

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2018 TOGETHER WITH
AUDITOR'S REVIEW REPORT**

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

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the unconsolidated balance sheet of Akbank T.A.Ş. ("the Bank") at 31 March 2018 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on or review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for the Qualified Conclusion

As mentioned in Section Five Part II h.4 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 March 2018 include a free provision amounting to TL 700.000 thousand which consist of TL 500.000 thousand provided in 2017 and TL 200.000 thousand recognized in 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.

Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. at 31 March 2018 and the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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, 25 April 2018

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
AKBANK T.A.Ş. AS OF
31 MARCH 2018**

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

- **Section One** - GENERAL INFORMATION ABOUT THE BANK
- **Section Two** - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - INTERIM REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY REPORT

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

25 April 2018

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

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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" 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 March 2018, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2017: 51%).

The major shareholder of the 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:

Title	Name	Responsibility	Education
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
President and CEO:	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
Head of Internal Audit:	S. Hakan BİNBAŞGİL	CEO	Graduate
Executive Vice Presidents:	Eyüp ENGİN	Head of Internal Audit	Undergraduate
	Bülent OĞUZ	SME Banking	Graduate
	H.Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A.Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Hasan Recai ANBARCI	Credit Allocation	Graduate
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Ali Batu KARAALİ	Treasury	Graduate
	Şahin Alp KELER	Private Banking and Investment Transactions	PhD
Internal Audit Committee:	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the 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, replacing Erol Sabancı.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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

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

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

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

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment banking and private banking and investment services, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. As of 31 March 2018, the Bank has 800 branches dispersed throughout the country and 1 branch operating abroad (31 December 2017: 800 branches and 1 branch operating abroad). As of 31 March 2018, the Bank the Bank has 13.840 employees (31 December 2017: 13.884).

VI. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF SHAREHOLDER'S EQUITY BETWEEN PARENT BANK AND ITS SUBSIDIARIES OR REPAYMENT OF DEBTS:

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2018 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/03/2018)		Total
		TL	FC	
I. FINANCIAL ASSETS (NET)		42.072.743	70.674.044	112.746.787
1.1 Cash and Cash Equivalents	(I-a)	7.088.308	38.825.664	45.913.972
1.1.1 Cash and Balances with Central Bank		4.500.489	31.629.540	36.130.029
1.1.2 Banks	(I-d)	508.952	7.196.124	7.705.076
1.1.3 Money Markets		2.078.867	-	2.078.867
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	18.849	92.924	111.773
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity Instruments		-	92.924	92.924
1.2.3 Other Financial Assets		18.849	-	18.849
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	23.253.864	21.028.314	44.282.178
1.3.1 Government Debt Securities		23.028.749	15.645.797	38.674.546
1.3.2 Equity Instruments		12.848	353	13.201
1.3.3 Other Financial Assets		212.267	5.382.164	5.594.431
1.4 Financial Assets Measured at Amortised Cost	(I-g)	3.797.478	7.351.485	11.148.963
1.4.1 Government Debt Securities		3.797.478	6.272.272	10.069.750
1.4.2 Other Financial Assets		-	1.079.213	1.079.213
1.5 Derivative Financial Assets		7.964.596	3.375.657	11.340.253
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		7.814.641	3.126.013	10.940.654
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		149.955	249.644	399.599
1.6 Non-Performing Financial Assets		-	-	-
1.7 Expected Loss Provision (-)		50.352	-	50.352
II. LOANS (NET)	(I-f)	134.151.960	62.606.308	196.758.268
2.1 Loans		136.655.783	62.606.308	199.262.091
2.1.1 Measured at Amortised Cost		136.655.783	62.606.308	199.262.091
2.1.2 Fair Value Through Profit or Loss		-	-	-
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(I-j)	-	-	-
2.2.1 Financial Lease Receivables		-	-	-
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		-	-	-
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		4.046.342	-	4.046.342
2.5 Expected Credit Loss (-)		6.550.165	-	6.550.165
2.5.1 12 Month Expected Credit Losses (Stage I)		635.937	-	635.937
2.5.2 Significant Increase in Credit Risk (Stage II)		2.783.856	-	2.783.856
2.5.3 Credit-Impaired Losses (Stage III / Special Provision)		3.130.372	-	3.130.372
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-n)	66.214	-	66.214
3.1 Held for Sale Purpose		66.214	-	66.214
3.2 Related to Discontinued Operations		-	-	-
IV. EQUITY INVESTMENTS		1.147.402	3.272.395	4.419.797
4.1 Investments in Associates (Net)	(I-h)	3.923	-	3.923
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		3.923	-	3.923
4.2 Subsidiaries (Net)	(I-i)	1.143.479	3.272.395	4.415.874
4.2.1 Unconsolidated Financial Subsidiaries		1.143.479	3.272.395	4.415.874
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3 Joint Ventures (Net)		-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
V. PROPERTY AND EQUIPMENT (Net)		3.457.717	7.025	3.464.742
VI. INTANGIBLE ASSETS (Net)		475.828	12	475.840
6.1 Goodwill		-	-	-
6.2 Other		475.828	12	475.840
VII. INVESTMENT PROPERTY (Net)	(I-l)	-	-	-
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET	(I-m)	121.589	-	121.589
X. OTHER ASSETS	(I-o)	1.556.710	2.744.401	4.301.111
TOTAL ASSETS		183.050.163	139.304.185	322.354.348

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. UNCONSOLIDATED 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)	8.461.582	26.901.584	35.363.166
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(I-b)	5.551.804	2.725.703	8.277.507
2.1 Trading Financial Assets		5.551.804	2.725.703	8.277.507
2.1.1 Government Debt Securities		-	-	-
2.1.2 Equity Securities		-	-	-
2.1.3 Trading Derivative Financial Assets		5.551.804	2.725.703	8.277.507
2.1.4 Other Marketable Securities		-	-	-
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)	10.397	8.106.382	8.116.779
IV. MONEY MARKETS		1.552.161	-	1.552.161
4.1 Interbank Money Market Placements		-	-	-
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)	23.452.538	17.354.032	40.806.570
5.1 Equity Securities		12.848	85.027	97.875
5.2 Government Debt Securities		23.159.176	13.657.443	36.816.619
5.3 Other Marketable Securities		280.514	3.611.562	3.892.076
VI. LOANS and RECEIVABLES	(I-f)	132.232.420	58.276.547	190.508.967
6.1 Loans and Receivables		132.079.801	58.276.547	190.356.348
6.1.1 Loans to Bank's Risk Group	(VII)	3.925.476	1.981.389	5.906.865
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		128.154.325	56.295.158	184.449.483
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)	1.150.713	2.982.385	4.133.098
10.1 Financial Subsidiaries		1.150.713	2.982.385	4.133.098
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-j)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operating Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income (-)		-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-k)	973.630	161.224	1.134.854
13.1 Fair Value Hedge		973.630	29.776	1.003.406
13.2 Cash Flow Hedge		-	131.448	131.448
13.3 Foreign Net Investment Hedge		-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)		3.409.399	7.039	3.416.438
XV. INTANGIBLE ASSETS (Net)		471.637	13	471.650
15.1 Goodwill		-	-	-
15.2 Other		471.637	13	471.650
XVI. INVESTMENT PROPERTY (Net)	(I-l)	-	-	-
XVII. TAX ASSET		-	9.075	9.075
17.1 Current Tax Asset		-	-	-
17.2 Deferred Tax Asset	(I-m)	-	9.075	9.075
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-n)	57.520	-	57.520
18.1 Held for Sale Purpose		57.520	-	57.520
18.2 Related to Discontinued Operations		-	-	-
XIX. OTHER ASSETS	(I-o)	1.056.629	2.239.499	3.296.128
TOTAL ASSETS		184.379.394	131.651.474	316.030.868

