-	-	-	0,0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	212.244	248.632	212.246	15.087	227.332	0,1%
16	Other assets	3.896.437	-	3.896.437	-	2.084.078	0,9%
17	Investments in equities	71.259	-	71.259	-	71.259	0,0%
18	Total	282.931.026	136.121.193	278.317.922	42.099.707	220.194.021	100,0%

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

Current Period - 31.12.2016										Other risk weights	Total risk amount (**)	
Asset classes/ Risk weight	%0	%10	%20	%35	%50(*)	%75	%100	%150	%200			
1	Exposures to central governments or central banks	29.488.771	-	163.991	-	50.677.979	-	14.295	-	-	-	76.793.006
2	Exposures to regional governments or local authorities	-	-	-	-	50	-	-	-	-	-	50
3	Exposures to public sector entities	4.088	-	-	-	-	-	41.953	-	-	-	41.953
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	19.715.092	-	11.025.691	-	24.611.941	-	276.198	-	-	-	35.913.830
7	Exposures to corporates	5.815.404	-	182.913	-	4.314.565	-	127.334.986	30.481	-	-	132.286.883
8	Retail exposures	361.880	-	-	-	-	-	50.263.798	-	-	-	50.263.798
9	Exposures secured by residential property	5.588	-	-	11.200.302	-	-	-	-	-	-	11.200.302
10	Exposures secured by commercial real estate	43	-	-	-	6.695.488	-	2.807.150	-	-	-	9.502.638
11	Past-due loans	-	-	-	-	-	-	173.729	46.411	-	-	220.140
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	233.511	-	-	-	-	-	227.333	-	-	-	227.333
16	Investments in equities	-	-	-	-	-	-	71.259	-	-	-	71.259
17	Other assets	1.699.809	-	140.688	-	-	-	2.055.940	-	-	-	3.896.437
18	Total	57.324.186	-	11.513.283	11.200.302	86.300.023	50.263.798	133.002.843	76.892	-	-	320.417.629

(*)Secured by real estate

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

d. Counterparty Credit risk (CCR) explanations:

1. Qualitative disclosure related to counterparty credit risk:

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies, corporate segment, micro segment customers, private banking customers and individual customers. The products are grouped as interest swap transactions, foreign currency option transactions (plain vanilla), foreign exchange option transactions (exotic), interest option transactions, commodity Transactions, credit derivatives and repo transactions.

"Conformity Test" is applied to the customers to determine whether the products to be presented to the customers are in compliance with the customers' financial status and their knowledge and experience. The tests to be applied are prepared in a way that bank can evaluate the information received from the customers with the method including "risk and return preference" and knowledge and experience" classifications determined by the Bank.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For the transactions within the scope of the CCR, appropriate limits to the risk appetite, policies and strategies of the Bank are determined. The determined limits are approved by the Board of Directors for the banks. For the firms and individuals apart from banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined separately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

In counterparty credit risk management of financial institutions, risk mitigation methods such as netting agreements, collateral and "margin" agreements are used. Collateralization principles and procedures are applied for companies and individuals other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

The risk of reverse tendency within the scope of the CKR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

-Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.

-It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

To avoid the risk of specific counter trend risk;

-In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.

-In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

There are no triggering factors for the actions taken under the CCR to grant additional collateral due to the decline in the credibility of the Bank.

2. Analysis of counterparty credit risk exposure by approach:

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Current Period - 31.12.2016						
1	8.396.783	4.206.962	-	1,4	12.603.745	7.559.021
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	-	-	-	-	3.377.391	1.538.866
6 Total					3.377.391	1.538.866
						9.097.887

(*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

	Exposure at default post-CRM	RWA
Current Period - 31.12.2016		
Total portfolios subject to the Advanced CVA capital charge		
1	-	-
2	-	-
3	12.603.745	4.159.105
4	12.603.745	4.159.105

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

Current Period - 31.12.2016										
Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure(*)	
Regulatory portfolio										
Claims from central governments and central banks	50.214	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	1.289	-	-	1.289	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.021.795	10.399.860	-	3.156	-	-	5.607.445	-
Corporates	-	-	9	9.953	-	3.437.039	-	-	3.442.017	-
Retail portfolios	-	-	-	-	42.742	-	-	-	32.057	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	15.079	-	-	15.079	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	50.214	-	2.021.804	10.409.813	42.742	3.456.563	-	-	9.097.887	

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

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

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

6. Credit derivatives exposures:

Current Period - 31.12.2016	Protection bought	Protection sold
Nominal		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	6.635.216	4.931.513
Credit options	-	-
Other credit derivatives	-	-
Total notionals	6.635.216	4.931.513
Fair values		
Positive fair value (asset)	1.643.573	1.643.573
Negative fair value (liability)	-	-

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

7. Exposures to central counterparties (CCP):

Current Period - 31.12.2016		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)	-	-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC Derivatives	269.861	5.397
4	(ii) Exchange-traded Derivatives	269.861	5.397
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	1.964	4
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)		
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

e. Securitization explanations: The Bank has no securitization transactions.

f. Explanations on market risk:

1. Qualitative disclosure requirements related to market risk:

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.

Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which have significant impact and the effects of market fluctuations. Retrospective tests of the model outputs are performed regularly. The standard method is used for the legal reporting.

The following table indicates the details of the market risk calculation as of 31 December 2016, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

1. Standardised approach:

	RWA
Outright products	
1 Interest rate risk (general and specific)	2.012.660
2 Equity risk (general and specific)	11.875
3 Foreign exchange risk	2.444.377
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	58.463
7 Scenario approach	-
8 Securitisation	-
9 Total	4.527.375

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

g. Explanations on operational risk:

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of July 1, 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2016 is calculated by using the gross income of the Bank in 2013, 2014 and 2015.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2013	31.12.2014	31.12.2015	Total/Positive GI year number	Ratio (%)	Total
Gross income	8.506.114	8.997.640	10.207.953	3	15	1.385.585
Amount subject to Operational Risk (Amount*12,5)						17.319.817

h. Interest rate risk related to banking book:

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

In addition to interest rate sensitivities measured and reported weekly, daily and transaction-based analyses are also performed when significant fluctuations occur in markets.

Repricing term mismatch and duration mismatch analyses, net economic value change analyses under different interest rate stress scenarios and income simulations are used for interest rate risk management. Repricing risk, yield curve risk, basis risk and optionality risk are considered under interest rate risk scope.

The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no 28034 on 23 August 2011.

