

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2018 TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**(Convenience translation of publicly announced consolidated
financial statements, related disclosures and independent auditor's 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 General Assembly 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 2018, 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 2018, 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements; a portion of free provision amounting to TL 150.000 thousand on net basis has been reversed in the current year, out of total free provision of TL 700.000 thousand provided in the prior years by the Bank Management considering the possible effect of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying consolidated financial statements is TL 550.000 thousand as at 31 December 2018.

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 Group 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. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Impairment of loans and receivables in accordance with TFRS 9

The Group has total provision for impairment of TL 8.482.446 thousands in respect to loans and receivables of TL 222.419.190 thousands which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2018. Explanations and notes related to provision for impairment of loans and receivables are presented section III part VII-e, section III part VIII, section V part I-f and section V part II-h in the accompanying consolidated financial statements as at 31 December 2018.

As of 1 January 2018 the Group started to recognize provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. Accordingly, provisioning rules applicable as at 31 December 2017 under the previous BRSA regulation have changed with the application of expected credit loss model under TFRS 9 together with the rules on classification of loans as per their credit risk (staging). TFRS 9 is a new and complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models require large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred.

Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated impairment allowances. 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 policies and procedures together with the overall governance established by the Group with respect to classification of loans and receivables and estimation of impairment in-line with the TFRS 9 framework. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.

Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macro-economic expectations, life time expected credit losses, losses given default.

We have carried credit review on a selected sample of loans and receivables with the objective to identify whether the classification of loans is performed appropriately in line with TFRS 9 staging rules, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.

In addition, we have evaluated the appropriateness of specific impairment provision with supportable input on non-performing loans and on other significant individual loans. Based on our discussions with the Group management, we evaluated and challenged whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loan and receivables and related impairment provision.

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First time adaptation of TFRS 9 Financial Instruments Standard

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

TFRS 9 has three phases as follow:

Phase 1 - classification and measurement of financial assets and financial liabilities;

Phase 2 - Impairment methodology;

Phase 3 - Hedge accounting.

Disclosures with respect to first time adaptation of TFRS 9 and the differences between previously reported carrying amounts and new carrying amounts of financial instruments are made in section III part XXIX. in the accompanying consolidated financial statements.

The application of expected credit loss model with respect to changes arising as part of TFRS 9 adaptation is explained in the above paragraph on impairment of loans and receivables in accordance with TFRS 9.

The Group continued to apply TAS 39 with respect to hedge accounting requirements.

The application of TFRS 9 resulted into changes in previously reported carrying amounts and the related accounting policies. Therefore, this area is considered as key audit matter.

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With respect to classification and measurement of financial assets and financial liabilities, our audit procedures comprised the following:

We have read the Group's TFRS 9 based classification and measurement of financial assets and financial liabilities policy and compared it with the requirements of IFRS 9;

We obtained an understanding and checked the Group's business model assessment and the test on the contractual cash flows, which give rise to cash flows that are "solely payments of principal and interest" (SPPI test).

We checked the appropriateness of the opening balance adjustments and the related disclosures.

With respect to impairment, using expected credit loss model, our work plan is described in the above paragraph with respect to How Our Audit Addressed the Key Audit Matter for impairment of loans and receivables in accordance with TFRS 9.

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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 2018.

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 discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

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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.

In addition to the above procedures we have reviewed disclosures made with respect to pension fund.

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

The Bank 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.

5. 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.

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 2018 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 2019

**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 2018**

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Telephone : (0 212) 385 55 55
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Website : www.akbank.com
E-mail : <http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx>

The consolidated financial report, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

- **Section One** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDITOR'S REPORT

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

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

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

The accompanying consolidated financial statements and notes to these financial statements 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 2019

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

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AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

**SECTION ONE
GENERAL INFORMATION ABOUT THE BANK**

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

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

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

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

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

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
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
	K. Özgür Demirtaş	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	Retail Banking	Graduate
	H.Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
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.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

Yunus Emre Özben has been assigned on 28 August 2018 as Executive Vice President responsible of Credit Allocation Unit instead of Hasan Recai Arabacı who has resigned from his position on 14 August 2018.

As of 22 November 2018, Consumer Banking Unit's Executive Vice President Arif Özer İsfendiyaroğlu has resigned from his positions. Consumer Banking has merged with SME Banking Unit and is continuing its operations as Retail Banking Business Unit as of the same date. Bülent Oğuz, Executive Vice President of SME Banking, has been assigned as the Executive Vice President in charge of Retail Banking Business Unit.

As of 4 January 2019, Zeynep Öztürk has been assigned as Executive Vice President to the newly established Special Credits Unit.

As of 8 January 2019, Gamze Şebnem Muratoğlu has been assigned as Executive Vice President responsible of Treasury Business Unit instead of Ali Batu Karaali had resigned from his position on 7 January 2019.

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 retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. via it's branch network. As of 31 December 2018, the Bank has 780 branches dispersed throughout the country and 1 branch operating abroad (31 December 2017: 800 branches and 1 branch operating abroad). As of 31 December 2018, the Bank the Bank has 13.367 employees (31 December 2017: 13.884).

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

As at 31 December 2018, the Group employed 13.757 people (31 December 2017: 14.253).

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

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

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

None

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2018)		
		TL	FC	Total
I. FINANCIAL ASSETS (NET)		52.320.991	76.636.712	128.957.703
1.1 Cash and Cash Equivalents		4.742.823	44.875.056	49.617.879
1.1.1 Cash and Balances with Central Bank	(I-a)	4.725.334	25.388.490	30.113.824
1.1.2 Banks	(I-d)	12.206	18.947.192	18.959.398
1.1.3 Money Markets		5.283	539.374	544.657
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	41.355	137.461	178.816
1.2.1 Government Debt Securities		10.113	-	10.113
1.2.2 Equity Instruments		13.223	137.461	150.684
1.2.3 Other Financial Assets		18.019	-	18.019
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	24.621.916	19.718.126	44.340.042
1.3.1 Government Debt Securities		23.928.005	12.574.559	36.502.564
1.3.2 Equity Instruments		13.013	607	13.620
1.3.3 Other Financial Assets		680.898	7.142.960	7.823.858
1.4 Financial Assets Measured at Amortised Cost	(I-g)	5.942.844	6.320.637	12.263.481
1.4.1 Government Debt Securities		5.942.844	3.811.339	9.754.183
1.4.2 Other Financial Assets		-	2.509.298	2.509.298
1.5 Derivative Financial Assets	(I-c, I-I)	16.976.630	5.629.273	22.605.903
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		15.240.691	5.375.604	20.616.295
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1.735.939	253.669	1.989.608
1.6 Non-Performing Financial Assets		-	-	-
1.7 Expected Loss Provision (-)		4.577	43.841	48.418
II. LOANS (NET)	(I-f)	121.861.524	92.075.220	213.936.744
2.1 Loans		119.460.647	88.704.386	208.165.033
2.1.1 Measured at Amortised Cost		119.460.647	82.014.178	201.474.825
2.1.2 Fair Value Through Profit or Loss		-	6.690.208	6.690.208
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(I-k)	1.284.651	4.530.478	5.815.129
2.2.1 Financial Lease Receivables		1.570.910	5.041.174	6.612.084
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		286.259	510.696	796.955
2.3 Factoring Receivables		-	-	-
2.3.1 Measured at Amortised Cost		-	-	-
2.3.2 Fair Value Through Profit or Loss		-	-	-
2.3.3 Fair Value Through Other Comprehensive Income		-	-	-
2.4 Non-Performing Loans		8.439.028	-	8.439.028
2.5 Expected Credit Loss (-)		7.322.802	1.159.644	8.482.446
2.5.1 12 Month Expected Credit Losses (Stage I)		521.863	216.069	737.932
2.5.2 Significant Increase in Credit Risk (Stage II)		1.920.038	943.575	2.863.613
2.5.3 Credit-Impaired Losses (Stage III / Specific Provision)		4.880.901	-	4.880.901
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	264.384	-	264.384
3.1 Held for Sale Purpose		264.384	-	264.384
3.2 Related to Discontinued Operations		-	-	-
IV. EQUITY INVESTMENTS		5.521	-	5.521
4.1 Investments in Associates (Net)	(I-h)	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3 Joint Ventures (Net)	(I-j)	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
V. PROPERTY AND EQUIPMENT (Net)		3.951.289	7.763	3.959.052
VI. INTANGIBLE ASSETS (Net)		640.599	5.594	646.193
6.1 Goodwill		-	-	-
6.2 Other		640.599	5.594	646.193
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-
VIII. CURRENT TAX ASSET		274.086	31.948	306.034
IX. DEFERRED TAX ASSET	(I-n)	102.264	41.544	143.808
X. OTHER ASSETS	(I-p)	2.781.989	3.680.182	6.462.171
TOTAL ASSETS		182.202.647	172.478.963	354.681.610

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

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

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

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

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

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AKBANK T.A.Ş.
I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2018)		Total
		TL	FC	
I. DEPOSITS	(II-a)	81.384.628	127.245.272	208.629.900
II. FUNDS BORROWED	(II-c)	756.713	42.893.170	43.649.883
III. MONEY MARKETS		3.918.298	10.356.718	14.275.016
IV. SECURITIES ISSUED (Net)	(II-d)	4.854.728	8.216.719	13.071.447
4.1 Bills		2.847.485	-	2.847.485
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		2.007.243	8.216.719	10.223.962
V. FUNDS		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(II-b, II-g)	11.323.624	1.501.379	12.825.003
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		10.678.666	1.501.379	12.180.045
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		644.958	-	644.958
VIII. FACTORING LIABILITIES		-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	-	-	-
9.1 Financial Lease		-	-	-
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		-	-	-
X. PROVISIONS	(II-h)	1.080.235	262.149	1.342.384
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		324.504	745	325.249
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		755.731	261.404	1.017.135
XI. CURRENT TAX LIABILITY	(II-i)	465.431	65.112	530.543
XII. DEFERRED TAX LIABILITY	(II-i)	283.695	128.970	412.665
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-
13.1 Held for Sale Purpose		-	-	-
13.2 Related to Discontinued Operations		-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-j)	-	4.784.477	4.784.477
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	4.784.477	4.784.477
XV. OTHER LIABILITIES		7.784.203	3.589.048	11.373.251
XVI. SHAREHOLDERS' EQUITY	(II-k)	44.778.283	(991.242)	43.787.041
16.1 Paid-in capital		4.000.000	-	4.000.000
16.2 Capital Reserves		3.607.551	-	3.607.551
16.2.1 Share Premium		1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		1.907.551	-	1.907.551
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.094.642	6.055	2.100.697
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(267.437)	(997.297)	(1.264.734)
16.5 Profit Reserves		28.961.397	-	28.961.397
16.5.1 Legal Reserves		1.621.374	-	1.621.374
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		27.075.472	-	27.075.472
16.5.4 Other Profit Reserves		264.551	-	264.551
16.6 Income or (Loss)		6.382.004	-	6.382.004
16.6.1 Prior Periods' Income or (Loss)		672.838	-	672.838
16.6.2 Current Period Income or (Loss)		5.709.166	-	5.709.166
16.7 Minority Interest	(II-l)	126	-	126
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		156.629.838	198.051.772	354.681.610

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

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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).)

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

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

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AKBANK T.A.Ş.
II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2018

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

	Note (Section Five)	CURRENT PERIOD (31/12/2018)		Total
		TL	FC	
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		217.077.279	503.919.575	720.996.854
I. GUARANTEES AND WARRANTIES	(III-2, 3)	22.122.020	30.673.351	52.795.371
1.1 Letters of Guarantee		19.262.070	15.680.573	34.942.643
1.1.1 Guarantees Subject to State Tender Law		404.937	2.056.174	2.461.111
1.1.2 Guarantees Given for Foreign Trade Operations		-	2.836.723	2.836.723
1.1.3 Other Letters of Guarantee		18.857.133	10.787.676	29.644.809
1.2 Bank Acceptances		-	2.740.341	2.740.341
1.2.1 Import Letter of Acceptance		-	2.740.341	2.740.341
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		47.035	6.485.727	6.532.762
1.3.1 Documentary Letters of Credit		47.035	5.905.823	5.952.858
1.3.2 Other Letters of Credit		-	579.904	579.904
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		-	24.353	24.353
1.8 Other Guarantees		14.645	5.734.646	5.749.291
1.9 Other Collaterals		2.798.270	7.711	2.805.981
II. COMMITMENTS	(III-1)	42.300.534	12.166.965	54.467.499
2.1 Irrevocable Commitments		41.404.186	11.705.009	53.109.195
2.1.1 Asset Purchase Commitments		6.589.831	8.568.468	15.158.299
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		8.203.743	3.134.146	11.337.889
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		2.514.769	-	2.514.769
2.1.8 Tax and Fund Liabilities from Export Commitments		3.693	-	3.693
2.1.9 Commitments for Credit Card Limits		19.788.847	-	19.788.847
2.1.10 Commitments for Credit Cards and Banking Services Promotions		82.378	-	82.378
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13 Other Irrevocable Commitments		4.220.925	2.395	4.223.320
2.2 Revocable Commitments		896.348	461.956	1.358.304
2.2.1 Revocable Loan Granting Commitments		837.281	-	837.281
2.2.2 Other Revocable Commitments		59.067	461.956	521.023
III. DERIVATIVE FINANCIAL INSTRUMENTS		152.654.725	461.079.259	613.733.984
3.1 Hedging Derivative Financial Instruments		16.237.238	45.937.006	62.174.244
3.1.1 Fair Value Hedges		4.768.063	16.510.663	21.278.726
3.1.2 Cash Flow Hedges		11.469.175	29.426.343	40.895.518
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		136.417.487	415.142.253	551.559.740
3.2.1 Forward Foreign Currency Buy/Sell Transactions		10.443.845	17.807.630	28.251.475
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.988.529	7.632.814	14.621.343
3.2.1.2 Forward Foreign Currency Transactions-Sell		3.455.316	10.174.816	13.630.132
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		98.347.488	324.424.673	422.772.161
3.2.2.1 Foreign Currency Swap-Buy		37.673.866	105.283.829	142.957.695
3.2.2.2 Foreign Currency Swap-Sell		57.920.302	84.122.398	142.042.700
3.2.2.3 Interest Rate Swap-Buy		1.376.660	67.509.223	68.885.883
3.2.2.4 Interest Rate Swap-Sell		1.376.660	67.509.223	68.885.883
3.2.3 Foreign Currency, Interest Rate and Securities Options		27.559.961	47.939.566	75.499.527
3.2.3.1 Foreign Currency Options-Buy		12.676.191	15.377.034	28.053.225
3.2.3.2 Foreign Currency Options-Sell		14.883.770	13.150.254	28.034.024
3.2.3.3 Interest Rate Options-Buy		-	9.706.139	9.706.139
3.2.3.4 Interest Rate Options-Sell		-	9.706.139	9.706.139
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		66.193	24.970.384	25.036.577
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		832.861.014	307.602.995	1.140.464.009
IV. ITEMS HELD IN CUSTODY		55.629.940	19.655.922	75.285.862
4.1 Customer Fund and Portfolio Balances		3.954.484	-	3.954.484
4.2 Investment Securities Held in Custody		18.877.625	2.062.528	20.940.153
4.3 Cheques Received for Collection		26.095.801	2.704.389	28.800.190
4.4 Commercial Notes Received for Collection		6.151.125	3.550.546	9.701.671
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		550.905	11.338.459	11.889.364
4.8 Custodians		-	-	-
V. PLEDGES RECEIVED		202.720.210	89.021.704	291.741.914
5.1 Marketable Securities		805.358	1.368.190	2.173.548
5.2 Guarantee Notes		763.134	565.924	1.329.058
5.3 Commodity		113.226	7.890	121.116
5.4 Warranty		-	-	-
5.5 Immovables		165.010.393	65.430.456	230.440.849
5.6 Other Pledged Items		36.028.099	21.649.244	57.677.343
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTS		574.510.864	198.925.369	773.436.233
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.049.938.293	811.522.570	1.861.460.863

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

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

AKBANK T.A.Ş.
II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017

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

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

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

AKBANK T.A.Ş.**III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD (01/01-31/12/2018)
I.	INTEREST INCOME	(IV-a)	35.519.540
1.1	Interest on Loans	(IV-a-1)	26.458.079
1.2	Interest on Reserve Requirements		472.136
1.3	Interest on Banks	(IV-a-2)	793.556
1.4	Interest on Money Market Transactions		227.286
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	6.974.975
1.5.1	Fair Value Through Profit or Loss		5.417
1.5.2	Fair Value Through Other Comprehensive Income		5.575.098
1.5.3	Measured at Amortised Cost		1.394.460
1.6	Financial Lease Income		508.121
1.7	Other Interest Income		85.387
II.	INTEREST EXPENSE (-)	(IV-b)	19.923.670
2.1	Interest on Deposits	(IV-b-4)	14.864.744
2.2	Interest on Funds Borrowed	(IV-b-1)	1.667.243
2.3	Interest Expense on Money Market Transactions		1.692.320
2.4	Interest on Securities Issued	(IV-b-3)	1.623.025
2.5	Other Interest Expenses		76.338
III.	NET INTEREST INCOME (I - II)		15.595.870
IV.	NET FEES AND COMMISSIONS INCOME		3.718.214
4.1	Fees and Commissions Received		4.767.331
4.1.1	Non-cash Loans		407.903
4.1.2	Other		4.359.428
4.2	Fees and Commissions Paid		1.049.117
4.2.1	Non-cash Loans		1.825
4.2.2	Other		1.047.292
V.	PERSONNEL EXPENSE (-)		2.261.321
VI.	DIVIDEND INCOME		6.567
VII.	TRADING INCOME /(LOSS) (Net)	(IV-c)	(637.489)
7.1	Trading Gains / (Losses) on Securities		(1.112.205)
7.2	Gains / (Losses) on Derivative Financial Transactions		4.653.563
7.3	Foreign Exchange Gains / (Losses)		(4.178.847)
VIII.	OTHER OPERATING INCOME	(IV-d)	1.015.593
IX.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		17.437.434
X.	EXPECTED CREDIT LOSS (-)		6.759.974
XI.	OTHER OPERATING EXPENSES (-)	(IV-f)	3.541.026
XII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		7.136.434
XIII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED		-
XIV.	ON EQUITY METHOD		-
XV.	INCOME/(LOSS) ON NET MONETARY POSITION		-
XVI.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)		7.136.434
XVII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-h)	1.427.281
17.1	Current Tax Provision		1.123.468
17.2	Deferred Tax Income Effect (+)		845.137
17.3	Deferred Tax Expense Effect (-)		541.324
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(IV-i)	5.709.153
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-
19.1	Income from Non-current Assets Held for Sale		-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3	Income from Other Discontinued Operations		-
XX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-
20.1	Expenses for Non-current Assets Held for Sale		-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3	Expenses for Other Discontinued Operations		-
XXI.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(IV-h)	-
22.1	Current Tax Provision		-
22.2	Deferred Tax Expense Effect (+)		-
22.3	Deferred Tax Income Effect (-)		-
XXIII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
XXIV.	NET INCOME/(LOSS) (XVIII+XXIII)	(IV-i)	5.709.153
24.1	Income/(Loss) from the Group		5.709.166
24.2	Income/(Loss) from Minority Interest	(IV-g)	(13)
Earning/(Loss) per share (in TL full)			0,01427

