

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2017 TOGETHER WITH
AUDIT REPORT**

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)
INDEPENDENT AUDITOR'S REPORT**

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

A. Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of Akbank T.A.Ş. (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2017, consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter on the consolidated financial statements described in the basis for the qualified opinion paragraph below, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As mentioned in Section Five Part II h.5 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2017 include a free provision amounting to TL 700.000 thousand which consist of TL 500.000 thousand provided in the current year and TL 200.000 thousand recognized in prior years by the Bank management considering the circumstances that may arise from possible changes in the economy and market conditions.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters**How Our Audit Addressed the Key Audit Matter**

Impairment of loans and receivables

The Group has total provision for impairment of TL 7.066.963 thousands in respect to loans and receivables of TL 213.858.481 which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2017. Explanations and notes related to provision for impairment of loans and receivables are presented section III part VII-c, section V part I-e and section V part II-h in the accompanying consolidated financial statements as at 31 December 2017.

The reason we focused on this area during our audit is; the size of loans and receivables, the importance of their classification in accordance with the relevant legislation and estimation of impairment provision related to these loan and receivables. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.

Within our audit procedures, we assessed and tested the design and operating effectiveness of controls applied by the Group with respect to classification of loans and receivables and estimation of impairment in-line with the framework of the relevant legislation. We have carried credit review on a selected sample of loans and receivables with the objective to identify whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation. In addition, we have tasted the appropriateness of specific provision calculation made for non-performing loans in line with the relevant legislation. For the portfolio of loans subject to the general provision we have examined the appropriateness of the general provision established in line with the related rules and other notifications made by the BRSA. Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

Valuation of Pension Fund Obligations

Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b in the accompanying consolidated financial statements as at 31 December 2017.

The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). Council of Ministers are authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external actuaries for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as transferrable social benefits, discount rates, salary increases, demographic assumptions used in the valuation of pension obligations and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets.

Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.

4. Other Matter

The consolidated financial statements of the Bank and its consolidated subsidiaries as at 31 December 2016 were audited by another auditor, whose report dated 31 January 2017 expressed a qualified opinion for the related consolidated financial statements for the inclusion of a general reserve for possible risks amounting to TL 200.000 thousands, provided by the Bank management and carried forward from 2014, in consideration of circumstances that may arise from possible changes in the economy and market conditions.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM
Partner

Istanbul, 31 January 2018

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

**THE CONSOLIDATED FINANCIAL REPORT OF
AKBANK T.A.Ş. AS OF 31 DECEMBER 2017**

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E-mail : <http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx>

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
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - 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 | - | - |

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 have been independently audited.

31 January 2018

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

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

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President
Phone No : (0 212) 385 55 55
Fax No : (0 212) 325 12 31

SECTION ONE

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AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

(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 2017, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2016: 51%).

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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

İlker Altıntaş has been 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.

As of July 12, 2017, Cem Mengi, Executive Board Member of the Bank, resigned from his position. On the same date, Ahmet Fuat Ayla, Executive Vice President responsible for the Credit Allocation Business Unit has been elected to replace the position of Cem Mengi. This election will be submitted for approval to the upcoming General Assembly. It has been also decided that Hasan Recai Anbarcı is appointed as the Executive Vice President responsible for the Credit Allocation Business Unit, which has been vacated from Ahmet Fuat Ayla.

Mehmet Hakan Tugal has been assigned as Executive Vice President responsible of Commercial Banking Unit instead of Kaan Gür who has resigned from his position on 15 September 2017.

Türker Tunalı has been assigned as Executive Vice President responsible of Financial Coordination Unit instead of Atıl Özus who has resigned from his position on 17 October 2017.

Ali Batu Karaali has been assigned as Executive Vice President responsible of Treasury Unit instead of Kerim Rota who has resigned from his position on 5 December 2017

As of 2 January 2018, Alp Keler has been assigned as Executive Vice President responsible of newly established Private Banking and Investment Transactions Unit.

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

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

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

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment 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 2017, the Bank has 800 branches dispersed throughout the country and 1 branch operating abroad (31 December 2016: 840 branches and 1 branch operating abroad). As of 31 December 2017, the Bank the Bank has 13.884 employees (31 December 2016: 13.843).

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş. 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 2017, the Group employed 14.253 people (31 December 2016: 14.218).

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

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

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

None.

SECTION TWO - CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)

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

| ASSETS | Note (Section Five) | CURRENT PERIOD (31/12/2017) | | | PRIOR PERIOD (31/12/2016) | | |
|---|------------------------|--------------------------------|--------------------|--------------------|------------------------------|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. CASH AND BALANCES WITH CENTRAL BANK | (I-a) | 8.461.584 | 26.901.592 | 35.363.176 | 5.363.604 | 29.648.681 | 35.012.285 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net) | (I-b) | 5.433.943 | 2.921.996 | 8.355.939 | 4.264.928 | 3.419.931 | 7.684.859 |
| 2.1 Trading Financial Assets | | 5.433.943 | 2.921.996 | 8.355.939 | 4.264.928 | 3.419.931 | 7.684.859 |
| 2.1.1 Government Debt Securities | | 9.525 | - | 9.525 | 9.865 | - | 9.865 |
| 2.1.2 Equity Securities | | 23.431 | - | 23.431 | 7.268 | - | 7.268 |
| 2.1.3 Trading Derivative Financial Assets | | 5.394.053 | 2.921.996 | 8.316.049 | 4.201.007 | 3.419.931 | 7.620.938 |
| 2.1.4 Other Marketable Securities | | 6.934 | - | 6.934 | 46.788 | - | 46.788 |
| 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) | 289.699 | 9.740.030 | 10.029.729 | 150.527 | 10.235.651 | 10.386.178 |
| IV. MONEY MARKETS | | 1.552.346 | - | 1.552.346 | 37 | - | 37 |
| 4.1 Interbank Money Market Placements | | 185 | - | 185 | 37 | - | 37 |
| 4.2 Istanbul Stock Exchange Money Market Placements | | 1.552.161 | - | 1.552.161 | - | - | - |
| 4.3 Receivables from Reverse Repurchase Agreements | | - | - | - | - | - | - |
| V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net) | (I-d) | 23.452.703 | 19.377.085 | 42.829.788 | 18.145.438 | 16.661.619 | 34.807.057 |
| 5.1 Equity Securities | | 13.013 | 85.027 | 98.040 | 12.836 | 54.505 | 67.341 |
| 5.2 Government Debt Securities | | 23.159.176 | 13.657.443 | 36.816.619 | 17.912.731 | 11.328.132 | 29.240.863 |
| 5.3 Other Marketable Securities | | 280.514 | 5.634.615 | 5.915.129 | 219.871 | 5.278.982 | 5.498.853 |
| VI. LOANS and RECEIVABLES | (I-e) | 134.438.198 | 75.040.191 | 209.478.389 | 108.979.221 | 69.914.012 | 178.893.233 |
| 6.1 Loans and Receivables | | 134.285.579 | 75.040.191 | 209.325.770 | 108.824.251 | 69.914.012 | 178.738.263 |
| 6.1.1 Loans to Bank's Risk Group | (VII) | 3.676.732 | 1.929.246 | 5.605.978 | 3.469.677 | 1.122.120 | 4.591.797 |
| 6.1.2 Government Debt Securities | | - | - | - | - | - | - |
| 6.1.3 Other | | 130.608.847 | 73.110.945 | 203.719.792 | 105.354.574 | 68.791.892 | 174.146.466 |
| 6.2 Loans under Follow-up | | 4.532.711 | - | 4.532.711 | 4.267.191 | - | 4.267.191 |
| 6.3 Specific Provisions [-] | | 4.380.092 | - | 4.380.092 | 4.112.221 | - | 4.112.221 |
| VII. FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. HELD-TO-MATURITY SECURITIES (Net) | (I-f) | 5.995.041 | 12.887.991 | 18.883.032 | 5.485.602 | 12.491.268 | 17.976.870 |
| 8.1 Government Debt Securities | | 5.995.041 | 10.148.338 | 16.143.379 | 5.485.602 | 9.976.303 | 15.461.905 |
| 8.2 Other Marketable Securities | | - | 2.739.653 | 2.739.653 | - | 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) | 1.530.515 | 4.334.903 | 5.865.418 | 1.202.964 | 3.805.636 | 5.008.600 |
| 12.1 Financial Lease Receivables | | 1.856.087 | 4.885.676 | 6.741.763 | 1.528.271 | 4.334.700 | 5.862.971 |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income [-] | | 325.572 | 550.773 | 876.345 | 325.307 | 529.064 | 854.371 |
| XIII. HEDGING DERIVATIVE FINANCIAL ASSETS | (I-j) | 973.630 | 162.654 | 1.136.284 | 682.966 | 124.908 | 807.874 |
| 13.1 Fair Value Hedge | | 973.630 | 31.206 | 1.004.836 | 682.966 | 30.570 | 713.536 |
| 13.2 Cash Flow Hedge | | - | 131.448 | 131.448 | - | 94.338 | 94.338 |
| 13.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XIV. PROPERTY AND EQUIPMENT (Net) | (I-k) | 3.418.021 | 7.895 | 3.425.916 | 878.932 | 2.428 | 881.360 |
| XV. INTANGIBLE ASSETS (Net) | (I-l) | 476.470 | 2.072 | 478.542 | 360.570 | 957 | 361.527 |
| 15.1 Goodwill | | - | - | - | - | - | - |
| 15.2 Other | | 476.470 | 2.072 | 478.542 | 360.570 | 957 | 361.527 |
| XVI. INVESTMENT PROPERTY (Net) | (I-m) | - | - | - | - | - | - |
| XVII. TAX ASSET | | 28.148 | 9.377 | 37.525 | 11.942 | 14.392 | 26.334 |
| 17.1 Current Tax Asset | | - | - | - | 2.561 | - | 2.561 |
| 17.2 Deferred Tax Asset | (I-n) | 28.148 | 9.377 | 37.525 | 9.381 | 14.392 | 23.773 |
| XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net) | (I-o) | 133.515 | - | 133.515 | 74.188 | - | 74.188 |
| 18.1 Held for Sale Purpose | | 133.515 | - | 133.515 | 74.188 | - | 74.188 |
| 18.2 Related to Discontinued Operations | | - | - | - | - | - | - |
| XIX. OTHER ASSETS | (I-p) | 1.754.630 | 2.281.805 | 4.036.435 | 1.186.816 | 1.389.682 | 2.576.498 |
| TOTAL ASSETS | | 187.942.366 | 153.667.591 | 341.609.957 | 146.791.658 | 147.709.165 | 294.500.823 |

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

AKBANK T.A.S.
I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)

| LIABILITIES | Note (Section Five) | CURRENT PERIOD (31/12/2017) | | | PRIOR PERIOD (31/12/2016) | | |
|---|------------------------|--------------------------------|--------------------|--------------------|------------------------------|--------------------|--------------------|
| | | TL | FC | Total | TL | FC | Total |
| I. DEPOSITS | (II-a) | 92.792.353 | 108.663.175 | 201.455.528 | 84.428.188 | 89.539.616 | 173.967.804 |
| 1.1 Deposits of Bank's Risk Group | (VII) | 2.265.188 | 3.120.932 | 5.386.120 | 2.430.241 | 2.058.194 | 4.488.435 |
| 1.2 Other | | 90.527.165 | 105.542.243 | 196.069.408 | 81.997.947 | 87.481.422 | 169.479.369 |
| II. TRADING DERIVATIVE FINANCIAL LIABILITIES | (II-b) | 4.170.579 | 1.253.249 | 5.423.828 | 3.648.925 | 950.922 | 4.599.847 |
| III. FUNDS BORROWED | (II-c) | 375.074 | 33.252.125 | 33.627.199 | 421.737 | 31.882.549 | 32.304.286 |
| IV. MONEY MARKETS | | 4.516.895 | 24.840.903 | 29.357.798 | 5.725.625 | 21.594.417 | 27.320.042 |
| 4.1 Funds from Interbank Money Market | | 507.522 | - | 507.522 | 1.222.174 | - | 1.222.174 |
| 4.2 Funds from Istanbul Stock Exchange Money Market | | - | - | - | 55.199 | - | 55.199 |
| 4.3 Funds Provided Under Repurchase Agreements | | 4.009.373 | 24.840.903 | 28.850.276 | 4.448.252 | 21.594.417 | 26.042.669 |
| V. SECURITIES ISSUED (Net) | (II-d) | 7.137.270 | 8.717.955 | 15.855.225 | 2.556.267 | 9.977.034 | 12.533.301 |
| 5.1 Bills | | 4.012.498 | - | 4.012.498 | 776.911 | - | 776.911 |
| 5.2 Asset Backed Securities | | - | - | - | - | - | - |
| 5.3 Bonds | | 3.124.772 | 8.717.955 | 11.842.727 | 1.779.356 | 9.977.034 | 11.756.390 |
| VI. FUNDS | | - | - | - | - | - | - |
| 6.1 Borrower Funds | | - | - | - | - | - | - |
| 6.2 Other | | - | - | - | - | - | - |
| VII. MISCELLANEOUS PAYABLES | | 4.911.265 | 1.729.825 | 6.641.090 | 3.966.117 | 1.413.354 | 5.379.471 |
| VIII. OTHER LIABILITIES | (II-e) | 940.960 | 237.400 | 1.178.360 | 1.249.388 | 187.509 | 1.436.897 |
| 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) | - | 74.911 | 74.911 | - | 98.991 | 98.991 |
| 11.1 Fair Value Hedge | | - | 74.911 | 74.911 | - | 98.645 | 98.645 |
| 11.2 Cash Flow Hedge | | - | - | - | - | 346 | 346 |
| 11.3 Foreign Net Investment Hedge | | - | - | - | - | - | - |
| XII. PROVISIONS | (II-h) | 2.896.523 | 964.423 | 3.860.946 | 2.678.915 | 878.986 | 3.557.901 |
| 12.1 General Loan Loss Provisions | | 1.736.416 | 950.455 | 2.686.871 | 2.069.292 | 858.453 | 2.927.745 |
| 12.2 Restructuring Provisions | | - | - | - | - | - | - |
| 12.3 Reserve for Employee Benefits | | 300.792 | 161 | 300.953 | 227.221 | 861 | 228.082 |
| 12.4 Insurance Technical Provisions (Net) | | - | - | - | - | - | - |
| 12.5 Other Provisions | | 859.315 | 13.807 | 873.122 | 382.402 | 19.672 | 402.074 |
| XIII. TAX LIABILITY | (II-i) | 1.432.408 | 188.093 | 1.620.501 | 692.521 | 117.495 | 810.016 |
| 13.1 Current Tax Liability | | 1.040.244 | 97.421 | 1.137.665 | 567.678 | 14.619 | 582.297 |
| 13.2 Deferred Tax Liability | | 392.164 | 90.672 | 482.836 | 124.843 | 102.876 | 227.719 |
| 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 | (II-j) | - | 1.900.999 | 1.900.999 | - | - | - |
| XVI. SHAREHOLDERS' EQUITY | (II-k) | 40.688.789 | (75.217) | 40.613.572 | 33.014.327 | (522.060) | 32.492.267 |
| 16.1 Paid-in capital | | 4.000.000 | - | 4.000.000 | 4.000.000 | - | 4.000.000 |
| 16.2 Capital Reserves | | 4.171.089 | (75.217) | 4.095.872 | 2.122.151 | (522.060) | 1.600.091 |
| 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 | | (600.631) | (169.489) | (770.120) | (587.935) | (573.267) | (1.161.202) |
| 16.2.4 Property and Equipment Revaluation Differences | | 2.343.606 | 5.356 | 2.348.962 | 47.106 | - | 47.106 |
| 16.2.5 Intangible Assets Revaluation Differences | | - | - | - | - | - | - |
| 16.2.6 Investment Properties Revaluation Differences | | - | - | - | - | - | - |
| 16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | | 3.895 | - | 3.895 | 3.895 | - | 3.895 |
| 16.2.8 Hedging Funds (Effective portion) | | (565.520) | 88.916 | (476.604) | (373.697) | 51.207 | (322.490) |
| 16.2.9 Value Increase of Assets Held for Sale | | - | - | - | - | - | - |
| 16.2.10 Other Capital Reserves | | 1.289.739 | - | 1.289.739 | 1.332.782 | - | 1.332.782 |
| 16.3 Profit Reserves | | 25.744.393 | - | 25.744.393 | 21.492.133 | - | 21.492.133 |
| 16.3.1 Legal Reserves | | 1.469.241 | - | 1.469.241 | 1.386.657 | - | 1.386.657 |
| 16.3.2 Status Reserves | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | 22.724.398 | - | 22.724.398 | 19.199.849 | - | 19.199.849 |
| 16.3.4 Other Profit Reserves | | 1.550.754 | - | 1.550.754 | 905.627 | - | 905.627 |
| 16.4 Income or (Loss) | | 6.773.168 | - | 6.773.168 | 5.399.913 | - | 5.399.913 |
| 16.4.1 Prior Periods' Income or (Loss) | | 752.895 | - | 752.895 | 545.745 | - | 545.745 |
| 16.4.2 Current Period Income or (Loss) | | 6.020.273 | - | 6.020.273 | 4.854.168 | - | 4.854.168 |
| 16.5 Minority Interest | (II-l) | 139 | - | 139 | 130 | - | 130 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 159.862.116 | 181.747.841 | 341.609.957 | 138.382.010 | 156.118.813 | 294.500.823 |

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

AKBANK T.A.Ş.