The Group's calculation of the interest rate risk derived from banking books is presented below:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	3.522.632	10,12%
TL	500	(3.732.576)	(10,71%)
USD	(200)	(534.093)	(1,53%)
USD	200	509.074	1,47%
EURO	(200)	57.075	0,15%
EURO	200	(270.409)	(0,78%)
Total (for negative shocks)		3.045.614	8,74%
Total (for positive shocks)		(3.493.911)	(10,02%)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

XI. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

As of 31 December 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 31 December 2016			Prior Period 31 December 2015		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	682.966	-	1.228.638	648.858	-
-FC	20.894.823	124.908	98.991	11.575.795	2.510	158.960
Total	23.392.048	807.874	98.991	12.804.433	651.368	158.960

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 - 31 December 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	(94.580)	89.557	(5.023)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	260	(246)	14
Cross- currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	599	(732)	(133)
Cross- currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	784.031	(776.488)	7.543

(*) 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

As of 31 December 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 31 December 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 12.845 (31 December 2015: TL 8.588).

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	94.338	-	78.608	(9.850)	-

As of 31 December 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 31 December 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 (43.790) (31 December 2015: TL (75.471)).

XII. 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 31 DECEMBER 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 31 December 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.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 31 December 2016					
Operating Income	4.313.256	6.447.743	1.051.592	1.100.722	12.913.313
Profit from Operating Activities	1.621.783	4.258.167	816.233	(497.959)	6.198.224
Income from Subsidiaries	-	-	-	2.658	2.658
Profit before Tax	1.621.783	4.258.167	816.233	(495.301)	6.200.882
Corporate Tax	-	-	-	(1.346.703)	(1.346.703)
Minority Shares	-	-	-	(11)	(11)
Net Profit for the Period	1.621.783	4.258.167	816.233	(1.842.015)	4.854.168
Segment Assets	50.388.066	147.186.165	80.504.590	5.614.790	283.693.611
Investments in Associates.	-	-	-	-	3.923
Undistributed Assets	-	-	-	-	10.803.289
Total Assets	-	-	-	-	294.500.823
Segment Liabilities	85.174.995	87.332.818	76.307.706	4.662.127	253.477.646
Undistributed Liabilities	-	-	-	-	8.530.910
Shareholders' Equity	-	-	-	-	32.492.267
Total Liabilities	-	-	-	-	294.500.823
Other Segment Items					
Capital Investment	-	-	-	445.335	445.335
Amortization	(28.821)	(22.529)	(75)	(167.317)	(218.742)
Non-cash Other Income-Expense	(543.166)	(840.898)	(109.719)	(758.242)	(2.252.025)

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period – 31 December 2015					
Operating Income	3.636.611	5.208.536	823.658	1.086.879	10.755.684
Profit from Operating Activities	434.637	3.632.355	732.671	(622.866)	4.176.797
Income from Subsidiaries	-	-	-	2.275	2.275
Profit before Tax	434.637	3.632.355	732.671	(620.591)	4.179.072
Corporate Tax	-	-	-	(949.706)	(949.706)
Minority Shares	-	-	-	(9)	(9)
Net Profit for the Period	434.637	3.632.355	732.671	(1.570.306)	3.229.357
Segment Assets					
Investments in Associates.	47.424.063	119.823.738	75.311.131	4.599.381	247.158.313
Undistributed Assets	-	-	-	-	3.923
Total Assets	-	-	-	-	5.304.944
Segment Liabilities	-	-	-	-	252.467.180
Undistributed Liabilities	73.133.732	76.127.302	64.354.829	3.445.966	217.061.829
Shareholders' Equity	-	-	-	-	7.390.460
Total Liabilities	-	-	-	-	28.014.891
Other Segment Items					
Capital Investment	-	-	-	159.528	159.528
Amortization	(39.983)	(24.815)	(462)	(160.840)	(226.100)
Non-cash Other Income-Expense	(1.019.406)	(526.358)	(43.607)	(775.623)	(2.364.994)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Cash/Foreign Currency	1.135.291	559.576	935.450	448.460
The CBRT	4.228.312	28.943.471	1.230.328	22.776.999
Other(*)	1	145.634	2	82.200
Total	5.363.604	29.648.681	2.165.780	23.307.659

(*) As of 31 December 2016, precious metal account amounts to TL 4.947 (31 December 2015: TL 56.414).

2. Information related to the account of the CBRT:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Account	1.530	-	1.830	-
Time Unrestricted Account	-	5.173.596	-	853.816
Time Restricted Account	-	-	-	-
Reserve Requirement	4.226.782	23.769.875	1.228.498	21.923.183
Total	4.228.312	28.943.471	1.230.328	22.776.999

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 31 December 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4,5% and 24,5% for deposit and other foreign currency liabilities according to their maturities as of 31 December 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 31 December 2016, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.721 (31 December 2015: TL 8.463); and those subject to repo transactions amount to TL 569 (31 December 2015: TL 1.489).

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Forward Transactions	471.979	-	198.176	-
Swap Transactions	3.702.044	3.184.326	577.202	1.699.565
Futures Transactions	-	-	-	-
Options	26.984	235.605	896	221.318
Other	-	-	-	-
Total	4.201.007	3.419.931	776.274	1.920.883

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

c. Information on banks account:

1. Information on banks account:	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Banks	150.527	10.235.651	1.586.889	7.228.274
Domestic	149.080	2.574.639	1.586.889	1.834.297
Foreign	1.447	7.661.012	-	5.393.977
Head Quarters and Branches Abroad	-	-	-	-
Total	150.527	10.235.651	1.586.889	7.228.274

2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
European Union Countries	1.719.248	1.446.858	5.356.726	3.144.498
USA, Canada	570.116	786.390	-	1.754
OECD Countries (*)	9.974	9.996	-	-
Off-Shore Banking Regions	17	-	15	-
Other	6.261	4.481	102	-
Total	2.305.616	2.247.725	5.356.843	3.146.252

(*) OECD Countries other than EU countries, USA and Canada.

(**) Restricted amounts which mainly consist of collaterals related to borrowings, are kept in several banks.

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

1. As of 31 December 2016, available-for-sale financial assets subject to repurchase agreements amount to TL 16.282.871 (31 December 2015: TL 20.185.224); and those given as collateral/blocked amounting to TL 2.062.303 (31 December 2015: TL 1.939.145).