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AKBANK T.A.Ş.**III. 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)	PRIOR PERIOD (01/01-31/12/2017)
I.	INTEREST INCOME	(IV-a)	24.389.468
1.1	Interest on Loans	(IV-a-1)	19.181.610
1.2	Interest on Reserve Requirements		256.456
1.3	Interest on Banks	(IV-a-2)	254.073
1.4	Interest on Money Market Transactions		31.266
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	4.220.083
1.5.1	Trading Financial Assets		6.866
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-
1.5.3	Available-for-sale Financial Assets		3.130.538
1.5.4	Held- to- maturity Investments		1.082.679
1.6	Financial Lease Income		412.127
1.7	Other Interest Income		33.853
II.	INTEREST EXPENSE	(IV-b)	13.096.669
2.1	Interest on Deposits	(IV-b-4)	10.337.683
2.2	Interest on Funds Borrowed	(IV-b-1)	856.081
2.3	Interest Expense on Money Market Transactions		786.677
2.4	Interest on Securities Issued	(IV-b-3)	1.071.253
2.5	Other Interest Expenses		44.975
III.	NET INTEREST INCOME (I - II)		11.292.799
IV.	NET FEES AND COMMISSIONS INCOME		2.961.964
4.1	Fees and Commissions Received		3.684.347
4.1.1	Non-cash Loans		262.864
4.1.2	Other		3.421.483
4.2	Fees and Commissions Paid		722.383
4.2.1	Non-cash Loans		1.338
4.2.2	Other		721.045
V.	DIVIDEND INCOME		2.658
VI.	TRADING INCOME /(LOSS) (Net)	(IV-c)	(529.945)
6.1	Trading Gains / (Losses) on Securities		228.099
6.2	Gains / (Losses) on Derivative Financial Transactions		[1.146.364]
6.3	Foreign Exchange Gains / (Losses)		388.320
VII.	OTHER OPERATING INCOME	(IV-d)	1.247.964
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		14.975.440
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-e)	2.441.912
X.	OTHER OPERATING EXPENSES (-)	(IV-f)	4.879.293
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		7.654.235
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-
XIII.	INCOME/(LOSS) ON NET MONETARY POSITION		-
XIV.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)		7.654.235
XV.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-h)	1.633.953
16.1	Current Tax Provision		1.654.953
16.2	Deferred Tax Provision		[21.000]
XVII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		6.020.282
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-i)	6.020.282
23.1	Income/(Loss) from the Group		6.020.273
23.2	Income/(Loss) from Minority Interest	(IV-g)	9
	Earning/(Loss) per share (in TL full)		0,01505

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

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

AKBANK T.A.Ş.**IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

**CURRENT PERIOD
(31/12/2018)**

I. CURRENT PERIOD INCOME/LOSS	5.709.153
II. OTHER COMPREHENSIVE INCOME	(1.411.490)
2.1 Not Reclassified Through Profit or Loss	5.422
2.1.1 Property and Equipment Revaluation Increase/Decrease	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	6.951
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.529)
2.2 Reclassified Through Profit or Loss	(1.416.912)
2.2.1 Foreign Currency Translation Differences	1.041.539
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(2.974.522)
2.2.3 Cash Flow Hedge Income/Loss	315.750
2.2.4 Foreign Net Investment Hedge Income/Loss	(493.088)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	693.409
XII. TOTAL COMPREHENSIVE INCOME (I+II)	4.297.663

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

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

AKBANK T.A.Ş.**IV. UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY****FOR THE PERIOD ENDED 31 DECEMBER 2017**

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

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

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

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

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

AKBANK T.A.Ş.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

(Amounts are expressed in thousands of Turkish Lira)

		Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)				Total Equity Except from Minority Interest		Minority Interest	Total Shareholders' Equity
	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income							
CURRENT PERIOD (31/12/2018)																	
I. Prior Period End Balance		4.000.000	1.700.000	-	1.405.892	2.348.962	[116.153]	3.895	1.287.933	[770.120]	[476.604]	24.456.460	752.895	6.020.273	40.613.433	139	40.613.572
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	501.659	-	-	-	-	110.969	-	-	-	-	612.628	-	612.628
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	501.659	-	-	-	-	110.969	-	-	-	-	612.628	-	612.628
III. Adjusted Beginning Balance (I+II)		4.000.000	1.700.000	-	1.907.551	2.348.962	[116.153]	3.895	1.287.933	[659.151]	[476.604]	24.456.460	752.895	6.020.273	41.226.061	139	41.226.200
IV. Total Comprehensive Income		-	-	-	-	-	5.422	-	1.041.539	[2.320.127]	[138.324]	-	-	5.709.166	4.297.676	[13]	4.297.663
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	-	[141.429]	-	-	-	-	-	84.664	[80.057]	-	[136.822]	-	[136.822]
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	4.420.273	-	[6.020.273]	[1.600.000]	-	[1.600.000]
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	[1.600.000]	[1.600.000]	-	[1.600.000]
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.420.273	-	[4.420.273]	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+III+...+XVI+XVII+XVIII)		4.000.000	1.700.000	-	1.907.551	2.207.533	[110.731]	3.895	2.329.472	[2.979.278]	[614.928]	28.961.397	672.838	5.709.166	43.786.915	126	43.787.041

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

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

AKBANK T.A.Ş.

V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 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 (31/12/2017)																			
I. Beginning Balance		4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	832.517	4.854.168	545.745	(1.161.202)	47.106	3.895	(322.490)	-	32.492.137	130	32.492.267
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		4.000.000	1.405.892	1.700.000	-	1.386.657	-	19.199.849	832.517	4.854.168	545.745	(1.161.202)	47.106	3.895	(322.490)	-	32.492.137	130	32.492.267
Changes in the period																			
IV. Increase/Decrease due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	391.082	-	-	-	-	391.082	-	391.082
VI. Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	(154.114)	-	(154.114)	-	(154.114)
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	47.512	-	47.512	-	47.512
6.2 Foreign Net Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(201.626)	-	(201.626)	-	(201.626)
VII. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	2.301.856	-	-	-	2.301.856	-	2.301.856
VIII. Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Translation Differences		-	-	-	-	-	-	-	505.242	-	-	-	-	-	-	-	505.242	-	505.242
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		-	-	-	-	-	-	-	(43.043)	-	-	-	-	-	-	-	(43.043)	-	(43.043)
XIX. Current Year Income or (Loss)		-	-	-	-	-	-	-	-	6.020.273	-	-	-	-	-	-	6.020.273	9	6.020.282
XX. Profit Distribution		-	-	-	-	82.584	-	3.524.549	139.885	(4.854.168)	207.150	-	-	-	-	-	(900.000)	-	(900.000)
20.1 Dividends paid		-	-	-	-	-	-	-	-	(900.000)	-	-	-	-	-	-	(900.000)	-	(900.000)
20.2 Transfers to Reserves		-	-	-	-	82.584	-	3.524.549	139.885	(3.954.168)	207.150	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+V+.....+XVIII+XIX+XX)		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

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

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

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

AKBANK T.A.Ş.**VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

	Note (Section Five)	CURRENT PERIOD (31/12/2018)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities		7.636.550
1.1.1 Interest received		29.928.004
1.1.2 Interest paid		(20.413.761)
1.1.3 Dividend received		3.754
1.1.4 Fees and commissions received		4.771.235
1.1.5 Other income		97.592
1.1.6 Collections from previously written-off loans and other receivables		1.845.638
1.1.7 Payments to personnel and service suppliers		(2.481.346)
1.1.8 Taxes paid		(363.781)
1.1.9 Other		(5.750.785)
1.2 Changes in operating assets and liabilities		(9.259.959)
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(138.170)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		(434.648)
1.2.3 Net (increase) / decrease in loans		(4.835.767)
1.2.4 Net (increase) / decrease in other assets		(5.782.056)
1.2.5 Net increase / (decrease) in bank deposits		(5.878.529)
1.2.6 Net increase / (decrease) in other deposits		12.609.364
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-
1.2.8 Net increase / (decrease) in funds borrowed		9.503.933
1.2.9 Net increase / (decrease) in payables		-
1.2.10 Net increase / (decrease) in other liabilities		(14.304.086)
I. Net cash provided from banking operations		(1.623.409)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		3.805.272
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		1.214
2.3 Purchases of property and equipment		(1.643.311)
2.4 Disposals of property and equipment		1.009.046
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(12.611.080)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		12.945.825
2.7 Purchase of Financial Assets Measured at Amortised Cost		1.654.189
2.8 Sale of Financial Assets Measured at Amortised Cost		2.449.389
2.9 Other		-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		(1.483.420)
3.1 Cash obtained from funds borrowed and securities issued		22.330.884
3.2 Cash used for repayment of funds borrowed and securities issued		(22.214.304)
3.3 Issued equity instruments		-
3.4 Dividends paid		(1.600.000)
3.5 Payments for finance leases		-
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		5.036.545
V. Net increase in cash and cash equivalents (I+II+III+IV)		5.734.988
VI. Cash and cash equivalents at beginning of the period	(V)	12.697.466
VII. Cash and cash equivalents at end of the period	(V)	18.432.454

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

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

AKBANK T.A.Ş.**VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017**

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

	Note (Section Five)	PRIOR PERIOD (31/12/2017)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities		8.144.211
1.1.1 Interest received		22.341.368
1.1.2 Interest paid		(12.952.618)
1.1.3 Dividend received		2.658
1.1.4 Fees and commissions received		3.790.203
1.1.5 Other income		635.773
1.1.6 Collections from previously written-off loans and other receivables		967.336
1.1.7 Payments to personnel and service suppliers		(2.168.648)
1.1.8 Taxes paid		(1.610.854)
1.1.9 Other		(2.861.007)
1.2 Changes in operating assets and liabilities		(5.939.280)
1.2.1 Net decrease in trading securities		24.143
1.2.2 Net (increase) / decrease in fair value through profit/(loss) financial assets		-
1.2.3 Net (increase) / decrease in due from banks and other financial institutions		3.530.251
1.2.4 Net (increase) / decrease in loans		(30.739.553)
1.2.5 Net (increase) / decrease in other assets		(9.591.088)
1.2.6 Net increase / (decrease) in bank deposits		6.718.189
1.2.7 Net increase / (decrease) in other deposits		20.684.086
1.2.8 Net increase / (decrease) in funds borrowed		523.958
1.2.9 Net increase / (decrease) in payables		-
1.2.10 Net increase / (decrease) in other liabilities		2.910.734
I. Net cash provided from banking operations		2.204.931
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		(7.319.775)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-
2.3 Purchases of property and equipment		(483.470)
2.4 Disposals of property and equipment		52.528
2.5 Cash paid for purchase of investments available-for-sale		(17.616.415)
2.6 Cash obtained from sale of investments available-for-sale		10.972.759
2.7 Cash paid for purchase of investment securities		(226)
2.8 Cash obtained from sale of investment securities		765.997
2.9 Other		(1.010.948)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		4.299.418
3.1 Cash obtained from funds borrowed and securities issued		11.444.452
3.2 Cash used for repayment of funds borrowed and securities issued		(6.245.034)
3.3 Issued equity instruments		-
3.4 Dividends paid		(900.000)
3.5 Payments for finance leases		-
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		685.442
V. Net increase in cash and cash equivalents (I+II+III+IV)		(129.984)
VI. Cash and cash equivalents at beginning of the period	(V)	12.827.451
VII. Cash and cash equivalents at end of the period	(V)	12.697.467

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

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

AKBANK T.A.Ş.
VII. PROFIT APPROPRIATION STATEMENT
(Amounts are expressed in thousands of Turkish Lira (TL)).

	CURRENT PERIOD (31/12/2018)
I. DISTRIBUTION OF CURRENT YEAR INCOME	
1.1 CURRENT YEAR INCOME	6.975.856
1.2 TAXES AND DUTIES PAYABLE	1.286.212
1.2.1 Corporate Tax (Income Tax)	818.761
1.2.2 Income Withholding Tax	
1.2.3 Other taxes and duties	467.451
A. NET INCOME FOR THE YEAR (1.1-1.2)	5.689.644
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)]	5.689.644
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1 To Owners of Ordinary Shares	-
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	-
1.9.2 To Owners of Privileged Shares	-
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 (-)	-
1.12 EXTRAORDINARY RESERVES	-
1.13 OTHER RESERVES	-
1.14 SPECIAL FUNDS	-
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	0,014
3.2 TO OWNERS OF ORDINARY SHARES (%)	1,4
3.3 TO OWNERS OF PRIVILEGED SHARES	-
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 (%)	-
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.

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)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	7.516.611
1.2	TAXES AND DUTIES PAYABLE	1.477.542
1.2.1	Corporate Tax (Income Tax)	1.436.074
1.2.2	Income Withholding Tax	
1.2.3	Other taxes and duties	41.468
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 (-)	200.000
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 (-)	1.400.000
1.9.1	To Owners of Ordinary Shares	1.400.000
1.9.2	To Owners of Privileged Shares	-
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 (-)	140.000
1.11	STATUTORY RESERVES (-)	-
1.12	EXTRAORDINARY RESERVES	4.291.946
1.13	OTHER RESERVES	-
1.14	SPECIAL FUNDS	7.123
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 (%)	1,5
3.3	TO OWNERS OF PRIVILEGED SHARES	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-
IV. DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	0
4.2	TO OWNERS OF ORDINARY SHARES (%)	0
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.

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 2018

[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 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.

Explanations on IFRS 16 Leases Standard:

The "IFRS 16 Leases" standard was published in the official gazette dated 16 April 2018 and numbered 29826 for the period beginning after 31 December 2018. In this standard, the difference between the operating lease and the finance lease has been eliminated, and the lease transactions will be presented by the lessor as the financial liability for the asset (the right to use) and the lease payment.

The Group has started to work on compliance with the TFRS 16 Leases Standard effective from 1 January 2019 which is still in progress as of 31 December 2018. The Bank does not expect a significant impact in its financials with the adaptation of TFRS 16 at 1 January 2019.

The bank will apply this standard on January 1, 2019, which is the mandatory date of implementation. The bank plans to use simplified transition implementation and not to change comparable figures for the year before the first application.

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.

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

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

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

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

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

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

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

As of 31 December 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,2600 and TL 6,0182 for USD, EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

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

Consolidation principles for subsidiaries:

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

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

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

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

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

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

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

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

Ak Portföy Yönetimi A.Ş. was established on 28 June 2000 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş. and pension funds of AvivaSa Emeklilik and Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

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

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

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

IV. EXPLANATIONS ON 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 XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

The Group recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or interest that were previously recorded in the financial statements.

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

"Financial assets at fair value through profit/loss" are financial assets that do not lead to cash flows representing solely payments of principal and interest at certain date; Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

The Group sometimes renegotiates or other wise modifies the contractual cash flows of loans to customers. When this happens the Group assess whether or not the new terms are substantially different to the original terms. If the terms are substantially different the Group derecognizes the original financial asset and recognizes a new asset at fair value. If the cash flows generated by the new asset do not constitute solely payment of principal and interest than the new financial asset is recognized as its fair value and measured at fair value through profit or loss.

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b. Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

c. Financial Assets Measured at Amortised Cost:

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

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

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

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d. Derivative Financial Assets:

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

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

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes are disclosed in the footnote numbered VIII of Section Four. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

e. Loans

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

1. Loans measured at amortised cost:

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

Stage 1:

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

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined 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.

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

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

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

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

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Definition of Default:

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

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days. If the debt is delayed by 90 days, it is not considered as a default. The situation of default is valid after 91th days.
2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Write-off Policy:

According to the Bank's financial asset is completely write-off from the Bank financial statement. If there is a process that the financial asset has reached its default status and does not have any expectation that it will be recovered.

Partial write-off means that its is agreed that a financial asset will be repaid by the debtor at a certain rate and the amount remaining after the payment of such amount is deducted from the financial statements.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSS:

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

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

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

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

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

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

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

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

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

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

- There is no update in the assumptions in the estimation techniques.

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- Model risk parameters and macroeconomic estimation models have been updated with recent data.
- Expected Credit Loss calculation has been made with using multi-scenario structure by using updated macroeconomic model scenarios

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

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

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

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

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

- There is no update in the assumptions in the estimation techniques.
- Model risk parameters and macroeconomic estimation models have been updated with recent data.
- Expected Credit Loss calculation has practiced with using multi-scenario structure by using updated macroeconomic model scenarios

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

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

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

The prospective expectations have been determined based on 2 scenarios, base scenario and negative scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

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

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

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

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

The Group has securities lending transactions amounting TL 335.021 as of 31 December 2018.

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

Buildings	50 years
Vault	5 years
Transportation Vehicles	5 years
Other property and equipments	3-7 years

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

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

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.

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

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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 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.

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

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

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

With respect to that, according to the technical balance sheet report as at 31 December 2018 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.

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XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

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

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

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

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

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

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

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

Information on taxation in foreign associates are given below:

Akbank AG (Germany)

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

b. Deferred Tax:

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

For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate.