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. UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2018 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/03/2018)		Total
		TL	FC	
I. DEPOSITS	(II-a)	93.214.891	100.348.289	193.563.180
II. FUNDS BORROWED	(II-c)	609.519	30.693.970	31.303.489
III. MONEY MARKETS		4.539.039	19.948.799	24.487.838
IV. SECURITIES ISSUED (Net)	(II-d)	5.419.418	6.146.527	11.565.945
4.1 Bills		3.775.606	-	3.775.606
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		1.643.812	6.146.527	7.790.339
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)	4.420.849	1.761.371	6.182.220
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		4.411.414	1.761.371	6.172.785
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		9.435	-	9.435
VIII. FACTORING LIABILITIES		-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	65	-	65
9.1 Financial Lease		70	-	70
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses (-)		5	-	5
X. PROVISIONS	(II-h)	1.215.452	634	1.216.086
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		295.059	-	295.059
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		920.393	634	921.027
XI. CURRENT TAX LIABILITY	(II-i)	965.762	41.570	1.007.332
XII. DEFERRED TAX LIABILITY		-	-	-
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)	-	3.527.461	3.527.461
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	3.527.461	3.527.461
XV. OTHER LIABILITIES		5.848.149	2.510.842	8.358.991
XVI. SHAREHOLDERS' EQUITY	(II-k)	39.768.565	1.373.176	41.141.741
16.1 Paid-in capital		4.000.000	-	4.000.000
16.2 Capital Reserves		3.686.298	-	3.686.298
16.2.1 Share Premium		1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		1.986.298	-	1.986.298
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.792.785	1.465.641	4.258.426
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(648.864)	(92.465)	(741.329)
16.5 Profit Reserves		28.229.132	-	28.229.132
16.5.1 Legal Reserves		1.532.027	-	1.532.027
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		26.429.072	-	26.429.072
16.5.4 Other Profit Reserves		268.033	-	268.033
16.6 Income or (Loss)		1.709.214	-	1.709.214
16.6.1 Prior Periods' Income or (Loss)		-	-	-
16.6.2 Current Period Income or (Loss)		1.709.214	-	1.709.214
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		156.001.709	166.352.639	322.354.348

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. UNCONSOLIDATED 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)		
		TL	FC	Total
I. DEPOSITS	(II-a)	92.793.964	92.110.485	184.904.449
1.1 Deposits of Bank's Risk Group	(VII)	2.731.503	3.491.122	6.222.625
1.2 Other		90.062.461	88.619.363	178.681.824
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	4.177.354	1.342.899	5.520.253
III. FUNDS BORROWED	(II-c)	235.654	29.436.126	29.671.780
IV. MONEY MARKETS		4.009.373	23.273.667	27.283.040
4.1 Funds from Interbank Money Market		-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-
4.3 Funds Provided Under Repurchase Agreements		4.009.373	23.273.667	27.283.040
V. SECURITIES ISSUED (Net)	(II-d)	6.112.509	7.740.640	13.853.149
5.1 Bills		3.783.736	-	3.783.736
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		2.328.773	7.740.640	10.069.413
VI. FUNDS		-	-	-
6.1 Borrower Funds		-	-	-
6.2 Other		-	-	-
VII. MISCELLANEOUS PAYABLES		4.376.386	1.540.811	5.917.197
VIII. OTHER LIABILITIES	(II-e)	916.386	185.251	1.101.637
IX. FACTORING PAYABLES		-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	5.899	-	5.899
10.1 Financial Lease Payables		7.504	-	7.504
10.2 Operating Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		1.605	-	1.605
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)	2.804.045	987.236	3.791.281
12.1 General Loan Loss Provisions		1.671.841	982.170	2.654.011
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Benefits		290.127	-	290.127
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		842.077	5.066	847.143
XIII. TAX LIABILITY	(II-i)	1.542.106	39.661	1.581.767
13.1 Current Tax Liability		1.149.942	39.661	1.189.603
13.2 Deferred Tax Liability		392.164	-	392.164
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)	39.258.454	1.166.052	40.424.506
16.1 Paid-in capital		4.000.000	-	4.000.000
16.2 Capital Reserves		5.429.322	1.166.052	6.595.374
16.2.1 Share Premium		1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Differences		93.155	1.071.594	1.164.749
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		6.440	-	6.440
16.2.8 Hedging Funds (Effective portion)		(5.729)	89.102	83.373
16.2.9 Value Increase of Assets Held for Sale		-	-	-
16.2.10 Other Capital Reserves		1.291.850	-	1.291.850
16.3 Profit Reserves		23.790.063	-	23.790.063
16.3.1 Legal Reserves		1.392.027	-	1.392.027
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		22.137.126	-	22.137.126
16.3.4 Other Profit Reserves		260.910	-	260.910
16.4 Income or (Loss)		6.039.069	-	6.039.069
16.4.1 Prior Periods' Income or (Loss)		-	-	-
16.4.2 Current Period Income or (Loss)		6.039.069	-	6.039.069
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		156.232.130	159.798.738	316.030.868

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. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2018**