II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017

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

| | Note (Section Five) | CURRENT PERIOD (31/12/2017) | | | PRIOR PERIOD (31/12/2016) | | |
|---|------------------------|--------------------------------|--------------------|----------------------|------------------------------|--------------------|----------------------|
| | | TL | FC | Total | TL | FC | Total |
| | | | | | | | |
| A. OFF-BALANCE SHEET COMMITMENTS (I+II+III) | | 179.669.683 | 414.581.289 | 594.250.972 | 147.851.229 | 356.210.504 | 504.061.733 |
| I. GUARANTEES AND WARRANTIES | (III-a-2, 3) | 21.647.854 | 30.315.941 | 51.963.795 | 15.976.452 | 24.370.684 | 40.347.136 |
| 1.1 Letters of Guarantee | | 18.791.169 | 16.142.039 | 34.933.208 | 13.721.435 | 13.430.357 | 27.151.792 |
| 1.1.1 Guarantees Subject to State Tender Law | | 492.470 | 2.884.919 | 3.377.389 | 388.011 | 2.543.143 | 2.931.154 |
| 1.1.2 Guarantees Given for Foreign Trade Operations | | - | 3.297.312 | 3.297.312 | - | 3.219.372 | 3.219.372 |
| 1.1.3 Other Letters of Guarantee | | 18.298.699 | 9.959.808 | 28.258.507 | 13.333.424 | 7.667.842 | 21.001.266 |
| 1.2 Bank Acceptances | | 198 | 3.757.904 | 3.758.102 | - | 3.583.229 | 3.583.229 |
| 1.2.1 Import Letter of Acceptance | | 198 | 3.757.904 | 3.758.102 | - | 3.583.229 | 3.583.229 |
| 1.2.2 Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3 Letters of Credit | | 7.257 | 6.927.068 | 6.934.325 | 260 | 5.232.516 | 5.232.776 |
| 1.3.1 Documentary Letters of Credit | | 7.257 | 6.357.468 | 6.364.725 | 260 | 4.722.556 | 4.722.816 |
| 1.3.2 Other Letters of Credit | | - | 569.600 | 569.600 | - | 509.960 | 509.960 |
| 1.4 Prefinancing Given as Guarantee | | - | - | - | - | - | - |
| 1.5 Endorsements | | - | - | - | - | - | - |
| 1.5.1 Endorsements to the Central Bank of Turkey | | - | - | - | - | - | - |
| 1.5.2 Other Endorsements | | - | - | - | - | - | - |
| 1.6 Purchase Guarantees for Securities Issued | | - | - | - | - | - | - |
| 1.7 Factoring Guarantees | | - | 10.757 | 10.757 | - | 18.849 | 18.849 |
| 1.8 Other Guarantees | | 28.469 | 3.466.915 | 3.495.384 | 38.726 | 2.086.153 | 2.124.879 |
| 1.9 Other Collaterals | | 2.820.761 | 11.258 | 2.832.019 | 2.216.031 | 19.580 | 2.235.611 |
| II. COMMITMENTS | (III-a-1) | 39.587.905 | 11.764.500 | 51.352.405 | 41.336.640 | 13.619.711 | 54.956.351 |
| 2.1 Irrevocable Commitments | | 38.813.809 | 11.625.354 | 50.439.163 | 40.690.428 | 13.304.259 | 53.994.687 |
| 2.1.1 Asset Purchase Commitments | | 2.668.087 | 7.928.578 | 10.596.665 | 7.444.452 | 9.261.461 | 16.705.913 |
| 2.1.2 Deposit Purchase and Sales Commitments | | - | - | - | - | - | - |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4 Loan Granting Commitments | | 7.108.285 | 3.694.692 | 10.802.977 | 6.195.974 | 4.040.927 | 10.236.901 |
| 2.1.5 Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6 Commitments for Reserve Requirements | | - | - | - | - | - | - |
| 2.1.7 Commitments for Cheque Payments | | 6.679.928 | - | 6.679.928 | 6.200.426 | - | 6.200.426 |
| 2.1.8 Tax and Fund Liabilities from Export Commitments | | 5.586 | - | 5.586 | 4.526 | - | 4.526 |
| 2.1.9 Commitments for Credit Card Limits | | 18.431.137 | - | 18.431.137 | 17.397.602 | - | 17.397.602 |
| 2.1.10 Commitments for Credit Cards and Banking Services Promotions | | 66.262 | - | 66.262 | 121.979 | - | 121.979 |
| 2.1.11 Receivables from Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.12 Payables for Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.13 Other Irrevocable Commitments | | 3.854.524 | 2.084 | 3.856.608 | 3.325.469 | 1.871 | 3.327.340 |
| 2.2 Revocable Commitments | | 774.096 | 139.146 | 913.242 | 646.212 | 315.452 | 961.664 |
| 2.2.1 Revocable Loan Granting Commitments | | 684.444 | - | 684.444 | 527.125 | - | 527.125 |
| 2.2.2 Other Revocable Commitments | | 89.652 | 139.146 | 228.798 | 119.087 | 315.452 | 434.539 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (III-b) | 118.433.924 | 372.500.848 | 490.934.772 | 90.538.137 | 318.220.109 | 408.758.246 |
| 3.1 Hedging Derivative Financial Instruments | | 2.497.225 | 27.012.330 | 29.509.555 | 2.497.225 | 20.894.823 | 23.392.048 |
| 3.1.1 Fair Value Hedges | | 2.497.225 | 12.659.318 | 15.156.543 | 2.497.225 | 15.885.640 | 18.382.865 |
| 3.1.2 Cash Flow Hedges | | - | 14.353.012 | 14.353.012 | - | 5.009.183 | 5.009.183 |
| 3.1.3 Foreign Net Investment Hedges | | - | - | - | - | - | - |
| 3.2 Trading Derivative Financial Instruments | | 115.936.699 | 345.488.518 | 461.425.217 | 88.040.912 | 297.325.286 | 385.366.198 |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions | | 12.282.414 | 17.635.529 | 29.917.943 | 9.200.025 | 16.578.421 | 25.778.444 |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy | | 5.985.150 | 8.969.994 | 14.955.144 | 3.360.716 | 9.502.584 | 12.863.300 |
| 3.2.1.2 Forward Foreign Currency Transactions-Sell | | 6.297.264 | 8.665.535 | 14.962.799 | 5.839.309 | 7.075.837 | 12.915.146 |
| 3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates | | 86.592.072 | 229.461.255 | 316.053.327 | 67.936.685 | 192.861.386 | 260.798.071 |
| 3.2.2.1 Foreign Currency Swap-Buy | | 32.237.645 | 80.929.409 | 113.167.054 | 35.263.207 | 52.719.664 | 87.982.871 |
| 3.2.2.2 Foreign Currency Swap-Sell | | 51.016.127 | 57.681.478 | 108.697.605 | 29.765.278 | 57.044.998 | 86.810.276 |
| 3.2.2.3 Interest Rate Swap-Buy | | 1.669.150 | 45.425.184 | 47.094.334 | 1.454.100 | 41.548.362 | 43.002.462 |
| 3.2.2.4 Interest Rate Swap-Sell | | 1.669.150 | 45.425.184 | 47.094.334 | 1.454.100 | 41.548.362 | 43.002.462 |
| 3.2.3 Foreign Currency, Interest Rate and Securities Options | | 16.974.837 | 83.630.054 | 100.604.891 | 10.848.869 | 75.616.092 | 86.464.961 |
| 3.2.3.1 Foreign Currency Options-Buy | | 7.744.739 | 11.982.227 | 19.726.966 | 5.594.038 | 8.759.955 | 14.353.993 |
| 3.2.3.2 Foreign Currency Options-Sell | | 9.230.098 | 10.813.503 | 20.043.601 | 5.254.831 | 9.273.601 | 14.528.432 |
| 3.2.3.3 Interest Rate Options-Buy | | - | 30.417.162 | 30.417.162 | - | 28.791.268 | 28.791.268 |
| 3.2.3.4 Interest Rate Options-Sell | | - | 30.417.162 | 30.417.162 | - | 28.791.268 | 28.791.268 |
| 3.2.3.5 Securities Options-Buy | | - | - | - | - | - | - |
| 3.2.3.6 Securities Options-Sell | | - | - | - | - | - | - |
| 3.2.4 Foreign Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1 Foreign Currency Futures-Buy | | - | - | - | - | - | - |
| 3.2.4.2 Foreign Currency Futures-Sell | | - | - | - | - | - | - |
| 3.2.5 Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1 Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2 Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6 Other | | 87.376 | 14.761.680 | 14.849.056 | 55.333 | 12.269.387 | 12.324.720 |
| B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI) | | 730.313.032 | 217.860.085 | 948.173.117 | 605.782.406 | 194.315.315 | 800.097.721 |
| IV. ITEMS HELD IN CUSTODY | | 47.355.366 | 12.571.070 | 59.926.436 | 38.200.062 | 9.892.470 | 48.092.532 |
| 4.1 Customer Fund and Portfolio Balances | | 4.329.384 | 13.103 | 4.342.487 | 3.505.508 | - | 3.505.508 |
| 4.2 Investment Securities Held in Custody | | 15.331.148 | 1.062.605 | 16.393.753 | 13.745.747 | 1.126.900 | 14.872.647 |
| 4.3 Cheques Received for Collection | | 21.906.910 | 1.675.367 | 23.582.277 | 16.330.556 | 2.118.160 | 17.548.716 |
| 4.4 Commercial Notes Received for Collection | | 5.293.887 | 2.661.455 | 7.955.342 | 4.135.405 | 1.799.253 | 5.934.658 |
| 4.5 Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6 Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7 Other Items Under Custody | | 494.037 | 7.158.540 | 7.652.577 | 482.846 | 5.748.157 | 6.231.003 |
| 4.8 Custodians | | - | - | - | - | - | - |
| V. PLEDGES RECEIVED | | 154.062.256 | 70.259.533 | 224.321.789 | 134.780.657 | 67.444.634 | 202.225.291 |
| 5.1 Marketable Securities | | 1.533.214 | 570.101 | 2.103.315 | 301.052 | 514.939 | 815.991 |
| 5.2 Guarantee Notes | | 1.061.747 | 555.781 | 1.617.528 | 975.905 | 667.148 | 1.643.053 |
| 5.3 Commodity | | - | 25.310 | 25.310 | 65.766 | 24.531 | 90.297 |
| 5.4 Warrant | | - | - | - | 9.931 | 2.304 | 12.235 |
| 5.5 Immovables | | 114.165.824 | 50.890.890 | 165.056.714 | 99.808.370 | 49.799.045 | 149.607.415 |
| 5.6 Other Pledged Items | | 37.301.471 | 18.217.451 | 55.518.922 | 33.617.244 | 16.409.120 | 50.026.364 |
| 5.7 Pledged Items-Depository | | - | - | - | 2.389 | 29.547 | 29.546 |
| VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES | | 528.895.410 | 135.029.482 | 663.924.892 | 432.801.687 | 116.978.211 | 549.779.898 |
| TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B) | | 909.982.715 | 632.441.374 | 1.542.424.089 | 753.633.635 | 550.525.819 | 1.304.159.454 |

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 2017

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

| INCOME AND EXPENSE ITEMS | Note (Section Five) | CURRENT PERIOD (01/01-31/12/2017) | PRIOR PERIOD (01/01-31/12/2016) |
|---|------------------------|--------------------------------------|------------------------------------|
| I. INTEREST INCOME | (IV-a) | 24.389.468 | 18.961.635 |
| 1.1 Interest on Loans | (IV-a-1) | 19.181.610 | 15.053.409 |
| 1.2 Interest on Reserve Requirements | | 256.456 | 222.852 |
| 1.3 Interest on Banks | (IV-a-2) | 254.073 | 106.906 |
| 1.4 Interest on Money Market Transactions | | 31.266 | 22.938 |
| 1.5 Interest on Marketable Securities Portfolio | (IV-a-3) | 4.220.083 | 3.189.980 |
| 1.5.1 Trading Financial Assets | | 6.866 | 11.287 |
| 1.5.2 Financial Assets at Fair Value Through Profit or Loss | | - | - |
| 1.5.3 Available-for-sale Financial Assets | | 3.130.538 | 2.540.729 |
| 1.5.4 Held- to- maturity Investments | | 1.082.679 | 637.964 |
| 1.6 Financial Lease Income | | 412.127 | 322.607 |
| 1.7 Other Interest Income | | 33.853 | 42.943 |
| II. INTEREST EXPENSE | (IV-b) | 13.096.669 | 10.471.166 |
| 2.1 Interest on Deposits | (IV-b-4) | 10.337.683 | 8.047.471 |
| 2.2 Interest on Funds Borrowed | (IV-b-1) | 856.081 | 598.231 |
| 2.3 Interest Expense on Money Market Transactions | | 786.677 | 1.000.344 |
| 2.4 Interest on Securities Issued | (IV-b-3) | 1.071.253 | 791.182 |
| 2.5 Other Interest Expenses | | 44.975 | 33.938 |
| III. NET INTEREST INCOME (I - II) | | 11.292.799 | 8.490.469 |
| IV. NET FEES AND COMMISSIONS INCOME | | 2.961.964 | 2.569.397 |
| 4.1 Fees and Commissions Received | | 3.684.347 | 3.111.647 |
| 4.1.1 Non-cash Loans | | 262.864 | 202.294 |
| 4.1.2 Other | | 3.421.483 | 2.909.353 |
| 4.2 Fees and Commissions Paid | | 722.383 | 542.250 |
| 4.2.1 Non-cash Loans | | 1.338 | 975 |
| 4.2.2 Other | | 721.045 | 541.275 |
| V. DIVIDEND INCOME | (IV-c) | 2.658 | 2.658 |
| VI. TRADING INCOME/(LOSS) (Net) | (IV-d) | (529.945) | 945.980 |
| 6.1 Trading Gains / (Losses) on Securities | | 228.099 | 185.446 |
| 6.2 Gains / (Losses) on Derivative Financial Transactions | | (1.146.364) | 997.049 |
| 6.3 Foreign Exchange Gains / (Losses) | | 388.320 | (236.515) |
| VII. OTHER OPERATING INCOME | (IV-e) | 1.247.964 | 907.467 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | 14.975.440 | 12.915.971 |
| IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-) | (IV-f) | 2.441.912 | 2.250.176 |
| X. OTHER OPERATING EXPENSES (-) | (IV-g) | 4.879.293 | 4.464.913 |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | 7.654.235 | 6.200.882 |
| 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) | (IV-i) | 7.654.235 | 6.200.882 |
| XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±) | (IV-j) | 1.633.953 | 1.346.703 |
| 16.1 Current Tax Provision | | 1.654.953 | 1.069.329 |
| 16.2 Deferred Tax Provision | | (21.000) | 277.374 |
| XVII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI) | | 6.020.282 | 4.854.179 |
| 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) | (IV-l) | 6.020.282 | 4.854.179 |
| 23.1 Income/(Loss) from the Group | | 6.020.273 | 4.854.168 |
| 23.2 Income/(Loss) from Minority Interest | (IV-h) | 9 | 11 |
| Earning/(Loss) per share (in TL full) | | 0,01505 | 0,01214 |

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 2017**

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

| INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY | CURRENT PERIOD (31/12/2017) | PRIOR PERIOD (31/12/2016) |
|--|--|--------------------------------------|
| I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS | 488.853 | (58.493) |
| II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES | 2.465.549 | - |
| III. INTANGIBLE ASSETS REVALUATION DIFFERENCES | - | - |
| IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS | 505.242 | 330.043 |
| V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes) | 59.390 | 120.375 |
| VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion) (*) | (252.032) | (175.200) |
| VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS | - | - |
| VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS | (53.804) | (20.240) |
| IX. TAX RELATED TO VALUATION DIFFERENCES | (212.177) | 26.712 |
| X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX) | 3.001.021 | 223.197 |
| XI. CURRENT PERIOD INCOME / LOSS | 6.020.282 | 4.854.179 |
| 11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss) | 20.994 | (31.285) |
| 11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement | (37.278) | (33.413) |
| 11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement | - | - |
| 11.4 Other | 6.036.566 | 4.918.877 |
| XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI) | 9.021.303 | 5.077.376 |

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

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

AKBANK T.A.Ş.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017
(Amounts are expressed in thousands of Turkish Lira (TL)).

| | Note (Section Five) | Paid-in Capital | Adjustment to Share Capital(*) | Share Premiums | Share Cancellation Profits | Legal Reserves | Status Reserves | Extraordinary Reserves | Other Reserves | Current Period Net Income (Loss) | Prior Period Net Income (Loss) | Marketable Securities Valuation Differences | Property & Equipment Revaluation Differences | Bonus Shares from Invest. in Ass., Subs. and J.V. | Hedging Transactions | Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr. | Total Equity Except from Minority Interest | Minority Interest | Total Shareholders' Equity |
|---|--|------------------|-----------------------------------|-------------------|----------------------------------|------------------|--------------------|---------------------------|-------------------|-------------------------------------|--------------------------------------|--|---|--|-------------------------|---|--|-------------------|-------------------------------|
| PRIOR PERIOD | | | | | | | | | | | | | | | | | | | |
| (31/12/2016) | | | | | | | | | | | | | | | | | | | |
| I. | Beginning 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 |
| II. | Corrections and Accounting Policy Changes Made According to TAS 8 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 | Effects of Corrections | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 | Effects of the Changes in Accounting Policies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | Adjusted Beginning Balance (I-II) | 4.000.000 | 1.405.892 | 1.700.000 | - | 1.336.311 | - | 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 | | | | | | | | | | | | | | | | | | | |
| IV. | Increase/Decrease due to Mergers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| V. | Marketable Securities Valuation Differences | (II-k-8) | - | - | - | - | - | - | - | - | - | (46.794) | - | - | - | - | (46.794) | - | (46.794) |
| VI. | Hedging Transactions | - | - | - | - | - | - | - | - | - | - | - | - | - | (43.860) | - | (43.860) | - | (43.860) |
| 6.1 | Cash Flow Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | 96.300 | - | 96.300 | - | 96.300 |
| 6.2 | Foreign Net Investment Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | (140.160) | - | (140.160) | - | (140.160) |
| 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 | - | - | - | - | - | - | - | 330.043 | - | - | - | - | - | - | - | 330.043 | - | 330.043 |
| XI. | Changes due to the Disposal of Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XII. | Changes due to the Reclassification of Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIII. | Effects of Changes in Equity of Investments in Associates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XIV. | Capital Increase | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.1 | Cash Increase | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14.2 | Internal Resources | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XV. | Share Issuance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVI. | Share Cancellation Profits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVII. | Paid-in Capital Inflation Adjustment Difference | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| XVIII. | Other | - | - | - | - | - | - | - | - | - | (16.192) | - | - | - | - | - | (16.192) | - | (16.192) |
| XIX. | Current Year Income or (Loss) | - | - | - | - | - | - | - | - | 4.854.168 | - | - | - | - | - | - | 4.854.168 | 11 | 4.854.179 |
| XX. | Profit distribution | - | - | - | - | 50.346 | - | 2.427.453 | 8.646 | (3.229.357) | 142.912 | - | - | - | - | - | (600.000) | - | (600.000) |
| 20.1 | Dividends paid | - | - | - | - | 50.346 | - | 2.427.453 | 8.646 | (3.229.357) | 142.912 | - | - | - | - | - | (600.000) | - | (600.000) |
| 20.2 | Transfers to Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20.3 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ending Balance (III+IV+V+...+XVIII+XIX+XX) | | 4.000.000 | 1.405.892 | 1.700.000 | - | 1.386.657 | - | 19.199.849 | 832.517 | 4.854.168 | 545.745 | (1.161.202) | 47.106 | 3.895 | (322.490) | - | 32.492.137 | 130 | 32.492.267 |
| CURRENT PERIOD | | | | | | | | | | | | | | | | | | | |
| (31/12/2017) | | | | | | | | | | | | | | | | | | | |
| I. | Prior Period End Balance | 4.000.000 | 1.405.892 | 1.700.000 | - | 1.386.657 | - | 19.199.849 | 832.517 | 4.854.168 | 545.745 | (1.161.202) | 47.106 | 3.895 | (322.490) | - | 32.492.137 | 130 | 32.492.267 |
| Changes in the period | | | | | | | | | | | | | | | | | | | |
| II. | Increase/Decrease due to Mergers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| III. | Marketable Securities Valuation Differences | (II-k-8) | - | - | - | - | - | - | - | - | - | 391.082 | - | - | - | - | 391.082 | - | 391.082 |
| IV. | Hedging Transactions | (IV-b) | - | - | - | - | - | - | - | - | - | - | - | - | (154.114) | - | (154.114) | - | (154.114) |
| 4.1 | Cash Flow Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | 47.512 | - | 47.512 | - | 47.512 |
| 4.2 | Foreign Net Investment Hedge | - | - | - | - | - | - | - | - | - | - | - | - | - | (201.626) | - | (201.626) | - | (201.626) |
| V. | Property and Equipment Revaluation Differences | - | - | - | - | - | - | - | - | - | - | - | 2.301.856 | - | - | - | 2.301.856 | - | 2.301.856 |
| VI. | Intangible Assets Revaluation Differences | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. | Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VIII. | Translation Differences | - | - | - | - | - | - | - | 505.242 | - | - | - | - | - | - | - | 505.242 | - | 505.242 |
| IX. | Changes due to the Disposal of Assets (**) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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 (***) | - | - | - | - | - | - | - | - | - | (43.043) | - | - | - | - | - | (43.043) | - | (43.043) |
| XVII. | Current Year Income or (Loss) | - | - | - | - | - | - | - | - | 6.020.273 | - | - | - | - | - | - | 6.020.273 | 9 | 6.020.282 |
| XVIII. | Profit distribution | - | - | - | - | 82.584 | - | 3.524.549 | 139.885 | (4.854.168) | 207.150 | - | - | - | - | - | (900.000) | - | (900.000) |
| 18.1 | Dividends paid | - | - | - | - | 82.584 | - | 3.524.549 | 139.885 | (4.854.168) | 207.150 | - | - | - | - | - | (900.000) | - | (900.000) |
| 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 | - | 1.469.241 | - | 22.724.398 | 1.434.601 | 6.020.273 | 752.895 | (770.120) | 2.348.962 | 3.895 | (476.604) | - | 40.613.433 | 139 | 40.613.572 |

(*) 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 2017**

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

| | Note (Section Five) | CURRENT PERIOD (31/12/2017) | PRIOR PERIOD (31/12/2016) |
|--|------------------------|--------------------------------|------------------------------|
| A. CASH FLOWS FROM BANKING OPERATIONS | | | |
| 1.1 | | 3.769.706 | 897.733 |
| 1.1.1 | | 22.341.368 | 17.675.360 |
| 1.1.2 | | (12.952.618) | (10.289.657) |
| 1.1.3 | | 2.658 | 2.658 |
| 1.1.4 | | 3.790.203 | 3.176.253 |
| 1.1.5 | | (1.944.107) | (1.125.481) |
| 1.1.6 | | 967.336 | 767.018 |
| 1.1.7 | | (2.168.648) | (3.981.201) |
| 1.1.8 | | (1.610.854) | (1.689.898) |
| 1.1.9 | (VI-b) | (4.655.632) | (3.637.319) |
| 1.2 | | (1.564.776) | 1.528.879 |
| 1.2.1 | | 24.143 | (23.688) |
| 1.2.2 | | - | - |
| 1.2.3 | | 3.530.251 | 4.617.730 |
| 1.2.4 | | (30.739.553) | (26.214.076) |
| 1.2.5 | | (7.011.209) | (10.844.593) |
| 1.2.6 | | 6.718.189 | (5.712.562) |
| 1.2.7 | | 20.684.086 | 30.067.290 |
| 1.2.8 | | 523.958 | 7.320.176 |
| 1.2.9 | | - | - |
| 1.2.10 | (VI-b) | 4.705.359 | 2.318.602 |
| I. | | 2.204.930 | 2.426.612 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. | | (7.319.775) | 2.368.197 |
| 2.1 | | - | - |
| 2.2 | | - | - |
| 2.3 | | (483.470) | (445.363) |
| 2.4 | | 52.528 | 180.323 |
| 2.5 | | (17.616.415) | (7.902.570) |
| 2.6 | | 10.972.759 | 10.735.543 |
| 2.7 | | (226) | - |
| 2.8 | | 765.997 | 130.259 |
| 2.9 | | (1.010.948) | (329.995) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. | | 4.299.418 | (493.176) |
| 3.1 | | 11.444.452 | 6.220.955 |
| 3.2 | | (6.245.034) | (6.114.131) |
| 3.3 | | - | - |
| 3.4 | | (900.000) | (600.000) |
| 3.5 | | - | - |
| 3.6 | | - | - |
| IV. | (VI-b) | 685.442 | 1.416.377 |
| V. | | (129.985) | 5.718.010 |
| VI. | (VI-a) | 12.827.451 | 7.109.441 |
| VII. | (VI-a) | 12.697.466 | 12.827.451 |

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 (31/12/2017) | PRIOR PERIOD (31/12/2016) |
|---|--|--|
| I. DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 | CURRENT YEAR INCOME | 7.516.611 |
| 1.2 | TAXES AND DUTIES PAYABLE | 5.697.550 |
| 1.2.1 | Corporate Tax (Income Tax) | 1.477.542 |
| 1.2.2 | Income Withholding Tax | 1.168.838 |
| 1.2.3 | Other taxes and duties | 921.532 |
| | 41.468 | 247.306 |
| A. | NET INCOME FOR THE YEAR (1.1-1.2) | 6.039.069 |
| 1.3 | PRIOR YEAR LOSSES (-) | - |
| 1.4 | FIRST LEGAL RESERVES (-) | - |
| 1.5 | OTHER STATUTORY RESERVES (-) | - |
| B. | NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)] | 6.039.069 |
| 1.6 | FIRST DIVIDEND TO SHAREHOLDERS (-) | - |
| 1.6.1 | To Owners of Ordinary Shares | 200.000 |
| 1.6.2 | To Owners of Privileged Shares | - |
| 1.6.3 | To Owners of Preferred Shares | - |
| 1.6.4 | To Profit Sharing Bonds | - |
| 1.6.5 | To Holders of Profit and (Loss) Sharing Certificates | - |
| 1.7 | DIVIDENDS TO PERSONNEL (-) | - |
| 1.8 | DIVIDENDS TO BOARD OF DIRECTORS (-) | - |
| 1.9 | SECOND DIVIDEND TO SHAREHOLDERS (-) | - |
| 1.9.1 | To Owners of Ordinary Shares | 700.000 |
| 1.9.2 | To Owners of Privileged Shares | 700.000 |
| 1.9.3 | To Owners of Preferred Shares | - |
| 1.9.4 | To Profit Sharing Bonds | - |
| 1.9.5 | To Holders of Profit and (Loss) Sharing Certificates | - |
| 1.10 | SECOND LEGAL RESERVES (-) | - |
| 1.11 | STATUTORY RESERVES (-) | 70.000 |
| 1.12 | EXTRAORDINARY RESERVES | - |
| 1.13 | OTHER RESERVES | 3.418.827 |
| 1.14 | SPECIAL FUNDS | - |
| | - | 139.885 |
| II. DISTRIBUTION OF RESERVES | | |
| 2.1 | APPROPRIATED RESERVES | - |
| 2.2 | SECOND LEGAL RESERVES (-) | - |
| 2.3 | DIVIDENDS TO SHAREHOLDERS (-) | - |
| 2.3.1 | To Owners of Ordinary Shares | - |
| 2.3.2 | To Owners of Privileged Shares | - |
| 2.3.3 | To Owners of Preferred Shares | - |
| 2.3.4 | To Profit Sharing Bonds | - |
| 2.3.5 | To Holders of Profit and (Loss) Sharing Certificates | - |
| 2.4 | DIVIDENDS TO PERSONNEL (-) | - |
| 2.5 | DIVIDENDS TO BOARD OF DIRECTORS (-) | - |
| III. EARNINGS PER SHARE (*) | | |
| 3.1 | TO OWNERS OF ORDINARY SHARES | 0,015 |
| 3.2 | TO OWNERS OF ORDINARY SHARES (%) | 0,011 |
| 3.3 | TO OWNERS OF PRIVILEGED SHARES | 1,1 |
| 3.4 | TO OWNERS OF PRIVILEGED SHARES (%) | - |
| IV. DIVIDEND PER SHARE | | |
| 4.1 | TO OWNERS OF ORDINARY SHARES | - |
| 4.2 | TO OWNERS OF ORDINARY SHARES (%) | 0,002 |
| 4.3 | TO OWNERS OF PRIVILEGED SHARES | - |
| 4.4 | TO OWNERS OF PRIVILEGED SHARES (%) | - |

(*) 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.**(3)** Profit appropriation was made according to the financial statements of the Parent Bank before the starting valuation of its subsidiaries through equity management. For this reason, the profit figure on the non-consolidated financial statements as of December 31, 2016 is different from the profit figure on the above table.