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

Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

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

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

XVIII. EXPLANATIONS ON BORROWINGS:

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

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2018.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

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

XXII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

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

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

XXIII. PROFIT RESERVES AND PROFIT APPROPRIATION:

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

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of 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 26 March 2018. In the Ordinary General Assembly, it was decided to distribute a TL 1.600.000 cash dividend over the TL 6.039.069 net income from 2017 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 7.123 to special funds account under other capital reserves, to allocate TL 140.000 as legal and TL 4.291.946 as extraordinary reserves.

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XXIV. EARNINGS PER SHARE:

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

	Current Period
	31 December 2018
Net Profit for the Year	5.709.153
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,01427
	Prior Period
	31 December 2017
Net Profit for the Year	6.020.273
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,01505

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

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

XXV. RELATED PARTIES:

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

XXVI. CASH AND CASH EQUIVALENT ASSETS:

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

XXVII. RECLASSIFICATIONS:

In order to be consistent with the presentation of financial statements dated 31 December 2018, there are certain reclassifications made on cash flows statement dated 31 December 2017.

XXVIII. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS STANDART:

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

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

Classification and measurement of financial assets

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

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

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

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

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

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

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

Significant increase in credit risk:

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

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

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

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

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

a. Classification and measurement of financial assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d. Effects on equity with TFRS 9 transition:

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

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

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

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

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

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

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

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

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

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

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

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

b. Available-for-sale financial assets:

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

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

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c. Loans and Receivables:

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

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

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

d. Held-to-maturity financial assets:

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

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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 2018, the current period equity of the Bank has been calculated as TL 50.233.673 (31 December 2017: TL 44.617.132), the capital adequacy ratio is 16,77% (31 December 2017: 15,79%). This ratio is above the minimum ratio required by the legislation.

a. Information about total consolidated capital items:

	Current Period 31 December 2018	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	5.907.551	
Share issue premiums	1.700.000	
Reserves	28.961.397	
Gains recognized in equity as per TAS	4.537.005	
Profit	6.382.004	
Current Period Profit	5.709.166	
Prior Period Profit	672.838	
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	126	
Common Equity Tier 1 Capital Before Deductions	47.491.978	
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	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	4.034.408	
Improvement costs for operating leasing	33.984	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	570.758	570.758
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	4.639.445	
Total Common Equity Tier 1 Capital	42.852.533	

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	Current Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	42.852.533	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
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)	2.650.648	
Tier II Capital Before Deductions	7.384.648	
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	7.384.648	

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	Current Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital		
	50.233.673	
Total risk weighted amounts	299.614.763	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,30%	
Tier 1 Capital Adequacy Ratio	14,30%	
Capital Adequacy Ratio	16,77%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	3,43%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,05%	
c) Systemic significant bank buffer ratio (**)	1,50%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,30%	
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	143.808	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.040.886	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.650.648	
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.

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

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	Prior 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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	Prior 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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	Prior 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		
Bank specific total common equity tier 1 capital ratio	2,28%	
Capital conservation buffer requirement	1,25%	
Bank specific counter-cyclical buffer requirement	0,03%	
Systemic significant bank buffer ratio	1,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,21%	
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	-	
Limits related to provisions considered in Tier II calculation	395,911	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)		
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,686,871	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	2,686,871	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
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 2018**

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)	2.630 million TL (in full TL amount)
Nominal value of instrument	2.630 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans [347011 Accounting Number]
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.630 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 incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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**Current Period
31 December 2018**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.104 million TL (in full TL amount)
Nominal value of instrument	2.104 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.104 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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

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

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	79.167.572	84.611.303
Conditional and unconditional receivables from regional or local governments	26.833	24.897
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	15.754	44.878
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	76.805.618	87.551.098
Conditional and unconditional receivables from corporate	192.130.169	200.635.023
Conditional and unconditional receivables from retail portfolios	87.034.467	92.907.772
Conditional and unconditional receivables secured by mortgages	28.216.164	26.327.274
Past due receivables	3.560.340	1.724.803
Receivables defined under high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	458.683	336.248
Equity security investments	19.135	33.574
Other receivables	9.746.187	9.550.975
Total	477.180.922	503.747.845

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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 3,9% (31 December 2017: 2,1%).

f. 1. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 36% and 43% respectively (31 December 2017: 32% and 40%).

2. The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 66% and 81% (31 December 2017: 62% and 75%).

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 24% and 30% respectively. (31 December 2017: 22% and 28%).

g. The Bank provided expected credit loss provision (Stage 1 and Stage 2) amounting to TL 4.040.886 (31 December 2017: TL 2.686.871).

h. Information on loan types and expected credit loss provisions:

Current Period- 31.12.2018	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss
Loans	170.123.945	5.576.750	30.310.657	1.476.364	15.543.270	928.15	6.441.318	501.182	222.419.190	8.482.446
Stage 1	134.222.324	391.823	25.569.867	179.79	13.096.826	105.19	5.048.008	61.129	177.937.025	737.932
Stage 2	23.328.009	2.257.273	3.572.225	336.29	1.659.792	148.05	792.903	122	29.352.929	2.863.613
Stage 3	5.883.404	2.927.654	1.168.565	960.284	786.652	674.91	600.407	318.053	8.439.028	4.880.901
Financial Assets at FVTPL	6.690.208	-	-	-	-	-	-	-	6.690.208	-
Financial Assets	76.107.578	48.418	-	-	-	-	-	-	76.107.578	48.418
Other	14.475.064	59.733	-	-	-	-	-	-	14.475.064	59.733
Non-Cash Loans	52.795.371	381.93	-	-	-	-	-	-	52.795.371	381.93
Stage 1 and 2	52.614.940	331.189	-	-	-	-	-	-	52.614.940	331.189
Stage 3	180.431	50.741	-	-	-	-	-	-	180.431	50.741
Total	313.501.958	6.066.831	30.310.657	1.476.364	15.543.270	928.15	6.441.318	501.182	365.797.203	8.972.528

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

a. Information on the expected credit loss of loans (*):**

	Stage 1	Stage 2	Stage 3
Opening (1 January 2018)	693.028	2.510.428	3.945.426
Additions (*)	355.165	1.259.527	2.734.051
Disposals (**)	(183.745)	(209.184)	(187.955)
Effect of change in foreign exchange	34.160	18.947	-
Loans classified under Stage 1 in two periods (Model effect)	49.765	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	(106.785)	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(106.912)	580.466	-
Loans classified under Stage 2 in two periods (Model effect)	-	495.724	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(69.261)	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	14.942	(118.020)	-
Transfers from Stage 1 to Stage 3	(11.685)	-	203.418
Transfers from Stage 2 to Stage 3	-	(32.764)	246.217
Loans classified under Stage 2 in two periods (Change in balance effect)	-	-	(868.526)
Write-offs****	-	(1.572.250)	-
Sold Portfolio effect	-	-	(1.191.731)
Closing (31 December 2018)	737.932	2.863.613	4.880.901

(*) Loans which are not included in the loan portfolio as of 1 January 2018 and included in the credit portfolio and calculated provisions as of 31 December 2018

(**) Loans which are included in the credit portfolio and calculated provisions as of 1 January 2018 but which are not included in the loan portfolio as of 31 December 2018.

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals

(****) Within the acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral, the Bank has been write-off the provisions related to cash loan exposure amounted TL 1.598 million allocated in previous years and TL 1.671 million allocated in current year from Stage 2 provisions. At the same time, the Bank has been transferred TL 3.269 million of related cash loan from stage 2 to stage 3 and subsequently write off TL 3.269 million.

a. Information on movement of loans ():**

	Stage 1	Stage 2	Stage 3	Total
Opening (1 January 2018)	199.217.168	15.849.303	4.532.711	219.599.182
Additions	31.108.506	4.032.481	1.778.981	36.919.968
Disposals	(49.367.833)	(460.025)	(510.910)	(50.338.768)
Sold portfolio	-	-	(1.218.371)	(1.218.371)
Write-offs	-	-	(3.364.826)	(3.364.826)
Transfers to Stage 1	1.843.142	(1.817.092)	434	26.484
Transfers to Stage 2	(18.378.910)	11.746.586	3.958	(6.628.366)
Transfers to Stage 3	(2.449.259)	(4.767.791)	7.217.050	-
Foreign exchange effect	15.964.211	4.769.467	-	20.733.678
Closing	177.937.025	29.352.929	8.439.027	215.728.981

(*) Within the scope of acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral, the Bank has transferred cash loan risk amounted TL 3.269 million from "Loans and receivables under follow up" to "Non-performing Loans" and subsequently write off TL 3.269 million.

(**) Loans classified at Fair Value Through Profit or Loss are not included.

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

Current Period - 31 December 2018	Financial Assets at Fair Value Through P&L (Net)	Financial Assets at Fair Value Through Other Comprehensive Income (Net)	Financial Assets Measured at Amortised Cost (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
Aa1, Aa2, Aa3	-	253.903	-	253.903
A1, A2, A3	-	239.278	-	239.278
Baa1, Baa2, Baa3	-	266.730	-	266.730
Ba1	-	840	-	840
Ba2	-	62.051	-	62.051
Ba3	22.006	37.193.092	9.754.326	46.969.424
B1, B2, B3	-	6.072.943	2.509.155	8.582.098
Total	22.006	44.088.837	12.263.481	56.374.324

Prior 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

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k. Profile on significant risks in significant regions:

Current Period		Risk Categories (*)																
31 December 2018	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	76.995.418	26.833	10.949	-	-	15.915.706	161.250.081	55.944.935	27.395.994	3.033.045	-	-	-	-	458.683	18.529	9.746.187	350.796.360
European Union Countries	2.170.940	-	-	-	-	31.340.941	7.622.381	20.869	11.903	519.818	-	-	-	-	-	607	-	41.687.458
OECD Countries(**)	-	-	-	-	-	3.576.357	47.605	2.110	3.047	5	-	-	-	-	-	-	-	3.629.124
Off- Shore Regions	-	-	-	-	-	117.626	-	86	228	-	-	-	-	-	-	-	-	117.939
USA, Canada	-	-	-	-	-	9.833.594	342.600	3.164	1.464	9	-	-	-	-	-	-	-	10.180.830
Other Countries	-	-	-	-	-	664.092	1.112.998	9.299	5.044	7.463	-	-	-	-	-	-	-	1.798.895
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	79.166.358	26.833	10.949	-	-	61.448.315	170.375.664	55.980.463	27.417.679	3.560.340	-	-	-	-	458.683	19.135	9.746.187	408.210.606

Prior Period		Risk Categories (*)																
31 December 2017	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

(*) 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

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I. Risk Profile according to sectors and counterparties:

Current Period		Risk Classifications (*)																			
31	December	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural		-	-	-	-	-	-	43.730	308.527	80.214	3.985	-	-	-	-	-	-	-	424.317	12.139	436.456
Farming and raising livestock		-	-	-	-	-	-	29.791	222.964	59.031	2.812	-	-	-	-	-	-	-	314.449	149	314.597
Forestry		-	-	-	-	-	-	2.247	81.739	20.330	1.155	-	-	-	-	-	-	-	104.932	539	105.470
Fishing		-	-	-	-	-	-	11.692	3.824	854	18	-	-	-	-	-	-	-	4.936	11.452	16.389
Manufacturing		-	-	105	-	-	-	61.321.149	5.365.979	3.764.681	767.910	-	-	-	-	-	-	-	28.440.149	42.779.674	71.219.824
Mining		-	-	-	-	-	-	2.345.366	182.586	124.645	4.216	-	-	-	-	-	-	-	780.371	1.876.443	2.656.813
Production		-	-	105	-	-	-	38.884.118	5.007.822	3.488.272	319.104	-	-	-	-	-	-	-	21.991.574	25.707.847	47.699.421
Electricity, Gas, Water		-	-	-	-	-	-	20.091.665	175.571	151.764	444.589	-	-	-	-	-	-	-	5.668.205	15.195.385	20.863.589
Construction		-	-	-	-	-	-	31.259.773	2.664.795	3.967.062	545.375	-	-	-	-	-	-	-	17.566.335	20.870.670	38.437.005
Services		1.142	26.833	3.110	-	-	61.413.582	69.284.113	15.708.562	11.192.281	1.758.578	-	-	-	-	-	6.880	-	67.555.790	91.839.290	159.395.080
Wholesale and Retail Trade		-	-	86	-	-	-	22.751.575	12.698.399	4.548.214	648.005	-	-	-	-	-	-	-	32.171.130	8.475.149	40.646.279
Hotel,Food,Beverage Services		-	-	-	-	-	-	3.849.583	667.979	1.757.253	339.119	-	-	-	-	-	-	-	3.619.896	2.994.038	6.613.934
Transportation and Telecommunication		1.123	-	-	-	-	-	12.435.122	1.130.440	255.169	86.853	-	-	-	-	-	-	-	2.258.446	11.650.260	13.908.706
Financial Institutions		-	-	-	-	-	61.413.569	22.456.339	37.606	3.696.818	526.883	-	-	-	-	-	5.056	-	25.102.152	63.034.120	88.136.272
Real Estate and Lending Services		-	-	-	-	-	-	5.364.827	98.369	250.625	63.633	-	-	-	-	-	-	-	1.115.052	4.662.402	5.777.454
Self employment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service		-	-	168	-	-	-	680.523	120.902	128.713	905	-	-	-	-	-	-	-	379.370	551.841	931.211
Education Service		18	-	864	-	-	-	276.354	232.764	231.678	54.601	-	-	-	-	-	-	-	698.006	98.273	796.279
Health and social Services		1	26.833	1.991	-	-	14	1.469.790	722.102	323.810	38.580	-	-	-	-	-	1.824	-	2.211.738	373.206	2.584.944
Other		79.165.216	-	7.735	-	-	34.733	8.466.899	31.932.600	8.413.441	484.492	-	-	-	-	458.683	12.255	9.746.187	91.786.395	46.935.846	138.722.241
Total		79.166.358	26.833	10.949	-	-	61.448.315	170.375.664	55.980.463	27.417.679	3.560.340	-	-	-	-	458.683	19.135	9.746.187	205.772.986	202.437.620	408.210.606

(*)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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Prior Period	Risk Classifications (*)																	TL	FC	Total
31 December 2017	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 |

(**) 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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

m. Term distribution of risks with term structure:

31 December 2018 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	5.319.988	28.712.492	2.723.505	1.570.648	40.839.725	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	26.833	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	3.379	322	1.381	235	5.632	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	23.232.141	2.033.591	3.380.892	7.909.340	24.892.351	-
Conditional and unconditional receivables from corporates	9.271.784	13.805.841	13.261.463	32.828.118	101.208.459	-
Conditional and unconditional receivables from retail portfolios	1.181.185	1.917.924	16.627.409	6.049.267	30.204.677	-
Conditional and unconditional receivables secured by mortgages	496.703	728.052	1.175.528	2.909.950	22.107.446	-
Past due receivables	-	-	-	-	-	3.560.340
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	452.558	6.126	-	-	-	-
Equity security investments	19.135	-	-	-	-	-
Other Receivables	-	-	-	-	-	9.746.187
Total	39.976.873	47.204.348	37.170.178	51.267.558	219.285.122	13.306.527

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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 ilâ AA-
	2	A+ ilâ A-
	3	BBB+ ilâ BBB-
	4	BB+ ilâ BB-
	5	B+ ilâ B-
	6	CCC+ ve aşağısı
Ratings of short-term credits	1	F1+ ilâ F1
	2	F2
	3	F3
	4	F3 aşağısı
	5	---
	6	---
Long-term securitization position ratings	1	AAA ilâ AA-
	2	A+ ilâ A-
	3	BBB+ ilâ BBB-
	4	BB+ ilâ BB-
	5	B+ ve aşağısı
Short-term securitization position ratings	1	F1+ ilâ F1
	2	F2
	3	F3
	Diğerleri	F3 aşağısı
Matchings regarding collective investment institutes	1	AAA ilâ AA-
	2	A+ ilâ A-
	3	BBB+ ilâ BBB-
	4	BB+ ilâ BB-
	5	B+ ilâ B-
	6	CCC+ ve aşağısı

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Risk amounts according to risk weights:

31 December 2018	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights												
Amount Before												
Credit Risk Mitigation	67.351.268	-	25.498.146	-	26.248.510	68.029.278	219.703.403	1.379.999	-	-	-	3.508
Amount After												
Credit Risk Mitigation	72.766.696	-	23.662.801	11.266.221	27.726.700	51.126.447	202.145.038	1.379.999	-	-	-	3.508

o. Miscellaneous information regarding important sectors or counterparty type:

31 December 2018 Sectors/Counterparties	Loans	Provisions(*)
	Impaired	
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)
		Expected Credit Loss Provisions
Agricultural	72.949	12.161
Farming and raising livestock	65.361	8.698
Forestry	6.851	3.291
Fishing	737	172
Manufacturing	4.670.096	1.764.405
Mining	427.353	42.603
Production	2.399.175	925.008
Electricity, Gas, Water	1.843.568	796.794
Construction	6.968.175	1.111.111
Services	11.172.804	3.425.132
Wholesale and Retail Trade	3.004.901	1.800.721
Hotel, Food, Beverage Services	817.116	453.680
Transportation and Telecommunication	366.597	195.173
Financial Institutions	6.415.828	613.231
Real Estate and Lending Service	89.832	144.627
Self Employment Service	30.019	4.916
Education Service	93.050	104.043
Health and social services	355.461	108.741
Other	6.467.410	2.126.219
Total	29.351.434	8.439.028
		7.744.514

(*) Breakdown of cash loans

p. Information related to impairment and loan loss provisions:

31 December 2018	Opening balance (Before TFRS 9)	Opening balance (After TFRS 9)	Provisions reserved during the period	Provision reversals	Other adjustments (*)	Closing balance
31 December 2017	Remeasurement	1 January 2018				
Specific Provisions (Stage 3)	4.536.546	(591.120)	3.945.426	7.427.535	(1.908.857)	(4.583.203)
Expected Credit Losses (Stage 1 and Stage 2)	2.533.274	670.181	3.203.455	398.090	-	-
						3.601.545

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

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

31 December 2018			
Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	202.347.935	10.004.193	212.352.128
İrlanda	5.414.094	-	5.414.094
Holland	1.855.771	53.556	1.909.327
Russian Federation	573.001	-	573.001
USA	455.188	14.055	469.243
Croatia	329.545	-	329.545
United Arab Emirates	319.535	-	319.535
Egypt	227.211	53	227.264
Switzerland	163.778	-	163.778
Marshall Islands	138.207	23.014	161.221
Others	274.387	29	274.416