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

	Note (Section Five)	CURRENT PERIOD (31/03/2018)		Total
		TL	FC	
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		205.668.845	479.638.971	685.307.816
I. GUARANTEES AND WARRANTIES	(III-2, 3)	22.053.895	32.080.829	54.134.724
1.1 Letters of Guarantee		19.175.672	16.050.712	35.226.384
1.1.1 Guarantees Subject to State Tender Law		499.542	2.577.566	3.077.108
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.226.145	3.226.145
1.1.3 Other Letters of Guarantee		18.676.130	10.247.001	28.923.131
1.2 Bank Acceptances		-	4.653.047	4.653.047
1.2.1 Import Letter of Acceptance		-	4.653.047	4.653.047
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		2.252	7.736.261	7.738.513
1.3.1 Documentary Letters of Credit		2.252	7.153.544	7.155.796
1.3.2 Other Letters of Credit		-	582.717	582.717
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		-	12.587	12.587
1.8 Other Guarantees		30.527	3.623.580	3.654.107
1.9 Other Collaterals		2.845.444	4.642	2.850.086
II. COMMITMENTS	(III-1)	50.658.793	31.028.003	81.686.796
2.1 Irrevocable Commitments		49.972.498	31.028.003	81.000.501
2.1.1 Asset Purchase Commitments		11.790.574	17.835.299	29.625.873
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		7.000	-	7.000
2.1.4 Loan Granting Commitments		7.362.642	3.246.744	10.609.386
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		7.554.397	-	7.554.397
2.1.8 Tax and Fund Liabilities from Export Commitments		6.199	-	6.199
2.1.9 Commitments for Credit Card Limits		19.228.211	-	19.228.211
2.1.10 Commitments for Credit Cards and Banking Services Promotions		73.949	-	73.949
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		3.949.526	9.945.960	13.895.486
2.2 Revocable Commitments		686.295	-	686.295
2.2.1 Revocable Loan Granting Commitments		686.295	-	686.295
2.2.2 Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		132.956.157	416.530.139	549.486.296
3.1 Hedging Derivative Financial Instruments		6.792.455	31.718.815	38.511.270
3.1.1 Fair Value Hedges		2.497.225	12.577.001	15.074.226
3.1.2 Cash Flow Hedges		4.295.230	19.141.814	23.437.044
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		126.163.702	384.811.324	510.975.026
3.2.1 Forward Foreign Currency Buy/Sell Transactions		14.170.787	20.831.250	35.002.037
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.882.559	10.590.994	17.473.553
3.2.1.2 Forward Foreign Currency Transactions-Sell		7.288.228	10.240.256	17.528.484
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		87.615.644	258.198.617	345.814.261
3.2.2.1 Foreign Currency Swap-Buy		31.406.013	92.685.185	124.091.198
3.2.2.2 Foreign Currency Swap-Sell		52.420.631	66.479.226	118.899.857
3.2.2.3 Interest Rate Swap-Buy		1.894.500	49.517.103	51.411.603
3.2.2.4 Interest Rate Swap-Sell		1.894.500	49.517.103	51.411.603
3.2.3 Foreign Currency, Interest Rate and Securities Options		24.287.066	90.631.344	114.918.410
3.2.3.1 Foreign Currency Options-Buy		11.200.682	14.736.696	25.937.378
3.2.3.2 Foreign Currency Options-Sell		13.086.384	13.030.110	26.116.494
3.2.3.3 Interest Rate Options-Buy		-	31.432.269	31.432.269
3.2.3.4 Interest Rate Options-Sell		-	31.432.269	31.432.269
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		90.205	15.150.113	15.240.318
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		741.990.207	225.668.175	967.658.382
IV. ITEMS HELD IN CUSTODY		37.677.734	13.608.171	51.285.905
4.1 Customer Fund and Portfolio Balances		4.661.026	-	4.661.026
4.2 Investment Securities Held in Custody		3.894.587	1.154.660	5.049.247
4.3 Cheques Received for Collection		23.018.472	1.756.642	24.775.114
4.4 Commercial Notes Received for Collection		5.609.677	2.778.614	8.388.291
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		493.972	7.918.255	8.412.227
4.8 Custodians		-	-	-
V. PLEDGES RECEIVED		157.031.811	69.514.601	226.546.412
5.1 Marketable Securities		999.028	638.478	1.637.506
5.2 Guarantee Notes		1.078.766	599.922	1.678.688
5.3 Commodity		-	5.880	5.880
5.4 Warranty		-	-	-
5.5 Immovables		117.939.786	49.003.282	166.943.068
5.6 Other Pledged Items		37.014.231	19.267.039	56.281.270
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		547.280.662	142.545.403	689.826.065
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		947.659.052	705.307.146	1.652.966.198

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. UNCONSOLIDATED 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)		180.212.631	418.215.101	598.427.732
I. GUARANTEES AND WARRANTIES	(III-2, 3)	21.679.216	30.921.962	52.601.178
1.1 Letters of Guarantee		18.822.531	16.236.953	35.059.484
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		-	3.296.726	3.296.726
1.1.3 Other Letters of Guarantee		18.330.061	10.055.308	28.385.369
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	6.858.994	6.866.251
1.3.1 Documentary Letters of Credit		7.257	6.289.394	6.296.651
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	4.046.096	4.074.565
1.9 Other Collaterals		2.820.761	11.258	2.832.019
II. COMMITMENTS	(III-1)	39.498.253	19.956.730	59.454.983
2.1 Irrevocable Commitments		38.813.809	19.956.730	58.770.539
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	3.253.640	10.361.925
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	8.774.512	12.629.036
2.2 Revocable Commitments		684.444	-	684.444
2.2.1 Revocable Loan Granting Commitments		684.444	-	684.444
2.2.2 Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		119.035.162	367.336.409	486.371.571
3.1 Hedging Derivative Financial Instruments		2.497.225	26.913.498	29.410.723
3.1.1 Fair Value Hedges		2.497.225	12.560.486	15.057.711
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		116.537.937	340.422.911	456.960.848
3.2.1 Forward Foreign Currency Buy/Sell Transactions		12.418.235	17.769.668	30.187.903
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.102.564	8.990.976	15.093.540
3.2.1.2 Forward Foreign Currency Transactions-Sell		6.315.671	8.778.692	15.094.363
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		87.056.797	224.261.509	311.318.306
3.2.2.1 Foreign Currency Swap-Buy		33.154.806	78.271.569	111.426.375
3.2.2.2 Foreign Currency Swap-Sell		50.563.691	56.498.116	107.061.807
3.2.2.3 Interest Rate Swap-Buy		1.669.150	44.745.912	46.415.062
3.2.2.4 Interest Rate Swap-Sell		1.669.150	44.745.912	46.415.062
3.2.3 Foreign Currency, Interest Rate and Securities Options		16.975.529	83.630.054	100.605.583
3.2.3.1 Foreign Currency Options-Buy		7.745.085	11.982.227	19.727.312
3.2.3.2 Foreign Currency Options-Sell		9.230.444	10.813.503	20.043.947
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)		718.235.764	214.798.318	933.034.082
IV. ITEMS HELD IN CUSTODY		35.981.534	12.557.967	48.539.501
4.1 Customer Fund and Portfolio Balances		4.329.384	-	4.329.384
4.2 Investment Securities Held in Custody		3.957.316	1.062.605	5.019.921
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		153.358.820	67.210.869	220.569.689
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		113.868.168	49.223.837	163.092.005
5.6 Other Pledged Items		36.895.691	16.835.840	53.731.531
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)		898.448.395	633.013.419	1.531.461.814

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.**III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2018**