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Debt Securities	35.630.700	44.023.242
Quoted to Stock Exchange	35.462.993	43.796.801
Not Quoted to Stock Exchange	167.707	226.441
Share Certificates	67.341	128.794
Quoted to Stock Exchange	-	-
Not Quoted to Stock Exchange	67.341	128.794
Impairment Provision (-)	890.984	767.596
Total	34.807.057	43.384.440

e. Information related to loans:

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

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	245	-	82
Corporate Shareholders	-	245	-	82
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	4.591.797	900.355	3.421.775	1.447.220
Loans Granted to Employees	105.759	-	99.195	-
Total	4.697.556	900.600	3.520.970	1.447.302

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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	Extension of Repayment Plan	Other Changes	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Extension of Repayment Plan	Other Changes
Non-specialized Loans	172.720.280	2.742.877	-	-	6.017.983	3.026.531	-	-
Business Loans	27.630.244	362.411	-	-	2.015.195	1.089.972	-	-
Export Loans	7.005.141	70.000	-	-	11.111	8.110	-	-
Import Loans	1.462.837	-	-	-	-	-	-	-
Loans Granted to Financial Sector	7.132.273	6.451	-	-	973	-	-	-
Consumer Loans	27.894.782	528.858	-	-	1.536.885	902.019	-	-
Credit Cards	12.128.729	411.000	-	-	690.487	514.387	-	-
Other	89.466.274	1.364.157	-	-	1.763.332	512.043	-	-
Specialized Loans	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-
Total	172.720.280	2.742.877	-	-	6.017.983	3.026.531	-	-

The Bank has a cash loan exposure of USD 1.5 billion related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have started among the telecommunication company's shareholders, creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified under "Standard loans and other receivables" as of 31 December 2016.

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	2.631.740	2.526.412
Extended by 3,4 or 5 times	110.731	476.406
Extended by more than 5 times	406	23.713
Total	2.742.877	3.026.531

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	258.704	955.035
6 - 12 Months	162.063	209.102
1 - 2 Years	634.135	551.321
2 - 5 Years	1.046.975	954.342
5 Years and over	641.000	356.731
Total	2.742.877	3.026.531

3. Breakdown of loans according to their maturities:

	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables				
Non-Specialized Loans	47.421.529	727.923	1.427.952	838.858
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables				
Non-Specialized Loans	125.298.751	2.014.954	4.590.031	2.187.673
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	172.720.280	2.742.877	6.017.983	3.026.531

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

Current Period- 31.12.2016	Short-term	Medium and Long-term	Total
Consumer Loans-TL	453.953	27.962.936	28.416.889
Mortgage Loans	8.491	13.548.749	13.557.240
Automotive Loans	5.413	372.723	378.136
Consumer Loans	440.049	14.041.464	14.481.513
Other	-	-	-
Consumer Loans- Indexed to FC	-	10.708	10.708
Mortgage Loans	-	9.601	9.601
Automotive Loans	-	-	-
Consumer Loans	-	1.107	1.107
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	9.862.772	747.868	10.610.640
With Installment	4.152.291	745.705	4.897.996
Without Installment	5.710.481	2.163	5.712.644
Consumer Credit Cards-FC	9.319	-	9.319
With Installment	-	-	-
Without Installment	9.319	-	9.319
Personnel Loans-TL	2.966	62.162	65.128
Mortgage Loans	-	3.000	3.000
Automotive Loans	-	147	147
Consumer Loans	2.966	59.015	61.981
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	40.491	38	40.529
With Installment	16.120	38	16.158
Without Installment	24.371	-	24.371
Personnel Credit Cards-FC	102	-	102
With Installment	-	-	-
Without Installment	102	-	102
Credit Deposit Account-TL (Real Person)	938.942	-	938.942
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	11.308.545	28.783.712	40.092.257

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

Current Period – 31.12.2016	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.111.879	6.336.363	7.448.242
Mortgage Loans	2.111	8.541	10.652
Automotive Loans	47.976	2.097	50.073
Consumer Loans	1.061.792	6.325.725	7.387.517
Other	-	-	-
FC Indexed Commercial Installment Loans	39.970	166.395	206.365
Mortgage Loans	-	3.040	3.040
Automotive Loans	6.296	1.056	7.352
Consumer Loans	33.674	162.299	195.973
Other	-	-	-
Commercial Installment Loans-FC	84	153.604	153.688
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	84	153.604	153.688
Other	-	-	-
Corporate Credit Cards-TL	2.157.063	127	2.157.190
With Installment	952.803	80	952.883
Without Installment	1.204.260	47	1.204.307
Corporate Credit Cards-FC	1.436	-	1.436
With Installment	-	-	-
Without Installment	1.436	-	1.436
Credit Deposit Account-TL (Legal Person)	726.714	-	726.714
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.037.146	6.656.489	10.693.635
Prior Period – 31.12.2015	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	167.589	6.257.337	6.424.926
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	-	-	-
FC Indexed Commercial Installment Loans	4.138	127.182	131.320
Mortgage Loans	-	3.954	3.954
Automotive Loans	330	4.479	4.809
Consumer Loans	3.808	118.749	122.557
Other	-	-	-
Commercial Installment Loans-FC	1.431	133.731	135.162
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.431	133.731	135.162
Other	-	-	-
Corporate Credit Cards-TL	1.629.075	899	1.629.974
With Installment	698.710	899	699.609
Without Installment	930.365	-	930.365
Corporate Credit Cards-FC	1.537	-	1.537
With Installment	17	-	17
Without Installment	1.520	-	1.520
Credit Deposit Account-TL (Legal Person)	733.897	-	733.897
Credit Deposit Account-FC (Legal person)	-	-	-
Total	2.537.667	6.519.149	9.056.816

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

6. Loans according to types of borrowers:

	Current Period 31 December 2016	Prior Period 31 December 2015
Public	1.983.806	1.520.933
Private	176.754.457	151.798.250
Total	178.738.263	153.319.183

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Domestic Loans	171.595.025	148.428.324
Foreign Loans	7.143.238	4.890.859
Total	178.738.263	153.319.183

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

9. Specific provisions accounted for loans:

	Current Period 31 December 2016	Prior Period 31 December 2015
Loans and Other Receivables with Limited Collectibility	587.401	448.339
Loans and Other Receivables with Doubtful Collectibility	815.140	869.262
Uncollectible Loans and Receivables	2.709.680	1.908.409
Total	4.112.221	3.226.010

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

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period: 31 December 2016			
(Gross Amounts Before Specific Provisions)	38.292	63.415	76.164
Restructured Loans and Other Receivables	36.475	62.859	74.909
Rescheduled Loans and Other Receivables	1.817	556	1.255
Prior Period: 31 December 2015			
(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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance: 31 December 2015	448.339	869.262	2.055.722
Additions (+)	2.040.955	11.313	29.103
Transfers from Other Categories of Non- Performing Loans (+)	-	1.703.484	1.535.442
Transfers to Other Categories of Non-Performing Loans (-)	1.703.484	1.535.442	-
Collections (-)	196.557	228.801	292.560
Write-offs (-) (*)	1.852	4.676	463.057
Corporate and Commercial Loans	358	2.484	104.251
Consumer Loans	1.213	1.404	115.422
Credit Cards	281	788	243.384
Other	-	-	-
Balance at the End of the Period	587.401	815.140	2.864.650
Specific Provisions (-)	587.401	815.140	2.709.680
Net Balance at Balance Sheet (**)	-	-	154.970

(*) 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).