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	5,2600 TL	6,0182 TL
1.Day bid rate	5,2609 TL	6,0280 TL
2.Day bid rate	5,2609 TL	6,0280 TL
3.Day bid rate	5,2609 TL	6,0280 TL
4.Day bid rate	5,2889 TL	6,0245 TL
5.Day bid rate	5,2832 TL	6,0185 TL

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

USD : TL 5,3045
EURO : TL 6,0400

As of 31 December 2018;

	USD	EURO
Balance Sheet Evaluation Rate	TL 3,7400	TL 4,4773

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

Information related to Group's Currency Risk:

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

Current Period – 31 December 2018	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank (**)	9.326.100	12.382.346	3.680.044	25.388.490
Banks	4.107.382	13.347.369	1.492.441	18.947.192
Financial Assets at Fair Value through Profit or Loss (Net)	-	137.461	-	137.461
Interbank Money Market Placements	-	539.374	-	539.374
Available-for-sale Financial Assets (Net)	5.391.376	13.703.750	623.000	19.718.126
Loans (****)	47.130.022	43.377.526	41.218	90.548.766
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	951.599	5.369.038	-	6.320.637
Hedging Derivative Financial Assets	337	296.048	68.272	364.657
Tangible Assets (Net)	724	7.039	-	7.763
Intangible Assets (Net)	5.570	24	-	5.594
Other Assets (****)	5.912.694	7.436.714	7.180	13.356.588
Total Assets	72.825.804	96.596.689	5.912.155	175.334.648
Liabilities				
Bank Deposits (**)	2.297.302	2.089.238	1.917.785	6.304.325
Foreign Currency Deposits (**)	39.683.901	76.413.283	4.843.763	120.940.947
Funds from Interbank Money Market	1.212.378	9.144.340	-	10.356.718
Borrowings	10.451.055	32.440.600	1.515	42.893.170
Marketable Securities Issued (Net) (***)	60.868	12.805.970	134.358	13.001.196
Miscellaneous Payables	2.451.422	840.953	5.739	3.298.114
Hedging Derivative Financial Liabilities	-	41.041	-	41.041
Other Liabilities	1.002.239	1.135.127	70.137	2.207.503
Total Liabilities	57.159.165	134.910.552	6.973.297	199.043.014
Net on Balance Sheet Position	15.666.639	(38.313.863)	(1.061.142)	(23.708.366)
Net off-Balance Sheet Position (*)	(13.231.096)	38.120.115	831.974	25.720.994
Financial Derivative Assets	33.384.001	107.101.730	3.366.893	143.852.624
Financial Derivative Liabilities	46.615.095	68.981.615	2.534.919	118.131.630
Non-cash Loans	13.863.804	16.296.526	513.021	30.673.351
Prior Period – 31 December 2017				
Total Assets	59.054.320	92.899.652	6.157.739	158.111.711
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

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

(**) Of the Cash Equivalents and Central Bank and Other FC, TL 3.490.205 (31 December 2017: TL 5.220.523) of the foreign currency deposits TL 2.484.399 (31 December 2017: TL 1.451.430) and Bank Deposits Other FC of the TL 1.892 (31 December 2017: TL 1.426) are precious metal deposit account in demand.

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

(****) Trading derivative financial assets are classified under other assets and prepaid assets amounted TL 86.577 (31 December 2017: TL 67.506) is excluded in the financial statements.

(*****) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 3.062.779 (31 December 2017: TL 4.511.626)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

Currency risk sensitivity analysis:

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

	Effect on Profit/Loss(*)
	Current Period
Change in exchange rate	31 December 2018
(+) 10%	11.818
(-) 10%	(11.818)

(*) Presents amounts before Tax.

	Effect on Profit/Loss(*)
	Prior Period
Change in exchange rate	31 December 2017
(+) 10%	91.810
(-) 10%	(91.810)

(*) Presents amounts before Tax.

III. EXPLANATIONS ON INTEREST RATE RISK:

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

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

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

Current Period – 31 December 2018	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	14.451.277	-	-	-	-	15.662.547	30.113.824
Banks	5.669.725	691.374	-	-	-	12.598.299	18.959.398
Financial Assets at Fair Value Through Profit or Loss (Net)	7.759	4.134	10.113	-	-	156.810	178.816
Interbank Money Market Placements	544.657	-	-	-	-	-	544.657
Financial Assets at Fair Value Other Comprehensive Income (Net)	3.678.381	4.880.167	13.649.466	15.263.375	6.617.448	251.205	44.340.042
Loans (***)	58.270.975	25.574.235	58.416.662	63.467.197	7.843.859	363.816	213.936.744
Financial Asset measured at amortised cost (Net)	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	12.263.481
Other Assets (****)	6.154.935	10.223.954	5.407.231	2.593.071	2.392.992	7.572.465	34.344.648
Total Assets	91.263.814	42.858.855	81.703.538	84.291.662	17.958.598	36.605.142	354.681.610
Liabilities							
Bank Deposits	4.793.806	1.364.602	406.303	-	-	1.486.674	8.051.385
Other Deposits	113.941.371	24.915.246	18.030.445	5.511.751	535.332	37.644.369	200.578.514
Funds from Interbank Money Market	6.411.083	4.890.617	2.529.534	443.782	-	-	14.275.016
Miscellaneous Payables	1.144.009	1.264.025	730.525	186.714	4.232	4.679.675	8.009.180
Marketable Securities Issued (Net) (*)	764.991	2.408.787	566.668	6.802.096	7.313.382	-	17.855.924
Borrowings	6.007.889	28.133.604	8.091.870	1.220.030	196.490	-	43.649.883
Other Liabilities (**)	3.295.363	5.533.259	3.363.956	991.854	90.491	48.986.785	62.261.708
Total Liabilities	136.358.512	68.510.140	33.719.301	15.156.227	8.139.927	92.797.503	354.681.610
Balance Sheet Long Position	-	-	47.984.237	64.816.933	10.184.783	-	126.938.343
Balance Sheet Short Position	(45.094.697)	(25.651.285)	-	-	-	(56.192.361)	(126.938.343)
Off-balance Sheet Long Position	9.526.754	12.226.615	-	1.712.968	1.699.121	-	25.165.458
Off-balance Sheet Short Position	-	-	(11.734.925)	-	-	-	(11.734.925)
Total Position	(35.567.943)	(13.424.670)	36.249.312	70.848.403	11.517.792	(56.192.361)	13.430.533

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

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

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

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

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

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Prior Period – 31 December 2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing	Total
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

(*) 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 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	0,22	2,35	-	23,83
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	13,22
Interbank Money Market Placements	-	2,27	-	23,64
Available-for-sale Financial Assets (Net)	2,38	4,55	3,09	20,97
Loans	4,28	7,26	9,06	18,41
Held-to-maturity Investments (Net)	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (**)	0,26	3,51	-	22,55
Other Deposits (**)	0,90	3,42	0,01	17,18
Funds from Interbank Money Market	0,15	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	19,42
Borrowings	2,32	4,57	-	14,04

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

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

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Prior Period – 31 December 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	0,04	10,52
Funds from Interbank Money Market	1,92	2,39	-	12,62
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,44	1,29	12,79
Borrowings	1,23	3,29	-	8,54

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

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

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

e) Information on liquidity risk mitigation techniques:

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

f) Information on the use of stress tests:

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

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

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

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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 December 2018					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets	#	#	62.115.029	41.023.489
CASH OUTFLOWS					
2	Retail and Customers Deposits	135.961.243	70.812.253	12.528.138	7.081.225
3	Stable deposits	21.359.720	-	1.067.986	-
4	Less stable deposits	114.601.523	70.812.253	11.460.152	7.081.225
5	Unsecured Funding other than Retail and Small Business Customers Deposits	76.724.402	54.574.871	38.672.168	26.678.979
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	73.644.112	54.302.703	36.742.368	26.408.105
8	Other Unsecured Funding	3.080.290	272.168	1.929.800	270.874
9	Secured funding	-	-	55.501	55.501
10	Other Cash Outflows	62.457.150	40.461.061	52.748.041	31.451.064
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.674.570	30.452.091	51.674.570	30.452.091
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.782.580	10.008.970	1.073.471	998.973
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	775.027	-	38.751	-
15	Other irrevocable or conditionally revocable commitments	62.153.153	17.346.360	3.107.658	867.318
16				107.150.257	66.134.087
CASH INFLOWS					
17	Secured Lending Transactions	3.774.025	3.774.025	-	-
18	Unsecured Lending Transactions	41.387.759	28.394.466	33.782.118	26.630.775
19	Other contractual cash inflows	45.640.815	29.873.356	45.637.514	29.873.279
20	TOTAL CASH INFLOWS	90.802.599	62.041.847	79.419.632	56.504.054
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			62.115.029	41.023.489
22	TOTAL NET CASH OUTFLOWS			28.967.779	16.533.522
23	Liquidity Coverage Ratio (%)			216,23	248,58

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

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Prior Period – 31 December 2017		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
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	10.590.423	5.100.468
3	Stable deposits	21.641.340	-	1.082.067	-
4	Less stable deposits	95.083.557	51.004.677	9.508.356	5.100.468
5	Unsecured Funding other than Retail and Small Business Customers Deposits	68.389.435	39.408.225	35.901.299	20.625.619
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	64.160.093	39.014.358	32.976.990	20.231.814
8	Other Unsecured Funding	4.229.342	393.867	2.924.309	393.805
9	Secured funding	-	-	54.653	54.653
10	Other Cash Outflows	63.378.622	37.476.116	55.384.349	29.841.706
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	54.500.292	28.995.136	54.500.292	28.995.136
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	8.878.330	8.480.980	884.057	846.570
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	687.407	-	34.370	-
15	Other irrevocable or conditionally revocable commitments	59.049.427	16.451.353	2.952.471	822.568
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	10.858.602	5.049.374
19	Other contractual cash inflows	51.421.592	39.563.176	51.420.709	39.563.159
20	TOTAL CASH INFLOWS	68.350.586	45.849.916	62.279.311	44.612.533
				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.

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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 154% 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 54% and securities issued by Treasury of Republic of Turkey by 35%. Funding sources are mainly distributed between individual and retail deposits by 59%, corporate deposits by 30%, borrowings from banks by 5% and collateralized borrowings such as repurchase agreements by 2%.

Cash outflow amounting to TL 7,092 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 - 31.12.2018	
	TL+FC	FC
October	205,37	246,10
November	245,86	274,78
December	197,45	224,87

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

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 2018

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

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2018	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank Banks	18.742.274	11.232.472	139.078	-	-	-	-	30.113.824
Financial Assets at Fair Value Through Profit or Loss (Net)	12.598.299	5.669.725	691.374	-	-	-	-	18.959.398
Interbank Money Market Placements Available-for-sale Financial Assets (Net)	156.810	-	-	10.113	11.893	-	-	178.816
Loans (****)	-	544.657	-	-	-	-	-	544.657
Held-to-maturity Investments (Net)	251.205	2.941	1.212.652	3.997.085	29.373.727	9.502.432	-	44.340.042
Other Assets (*)	407.234	37.596.615	24.049.587	50.028.752	78.223.864	23.674.110	[43.418]	213.936.744
	-	-	678.442	2.840.029	7.640.711	1.104.299	-	12.263.481
	358.452	2.921.536	1.098.924	3.471.242	12.851.902	7.980.050	5.662.542	34.344.648
Total Assets	32.514.274	57.967.946	27.870.057	60.347.221	128.102.097	42.260.891	5.619.124	354.681.610
Liabilities								
Bank Deposits	1.486.674	4.793.806	1.364.602	406.303	-	-	-	8.051.385
Other Deposits	40.647.162	110.938.582	24.885.087	18.030.441	5.541.910	535.332	-	200.578.514
Borrowings	-	853.715	3.130.426	19.696.579	13.969.786	5.999.377	-	43.649.883
Funds from Interbank Money Market	-	3.986.527	702.961	1.843.865	5.879.572	1.862.091	-	14.275.016
Marketable Securities Issued (Net) (**)	-	764.991	2.408.787	566.668	6.802.096	7.313.382	-	17.855.924
Miscellaneous Payables	177.393	5.266.600	348.566	474.823	1.157.968	583.830	-	8.009.180
Other Liabilities (***)	16.577	4.972.862	1.918.740	2.569.140	6.429.147	2.568.201	43.787.041	62.261.708
Total Liabilities	42.327.806	131.577.083	34.759.169	43.587.819	39.780.479	18.862.213	43.787.041	354.681.610
Net Liquidity Excess/ (Gap)	(9.813.532)	(73.609.137)	(6.889.112)	16.759.402	88.321.618	23.398.678	(38.167.917)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	77.620	(1.315.703)	333.174	8.660.889	5.674.553	-	13.430.533
Financial Derivative Liabilities	-	72.096.655	34.606.471	46.684.420	101.972.261	65.710.763	-	321.070.569
Non-cash Loans (****)	-	4.239.932	5.288.100	16.267.385	4.944.533	22.055.421	-	52.795.371
Prior Period - 31 December 2017								
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
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

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

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

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

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

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

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Breakdown of liabilities due to their remaining contractual maturities:

Current Period - 31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	160.497.771	24.443.993	19.238.430	5.752.733	572.306	210.505.233
Funds borrowed from other financial institutions	970.489	3.248.653	19.811.915	17.913.407	6.345.665	48.290.129
Funds from interbank money market	3.926.499	837.456	2.055.139	6.320.219	2.077.886	15.217.199
Marketable Securities Issued (Net)	626.698	2.583.448	1.142.470	14.146.698	2.880.523	21.379.837
Prior 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

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period - 31 December 2018	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	65.615.460	52.642.738	27.597.013	15.300.944	1.305.199
– Outflow	(58.693.959)	(47.571.041)	(38.288.605)	(14.507.048)	(1.258.004)
Interest rate derivatives:					
– Inflow	61.522	183.587	902.044	2.343.890	1.115.964
– Outflow	(75.794)	(184.474)	(867.948)	(2.201.300)	(1.028.432)
Derivatives held for hedging					
Foreign exchange derivatives:					
– Inflow	25.513	126.593	5.367.326	8.792.627	5.741.823
– Outflow	(50.097)	(558.905)	(4.720.895)	(7.728.482)	(6.325.470)
Interest rate derivatives:					
– Inflow	34.098	194.215	597.285	1.649.181	443.294
– Outflow	(9.363)	(116.505)	(551.869)	(1.805.732)	(680.984)
Total Inflow	65.736.593	53.147.133	34.463.668	28.086.642	8.606.280
Total Outflow	(58.829.213)	(48.430.925)	(44.429.317)	(26.242.562)	(9.292.890)
Prior 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)

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VI. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2018, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 9,03% (31 December 2017: 8,54%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

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

	Current Period 31 December 2018 (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	371.069.543
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	(106.333)
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	5.052.237
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	(18.663.166)
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.655.423)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	136.053.411
7 Total Risk	491.750.269

(*) 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.

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

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

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

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c. Disclosure of Leverage ratio template :

#		Current Period 31 December 2018 (*)
#	Balance sheet Assets	
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	
2	[Assets deducted from Core capital]	345.914.898
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	-
#	Derivative financial assets and credit derivatives	345.914.898
4	Cost of replenishment for derivative financial assets and credit derivatives	
5	Potential credit risk amount of derivative financial assets and credit derivatives	16.077.472
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	5.052.237
#	Financing transactions secured by marketable security or commodity	21.129.709
7	Risk amount of financing transactions secured by marketable security or commodity	
8	Risk amount arising from intermediary transactions	3.552.867
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	-
#	Off-balance sheet transactions	3.552.867
10	Gross notional amount of off-balance sheet transactions	
11	[Correction amount due to multiplication with credit conversion rates]	122.808.218
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	[1.655.423]
	Capital and total risk	121.152.795
13	Core Capital	
14	Total risk amount (sum of lines 3, 6, 9 and 12)	44.224.046
	Leverage ratio	491.750.269
15	Leverage ratio	9,03

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

(*) 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 financial assets measured at amortised cost 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	Current Period
	31 December 2018	31 December 2018
Financial Assets	290.044.323	279.912.310
Interbank Money Market Placements	544.658	543.029
Banks	18.959.398	18.946.088
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	44.340.042	44.340.042
Financial Assets Measured at Amortised Cost (Net)	12.263.481	11.858.083
Loans	213.936.744	204.225.068
Financial Liabilities	276.724.484	275.283.210
Bank Deposits	8.051.385	8.038.247
Other Deposits	200.578.515	200.556.524
Borrowings	43.649.883	42.838.254
Marketable Securities Issued (Net)	13.071.447	12.476.931
Miscellaneous Payables	11.373.254	11.373.254

	Carrying Value	Fair Value
	Prior Period	Prior Period
	31 December 2017	31 December 2017
Financial Assets	282.773.284	280.071.246
Interbank Money Market Placements	1.552.346	1.551.195
Banks	10.029.729	10.029.047
Available-for-Sale Financial Assets (Net)	42.829.788	42.829.788
Held-to-Maturity Investments (Net)	18.883.032	19.082.300
Loans	209.478.389	206.578.916
Financial Liabilities	257.579.042	257.473.719
Bank Deposits	13.929.037	13.924.107
Other Deposits	187.526.491	187.699.937
Borrowings	33.627.199	33.142.935
Marketable Securities Issued (Net)	15.855.225	16.065.650
Miscellaneous Payables	6.641.090	6.641.090

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b. Fair value hierarchy:

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

Aforesaid fair value hierarchy is determined as follows.

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

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 2018	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	10.113	-	-	10.113
- Share Certificates	150.684	-	-	150.684
- Other Financial Assets	18.019	-	-	18.019
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	36.502.564	-	-	36.502.564
- Share Certificates	-	-	-	-
- Other Financial Assets	6.637.480	1.186.378	-	7.823.858
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.371	20.614.924	-	20.616.295
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1.989.608	-	1.989.608
Loans (*)	-	197.534.860	6.690.208	204.225.068
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	9.411.205	-	-	9.411.205
- Other Financial Assets	2.446.878	-	-	2.446.878
Total Assets	55.178.314	221.325.770	6.690.208	283.194.292
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	248	12.179.797	-	12.180.045
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	644.958	-	644.958
Deposits	-	208.594.771	-	208.594.771
Funds Borrowed	-	42.838.254	-	42.838.254
Funds from Interbank Money Market	-	13.393.164	-	13.393.164
Securities Issued (Net)	-	17.476.378	-	17.476.378
Total Liabilities	248	295.127.322	-	295.127.570

(*) Fair value of the loans classified under level III, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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Prior 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

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.