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 2017

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS ON BASIS OF PRESENTATION:

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

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

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

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

The amendments of TAS and TFRS which have entered into force as of 1 January 2017 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 continues works in order to comply with TFRS 9 Financial Instruments Standard.

Disclosures of IFRS 9 Financial Instruments:

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

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

The Bank will apply the classification, measurement and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity at 1 January 2018, with no restatement of comparative periods.

Classification and measurement of financial assets

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

Upon initial recognition each financial asset will be classified as either fair value through profit or loss ("FVTPL"), amortized cost or fair value through other comprehensive income ("FVOCI"). As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

The combined application of the contractual cash flow characteristics and business models as at 1 January 2018 is expected to result in no major difference in the classification of financial assets when compared to the classification under TAS 39.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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

Impairment of financial assets

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Part VII-c of Explanation on Accounting Policies will be changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

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

Stage 1:

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

Stage 2:

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

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount.

The Bank will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. The primary impact is attributable to changes in the allowance for credit losses under the new impairment requirements and the related deferred taxes.

The Bank does not expect a significant impact in its impairment provisions for loans and other receivables with the adaptation of TFRS 9 at 1 January 2018.

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these 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 2016 except for applying revaluation model in the properties in accordance with TAS 16 Plant and Equipment as explained in the note of I-k of the Fifth Section. 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 2017

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

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

The Group's core business activities include consumer banking, commercial banking, SME banking, and corporate-investment 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 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,7400 and TL 4,4773 for USD, EURO 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. 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 2017

[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, consumer and private banking services.

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Bank are foreign currency 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 disclosed in "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 in 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 combined instrument is not measured at fair value with changes in fair value recognized 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.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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

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 aiming at short-term profit making.

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

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The 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. Available-for-sale financial assets:

Available-for-sale financial assets consist of financial assets other than "Loans and receivables", "Held-to-maturity", "Financial assets at fair value through profit or loss" and non-derivative financial assets. Available-for-sale financial assets are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset.

After the recognition, available-for-sale financial assets are remeasured at fair value. Interest income arising from available-for-sale calculated with effective interest rate method and dividend income from equity securities are reflected to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of securities classified as available-for-sale are recognized in the account of "Marketable securities valuation differences" under shareholders' equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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

c. Loans and Receivables:

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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

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.

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL INSTRUMENTS:

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 rate 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 INSTRUMENTS:

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

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

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

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

The Group has no securities lending transactions.

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

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

The Group has no discontinued operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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 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 24 December 2013. The Group provides general provisions for non-impaired financial lease receivables.

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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 in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

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

b. Retirement rights:

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

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

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Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

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

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

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

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

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

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

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

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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. On sales after December 5 of 2017, this rate is applied as 50% for immovable properties.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the 25th day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this 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%.

b. Deferred tax:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities will be measured by 20% tax rate.

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

Deferred tax rate shall be measured over general provision according to IFRS 9 articles from 1 January 2018.

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

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

XIX. EXPLANATIONS ON BORROWINGS:

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2017.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

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XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 31 December 2017 and 31 December 2016, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

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

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

XXIV. PROFIT RESERVES AND PROFIT 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 2017. In the Ordinary General Assembly, it was decided to distribute a TL 900.000 cash dividend over the TL 4.528.712 net income from 2016 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 139.885 to special funds account under other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 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 related period concerned.

| | Current Period | Prior Period |
|--|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Net Profit for the Year | 6.020.273 | 4.854.168 |
| Average Number of Issued Common Shares (Thousand) | 400.000.000 | 400.000.000 |
| Earnings Per Share (Amounts presented as full TL) | 0,01505 | 0,01214 |

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 2017 (2016: None).

XXVI. RELATED PARTIES:

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

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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 2017, there are certain reclassifications made on income statement and cash flows statement dated 31 December 2016.

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

I. EXPLANATIONS ON EQUITY:

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

As of 31 December 2017, total current year equity of the Group has been calculated as TL 44.617.132 (31 December 2016: 34.871.848), the capital adequacy ratio is 15,79 % (31 December 2016:14,16 %). This ratio is well above the minimum ratio required by the legislation.

a. Information about total consolidated capital items:

| | Current Period 31 December 2017 | 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 | 25.744.393 | |
| Gains recognized in equity as per TAS | 2.348.962 | |
| Profit | 6.773.168 | |
| Current Period Profit | 6.020.273 | |
| Prior Period Profit | 752.895 | |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period | 3.895 | |
| Minorities' Share | 139 | |
| Common Equity Tier 1 Capital Before Deductions | 41.976.449 | |
| 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 | 20.035 | |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS | 1.446.064 | |
| Improvement costs for operating leasing | 19.772 | |
| Goodwill (net of related tax liability) | - | |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 339.037 | 423.796 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | - | |
| Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk | - | |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision | - | |
| Gains arising from securitization transactions | - | |
| Unrealized gains and losses due to changes in own credit risk on fair valued liabilities | - | |
| Defined-benefit pension fund net assets | - | |
| Direct and indirect investments of the Bank in its own Common Equity | - | |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law | - | |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | - | |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | - | |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity | - | |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity | - | |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks | - | |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital | - | |
| Excess amount arising from mortgage servicing rights | - | |
| Excess amount arising from deferred tax assets based on temporary differences | - | |
| Other items to be defined by the BRSA | - | |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital | - | |
| Total Deductions From Common Equity Tier 1 Capital | 1.824.908 | |
| Total Common Equity Tier 1 Capital | 40.151.541 | |

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| | Current Period 31 December 2017 | Amounts related to treatment before 1/1/2014(*) |
|---|------------------------------------|---|
| ADDITIONAL TIER I CAPITAL | | |
| Preferred Stock not Included in Common Equity and the Related Share Premiums | - | |
| Debt instruments and premiums approved by BRSA | - | |
| Debt instruments and premiums approved by BRSA (Temporary Article 4) | - | |
| Third parties' share in the Additional Tier I capital | - | |
| Third parties' share in the Additional Tier I capital (Temporary Article 3) | - | |
| Additional Tier I Capital before Deductions | - | |
| Deductions from Additional Tier I Capital | | |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital | - | |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. | - | |
| Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital | - | |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital | - | |
| Other items to be defined by the BRSA | - | |
| Transition from the Core Capital to Continue to deduce Components | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | 84.759 | - |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | - | |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-) | - | |
| 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) | 40.066.782 | |
| TIER II CAPITAL | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 1.870.000 | |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | - | |
| Third parties' share in the Tier II Capital | - | |
| Third parties' share in the Tier II Capital (Temporary Article 3) | - | |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 2.686.871 | |
| Tier II Capital Before Deductions | 4.556.871 | |
| 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 | 4.556.871 | |
| Total Capital (The sum of Tier I Capital and Tier II Capital) | 44.623.653 | |
| Deductions from Total Capital | | |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law | - | |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years | - | |
| Other items to be defined by the BRSA (-) | 6.521 | |
| 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 be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |

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| | Current Period 31 December 2017 | Amounts related to treatment before 1/1/2014 (*) |
|--|------------------------------------|--|
| TOTAL CAPITAL | | |
| Total Capital | 44.617.132 | |
| Total risk weighted amounts | 282.611.034 | |
| Capital Adequacy Ratios | | |
| Core Capital Adequacy Ratio | 14,21% | |
| Tier 1 Capital Adequacy Ratio | 14,18% | |
| Capital Adequacy Ratio | 15,79% | |
| BUFFERS | | |
| Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c) | 2,28% | |
| a) Bank specific total common equity tier 1 capital ratio | 1,25% | |
| b) Capital conservation buffer requirement | 0,03% | |
| c) Systemic significant bank buffer ratio (**) | 1,00% | |
| The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets | 6,21% | |
| Amounts below the Excess Limits as per the Deduction Principles | | |
| Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | - | |
| Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | - | |
| Amount arising from mortgage-servicing rights | - | |
| Amount arising from deferred tax assets based on temporary differences | 395.911 | |
| Limits related to provisions considered in Tier II calculation | | |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation) | 2.686.871 | |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 2.686.871 | |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | - | |
| Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation | - | |
| Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022) | | |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4 | - | |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4 | - | |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4 | - | |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4 | - | |

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

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| | Prior Period 31 December 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 recognized 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 | |

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| | Prior 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 Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital | - | |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital | - | |
| Other items to be defined by the BRSA | - | |
| Transition from the Core Capital to Continue to deduce Components | | |
| Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | 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 be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | - | |

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| | Prior Period 31 December 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 Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | - | |
| Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | - | |
| Amount arising from mortgage-servicing rights | - | |
| Amount arising from deferred tax assets based on temporary differences | 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.

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

**Current Period
 31 December 2017**

| Details on Subordinated Liabilities: | |
|---|--|
| Issuer | AKBANK T.A.Ş |
| Identifier(s) [CUSIP, ISIN vb.] | XS1574750292 / US00972BAB53 |
| Governing law (s) of the instrument | Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA. |
| Regulatory treatment | |
| Subject to 10% deduction as of 1/1/2015 | No |
| Eligible on unconsolidated and /or consolidated basis | Unconsolidated and Consolidated |
| Instrument type | Subordinated Liabilities (Securities) |
| Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date) | 1.870 million TL (in full TL amount) |
| Nominal value of instrument | 1.870 million TL (in full TL amount) |
| Accounting classification of the instrument | Subordinated Loans (347011 Accounting Number) |
| Issuance date of instrument | 15 March 2017 |
| Maturity structure of the instrument (demand/maturity) | Maturity |
| Original maturity of the instrument | 10 Year 1 day (Maturity date: 16 March 2027) |
| Issuer call subject to prior supervisory (BRSA) approval | Yes |
| Optional call date, contingent call dates and redemption amount | There is an early repayment option on 16.03.2022. The reimbursement amount is 1.870 million TL (in full TL amount) |
| Subsequent call dates, if applicable | - |
| Coupon/dividend payment | |
| Fixed or floating coupon/dividend payments | Fixed |
| Coupon rate and any related index | 7,2% |
| Existence of any dividend payment restriction | None |
| Fully discretionary, partially discretionary or mandatory | None |
| Existence of step up or other incentive to redeem | None |
| Noncumulative or cumulative | Noncumulative |
| Convertible or non-convertible into equity shares | |
| If convertible, conversion trigger (s) | None |
| If convertible, fully or partially | None |
| If convertible, conversion rate | None |
| If convertible, mandatory or optional conversion | None |
| If convertible, type of instrument convertible into | None |
| If convertible, issuer of instrument to be converted into | None |
| Write-down feature | |
| If bonds can be written-down, write-down trigger(s) | Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down. |
| If bond can be written-down, full or partial | Partially or fully |
| If bond can be written-down, permanent or temporary | Continuously |
| If temporary write-down, description of write-up mechanism | There are no any temporary write-up mechanisms. |
| Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument) | In priority of receivables, it comes after the debt instruments which are non-subordinated loans. |
| In compliance with article number 7 and 8 of " Own fund regulation " | The instrument is in compliance with article number 8. |
| Details of incompliances with article number 7 and 8 of " Own fund regulation" | The instrument is not in compliant with article numbered 7. |

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

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.

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| Risk Classifications | Current Period Risk Amount (*) | Average Risk Amount |
|---|---------------------------------------|----------------------------|
| Conditional and unconditional receivables from central governments and Central Banks | 90.436.890 | 80.669.019 |
| Conditional and unconditional receivables from regional or local governments | 275 | 275 |
| Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 30.846 | 70.149 |
| Conditional and unconditional receivables from multilateral development banks | - | - |
| Conditional and unconditional receivables from international organizations | - | - |
| Conditional and unconditional receivables from banks and brokerage houses | 71.203.471 | 77.230.498 |
| Conditional and unconditional receivables from corporate | 191.403.892 | 175.214.298 |
| Conditional and unconditional receivables from retail portfolios | 88.587.596 | 84.553.425 |
| Conditional and unconditional receivables secured by mortgages | 24.981.066 | 23.325.053 |
| Past due receivables | 282.232 | 231.965 |
| Receivables defined under high risk category by BRSA | - | 744 |
| Securities collateralized by mortgages | - | - |
| Securitization positions | - | - |
| Short-term receivables from banks, brokerage houses and corporate | - | - |
| Investments similar to collective investment funds | 278.068 | 272.229 |
| Equity security investments | 101.958 | 87.914 |
| Other receivables | 7.832.116 | 7.218.336 |
| Total | 475.138.410 | 448.873.905 |

(*) 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.

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 2,1% (31 December 2016: 2,3%).

f. 1. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 32% and 40% respectively (31 December 2016: 34% and 42%).

2. The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 62% and 75%. (31 December 2016: 66% and 78%).

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 22% and 28% respectively. (31 December 2016: 23% and 29%).

g. The Bank provided a general loan loss provision amounting to TL 2.686.871 (31 December 2016: TL 2.927.745).

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h. Information on loan types and provisions:

| Current Period - 31 December 2017 | Commercial Loans | Consumer Loans | Credit Cards | Total |
|--|-------------------------|-----------------------|---------------------|--------------------|
| Standard Loans | 153.613.754 | 30.865.479 | 13.575.879 | 198.055.112 |
| Close Monitoring Loans | 9.537.906 | 1.259.705 | 473.047 | 11.270.658 |
| Loans Under Follow-up | 2.191.560 | 1.279.565 | 1.061.586 | 4.532.711 |
| Specific Provision (-) | 2.038.941 | 1.279.565 | 1.061.586 | 4.380.092 |
| Total | 163.304.279 | 32.125.184 | 14.048.926 | 209.478.389 |

As of 31 December 2017, 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 204 million.

| Prior 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.

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

| | Commercial Loans | Consumer Loans | Credit Cards | Total |
|-------------------------------|-------------------------|-----------------------|---------------------|------------------|
| 1 January 2017 | 1.484.156 | 1.396.806 | 1.231.259 | 4.112.221 |
| Transferred during the period | 1.078.619 | 476.021 | 362.320 | 1.916.960 |
| Collection | (337.650) | (372.270) | (212.016) | (921.936) |
| Write-off (*) | (186.184) | (220.992) | (319.977) | (727.153) |
| 31 December 2017 | 2.038.941 | 1.279.565 | 1.061.586 | 4.380.092 |

(*) TL 709 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to 4 companies İstanbul Varlık Yönetim A.Ş., Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. ve Final Varlık Yönetimi A.Ş. at a price of TL 39 million (in full TL amount).

| | 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.

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

| Current Period - 31 December 2017 | Trading Financial Assets (Net) | Available-for-Sale Financial Assets (Net) | Held-to-Maturity Securities (Net) | Total |
|--|---|--|--|-------------------|
| Moody's Rating | | | | |
| Aaa | - | - | - | - |
| Aa1, Aa2, Aa3 | - | 192.304 | - | 192.304 |
| A1, A2, A3 | - | 114.203 | - | 114.203 |
| Baa1, Baa2, Baa3 | - | 671.056 | - | 671.056 |
| Ba1 | 16.459 | 41.279.319 | 18.406.623 | 59.702.401 |
| Ba2 | - | 196.879 | 476.409 | 673.288 |
| Total | 16.459 | 42.453.761 | 18.883.032 | 61.353.252 |

| Prior 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 |

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k. Profile on significant risks in significant regions:

| Current Period 31 December 2017 | Risk Categories (*) | | | | | | | | | | | | | | | | | |
|--|---------------------|-----------|---------------|----------|----------|-------------------|--------------------|-------------------|-------------------|----------------|----------|----------|----------|----------|----------------|----------------|------------------|--------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | Total |
| Domestic | 86.930.039 | 55 | 17.212 | - | - | 12.495.657 | 155.945.615 | 57.774.085 | 24.111.784 | 282.232 | - | - | - | - | 278.032 | 101.797 | 7.832.116 | 345.768.624 |
| European Union Countries | 1.932.778 | - | 8 | - | - | 41.985.122 | 6.033.973 | 21.141 | 171.352 | - | - | - | - | - | - | 161 | - | 50.144.535 |
| OECD Countries(**) | - | - | - | - | - | 1.630.303 | 1.093.289 | 3.676 | 2.053 | - | - | - | - | - | - | - | - | 2.729.321 |
| Off- Shore Regions | - | - | - | - | - | 134.290 | 134.190 | 187 | 266 | - | - | - | - | - | - | - | - | 268.933 |
| USA, Canada | - | - | - | - | - | 2.924.127 | 112.450 | 7.779 | 2.196 | - | - | - | - | - | - | - | - | 3.046.552 |
| Other Countries | 1.544.270 | - | - | - | - | 845.181 | 1.360.426 | 11.516 | 5.293 | - | - | - | - | - | - | - | - | 3.766.686 |
| Investment and associates, subsidiaries and joint ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Undistributed Assets / Liabilities(***) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 90.407.087 | 55 | 17.220 | - | - | 60.014.680 | 164.679.943 | 57.818.384 | 24.292.944 | 282.232 | - | - | - | - | 278.032 | 101.958 | 7.832.116 | 405.724.651 |

| Prior 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 |

(*) 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. 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"

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

I. Risk Profile according to sectors and counterparties:

| 31 December 2017 | 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 | - | - | - | 79.997 | 333.747 | 89.826 | 40 | - | - | - | - | - | - | - | 494.262 | 9.354 | 503.616 |
| Farming and raising livestock | 1 | - | 5 | - | - | - | 55.088 | 229.992 | 68.205 | 40 | - | - | - | - | - | - | - | 346.546 | 6.785 | 353.331 |
| Forestry | - | - | - | - | - | - | 24.574 | 99.409 | 21.088 | - | - | - | - | - | - | - | - | 142.502 | 2.569 | 145.071 |
| Fishing | - | - | - | - | - | - | 335 | 4.346 | 533 | - | - | - | - | - | - | - | - | 5.214 | - | 5.214 |
| Manufacturing | 11 | - | 228 | - | - | - | 54.262.766 | 5.409.384 | 3.279.569 | 15.033 | - | - | - | - | - | - | - | 28.353.600 | 34.613.391 | 62.966.991 |
| Mining | - | - | - | - | - | - | 1.420.580 | 152.731 | 95.186 | - | - | - | - | - | - | - | - | 687.431 | 981.066 | 1.668.497 |
| Production | 11 | - | 225 | - | - | - | 35.517.602 | 5.125.745 | 3.027.418 | 14.643 | - | - | - | - | - | - | - | 22.533.739 | 21.151.905 | 43.685.644 |
| Electricity, Gas, Water | - | - | 3 | - | - | - | 17.324.584 | 130.908 | 156.965 | 390 | - | - | - | - | - | - | - | 5.132.430 | 12.480.420 | 17.612.850 |
| Construction | - | - | 71 | - | - | - | 28.046.855 | 2.507.700 | 3.727.479 | 256 | - | - | - | - | - | - | - | 16.222.119 | 18.060.242 | 34.282.361 |
| Services | 1.965 | 51 | 4.487 | - | - | 59.981.050 | 73.741.130 | 16.642.733 | 7.866.785 | 166.152 | - | - | - | - | 278.032 | 6.880 | - | 62.018.413 | 96.670.852 | 158.689.265 |
| Wholesale and Retail Trade | 60 | 10 | 145 | - | - | - | 25.679.179 | 13.512.589 | 4.954.613 | 12.383 | - | - | - | - | - | - | - | 35.441.256 | 8.717.723 | 44.158.979 |
| Hotel,Food,Beverage Services | 3 | - | 33 | - | - | - | 3.658.648 | 675.202 | 1.204.706 | 152.623 | - | - | - | - | - | - | - | 2.980.895 | 2.710.320 | 5.691.215 |
| Transportation and Telecommunication | 1.749 | - | 9 | - | - | - | 10.683.392 | 1.226.804 | 282.596 | 995 | - | - | - | - | - | - | - | 2.760.249 | 9.435.296 | 12.195.545 |
| Financial Institutions | 6 | 4 | 19 | - | - | 59.981.050 | 27.072.599 | 15.617 | 448.615 | - | - | - | - | - | 278.032 | 5.056 | - | 16.456.382 | 71.344.616 | 87.800.998 |
| Real Estate and Lending Services | - | - | 17 | - | - | - | 3.177.591 | 90.625 | 307.056 | - | - | - | - | - | - | - | - | 1.052.858 | 2.522.431 | 3.575.289 |
| Self employment Service | - | - | 34 | - | - | - | 567.948 | 139.486 | 40.064 | - | - | - | - | - | - | - | - | 261.386 | 486.146 | 747.532 |
| Education Service | 110 | - | 1.152 | - | - | - | 403.697 | 195.425 | 138.491 | - | - | - | - | - | - | - | - | 669.551 | 69.324 | 738.875 |
| Health and social Services | 37 | 37 | 3.078 | - | - | - | 2.498.076 | 786.985 | 490.644 | 151 | - | - | - | - | - | 1.824 | - | 2.395.836 | 1.384.996 | 3.780.832 |
| Other | 90.405.110 | 4 | 12.429 | - | - | 33.630 | 8.549.195 | 32.924.820 | 9.329.285 | 100.751 | - | - | - | - | - | 95.078 | 7.832.116 | 91.797.959 | 57.484.459 | 149.282.418 |
| Total | 90.407.087 | 55 | 17.220 | - | - | 60.014.680 | 164.679.943 | 57.818.384 | 24.292.944 | 282.232 | - | - | - | - | 278.032 | 101.958 | 7.832.116 | 198.886.353 | 206.838.298 | 405.724.651 |