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD
		(Section Five)	(01/01-31/03/2018)
I. INTEREST INCOME		(IV-a)	6.757.647
1.1	Interest on Loans	(IV-a-1)	5.489.913
1.2	Interest on Reserve Requirements		92.176
1.3	Interest on Banks	(IV-a-2)	74.515
1.4	Interest on Money Market Transactions		41.438
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	1.055.356
1.5.1	Fair Value Through Profit or Loss		-
1.5.2	Fair Value Through Other Comprehensive Income		809.016
1.5.3	Measured at Amortised Cost		246.340
1.6	Financial Lease Income		-
1.7	Other Interest Income		4.249
II. INTEREST EXPENSE (-)		(IV-b)	3.658.621
2.1	Interest on Deposits	(IV-b-4)	2.885.478
2.2	Interest on Funds Borrowed	(IV-b-1)	227.321
2.3	Interest Expense on Money Market Transactions		215.102
2.4	Interest on Securities Issued	(IV-b-3)	304.582
2.5	Other Interest Expenses		26.138
III. NET INTEREST INCOME (I - II)			3.099.026
IV. NET FEES AND COMMISSIONS INCOME			742.716
4.1	Fees and Commissions Received		938.112
4.1.1	Non-cash Loans		74.126
4.1.2	Other		863.986
4.2	Fees and Commissions Paid		195.396
4.2.1	Non-cash Loans		113
4.2.2	Other		195.283
V. PERSONNEL EXPENSE (-)			535.242
VI. DIVIDEND INCOME			1.333
VII. TRADING INCOME /(LOSS) (Net)		(IV-c)	(143.513)
7.1	Trading Gains / (Losses) on Securities		(742)
7.2	Gains / (Losses) on Derivative Financial Transactions		779.250
7.3	Foreign Exchange Gains / (Losses)		(922.021)
VIII. OTHER OPERATING INCOME		(IV-d)	294.519
IX. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)			3.458.839
X. EXPECTED CREDIT LOSS (-)		(IV-e)	698.162
XI. OTHER OPERATING EXPENSES (-)		(IV-f)	764.319
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)			1.996.358
XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			-
XIV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD			119.170
XV. INCOME/(LOSS) ON NET MONETARY POSITION			-
XVI. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)			2.115.528
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(IV-g)	406.314
17.1	Current Tax Provision		223.705
17.2	Deferred Tax Income Effect (+)		319.621
17.3	Deferred Tax Expense Effect (-)		137.012
XVIII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)			1.709.214
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 (±)			-
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-h)	1.709.214
Earning/(Loss) per share (in TL full)			0,00427

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.**III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017**

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

INCOME AND EXPENSE ITEMS		RESTATED (*) PRIOR PERIOD (01/01-31/03/2017)
	Note (Section Five)	
I. INTEREST INCOME	(IV-a)	5.085.041
1.1 Interest on Loans	(IV-a-1)	4.151.291
1.2 Interest on Reserve Requirements		49.458
1.3 Interest on Banks	(IV-a-2)	31.573
1.4 Interest on Money Market Transactions		7.434
1.5 Interest on Marketable Securities Portfolio	(IV-a-3)	840.923
1.5.1 Trading Financial Assets		-
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-
1.5.3 Available-for-sale Financial Assets		609.269
1.5.4 Held- to- maturity Investments		231.654
1.6 Financial Lease Income		-
1.7 Other Interest Income		4.362
II. INTEREST EXPENSE	(IV-b)	2.698.693
2.1 Interest on Deposits	(IV-b-4)	2.145.551
2.2 Interest on Funds Borrowed	(IV-b-1)	181.124
2.3 Interest Expense on Money Market Transactions		179.617
2.4 Interest on Securities Issued	(IV-b-3)	158.143
2.5 Other Interest Expenses		34.258
III. NET INTEREST INCOME (I - II)		2.386.348
IV. NET FEES AND COMMISSIONS INCOME		632.156
4.1 Fees and Commissions Received		782.322
4.1.1 Non-cash Loans		59.056
4.1.2 Other		723.266
4.2 Fees and Commissions Paid		150.166
4.2.1 Non-cash Loans		22
4.2.2 Other		150.144
V. DIVIDEND INCOME		907
VI. TRADING INCOME /(LOSS) (Net)	(IV-c)	(743)
6.1 Trading Gains / (Losses) on Securities		32.336
6.2 Gains / (Losses) on Derivative Financial Transactions		(329.658)
6.3 Foreign Exchange Gains / (Losses)		296.579
VII. OTHER OPERATING INCOME	(IV-d)	235.837
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		3.254.505
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-e)	460.243
X. OTHER OPERATING EXPENSES (-)	(IV-f)	1.097.065
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.697.197
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		98.677
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-
XV. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)		1.795.874
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-h)	347.238
16.1 Current Tax Provision		405.652
16.2 Deferred Tax Provision		(58.414)
XVII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		1.448.636
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-h)	1.448.636
Earning/(Loss) per share (in TL full)		0,00362

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.

(*) Section Three part I-b.

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

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

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

	CURRENT PERIOD (31/03/2018)
I. CURRENT PERIOD INCOME/LOSS	1.709.214
II. OTHER COMPREHENSIVE INCOME	27.615
2.1 Not Reclassified Through Profit or Loss	
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	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	271.803
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(196.619)
2.2 Reclassified Through Profit or Loss	
2.2.1 Foreign Currency Translation Differences	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(266.459)
2.2.3 Cash Flow Hedge Income/Loss	205.473
2.2.4 Foreign Net Investment Hedge Income/Loss	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Lossess	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	13.417
XII. TOTAL COMPREHENSIVE INCOME (I+II)	1.736.829

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 MARCH 2017**

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

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY		RESTATED (*) PRIOR PERIOD (31/03/2017)
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS		2.468.028
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES		2.465.549
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES		-
IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS		-
V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)		10.261
VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion)		-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS		-
VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS		-
IX. TAX RELATED TO VALUATION DIFFERENCES		(305.847)
X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)		4.637.991
XI. CURRENT PERIOD INCOME / LOSS		1.448.636
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)		(8.767)
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		(5.557)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-
11.4 Other		1.462.960
XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X+XI)		6.086.627

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.

(*) Section Three part I-b

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

AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

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

		Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss							Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss												
								Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Reclassified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Profit or Loss)				Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income		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 Profit or Loss)		Profit Reserves		Prior Period Profit or (Loss)	Current Period Profit or (Loss)	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		Foreign Currency Translation Differences												
CURRENT PERIOD (31/03/2018)																					
I.	Prior Period End Balance	4,000.000	1,700.000	-	1,405.892	2,348.962	[114.042]		1,948.323	-	[777.134]	83.373	23,790.063	-	6,039.069						
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	580.406	-	-		-	-	110.969	-	-	-	-					691.375	
2.1	Effects of Corrections	-	-	-	-	-	-		-	-	-	-	-	-	-					-	
2.2	Effects of the Changes in Accounting Policies	-	-	-	580.406	-	-		-	-	110.969	-	-	-	-					-	
III.	Adjusted Beginning Balance (I+II)	4,000.000	1,700.000	-	1,986.298	2,348.962	[114.042]		1,948.323	-	[666.165]	83.373	23,790.063	-	6,039.069					41,115.881	
IV.	Total Comprehensive Income	-	-	-	-	[136.822]	-		212.006	-	[318.807]	160.269	-	-	-					-	
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	-	-	-	-	-	-		-	-	-	-	-	-	-				1,709.214	1,709.214	
XI.	Profit Distribution	-	-	-	-	-	-		-	-	-	-	-	-	4,439.069	-			[6,039.069]	[1,600.000]	
11.1	Dividends paid	-	-	-	-	-	-		-	-	-	-	-	-	-				[1,600.000]	[1,600.000]	
11.2	Transfers to Reserves	-	-	-	-	-	-		-	-	-	-	-	-	4,439.069				[4,439.069]	-	
11.3	Other	-	-	-	-	-	-		-	-	-	-	-	-	-				-	-	
Period-End Balance (I+II+III+...+XVI+XVII+XVIII)		4,000.000	1,700.000	-	1,986.298	2,212.140	[114.042]		2,160.329	-	[984.972]	243.642	28,229.132	-	1,709.214					41,141.741	