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.

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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	Current Period
		31 December 2018	31 December 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	248.816.671	19.905.334
2	Standardized approach (SA)	248.816.671	19.905.334
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	22.807.044	1.824.563
5	Standardized approach for counterparty credit risk (SA-CCR)	22.807.044	1.824.563
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	237.585	19.007
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-
11	Settlement risk	-	-
12	Securitization positions in banking accounts	-	-
13	IRB ratings-based approach (RBA)	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-
16	Market risk	5.087.744	407.019
17	Standardized approach (SA)	5.087.744	407.019
18	Internal model approaches (IMM)	-	-
19	Operational Risk	22.665.719	1.813.258
20	Basic Indicator Approach	22.665.719	1.813.258
21	Standard Approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24	Floor adjustment	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	299.614.763	23.969.181

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

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.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
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#	#	#	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 - 31.12.2018							
Assets							
Cash and Cash Equivalents	30.113.824	30.113.824	-	-	-	-	-
Banks	18.959.398	18.959.398	-	-	-	-	-
Money Markets	544.657	544.657	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	178.816	178.816	-	-	-	-	-
Financial Assets at Fair Value Through Other							
Comprehensive income	44.340.042	44.137.860	-	-	201.887		295
Financial Assets Measured at Amortised Cost	12.263.481	12.263.481	-	-	-	-	-
Derivative Financial Assets	22.605.903	-	22.605.903	-	6.356.603	-	-
Loans (Net)	213.936.744	213.936.744	-	-	-	-	3.508
Property and Equipment Held For Sale Purpose and Related To Discontinued Operations (Net)	264.384	264.384	-	-	-	-	-
Investments in Associates (Net)	5.521	5.521	-	-	-	-	-
Subsidiaries (Net)	-	-	-	-	-	-	-
Joint Ventures (Net)	-	-	-	-	-	-	-
Property and Equipment (Net)	3.959.052	3.925.068	-	-	-	-	33.984
Intangible Assets (Net)	646.193	-	-	-	-	-	646.193
Investment Property (Net)	-	-	-	-	-	-	-
Current Tax Asset	306.034	306.034	-	-	-	-	-
Deferred Tax Asset	143.808	143.808	-	-	-	-	-
Other Assets	6.413.756	6.413.756	-	-	-	-	-
Total assets	354.681.613	331.193.351	22.605.903	-	6.558.490	-	683.980
Liabilities							
Deposits	208.629.900	-	-	-	-	-	208.629.900
Funds Borrowed	43.649.883	-	-	-	-	-	43.649.883
Money Markets	14.275.016	-	14.275.016	-	-	-	14.275.016
Securities Issued (Net)	13.071.447	-	-	-	-	-	13.071.447
Funds	-	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-	-
Derivative Financial Liabilities	12.825.003	-	12.825.003	-	3.469.539	-	12.825.003
Factoring Liabilities	-	-	-	-	-	-	-
Lease Liabilities (Net)	-	-	-	-	-	-	-
Provisions	1.342.384	-	-	-	-	-	1.342.384
Current Tax Liability	530.543	-	-	-	-	-	530.543
Deferred Tax Liability	412.665	-	-	-	-	-	412.665
Liabilities For Property and Equipment Held For Sale and Related To Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	4.784.477	-	-	-	-	-	4.784.477
Other Liabilities	11.373.254	-	-	-	-	-	11.373.254
Shareholders' Equity	43.787.041	-	-	-	-	-	43.787.041
Total liabilities	354.681.613	-	27.100.019	-	3.469.539	-	354.681.613

(*) 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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#	#	#	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	
Prior 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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2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Current Period - 31.12.2018	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
1	Asset carrying value amount under scope of regulatory consolidation	326.981.641	331.193.351	-	22.605.903	6.558.490
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	27.100.019	(3.469.539)
3	Total net amount under regulatory scope of consolidation	326.981.641	331.193.351	-	49.705.922	3.088.951
4	Off-balance sheet amounts	416.934.991	36.349.639			
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		5.648.173			
8	Differences due to prudential filters					1.998.792
9	Differences due to risk reduction		(6.415.738)		(26.407.445)	
10	Exposure amounts considered for regulatory purposes		366.775.425	-	23.298.477	5.087.744

(*)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 - 31.12.2017	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty 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.

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)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
	Current Period 31.12.2018#				
1	Loans	8.439.028	213.980.162	8.482.446	213.936.744
2	Debt Securities	-	56.374.324	48.385	56.325.939
3	Off-balance sheet exposures	258.445	105.646.122	388.224	105.516.343
4	Total	8.697.473	376.000.608	8.919.055	375.779.026

#		Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
	Prior 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

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

	Current Period 31.12.2018
1 Defaulted loans and debt securities at end of the previous reporting period	5.141.300
2 Loans and debt securities that have defaulted since the last reporting period	10.048.233
3 Returned to non-defaulted status	26.935
4 Amounts written off	4.583.202
5 Other changes	1.881.922
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	8.697.473

	Prior Period 31.12.2017
1 Defaulted loans and debt securities at end of the previous reporting period	4.465.348
2 Loans and debt securities that have defaulted since the last reporting period	1.897.129
3 Returned to non-defaulted status	68.363
4 Amounts written off	727.153
5 Other changes	853.573
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	4.713.388

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

a) Definitions of overdue and provision allocated receivables are presented below:

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 reserved 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".

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 2018.

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

d) Definitions of restructured receivables:

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

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

Breakdown by geographical area:

	Current Period
	31.12.2018
Domestic	205.272.380
European Union Countries	7.995.920
OECD Countries (*)	10.757
Off-Shore Banking Regions	-
USA, Canada	39.697
Other	661.408
Total	213.980.162

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

	Prior Period
	31.12.2017
Domestic	202.239.871
European Union Countries	6.196.128
OECD Countries (*)	8.024
Off-Shore Banking Regions	-
USA, Canada	34.709
Other	847.038
Total	209.325.770

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

Breakdown by sector

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	Current Period
	31.12.2018
Agricultural	910.917
Farming and raising livestock	616.229
Forestry	286.917
Fishing	7.771
Manufacturing	53.644.811
Mining	2.890.485
Production	33.665.195
Electricity, Gas, Water	17.089.131
Construction	33.913.762
Services	70.868.901
Wholesale and Retail Trade	26.081.774
Hotel,Food,Beverage Services	4.893.307
Transportation and	
Telecommunication	11.589.738
Financial Institutions	
Real Estate and Lending Services	24.833.186
Self employment Service	304.271
Education Service	711.914
Health and social Services	662.888
Other	1.791.823
Total	54.641.771

	Prior Period
	31.12.2017
Agricultural	759.616
Farming and raising livestock	502.586
Forestry	245.361
Fishing	11.669
Manufacturing	47.536.046
Mining	1.773.241
Production	30.689.077
Electricity, Gas, Water	15.073.728
Construction	28.929.558
Services	77.375.222
Wholesale and Retail Trade	29.755.919
Hotel,Food,Beverage Services	4.346.000
Transportation and	
Telecommunication	10.678.338
Financial Institutions	28.276.586
Real Estate and Lending Services	519.587
Self employment Service	605.711
Education Service	624.867
Health and social Services	2.568.214
Other	54.725.328
Total	209.325.770

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Breakdown by outstanding maturity

Current Period 31.12.2018	Demand Deposit	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	407.234	37.596.615	24.049.587	50.028.752	78.223.864	23.674.110	213.980.162

Prior Period 31.12.2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	24.574.530	24.801.566	38.549.688	68.930.492	21.881.987	178.738.263

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

Breakdown by geographical area:

Current Period-31.12.2018		
	Loans Under Follow-up	Provisions
Domestic	7.855.575	4.804.969
European Union Countries	583.164	75.672
OECD Countries (*)	-	-
Off-Shore Banking Regions	30	28
USA, Canada	164	146
Other	95	86
Total	8.439.028	4.880.901

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

Current Period-31.12.2017		
	Loans Under Follow-up	Provisions
Domestic	4.531.507	4.378.888
European Union Countries	669	669
OECD Countries (*)	-	-
Off-Shore Banking Regions	30	30
USA, Canada	119	119
Other	386	386
Total	4.532.711	4.380.092

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

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Breakdown by sector:

Current Period - 31.12.2018		
	Loans Under Follow-up	Provisions
Agricultural	12.161	8.075
Farming and raising livestock	8.698	5.791
Forestry	3.291	2.130
Fishing	172	154
Manufacturing	1.764.405	989.906
Mining	42.603	38.321
Production	925.008	613.309
Electricity, Gas, Water	796.794	338.276
Construction	1.111.111	577.364
Services	3.425.132	1.639.248
Wholesale and Retail Trade	1.800.721	1.132.145
Hotel, Food, Beverage Services	453.680	112.242
Transportation and Telecommunication	195.173	92.163
Financial Institutions	613.231	98.029
Real Estate and Lending Services	144.627	81.011
Self employment Service	4.916	3.973
Education Service	104.043	49.439
Health and social Services	108.741	70.246
Other	2.126.219	1.666.308
Total	8.439.028	4.880.901

Prior Period - 31.12.2017		
	Loans Under Follow-up	Provisions
Agricultural	12.380	12.380
Farming and raising livestock	9.253	9.253
Forestry	2.397	2.397
Fishing	730	730
Manufacturing	579.096	579.096
Mining	33.009	33.009
Production	532.043	532.043
Electricity, Gas, Water	14.044	14.044
Construction	248.548	248.548
Services	1.497.661	1.345.042
Wholesale and Retail Trade	1.055.767	1.055.767
Hotel, Food, Beverage Services	273.096	120.477
Transportation and Telecommunication	61.036	61.036
Financial Institutions	13.579	13.579
Real Estate and Lending Services	5.923	5.923
Self employment Service	4.556	4.556
Education Service	33.656	33.656
Health and social Services	50.048	50.048
Other	2.195.026	2.195.026
Total	4.532.711	4.380.092

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g) Aging analysis for overdue receivables:

	Current Period
	31.12.2018
30-60 days overdue	4.268.500
60-90 days overdue	1.676.140
Total	5.944.640

	Prior Period
	31.12.2017
30-60 days overdue	879.773
60-90 days overdue	572.404
Total	1.452.177

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

	Current Period
	31.12.2018
Restructured Receivables	
Loans restructured from Standard Loans and Other Receivables	4.453.627
Loans restructured from Loans under Follow-up and Other Receivables	12.456.701
Loans restructured from Non-Performing Loans	252.881

	Prior Period
	31.12.2017
Restructured Receivables	
Loans restructured from Standard Loans and Other Receivables	3.888.691
Loans restructured from Loans under Follow-up and Other Receivables	3.155.715
Loans restructured from Non-Performing Loans	142.062

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) 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.

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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 - 31.12.2018								
1	Loans	216.506.037	7.624.676	5.704.796	9.910.626	8.818.566	-	-
2	Debt Securities	56.812.472	-	-	-	-	-	-
3	Total	273.318.509	7.624.676	5.704.796	9.910.626	8.818.566	-	-
4	Of which defaulted	6.160.968	-	-	-	-	-	-
Prior 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	-	-	-	-	-	-

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:

		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
Current Period - 31.12.2018		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	75.742.406	3.425.166	84.432.566	149.220	16.719.246	19,77%
2	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	50,00%
3	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	34.531.326	42.274.292	34.531.326	17.769.900	26.508.607	50,68%
7	Exposures to corporates	133.788.589	58.341.580	124.926.153	36.318.389	157.977.461	97,97%
8	Retail exposures	51.506.981	35.527.485	46.927.084	4.199.363	38.344.835	75,00%
9	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	35,00%
10	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	72,35%
11	Past-due loans	3.560.340	-	3.560.340	-	3.715.515	104,36%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures secured by commercial real estate	-	-	-	-	-	-
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)	243.711	214.972	243.711	4.472	248.183	100,00%
16	Other assets	9.746.187	-	9.746.187	-	6.066.111	62,24%
17	Investments in equities	19.135	-	19.135	-	19.135	100,00%
18	Total	335.367.100	141.813.821	330.425.787	59.648.114	265.098.968	67,96%

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Prior Period - 31.12.2017		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	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%

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

Current Period - 31.12.2018										20	Other risk weights	Total risk amount (**)
Asset classes/ Risk weight		0%	10%	20%	35%	50(*)%	75%	100%	150%	0%		
1	Exposures to central governments or central banks	67.569.712	-	366.035	-	-	-	16.646.039	-	-	-	84.581.785
2	Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	26.833
3	Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	7.372
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	202.080	-	23.212.856	-	14.040.507	-	14.845.783	-	-	-	52.301.226
7	Exposures to corporates	1.314.832	-	83.905	-	3.770.253	-	156.075.553	-	-	-	161.244.543
8	Retail exposures	-	-	-	-	-	51.126.447	-	-	-	-	51.126.447
9	Exposures secured by residential property	-	-	-	11.266.221	-	-	-	-	-	-	11.266.221
10	Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	15.945.630
11	Past-due loans	-	-	-	-	1.069.647	-	1.110.693	1.379.999	-	-	3.560.340
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)	-	-	-	-	-	-	248.183	-	-	-	248.183
16	Investments in equities	-	-	-	-	-	-	19.135	-	-	-	19.135
17	Other assets	3.680.072	-	5	-	-	-	6.066.110	-	-	-	9.746.187
18	Total	72.766.696	-	23.662.801	11.266.221	27.726.700	51.126.447	202.145.039	1.379.999	-	-	390.073.902

(*) Secured by real estate

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

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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)

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.

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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 CCR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

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

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

To avoid the risk of specific counter trend risk;

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

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

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 - 31.12.2018						
1	Standardised Approach (for derivatives)	14.611.271	5.320.025		1,4	19.931.297	14.524.327
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)					3.367.180	1.520.377
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					3.367.180	1.520.377
6	Total						16.044.704

(*) Effective Expected Positive Exposure

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#		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
	Prior 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 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

3. Credit valuation adjustment (CVA) capital charge:

	Current Period 31.12.2018	
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 (i) Value at Risk (VaR) component (including the 3xmultiplier)	-	-
2 (iii) Stressed VaR component (including the 3xmultiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	-	-
4 Total subject to the CVA capital charge	19.931.297	6.739.551
	19.931.297	6.739.551

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

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

Current Period - 31.12.2018

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Regulatory portfolio									
Claims from central governments and central banks	76.180	-	-	-	-	1.994	-	-	1.994
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	112	-	-	112
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.746.064	9.934.757	-	2.558	-	-	5.519.149
Corporates	-	-	-	444	-	10.479.324	-	-	10.479.546
Retail portfolios	-	-	-	-	52.570	-	-	-	39.427
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	-	-	-	-	-	4.472	-	-	4.472
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	76.180	-	2.746.064	9.935.201	52.570	10.488.460	-	-	16.044.700

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

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

Prior Period - 31.12.2017

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit 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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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 – 31.12.2018#	Protection bought	Protection sold
Nominal		
Single-name credit default swaps	5.917.500	26.300
Index credit default swaps	-	-
Total return swaps	10.369.466	7.603.757
Credit options	-	-
Other credit derivatives	-	-
Total notionals	16.286.966	7.630.057
Fair values		
Positive fair value (asset)	3.283.145	2.606.104
Negative fair value (liability)	-	-

	₺ #	
#Prior period – 31.12.2017#	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
Credit options	-	-
Other credit derivatives	-	-
Total notionals	6.127.434	4.560.641
Fair values		
Positive fair value (asset)	1.581.610	1.581.610
Negative fair value (liability)	-	-

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7. Exposures to central counterparties (CCP):

Current Period - 31.12.2018

		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		22.790
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	572.078	22.772
3	(i) OTC Derivatives	572.078	22.772
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	7.655	18
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	-	-

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Prior Period - 31.12.2017

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

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

f. Explanations on market risk:

1. Qualitative disclosure requirements related to market risk:

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

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

The following table indicates the details of the market risk calculation as of 31 December 2018, 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.

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2. Standardised approach:

Current Period - 31.12.2018		
#	#	RWA
	Outright products (*)	
1	Interest rate risk (general and specific)	2.644.038
2	Equity risk (general and specific)	29.800
3	Foreign exchange risk	2.381.081
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	32.825
7	Scenario approach	-
8	Securitisation	-
9	Total	5.087.744

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

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

(*) 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 2018 is calculated by using the gross income of the Bank in 2015, 2016 and 2017.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2015	31.12.2016	31.12.2017	Total/Positive GI year number	Ratio (%)	Total
Gross income	10.209.262	11.948.171	14.107.718	3	15	1.813.258
Amount subject to Operational Risk (Amount*12,5)						22.665.719

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h. Interest rate risk related to banking book:

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

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

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

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

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

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

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	2.653.182	5,28%
TL	500	(2.982.938)	(5,94)%
USD	(200)	(199.575)	(0,40)%
USD	200	200.621	0,40%
EURO	(200)	107.373	0,21%
EURO	200	(790.100)	(1,57)%
Total (for negative shocks)		2.560.980	5,10%
Total (for positive shocks)		(3.572.417)	(7,11)%

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VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

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

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

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

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

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

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

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

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As of 31 December 2018, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet of the Bank are summarized in the following table:

Current Period			
31 December 2018			
	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	16.237.237	4.693.776	647.569
-FC	45.937.007	364.658	41.041
Total	62.174.244	5.058.434	688.610

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

1. Explanations on Accounting Net Investment Hedge:

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

2. Explanations on Fair Value Hedge:

Current Period – 31 December 2018

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(43,581)	33,893	(9,688)
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	2,632,655	(2,658,615)	(25,960)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	9,438	(9,438)	-
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	93	(95)	(2)
			22,074	(22,686)	(612)

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

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

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Prior Period - 31 December 2017

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

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

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

As of 31 December 2018 fair value hedge transactions have been proven to be effective.

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

- As of 31 December 2018, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 7.263 (31 December 2017: TL 15.256).