(*)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. | Equity security transactions |
| | | 17. | Other receivables |

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

| 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 | - | - | - | - | - | - | 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 | - | - | - | - | 460.842 | 61.047 | - | 47.330.586 | 88.723.916 | 136.054.502 |
| 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 | - | - | - | - | - | 460.842 | 59.223 | - | 11.983.279 | 66.120.193 | 78.103.472 |
| 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 | - | - | - | - | - | 10.212 | 3.896.437 | 74.092.993 | 57.463.690 | 131.556.683 |
| 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."

| | | | |
|----|---|-----|--|
| 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"

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m. Term distribution of risks with term structure:

| 31 December 2017 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 | 5.794.745 | 38.193.925 | 1.053.364 | 1.081.162 | 44.283.891 | - |
| Conditional and unconditional receivables from regional or local governments | - | - | - | - | 55 | - |
| Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 6.054 | 115 | 1.975 | 601 | 8.475 | - |
| Conditional and unconditional receivables from multilateral development banks | - | - | - | - | - | - |
| Conditional and unconditional receivables from international organizations | - | - | - | - | - | - |
| Conditional and unconditional receivables from banks and brokerage houses | 13.842.759 | 4.379.087 | 4.038.150 | 3.804.020 | 33.950.664 | - |
| Conditional and unconditional receivables from corporates | 10.135.433 | 10.827.604 | 14.921.678 | 24.168.704 | 104.626.524 | - |
| Conditional and unconditional receivables from retail portfolios | 824.871 | 1.456.373 | 15.532.067 | 6.367.232 | 33.637.841 | - |
| Conditional and unconditional receivables secured by mortgages | 353.746 | 581.541 | 1.031.445 | 2.776.487 | 19.549.725 | - |
| Past due receivables | - | - | - | - | - | 282.232 |
| 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 | 278.023 | - | - | - | 9 | - |
| Equity security investments | 101.958 | - | - | - | - | - |
| Other Receivables | - | - | - | - | - | 7.832.116 |
| Total | 31.337.589 | 55.438.645 | 36.578.679 | 38.198.206 | 236.057.184 | 8.114.348 |

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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. 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 |
| | Others | 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 |

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Risk amounts according to risk weights:

| 31.12.2017 | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 200% | 250% | 1250% | Deducted from Equity |
|---------------------|------------|-----|------------|------------|------------|------------|-------------|-------|------|------|-------|----------------------|
| Risk Weights | | | | | | | | | | | | |
| Amount Before | | | | | | | | | | | | |
| Credit Risk | 67.185.686 | - | 13.746.305 | - | 41.416.483 | 70.793.819 | 212.576.670 | 5.688 | - | - | - | 6.521 |
| Amount After Credit | | | | | | | | | | | | |
| Risk Mitigation | 75.575.696 | - | 11.901.447 | 13.059.486 | 27.645.421 | 51.977.079 | 194.476.163 | 5.688 | - | - | - | 6.521 |

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 2017 Sectors/Counterparties | Loans(*) | | | |
|--|----------------------|----------------------|---------------|--------------------|
| | Impaired Receivables | Past Due Receivables | Impairment | Specific Provision |
| Agricultural | 12.380 | 1.045 | 10 | 12.380 |
| Farming and raising livestock | 9.253 | 925 | 9 | 9.253 |
| Forestry | 2.397 | 120 | 1 | 2.397 |
| Fishing | 730 | - | - | 730 |
| Manufacturing | 579.096 | 155.588 | 1.556 | 579.096 |
| Mining | 33.009 | 7.403 | 74 | 33.009 |
| Production | 532.043 | 98.482 | 985 | 532.043 |
| Electricity, Gas, Water | 14.044 | 49.703 | 497 | 14.044 |
| Construction | 248.548 | 195.017 | 1.950 | 248.548 |
| Services | 1.497.661 | 351.671 | 3.516 | 1.345.042 |
| Wholesale and Retail Trade | 1.055.767 | 251.180 | 2.512 | 1.055.767 |
| Hotel, Food, Beverage Services | 273.096 | 24.359 | 244 | 120.477 |
| Transportation and Telecommunication | 61.036 | 34.918 | 349 | 61.036 |
| Financial Institutions | 13.579 | 2.824 | 28 | 13.579 |
| Real Estate and Lending Service | 5.923 | 526 | 5 | 5.923 |
| Self Employment Service | 4.556 | 1.038 | 10 | 4.556 |
| Education Service | 33.656 | 787 | 8 | 33.656 |
| Health and social services | 50.048 | 36.039 | 360 | 50.048 |
| Other | 2.195.026 | 748.856 | 13.967 | 2.195.026 |
| Total | 4.532.711 | 1.452.177 | 20.999 | 4.380.092 |

(*) Breakdown of cash loans

p. Information related to impairment and loan loss provisions:

| 31 December 2017 | Opening Balance | Provisions provided during the period | Provision Reversals(**) | Other Adjustments (*) | Closing Balance |
|--------------------|-----------------|---------------------------------------|-------------------------|-----------------------|-----------------|
| Specific Provision | 4.112.221 | 1.916.960 | (921.936) | (727.153) | 4.380.092 |
| General Provisions | 2.927.745 | 259.126 | (500.000) | - | 2.686.871 |

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

(**)The excess general provision reserve amounting to TL 500 million has been reversed and transferred into free provision as of 31 December 2017.

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

| 31 December 2017 | | | |
|---------------------------------|--|--|--------------|
| Country of ultimate risk | Private sector credit exposures in banking book | Risk Weighted Equivalent trading book | Total |
| Turkey | 187.766.207 | 4.943.379 | 192.709.586 |
| Ireland | 3.197.527 | - | 3.197.527 |
| Holland | 1.269.226 | 17.944 | 1.287.170 |
| Great Britain | 1.247.709 | - | 1.247.709 |
| Russian Federation | 769.239 | - | 769.239 |
| Luxemburg | 657.507 | 20 | 657.527 |
| France | 407.115 | - | 407.115 |
| USA | 389.556 | 675 | 390.231 |
| Croatia | 240.015 | 251 | 240.266 |
| Egypt | 176.572 | - | 176.572 |
| Other | 631.124 | 275 | 631.399 |

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 ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure.

Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

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

| | USD | EURO |
|-------------------------------|------------|-------------|
| Balance Sheet Evaluation Rate | TL 3,7400 | TL 4,4773 |
| 1.Day bid rate | TL 3,8104 | TL 4,5478 |
| 2.Day bid rate | TL 3,8197 | TL 4,5385 |
| 3.Day bid rate | TL 3,8029 | TL 4,5116 |
| 4.Day bid rate | TL 3,8087 | TL 4,5205 |
| 5.Day bid rate | TL 3,8113 | TL 4,5171 |

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 3,8652
 EURO :TL 4,5749

As of 31 December 2016;

| | USD | EURO |
|-------------------------------|------------|-------------|
| Balance Sheet Evaluation Rate | TL 3,5000 | TL 3,6897 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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Information related to Group's Currency Risk:

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

| Current Period – 31 December 2017 | EURO | USD | Other FC | Total |
|---|-------------------|---------------------|--------------------|---------------------|
| Assets | | | | |
| Cash Equivalents and Central Bank(**) | 5.500.516 | 16.101.262 | 5.299.814 | 26.901.592 |
| Banks | 3.025.251 | 6.625.484 | 89.295 | 9.740.030 |
| Financial Assets at Fair Value through Profit or Loss (Net) | 557.550 | 2.278.107 | 86.339 | 2.921.996 |
| Interbank Money Market Placements | - | - | - | - |
| Available-for-sale Financial Assets (Net) | 2.949.103 | 15.825.745 | 602.237 | 19.377.085 |
| Loans | 39.720.323 | 39.751.787 | 79.707 | 79.551.817 |
| Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | - |
| Held-to-maturity Investments (Net) | 3.443.374 | 9.444.617 | - | 12.887.991 |
| Hedging Derivative Financial Assets | 947 | 161.707 | - | 162.654 |
| Tangible Assets (Net) | 856 | 7.039 | - | 7.895 |
| Intangible Assets (Net) | 2.059 | 13 | - | 2.072 |
| Other Assets | 3.854.341 | 2.703.891 | 347 | 6.558.579 |
| Total Assets | 59.054.320 | 92.899.652 | 6.157.739 | 158.111.711 |
| Liabilities | | | | |
| Bank Deposits | 3.783.259 | 7.628.843 | 1.050.006 | 12.462.108 |
| Foreign Currency Deposits (**) | 40.133.549 | 52.917.469 | 3.150.049 | 96.201.067 |
| Funds from Interbank Money Market | 992.678 | 23.848.225 | - | 24.840.903 |
| Borrowings | 11.494.584 | 21.753.490 | 4.051 | 33.252.125 |
| Marketable Securities Issued (Net) (***) | 45.283 | 10.399.840 | 173.831 | 10.618.954 |
| Miscellaneous Payables | 1.022.556 | 701.526 | 5.743 | 1.729.825 |
| Hedging Derivative Financial Liabilities | - | 74.911 | - | 74.911 |
| Other Liabilities | 1.084.255 | 508.584 | 99.871 | 1.692.710 |
| Total Liabilities | 58.556.164 | 117.832.888 | 4.483.551 | 180.872.603 |
| Net on Balance Sheet Position | 498.156 | (24.933.236) | 1.674.188 | (22.760.892) |
| Net off-Balance Sheet Position (*) | 124.378 | 25.986.201 | (1.691.694) | 24.418.885 |
| Financial Derivative Assets | 34.312.853 | 71.877.089 | 3.153.372 | 109.343.314 |
| Financial Derivative Liabilities | 34.188.475 | 45.890.888 | 4.845.066 | 84.924.429 |
| Non-cash Loans | 11.770.459 | 18.137.662 | 407.820 | 30.315.941 |
| Prior Period - 31 December 2016 | | | | |
| Total Assets | 52.054.227 | 97.959.465 | 1.623.901 | 151.637.593 |
| 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 |

(*) 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 4.847.989 (31 December 2016: TL 739.794), of the foreign currency deposits TL 1.317.864 (31 December 2016: TL 1.166.647) and Bank Deposits Other FC of the TL 1.426 (31 December 2016: 897 TL) are precious metal deposit account in demand.

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

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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 2017 | Prior period 31 December 2016 |
| (+)10 % | 91.810 | 98.241 |
| (-)10 % | (91.810) | (98.241) |

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

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

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

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| Prior Period – 31 December 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 | 27.670.460 | - | - | - | - | 7.341.825 | 35.012.285 |
| Banks | 3.352.046 | 526.653 | 35.765 | - | - | 6.471.714 | 10.386.178 |
| Financial Assets at Fair Value Through Profit or Loss (Net) | 1.429.587 | 3.240.326 | 1.778.638 | 831.953 | 397.087 | 7.268 | 7.684.859 |
| Interbank Money Market Placements | 37 | - | - | - | - | - | 37 |
| Available-for-sale Financial Assets (Net) | 2.728.783 | 3.812.803 | 10.226.314 | 12.060.817 | 5.698.755 | 279.585 | 34.807.057 |
| Loans | 48.869.828 | 23.856.332 | 44.775.558 | 52.007.808 | 9.228.737 | 154.970 | 178.893.233 |
| Held-to-maturity Investments (Net) | 2.280.482 | 576.857 | 1.788.154 | 11.961.634 | 1.369.743 | - | 17.976.870 |
| Other Assets | 1.618.679 | 1.607.946 | 1.304.507 | 2.044.110 | 290.805 | 2.874.257 | 9.740.304 |
| Total Assets | 87.949.902 | 33.620.917 | 59.908.936 | 78.906.322 | 16.985.127 | 17.129.619 | 294.500.823 |
| Liabilities | | | | | | | |
| Bank Deposits | 4.079.131 | 1.693.367 | 456.626 | - | - | 973.398 | 7.202.522 |
| Other Deposits | 93.336.342 | 23.513.023 | 15.107.142 | 6.063.731 | 470.442 | 28.274.602 | 166.765.282 |
| Funds from Interbank Money Market | 10.370.994 | 11.826.881 | 4.850.089 | 272.078 | - | - | 27.320.042 |
| Miscellaneous Payables | 232.555 | 281.232 | 593.932 | 209.928 | 70.024 | 3.991.800 | 5.379.471 |
| Marketable Securities Issued (Net) | 855.665 | 629.450 | 1.959.159 | 5.703.582 | 3.385.445 | - | 12.533.301 |
| Borrowings | 2.032.329 | 26.445.184 | 2.992.424 | 728.260 | 106.089 | - | 32.304.286 |
| Other Liabilities (*) | 589.218 | 1.255.622 | 2.170.074 | 870.686 | 248.617 | 37.861.702 | 42.995.919 |
| Total Liabilities | 111.496.234 | 65.644.759 | 28.129.446 | 13.848.265 | 4.280.617 | 71.101.502 | 294.500.823 |
| 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 | - | 26.563.269 | 3.978.071 | - | - | - | 30.541.340 |
| Off-balance Sheet Short Position | - | - | - | (19.059.608) | (7.766.384) | - | (26.825.992) |
| Total Position | (23.546.332) | (5.460.573) | 35.757.561 | 45.998.449 | 4.938.126 | (53.971.883) | 3.715.348 |

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

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

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

| Current Period – 31 December 2017 | EURO | USD | Yen | TL |
|---|------|------|------|-------|
| Assets | | | | |
| Cash Equivalents and Central Bank | - | 1,50 | - | 7,83 |
| Banks | 0,10 | 1,79 | - | 16,21 |
| Financial Assets at Fair Value Through Profit or Loss (Net) | - | - | - | 16,16 |
| Interbank Money Market Placements | - | - | - | 14,21 |
| Available-for-sale Financial Assets (Net) | 2,47 | 4,20 | 3,09 | 12,48 |
| Loans | 3,73 | 5,93 | 4,24 | 14,55 |
| Held-to-maturity Investments (Net) | 3,62 | 4,11 | - | 13,22 |
| Liabilities | | | | |
| Bank Deposits | 0,49 | 1,97 | - | 10,81 |
| Other Deposits | 1,02 | 2,76 | 0,41 | 10,52 |
| Funds from Interbank Money Market | 1,92 | 2,39 | - | 12,62 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued (Net) (*) | 4,00 | 5,44 | 1,29 | 12,79 |
| Borrowings | 1,23 | 3,29 | - | 8,54 |

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

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| Prior 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 |

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.

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(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.

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

Liquidity Coverage Ratio:

| | Rate of "Percentage to be taken into account" not Implemented Total value (*) | | Rate of "Percentage to be taken into account" Implemented Total value (*) | |
|--|---|----|---|-------------------|
| | TL+FC | FC | TL+FC | FC |
| Current Period – 31.12.2017 | | | | |
| HIGH QUALITY LIQUID ASSETS (HQLA) | | | | |
| 1 | High quality liquid assets | | 57.356.860 | 35.189.011 |
| CASH OUTFLOWS | | | | |
| 2 | Retail and Customers Deposits | | 116.724.897 | 51.004.677 |
| 3 | Stable deposits | | 21.641.340 | - |
| 4 | Less stable deposits | | 95.083.557 | 51.004.677 |
| 5 | Unsecured Funding other than Retail and Small Business Customers Deposits | | 68.389.435 | 39.408.225 |
| 6 | Operational deposits | | - | - |
| 7 | Non-Operational Deposits | | 64.160.093 | 39.014.358 |
| 8 | Other Unsecured Funding | | 4.229.342 | 393.867 |
| 9 | Secured funding | | - | 54.653 |
| 10 | Other Cash Outflows | | 63.378.622 | 37.476.116 |
| 11 | Liquidity needs related to derivatives and market valuation changes on derivatives transactions | | 54.500.292 | 28.995.136 |
| 12 | Debts related to the structured financial products Commitment related to debts to financial markets and other off balance sheet liabilities | | - | - |
| 13 | Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | | 8.878.330 | 8.480.980 |
| 14 | Other irrevocable or conditionally revocable commitments | | 687.407 | - |
| 15 | Other irrevocable or conditionally revocable commitments | | 59.049.427 | 16.451.353 |
| 16 | TOTAL CASH OUTFLOWS | | 104.917.565 | 56.445.014 |
| CASH INFLOWS | | | | |
| 17 | Secured Lending Transactions | | - | - |
| 18 | Unsecured Lending Transactions | | 16.928.994 | 6.286.740 |
| 19 | Other contractual cash inflows | | 51.421.592 | 39.563.176 |
| 20 | TOTAL CASH INFLOWS | | 68.350.586 | 45.849.916 |
| | | | Upper limit applied amounts | |
| 21 | TOTAL HQLA STOCK | | 57.356.860 | 35.189.011 |
| 22 | TOTAL NET CASH OUTFLOWS | | 42.638.254 | 14.201.746 |
| 23 | Liquidity Coverage Ratio (%) | | 134,98 | 248,95 |

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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| Prior 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.

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

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

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 57% and securities issued by Treasury of Republic of Turkey by 39%. Funding sources are mainly distributed between individual and retail deposits by 63%, corporate deposits by 28%, borrowings from banks by 5% and collateralized borrowings such as repurchase agreements by 1%.

Cash outflow amounting to TL 2.920 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 - 31.12.2017 | |
|----------|------------------------------------|-----------|
| | TL+FC | FC |
| October | 135,57 | 249,01 |
| November | 127,11 | 233,99 |
| December | 142,25 | 263,84 |

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

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Breakdown of assets and liabilities according to their outstanding maturities:

| Current Period – 31 December 2017 | 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 | 11.591.894 | 23.691.732 | 79.550 | - | - | - | - | 35.363.176 |
| Banks | 7.588.240 | 1.717.994 | 715.305 | 8.190 | - | - | - | 10.029.729 |
| Financial Assets at Fair Value Through Profit or Loss (Net) | 237.244 | 444.692 | 384.342 | 836.087 | 3.924.361 | 2.529.213 | - | 8.355.939 |
| Interbank Money Market Placements | - | 1.552.346 | - | - | - | - | - | 1.552.346 |
| Available-for-sale Financial Assets (Net) | 376.027 | 133.449 | 692.887 | 3.086.123 | 25.772.136 | 12.769.166 | - | 42.829.788 |
| Loans | - | 27.647.535 | 24.714.381 | 44.906.086 | 88.009.406 | 24.048.362 | 152.619 | 209.478.389 |
| Held-to-maturity Investments (Net) | - | - | 3.209.899 | 1.383.788 | 12.668.937 | 1.620.408 | - | 18.883.032 |
| Other Assets | 1.295.807 | 817.181 | 387.233 | 1.319.670 | 5.269.223 | 1.265.836 | 4.762.608 | 15.117.558 |
| Total Assets | 21.089.212 | 56.004.929 | 30.183.597 | 51.539.944 | 135.644.063 | 42.232.985 | 4.915.227 | 341.609.957 |
| Liabilities | | | | | | | | |
| Bank Deposits | 1.187.569 | 8.969.327 | 3.119.827 | 652.314 | - | - | - | 13.929.037 |
| Other Deposits | 35.722.646 | 108.629.842 | 21.574.295 | 14.287.824 | 6.715.834 | 596.050 | - | 187.526.491 |
| Borrowings | - | 675.750 | 6.220.883 | 11.611.815 | 10.857.317 | 4.261.434 | - | 33.627.199 |
| Funds from Interbank Money Market | - | 7.612.073 | 2.423.016 | 2.969.683 | 14.837.968 | 1.515.058 | - | 29.357.798 |
| Marketable Securities Issued (Net) (**) | - | 1.531.445 | 4.873.764 | 2.104.041 | 4.367.000 | 4.879.974 | - | 17.756.224 |
| Miscellaneous Payables | 501.393 | 4.933.449 | 131.155 | 233.992 | 524.033 | 317.068 | - | 6.641.090 |
| Other Liabilities (***) | 108.676 | 1.866.847 | 718.305 | 2.069.043 | 6.106.622 | 1.289.053 | 40.613.572 | 52.772.118 |
| Total Liabilities | 37.520.284 | 134.218.733 | 39.061.245 | 33.928.712 | 43.408.774 | 12.858.637 | 40.613.572 | 341.609.957 |
| Net Liquidity Excess/ (Gap) | (16.431.072) | (78.213.804) | (8.877.648) | 17.611.232 | 92.235.289 | 29.374.348 | (35.698.345) | - |
| Net Off-balance sheet Position | | | | | | | | |
| Financial Derivative Assets | - | (401.391) | (373.017) | 19.810 | 2.525.235 | 952.436 | - | 2.723.073 |
| Financial Derivative Liabilities | - | 42.558.873 | 22.594.319 | 41.040.668 | 101.394.645 | 39.240.417 | - | 246.828.922 |
| Non-cash Loans (****) | - | 3.439.487 | 5.149.695 | 17.863.873 | 5.714.862 | 19.795.878 | - | 51.963.795 |
| Prior Period - 31 December 2016 | | | | | | | | |
| 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 |
| 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 | (542.535) | 458.147 | 2.218.108 | 1.370.701 | - | 3.715.348 |
| Financial Derivative Liabilities | - | 18.596.432 | 22.825.652 | 45.712.330 | 83.437.964 | 35.664.419 | - | 206.236.797 |
| Non-cash Loans (****) | - | 18.385.505 | 23.368.187 | 45.254.183 | 81.219.856 | 34.293.718 | - | 202.521.449 |
| Non-cash Loans (****) | - | 2.164.751 | 4.218.702 | 13.602.349 | 3.675.985 | 16.685.349 | - | 40.347.136 |