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.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 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	Extraordinar y 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 Shareholders' Equity
RESTATED PRIOR PERIOD (31/03/2017)																	
I.	Begining Balance	4.000.000	1.405.892	1.700.000	-	1.322.027	-	18.718.299	49.517	4.528.712	-	(1.157.765)	47.106	4.895	35.899	-	30.654.582
II.	Corrections and Accounting Policy Changes Made According to TAS �	-	-	-	-	-	-	-	-	43.869	-	1.767.059	-	-	-	-	1.810.928
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	43.869	-	1.767.059	-	-	-	-	1.810.928
III.	Adjusted Beginning Balance (I+II)	4.000.000	1.405.892	1.700.000	-	1.322.027	-	18.718.299	49.517	4.572.581	-	609.294	47.106	4.895	35.899	-	32.465.510
D�nem İ�indeki Deęiřimler																	
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	(II-k-8)	-	-	-	-	-	-	-	-	-	560.775	-	-	-	-	560.775
VI.	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	8.209	-	8.209
�.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	8.209	-	8.209
�.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	2.301.948	-	-	-	2.301.948
VIII.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares' from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	1.404.767	-	-	-	-	-	-	1.404.767
XX.	Profit Distribution	-	-	-	-	70.000	-	3.418.827	139.885	(4.528.712)	-	-	-	-	-	-	(900.000)
20.1	Dividends paid	-	-	-	-	-	-	-	-	(900.000)	-	-	-	-	-	-	(900.000)
20.2	Transfers to Reserves	-	-	-	-	70.000	-	3.418.827	139.885	(3.628.712)	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+V+.....+XVIII+XIX+XX)		4.000.000	1.405.892	1.700.000	-	1.392.027	-	22.137.126	189.402	1.448.636	-	1.170.069	2.349.054	4.895	44.108	-	35.841.209

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 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.

(**) Section Three part I-b.

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

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

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

	Note (Section Five)	CURRENT PERIOD (31/03/2018)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit before changes in operating assets and liabilities		294.548
1.1.1 Interest received		6.003.883
1.1.2 Interest paid		(3.633.041)
1.1.3 Dividend received		1.333
1.1.4 Fees and commissions received		933.666
1.1.5 Other income		(248.738)
1.1.6 Collections from previously written-off loans and other receivables		299.452
1.1.7 Payments to personnel and service suppliers		(585.499)
1.1.8 Taxes paid		(380.041)
1.1.9 Other		(2.096.467)
1.2 Changes in operating assets and liabilities		(3.204.900)
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(111.773)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		702.352
1.2.3 Net (increase) / decrease in loans		(9.758.308)
1.2.4 Net (increase) / decrease in other assets		(4.377.390)
1.2.5 Net increase / (decrease) in bank deposits		(730.538)
1.2.6 Net increase / (decrease) in other deposits		9.337.539
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		1.640.859
1.2.9 Net increase / (decrease) in payables		-
1.2.10 Net increase / (decrease) in other liabilities		92.359
I. Net cash provided from banking operations		(2.910.352)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities		2.416.671
2.1 Cash paid for acquisition of investments, associates and subsidiaries		(5.000)
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-
2.3 Purchases of property and equipment		(137.163)
2.4 Disposals of property and equipment		13.783
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.623.984)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		3.400.261
2.7 Purchase of Financial Assets Measured at Amortised Cost		-
2.8 Sale of Financial Assets Measured at Amortised Cost		2.191.978
2.9 Other		(1.423.204)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities		(2.184.991)
3.1 Cash obtained from funds borrowed and securities issued		6.567.563
3.2 Cash used for repayment of funds borrowed and securities issued		(7.146.719)
3.3 Issued equity instruments		-
3.4 Dividends paid		(1.600.000)
3.5 Payments for finance leases		(5.835)
3.6 Other		-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		463.629
V. Net increase in cash and cash equivalents (I+II+III+IV)		(2.215.043)
VI. Cash and cash equivalents at beginning of the period	(VI)	10.935.232
VII. Cash and cash equivalents at end of the period	(VI)	8.720.189

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. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017**

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

	Note (Section Five)	RESTATED (*) PRIOR PERIOD (31/03/2017)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before changes in operating assets and liabilities	897.405
1.1.1	Interest received	4.672.283
1.1.2	Interest paid	(2.699.163)
1.1.3	Dividend received	907
1.1.4	Fees and commissions received	806.040
1.1.5	Other income	(524.491)
1.1.6	Collections from previously written-off loans and other receivables	212.246
1.1.7	Payments to personnel and service suppliers	(984.897)
1.1.8	Taxes paid	(88.943)
1.1.9	Other	(496.577)
1.2	Changes in operating assets and liabilities	(6.450.657)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(2.128)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	-
1.2.3	Net (increase) / decrease in loans	2.274.039
1.2.4	Net (increase) / decrease in other assets	(9.479.835)
1.2.5	Net increase / (decrease) in bank deposits	(4.605.452)
1.2.6	Net increase / (decrease) in other deposits	1.281.184
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	5.437.761
1.2.8	Net increase / (decrease) in funds borrowed	1.047.632
1.2.9	Net increase / (decrease) in payables	-
1.2.10	Net increase / (decrease) in other liabilities	(2.403.858)
I.	Net cash provided from banking operations	(5.553.252)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(2.771.542)
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	(24.493)
2.4	Disposals of property and equipment	4.357
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(5.565.718)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	3.134.275
2.7	Purchase of Financial Assets Measured at Amortised Cost	(24.564)
2.8	Sale of Financial Assets Measured at Amortised Cost	25.063
2.9	Other	(320.462)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities	1.670.050
3.1	Cash obtained from funds borrowed and securities issued	2.766.331
3.2	Cash used for repayment of funds borrowed and securities issued	(697.913)
3.3	Issued equity instruments	-
3.4	Dividends paid	(388.974)
3.5	Payments for finance leases	(9.394)
3.6	Other	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	359.631
V.	Net increase in cash and cash equivalents (I+II+III+IV)	(6.295.113)
VI.	Cash and cash equivalents at beginning of the period	(M) 12.413.924
VII.	Cash and cash equivalents at end of the period	(M) 6.118.811

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.

(*) Section Three part I-b.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 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 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 unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated 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 unconsolidated 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 unconsolidated 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.

b. Explanation for convenience translation to English:

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

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

Accounting policies and valuation principles used in the preparation of the financial statements are determined by the TMS / TFRS (all "BRSA Accounting and Financial Reporting Legislation"), which are issued by the BRSA in the regulations, communiqués, explanations and general notices published by the BRSA regarding the accounting and financial reporting principles and by the KGK for those that are not stipulated by them, the annual financial statements prepared for the year ended 31 March 2017 and the financial statements of the financial associates and subsidiaries as explained in the footnote to Part III of the "TMS 27 Turkish Accounting Standards Related to Separate Financial Statement", under the exception of the consolidated financial statements which have started to be accounted by the equity method, are consistent. These accounting policies and valuation principles are explained in footnotes II through XXX below.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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

Restatement of prior period financial statements:

In accordance with the presentation of the financial statements dated 31 March 2018 due to the change in the accounting policy related to the presentation of the associates and subsidiaries in the unconsolidated financial statements, financial statements have been restated as disclosed in footnote numbered to Part III, "TMS 8 Accounting Standard Regarding Accounting Policies, Changes in Accounting Estimates and Mistakes". The effect of the aforementioned adjustments on the prior period financial statements is as followed.