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 31 December 2016			
Balance at the End of the Period	54.196	56.434	245.869
Specific Provision (-)	54.196	56.434	114.793
Net Balance on Balance Sheet	-	-	131.076
Prior Period: 31 December 2015			
Balance at the End of the Period	14.731	10.469	224.180
Specific Provision (-)	14.731	10.469	93.568
Net Balance at Balance Sheet	-	-	130.612

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible Loans
	Receivables with	Receivables with	and Other Receivables
	Limited Collectibility	Doubtful Collectibility	
Current Period (Net): 31 December 2016			
Loans granted to corporate entities and real persons (Gross)	587.401	815.140	2.864.650
Specific Provision Amount (-)	587.401	815.140	2.709.680
Loans granted to corporate entities and real persons (Net)	-	-	154.970
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2015			
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)	-	-	-

11. Information on the collection policy of non-performing loans and other receivables:

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

12. Information on the write-off policy:

Write-off policy of the Bank for receivables under follow-up is to retire the receivables from assets in case of verification of the inability of collection through the legal follow-up process.

f. Held-to-maturity investments:

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

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Given as collateral/blocked	113.728	2.122.032	133.637	1.903.784
Subject to repurchase agreements	3.625.467	7.110.699	2.918.515	3.011.127
Total	3.739.195	9.232.731	3.052.152	4.914.911

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Government Bonds	13.091.240	9.654.713
Treasury Bills	-	-
Other Government Debt Securities	2.370.665	1.033.727
Total	15.461.905	10.688.440

3. Information on held-to-maturity investments:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Debt Securities	18.150.663	10.761.480
Quoted to Stock Exchange	18.150.663	10.761.480
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	173.793	73.040
Total	17.976.870	10.688.440

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Balance at the Beginning of the Period	10.688.439	10.800.111
Foreign Currency Differences on Monetary Assets	1.269.337	864.389
Purchases During Year (*)	5.882.218	382
Disposals Through Sales and Redemptions	130.259	1.112.849
Impairment Provision (-)	100.753	63.740
Change in Amortized Cost	367.888	200.147
Balance at the End of the Period	17.976.870	10.688.440

(*) Due to the change of intention, The Bank has classified its Government Debt Securities with the notional amount EUR 96.359 thousand and USD 1.591.672 thousand from Available For Sale Financial Assets portfolio to Held to Maturity Securities portfolio in the current year. As of classification date, the book value which reflects the fair value of the related securities are EUR 98.531 thousand and USD 1.650.112 thousand respectively and these amounts are accepted as the new costs of related securities. The Marketable Securities Valuation Differences of classified securities are amortized throughout the remaining term of held to maturity investments by using effective interest rate method.

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	Bank's share percentage- If different	Bank's risk group share
	(City / Country)	voting percentage (%)	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 31 December 2016 for Bankalararası Kart Merkezi A.Ş. and 30 September 2016 for Kredi Kayıt Bürosu A.Ş.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	80.262	39.897	50.024	1.068	-	10.403	3.869	-
2	185.448	129.647	135.578	2.817	90	16.458	26.782	-

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

	Current Period 31 December 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.

h. Information on subsidiaries (Net):

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

The amounts below are obtained from the 31 December 2016 financial data which were subject to the regulations of the related companies.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	Akbank (Dubai) Limited
Paid in Capital	235.007	46.802	4.079	740.648	2.243
Share Premium	-	-	-	-	-
Reserves	453.950	59.231	11.366	1.236.746	13.717
Gains recognized in equity as per TAS	-	(1.603)	3	-	-
Profit/Loss	113.988	92.559	27.729	161.093	13.619
-Net Current Period Profit	113.988	31.633	27.358	161.093	(3.010)
-Prior Year Profit/Loss	-	60.926	371	-	16.629
Development Cost of Operating Lease (-)	48	1.355	-	199	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	983	1.059	122	516	-
Total Common Equity	801.914	194.575	43.055	2.137.772	29.579
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1 st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	655	706	81	344	-
Total Tier I Capital	801.259	193.869	42.974	2.137.428	29.579
Tier II Capital	25.361	-	-	-	-
CAPITAL	826.620	193.869	42.974	2.137.428	29.579
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	826.620	193.869	42.974	2.137.428	29.579

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

3 (i). Information about consolidated subsidiaries:

			The Parent Bank's Share Percentage-If Different Voting Percentage (%)	Risk Group of Bank's Percentage (%)
Title	Address (City / Country)			
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

As of 27 December 2016 The Board of Directors of the Bank decided to wind up Akbank (Dubai) Limited and open a representative office in same location. Operations related to processes started to be carried out by the competent authorities.

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

The financial figures have been obtained from the financial statements as at 31 December 2016 prepared in accordance with local regulations.

	Total Assets	Shareholders ' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.445.932	802.940	34.035	350.622	292	113.988	89.530	-
2	870.208	196.989	6.165	95.851	30.405	31.633	26.942	-
3	53.006	43.177	1.039	3.705	-	27.358	22.909	-
4	20.448.007	2.138.487	1.612	572.358	65.542	161.093	148.039	-
5	32.168	29.579	7	-	-	(3.010)	3.697	-

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

3 (ii). Movement schedule for consolidated subsidiaries:

	Current Period	Prior Period
	31 December 2016	31 December 2015
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 (**)	175.200	85.390
Balance at the End of the Period	1.525.941	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:

Subsidiaries	Current Period	Prior Period
	31 December 2016	31 December 2015
Banks	1.176.382	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.

i. Information on finance lease receivables (Net):

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	Gross	Net	Gross	Net
2016	-	-	1.461.941	1.232.830
2017	1.902.135	1.640.186	1.009.706	822.731
2018	1.242.683	1.018.701	784.343	656.898
2019	932.451	780.873	892.889	468.864
2020 and following years	1.785.702	1.568.840	550.801	794.458
Total	5.862.971	5.008.600	4.699.680	3.975.781

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

j. Information on the hedging derivative financial assets:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	682.966	30.570	648.858	575
Cash Flow Hedge	-	94.338	-	1.935
Net Investment Hedge in a foreign operation	-	-	-	-
Total	682.966	124.908	648.858	2.510

k. Information on property and equipment:

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2015				
Cost	843.368	988.790	1.656	1.833.814
Accumulated Depreciation(-)	324.233	713.451	-	1.037.684
Net Book Value	519.135	275.339	1.656	796.130
Current Period End: 31 December 2016				
Net Book Value at the Beginning of the Period	519.135	275.339	1.656	796.130
Additions	11.285	204.376	5.664	221.325
Transferred	4.936	-	(4.936)	-
Disposals (-), net	4.922	710	-	5.632
Depreciation (-)	21.080	109.383	-	130.463
Impairment	-	-	-	-
Cost at Period End	845.644	1.153.832	2.384	2.001.860
Accumulated Depreciation at Period End (-)	336.290	784.210	-	1.120.500
Closing Net Book Value	509.354	369.622	2.384	881.360
	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2014				
Cost	852.693	985.242	2.495	1.840.430
Accumulated Depreciation(-)	308.494	668.582	-	977.076
Net Book Value	544.199	316.660	2.495	863.354
Current Period End: 31 December 2015				
Net Book Value at the Beginning of the Period	544.199	316.660	2.495	863.354
Additions	6.084	73.275	5.467	84.826
Transferred	6.306	-	(6.306)	-
Disposals (-), net	7.165	1.269	-	8.434
Depreciation (-)	30.289	113.327	-	143.616
Impairment	-	-	-	-
Cost at Period End	843.368	988.790	1.656	1.833.814
Accumulated Depreciation at Period End (-)	324.233	713.451	-	1.037.684
Closing Net Book Value	519.135	275.339	1.656	796.130

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

l. Information on intangible assets

1. Cost and accumulated amortization at the beginning and end of the period:

	Current Period 31 December 2016	Prior Period 31 December 2015
Cost	800.726	576.407
Accumulated Amortization (-)	439.199	352.302
Net Book Value	361.527	224.105

2. Reconciliation of movements for the current period and prior period:

	Current Period 31 December 2016	Prior Period 31 December 2015
Opening Balance Net Book Value	224.105	229.004
Additions	224.038	74.285
Disposals (-), net	-	-
Depreciation (-)	86.616	79.184
Closing Net Book Value	361.527	224.105

m. Information on the investment properties: None.

n. Information on deferred tax asset :

As of 31 December 2016, foreign currency deferred tax asset of the Group is TL 23.773 (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.

	Accumulated temporary differences		Deferred tax assets/liabilities	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Employee benefits	228.082	192.906	45.483	38.502
Differences between fair value and book value of financial assets	1.712.181	1.244.837	343.036	252.769
Other	316.689	334.492	63.336	66.898
Deferred Tax Asset			451.855	358.169
Differences between book value and tax base of property, plant and equipment	246.191	123.540	(49.238)	(24.708)
Differences between book value and tax base of financial assets	2.649.149	982.104	(545.380)	(183.724)
Country risk provision	191.197	140.736	(61.183)	(45.036)
Deferred Tax Liabilities			(655.801)	(253.468)
Deferred Tax Asset/(Liabilities)				
Net			(203.946)	104.701

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Cost	74.980	183.237
Accumulated Depreciation (-)	792	3.371
Net Book Value	74.188	179.866

	Current Period	Prior Period
	31 December 2016	31 December 2015
Opening Balance Net Book Value	179.866	158.652
Additions	70.537	42.857
Disposals (-), net	174.552	18.343
Depreciation (-)	1.663	3.300
Closing Net Book Value	74.188	179.866

p. Information on other assets:

Other assets amount to TL 2.576.498 (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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

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

1 (i). Current Period – 31 December 2016:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	8.069.435	13.958.692	25.950.507	593.510	682.811	639.454	54.663	49.949.072
Foreign Currency Deposits	12.192.760	15.829.619	31.151.998	6.485.790	5.854.907	11.295.040	3.038	82.813.152
Residents in Turkey	10.007.922	15.346.925	28.828.328	2.452.915	1.227.788	3.700.666	2.950	61.567.494
Residents Abroad	2.184.838	482.694	2.323.670	4.032.875	4.627.119	7.594.374	88	21.245.658
Public Sector Deposits	293.278	17.272	46.506	20.012	2.006	51	-	379.125
Commercial Deposits	7.529.160	7.573.160	8.379.056	715.839	2.302.032	476.238	-	26.975.485
Other Institutions Deposits	273.469	382.938	2.498.253	1.081.325	1.017.328	229.385	-	5.482.698
Gold Vault	1.079.125	-	3.952	-	80.519	3.051	-	1.166.647
Interbank Deposits	972.501	391.288	4.969.500	452.015	365.039	51.282	-	7.201.625
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	14.504	213.948	361.173	-	30.070	4.288	-	623.983
Foreign Banks	262.326	177.340	4.608.327	452.015	334.969	46.994	-	5.881.971
Participation Banks	695.671	-	-	-	-	-	-	695.671
Other	-	-	-	-	-	-	-	-
Total	30.409.728	38.152.969	72.999.772	9.348.491	10.304.642	12.694.501	57.701	173.967.804

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016	Prior Period 31 December 2015
Saving Deposits	22.883.007	21.092.387	27.066.065	22.523.013
Foreign Currency Saving Deposits	7.498.797	7.409.503	32.274.350	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 31 December 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	1.249.200	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 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Forward Transactions	409.197	-	249.438	-
Swap Transactions	3.227.474	673.404	229.908	1.030.603
Futures Transactions	-	-	-	-
Options	12.254	277.518	3	257.899
Other	-	-	-	-
Total	3.648.925	950.922	479.349	1.288.502

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	294.726	472.133	286.556	520.324
From Foreign Banks, Institutions and Funds	127.011	31.410.416	16.527	25.353.468
Total	421.737	31.882.549	303.083	25.873.792

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Short-term	175.931	1.800.256	209.421	3.284.045
Medium and Long-term	245.806	30.082.293	93.662	22.589.747
Total	421.737	31.882.549	303.083	25.873.792

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		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Bank bills	776.911	-	1.548.685	892.932
Bonds	1.779.356	9.977.034	1.825.136	8.144.036
Total	2.556.267	9.977.034	3.373.821	9.036.968

e. Information on other foreign liabilities:

Other foreign liabilities amount to TL 1.436.897 (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		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	-	98.645	-	157.528
Cash Flow Hedge	-	346	-	1.432
Net Investment Hedge in a foreign operation	-	-	-	-
Total	-	98.991	-	158.960

h. Information on provisions:

1. Information on general provisions:

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
General Provisions	2.927.745		2.543.192	
Provisions for Group I. Loans and Receivables	2.313.404		2.046.557	
- Additional Provision for loans with extended payment period	111.423		70.085	
Provisions for Group II. Loans and Receivables	317.165		305.259	
- Additional Provision for loans with extended payment period	77.996		62.876	
Provisions for Non-cash Loans	132.523		108.853	
Other	164.653		82.523	

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

As of 31 December 2016 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no.29918. The Bank's provision ratios are over these minimum ratios. If the minimum provision ratios stated in the Regulation had been applied, the general provision amount in the financial statements would be lower by TL 1,8 billion (full TL amount).

2. Information on reserves for employee rights:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Balance Sheet Obligations for:		
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	146.104	124.027
- Reserve for unused vacation	81.978	68.879
Total	228.082	192.906

As explained in Note 2(ii) below, there is no liability that needs to be accounted under the balance sheet since the Fund's fair value compensates for defined benefit obligations as explained in Note 2(ii).