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

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

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

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

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Breakdown of liabilities due to their remaining contractual maturities:

| Current Period - 31 December 2017 | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Total |
|--|--------------------------|-------------------|--------------------|------------------|-----------------------------|--------------------|
| Liabilities | | | | | | |
| Deposits | 154.999.219 | 24.886.689 | 15.324.597 | 6.960.922 | 639.953 | 202.811.380 |
| Funds borrowed from other financial institutions | 557.340 | 6.506.268 | 11.836.721 | 12.258.905 | 4.485.663 | 35.644.897 |
| Funds from interbank money market | 7.638.887 | 2.511.018 | 3.359.311 | 15.507.092 | 1.688.923 | 30.705.231 |
| Marketable Securities Issued (Net) | 1.294.642 | 5.179.083 | 2.470.325 | 5.922.727 | 3.461.090 | 18.327.867 |
| Prior 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 |

Breakdown of derivative instruments due to their remaining contractual maturities:

| Current Period – 31 December 2017 | 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 | 39.564.334 | 21.206.694 | 38.321.347 | 40.064.677 | 6.347.523 |
| – Outflow | (36.054.089) | (21.349.542) | (37.954.967) | (39.064.474) | (5.927.175) |
| Interest rate derivatives: | | | | | |
| – Inflow | 20.561 | 128.574 | 516.796 | 1.842.438 | 874.125 |
| – Outflow | (22.211) | (130.568) | (531.780) | (1.774.849) | (812.490) |
| Derivatives held for hedging | | | | | |
| Foreign exchange derivatives: | | | | | |
| – Inflow | 4.611 | 11.232 | 52.952 | 3.623.928 | - |
| – Outflow | (20.321) | (42.645) | (184.078) | (2.970.146) | - |
| Interest rate derivatives: | | | | | |
| – Inflow | 11.138 | 43.687 | 155.674 | 745.960 | 165.899 |
| – Outflow | (12.703) | (55.760) | (151.659) | (656.335) | (167.641) |
| Total Inflow | 39.600.644 | 21.390.187 | 39.046.769 | 46.277.003 | 7.387.547 |
| Total Outflow | (36.109.324) | (21.578.515) | (38.822.484) | (44.465.804) | (6.907.306) |
| Prior 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) |

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VII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2017, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 8,54% (31 December 2016: 8,32%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

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

| | Current Period 31 December 2017(**) | Prior Period 31 December 2016(**) |
|---|--|--|
| 1 Total assets in the consolidated financial statements prepared in accordance with TAS (*) | 335.704.036 | 283.957.197 |
| 2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks | 2.316.761 | 2.227.699 |
| 3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | 4.058.535 | 4.026.602 |
| 4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | (26.625.733) | (26.043.948) |
| 5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | (908.290) | (913.573) |
| 6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures | 147.699.092 | 119.792.270 |
| 7 Total Risk | 462.244.401 | 383.046.247 |

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

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

c. Disclosure of Leverage ratio template :

| | Current Period 31 December 2017 (*) | Prior Period 31 December 2016(*) |
|--|--|---|
| Balance sheet Assets | | |
| 1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals) | 327.881.977 | 279.032.802 |
| 2 [Assets deducted from Core capital] | (70.760) | (100.744) |
| 3 Total risk amount of balance sheet assets (sum of lines 1 and 2) | 327.811.217 | 278.932.058 |
| Derivative financial assets and credit derivatives | | |
| 4 Cost of replenishment for derivative financial assets and credit derivatives | 10.069.803 | 7.140.932 |
| 5 Potential credit risk amount of derivative financial assets and credit derivatives | 4.058.535 | 4.026.602 |
| 6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5) | 14.128.338 | 11.167.534 |
| Financing transactions secured by marketable security or commodity | | |
| 7 Risk amount of financing transactions secured by marketable security or commodity | 5.324.702 | 3.076.086 |
| 8 Risk amount arising from intermediary transactions | - | - |
| 9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8) | 5.324.702 | 3.076.086 |
| Off-balance sheet transactions | | |
| 10 Gross notional amount of off-balance sheet transactions | 115.888.434 | 90.784.142 |
| 11 [Correction amount due to multiplication with credit conversion rates] | (908.290) | (913.573) |
| 12 Total risk of off-balance sheet transactions (sum of lines 10 and 11) | 114.980.144 | 89.870.569 |
| Capital and total risk | | |
| 13 Core Capital | 39.482.908 | 31.856.783 |
| 14 Total risk amount(sum of lines 3, 6, 9 and 12) | 462.244.401 | 383.046.247 |
| Leverage ratio | | |
| 15 Leverage ratio | 8,54 | 8,32 |

(*) Three months average values.

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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 2017 | Prior Period 31 December |
| Financial Assets | 282.773.284 | 242.063.375 | 280.071.246 | 244.418.528 |
| Interbank Money Market Placements | 1.552.346 | 37 | 1.551.195 | 37 |
| Banks | 10.029.729 | 10.386.178 | 10.029.047 | 10.385.545 |
| Available-for-Sale Financial Assets | 42.829.788 | 34.807.057 | 42.829.788 | 34.807.057 |
| Held-to-Maturity Investments (Net) | 18.883.032 | 17.976.870 | 19.082.300 | 17.932.174 |
| Loans | 209.478.389 | 178.893.233 | 206.578.916 | 181.293.715 |
| Financial Liabilities | 257.579.042 | 224.184.862 | 257.473.719 | 223.681.577 |
| Bank Deposits | 13.929.037 | 7.201.625 | 13.924.107 | 7.198.334 |
| Other Deposits | 187.526.491 | 166.766.179 | 187.699.937 | 167.098.642 |
| Borrowings | 33.627.199 | 32.304.286 | 33.142.935 | 31.410.114 |
| Marketable Securities Issued (Net) | 15.855.225 | 12.533.301 | 16.065.650 | 12.595.016 |
| Miscellaneous Payables | 6.641.090 | 5.379.471 | 6.641.090 | 5.379.471 |

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.

- Quoted market prices (non-adjusted) (1st level).
- 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).
- 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

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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 2017 | 1st Level | 2nd Level | 3rd Level | Total |
|---|-------------------|--------------------|------------------|--------------------|
| Financial Assets at Fair Value Through Profit or Loss | | | | |
| - Government Debt Securities | 9.525 | - | - | 9.525 |
| - Share Certificates | 23.431 | - | - | 23.431 |
| - Trading Derivative Financial Assets | 2.328 | 8.313.721 | - | 8.316.049 |
| - Other Marketable Securities | - | 6.934 | - | 6.934 |
| Available-For-Sale Financial Assets | | | | |
| - Government Debt Securities | 36.816.619 | - | - | 36.816.619 |
| - Share Certificates | - | 84.865 | - | 84.865 |
| - Other Marketable Securities | 5.777.102 | 138.027 | - | 5.915.129 |
| Hedging Derivative Financial Assets | - | 1.136.284 | - | 1.136.284 |
| Loans | - | 206.578.916 | - | 206.578.916 |
| Held To Maturity Investments (Net) | | | | |
| - Government Debt Securities | 15.592.016 | - | - | 15.592.016 |
| - Other Marketable Securities | 3.490.284 | - | - | 3.490.284 |
| Total Assets | 61.711.305 | 216.258.747 | - | 277.970.052 |
| - Trading Derivative Financial Liabilities | 186 | 5.423.642 | - | 5.423.828 |
| - Hedging Derivative Financial Liabilities | - | 74.911 | - | 74.911 |
| Deposits | - | 201.624.044 | - | 201.624.044 |
| Funds Borrowed | - | 33.142.935 | - | 33.142.935 |
| Funds from Interbank Money Market | - | 28.422.086 | - | 28.422.086 |
| Securities Issued (Net) | - | 16.065.650 | - | 16.065.650 |
| Total Liabilities | 186 | 284.753.268 | - | 284.753.454 |
| Prior 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 | 52.523.958 | 189.994.724 | - | 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 |

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.

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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.

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2. Overview of RWA:

| | Risk Weighted Amount | | Minimum capital requirement |
|--|------------------------------------|----------------------------------|------------------------------------|
| | Current Period 31 December 2017 | Prior Period 31 December 2016 | Current Period 31 December 2017 |
| 1 Credit risk (excluding counterparty credit risk) (CCR) | 242.425.715 | 210.883.890 | 19.394.057 |
| 2 Standardized approach (SA) | 242.425.715 | 210.883.890 | 19.394.057 |
| 3 Internal rating-based (IRB) approach | - | - | - |
| 4 Counterparty credit risk | 15.737.019 | 13.262.393 | 1.258.962 |
| 5 Standardized approach for counterparty credit risk (SA-CCR) | 15.737.019 | 13.262.393 | 1.258.962 |
| 6 Internal model method (IMM) | - | - | - |
| 7 Basic risk weight approach to internal models equity position in the banking account | - | - | - |
| 8 Investments made in collective investment companies – look-through approach | - | - | - |
| 9 Investments made in collective investment companies – mandate-based approach | 277.987 | 212.244 | 22.239 |
| 10 Investments made in collective investment companies – 1250% weighted risk approach | - | - | - |
| 11 Settlement risk | 625 | 75 | 50 |
| 12 Securitization positions in banking accounts | - | - | - |
| 13 IRB ratings-based approach (RBA) | - | - | - |
| 14 IRB Supervisory Formula Approach (SFA) | - | - | - |
| 15 SA/simplified supervisory formula approach (SSFA) | - | - | - |
| 16 Market risk | 4.699.434 | 4.527.375 | 375.955 |
| 17 Standardized approach (SA) | 4.699.434 | 4.527.375 | 375.955 |
| 18 Internal model approaches (IMM) | - | - | - |
| 19 Operational Risk | 19.470.254 | 17.319.817 | 1.557.620 |
| 20 Basic Indicator Approach | 19.470.254 | 17.319.817 | 1.557.620 |
| 21 Standard Approach | - | - | - |
| 22 Advanced measurement approach | - | - | - |
| 23 The amount of the discount threshold under the equity (subject to a 250% risk weight) | - | - | - |
| 24 Floor adjustment | - | - | - |
| 25 Total (1+4+7+8+9+10+11+12+16+19+23+24) | 282.611.034 | 246.205.794 | 22.608.883 |

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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 | | | | | |
|---|---|----------------------------------|---|---|---|--|
| | 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 (**) | Not subject to capital requirements or subject to deduction from capital |
| Current Period - 31.12.2017 | | | | | | |
| Assets | | | | | | |
| Cash and balances at central bank | 35.363.176 | 35.363.176 | - | - | - | - |
| Financial assets held for trading | 8.355.939 | - | 8.355.939 | - | 3.360.392 | - |
| Financial assets designated at fair value through profit or loss | - | - | - | - | - | - |
| Banks | 10.029.729 | 10.029.729 | - | - | - | - |
| Receivables from money markets | 1.552.346 | 1.552.346 | - | - | - | - |
| Available for sale financial assets (net) | 42.829.788 | 38.759.649 | - | - | 4.050.104 | 20.035 |
| Loans and receivables | 209.478.389 | 209.471.868 | - | - | - | 6.521 |
| Factoring receivables | - | - | - | - | - | - |
| Held to maturity investments (net) | 18.883.032 | 18.883.032 | - | - | - | - |
| Investments in associates (net) | 3.923 | 3.923 | - | - | - | - |
| Investments in subsidiaries (net) | - | - | - | - | - | - |
| Investments in joint ventures (net) | - | - | - | - | - | - |
| Leasing receivables | 5.865.418 | 5.865.418 | - | - | - | - |
| Derivative financial assets held for hedges | 1.136.284 | - | 1.136.284 | - | - | - |
| Tangible assets (net) | 3.425.916 | 3.406.144 | - | - | - | 19.772 |
| Intangible assets (net) | 478.542 | - | - | - | - | 478.542 |
| Investment properties (net) | - | - | - | - | - | - |
| Tax assets | 37.525 | 37.525 | - | - | - | - |
| Non-current assets and disposal groups classified as held for sale (net) | 133.515 | 133.515 | - | - | - | - |
| Other assets | 4.036.435 | 4.036.435 | - | - | - | - |
| Total assets | 341.609.957 | 327.542.760 | 9.492.223 | - | 7.410.496 | 524.870 |
| Liabilities | | | | | | |
| Deposits | 201.455.528 | - | - | - | - | 201.455.528 |
| Derivative financial liabilities held for trading | 5.423.828 | - | 5.423.828 | - | 2.474.781 | 5.423.828 |
| Loans | 33.627.199 | - | - | - | - | 33.627.199 |
| Debt to money markets | 29.357.798 | - | 29.357.798 | - | - | 29.357.798 |
| Debt securities in issue | 15.855.225 | - | - | - | - | 15.855.225 |
| Funds | - | - | - | - | - | - |
| Various debts | 6.641.090 | - | - | - | - | 6.641.090 |
| Other liabilities | 1.178.360 | - | - | - | - | 1.178.360 |
| Factoring debts | - | - | - | - | - | - |
| Debts from leasing transactions | - | - | - | - | - | - |
| Derivative financial liabilities held for hedges | 74.911 | - | 74.911 | - | - | 74.911 |
| Provisions | 3.860.946 | - | - | - | - | 3.860.946 |
| Tax liability | 1.620.501 | - | - | - | - | 1.620.501 |
| Liabilities included in disposal groups classified as held for sale (net) | - | - | - | - | - | - |
| Subordinated debts | 1.900.999 | - | - | - | - | 1.900.999 |
| Equity | 40.613.572 | - | - | - | - | 40.613.572 |
| Total liabilities | 341.609.957 | - | 34.856.537 | - | 2.474.781 | 341.609.957 |

(*) 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.

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| Prior Period - 31.12.2016 | Carrying values of items | | | | | |
|---|---|----------------------------------|---|---|---|--|
| | 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 (**) | Not subject to capital requirements or subject to deduction from capital |
| 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.

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

| Current Period - 31.12.2017 | | Total | 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(*) |
|------------------------------------|--|--------------------|---|--|---|--|
| 1 | Asset carrying value amount under scope of regulatory consolidation | 341.085.087 | 327.542.760 | - | 9.492.223 | 7.410.496 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation | - | - | - | 34.856.537 | (2.474.781) |
| 3 | Total net amount under regulatory scope of consolidation | 341.085.087 | 327.542.760 | - | 44.348.760 | 4.935.715 |
| 4 | Off-balance sheet amounts | 351.343.730 | 32.120.272 | - | - | - |
| 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 | - | 4.535.520 | - | - | - |
| 8 | Differences due to prudential filters | - | - | - | - | (236.282) |
| 9 | Differences due to risk reduction | - | (8.298.932) | - | (25.607.400) | - |
| 10 | Exposure amounts considered for regulatory purposes | | 355.899.620 | - | 18.741.360 | 4.699.433 |

(*)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.

| Prior Period - 31.12.2016 | | Total | 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(*) |
|----------------------------------|--|--------------------|---|--|---|--|
| 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.

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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 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.

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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) | | | |
|----------------------------------|---|-------------------------|-------------------------|--------------------|
| | Defaulted exposures | Non-defaulted exposures | Allowances/ impairments | Net values |
| Current Period 31.12.2017 | | | | |
| 1 Loans | 4.532.711 | 209.325.770 | 6.877.090 | 206.981.391 |
| 2 Debt Securities | - | 61.376.683 | 62.665 | 61.314.018 |
| 3 Off-balance sheet exposures | 180.677 | 102.222.281 | 131.060 | 102.271.898 |
| 4 Total | 4.713.388 | 372.924.734 | 7.070.815 | 370.567.307 |

| | Gross carrying values of (according to TAS) | | | |
|--------------------------------|---|-------------------------|-------------------------|--------------------|
| | Defaulted exposures | Non-defaulted exposures | Allowances/ impairments | Net values |
| Prior 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 31.12.2017 | Prior Period 31.12.2016 |
|---|------------------------------|----------------------------|
| 1 Defaulted loans and debt securities at end of the previous reporting period | 4.465.348 | 3.532.825 |
| 2 Loans and debt securities that have defaulted since the last reporting period | 1.897.129 | 2.120.026 |
| 3 Returned to non-defaulted status | 68.363 | 24.803 |
| 4 Amounts written off | 727.153 | 469.585 |
| 5 Other changes | 853.573 | 693.115 |
| 6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions | 4.713.388 | 4.465.348 |

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 2017.

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

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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:

| | Current Period 31.12.2017 | Prior Period 31.12.2016 |
|---------------------------|--------------------------------------|------------------------------------|
| Domestic | 202.239.871 | 171.594.721 |
| European Union Countries | 6.196.128 | 6.331.327 |
| OECD Countries (*) | 8.024 | 125.337 |
| Off-Shore Banking Regions | - | 2 |
| USA, Canada | 34.709 | 26.644 |
| Other | 847.038 | 660.232 |
| Total | 209.325.770 | 178.738.263 |

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

Breakdown by sector

| | Current Period 31.12.2017 | Prior Period 31.12.2016 |
|----------------------------------|--------------------------------------|------------------------------------|
| Agricultural | 759.616 | 162.329 |
| Farming and raising livestock | 502.586 | 84.875 |
| Forestry | 245.361 | 77.099 |
| Fishing | 11.669 | 355 |
| Manufacturing | 47.536.046 | 41.743.794 |
| Mining | 1.773.241 | 2.281.365 |
| Production | 30.689.077 | 25.660.182 |
| Electricity, Gas, Water | 15.073.728 | 13.802.247 |
| Construction | 28.929.558 | 23.978.994 |
| Services | 77.375.222 | 62.057.217 |
| Wholesale and Retail Trade | 29.755.919 | 24.195.383 |
| Hotel,Food,Beverage Services | 4.346.000 | 3.888.003 |
| Transportation and | 10.678.338 | 8.757.580 |
| Telecommunication | 28.276.586 | 20.774.570 |
| Financial Institutions | 519.587 | 1.410.477 |
| Real Estate and Lending Services | 605.711 | 564.786 |
| Education Service | 624.867 | 387.134 |
| Health and social Services | 2.568.214 | 2.079.284 |
| Other | 54.725.328 | 50.795.929 |
| Total | 209.325.770 | 178.738.263 |

Breakdown by outstanding maturity

| Current Period 31.12.2017 | Up to 1 Month | 1 – 3 Months | 3 – 12 Months | 1 – 5 Years | 5 Years and Over | Total |
|--------------------------------------|--------------------------|---------------------|--------------------------|------------------------|-----------------------------|--------------------|
| Loans | 27.647.535 | 24.714.381 | 44.906.086 | 88.009.406 | 24.048.362 | 209.325.770 |
| Prior Period 31.12.2016 | 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 |

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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:

| | Current Period-31.12.2017 | | Prior Period-31.12.2016 | |
|---------------------------|----------------------------------|-------------------|--------------------------------|-------------------|
| | Loans Under Follow-up | Provisions | Loans Under Follow-up | Provisions |
| Domestic | 4.531.507 | 4.378.888 | 4.266.137 | 4.111.167 |
| European Union Countries | 669 | 669 | 649 | 649 |
| OECD Countries (*) | - | - | - | - |
| Off-Shore Banking Regions | 30 | 30 | 3 | 3 |
| USA, Canada | 119 | 119 | 81 | 81 |
| Other | 386 | 386 | 321 | 321 |
| Total | 4.532.711 | 4.380.092 | 4.267.191 | 4.112.221 |

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

Breakdown by sector:

| | Current Period-31.12.2017 | | Prior Period-31.12.2016 | |
|-------------------------|----------------------------------|-------------------|--------------------------------|-------------------|
| | Loans Under Follow-up | Provisions | Loans Under Follow-up | Provisions |
| Agricultural | 12.380 | 12.380 | 11.276 | 11.276 |
| Farming and raising | | | | |
| livestock | 9.253 | 9.253 | 9.971 | 9.971 |
| Forestry | 2.397 | 2.397 | 1.246 | 1.246 |
| Fishing | 730 | 730 | 59 | 59 |
| Manufacturing | 579.096 | 579.096 | 381.020 | 381.020 |
| Mining | 33.009 | 33.009 | 26.672 | 26.672 |
| Production | 532.043 | 532.043 | 346.738 | 346.738 |
| Electricity, Gas, Water | 14.044 | 14.044 | 7.610 | 7.610 |
| Construction | 248.548 | 248.548 | 144.750 | 144.750 |
| Services | 1.497.661 | 1.345.042 | 1.278.472 | 1.123.502 |
| Wholesale and Retail | | | | |
| Trade | 1.055.767 | 1.055.767 | 874.098 | 874.098 |
| Hotel,Food,Beverage | | | | |
| Services | 273.096 | 120.477 | 264.419 | 109.449 |
| Transportation and | | | | |
| Telecommunication | 61.036 | 61.036 | 63.888 | 63.888 |
| Financial Institutions | 13.579 | 13.579 | 2.444 | 2.444 |
| Real Estate and | | | | |
| Lending Services | 5.923 | 5.923 | 2.940 | 2.940 |
| Self employment | | | | |
| Service | 4.556 | 4.556 | 4.820 | 4.820 |
| Education Service | 33.656 | 33.656 | 29.379 | 29.379 |
| Health and social | | | | |
| Services | 50.048 | 50.048 | 36.484 | 36.484 |
| Other | 2.195.026 | 2.195.026 | 2.451.673 | 2.451.673 |
| Total | 4.532.711 | 4.380.092 | 4.267.191 | 4.112.221 |

As of 31 December 2017, Non Performing Loans written-off from Asset amounting to TL 727.153 (31 December 2016: 469.585).

g) Aging analysis for overdue receivables:

| | Current Period | Prior Period |
|--------------------|-----------------------|---------------------|
| | 31.12.2017 | 31.12.2016 |
| 30-60 days overdue | 879.773 | 2.367.824 |
| 60-90 days overdue | 572.404 | 740.243 |
| Total | 1.452.177 | 3.108.067 |

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

| Restructured Receivables | Current Period 31.12.2017 | Prior Period 31.12.2016 |
|---|--------------------------------------|------------------------------------|
| Loans restructured from Standard Loans and Other Receivables | 3.888.691 | 2.742.877 |
| Loans restructured from Loans under Follow-up and Other Receivables | 3.155.715 | 3.026.531 |
| Loans restructured from Non-Performing Loans | 142.062 | 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 31.12.2017 | | | | | | | | |
| 1 | Loans | 201.224.143 | 5.757.248 | 4.465.833 | 13.741.776 | 12.319.437 | - | - |
| 2 | Debt Securities | 61.314.018 | - | - | - | - | - | - |
| 3 | Total | 262.538.161 | 5.757.248 | 4.465.833 | 13.741.776 | 12.319.437 | - | - |
| 4 | Of which defaulted | 4.713.388 | - | - | - | - | - | - |
| Prior Period 31.12.2016 | | | | | | | | |
| 1 | Loans | 171.745.288 | 4.653.754 | 4.613.101 | - | - | - | - |
| 2 | Debt Securities | 52.513.386 | - | - | - | - | - | - |
| 3 | Total | 224.258.674 | 4.653.754 | 4.613.101 | - | - | - | - |
| 4 | Of which defaulted | 4.431.237 | - | - | - | - | - | - |

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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.