31 March 2017	Announced	Adjustment	Restated
SUBSIDIARIES (NET)	1.576.085	1.908.104	3.484.189
TOTAL ASSETS	282.980.247	1.908.104	284.888.351
TAX LIABILITY	833.111	97.176	930.287
SHAREHOLDERS' EQUITY	34.030.281	1.810.928	35.841.209
Capital Reserves	4.835.451	1.767.059	6.602.510
Marketable Securities Valuation Differences	(596.990)	1.767.059	1.170.069
Profit or Loss	1.404.767	43.869	1.448.636
Current Period Income or (Loss)	1.404.767	43.869	1.448.636
TOTAL LIABILITIES	271.016.470	1.808.223	272.824.693
DIVIDEND INCOME	45.686	(44.779)	907
INCOME/(LOSS) FROM INVESTMENTS ACCOUNTED BASED ON EQUITY	-	98.677	98.677
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	395.623	10.029	405.652
NET INCOME/LOSS	1.404.767	43.869	1.448.636

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

The Bank's core business activities include consumer banking, commercial banking, SME banking, and corporate and investment banking, private banking and investment services, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. By nature, the Bank's activities are principally related to the use of financial instruments. As the main funding source, the Bank accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Bank's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Bank 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 Bank's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Bank'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". Foreign currency denominated subsidiaries, which are accounted with acquisition cost method, are translated with the foreign exchange rates prevailing at the acquisition date.

As of 31 March 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,9200 and TL 4,8317 for USD and EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard" ("TAS 27").

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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Financial associates and subsidiaries are accounted by using the equity method as described in the "Turkish Accounting Standard for Investments in Associates and Joint Ventures" ("TAS 28"). The carrying value of financial subsidiaries with the equity method is reflected to the financial statements considering the Bank's share of the net assets of the subsidiary. While the Bank's share on profits or losses of financial subsidiaries are accounted in the Bank's income statement, the Bank's share in other equity of financial subsidiaries are reflected in the Bank's shareholders' equity. Dividend income from those subsidiaries are accounted by reducing the book value of the subsidiary.

Non-financial associates and subsidiaries are stated with their cost values at the financial statements in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard" ("TAS 27"). The right to receive dividends from non-financial subsidiaries is reflected to the income statement.

IV. 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, Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted through effective interest rate and recognized through the gross book value of the non-performing loan.

V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

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

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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 amortized 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 an entity can choose in a irrevocable way 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 Amortized 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 amortized cost.

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

"Fair value through other comprehensive income" and "measured at amortized 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.

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 "TFRS 9 Financial Instruments" ("TFRS 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

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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 amortized cost using the "Effective Interest Rate (internal rate of return) Method".

Group's loans are recorded under the "Measured at Amortized Cost" account.

VII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Bank allocates impairment for expected loss on financial assets measured at amortized 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.

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 and interest revenue is calculated on the net carrying amount.

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank 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.

IX. 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 amortized 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 Bank has no securities lending transactions.

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X. 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 Bank has no discontinued operations.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Bank has no goodwill.

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

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

XII. 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.

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

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

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

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.

XIII. 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". Fixed assets obtained through financial leasing are classified in tangible assets and depreciation is charged on a straight-line basis over the useful life of the asset. If there is impairment in value of the leased asset, an impairment 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 Bank does not provide financial leasing services as a "Lessor".

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

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XIV. 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 Bank 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.

XV. 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, the asset and the related income are recognized in the financial statements in which the change occurs.

XVI. 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 Bank 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 authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335.

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

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

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

XVII. 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, 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 at a rate of 20% 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

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years from the beginning of the year following the date of filing during this time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

b. Deferred tax:

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

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

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

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 Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated by using the "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 March 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.

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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 at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Bank was held on 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.

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 March 2018
Net Profit for the Year	1.709.214
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00427

	Prior Period 31 March 2017
Net Profit for the Year	1.404.767
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00351

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 VII 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:

Due to the change in the accounting policy regarding the presentation of the associates and subsidiaries in unconsolidated financial statements explained in Note III of Section Three, the prior period financial statements have been restated in order to be consistent with the presentation of financial statements dated 31 March 2018.

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XXVIII. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS:

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

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

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)".

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.

The Bank 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"), amortized cost or fair value through other comprehensive income ("FVOCI"). As the requirements under TFRS 9 are different than the assessments under the existing TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

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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

	Before TFRS 9		In scope of TFRS 9	
	Measurement Bases	Book value	Measurement Bases	Book value
Financial assets		31 December 2017		1 January 2018
Cash Balances and Central Bank	Measured at amortized cost	35.363.166	Measured at amortized cost	35.363.166
Banks and Money Markets	Measured at amortized cost	9.668.940	Measured at amortized cost	9.668.940
Marketable Securities	Fair value through profit and loss	-	Fair value through profit and loss	84.865
	Fair value through other comprehensive income	40.806.570	Fair value through other comprehensive income	45.791.159
	Measured at amortized cost	18.883.032	Measured at amortized cost	13.956.847
Derivative Financial Assets	Fair value through profit and loss	9.280.913	Fair value through profit and loss	9.280.913
	Fair value through other comprehensive income	131.448	Fair value through other comprehensive income	131.448
Loans (Gross)	Measured at amortized cost	194.889.059	Measured at amortized cost	194.889.059

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

	Book Value before TFRS 9	Reclassifications	Remeasurements	Book value after TFRS 9
Financial Instruments				
Measured at amortized 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 (alım-satım amaçlı)	-	-	-	-
Classified to marketable securities	-	84.865	-	-
Book value after classification	-	-	-	84.865
Fair Value Through Other Comprehensive Income				
Book value before classification (available-for-sale)	40.806.570	-	-	-
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	-	-	-	45.791.159

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

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

The Bank 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 4.927.185 TL, which were classified as measured at amortized 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.

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

The Bank 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 Bank 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 amortized 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 Bank 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	6.880.506	(1.062)	6.879.444
Stage 1	984.881	(324.278)	660.603
Stage 2	121.358	2.368.839	2.490.197
Stage 3	4.380.092	(651.448)	3.728.644
Other (*)	1.394.175	(1.394.175)	-
Financial Assets (**)	89.368	(5.558)	83.810
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	7.101.857	4.458	7.106.315

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

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

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(***) 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.