3. Explanations on Cash Flow Hedge:

Hedging Instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	253.669	-	191.663	46.141	499
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	1.735.670	48.976	129.198	(368.522)	84.273
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	344.201	198.896	312.291	18.934
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	270	251.782	(216.086)	12.411	(1.567)

As of 31 December 2018 cash flow hedge transactions have been determined as effective.

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

- As of 31 December 2018, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (6.113) (31 December 2017: TL (20.091)).

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XII. QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES

Explanations on Remuneration Committee:

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2018. As a result of the meeting and related evaluations, the committee decided on continuation of existing policies. The main duties and responsibilities of the Remuneration Committee have been determined as follows:

- Reviewing the remuneration policy practices within the framework of the "Regulation on Corporate Governance Principles of Banks" published by the BRSA and keeping the wage management system up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance Committee principles to the Board of Directors as an annual report
- Ensuring the implementation of variable remuneration (premium) payments within the framework of Corporate Governance Committee principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank.

The general principles of the Bank's remuneration policy apply to all bank employees.

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2018, there are 16 employees that are considered as qualified employees in the Bank.

Information on the Design and Structure of the Remuneration Process

While determining the Bank's wage structure;

- Internal balance of wages and budgetary opportunities,
- Job description and level of responsibility of employees,
- Individual performance of each employee,
- The overall performance of the team and general performance of the bank,
- Employee competencies,
- Compliance with the Bank's internal and external legislation

are taken into consideration.

Structured the Remuneration Policy for gaining, keeping, rewarding and motivating human resources are necessary for sustainable success to the bank is created as follows.

- Complying with the scope and structure of the Bank's operations, strategies, long-term targets and risk management structures,
- Preventing the excessive risk taking and contributing the effective risk management,

Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks

In the remuneration processes, credit risk, operational risk, legal risk and reputation risk are taken into consideration with the applied risk management. The risks arising from employees during the determination of premiums are also taken into consideration. Some portion of the premium payments of the qualified employees are paid with non-cash assets indexed to the Bank's share value and some portion of them is postponed. In certain cases, written agreements have been made with these employees for the cancellation of deferred payments. In the recent year, there has been no change in the methods of handling risks in remuneration practices.

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Evaluation of the Methods of Associating Premiums with Performance

Return on equity, asset size and other possible risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of premiums. The Bank performance is determined as a prerequisite to acquire the right for premiums individually.

The premium budget determined according to the Bank's performance is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income. Profitability, efficiency and risk cost are taken into consideration in the measurement of individual performances.

In determining the premiums of the qualified employees, the general performance of the Bank is determined as preliminary criteria.

The units within the scope of Internal Systems have independent premium systems from Bank's performance system hence their budgets are separately managed. All decisions regarding the wage and premium processes of these units are agreed at the Board of Directors level.

XIII. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

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

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
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	Retail Banking (*)	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 31 December 2018					
Operating Income	11.263.636	3.432.669	1.003.317	5.590.131	21.289.753
Profit from Operating Activities	5.581.820	(430.905)	705.642	1.273.311	7.129.868
Income from Subsidiaries				6.567	6.567
Profit before Tax	5.581.820	(430.905)	705.642	1.279.877	7.136.434
Tax Expense				(1.427.281)	(1.427.281)
Minority Shares	-	-	-	(12)	(12)
Net Profit for the Period	5.581.820	(430.905)	705.642	(147.404)	5.709.153
Segment Assets					
Investments in Associates.	71.535.564	155.414.381	106.291.403	7.093.603	340.334.951
Undistributed Assets	-	-	-	-	5.521
Total Assets	-	-	-	-	14.341.141
Segment Liabilities					354.681.610
Undistributed Liabilities	131.439.325	70.722.739	89.927.997	6.902.026	298.992.087
Shareholders' Equity	-	-	-	-	11.902.485
Total Liabilities	-	-	-	-	43.787.041
Other Segment Items					354.681.610
Capital Investment					
Amortization					
Non-cash Other Income-Expense	-	-	-	1.074.283	1.074.283
Operating Income	(64.752)	6.021	3.697	(302.980)	(358.014)
Profit from Operating Activities	(1.944.623)	(5.549.604)	(72.515)	(803.020)	(8.369.762)

(*) As of 22 November 2018, Retail Banking and SME Banking Business Units have been merged and Retail Banking Business Unit started to operate.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Prior 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	3.923
Undistributed Assets	-	-	-	12.811.014	12.811.014
Total Assets					341.609.957
Segment Liabilities	98.126.490	97.357.169	89.058.408	6.558.817	291.100.884
Undistributed Liabilities	-	-	-	9.895.501	9.895.501
Shareholders' Equity	-	-	-	40.613.572	40.613.572
Total Liabilities					341.609.957
Other Segment Items					
Capital Investment	-	-	-	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)

(*) 31 December 2017 amounts are used for income statement accounts

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SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

Current Period		
31 December 2018		
	TL	FC
Cash/Foreign Currency	1.796.419	1.826.133
The CBRT (*)	2.928.915	23.504.830
Other (**)	-	57.527
Total	4.725.334	25.388.490

(*) Precious metal account amounting to TL 3.432.683 are included in FC.
(**) Precious metal account amounting to TL 57.022 are included in FC.

Prior Period		
31 December 2017		
	TL	FC
Cash/Foreign Currency	1.427.724	735.960
The CBRT (*)	7.033.859	26.021.620
Other (**)	1	144.012
Total	8.461.584	26.901.592

(*) Precious metal account amounting to TL 5.118.058 are included in FC.
(**) Precious metal account amounting to TL 102.465 are included in FC.

2. Information related to the account of the CBRT:

Current Period		
31 December 2018		
	TL	FC
Unrestricted Demand Deposits	124	-
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
Reserve Requirement	2.928.791	23.504.830
Total	2.928.915	23.504.830

Prior Period		
31 December 2017		
	TL	FC
Unrestricted Demand Deposits	1.647	-
Unrestricted Time Deposits	3.080.092	-
Restricted Time Deposits	-	-
Reserve Requirement	3.952.120	26.021.620
Total	7.033.859	26.021.620

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3. Explanation on reserve requirements:

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

The required reserve rates for TL liabilities vary between 1,5% and 8% for TL deposits and other liabilities according to their maturities as of 31 December 2018 (31 December 2017: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 20% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2018 (31 December 2017: 4% and 24% for all foreign currency liabilities).

b. Financial Assets at Fair Value Through Profit or Loss

As of 31 December 2018, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 10.599 (31 December 2017: TL 9.731); and there are no financial assets subject to repo transactions (31 December 2017: TL 200).

c. Trading derivative financial assets:

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

	Current Period	
	31 December 2018	
	TL	FC
Forward Transactions	1.004.135	-
Swap Transactions	11.211.063	4.810.361
Futures Transactions	-	-
Options	67.656	454.254
Other	-	-
Total	12.282.854	5.264.615

(*)Excluding hedging derivatives financial assets

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

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

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d. Information on banks account and foreign banks:

1. Information on banks account:

	Current Period	
	31 December 2018	
	TL	FC
Banks		
Domestic	9.099	664.819
Foreign	3.107	18.282.373
Head Quarters and Branches Abroad	-	-
Total	12.206	18.947.192

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

2. Information on foreign banks account:

	Unrestricted Amount	Restricted Amount (**)
	Current Period	Current Period
	31 December 2018	31 December 2018
European Union Countries	7.880.736	4.387.506
USA, Canada	5.372.917	615.389
OECD Countries (*)	16.399	-
Off-Shore Banking Regions	-	-
Other	12.533	-
Total	13.282.585	5.002.895

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

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

	Unrestricted Amount	Restricted Amount (**)
	Prior Period	Prior Period
	31 December 2017	31 December 2017
European Union Countries	3.027.330	4.102.632
USA, Canada	602.727	431.048
OECD Countries (*)	12.789	-
Off-Shore Banking Regions	-	-
Other	6.317	8.160
Total	3.649.163	4.541.840

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

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

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

1. As of 31 December 2018, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 12.114.655 (31 December 2017: TL 20.055.533); and those given as collateral/blocked amounting to TL 8.854.043 (31 December 2017: TL 3.470.880).

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

	Current Period 31 December 2018
Debt Securities	46.920.338
Quoted at Stock Exchange (*)	45.524.169
Unquoted at Stock Exchange	1.396.169
Share Certificates	13.620
Quoted at Stock Exchange	-
Unquoted at Stock Exchange	13.620
Impairment Provision [-]	2.593.916
Total	44.340.042

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

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

(*) Investment funds are included

f. Information related to loans:

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

	Current Period 31 December 2018	
	Cash	Non-cash
Direct Loans Granted to Shareholders	-	1.440
Corporate Shareholders	-	1.440
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	5.476.437	1.073.121
Loans Granted to Employees	114.675	-
Total	5.591.112	1.074.561

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

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

Current Period - 31 December 2018	Loans and other receivables under follow up			
	Restructured Loans and Receivables			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non-specialized Loans				
Loans given to enterprises	27.502.883	2.236.888	118	1.949.139
Export Loans	13.271.117	428.060	438	174.775
Import Loans	2.472.993	-	-	-
Loans Given to Financial Sector	10.255.765	396	-	-
Consumer Loans	25.569.867	2.596.310	871.206	104.709
Credit Cards	13.096.826	979.253	-	680.539
Other	85.767.574	11.936.659	343.038	7.051.401
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	177.937.025	18.177.566	1.214.800	9.960.563

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

- (iii). Loans at fair value through profit or loss:

For the restructuring of the syndication loan extended to Ojer Telekominyasyon A.Ş (OTAŞ), which is the main shareholder of Türk Telekom, an agreement has been made between all creditors including the Bank. As per the agreed structure, 1.925.000.000 Class A Shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities are taken over on 21 December 2018 by a special purpose vehicle Levent Yapılandırma Yönetimi A.Ş. ("LYY") owned directly or indirectly by the creditors. The Bank participated in LYY with a share of 35,56% for its share in receivables from OTAŞ. With in the scope of the acquisition of Türk Telekom shares by LYY and related agreements, the amount of credit extended to LYY by the Bank for the acquisition of shares, which are the guarantee of OTAŞ loans, is 1.272 million USD (6.990 million TL) as of 31 December 2018. This loan has been reclassified as "Loans" under "Fair Value through Profit or Loss". The maturity of related loan is 1 year and it can be extended. As stated in agreements for mentioned loan, it is foreseen that a part of the loan given to LYY shall be transferred from loans to capital and added to LYY capital in the following period. The shares of Türk Telekom, are pledged for this loan and constitute the guarantee of the loan granted to LYY. The main purpose of LYY is transferring the shares of Türk Telekom to an expert investor by providing to necessary conditions as soon as possible.

Current Period - 31 December 2018

Expected Credit Loss Stage I and Stage II	Loans and other receivables under follow up	
	Standard Loans	
12 Month Expected Credit Losses	737.932	-
Significant Increase in Credit Risk	-	2.863.613
Total	737.932	2.863.613

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

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

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

Current Period - 31 December 2018

Number of Extension	Standard loans and other receivables	Loans and other receivables under follow up
Extended by 1 or 2 times	4.340.357	12.124.405
Extended by 3,4 or 5 times	102.708	320.815
Extended by more than 5 times	10.562	11.481
Total	4.453.627	12.456.701

Extension periods	Standard loans and other receivables	Loans and other receivables under follow up
0 - 6 Months	1.480.655	1.902.377
6 - 12 Months	318.467	4.777.665
1 - 2 Years	646.836	1.026.834
2 - 5 Years	1.009.323	3.027.478
5 Years and over	998.346	1.722.347
Total	4.453.627	12.456.701

3. Breakdown of loans according to their maturities:

	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured or rescheduled
Short-term Loans	48.510.176	3.553.407	1.439.770
Medium and Long-Term Loans	129.426.849	14.624.159	9.735.593
Total	177.937.025	18.177.566	11.175.363

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

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

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

Current Period- 31.12.2018	Short-term	Medium and Long-term	Total
Consumer Loans-TL	641.242	27.032.858	27.674.100
Mortgage Loans	1.600	10.799.366	10.800.966
Automotive Loans	1.211	136.735	137.946
Consumer Loans	638.431	16.096.757	16.735.188
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.289	1.289
Mortgage Loans	-	1.289	1.289
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	11.428.605	568.087	11.996.692
With Installment	3.869.730	566.715	4.436.445
Without Installment	7.558.875	1.372	7.560.247
Consumer Credit Cards-FC	11.816	-	11.816
With Installment	-	-	-
Without Installment	11.816	-	11.816
Personnel Loans-TL	5.100	57.903	63.003
Mortgage Loans	-	3.592	3.592
Automotive Loans	-	36	36
Consumer Loans	5.100	54.275	59.375
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	51.496	24	51.520
With Installment	16.959	24	16.983
Without Installment	34.537	-	34.537
Personnel Credit Cards-FC	152	-	152
With Installment	-	-	-
Without Installment	152	-	152
Credit Deposit Account-TL (Real Person)	1.403.700	-	1.403.700
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	13.542.111	27.660.161	41.202.272

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

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

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

Current Period – 31.12.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	994.181	12.442.532	13.436.713
Mortgage Loans	5.119	8.354	13.473
Automotive Loans	38.296	66	38.362
Consumer Loans	950.766	12.434.112	13.384.878
Other	-	-	-
FC Indexed Commercial Installment Loans	4.498	349.103	353.601
Mortgage Loans	-	1.016	1.016
Automotive Loans	-	-	-
Consumer Loans	4.498	348.087	352.585
Other	-	-	-
Commercial Installment Loans-FC	8.461	198.367	206.828
Mortgage Loans	-	-	-
Automotive Loans	3.515	-	3.515
Consumer Loans	4.946	198.367	203.313
Other	-	-	-
Corporate Credit Cards-TL	2.693.636	50	2.693.686
With Installment	795.746	43	795.789
Without Installment	1.897.890	7	1.897.897
Corporate Credit Cards-FC	2.752	-	2.752
With Installment	-	-	-
Without Installment	2.752	-	2.752
Credit Deposit Account-TL (Legal Person)	1.159.752	-	1.159.752
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.863.280	12.990.052	17.853.332

Prior 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

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

6. Loans according to types of borrowers:

	Current Period 31 December 2018
Public	1.508.632
Private	212.471.530
Total	213.980.162

	Prior Period 31 December 2017
Public	1.607.968
Private	207.717.802
Total	209.325.770

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

	Current Period 31 December 2018
Domestic Loans	205.272.284
Foreign Loans	8.707.878
Total	213.980.162

	Prior Period 31 December 2017
Domestic Loans	202.254.225
Foreign Loans	7.071.545
Total	209.325.770

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

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

	Current Period 31 December 2018
Loans and Other Receivables with Limited Collectibility	724.871
Loans and Other Receivables with Doubtful Collectibility	1.226.217
Uncollectible Loans and Receivables	2.929.813
Total	4.880.901

(ii) Specific provisions accounted for loans:

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

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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 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612
Prior Period: 31 December 2017			
(Gross Amounts Before Specific Provisions)	31.843	39.558	74.640
Rescheduled Loans and Other Receivables	31.843	39.558	74.640

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 2017	579.034	650.121	3.731.468
Additions (+)	9.002.953	428.596	454.023
Transfers from Other Categories of Non-Performing Loans (+)	-	3.901.728	1.485.064
Transfers to Other Categories of Non-Performing Loans (-)	3.901.728	1.485.064	-
Collections (-)	727.622	638.986	423.230
Write-offs (-) (**)	3.271.451	2.607	124.599
Sold Portfolio (*)	-	-	1.218.371
Corporate and Commercial Loans	-	-	299.572
Consumer Loans	-	-	409.406
Credit Cards	-	-	509.393
Other	-	-	-
Balance at the End of the Period	1.681.186	2.853.788	3.904.054
Specific Provisions (-)	724.871	1.226.217	2.929.813
Net Balance at Balance Sheet	956.315	1.627.571	974.241

(*) 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. TL 446 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 19.4 million (in full TL amount) to 3 companies Arsan Varlık Yönetim A.Ş., İstanbul Varlık Yönetimi A.Ş. and Sümer Varlık Yönetimi A.Ş.

(**) Within the scope of acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral, the Bank has been transferred cash loan risk amounted TL 3.269 million from "Loans and receivables under follow up" to "Non-performing Loans" and subsequently write off TL 3.269 million. The related transferred and write-off amounts are included in "Additions" and "Write-off" lines.

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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 2018			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
Net Balance on Balance Sheet	152.096	1.050.449	254.039
Prior Period: 31 December 2017			
Balance at the End of the Period	17.562	28.123	749.304
Specific Provision (-)	17.562	28.123	439.455
Net Balance at Balance Sheet	-	-	309.849

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

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 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.904.054
Specific Provision Amount (-)	724.871	1.226.217	2.929.813
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	974.241
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 2017			
Loans granted to corporate entities and real persons (Gross)	579.034	650.121	3.731.468
Specific Provision Amount (-)	579.034	650.121	3.154.088
Loans granted to corporate entities and real persons (Net)	-	-	363.747
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

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

	III. Group	IV. Group	V. Group
Current Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	139.094
Provision (-)	84.613	168.980	105.678
Prior Period: 31 December 2017			
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

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g. Financial Assets Measured at Amortised Cost

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

- (i). Financial assets measured at amortised cost:

	Current Period 31 December 2018	
	TL	FC
Given as collateral/blocked	-	659.977
Subject to repurchase agreements	151.531	2.482.866
Total	151.531	3.142.843

- (ii). Held-to-maturity investments:

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

2. Information about Government debt securities:

- (i). Financial assets measured at amortised cost:

	Current Period 31 December 2018
Government debt	9.062.489
Treasury bonds	-
Other government debts	691.694
Total	9.754.183

- (ii). Held-to-maturity:

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

3. (i). Measured at amortised cost:

	Current Period 31 December 2018
Debt Securities	12.328.066
Quoted at stock exchange	12.328.066
Not quoted at stock exchange	-
Impairment (-)	64.585
Total	12.263.481

- (ii). Held-to-maturity:

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

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

	Current Period 31 December 2018
Balance at the Beginning of the Period	18.883.032
Foreign Currency Differences on Monetary Assets	1.683.147
Purchases During Year	1.654.189
Disposals Through Sales and Redemptions (*)	(10.713.907)
Impairment Provision	184.506
Change in Amortised Cost	572.514
Balance at the End of the Period	12.263.481

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

- (ii). Held-to-maturity:

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

h. Information on investments in associates (Net):

1. Non-consolidated associates:

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

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

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

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

The financial figures stated below have been obtained from the financial statements date 30 September 2018.