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

| Prior 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 | 33,06% |
| 2 | Exposures to regional governments or local authorities | - | 250 | - | 50 | 25 | 50,00% |
| 3 | Exposures to public sector entities | 36.006 | 21.891 | 36.007 | 5.946 | 41.953 | 100,00% |
| 4 | Exposures to multilateral development banks | - | - | - | - | - | - |
| 5 | Exposures to international organisations | - | - | - | - | - | - |
| 6 | Exposures to institutions | 19.932.042 | 55.097.519 | 19.932.042 | 15.981.788 | 14.787.307 | 41,17% |
| 7 | Exposures to corporates | 115.119.449 | 43.477.182 | 110.699.263 | 21.587.620 | 129.579.790 | 97,95% |
| 8 | Retail exposures | 46.640.581 | 32.552.004 | 46.453.291 | 3.810.507 | 37.697.849 | 75,00% |
| 9 | Exposures secured by residential property | 11.138.434 | 172.492 | 11.132.846 | 67.456 | 3.920.106 | 35,00% |
| 10 | Exposures secured by commercial real estate | 8.944.111 | 909.766 | 8.944.068 | 558.570 | 6.154.894 | 64,77% |
| 11 | Past-due loans | 220.140 | - | 220.140 | - | 243.346 | 110,54% |
| 12 | Higher-risk categories by the Agency Board | - | 235 | - | - | - | - |
| 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) | 212.244 | 248.632 | 212.246 | 15.087 | 227.332 | 100,00% |
| 16 | Other assets | 3.896.437 | - | 3.896.437 | - | 2.084.078 | 53,49% |
| 17 | Investments in equities | 71.259 | - | 71.259 | - | 71.259 | 100,00% |
| 18 | Total | 282.931.026 | 136.121.193 | 278.317.922 | 42.099.707 | 220.194.021 | 68,72% |

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

| Current Period - 31.12.2017 | | | | | | | | | | | 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 | 60.941.238 | - | 228.972 | - | - | - | 25.372.722 | - | - | - | - | 86.542.932 |
| 2 Exposures to regional governments or local authorities | - | - | - | - | 55 | - | - | - | - | - | - | 55 |
| 3 Exposures to public sector entities | - | - | - | - | - | - | 11.975 | - | - | - | - | 11.975 |
| 4 Exposures to multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 Exposures to international organisations | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Exposures to institutions | - | - | 10.587.883 | - | 15.418.883 | - | 11.048.964 | - | - | - | - | 37.055.730 |
| 7 Exposures to corporates | 149.830 | - | 1.043.045 | - | 4.846.264 | - | 154.977.589 | - | - | - | - | 161.016.728 |
| 8 Retail exposures | - | - | - | - | - | 57.252.694 | - | - | - | - | - | 57.252.694 |
| 9 Exposures secured by residential property | - | - | - | - | - | 11.625.661 | 1.444.374 | - | - | - | - | 13.070.035 |
| 10 Exposures secured by commercial real estate | - | - | - | - | - | 1.343.625 | 9.852.901 | - | - | - | - | 11.196.526 |
| 11 Past-due loans | - | - | - | - | 3.200 | - | 273.344 | 5.688 | - | - | - | 282.232 |
| 12 Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 Exposures in the form of covered bonds | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | - | - | - | - | - | - | 277.999 | - | - | - | - | 277.999 |
| 16 Investments in equities | - | - | - | - | - | - | 101.958 | - | - | - | - | 101.958 |
| 17 Other assets | 2.266.147 | - | 41.548 | - | - | - | 5.524.421 | - | - | - | - | 7.832.116 |
| 18 Total | 63.357.215 | - | 11.901.448 | - | 20.268.402 | 70.221.980 | 208.886.247 | 5.688 | - | - | - | 374.640.980 |

(*)Secured by real estate

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

| Prior 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)

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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.

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

For the actions taken under the CCR, the obligation to provide additional collateral due to the possible decline in the credibility of the Bank is followed.

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 - 31.12.2017 | | | | | | | |
| 1 | Standardised Approach (for derivatives) | 9.330.172 | 1.750.382 | - | 1,4 | 11.080.554 | 7.981.522 |
| 2 | Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | - | - | - | - | - | - |
| 3 | Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | - | - | - | - | - | - |
| 4 | Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | - | - | - | - | 7.660.804 | 3.556.100 |
| 5 | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | - | - | - | - | 7.660.804 | 3.556.100 |
| 6 | Total | | | | | | 11.537.622 |
| (*) Effective Expected Positive Exposure | | | | | | | |
| | | Replacement cost | Potential future exposure | EEPE (*) | Alpha used for computing regulatory exposure at default | Exposure at default post CRM | RWA |
| Prior Period - 31.12.2016 | | | | | | | |
| 1 | Standardised Approach (for derivatives) | 8.396.783 | 4.206.962 | - | 1,4 | 12.603.745 | 7.559.021 |
| 2 | Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | - | - | - | - | - | - |
| 3 | Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | - | - | - | - | - | - |
| 4 | Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) | - | - | - | - | 3.377.391 | 1.538.866 |
| 5 | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit | - | - | - | - | 3.377.391 | 1.538.866 |
| 6 | Total | | | | | | 9.097.887 |
| (*) Effective Expected Positive Exposure | | | | | | | |

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3. Credit valuation adjustment (CVA) capital charge:

| | Current Period 31.12.2017 | | Prior Period 31.12.2016 | |
|--|------------------------------|------------------|------------------------------|-----------|
| | Exposure at default post-CRM | RWA | Exposure at default post-CRM | RWA |
| Total portfolios subject to the Advanced CVA capital charge | | | | |
| 1 (i) Value at Risk (VaR) component (including the 3×multiplier) | - | - | - | - |
| 2 (ii) Stressed VaR component (including the 3×multiplier) | - | - | - | - |
| 3 All portfolios subject to the Standardised CVA capital charge | 11.080.554 | 4.191.575 | 12.603.745 | 4.159.105 |
| 4 Total subject to the CVA capital charge | 11.080.554 | 4.191.575 | 12.603.745 | 4.159.105 |

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

Current Period - 31.12.2017

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

(*)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.

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Prior 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 - 31.12.2017 | | Prior Period - 31.12.2016 | |
|----------------------------------|------------------------------------|------------------------|----------------------------------|------------------------|
| | Protection bought | Protection sold | Protection bought | Protection sold |
| Nominal | | | | |
| Single-name credit default swaps | - | 18.700 | - | - |
| Index credit default swaps | - | - | - | - |
| Total return swaps | 6.127.434 | 4.541.941 | 6.635.216 | 4.931.513 |
| Credit options | - | - | - | - |
| Other credit derivatives | - | - | - | - |
| Total notionals | 6.127.434 | 4.541.941 | 6.635.216 | 4.931.513 |
| Fair values | | | | |
| Positive fair value (asset) | 1.581.610 | 1.581.610 | 1.643.573 | 1.643.573 |
| Negative fair value (liability) | - | - | - | - |

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7. Exposures to central counterparties (CCP):

| | Current Period - 31.12.2017 | | Prior Period - 31.12.2016 | |
|--|--------------------------------|--------------|--------------------------------|--------------|
| | Exposure at default (post-CRM) | RWA | Exposure at default (post-CRM) | RWA |
| 1 Exposure to Qualified Central Counterparties (QCCPs) (total) | | 7.822 | | 5.288 |
| 2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | | | | |
| 3 (i) OTC Derivatives | 203.462 | 7.808 | 269.861 | 5.397 |
| 4 (ii) Exchange-traded Derivatives | - | - | - | - |
| 5 (iii) Securities financing transactions | - | - | - | - |
| 6 (iv) Netting sets where cross-product netting has been approved | | | | |
| 7 Segregated initial margin | - | - | - | - |
| 8 Non-segregated initial margin | - | - | - | - |
| 9 Pre-funded default fund contributions | 6.519 | 14 | 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.

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The following table indicates the details of the market risk calculation as of 31 December 2017, 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.

2. Standardised approach:

| | Current Period - 31.12.2017 | Prior Period - 31.12.2016 | |
|--------------------------|---|----------------------------------|------------------|
| | RWA | RWA | |
| Outright products | | | |
| 1 | Interest rate risk (general and specific) | 2.794.813 | 2.012.660 |
| 2 | Equity risk (general and specific) | 63.775 | 11.875 |
| 3 | Foreign exchange risk | 1.758.233 | 2.444.377 |
| 4 | Commodity risk | - | - |
| Options | | | |
| 5 | Simplified approach | - | - |
| 6 | Delta-plus method | 82.613 | 58.463 |
| 7 | Scenario approach | - | - |
| 8 | Securitisation | - | - |
| 9 | Total | 4.699.434 | 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 31 March 2016, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2017 is calculated by using the gross income of the Bank in 2014, 2015 and 2016.

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.

| | 31.12.2014 | 31.12.2015 | 31.12.2016 | Total/Positive GI year number | Ratio (%) | Total |
|--|-------------------|-------------------|-------------------|--|------------------|--------------|
| Gross income | 8.997.640 | 10.207.953 | 11.946.814 | 3 | 15 | 1.557.620 |
| Amount subject to Operational Risk (Amount*12,5) | | | | | | 19.470.254 |

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.

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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) | 4.767.280 | 10,68% |
| TL | 500 | (4.987.185) | (11,19%) |
| USD | (200) | (193.390) | (0,43%) |
| USD | 200 | 203.408 | 0,46% |
| EURO | (200) | (272.548) | (0,61%) |
| EURO | 200 | (157.953) | (0,35%) |
| Total (for negative shocks) | | 4.301.342 | 9,64% |
| Total (for positive shocks) | | (4.941.730) | (11,08%) |

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.

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As of 31 December 2017, 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 2017 | | | Prior Period 31 December 2016 | | |
|--|------------------------------------|------------------|---------------|----------------------------------|----------------|---------------|
| | Notional Amount | Assets | Liabilities | Notional Amount | Assets | Liabilities |
| Interest Rate and Cross Currency Swaps | | | | | | |
| -TL | 2.497.225 | 973.630 | - | 2.497.225 | 682.966 | - |
| -FC | 27.012.330 | 162.654 | 74.911 | 20.894.823 | 124.908 | 98.991 |
| Total | 29.509.555 | 1.136.284 | 74.911 | 23.392.048 | 807.874 | 98.991 |

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 2017

| Hedging Instrument | Hedged Item | Risk Exposure | Fair Value Difference of Hedging Instrument | Fair Value Difference of Hedged Items (*) | Ineffective Portion (**) |
|---------------------|--|---------------------------------|---|---|--------------------------|
| Interest Rate Swap | Fixed interest rate FC available-for-sale financial assets | Interest rate risk | (70.981) | 63.778 | (7.203) |
| Interest Rate Swap | Fixed interest rate Lease Receivables | Interest rate risk | 273 | (281) | (8) |
| Cross-currency swap | Fixed interest rate FC Issued Eurobond, FC Lease Receivables | Interest rate and currency risk | 661 | (663) | (2) |
| Cross-currency swap | Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings | Interest rate and currency risk | 1.115.949 | (1.104.587) | 11.362 |

(*) 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 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.

As of 31 December 2017 fair value hedge transactions have been proven to be effective.

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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 2017, 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 15.256 (31 December 2016: TL 12.845).

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 | 131.448 | - | 12.793 | (22.824) | 215 |

As of 31 December 2017 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 2017, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (19.006) (31 December 2016: TL (43.790)).

XII. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

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

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

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

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performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

Information on business segments as of 31 December 2017 and 31 December 2016 presented in the following tables. 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 2017 | | | | | |
| Operating Income | 4.628.723 | 6.907.217 | 1.086.473 | 1.850.369 | 14.472.782 |
| Profit from Operating Activities | 2.083.222 | 4.861.910 | 838.666 | (132.221) | 7.651.577 |
| Income from Subsidiaries | | | | 2.658 | 2.658 |
| Profit before Tax | 2.083.222 | 4.861.910 | 838.666 | (129.563) | 7.654.235 |
| Corporate Tax | | | | (1.633.953) | (1.633.953) |
| Minority Shares | | | | (9) | (9) |
| Net Profit for the Period | 2.083.222 | 4.861.910 | 838.666 | (1.763.525) | 6.020.273 |
| Segment Assets | 53.929.605 | 176.148.618 | 91.331.453 | 7.385.344 | 328.795.020 |
| Investments in Associates. | - | - | - | - | 3.923 |
| Undistributed Assets | - | - | - | - | 12.811.014 |
| Total Assets | - | - | - | - | 341.609.957 |
| Segment Liabilities | 98.126.490 | 97.357.169 | 89.058.408 | 6.558.817 | 291.100.884 |
| Undistributed Liabilities | - | - | - | - | 9.895.501 |
| Shareholders' Equity | - | - | - | - | 40.613.572 |
| Total Liabilities | - | - | - | - | 341.609.957 |
| Other Segment Items | | | | | |
| Capital Investment | - | - | - | 483.566 | 483.566 |
| Amortization | (21.292) | (17.510) | (123) | (236.854) | (275.779) |
| Non-cash Other Income-Expense | (284.492) | (113.897) | (54.123) | (1.500.356) | (1.952.868) |

| | Consumer Banking | Commercial Banking, SME Banking, Corporate-Investment and Private Banking | Treasury | Other and Unallocated | Bank's Total Activities |
|--|-----------------------------|--|-----------------|----------------------------------|--|
| Prior 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) |

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

| | Current Period 31 December 2017 | | Prior Period 31 December 2016 | |
|-----------------------|------------------------------------|-------------------|----------------------------------|-------------------|
| | TL | FC | TL | FC |
| Cash/Foreign Currency | 1.427.724 | 735.960 | 1.135.291 | 559.576 |
| The CBRT (*) | 7.033.859 | 26.021.620 | 4.228.312 | 28.943.471 |
| Other (**) | 1 | 144.012 | 1 | 145.634 |
| Total | 8.461.584 | 26.901.592 | 5.363.604 | 29.648.681 |

(*) Precious metal account amounting to TL 5.118.058 are included in FC (31 December 2016: TL 734.867).

(**) Precious metal account amounting to TL 102.465 are included in FC (31 December 2016: TL 4.947).

2. Information related to the account of the CBRT:

| | Current Period 31 December 2017 | | Prior Period 31 December 2016 | |
|------------------------------|------------------------------------|-------------------|----------------------------------|-------------------|
| | TL | FC | TL | FC |
| Unrestricted Demand Deposits | 1.647 | - | 1.530 | - |
| Unrestricted Time Deposits | 3.080.092 | - | - | 5.173.596 |
| Restricted Time Deposits | - | - | - | - |
| Reserve Requirement | 3.952.120 | 26.021.620 | 4.226.782 | 23.769.875 |
| Total | 7.033.859 | 26.021.620 | 4.228.312 | 28.943.471 |

3. Explanation on reserve requirements:

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

The required reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities)

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

1. As of 31 December 2017, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.731 (31 December 2016: TL 9.721); and those subject to repo transactions TL 200 (31 December 2016: TL 569).

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

| | Current Period | | Prior Period | |
|----------------------|------------------|------------------|------------------|------------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Forward Transactions | 454.410 | - | 471.979 | - |
| Swap Transactions | 3.713.361 | 1.013.844 | 3.702.044 | 3.184.326 |
| Futures Transactions | - | - | - | - |
| Options | 2.808 | 239.405 | 26.984 | 235.605 |
| Other | - | - | - | - |
| Total | 4.170.579 | 1.253.249 | 4.201.007 | 3.419.931 |

c. Information on banks account:

1. Information on banks account:

| | Current Period | | Prior Period | |
|-----------------------------------|------------------|------------------|------------------|-------------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Banks | | | | |
| Domestic | 289.699 | 1.549.027 | 149.080 | 2.574.639 |
| Foreign | - | 8.191.003 | 1.447 | 7.661.012 |
| Head Quarters and Branches Abroad | - | - | - | - |
| Total | 289.699 | 9.740.030 | 150.527 | 10.235.651 |

2. Information on foreign banks account:

| | Unrestricted Amount | | Restricted Amount (**) | |
|---------------------------|---------------------|------------------|------------------------|------------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| | 31 December 2017 | 31 December 2016 | 31 December 2017 | 31 December 2016 |
| European Union Countries | 3.027.330 | 1.719.248 | 4.102.632 | 5.356.726 |
| USA, Canada | 602.727 | 570.116 | 431.048 | - |
| OECD Countries (*) | 12.789 | 9.974 | - | - |
| Off-Shore Banking Regions | - | 17 | - | 15 |
| Other | 6.317 | 6.261 | 8.160 | 102 |
| Total | 3.649.163 | 2.305.616 | 4.541.840 | 5.356.843 |

(*) 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 2017, available-for-sale financial assets subject to repurchase agreements amounting to TL 20.055.533 (31 December 2016: TL 16.282.871); and those given as collateral/blocked amounting to TL 3.470.880 (31 December 2016: TL 2.062.303).

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

| | Current Period | Prior Period |
|------------------------------|-------------------|-------------------|
| | 31 December 2017 | 31 December 2016 |
| Debt Securities | 43.531.669 | 35.630.700 |
| Quoted at Stock Exchange (*) | 43.392.550 | 35.462.993 |
| Unquoted at Stock Exchange | 139.119 | 167.707 |
| Share Certificates | 98.040 | 67.341 |
| Quoted at Stock Exchange | - | - |
| Unquoted at Stock Exchange | 98.040 | 67.341 |
| Impairment Provision (-) | 799.921 | 890.984 |
| Total | 42.829.788 | 34.807.057 |

(*) Investment funds are included.

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e. Information related to loans:

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

| | Current Period 31 December 2017 | | Prior Period 31 December 2016 | |
|--|------------------------------------|----------------|----------------------------------|----------------|
| | Cash | Non-cash | Cash | Non-cash |
| Direct Loans Granted to Shareholders | - | 246 | - | 245 |
| Corporate Shareholders | - | 246 | - | 245 |
| Real Person Shareholders | - | - | - | - |
| Indirect Loans Granted to Shareholders | 5.605.978 | 923.453 | 4.591.797 | 900.355 |
| Loans Granted to Employees | 113.133 | - | 105.759 | - |
| Total | 5.719.111 | 923.699 | 4.697.556 | 900.600 |

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

| | Standard Loans and Other Receivables | | Loans and Other Receivables under Close Monitoring | | | |
|----------------------------|--|--|---|---|------------------|----------|
| | Loans and Other Receivables (Total) | Loans and Receivables with Revised Contract Terms | Loans and Other Receivables (Total) | Loans and Receivables with Revised Contract Terms | | |
| | | Extension of Repayment Plan | Other Changes | Extension of Repayment Plan | Other Changes | |
| Non-specialized Loans | 198.055.112 | 3.888.691 | - | 11.270.658 | 3.155.715 | - |
| Loans given to enterprises | 36.456.166 | 783.747 | - | 1.660.787 | 1.276.524 | - |
| Export Loans | 9.953.687 | 155.818 | - | 99.103 | 82.104 | - |
| Import Loans | 2.461.724 | - | - | - | - | - |
| Loans Given to | | | | | | |
| Financial Sector | 11.269.060 | 7.670 | - | - | - | - |
| Consumer Loans | 30.865.479 | 583.612 | - | 1.259.705 | 701.935 | - |
| Credit Cards | 13.575.879 | 428.493 | - | 473.047 | 331.850 | - |
| Other | 93.473.117 | 1.929.351 | - | 7.778.016 | 763.302 | - |
| Specialized Loans | - | - | - | - | - | - |
| Other Receivables | - | - | - | - | - | - |
| Total | 198.055.112 | 3.888.691 | - | 11.270.658 | 3.155.715 | - |

The Bank has a cash loan exposure with a principal balance of USD 1.685 billion included accrued interest 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 been continuing 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 "loans and other receivables" under close monitoring as of 31 December 2017.

| | Standard loans and other receivables | Loans and other receivables under close monitoring |
|-------------------------------|---|--|
| Number of Extension | | |
| Extended by 1 or 2 times | 3.709.773 | 2.468.960 |
| Extended by 3,4 or 5 times | 175.383 | 684.888 |
| Extended by more than 5 times | 3.535 | 1.867 |
| Total | 3.888.691 | 3.155.715 |

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| Extension periods | Standard loans and other receivables | Loans and other receivables under close monitoring |
|--------------------------|---|---|
| 0 - 6 Months | 788.255 | 448.951 |
| 6 - 12 Months | 183.447 | 245.505 |
| 1 - 2 Years | 690.857 | 623.165 |
| 2 - 5 Years | 1.211.355 | 1.533.257 |
| 5 Years and over | 1.014.777 | 304.837 |
| Total | 3.888.691 | 3.155.715 |

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 | 54.638.295 | 732.100 | 855.925 | 503.028 |
| Specialized Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Medium and Long-Term Loans and Other Receivables | | | | |
| Non-Specialized Loans | 143.416.817 | 3.156.591 | 10.414.733 | 2.652.687 |
| Specialized Loans | - | - | - | - |
| Other Receivables | - | - | - | - |
| Total | 198.055.112 | 3.888.691 | 11.270.658 | 3.155.715 |

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

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

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| Prior 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 |

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

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

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6. Loans according to types of borrowers:

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--------------|--|--|
| Public | 1.607.968 | 1.983.806 |
| Private | 207.717.802 | 176.754.457 |
| Total | 209.325.770 | 178.738.263 |

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

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|----------------|--|--|
| Domestic Loans | 202.254.225 | 171.595.025 |
| Foreign Loans | 7.071.545 | 7.143.238 |
| Total | 209.325.770 | 178.738.263 |