	Current Period	Prior Period
	31 December 2016	31 December 2015
Income Statement Charge for:		
- Post-employment benefits (pension and medical)	(175.248)	(154.457)
- Reserve for employment termination benefits	(49.704)	(62.388)
- Reserve for unused vacation	(13.099)	(8.277)
Total	(238.051)	(225.122)

The charge for the post-employment benefits represents the cash payments, which represent the employer's contribution determined by the Social Security Law no: 506 and additional 2% contribution of the employer. The employer's contribution amounting to TL 175.248 (31 December 2015: TL 154.457) during the year has been included in employee costs under operating expenses.

2 (i). 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:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Discount Rate (%)	3,64	4,17
Rate for the Probability of Retirement (%)	94,07	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 4.426,16 (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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Prior Period Closing Balance	124.027	67.034
Recognized as an Expense During the Period	49.704	62.388
Actuarial Loss/(Gain)	20.240	63.770
Paid During the Period	(47.867)	(69.165)
Balance at the End of the Period.	146.104	124.027

As of 31 December 2016, the Group has allocated vacation liability amounting to TL 81.978 (31 December 2015: TL 68.879).

2 (ii). Post-employment benefits:

The Group's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Accordingly, as of 31 December 2016, the surplus of the Fund, including the obligation for other non-transferable benefits of TL 317.383 (31 December 2015: TL 275.785) amounts to TL 209.173 (31 December 2015: TL 302.564).

	Current Period 31 December 2016	Prior Period 31 December 2015
Present value of funded obligations	(1.184.939)	(986.395)
- Pension benefits transferrable to SSI	(1.635.774)	(1.377.543)
- Post-employment medical benefits transferrable to SSI	768.218	666.933
- Other non-transferable benefits	(317.383)	(275.785)
Fair value of plan assets	1.394.112	1.288.959
Surplus	209.173	302.564

The amount of the post-employment medical benefits transferrable to SSI are calculated over discounted net present value of medical liabilities and health premiums

The principal actuarial assumptions used were as follows:

	Current Period 31 December 2016	Prior Period 31 December 2015
Discount rate		
- Pension benefits transferrable to SSI	% 9,80	% 9,80
- Post-employment medical benefits transferrable to SSI	% 9,80	% 9,80
- Other non-transferable benefits	% 4,49	% 4,27

Mortality rate

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 17 years for men and 23 years for women.

The movement in the fair value of plan assets of the year is as follows:

	Current Period 31 December 2016	Prior Period 31 December 2015
Prior period end	1.288.959	1.205.692
Actual return on plan assets	198.804	166.008
Employer contributions	175.248	154.457
Employee contributions	149.708	132.086
Benefits paid	(418.607)	(369.284)
Period end	1.394.112	1.288.959

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Plan assets are comprised as follows:

	Current Period		Prior Period	
	31 December 2015		31 December 2015	
Bank placements	999.280	72%	938.789	73%
Property and equipment	19.135	1%	18.739	1%
Marketable securities and share certificates	279.076	20%	240.010	19%
Other	96.621	7%	91.421	7%
Period end	1.394.112	100%	1.288.959	100%

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

As of 31 December 2016, the provision related to foreign currency differences of foreign indexed loans amounts to TL 1.741 (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 31 December 2016 is amounting to TL 73.086 (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 89.968 (31 December 2015: TL 139.240).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 31 December 2016, the corporate tax liability after the deduction of temporary taxes paid is TL 288.226 (31 December 2015: TL 379.083).

1 (i). Information on taxes payable:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Corporate Taxes Payable	288.226	379.083
Taxation on Marketable Securities	112.225	96.179
Property Tax	1.798	1.706
Banking Insurance Transaction Tax (BITT)	105.455	90.711
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	7.236	4.831
Other	59.822	52.145
Total	574.762	624.655

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

1 (ii). Information on premium payables:

	Current Period 31 December 2016	Prior Period 31 December 2015
Social Security Premiums – Employee	1.376	362
Social Security Premiums – Employer	325	414
Bank Social Aid Pension Fund Premium- Employee	97	9
Bank Social Aid Pension Fund Premium – Employer	134	11
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.939	948
Unemployment Insurance – Employer	3.656	1.895
Other	8	37
Total	7.535	3.676

2. Information on deferred tax liability:

As of 31 December 2016, Turkish Lira deferred tax liability of the Group amounts to TL 227.719. (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:

	Current Period 31 December 2016	Prior Period 31 December 2015
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:

Capital System	Paid-in capital	Ceiling
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.

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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

8. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(587.935)	(573.267)	(627.540)	(486.868)
Foreign Currency Differences	-	-	-	-
Total	(587.935)	(573.267)	(627.540)	(486.868)

k. Information on minority shares:

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
Beginning Balance		119		100
Net Profit Share of other shareholders		11		9
Previous Term Dividend		-		-
Net Currency difference due to foreign subsidiaries		-		-
Effect of Changes within scope of consolidation		-		10
Balance end of Period		130		119

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Short-term Loans	4.840.519	116.486	4.027.347	121.525
Medium and Long-term Loans	7.442.754	2.628.102	5.901.808	2.288.878
Interest on Loans Under Follow-Up	25.548	-	27.565	1
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	12.308.821	2.744.588	9.956.720	2.410.404

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

2. Information on interest income on banks:

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From the CBRT	-	7.051	396	310
From Domestic Banks	63.246	9.415	44.202	3.284
From Foreign Banks	1.127	26.067	120	12.248
From Headquarters and Branches Abroad	-	-	-	-
Total	64.373	42.533	44.718	15.842

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From Trading Financial Assets	11.286	1	9.353	69
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	1.772.370	768.359	1.561.618	750.365
From Held-to-Maturity Investments	424.649	213.315	418.215	169.823
Total	2.208.305	981.675	1.989.186	920.257

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 semi-annual fixed real coupon rates with a maturity of 5 to 10 years. For the valuation of related securities Bank uses an index, which is calculated by considering estimated inflation rate on balance sheet date. Related inflation rate is updated during the year when necessary. As of 31 December 2016 the valuation index of related securities based on actual coupon rates and the change between reference inflation rate at the issue date and inflation index at the reporting date

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Banks	39.500	529.332	34.161	391.408
The CBRT	-	-	-	-
Domestic Banks	28.240	8.421	26.345	5.401
Foreign Banks	11.260	520.911	7.816	386.007
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	29.399	-	10.680
Total	39.500	558.731	34.161	402.088

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

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

3.Information on interest expense given to securities issued:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Interest expense on securities issued	369.234	421.948	304.399	439.768