	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	94.425	57.724	48.696	1.137	-	8.630	3.260	-
2	296.536	193.394	177.837	5.984	39	23.681	28.103	-

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

	Current Period 31 December 2018
Balance at the Beginning of the Period	3.923
Movements During the Period	
Purchases	-
Bonus Shares and Contributions to Capital (*)	1.598
Dividends from Current Year Income	-
Sales/Liquidation	-
Revaluation Increase	-
Impairment Provision (-)	-
Balance at the End of the Period	5.521
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(*) The amount is derived from the increase in the capital of Bankalararası Kart Merkezi A.Ş., 9,98% subsidiary of the Bank, by TL 16.000.

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

2. Consolidated subsidiaries within the current period: None.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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i. Information on subsidiaries (Net):

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

The following amounts have been obtained from the financial statements as of 31 December 2018 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	235.007	96.802	10.534	740.648	12.000
Share Premium	-	-	-	-	-
Reserves	575.244	61.081	18.310	3.274.431	-
Gains recognized in equity as per TAS	-	(1.671)	(151)	-	-
Profit/Loss	(81.083)	240.253	42.831	233.114	(3.092)
- Net Current Period Profit	(81.083)	113.732	42.277	233.114	(3.092)
- Prior Year Profit/Loss	-	126.521	554	-	-
Development Cost of Operating Lease (-)	28	1.231	-	289	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.658	14.156	119	5.421	-
Total Common Equity	727.482	381.078	71.405	4.242.483	8.908
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
Total Tier I Capital	727.482	381.078	71.405	4.242.483	8.908
Tier II Capital	142.841	301	5	36.976	-
CAPITAL	870.323	381.379	71.410	4.279.459	8.908
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	870.323	381.379	71.410	4.279.459	8.908

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

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

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

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

The following amounts have been obtained from the financial statements as of 31 December 2018 prepared in accordance with legislation in which companies are subject to.

	Total Assets	Shareholders ' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.721.084	727.160	177.306	543.528	-	(81.083)	56.786	-
2	731.135	396.465	20.175	254.561	(1.258)	113.732	55.812	-
3	84.886	71.524	2.121	10.498	-	42.277	33.818	-
4	27.317.608	4.248.193	6.294	1.203.250	68.241	233.114	218.727	-
5	10.063	8.908	768	376	-	(3.092)	-	-

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

5. Movement schedule for consolidated subsidiaries:

	Current Period 31 December 2018
Balance at the Beginning of the Period	4.133.098
Movements During the Period	
Additions (*)	62.000
Bonus Shares and Contributions to Capital	-
Dividends from Current Year Income	304.959
Sales/Liquidation	-
Revaluation Increase (**)	952.084
Revaluation/Impairment	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-
Balance at the End of the Period	5.452.141
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(*) Amounts refers to TL 12.000 that the Bank pays for the establishment capital of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., and the capital increase of Ak Yatırım Menkul Değerler by TL 50.000 which are wholly owned subsidiaries of the Bank.

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

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

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

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

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

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

Subsidiaries	Current Period 31 December 2018
Banks	4.248.193
Insurance Companies	-
Factoring Companies	-
Leasing Companies	727.051
Finance Companies	-
Other Financial Subsidiaries	476.897

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

7. Subsidiaries quoted to a stock exchange: None.

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

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k. Information on finance lease receivables (Net):

Current Period		
31 December 2018		
	Gross	Net
2017	-	-
2018	2.480.090	2.178.794
2019	1.568.621	1.341.508
2020 and following years	2.563.373	2.294.827
Total	6.612.084	5.815.129

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

l. Information on the hedging derivative financial assets:

Current Period		
31 December 2018		
	TL	FC
Fair Value Hedge	2.957.837	110.989
Cash Flow Hedge	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-
Total	4.693.776	364.658

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

m. Information on tangible assets:

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 2017				
Cost	3.066.411	1.298.285	49.731	4.414.427
Accumulated Depreciation(-)	117.491	871.020	-	988.511
Net Book Value	2.948.920	427.265	49.731	3.425.916
Current Period End: 31 December 2018				
Net Book Value at the Beginning of the Period	2.948.920	427.265	49.731	3.425.916
Additions	25.432	386.666	321.617	733.715
Investment Properties Revaluation differences	-	-	-	-
Transferred	11.986	2	(23.553)	(11.565)
Disposals (-), net	4.404	824	-	5.228
Depreciation (-)	27.458	156.757	-	184.215
Impairment	429	-	-	429
Cost at Period End	3.095.734	1.623.832	347.795	5.067.361
Accumulated Depreciation at Period End (-)	140.829	967.480	-	1.108.309
Closing Net Book Value	2.954.905	656.352	347.795	3.959.052

	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

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n. Information on intangible assets:

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

	Current Period
	31 December 2018
Cost	1.379.705
Accumulated Amortization (-)	733.512
Net Book Value	646.193
	Prior Period
	31 December 2017
Cost	1.040.085
Accumulated Amortization (-)	561.543
Net Book Value	478.542

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

	Current Period
	31 December 2018
Opening Balance Net Book Value	478.542
Additions	340.863
Disposals (-), net	-
Impairment (-)	-
Depreciation (-)	173.212
Closing Net Book Value	646.193
	Prior Period
	31 December 2017
Opening Balance Net Book Value	361.527
Additions	238.841
Disposals (-), net	-
Impairment (-)	-
Depreciation (-)	121.826
Closing Net Book Value	478.542

o. Information on the investment properties: None.

p. Information on deferred tax asset:

As of 31 December 2018, foreign currency deferred tax asset of the Group is TL 192.614 (31 December 2017: TL 37.525). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities.

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	Accumulated temporary differences	Deferred tax assets/liabilities
Current Period - 31 December 2018		
Employee benefits	325.249	71.324
Expected Credit Losses (Stage 1 and Stage 2)	4.040.886	893.268
Other	589.796	126.938
Differences between book value and tax base of property, plant and equipment	(743.336)	(163.498)
Differences between book value and tax base of financial assets	(3.509.346)	(765.250)
Investment Properties Revaluation differences	(2.461.256)	(300.829)
Country risk provision	(340.612)	(108.996)
Deferred Tax Asset/(Liabilities) Net		(247.043)
Prior Period - 31 December 2017		
Employee benefits	300.953	68.041
Other	435.844	87.943
Differences between book value and tax base of property, plant and equipment	(584.033)	(122.011)
Differences between book value and tax base of financial assets	(1.229.276)	(241.586)
Country risk provision	(2.465.549)	(162.883)
Investment Properties Revaluation differences	(233.796)	(74.815)
Deferred Tax Asset/(Liabilities) Net		(445.311)

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

	Current Period 31 December 2018
Cost	264.463
Accumulated Depreciation (-)	79
Net Book Value	264.384
	Current Period 31 December 2018
Opening Balance Net Book Value	133.515
Additions (*)	180.171
Disposals (-), net	49.220
Impairment (-)	82
Depreciation (-)	-
Closing Net Book Value	264.384

(*) The Bank has participated in 35,56% of recently established Levent Yapılandırma Yönetimi A.Ş. and the Bank's share of TL 18 has been classified under property and equipment held for sale purpose , as stated in I-f-2 in section V. Related amount reflected on "additions" row of table above.

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

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

r. Information on other assets:

Other assets amounting to TL 6.462.174 (31 December 2017: TL 4.036.435) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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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 2018:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	6.822.980	6.345.091	36.807.411	1.723.512	3.056.761	1.092.246	20.081	55.868.082
Foreign Currency Deposits	23.465.232	14.864.820	54.167.714	2.668.885	7.938.266	15.349.849	1.782	118.456.548
Residents in Turkey	19.626.445	14.444.683	50.220.130	1.518.271	1.709.742	2.829.814	1.623	90.350.708
Residents Abroad	3.838.787	420.137	3.947.584	1.150.614	6.228.524	12.520.035	159	28.105.840
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	1.118.222
Commercial Deposits	6.762.192	5.773.856	6.509.480	244.718	153.281	333.052	-	19.776.579
Other Institutions Deposits	250.105	469.459	1.277.232	10.479	629.880	237.530	-	2.874.685
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	2.484.399
Interbank Deposits	1.487.220	1.476.252	4.329.783	301.072	457.058	-	-	8.051.385
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	9.795	1.438.343	345.038	6.275	342.171	-	-	2.141.622
Foreign Banks	123.202	37.909	3.984.745	294.797	114.887	-	-	4.555.540
Participation Banks	1.354.223	-	-	-	-	-	-	1.354.223
Other	-	-	-	-	-	-	-	-
Total	42.134.382	28.948.941	103.116.452	4.956.250	12.421.053	17.030.959	21.863	208.629.900

1 (ii). Prior 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

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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 2018	Current Period 31 December 2018
Saving Deposits	23.246.737	32.618.885
Foreign Currency Saving Deposits	10.341.024	50.682.638
Other Deposits in the Form of Saving Deposits	1.256.207	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-

	Under the Guarantee of Deposit Insurance	Exceeding the Limit of Deposit Insurance
	Prior Period 31 December 2017	Prior Period 31 December 2017
Saving Deposits	24.508.782	33.195.768
Foreign Currency Saving Deposits	8.512.809	36.271.768
Other Deposits in the Form of Saving Deposits	736.725	594.201
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-

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

	Current Period 31 December 2018
Foreign Branches' Deposits and other accounts	375
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.208.455
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-

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	Prior Period 31 December 2017
Foreign Branches' Deposits and other accounts	1.381
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	926.384
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-

b. Information on trading derivative financial liabilities:

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

	Current Period 31 December 2018	
	TL	FC
Forward Transactions	344.315	-
Swap Transactions	10.328.830	853.826
Futures Transactions	-	-
Options	2.910	606.512
Other	-	-
Total	10.676.055	1.460.338

(*) Excluding hedge transactions

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

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2018	
	TL	FC
Borrowings from the CBRT	-	-
From Domestic Banks and Institutions	279.606	1.268.471
From Foreign Banks, Institutions and Funds	477.107	41.624.699
Total	756.713	42.893.170

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

2. Information on maturity structure of borrowings:

	Current Period	
	31 December 2018	
	TL	FC
Short-term	253.087	1.223.517
Medium and Long-term	503.626	41.669.653
Total	756.713	42.893.170

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

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

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

d. Information on securities issued (Net):

	Current Period	
	31 December 2018	
	TL	FC
Bank bills	2.847.485	-
Bonds	2.007.243	8.216.719
Total	4.854.728	8.216.719

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

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e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 3.364.074 under "Other Liabilities" (31 December 2017: TL 1.178.360) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements: None.

g. Information on the hedging derivative financial liabilities:

	Current Period	
	31 December 2018	
	TL	FC
Fair Value Hedge	2.611	41.041
Cash Flow Hedge	644.958	-
Net Investment Hedge in a foreign operation	-	-
Total	647.569	41.041

Table of negative differences for the hedging derivative financial liabilities:

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

h. Information on provisions:

1. (i) Information on reserves for employee rights:

	Current Period
	31 December 2018
Balance Sheet Obligations for:	
- Post-employment benefits (pension and medical)	-
- Reserve for employment termination benefits	208.632
- Reserve for unused vacation	102.878
Total	311.510

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

As explained in Note 1(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.

	Current Period
	31 December 2018
Income Statement Charge for:	
- Post-employment benefits (pension and medical)	(232.880)
- Reserve for employment termination benefits	(68.105)
- Reserve for unused vacation	(17.026)
Total	(318.011)

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

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 232.880 (31 December 2017: TL 204.575) during the year has been included in employee costs under operating expenses.

1. (ii) 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 2018
Discount Rate (%)	4,91
Rate for the Probability of Retirement (%)	94,45

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

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 6.017,60 (1 July 2018: TL 5.001,76) effective from 1 July 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	Current Period 31 December 2018
Prior Period Closing Balance	209.829
Recognized as an Expense During the Period	69.921
Actuarial Loss/(Gain)	(6.951)
Paid During the Period	(57.597)
Balance at the End of the Period.	215.202

As of 31 December 2018, the Group has allocated vacation liability amounting to TL 110.046.

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

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

1. (iii) 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 2018, the surplus of the Fund amounts to TL 6.194 [31 December 2017: TL 207.041].

	Current Period 31 December 2018
Total Obligations	[5.784.979]
Cash value of future contributions	4.163.438
Total Transfer Obligations to SSI	(1.621.541)
Past service obligation	[167.755]
Total Transfer to SSI and Other Obligations	(1.789.296)
Fair value of assets	[1.795.490]
Surplus	6.194

	Prior Period 31 December 2017
Total Liabilities	[4.979.328]
Cash value of future contributions	3.817.272
Total Transfer Obligations to SSI	(1.162.056)
Past service obligation	[182.305]
Total Transfer to SSI and Other Obligations	(1.344.361)
Fair value of assets	1.551.402
Surplus	207.041

The amount of the post-employment medical benefits transferrable to SSI are calculated over discounted net present value of medical liabilities and health premiums. The principal actuarial assumptions used were as follows:

	Current Period 31 December 2018
Discount rate	
- Pension benefits transferrable to SSI	% 9,80
- Post-employment medical benefits transferrable to SSI	% 9,80
- Other non-transferrable benefits	% 5,73

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

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 2018
Prior period end	1.551.402
Actual return on plan assets	338.869
Employer contributions	232.880
Employee contributions	199.473
Benefits paid	(527.133)
Period end	1.795.491

	Prior Period 31 December 2017
Prior period end	1.394.112
Actual return on plan assets	238.028
Employer contributions	204.575
Employee contributions	174.371
Benefits paid	(459.684)
Period end	1.551.402

Plan assets are comprised as follows:

	Current Period 31 December 2018	
Bank placements	1.160.797	65%
Property and equipment	17.975	1%
Marketable securities and share certificates	358.510	20%
Other	258.209	14%
Period end	1.795.491	100%

	Prior Period 31 December 2017	
Bank placements	977.331	63%
Property and equipment	18.242	1%
Marketable securities and share certificates	397.520	26%
Other	158.309	10%
Period end	1.551.402	100%

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

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

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 December 2018 is amounting to TL 50.740 (31 December 2017: TL 67.754).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 550.000 (31 December 2017: TL 700.000).

A portion of free provision amounting to TL 250.000 thousand has been reversed, during the period ended 30 June 2018. Out of free provision of TL 100.000 thousand has been recognised in current period, TL 500.000 thousand had been recognised in year of 2017 and TL 200.000 thousand had been recognised in prior periods by the Bank management considering the possible effects of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying financial statements is TL 550.000 thousand as of 31 December 2018.

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

The Group has provision for credit cards and banking services promotion activities amounting to TL 50.044 (31 December 2017: TL 69.284).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVII of Section Three. As of 31 December 2018, the corporate tax liability after the deduction of temporary taxes paid is TL 8.037 (31 December 2017: TL 751.698). The current tax asset is TL 306.034 as of 31 December 2018 (31 December 2017: None).

1 (i). Information on taxes payable:

	Current Period 31 December 2018
Corporate Taxes Payable	8.037
Taxation on Marketable Securities	165.369
Property Tax	1.983
Banking Insurance Transaction Tax (BITT)	198.927
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	24.042
Other	125.982
Total	524.340
	Prior Period 31 December 2017
Corporate Taxes Payable	751.698
Taxation on Marketable Securities	145.567
Property Tax	1.811
Banking Insurance Transaction Tax (BITT)	127.075
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	10.845
Other	91.876
Total	1.128.872

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1 (ii). Information on premium payables:

	Current Period
	31 December 2018
Social Security Premiums – Employee	1.162
Social Security Premiums – Employer	257
Bank Social Aid Pension Fund Premium- Employee	3
Bank Social Aid Pension Fund Premium – Employer	3
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	1.525
Unemployment Insurance – Employer	2.873
Other	380
Total	6.203
	Prior Period
	31 December 2017
Social Security Premiums – Employee	1.656
Social Security Premiums – Employer	349
Bank Social Aid Pension Fund Premium- Employee	109
Bank Social Aid Pension Fund Premium – Employer	150
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	2.252
Unemployment Insurance – Employer	4.231
Other	46
Total	8.793

2. Information on deferred tax liability:

As of 31 December 2018, Turkish Lira deferred tax liability of the Group amounts to TL 412.665 (31 December 2017: TL 482.836). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan:

	Current Period	
	31 December 2018	
	TL	FC
Debt Instruments subject to common equity	-	-
Subordinated Loans	-	-
Subordinated Debt Instruments	-	-
Debt Instruments subject to tier 2 equity	-	4.784.477
Subordinated Loans	-	-
Subordinated Debt Instruments	-	4.784.477
Total	-	4.784.477

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	Prior Period 31 December 2017	
	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 31 December 2018
Common Stock	4.000.000
Preferred Stock	-
	Prior Period 31 December 2017
Common Stock	4.000.000
Preferred Stock	-

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

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.
8. Information on marketable securities value increase fund:

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	Current Period	
	31 December 2018	
	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-
Valuation Difference	(1.769.593)	(1.209.685)
Foreign Currency Differences	-	-
Total	(1.769.593)	(1.209.685)

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

I. Information on minority shares:

	Current Period
	31 December 2018
Beginning Balance	139
Net Profit Share of other shareholders	(12)
Previous Term Dividend	-
Net Currency difference due to foreign subsidiaries	-
Effect of Changes within scope of consolidation	-
Balance end of Period	127
	Prior Period
	31 December 2017
Beginning Balance	130
Net Profit Share of other shareholders	9
Previous Term Dividend	-
Net Currency difference due to foreign subsidiaries	-
Effect of Changes within scope of consolidation	-
Balance end of Period	139

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 15.158.299 asset purchase commitments (31 December 2017: TL 10.596.665), TL 19.788.847 commitments for credit card limits (31 December 2017: TL 18.431.137) and TL 2.514.769 commitments for cheque books (31 December 2017: TL 6.679.928).