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

9. Specific provisions accounted for loans:

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| Loans and Other Receivables with Limited Collectibility | 579.034 | 587.401 |
| Loans and Other Receivables with Doubtful Collectibility | 650.121 | 815.140 |
| Uncollectible Loans and Receivables | 3.150.937 | 2.709.680 |
| Total | 4.380.092 | 4.112.221 |

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

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

| | III. Group | IV. Group | V. Group |
|--|--|---|--|
| | Loans and Other Receivables with Limited Collectibility | Loans and Other Receivables with Doubtful Collectibility | Uncollectible Loans and Other Receivables |
| Current Period: 31 December 2017 | | | |
| (Gross Amounts Before Specific Provisions) | 31.483 | 39.558 | 71.021 |
| Restructured Loans and Other Receivables | 31.483 | 39.553 | 70.643 |
| Rescheduled Loans and Other Receivables | - | 5 | 378 |
| Prior 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 |

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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 2016 | 587.401 | 815.140 | 2.864.650 |
| Additions (+) | 1.877.909 | 17.109 | 19.591 |
| Transfers from Other Categories of Non- Performing Loans (+) | - | 1.641.883 | 1.554.399 |
| Transfers to Other Categories of Non-Performing Loans (-) | 1.641.883 | 1.554.399 | - |
| Collections (-) | 243.199 | 265.893 | 412.844 |
| Write-offs (-) (*) | 1.194 | 3.719 | 722.240 |
| Corporate and Commercial Loans | 73 | 1.440 | 184.671 |
| Consumer Loans | 737 | 1.424 | 218.831 |
| Credit Cards | 384 | 855 | 318.738 |
| Other | - | - | - |
| Balance at the End of the Period | 579.034 | 650.121 | 3.303.556 |
| Specific Provisions (-) | 579.034 | 650.121 | 3.150.937 |
| Net Balance at Balance Sheet (**) | - | - | 152.619 |

(*) TL 709 million (in full TL amount) portion of the Bank's non-performing loan portfolio, for which in the previous periods 100% provision is reserved, has been sold at a price of TL 39 million (in full TL amount) to 4 companies, Istanbul Varlık Yönetimi A.Ş., Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

(**) The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 204 million, (in full TL amount) for an amount of TL 51 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 2017 | | | |
| Balance at the End of the Period | 17.562 | 28.123 | 405.791 |
| Specific Provision (-) | 17.562 | 28.123 | 277.527 |
| Net Balance on Balance Sheet | - | - | 128.264 |
| Prior 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 at Balance Sheet | - | - | 131.076 |

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

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

| | III. Group | IV. Group | V. Group |
|--|--|---|--|
| | Loans and Other Receivables with Limited Collectibility | Loans and Other Receivables with Doubtful Collectibility | Uncollectible Loans and Other Receivables |
| Current Period (Net): 31 December 2017 | | | |
| Loans granted to corporate entities and real persons (Gross) | 579.034 | 650.121 | 3.303.556 |
| Specific Provision Amount (-) | 579.034 | 650.121 | 3.150.937 |
| Loans granted to corporate entities and real persons (Net) | - | - | 152.619 |
| 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 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) | - | - | - |

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 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Given as collateral/blocked | 112.578 | 1.425.922 | 113.728 | 2.122.032 |
| Subject to repurchase agreements | 2.372.137 | 7.716.247 | 3.625.467 | 7.110.699 |
| Total | 2.484.715 | 9.142.169 | 3.739.195 | 9.232.731 |

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

| | Current Period | Prior Period |
|----------------------------------|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Government Bonds | 13.596.948 | 13.091.240 |
| Treasury Bills | - | - |
| Other Government Debt Securities | 2.546.431 | 2.370.665 |
| Total | 16.143.379 | 15.461.905 |

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

3. Information on held-to-maturity investments:

| | Current Period | Prior Period |
|----------------------------|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Debt Securities | 19.132.124 | 18.150.663 |
| Quoted at Stock Exchange | 19.132.124 | 18.150.663 |
| Unquoted at Stock Exchange | - | - |
| Impairment Provision (-) | 249.092 | 173.793 |
| Total | 18.883.032 | 17.976.870 |

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

| | Current Period | Prior Period |
|---|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Balance at the Beginning of the Period | 17.976.870 | 10.688.439 |
| Foreign Currency Differences on Monetary Assets | 1.223.819 | 1.269.337 |
| Purchases During Year (*) | 226 | 5.882.218 |
| Disposals Through Sales and Redemptions (-) | 766.185 | 130.259 |
| Impairment Provision (-) | 75.298 | 100.753 |
| Change in Amortized Cost | 523.600 | 367.888 |
| Balance at the End of the Period | 18.883.032 | 17.976.870 |

(*) 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 prior 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 voting percentage (%) | Bank's risk group share percentage (%) |
|-----------------------------------|-----------------|--|---|
| 1 Bankalararası Kart Merkezi A.Ş. | İstanbul/Turkey | 9,98 | 9,98 |
| 2 Kredi Kayıt Bürosu A.Ş. | İstanbul/Turkey | 9,09 | 9,09 |

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

The financial figures stated below have been obtained from the financial statements dated 30 September 2017.

| | Total | Shareholders' | Total | Interest | Income from | Current | Prior Period | Fair |
|---|---------------|----------------------|---------------|-----------------|--------------------|-------------------------|---------------------|--------------|
| | Assets | Equity | Fixed | Income | Marketable | Period | Profit/Loss | Value |
| | | | Assets | | Securities | Profit/ Loss | | |
| | | | | | Portfolio | | | |
| 1 | 80.677 | 46.880 | 47.322 | 1.043 | - | 6.983 | 14.517 | - |
| 2 | 259.153 | 175.797 | 172.993 | 4.049 | 95 | 36.919 | 16.458 | - |

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

| | Current Period | Prior Period |
|---|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Balance at the Beginning of the Period | 3.923 | 3.923 |
| Movements During the Period | | |
| Purchases | - | - |
| Bonus Shares and Contributions to Capital | - | - |
| Dividends from Current Year Income | - | - |
| Sales/Liquidation | - | - |
| Revaluation Increase | - | - |
| Impairment Provision (-) | - | - |
| Balance at the End of the Period | 3.923 | 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:

| | Ak Finansal | Ak Yatırım Menkul | Ak Portföy | Akbank AG |
|--|----------------------|--------------------------|----------------------|------------------|
| | Kiralama A.Ş. | Değerler A.Ş. | Yönetimi A.Ş. | |
| Paid in Capital | 235.007 | 46.802 | 10.534 | 740.648 |
| Share Premium | - | - | - | - |
| Reserves | 567.939 | 61.081 | 13.834 | 2.023.010 |
| Gains recognized in equity as per TAS | - | (1.877) | (233) | - |
| Profit/Loss | 56.786 | 126.521 | 34.282 | 218.727 |
| -Net Current Period Profit | 56.786 | 55.812 | 33.818 | 218.727 |
| -Prior Year Profit/Loss | - | 70.709 | 464 | - |
| Development Cost of Operating Lease (-) | 29 | 1.156 | - | 255 |
| Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights | 1.507 | 2.021 | 51 | 1.551 |
| Total Common Equity | 858.196 | 229.350 | 58.366 | 2.980.579 |
| 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" (-) | 377 | 505 | 13 | 388 |
| Total Tier I Capital | 857.819 | 228.845 | 58.353 | 2.980.191 |
| Tier II Capital | 53.425 | - | - | - |
| CAPITAL | 911.244 | 228.845 | 58.353 | 2.980.191 |
| Deductions from Capital | - | - | - | - |
| TOTAL CAPITAL | 911.244 | 228.845 | 58.353 | 2.980.191 |

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:

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3 (i). Information about consolidated subsidiaries:

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

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 2017 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 | 6.688.224 | 859.897 | 78.420 | 434.665 | - | 56.786 | 113.988 | - |
| 2 | 1.499.233 | 232.527 | 10.274 | 135.122 | 31.089 | 55.812 | 31.633 | - |
| 3 | 69.452 | 58.417 | 756 | 5.366 | 16 | 33.818 | 27.358 | - |
| 4 | 22.907.715 | 2.982.385 | 2.915 | 772.020 | 76.170 | 218.727 | 161.093 | - |

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

3 (ii). Movement schedule for consolidated subsidiaries:

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|------------------------------------|----------------------------------|
| Balance at the Beginning of the Period | 3.334.164 | 2.679.977 |
| Movements During the Period | | |
| Additions (*) | 6.455 | - |
| Bonus Shares and Contributions to Capital (*) | 1.545 | - |
| Dividends from Current Year Income | 365.117 | 347.546 |
| Sales/Liquidation (**) | 2.243 | - |
| Revaluation Increase (***) | 423.574 | 306.641 |
| Revaluation/Impairment | - | - |
| Increase/decrease due to foreign exchange valuation of foreign subsidiaries | - | - |
| Balance at the End of the Period | 4.133.098 | 3.334.164 |
| Capital Commitments | - | - |
| Share Percentage at the End of the Period (%) | - | - |

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

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

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

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

| Subsidiaries | Current Period | | Prior Period | |
|------------------------------|-------------------------|--|-------------------------|--|
| | 31 December 2017 | | 31 December 2016 | |
| Banks | 2.982.385 | | 2.261.599 | |
| Insurance Companies | - | | - | |
| Factoring Companies | - | | - | |
| Leasing Companies | 859.897 | | 802.821 | |
| Finance Companies | - | | - | |
| Other Financial Subsidiaries | 290.816 | | 269.744 | |

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

i. Information on finance lease receivables (Net):

| | Current Period | | Prior Period | |
|--------------------------|-------------------------|------------------|-------------------------|------------------|
| | 31 December 2017 | | 31 December 2016 | |
| | Gross | Net | Gross | Net |
| 2017 | - | - | 1.902.135 | 1.640.186 |
| 2018 | 2.463.302 | 2.160.175 | 1.242.683 | 1.018.701 |
| 2019 | 1.477.983 | 1.237.783 | 932.451 | 780.873 |
| 2020 and following years | 2.800.478 | 2.467.460 | 1.785.702 | 1.568.840 |
| Total | 6.741.763 | 5.865.418 | 5.862.971 | 5.008.600 |

j. Information on the hedging derivative financial assets:

| | Current Period | | Prior Period | |
|---|-------------------------|----------------|-------------------------|----------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Fair Value Hedge | 973.630 | 31.206 | 682.966 | 30.570 |
| Cash Flow Hedge | - | 131.448 | - | 94.338 |
| Net Investment Hedge in a foreign operation | - | - | - | - |
| Total | 973.630 | 162.654 | 682.966 | 124.908 |

k. Information on the investment properties:

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 January 2017. The revaluation difference amounting to TL 2.465.549 is shown under "Investment Properties Revaluation" in the below table.

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| | Immovables | Other Tangible Fixed Assets | Construction in Progress | Total |
|--|------------------|--------------------------------|-----------------------------|------------------|
| Prior Period End: 31 December 2016 | | | | |
| Cost | 847.369 | 1.152.108 | 2.383 | 2.001.860 |
| Accumulated Depreciation(-) | 337.606 | 782.893 | - | 1.120.499 |
| Net Book Value | 509.763 | 369.215 | 2.383 | 881.361 |
| Current Period End: 31 December 2017 | | | | |
| Net Book Value at the Beginning of the Period | 509.763 | 369.215 | 2.383 | 881.361 |
| Additions | 5.506 | 186.295 | 52.980 | 244.781 |
| Investment Properties Revaluation differences | 2.465.549 | - | - | 2.465.549 |
| Transferred | 9.262 | - | (9.262) | - |
| Disposals (-), net | 9.856 | 493 | - | 10.349 |
| Depreciation (-) | 29.831 | 124.122 | - | 153.953 |
| Impairment | (1.473) | - | - | (1.473) |
| Cost at Period End | 3.066.411 | 1.301.915 | 46.101 | 4.414.427 |
| Accumulated Depreciation at Period End (-) | 117.491 | 871.020 | - | 988.511 |
| Closing Net Book Value | 2.948.920 | 430.895 | 46.101 | 3.425.916 |

| | 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 |

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l. Information on intangible assets:

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

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|------------------------------|--|--|
| Cost | 1.040.085 | 800.726 |
| Accumulated Amortization (-) | 561.543 | 439.199 |
| Net Book Value | 478.542 | 361.527 |

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

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|---------------------------------------|--|--|
| Opening Balance Net Book Value | 361.527 | 224.105 |
| Additions | 238.841 | 224.038 |
| Disposals (-), net | - | - |
| Impairment (-) | - | - |
| Depreciation (-) | 121.826 | 86.616 |
| Closing Net Book Value | 478.542 | 361.527 |

m. Information on the investment properties: None.

n. Information on deferred tax asset:

As of 31 December 2017, foreign currency deferred tax asset of the Group is TL 37.525 (31 December 2016: TL 23.773). 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 2017 | 31 December 2016 | 31 December 2017 | 31 December 2016 |
| Employee benefits | 300.953 | 228.082 | 68.041 | 45.483 |
| Other | 435.844 | 316.689 | 87.943 | 63.336 |
| Differences between book value and tax base of property, plant and equipment | (584.033) | (246.191) | (122.011) | (49.238) |
| Differences between book value and tax base of financial assets | (1.229.276) | (936.968) | (241.586) | (202.344) |
| Country risk provision | (2.465.549) | - | (162.883) | - |
| Investment Properties Revaluation differences | (233.796) | (191.197) | (74.815) | (61.183) |
| Deferred Tax Asset/(Liabilities) Net | | | (445.311) | (203.946) |

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

| | Current Period | Prior Period |
|------------------------------|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Cost | 133.682 | 74.980 |
| Accumulated Depreciation (-) | 167 | 792 |
| Net Book Value | 133.515 | 74.188 |

| | Current Period | Prior Period |
|---------------------------------------|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Opening Balance Net Book Value | 74.188 | 179.866 |
| Additions | 101.666 | 70.537 |
| Disposals (-), net | 42.179 | 174.552 |
| Impairment (-) | 160 | - |
| Depreciation (-) | - | 1.663 |
| Closing Net Book Value | 133.515 | 74.188 |

p. Information on other assets:

Other assets amounting to TL 4.036.435 (31 December 2016: TL 2.576.498) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

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

1 (i). Current Period – 31 December 2017:

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

1 (ii). Prior 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 |
| Precious metals Deposits | 1.077.890 | - | 3.952 | - | 80.519 | 3.051 | - | 1.165.412 |
| Interbank Deposits | 973.736 | 391.288 | 4.969.500 | 452.015 | 365.039 | 51.282 | - | 7.202.860 |
| The CBRT | - | - | - | - | - | - | - | - |
| Domestic Banks | 14.504 | 213.948 | 361.173 | - | 30.070 | 4.288 | - | 623.983 |
| Foreign Banks | 263.561 | 177.340 | 4.608.327 | 452.015 | 334.969 | 46.994 | - | 5.883.206 |
| 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 |

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2. Information on saving deposits insurance:

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

| | Under the Guarantee of Deposit Insurance | | Exceeding the Limit of Deposit Insurance | |
|--|--|----------------------------------|--|----------------------------------|
| | Current Period 31 December 2017 | Prior Period 31 December 2016 | Current Period 31 December 2017 | Prior Period 31 December 2016 |
| Saving Deposits | 24.508.782 | 22.883.007 | 33.195.768 | 27.066.065 |
| Foreign Currency Saving Deposits | 8.512.809 | 6.941.623 | 36.271.768 | 31.775.332 |
| Other Deposits in the Form of Saving Deposits | 736.725 | 557.174 | 594.201 | 499.777 |
| 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 2017 | Prior Period 31 December 2016 |
|--|------------------------------------|----------------------------------|
| Foreign Branches' Deposits and other accounts | 1.381 | 2.891 |
| Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care | - | - |
| Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care | 926.384 | 858.961 |
| 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 2017 | | Prior Period 31 December 2016 | |
|----------------------|------------------------------------|------------------|----------------------------------|----------------|
| | TL | FC | TL | FC |
| Forward Transactions | 453.595 | - | 409.197 | - |
| Swap Transactions | 3.714.176 | 1.013.844 | 3.227.474 | 673.404 |
| Futures Transactions | - | - | - | - |
| Options | 2.808 | 239.405 | 12.254 | 277.518 |
| Other | - | - | - | - |
| Total | 4.170.579 | 1.253.249 | 3.648.925 | 950.922 |

c. Information on borrowings:

1. Information on banks and other financial institutions:

| | Current Period 31 December 2017 | | Prior Period 31 December 2016 | |
|--|------------------------------------|-------------------|----------------------------------|-------------------|
| | TL | FC | TL | FC |
| Borrowings from the CBRT | - | 474.031 | - | - |
| From Domestic Banks and Institutions | 325.546 | 688.817 | 294.726 | 472.133 |
| From Foreign Banks, Institutions and Funds | 49.528 | 32.089.277 | 127.011 | 31.410.416 |
| Total | 375.074 | 33.252.125 | 421.737 | 31.882.549 |

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2. Information on maturity structure of borrowings:

| | Current Period | | Prior Period | |
|----------------------|------------------|-------------------|------------------|-------------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Short-term | 232.934 | 2.047.389 | 175.931 | 1.800.256 |
| Medium and Long-term | 142.140 | 31.204.736 | 245.806 | 30.082.293 |
| Total | 375.074 | 33.252.125 | 421.737 | 31.882.549 |

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 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Bank bills | 4.012.498 | - | 776.911 | - |
| Bonds | 3.124.772 | 8.717.955 | 1.779.356 | 9.977.034 |
| Total | 7.137.270 | 8.717.955 | 2.556.267 | 9.977.034 |

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 1.178.360 (31 December 2016: TL 1.436.897) 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 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Fair Value Hedge | - | 74.911 | - | 98.645 |
| Cash Flow Hedge | - | - | - | 346 |
| Net Investment Hedge in a foreign operation | - | - | - | - |
| Total | - | 74.911 | - | 98.991 |

h. Information on provisions:

1. Information on general provisions:

| | Current Period | | Prior Period | |
|--|------------------|--|------------------|--|
| | 31 December 2017 | | 31 December 2016 | |
| General Provisions | 2.686.871 | | 2.927.745 | |
| Provisions for Group I. Loans and Receivables | 964.317 | | 864.370 | |
| Provisions for Group II. Loans and Receivables | 121.358 | | 79.929 | |
| Provisions for Non-cash Loans | 64.229 | | 59.185 | |
| Other | 1.536.967 | | 1.924.261 | |

As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion over the minimum provision ratios ratios (31 December 2016: 1.8 billion) is included in the "Other" line on the table above.

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2. Information on reserves for employee rights:

| Balance Sheet Obligations for: | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| - Post-employment benefits (pension and medical) | - | - |
| - Reserve for employment termination benefits | 209.829 | 146.104 |
| - Reserve for unused vacation | 91.124 | 81.978 |
| Total | 300.953 | 228.082 |

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).

| Income Statement Charge for: | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| - Post-employment benefits (pension and medical) | (204.575) | (175.248) |
| - Reserve for employment termination benefits | (47.367) | (49.704) |
| - Reserve for unused vacation | (9.147) | (13.099) |
| Total | (261.089) | (238.051) |

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 204.575 (31 December 2016: TL 175.248) during the year has been included in employee costs under operating expenses.

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

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

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

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

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| Discount Rate (%) | 4,00 | 3,64 |
| Rate for the Probability of Retirement (%) | 94,45 | 94,07 |

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 5.001,76 (1 January 2017: TL 4.426,16) effective from 1 January 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

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

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| Prior Period Closing Balance | 146.105 | 124.027 |
| Recognized as an Expense During the Period | 46.243 | 49.704 |
| Actuarial Loss/(Gain) | 53.510 | 20.240 |
| Paid During the Period | (36.029) | (47.867) |
| Balance at the End of the Period. | 209.829 | 146.104 |

As of 31 December 2017, the Group has allocated vacation liability amounting to TL 91.124 (31 December 2016: TL 81.978).

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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 2017, the surplus of the Fund, including the obligation for other non-transferable benefits of TL 487.493 (31 December 2016: TL 317.383) amounts to TL 342.485 (31 December 2016: TL 209.173).

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|---|--|--|
| Present value of funded obligations | (1.275.192) | (1.184.939) |
| - Pension benefits transferrable to SSI | (1.757.542) | (1.635.774) |
| - Post-employment medical benefits transferrable to SSI | 969.843 | 768.218 |
| - Other non-transferable benefits | (487.493) | (317.383) |
| Fair value of plan assets | 1.551.402 | 1.394.112 |
| Surplus | 276.210 | 209.173 |

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:

| Discount rate | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|---|--|--|
| - Pension benefits transferrable to SSI | % 9,80 | % 9,80 |
| - Post-employment medical benefits transferrable to SSI | % 9,80 | % 9,80 |
| - Other non-transferable benefits | % 4,21 | % 4,49 |

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 2017 | Prior Period 31 December 2016 |
|------------------------------|--|--|
| Prior period end | 1.394.112 | 1.288.959 |
| Actual return on plan assets | 238.028 | 198.804 |
| Employer contributions | 204.575 | 175.248 |
| Employee contributions | 174.371 | 149.708 |
| Benefits paid | (459.684) | (418.607) |
| Period end | 1.551.402 | 1.394.112 |

Plan assets are comprised as follows:

| | Current Period 31 December 2017 | | Prior Period 31 December 2016 | |
|--|--|-------------|--|-------------|
| Bank placements | 977.331 | 63% | 999.280 | 72% |
| Property and equipment | 18.242 | 1% | 19.135 | 1% |
| Marketable securities and share certificates | 397.520 | 26% | 279.076 | 20% |
| Other | 158.309 | 10% | 96.621 | 7% |
| Period end | 1.551.402 | 100% | 1.394.112 | 100% |

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

As of 31 December 2017, the provision related to foreign currency differences of foreign indexed loans amounts to TL 24.016 (31 December 2016: TL 1.741), 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 2017 is amounting to TL 67.754 (31 December 2016: 73.086).

5. Information on other provisions:

5 (i). Information on free provision for possible risks: TL 700.000 (31 December 2016: TL 200.000).

A free provision total amounting to TL 700.000 thousand which consist of amounting to TL 500.000 thousand has been recognized in the current period and amounting to TL 200.000 thousand had been recognized in prior periods by the Bank management in line with the conservatism principle considering the circumstances that may arise from possible changes in the economy and market conditions.