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period-31.12.2016	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	
TL							
Bank Deposits	281	64.755	105.589	3.166	2.633	288	176.712
Saving Deposits	-	1.230.503	2.640.043	54.950	55.059	63.006	4.043.561
Public Sector Deposits	-	6.309	4.027	1.446	161	42	11.985
Commercial Deposits	-	659.509	892.013	256.865	204.187	45.665	2.058.239
Other Deposits	4	64.207	242.383	63.284	73.440	20.278	463.596
Total	285	2.025.283	3.884.055	379.711	335.480	129.279	6.754.093
FC							
Foreign Currency Deposits	3.104	309.739	544.600	87.738	48.757	191.135	1.185.073
Bank Deposits	-	8.169	42.629	43.213	12.771	804	107.586
Precious Metals Deposits	-	-	1	-	500	218	719
Total	3.104	317.908	587.230	130.951	62.028	192.157	1.293.378
Grand Total	3.389	2.343.191	4.471.285	510.662	397.508	321.436	8.047.471

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Prior Period – 31.12.2015	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	
TL							
Bank Deposits	34	22.137	83.777	5.310	2.756	431	114.445
Saving Deposits	-	1.139.410	2.172.407	55.074	42.284	55.563	3.464.738
Public Sector Deposits	-	1.428	4.352	4.251	168	212	10.411
Commercial Deposits	-	612.154	489.128	55.802	56.811	15.526	1.229.421
Other Deposits	3	42.410	144.657	10.436	54.773	20.538	272.817
Total	37	1.817.539	2.894.321	130.873	156.792	92.270	5.091.832
FC							
Foreign Currency Deposits	7.867	248.291	334.061	45.422	103.246	190.771	929.658
Bank Deposits	15	20.430	50.064	63.707	4.684	500	139.400
Precious Metals Deposits	-	-	13	-	465	113	591
Total	7.882	268.721	384.138	109.129	108.395	191.384	1.069.649
Grand Total	7.919	2.086.260	3.278.459	240.002	265.187	283.654	6.161.481

c. Explanations on dividend income:

	Current Period 31 December 2016	Prior Period 31 December 2015
From Trading Financial Assets	1.943	11
From Financial Assets at Fair Value Through Profit or Loss	-	-
From Available-for-sale Financial Assets	59	509
Other (*)	656	1.755
Total	2.658	2.275

(*)Discloses the dividend income received from non-consolidated investments in associates and subsidiaries.

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Profit	3.181.830.939	6.878.067.093
Income From Capital Market Transactions	814.248	867.639
Income From Derivative Financial Transactions (*)	10.198.428	5.680.437
Foreign Exchange Gains	3.170.818.263	6.871.519.017
Loss (-)	3.180.884.959	6.878.000.947
Loss from Capital Market Transactions	628.802	641.504
Loss from Derivative Financial Transactions (*)	9.201.379	6.261.046
Foreign Exchange Loss	3.171.054.778	6.871.098.397
Total (Net)	945.980	66.146

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 600.854 (31 December 2015: (-) TL 30.596)

e. Explanations on other operating income:

"Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Specific Provisions for Loans and Other Receivables	1.790.722	1.757.858
III. Group Loans and Receivables	588.940	449.245
IV. Group Loans and Receivables	816.495	870.334
V. Group Loans and Receivables	385.287	438.279
General Provision Expenses	386.853	438.930
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	1	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	1	-
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	72.600	24.294
Total	2.250.176	2.221.082

g. Information related to other operating expenses:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Personnel Expenses	1.798.580	1.671.033
Reserve for Employee Termination Benefits	1.849	1.328
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	130.463	143.616
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	86.616	79.184
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	1.663	3.300
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.776.123	1.613.654
Operational Leasing Expenses	187.913	177.543
Maintenance Expenses	25.820	23.497
Advertisement Expenses	131.620	120.577
Other Expenses	1.430.770	1.292.037
Loss on Sales of Assets	22	326
Other(*)	669.597	845.364
Total	4.464.913	4.357.805

(*) 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 92.180 (31 December 2015: TL 217.281). 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 31 DECEMBER 2016

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

h. Information on income/loss from minority interest:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Income/(loss) from minority interest	11	9

i. Information on profit/(loss) from continued and discontinued operations before tax:

The Bank's income before tax consists of net interest income amounting to TL 8.490.469, net fees and commission income amounting to TL 2.569.397 and the amount of other operating expense is TL 4.464.913.

The Bank has no discontinued operations

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

As of 31 December 2016, the Group has a current tax expense of TL 1.069.329 and deferred tax expense of TL 277.374. The amount of deferred tax income that occurred due to the temporary differences is TL 144.929 and deferred tax expense is TL 428.535 the amounts of deferred tax income occurred due to the closing of temporary differences is TL 23.011 and deferred tax expense is TL 16.779 respectively.

The Group has no discontinued operations.

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

Net profit of the Bank is TL 4.854.179.

The Group has no discontinued operations

l. Explanations on current period net profit and loss:

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Group for the current period: None.
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.

m. Other figures on profit and loss statement:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 16.705.913 asset purchase commitments (31 December 2015: TL 5.154.131), TL 17.397.602 commitments for credit card limits (31 December 2015: TL 17.672.898) and TL 6.200.426 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:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Bank Acceptance Loans	3.583.229	933.230
Letters of Credit	5.232.776	5.359.136
Other Guarantees	4.379.339	3.513.090
Total	13.195.344	9.805.456

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Revocable Letters of Guarantee	984.154	651.210
Irrevocable Letters of Guarantee	13.700.319	12.025.211
Letters of Guarantee Given in Advance	3.179.535	2.681.029
Guarantees Given to Customs	2.642.796	3.019.643
Other Letters of Guarantee	6.644.988	4.174.171
Total	27.151.792	22.551.264

3. Information on non-cash loans:

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Non-cash Loans Given against Cash Loans	5.574.735	3.411.739
With Original Maturity of 1 Year or Less Than 1 Year	2.778.785	1.614.511
With Original Maturity of More Than 1 Year	2.795.950	1.797.228
Other Non-cash Loans	34.772.401	28.944.981
Total	40.347.136	32.356.720