The amounting to TL 4.458 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 729.771 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 amortized 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 Bank 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 Bank 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

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

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

c. Loans and Receivables:

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

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

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

d. Held-to-maturity financial assets:

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

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

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

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

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 March 2018, total current year equity of the Bank has been calculated as TL 46.370.336 (31 December 2017 TL 44.403.105), the Capital adequacy ratio is 16,82 % (31 December 2017: TL 17,03). This ratio is well above the minimum ratio required by the legislation.

a. Information about total capital items:

	Current Period 31 March 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	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.229.132	
Gains recognized in equity as per TAS	3.381.058	
Profit	1.709.214	
Current Period Profit	1.709.214	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
Common Equity Tier 1 Capital Before Deductions	41.012.142	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.706	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	114.042	
Improvement costs for operating leasing	16.796	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	422.337	422.337
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	581.881	
Total Common Equity Tier 1 Capital	40.430.261	

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

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

	Current Period 31 March 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)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not 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)	40.430.261	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	3.528.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.417.902	
Tier II Capital Before Deductions	5.945.902	
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	5.945.902	
Total Capital (The sum of Tier I Capital and Tier II Capital)	46.376.163	
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 (-)	5.801	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Current Period 31 March 2018	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital		
Total risk weighted amounts	46.370.362	275.713.305
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,66%	
Tier 1 Capital Adequacy Ratio	14,66%	
Capital Adequacy Ratio	16,82%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	1,91%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,04%	
c) Systemic significant bank buffer ratio (**)	0,00%	
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	6,66%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	1.177.886	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.617.567	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(***)	2.417.902	
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.

(**) Systemically Important Bank Buffer ratio represented as 0.00% since it is necessary to fill systemically Important Bank Buffer Ratio for systematic important banks that are not obligated to prepare consolidated financial statements in accordance with the "Systemically Important Banks Regulation, Article 4 paragraph 4".

(***)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	23.790.063	
Gains recognized in equity as per TAS	3.513.711	
Profit	6.039.069	
Current Period Profit	6.039.069	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
Common Equity Tier 1 Capital Before Deductions	40.455.175	
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	114.042	
Improvement costs for operating leasing	18.332	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	333.721	292.020
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	486.130	
Total Common Equity Tier 1 Capital	39.969.045	

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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)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not 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 (-)	83.430	-
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)	39.885.615	
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)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.654.011	
Tier II Capital Before Deductions	4.524.011	
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	4.524.011	
Total Capital (The sum of Tier I Capital and Tier II Capital)	44.409.626	
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	44.403.105	
Total risk weighted amounts	260.790.923	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	15,33%	
Tier 1 Capital Adequacy Ratio	15,29%	
Capital Adequacy Ratio	17,03%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	1,27%	
a) Capital conservation buffer requirement	1,25%	
b) Bank specific counter-cyclical buffer requirement	0,02%	
c) Systemic significant bank buffer ratio(**)	0,00%	
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	7,33%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	367.461	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.654.011	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.654.011	
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.

(**) Systemically Important Bank Buffer ratio represented as 0.00% since it is necessary to fill systemically Important Bank Buffer Ratio for systematic important banks that are not obligated to prepare consolidated financial statements in accordance with the "Systemically Important Banks Regulation, Article 4 paragraph 4".

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

Current Period
31 March 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)	1.870 million TL (in full TL amount)
Nominal value of instrument	1.870 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 1.870 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of 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 March 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)	1.568 million TL (in full TL amount)
Nominal value of instrument	1.568 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 1.568 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 general provision 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, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON CURRENCY RISK

The difference between the Bank'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 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	3,9200 TL	4,8317 TL
1.Day bid rate	3,9949 TL	4,9191 TL
2.Day bid rate	3,9931 TL	4,9500 TL
3.Day bid rate	3,9757 TL	4,9414 TL
4.Day bid rate	3,9742 TL	4,9251 TL
5.Day bid rate	3,9608 TL	4,8853 TL

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

USD : TL 3,8572
EURO : TL 4,7566

As of 31 December 2017;

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

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Information related to Bank'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 provision for loans classified under Stage I and Stage II, provision and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

Current Period – 31 March 2018	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	5.510.080	20.398.472	5.720.988	31.629.540
Banks	939.446	6.161.672	95.006	7.196.124
Financial Assets at Fair Value through Profit or Loss (Net)	-	92.924	-	92.924
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	4.600.432	15.783.093	644.789	21.028.314
Loans	31.147.067	36.566.153	107.029	67.820.249
Investments in Associates, Subsidiaries and Joint Ventures	3.272.395	-	-	3.272.395
Held-to-maturity Investments (Net)	697.968	6.653.517	-	7.351.485
Hedging Derivative Financial Assets	-	313.462	-	313.462
Tangible Assets (Net)	-	7.025	-	7.025
Intangible Assets (Net)	-	12	-	12
Other Assets(****)	1.259.145	4.429.661	35.720	5.724.526
Total Assets	47.426.533	90.405.991	6.603.532	144.436.056
Liabilities				
Bank Deposits	3.355.475	5.081.477	1.186.487	9.623.439
Foreign Currency Deposits (**)	25.347.528	61.992.251	3.385.071	90.724.850
Funds from Interbank Money Market	717.897	19.230.902	-	19.948.799
Borrowings	6.717.416	23.972.259	4.295	30.693.970
Marketable Securities Issued (Net) (***)	48.386	9.448.050	177.552	9.673.988
Miscellaneous Payables	1.528.755	742.791	5.896	2.277.442
Hedging Derivative Financial Liabilities	-	25.909	-	25.909
Other Liabilities	1.367.856	594.992	48.218	2.011.066
Total Liabilities	39.083.313	121.088.631	4.807.519	164.979.463
Net on Balance Sheet Position	8.343.220	(30.682.640)	1.796.013	(20.543.407)
Net off-Balance Sheet Position (*)	(8.158.834)	33.643.628	(1.849.153)	23.635.641
Financial Derivative Assets	34.956.304	91.773.754	3.654.345	130.384.403
Financial Derivative Liabilities	43.115.138	58.130.126	5.503.498	106.748.762
Non-cash Loans	13.424.966	18.316.496	339.368	32.080.830
Prior Period - 31 December 2017				
Total Assets	44.938.495	85.007.185	6.149.914	136.095.594
Total Liabilities	41.929.742	111.253.802	4.466.972	157.650.516
Net on-Balance Sheet Position	3.008.753	(26.246.617)	1.682.942	(21.554.922)
Net off-Balance Sheet Position (*)	(2.733.764)	27.283.553	(1.697.625)	22.852.164
Financial Derivative Assets	31.885.922	71.667.162	3.143.152	106.696.236
Financial Derivative Liabilities	34.619.686	44.383.609	4.840.777	83.844.072
Non-cash Loans	12.348.460	18.170.729	402.773	30.921.962

(*) 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 5.638.335 (31 December 2017: TL5.220.523) of the foreign currency deposits TL 1.536.722 (31 December 2017: TL1.451.430) and Bank Deposits Other FC of the TL 1.392 (31 December 2017: 1.426 TL) are precious metal deposit account in demand.