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

The Group has provisions for credit cards and banking services promotion activities amounting to TL 69.284 (31 December 2016: TL 89.968).

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 2017, the corporate tax liability after the deduction of temporary taxes paid is TL 751.698 (31 December 2016: TL 288.226).

1 (i). Information on taxes payable:

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| Corporate Taxes Payable | 751.698 | 288.226 |
| Taxation on Marketable Securities | 145.567 | 112.225 |
| Property Tax | 1.811 | 1.798 |
| Banking Insurance Transaction Tax (BITT) | 127.075 | 105.455 |
| Foreign Exchange Transaction Tax | - | - |
| Value Added Tax Payable | 10.845 | 7.236 |
| Other | 91.876 | 59.822 |
| Total | 1.128.872 | 574.762 |

1 (ii). Information on premium payables:

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|--|--|
| Social Security Premiums – Employee | 1.656 | 1.376 |
| Social Security Premiums – Employer | 349 | 325 |
| Bank Social Aid Pension Fund Premium- Employee | 109 | 97 |
| Bank Social Aid Pension Fund Premium – Employer | 150 | 134 |
| Pension Fund Membership Fees and Provisions – Employee | - | - |
| Pension Fund Membership Fees and Provisions – Employer | - | - |
| Unemployment Insurance – Employee | 2.252 | 1.939 |
| Unemployment Insurance – Employer | 4.231 | 3.656 |
| Other | 46 | 8 |
| Total | 8.793 | 7.535 |

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2. Information on deferred tax liability:

As of 31 December 2017, Turkish Lira deferred tax liability of the Group amounts to TL 482.836. (31 December 2016: TL 227.719). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan:

| | Current Period | | Prior Period | |
|----------------------------------|------------------|------------------|------------------|----------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| From Domestic Banks | - | - | - | - |
| From Other Domestic Institutions | - | - | - | - |
| From Foreign Banks | - | 1.900.999 | - | - |
| From Other Foreign Institutions | - | - | - | - |
| Total | - | 1.900.999 | - | - |

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

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

| | Current Period | | Prior Period | |
|-----------------|------------------|-----------|------------------|-----------|
| | 31 December 2017 | | 31 December 2016 | |
| 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 | 10.000.000 |

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

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

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

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.

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8. Information on marketable securities value increase fund:

| | Current Period | | Prior Period | |
|---|------------------|------------------|------------------|------------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | 693.786 | 1.248.097 | - | - |
| Valuation Difference | (1.294.417) | (1.417.586) | (587.935) | (573.267) |
| Foreign Currency Differences | - | - | - | - |
| Total | (600.631) | (169.489) | (587.935) | (573.267) |

I. Information on minority shares:

| | Current Period | Prior Period |
|---|------------------|------------------|
| | 31 December 2017 | 31 December 2016 |
| Beginning Balance | 130 | 119 |
| Net Profit Share of other shareholders | 9 | 11 |
| Previous Term Dividend | - | - |
| Net Currency difference due to foreign subsidiaries | - | - |
| Effect of Changes within scope of consolidation | - | - |
| Balance end of Period | 139 | 130 |

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

Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 10.596.665 asset purchase commitments (31 December 2016: TL 16.705.913), TL 18.431.137 commitments for credit card limits (31 December 2016: TL 17.397.602) and TL 6.679.928 commitments for cheque books (31 December 2016: TL 6.200.426).

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 2017 | 31 December 2016 |
| Bank Acceptance Loans | 3.758.102 | 3.583.229 |
| Letters of Credit | 6.934.325 | 5.232.776 |
| Other Guarantees and Warranties | 6.338.160 | 4.379.339 |
| Total | 17.030.587 | 13.195.344 |

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

| | Current Period | Prior Period |
|---------------------------------------|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Revocable Letters of Guarantee | 1.279.965 | 984.154 |
| Irrevocable Letters of Guarantee | 19.276.192 | 13.700.319 |
| Letters of Guarantee Given in Advance | 4.148.237 | 3.179.535 |
| Guarantees Given to Customs | 2.483.647 | 2.642.796 |
| Other Letters of Guarantee | 7.745.167 | 6.644.988 |
| Total | 34.933.208 | 27.151.792 |

3. Information on non-cash loans:

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

| | Current Period | Prior Period |
|--|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Non-cash Loans Given against Cash Loans | 7.958.951 | 5.574.735 |
| With Original Maturity of 1 Year or Less Than 1 Year | 3.949.119 | 2.778.785 |
| With Original Maturity of More Than 1 Year | 4.009.832 | 2.795.950 |
| Other Non-cash Loans | 44.004.844 | 34.772.401 |
| Total | 51.963.795 | 40.347.136 |

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

| | Current Period 31 December 2017 | | | | Prior Period 31 December 2016 | | | |
|--------------------------------------|------------------------------------|---------------|-------------------|---------------|----------------------------------|---------------|-------------------|---------------|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| Agricultural | 21.092 | 0,10 | 4.087 | 0,01 | 13.071 | 0,08 | 2.486 | 0,01 |
| Farming and Raising | | | | | | | | |
| Livestock | 2.708 | 0,01 | - | - | 1.812 | 0,01 | - | - |
| Forestry | 18.315 | 0,08 | 4.087 | 0,01 | 11.257 | 0,07 | 2.486 | 0,01 |
| Fishing | 69 | - | - | - | 2 | - | - | - |
| Manufacturing | 4.996.328 | 23,08 | 10.247.767 | 33,80 | 4.265.398 | 26,68 | 7.629.696 | 30,80 |
| Mining | 70.864 | 0,33 | 207.204 | 0,68 | 91.055 | 0,57 | 96.606 | 0,39 |
| Production | 3.840.158 | 17,74 | 9.121.112 | 30,09 | 3.453.922 | 21,60 | 6.184.176 | 24,93 |
| Electric, Gas and Water | 1.085.306 | 5,01 | 919.451 | 3,03 | 720.421 | 4,51 | 1.348.914 | 5,48 |
| Construction | 3.435.621 | 15,87 | 3.070.140 | 10,13 | 2.412.743 | 15,09 | 2.432.380 | 9,87 |
| Services | 12.256.317 | 56,61 | 11.445.132 | 37,76 | 8.667.782 | 54,29 | 11.864.783 | 49,44 |
| Wholesale and Retail Trade | 7.380.034 | 34,09 | 7.724.537 | 25,48 | 5.669.264 | 35,46 | 6.552.920 | 26,60 |
| Hotel, Food and Beverage Services | 125.106 | 0,58 | 113.685 | 0,38 | 89.544 | 0,56 | 62.510 | 0,25 |
| Transportation and Telecommunication | 416.071 | 1,92 | 429.983 | 1,42 | 323.449 | 2,02 | 1.000.648 | 4,02 |
| Financial Institutions | 3.996.971 | 18,46 | 3.017.535 | 9,95 | 2.346.707 | 14,76 | 4.087.920 | 18,01 |
| Real Estate and Leasing Services | 7.489 | 0,03 | 28.379 | 0,09 | 4.367 | 0,03 | 23.105 | - |
| Self-Employment Services | 20.890 | 0,10 | 5.078 | 0,02 | 7.080 | 0,04 | 5.430 | 0,02 |
| Education Services | 32.167 | 0,15 | 15.056 | 0,05 | 11.917 | 0,07 | 2.606 | 0,01 |
| Health and Social Services | 277.589 | 1,28 | 110.879 | 0,37 | 215.454 | 1,35 | 129.644 | 0,53 |
| Other | 938.496 | 4,35 | 5.548.815 | 18,30 | 617.458 | 3,86 | 2.441.339 | 9,88 |
| Total | 21.647.854 | 100,00 | 30.315.941 | 100,00 | 15.976.452 | 100,00 | 24.370.684 | 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 | 21.472.788 | 30.106.505 | 175.066 | 209.436 |
| Letters of Guarantee | 18.683.737 | 15.932.603 | 107.432 | 209.436 |
| Bank Acceptances | 198 | 3.757.904 | - | - |
| Letters of Credit | 7.257 | 6.927.068 | - | - |
| Endorsements | - | - | - | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Guarantees | - | 10.757 | - | - |
| Other Commitments and Contingencies | 2.781.596 | 3.478.173 | 67.634 | - |

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b. Information on derivative transactions:

| | Current Period | Prior Period |
|--|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Types of Trading Transactions | | |
| Foreign Currency Related Derivative Transactions (I) | 291.553.169 | 229.454.018 |
| FC Trading Forward Transactions | 29.917.943 | 25.778.446 |
| Trading Swap Transactions | 221.864.659 | 174.793.147 |
| Futures Transactions | - | - |
| Trading Option Transactions | 39.770.567 | 28.882.425 |
| Interest Related Derivative Transactions (II) | 155.022.992 | 143.587.460 |
| Forward Interest Rate Agreements | - | - |
| Interest Rate Swaps | 94.188.668 | 86.004.924 |
| Interest Rate Options | 60.834.324 | 57.582.536 |
| Interest Rate Futures | - | - |
| Other Trading Derivative Transactions (III) | 14.849.056 | 12.324.720 |
| A. Total Trading Derivative Transactions (I+II+III) | 461.425.217 | 385.366.198 |
| Types of Hedging Transactions | | |
| Fair Value Hedges | 15.156.543 | 18.382.865 |
| Cash Flow Hedges | 14.353.012 | 5.009.183 |
| Foreign Currency Investment Hedges | - | - |
| B. Total Hedging Related Derivatives | 29.509.555 | 23.392.048 |
| Total Derivative Transactions (A+B) | 490.934.772 | 408.758.246 |

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

As of 31 December 2017: None (31 December 2016: None).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 61.982 (31 December 2016: 61.076 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 IX in Section Four.

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

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

| | Current Period | | Prior Period | |
|--|-------------------|------------------|-------------------|------------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| Short-term Loans | 5.634.977 | 360.246 | 4.840.519 | 116.486 |
| Medium and Long-term Loans | 10.146.344 | 3.004.219 | 7.442.754 | 2.628.102 |
| Interest on Loans Under Follow-Up | 35.824 | - | 25.548 | - |
| Premiums Received from the Resource Utilization Support Fund | - | - | - | - |
| Total | 15.817.145 | 3.364.465 | 12.308.821 | 2.744.588 |

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

2. Information on interest income on banks:

| | Current Period | | Prior Period | |
|---------------------------------------|------------------|---------------|------------------|---------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| From the CBRT | 111.157 | 1.458 | - | 7.051 |
| From Domestic Banks | 47.032 | 16.312 | 63.246 | 9.415 |
| From Foreign Banks | 5.779 | 72.335 | 1.127 | 26.067 |
| From Headquarters and Branches Abroad | - | - | - | - |
| Total | 163.968 | 90.105 | 64.373 | 42.533 |

3. Information on interest income on marketable securities:

| | Current Period | | Prior Period | |
|--|------------------|------------------|------------------|----------------|
| | 31 December 2017 | | 31 December 2016 | |
| | TL | FC | TL | FC |
| From Trading Financial Assets | 6.866 | - | 11.286 | 1 |
| From Financial Assets at Fair Value through Profit or Loss | - | - | - | - |
| From Available-for-sale Financial Assets | 2.421.860 | 708.678 | 1.772.370 | 768.359 |
| From Held-to-Maturity Investments | 643.692 | 438.987 | 424.649 | 213.315 |
| Total | 3.072.418 | 1.147.665 | 2.208.305 | 981.675 |

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 2017 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.

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b. Information on interest expense:

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

| | Current Period 31 December 2017 | | Prior Period 31 December 2016 | |
|----------------------------------|------------------------------------|----------------|----------------------------------|----------------|
| | TL | FC | TL | FC |
| Banks | 37.272 | 745.111 | 39.500 | 529.332 |
| The CBRT | - | - | - | - |
| Domestic Banks | 24.768 | 11.469 | 28.240 | 8.421 |
| Foreign Banks | 12.504 | 733.642 | 11.260 | 520.911 |
| Headquarters and Branches Abroad | - | - | - | - |
| Other Institutions | - | 73.698 | - | 29.399 |
| Total | 37.272 | 818.809 | 39.500 | 558.731 |

(*) 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 2017 | | Prior Period 31 December 2016 | |
|---------------------------------------|------------------------------------|---------|----------------------------------|---------|
| | TL | FC | TL | FC |
| Interest expense on securities issued | 502.136 | 569.117 | 369.234 | 421.948 |

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

| Current Period- 31.12.2017 | Demand Deposits | Time Deposits | | | | | Total |
|----------------------------|--------------------|------------------|-------------------|-------------------|-----------------|--------------------|-------------------|
| | | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | 1 Year and Over | |
| TL | | | | | | | |
| Bank Deposits | 1.281 | 130.602 | 108.071 | 4.284 | 258 | 76 | 244.572 |
| Saving Deposits | - | 1.687.188 | 3.357.899 | 62.963 | 59.565 | 69.099 | 5.236.714 |
| Public Sector Deposits | - | 9.937 | 3.135 | 477 | 85 | 5 | 13.639 |
| Commercial Deposits | - | 842.683 | 1.342.540 | 183.953 | 101.197 | 59.008 | 2.529.381 |
| Other Deposits | 5 | 62.937 | 237.709 | 44.220 | 110.951 | 24.024 | 479.846 |
| Total | 1.286 | 2.733.347 | 5.049.354 | 295.897 | 272.056 | 152.212 | 8.504.152 |
| FC | | | | | | | |
| Foreign Currency Deposits | 7.493 | 484.302 | 823.191 | 127.100 | 116.002 | 153.909 | 1.711.997 |
| Bank Deposits | 285 | 28.553 | 66.497 | 16.935 | 7.446 | 520 | 120.236 |
| Precious Metals Deposits | - | - | 5 | - | 918 | 375 | 1.298 |
| Total | 7.778 | 512.855 | 889.693 | 144.035 | 124.366 | 154.804 | 1.833.531 |
| Grand Total | 9.064 | 3.246.202 | 5.939.047 | 439.932 | 396.422 | 307.016 | 10.337.683 |

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| Prior 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 |

c. Explanations on dividend income:

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|--|------------------------------------|----------------------------------|
| From Trading Financial Assets | 836 | 1.943 |
| From Financial Assets at Fair Value Through Profit or Loss | - | - |
| From Available-for-sale Financial Assets | 345 | 59 |
| Other (*) | 1.477 | 656 |
| Total | 2.658 | 2.658 |

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

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

| | Current Period 31 December 2017 | Prior Period 31 December 2016 |
|---|------------------------------------|----------------------------------|
| Profit | 603.156.685 | 3.181.830.939 |
| Income From Capital Market Transactions | 453.579 | 814.248 |
| Income From Derivative Financial Transactions (*) | 13.498.532 | 10.198.428 |
| Foreign Exchange Gains | 589.204.574 | 3.170.818.263 |
| Loss (-) | 603.686.630 | 3.180.884.959 |
| Loss from Capital Market Transactions | 225.480 | 628.802 |
| Loss from Derivative Financial Transactions (*) | 14.644.896 | 9.201.379 |
| Foreign Exchange Loss | 588.816.254 | 3.171.054.778 |
| Total (Net) | (529.945) | 945.980 |

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (184.646) (31 December 2016: TL 600.854)

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 provisions that have been set aside in prior periods and reversed in the current year with the sale from non-performing loans portfolio.

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(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 2017 | 31 December 2016 |
| Specific Provisions for Loans and Other Receivables | 1.545.676 | 1.790.722 |
| III. Group Loans and Receivables | 580.052 | 588.940 |
| IV. Group Loans and Receivables | 651.253 | 816.495 |
| V. Group Loans and Receivables | 314.371 | 385.287 |
| General Provision Expenses | 258.967 | 386.853 |
| Free Provision Expense for Possible Risks | 500.000 | - |
| Marketable Securities Impairment Expense | 13 | 1 |
| Financial Assets at Fair Value through Profit or Loss | - | - |
| Available-for-sale Financial Assets | 13 | 1 |
| Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease | - | - |
| Investments in Associates | - | - |
| Subsidiaries | - | - |
| Joint Ventures | - | - |
| Held-to-maturity Investments | - | - |
| Other | 137.256 | 72.600 |
| Total | 2.441.912 | 2.250.176 |

g. Information related to other operating expenses:

| | Current Period | Prior Period |
|---|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Personnel Expenses | 1.968.533 | 1.798.580 |
| Reserve for Employee Termination Benefits | 10.956 | 1.849 |
| Bank Social Aid Fund Deficit Provision | - | - |
| Impairment Expenses of Fixed Assets | 1.473 | - |
| Depreciation Expenses of Fixed Assets | 153.953 | 130.463 |
| Impairment Expenses of Intangible Assets | - | - |
| Goodwill Impairment Expenses | - | - |
| Amortization Expenses of Intangible Assets | 121.826 | 86.616 |
| Impairment Expenses of Equity Participations for which Equity Method is Applied | - | - |
| Impairment Expenses of Assets Held for Resale | 160 | - |
| Depreciation Expenses of Assets Held for Resale | - | 1.663 |
| Impairment Expenses of Fixed Assets Held for Sale | - | - |
| Other Operating Expenses | 2.014.098 | 1.776.123 |
| Operational Leasing Expenses | 205.539 | 187.913 |
| Maintenance Expenses | 31.173 | 25.820 |
| Advertisement Expenses | 139.861 | 131.620 |
| Other Expenses | 1.637.525 | 1.430.770 |
| Loss on Sales of Assets | 731 | 22 |
| Other(*) | 607.563 | 669.597 |
| Total | 4.879.293 | 4.464.913 |

(*) 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 27.819 (31 December 2016: TL 92.180).

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(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 2017 | 31 December 2016 |
| Income/(loss) from minority interest | 9 | 11 |

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 11.292.799, net fees and commission income amounting to TL 2.961.964 and the amount of other operating expense is TL 4.879.293.

The Bank has no discontinued operations

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

As of 31 December 2017, the Group has a current tax expense of TL 1.654.953 and deferred tax expense of TL 21.000. The amount of deferred tax income that occurred due to the temporary differences is TL 23.033 and deferred tax expense is TL 76.987 the amounts of deferred tax income occurred due to the closing of temporary differences is TL 132.989 and deferred tax expense is TL 58.036 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 6.020.273

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.

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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 2017. In the Ordinary General Assembly, it was resolved to distribute a TL 4.528.712 cash dividend over the TL 900.000 net unconsolidated income from 2016 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 139.885 to other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 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 2017, 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 (-) 16.073 (31 December 2016: TL (-) 35.032)

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 2017, the amount directly recognized in equity is (-) TL 559.791 (31 December 2016: TL (-) 358.165)

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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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 2017 | 31 December 2016 |
| 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.

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

| | Current Period | Prior Period |
|--|-------------------------|-------------------------|
| | 31 December 2017 | 31 December 2016 |
| Cash | 5.790.226 | 3.750.722 |
| Cash, Foreign Currency and Other | 2.205.232 | 1.835.555 |
| Demand Deposits in Banks (*) | 3.584.994 | 1.915.167 |
| Cash Equivalents | 6.907.240 | 9.076.729 |
| Interbank Money Market Placements | 1.544.455 | 37 |
| Time Deposits in Banks | 5.356.284 | 9.029.952 |
| Marketable Securities | 6.501 | 46.740 |
| Total Cash and Cash Equivalents | 12.697.466 | 12.827.451 |

(*) 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 (4.655.536) (31 December 2016: TL (3.637.319)) 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 4.705.359 (31 December 2016 TL 2.318.602) 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 685.442 (31 December 2016: TL 1.416.377).

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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 2017:

| Group's Risk Group | Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) | | Direct and Indirect Shareholders of the Group | | Other Real and Legal Persons that have been included in the Risk Group | |
|---|--|----------|---|----------|--|----------|
| | Cash | Non-Cash | Cash | Non-Cash | Cash | Non-Cash |
| | Loans and Other Receivables | | | | | |
| Balance at the Beginning of the Period | - | - | 4.591.797 | 900.600 | - | - |
| Balance at the End of the Period | - | - | 5.605.978 | 923.699 | - | - |
| Interest and Commission Income Received | - | - | 493.633 | 3.633 | - | - |

2. Prior 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 | - | - |

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 |
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| Deposit | | | | | | |
| Balance at the Beginning of the Period | - | - | 2.172.789 | 2.102.633 | 2.315.646 | 2.181.203 |
| Balance at the End of the Period | - | - | 3.074.721 | 2.172.789 | 2.311.399 | 2.315.646 |
| Interest on Expense Deposits | - | - | 216.544 | 232.402 | 188.295 | 153.684 |

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[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 31.12.2017 | Prior Period 31.12.2016 | Current Period 31.12.2017 | Prior Period 31.12.2016 | Current Period 31.12.2017 | Prior Period 31.12.2016 |
| Transactions at Fair Value Through Profit or Loss | | | | | | |
| Beginning of the Period | - | - | 10.110.973 | 3.501.482 | - | - |
| Balance at the End of the Period | - | - | 13.638.708 | 10.110.973 | - | - |
| Total Income/Loss | - | - | (35.253) | 27.091 | - | - |
| 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 2017, the net exposure for direct and indirect shareholders of the Group is TL (153.254) (31 December 2016: TL 34.978).

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

As of 31 December 2017 benefits provided to the Group's key management amounting to TL 46.907 (31 December 2016: TL 38.600).

VIII. EXPL 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 | 800 | 13.871 | | | |
| | | | Country of Incorporation | | |
| Foreign Representation Office | - | - | - | | |
| | | | | Total Assets | Statutory Share Capital |
| Foreign Branch Off-shore Banking Region Branches | - 1 | - 13 | - Malta | - 46.628.065 | - - |

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2017, the Bank has opened 9 domestic branches and closed up 49 domestic branches.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Head Office has been authorized by The Board of Directors of the Bank to establish a new joint-stock company with the capital of TL 12,000,000 (full TL amount) which Bank shall have 100% ownership and title of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. that operates in İstanbul , to make the necessary applications regarding establishment of the company and to obtain legal permissions and to performance all other transactions.

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

**SECTION SIX
OTHER EXPLANATIONS**

I. OTHER EXPLANATIONS

None.

**SECTION SEVEN
EXPLANATIONS ON AUDITOR'S REPORT**

I. EXPLANATIONS ON AUDITOR'S REPORT

The interim period consolidated financial statements for the period ended 31 December 2018 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2017 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.