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

3 (ii). Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2016				Prior Period 31 December 2015			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	13.071	0,08	2.486	0,01	14.438	0,11	360	-
Farming and Raising								
Livestock	1.812	0,01	-	-	973	0,01	-	-
Forestry	11.257	0,07	2.486	0,01	13.457	0,10	360	-
Fishing	2	-	-	-	8	-	-	-
Manufacturing	4.265.398	26,68	7.629.696	30,80	5.141.241	37,36	6.728.786	35,39
Mining	91.055	0,57	96.606	0,39	79.290	0,58	81.367	0,43
Production	3.453.922	21,60	6.184.176	24,93	3.758.802	27,31	5.279.412	27,73
Electric, Gas and Water	720.421	4,51	1.348.914	5,48	1.303.149	9,47	1.368.007	7,23
Construction	2.412.743	15,09	2.432.380	9,87	1.720.886	12,50	2.137.690	11,30
Services	8.667.782	54,29	11.864.783	49,44	6.468.781	47,04	8.662.656	47,71
Wholesale and Retail Trade	5.669.264	35,46	6.552.920	26,60	4.909.257	35,67	4.697.020	24,83
Hotel, Food and Beverage Services	89.544	0,56	62.510	0,25	55.337	0,40	68.933	0,36
Transportation and Telecommunication	323.449	2,02	1.000.648	4,02	180.641	1,31	198.981	1,02
Financial Institutions	2.346.707	14,76	4.087.920	18,01	1.103.071	8,05	3.581.190	20,88
Real Estate and Leasing Services	4.367	0,03	23.105	-	4.967	0,04	95	-
Self-Employment Services	7.080	0,04	5.430	0,02	17.778	0,13	8.961	0,05
Education Services	11.917	0,07	2.606	0,01	13.957	0,10	2.272	0,01
Health and Social Services	215.454	1,35	129.644	0,53	183.773	1,34	105.204	0,56
Other	617.458	3,86	2.441.339	9,88	417.608	2,99	1.064.274	5,60
Total	15.976.452	100,00	24.370.684	100,00	13.762.954	100,00	18.593.766	100,00

3 (iii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	15.751.779	24.199.619	224.673	171.065
Letters of Guarantee	13.498.076	13.271.209	223.359	159.148
Bank Acceptances	-	3.583.229	-	-
Letters of Credit	260	5.220.599	-	11.917
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	18.849	-	-
Other Commitments and Contingencies	2.253.443	2.105.733	1.314	-

4. Mutual Funds :

As of 31 December 2016, the Group is the founder of 44 mutual funds (31 December 2015: 43 mutual funds) with an unaudited total fund value of TL 3.916.212 (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 31 DECEMBER 2016

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

b. Information on derivative transactions:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	229.454.018	121.194.557
FC Trading Forward Transactions	25.778.446	15.110.525
Trading Swap Transactions	174.793.147	82.031.968
Futures Transactions	-	-
Trading Option Transactions	28.882.425	24.052.064
Interest Related Derivative Transactions (II)	143.587.460	105.501.560
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	86.004.924	60.395.904
Interest Rate Options	57.582.536	45.105.656
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	12.324.720	11.410.433
A. Total Trading Derivative Transactions (I+II+III)	385.366.198	238.106.550
Types of Hedging Transactions		
Fair Value Hedges	18.382.865	12.526.955
Cash Flow Hedges	5.009.183	277.478
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	23.392.048	12.804.433
Total Derivative Transactions (A+B)	408.758.246	250.910.983

c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2016: None (31 December 2015: USD 55 million credit default swaps with 5 years maturity).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 61.076 (31 December 2015:10.312 TL) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

2. Contingent Assets:

None.

e. Explanations on the activities carried out on behalf and account of other persons:

The policy is explained on note XIII in Section Four.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

a. Information on distribution of profit:

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

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

b. Information on hedge funds:

1. Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2016, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL (-) 35.032 (31 December 2015: TL (-) 60.377)

2. Information on net investment hedge:

The Bank is hedged against net investment risk arising from fluctuations in foreign exchange rates through the use of foreign currency denominated financial borrowings. In this context, effective portion of the change in foreign currency denominated financial liabilities resulting from changes in the foreign exchange rates is recognized under "Hedging reserves" within equity. As of 31 December 2016, the amount directly recognized in equity is (-) TL 358.165 (31 December 2015: TL (-) 218.005)

c. Information on to foreign exchange difference:

Within the financial statements of the Group's subsidiaries founded abroad, balance sheet items are translated into Turkish Lira with the foreign exchange rates prevailing at the balance sheet date, and income statements items are translated into Turkish Lira with the average foreign exchange rates. Related foreign exchange differences are accounted in the shareholders' equity under "Other profit reserves."

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

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed or impaired.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

a. Information on cash and cash equivalents:

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

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

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Cash	3.049.765	2.247.086
Cash, Foreign Currency and Other	1.409.698	1.478.809
Demand Deposits in Banks (*)	1.640.067	768.277
Cash Equivalents	4.059.676	3.098.443
Interbank Money Market Placements	98	700.000
Time Deposits in Banks	4.031.890	1.512.927
Marketable Securities	27.688	885.516
Total Cash and Cash Equivalents	7.109.441	5.345.529

(*) The restricted demand accounts are not included.

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Cash	3.750.722	3.049.765
Cash, Foreign Currency and Other	1.835.555	1.409.698
Demand Deposits in Banks (*)	1.915.167	1.640.067
Cash Equivalents	9.076.729	4.059.676
Interbank Money Market Placements	37	98
Time Deposits in Banks	9.029.952	4.031.890
Marketable Securities	46.740	27.688
Total Cash and Cash Equivalents	12.827.451	7.109.441

(*) The restricted demand accounts are not included.

b. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to (-) TL 3.637.319 (31 December 2015: (-) TL 2.181.620) consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 2.318.602 (31 December 2015 TL 3.392.125) consists mainly of changes in miscellaneous payables and other liabilities

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 1.416.377 (31 December 2015: TL 934.340).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

VII. 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 – 31 December 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	-	-	4.591.797	900.600	-	-
Interest and Commission Income Received	-	-	371.473	4.256	-	-

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	-	-	253.718	5.321	-	-

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
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	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	-	-	2.172.789	2.102.633	2.315.646	2.181.203
Interest on Deposits(*)	-	-	232.402	194.782	153.684	129.147

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	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	-	-	10.110.973	3.501.482	-	-
Total Income/Loss	-	-	27.091	(2.082)	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 31 December 2016, the net exposure for direct and indirect shareholders of the Group is TL 34.978 (31 December 2015: TL 10.244).

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

As of 31 December 2016 benefits provided to the Group's key management amount to TL 38.600 (31 December 2015: TL 36.406).

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	840	13.831			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch Off-shore Banking Region Branches	- 1	- 12	- Malta	- 38.438.723	- -

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2016, the Bank has opened 2 domestic branches and closed up 63 domestic branches.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

It is decided in the Board of Directors meeting dated 11 January 2017, to increase the upper limit of Banks authorized capital by TL 2.000.000 from TL 8.000.000 to TL 10.000.000 and to extend the allowed duration for upper limit of authorized capital until the end of 2021. Correspondingly, it is decided to make changes in the 9th article of Association and to attain this goal, General Management has been entitled to carry out operations with the competent authorities.

**SECTION SIX
OTHER EXPLANATIONS**

I. OTHER EXPLANATIONS

None.

**SECTION SEVEN
EXPLANATIONS ON AUDIT REPORT**

I. EXPLANATIONS ON AUDIT REPORT

The interim period consolidated financial statements for the period ended 31 December 2016 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The audit report dated 31 January 2017 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.