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

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

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

	Current Period
	31 December 2018
Bank Acceptance Loans	2.740.341
Letters of Credit	6.532.762
Other Guarantees and Warranties	8.579.625
Total	17.852.728

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

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

	Current Period
	31 December 2018
Revocable Letters of Guarantee	1.015.501
Irrevocable Letters of Guarantee	20.344.230
Letters of Guarantee Given in Advance	2.723.574
Guarantees Given to Customs	2.096.019
Other Letters of Guarantee	8.763.319
Total	34.942.643

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

3. Information on non-cash loans:

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

	Current Period 31 December 2018
Non-cash Loans Given against Cash Loans	10.507.617
With Original Maturity of 1 Year or Less Than 1 Year	5.190.839
With Original Maturity of More Than 1 Year	5.316.779
Other Non-cash Loans	42.287.753
Total	52.795.371

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

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

	Current Period 31 December 2018			
	TL	(%)	FC	(%)
Agricultural	23.433	0,11	6.801	0,02
Farming and Raising				
Livestock	1.020	-	-	-
Forestry	21.678	0,10	-	-
Fishing	735	-	6.801	0,02
Manufacturing	4.725.707	21,33	12.798.375	40,68
Mining	60.568	0,27	164.438	0,53
Production	3.412.643	15,41	11.263.846	35,76
Electric, Gas and Water	1.252.496	5,65	1.370.091	4,39
Construction	3.380.984	15,26	4.735.272	15,18
Services	13.273.031	60,05	10.297.806	35,03
Wholesale and Retail Trade	8.235.314	37,18	6.492.279	20,82
Hotel, Food and				
Beverage Services	130.842	0,59	130.856	0,42
Transportation and				
Telecommunication	448.191	2,02	459.754	1,43
Financial Institutions	4.193.910	19,06	3.005.406	11,69
Real Estate and Leasing				
Services	20.016	0,09	40.691	0,13
Self-Employment Services	20.135	0,09	4.620	0,01
Education Services	28.564	0,13	8.553	0,03
Health and Social Services	196.059	0,89	155.647	0,50
Other	718.865	3,25	2.835.096	9,09
Total	22.122.020	100,00	30.673.350	100,00

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	Prior Period 31 December 2017			
	TL	(%)	FC	(%)
Agricultural	21.092	0,10	4.087	0,01
Farming and Raising	2.708	0,01	-	-
Livestock				
Forestry	18.315	0,08	4.087	0,01
Fishing	69	-	-	-
Manufacturing	4.996.328	23,08	10.247.767	33,80
Mining	70.864	0,33	207.204	0,68
Production	3.840.158	17,74	9.121.112	30,09
Electric, Gas and Water	1.085.306	5,01	919.451	3,03
Construction	3.435.621	15,87	3.070.140	10,13
Services	12.256.317	56,61	11.445.132	37,76
Wholesale and Retail Trade	7.380.034	34,09	7.724.537	25,48
Hotel, Food and Beverage Services	125.106	0,58	113.685	0,38
Transportation and Telecommunication	416.071	1,92	429.983	1,42
Financial Institutions	3.996.971	18,46	3.017.535	9,95
Real Estate and Leasing Services	7.489	0,03	28.379	0,09
Self-Employment Services	20.890	0,10	5.078	0,02
Education Services	32.167	0,15	15.056	0,05
Health and Social Services	277.589	1,28	110.879	0,37
Other	938.496	4,35	5.548.815	18,30
Total	21.647.854	100,00	30.315.941	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	20.754.391	29.532.632	1.367.629	1.140.719
Letters of Guarantee	17.934.160	14.630.765	1.327.910	1.049.808
Bank Acceptances	-	2.740.342	-	-
Letters of Credit	47.035	6.396.435	-	89.291
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	24.353	-	-
Other Commitments and Contingencies	2.773.196	5.740.737	39.719	1.620

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b. Information on derivative transactions:

	Current Period 31 December 2018
Types of Trading Transactions	
Foreign Currency Related Derivative Transactions (I)	369.339.119
FC Trading Forward Transactions	28.251.475
Trading Swap Transactions	285.000.395
Futures Transactions	-
Trading Option Transactions	56.087.249
Interest Related Derivative Transactions (II)	157.184.043
Forward Interest Rate Agreements	-
Interest Rate Swaps	137.771.766
Interest Rate Options	19.412.277
Interest Rate Futures	-
Other Trading Derivative Transactions (III)	25.036.577
A. Total Trading Derivative Transactions (I+II+III)	551.559.739
Types of Hedging Transactions	
Fair Value Hedges	21.278.727
Cash Flow Hedges	40.895.518
Foreign Currency Investment Hedges	-
B. Total Hedging Related Derivatives	62.174.245
Total Derivative Transactions (A+B)	613.733.984

	Prior Period 31 December 2017
Types of Trading Transactions	
Foreign Currency Related Derivative Transactions (I)	291.553.169
FC Trading Forward Transactions	29.917.943
Trading Swap Transactions	221.864.659
Futures Transactions	-
Trading Option Transactions	39.770.567
Interest Related Derivative Transactions (II)	155.022.992
Forward Interest Rate Agreements	-
Interest Rate Swaps	94.188.668
Interest Rate Options	60.834.324
Interest Rate Futures	-
Other Trading Derivative Transactions (III)	14.849.056
A. Total Trading Derivative Transactions (I+II+III)	461.425.217
Types of Hedging Transactions	
Fair Value Hedges	15.156.543
Cash Flow Hedges	14.353.012
Foreign Currency Investment Hedges	-
B. Total Hedging Related Derivatives	29.509.555
Total Derivative Transactions (A+B)	490.934.772

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

As of 31 December 2018: None (31 December 2017: None).

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d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 54.154 (31 December 2017: TL 61.982) 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.

3. 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		
31 December 2018		
	TL	FC
Short-term Loans	9.808.587	332.683
Medium and Long-term Loans	11.228.663	4.450.766
Interest on Loans Under Follow-Up	637.380	-
Premiums Received from the Resource	-	-
Utilization Support Fund	-	-
Total	21.674.630	4.783.449

Prior Period		
31 December 2017		
	TL	FC
Short-term Loans	5.634.977	360.246
Medium and Long-term Loans	10.146.344	3.004.219
Interest on Loans Under Follow-Up	35.824	-
Premiums Received from the Resource	-	-
Utilization Support Fund	-	-
Total	15.817.145	3.364.465

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

2. Information on interest income on banks:

Current Period		
31 December 2018		
	TL	FC
From the CBRT	222.229	1.673
From Domestic Banks	77.811	133.419
From Foreign Banks	8.464	349.961
From Headquarters and Branches Abroad	-	-
Total	308.504	485.053

Prior Period		
31 December 2017		
	TL	FC
From the CBRT	111.157	1.458
From Domestic Banks	47.032	16.312
From Foreign Banks	5.779	72.335
From Headquarters and Branches Abroad	-	-
Total	163.968	90.105

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3. Information on interest income on marketable securities:

Current Period		
31 December 2018		
	TL	FC
From Financial Assets at Fair Value through Profit or Loss	5.417	-
Financial Assets at Fair Value through Other Comprehensive Income	4.669.923	905.176
Financial Assets Measured at Amortised Cost	1.100.786	293.674
Total	5.776.126	1.198.850

Prior Period		
31 December 2017		
	TL	FC
From Trading Financial Assets	6.866	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	2.421.860	708.678
From Held-to-Maturity Investments	643.692	438.987
Total	3.072.418	1.147.665

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

b. Information on interest expense:

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

Current Period		
31 December 2018		
	TL	FC
Banks	84.018	1.441.808
The CBRT	-	-
Domestic Banks	23.883	42.731
Foreign Banks	60.135	1.399.077
Headquarters and Branches Abroad	-	-
Other Institutions	-	141.416
Total	84.018	1.583.224

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

Prior Period		
31 December 2017		
	TL	FC
Banks	37.272	745.111
The CBRT	-	-
Domestic Banks	24.768	11.469
Foreign Banks	12.504	733.642
Headquarters and Branches Abroad	-	-
Other Institutions	-	73.698
Total	37.272	818.809

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

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

3. Information on interest expense given to securities issued:

Current Period		
31 December 2018		
	TL	FC
Interest expense on securities issued	933.182	689.842

Prior Period		
31 December 2017		
	TL	FC
Interest expense on securities issued	502.136	569.117

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period - 31.12.2018	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	18.990	227.979	37.747	8.159	4.149	-	297.024
Saving Deposits	-	1.441.959	5.843.666	120.486	151.457	95.007	7.652.575
Public Sector Deposits	-	6.022	2.890	273	8	45	9.238
Commercial Deposits	-	970.126	1.878.039	72.544	49.464	71.300	3.041.473
Other Deposits	4	65.554	276.323	23.291	27.653	35.143	427.968
Total	18.994	2.711.640	8.038.665	224.753	232.731	201.495	11.428.278
FC							
Foreign Currency Deposits	11.206	503.176	2.094.606	106.471	297.960	201.118	3.214.537
Bank Deposits	567	31.990	158.091	16.835	11.653	313	219.449
Precious Metals Deposits	-	1	180	23	1.636	640	2.480
Total	11.773	535.167	2.252.877	123.329	311.249	202.071	3.436.466
Grand Total	30.767	3.246.807	10.291.542	348.082	543.980	403.566	14.864.744

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

c. Explanations on dividend income:

	Current Period 31 December 2018
From Financial Assets at Fair Value Through Profit or Loss	1.966
From Financial Assets at Fair Value Through Other Comprehensive Income	1.755
Other	2.845
Total	6.566

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

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

	Current Period 31 December 2018
Profit	1.443.072.660
Income From Capital Market Transactions	558.060
Income From Derivative Financial Transactions (*)	30.092.471
Foreign Exchange Gains	1.412.422.129
Loss [-]	1.443.710.149
Loss from Capital Market Transactions	1.670.266
Loss from Derivative Financial Transactions (*)	25.438.905
Foreign Exchange Loss	1.416.600.978
Total (Net)	(637.489)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 2.716.425

	Prior Period 31 December 2017
Profit	603.156.685
Income From Capital Market Transactions	453.579
Income From Derivative Financial Transactions (*)	13.498.532
Foreign Exchange Gains	589.204.574
Loss [-]	603.686.630
Loss from Capital Market Transactions	225.480
Loss from Derivative Financial Transactions (*)	14.644.896
Foreign Exchange Loss	588.816.254
Total (Net)	(529.945)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (184.646).

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

f. (i) Expected provision expense:

	Current Period 31 December 2018
Expected Credit Loss	6.657.054
12 month expected credit loss (stage 1)	240.919
Significant increase in credit risk (stage 2)	417.177
Non-performing loans (stage 3)	5.998.958
Marketable Securities Impairment Expense	382
Financial Assets at Fair Value through Profit or Loss	-
Financial Assets at Fair Value through Other Comprehensive Income	382
Investments in Associates and Subsidiaries Securities	-
Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	102.538
Total	6.759.974

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

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

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

g. Information related to other operating expenses:

	Current Period
	31 December 2018
Personnel Expenses	2.261.321
Reserve for Employee Termination Benefits	12.224
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	184.147
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	173.867
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	82
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	2.501.208
Operational Leasing Expenses	240.461
Maintenance Expenses	60.861
Advertisement Expenses	125.642
Other Expenses	2.074.244
Loss on Sales of Assets	413
Other(*)	669.085
Total	5.802.347

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

	Prior Period
	31 December 2017
Personnel Expenses	1.968.533
Reserve for Employee Termination Benefits	10.956
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	1.473
Depreciation Expenses of Fixed Assets	153.953
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	121.826
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	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	2.014.098
Operational Leasing Expenses	205.539
Maintenance Expenses	31.173
Advertisement Expenses	139.861
Other Expenses	1.637.525
Loss on Sales of Assets	731
Other	607.563
Total	4.879.293

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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
	31 December 2018
Income/(loss) from minority interest	(13)
	Prior Period
	31 December 2017
Income/(loss) from minority interest	9

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

The Bank's income before tax consists of net interest income amounting to TL 15.595.870, net fees and commission income amounting to TL 3.718.214 and the amount of other operating expense is TL 5.802.347.

The Bank has no discontinued operations.

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

As of 31 December 2018, the Group has a current tax expense of TL 1.123.468, deferred tax expense of TL 845.137 and deferred tax income of TL 541.324.

The Group has no discontinued operations.

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

Net profit of the Group is TL 5.709.166 (31 December 2017: 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 Bank was held on 26 March 2018. In the Ordinary General Assembly, it was decided to distribute a TL 1.600.000 cash dividend over the TL 6.039.069 net income from 2017 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 7.123 to special funds account under other capital reserves, to allocate TL 140.000 as legal and TL 4.291.946 as extraordinary reserves.

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 2018, 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 (4.891) (31 December 2017: TL 16.073)).

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 2018, the amount directly recognized in equity is TL (944.399) (31 December 2017: TL (559.791)).

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 financial assets at fair value through other comprehensive income:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through profit or loss 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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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

a. Information on cash and cash equivalents:

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

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

1. Current Period - 31 December 2018

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

	Current Period 31 December 2018
Cash	5.790.226
Cash, Foreign Currency and Other	2.205.232
Demand Deposits in Banks (*)	3.584.994
Cash Equivalents	6.907.240
Interbank Money Market Placements	1.544.455
Time Deposits in Banks	5.356.284
Marketable Securities	6.501
Total Cash and Cash Equivalents	12.697.466

(*) The restricted demand accounts are not included.

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

	Current Period 31 December 2018
Cash	11.904.016
Cash, Foreign Currency and Other	3.622.557
Demand Deposits in Banks (*)	8.281.459
Cash Equivalents	6.528.438
Interbank Money Market Placements	543.010
Time Deposits in Banks	5.977.566
Marketable Securities	7.862
Total Cash and Cash Equivalents	18.432.454

(*) The restricted demand accounts are not included.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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2. Prior Period - 31 December 2017

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

	Prior Period 31 December 2017
Cash	3.750.722
Cash, Foreign Currency and Other	1.835.555
Demand Deposits in Banks (*)	1.915.167
Cash Equivalents	9.076.729
Interbank Money Market Placements	37
Time Deposits in Banks	9.029.952
Marketable Securities	46.740
Total Cash and Cash Equivalents	12.827.451

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

	Prior Period 31 December 2017
Cash	5.790.226
Cash, Foreign Currency and Other	2.205.232
Demand Deposits in Banks (*)	3.584.994
Cash Equivalents	6.907.240
Interbank Money Market Placements	1.544.455
Time Deposits in Banks	5.356.284
Marketable Securities	6.501
Total Cash and Cash Equivalents	12.697.466

(*) The restricted demand accounts are not included.

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

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (5.750.785) (31 December 2017: TL (2.861.007)) 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 (14.304.086) (31 December 2017 TL 2.910.734) 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 5.036.545 (31 December 2017: TL 685.442).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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

VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

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

1. Current Period – 31 December 2018:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	5.605.978	923.699	-	-
Balance at the End of the Period	-	-	5.476.437	1.074.561	10.973	7.684
Interest and Commission Income Received (*)	-	-	538.870	7.893	651	42

2. Prior Period – 31 December 2017:

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

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

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 31.12.2018	Current Period 31.12.2018	Current Period 31.12.2018
Deposit			
Balance at the Beginning of the Period	-	3.074.721	2.311.399
Balance at the End of the Period	-	5.011.321	1.228.947
Interest on Expense Deposits	-	506.095	108.540

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
	Prior Period 31.12.2017	Prior Period 31.12.2017	Prior Period 31.12.2017
Deposit			
Balance at the Beginning of the Period	-	2.172.789	2.315.646
Balance at the End of the Period	-	3.074.721	2.311.399
Interest on Expense Deposits	-	216.544	188.295

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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 31.12.2018	Current Period 31.12.2018	Current Period 31.12.2018	
Transactions at Fair Value				
Through Profit or Loss				
Beginning of the Period	-	13.638.708	-	-
Balance at the End of the Period	-	10.451.000	-	-
Total Income/Loss	-	42.206	-	-
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 2018, the net exposure for direct and indirect shareholders of the Group is TL (303.581).

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	
	Prior Period 31.12.2017	Prior Period 31.12.2017	Prior Period 31.12.2017	
Transactions at Fair Value				
Through Profit or Loss				
Beginning of the Period	-	10.110.973	-	-
Balance at the End of the Period	-	13.638.708	-	-
Total Income/Loss (*)	-	(35.253)	-	-
Transactions for Hedging Purposes				
Beginning of the Period	-	-	-	-
Balance at the End of the Period	-	-	-	-
Total Income/Loss (*)	-	-	-	-

(*) 31 December 2017 balances used for income accounts.

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 31 December 2017 the net exposure for direct and indirect shareholders of the Group is TL (153.254).

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

As of 31 December 2018 benefits provided to the Group's key management amounting to TL 60.407 (31 December 2017: TL 46.907).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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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	780	13.354			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-shore Banking Region Branches	1	13	Malta	47.749.451	1

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2018, the Bank has opened 2 domestic branches and closed up 22 domestic branches.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

The application to Capital Markets Board for increasing the Akbank's paid-in-capital by TL 1,200,000,000 (full amount of TL) from TL 4,000,000,000 000 (full amount of TL) to TL 5,200,000,000000 (full amount of TL) has been approved by the board in the meeting dated 27.12.2018 numbered 65/1535. Related approval has been publicly announced in the Board Weekly Bulletin numbered 2018/59.

Within the framework of our bank's capital increase via rights issue of TL 2,5 for each share with nominal value of TL 1 between 03.01.2019 – 17.01.2019; a total fund inflow amounting to TL 3.005.741.611,22 (full TL amount) has been received, consisting of TL 2.996.306.795,62 (full TL amount) received during the period of exercising the pre-emptive rights to purchase new shares and TL 9.434.815,60 (full TL amount) received during the sale of remaining shares at the Primary Market of Borsa Istanbul on 22 January 2019.

Applications have been made to the Capital Markets Board and the Banking Regulation and Supervision Agency for necessary approvals regarding the completion of the capital increase.

Following the related approvals, capital increase process will be finalized by executing registering and announcement procedures.

**SECTION SIX
OTHER EXPLANATIONS**

I. OTHER EXPLANATIONS

None.

**SECTION SEVEN
EXPLANATIONS ON AUDIT REPORT**

I. EXPLANATIONS ON AUDITOR'S REPORT

The 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 2019 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.