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

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(***) Trading Derivative Financial Assets are classified under "Other Assets"

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

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

Current Period – 31 March 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	23.153.885	-	-	-	-	12.976.144	36.130.029
Banks	2.233.177	351.082	8.457	-	-	5.112.360	7.705.076
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-	-	111.773	111.773
Interbank Money Market Placements	2.078.867	-	-	-	-	-	2.078.867
Available-for-sale Financial Assets (Net)	5.251.646	4.789.675	9.482.887	17.851.153	6.615.663	291.154	44.282.178
Loans (***)	52.580.187	24.029.634	50.706.227	63.340.324	8.605.719	(2.503.823)	196.758.268
Held-to-maturity Investments (Net)	1.394.344	680.563	4.842.434	3.410.747	820.875	-	11.148.963
Other Assets (****)	1.207.301	1.687.421	1.542.626	6.347.791	3.405.720	9.948.335	24.139.194
Total Assets	87.899.407	31.538.375	66.582.631	90.950.015	19.447.977	25.935.943	322.354.348
Liabilities							
Bank Deposits	8.022.599	2.539.369	448.278	-	-	1.218.607	12.228.853
Other Deposits	114.306.585	19.566.789	11.478.833	51.686	13	35.930.421	181.334.327
Funds from Interbank Money Market	7.034.851	11.399.844	6.053.143	-	-	-	24.487.838
Miscellaneous Payables	451.667	827.149	497.740	165.472	-	4.627.968	6.569.996
Marketable Securities Issued (Net) (*)	1.330.824	1.985.139	788.381	4.354.276	6.634.786	-	15.093.406
Borrowings	2.325.911	21.760.819	6.999.366	203.558	13.835	-	31.303.489
Other Liabilities (**)	594.715	980.351	708.181	3.017.368	1.143.984	44.891.840	51.336.439
Total Liabilities	134.067.152	59.059.460	26.973.922	7.792.360	7.792.618	86.668.836	322.354.348
Balance Sheet Long Position	-	-	39.608.709	83.157.655	11.655.359	-	134.421.723
Balance Sheet Short Position	(46.167.745)	(27.521.085)	-	-	-	(60.732.893)	(134.421.723)
Off-balance Sheet Long Position	4.688.099	25.582.136	32.821.232	-	-	-	63.091.467
Off-balance Sheet Short Position	-	-	-	(23.586.244)	(36.062.897)	-	(59.649.141)
Total Position	(41.479.646)	(1.938.949)	72.429.941	59.571.411	(24.407.538)	(60.732.893)	3.442.326

(*) 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.

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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	-	-	-	-	12.617.052	35.363.166
Banks	1.538.119	505.976	8.190	-	-	6.064.494	8.116.779
Financial Assets at Fair Value Through Profit or Loss (Net)	2.202.675	619.342	1.056.898	3.127.245	1.271.347	-	8.277.507
Interbank Money Market Placements	1.552.161	-	-	-	-	-	1.552.161
Available-for-sale Financial Assets (Net)	2.683.884	4.059.452	11.324.668	14.877.476	7.485.228	375.862	40.806.570
Loans	44.312.136	27.112.638	48.405.456	61.021.007	9.505.111	152.619	190.508.967
Held-to-maturity Investments (Net)	2.548.880	3.854.641	2.623.044	8.897.479	958.988	-	18.883.032
Other Assets	589.993	420.351	233.306	1.535.836	696.590	9.046.610	12.522.686
Total Assets	78.173.962	36.572.400	63.651.562	89.459.043	19.917.264	28.256.637	316.030.868
Liabilities							
Bank Deposits	8.775.288	2.539.344	482.203	-	-	1.163.106	12.959.941
Other Deposits	107.548.204	20.902.574	9.696.769	51.787	8	33.745.166	171.944.508
Funds from Interbank Money Market	9.629.612	13.354.188	4.299.240	-	-	-	27.283.040
Miscellaneous Payables	342.333	523.202	439.295	106.715	-	4.505.652	5.917.197
Marketable Securities Issued (Net)	1.499.934	4.450.149	644.810	4.279.281	4.879.974	-	15.754.148
Borrowings	2.383.576	20.828.919	5.481.800	964.285	13.200	-	29.671.780
Other Liabilities (*)	541.144	1.074.747	1.160.265	2.233.121	875.855	46.615.122	52.500.254
Total Liabilities	130.720.091	63.673.123	22.204.382	7.635.189	5.769.037	86.029.046	316.030.868
Balance Sheet Long Position	-	-	41.447.180	81.823.854	14.148.227	-	137.419.261
Balance Sheet Short Position	(52.546.129)	(27.100.723)	-	-	-	(57.772.409)	(137.419.261)
Off-balance Sheet Long Position	6.886.207	21.065.911	165.074	-	-	-	28.117.192
Off-balance Sheet Short Position	-	-	-	(19.497.554)	(5.994.678)	-	(25.492.232)
Total Position	(45.659.922)	(6.034.812)	41.612.254	62.326.300	8.153.549	(57.772.409)	2.624.960

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

(**) 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 March 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	1,50	-	6,52
Banks	-	1,71	-	13,31
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	13,87
Available-for-sale Financial Assets (Net)	2,71	4,22	3,09	11,32
Loans	4,28	6,52	4,23	15,80
Held-to-maturity Investments (Net)	3,57	4,10	-	12,11
Liabilities				
Bank Deposits	0,83	2,25	-	12,77
Other Deposits	1,37	3,45	0,05	12,93
Funds from Interbank Money Market	1,92	2,97	-	12,51
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	13,35
Borrowings	0,99	3,83	-	11,82

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

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Prior Period – 31 December 2017	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	1,50	-	7,83
Banks	0,03	1,47	-	13,58
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	14,21
Available-for-sale Financial Assets (Net)	3,11	4,16	3,09	12,48
Loans	4,23	6,14	4,24	14,54
Held-to-maturity Investments (Net)	3,62	4,11	-	13,22
Liabilities				
Bank Deposits	0,54	1,93	-	10,81
Other Deposits	1,19	2,76	0,04	10,51
Funds from Interbank Money Market	1,92	2,46	-	12,44
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4,00	5,58	1,29	12,54
Borrowings	1,04	3,27	-	6,71

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

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposit, 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 (*)	
Current Period – 31.03.2018		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			56.524.159	35.237.549
CASH OUTFLOWS					
2	Retail and Customers Deposits	116.524.391	51.086.914	10.578.071	5.108.691
3	Stable deposits	21.487.362	-	1.074.368	-
4	Less stable deposits	95.037.029	51.086.914	9.503.703	5.108.691
5	Unsecured Funding other than Retail and Small Business				
	Customers Deposits	72.370.305	45.145.348	38.282.315	24.473.656
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	67.660.270	43.940.447	34.821.664	23.269.260
8	Other Unsecured Funding	4.710.035	1.204.901	3.460.651	1.204.396
9	Secured funding	-	-	135.362	135.362
10	Other Cash Outflows	56.384.410	33.622.184	49.249.091	26.897.921
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	48.441.118	26.152.866	48.441.118	26.152.866
12	Debts related to the structured financial products	20.175	-	20.175	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	7.923.117	7.469.318	787.798	745.055
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	709.052	-	35.453	-
15	Other irrevocable or conditionally revocable commitments	60.915.701	16.965.478	3.045.785	848.274
16	TOTAL CASH OUTFLOWS			101.326.077	57.463.904
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	15.335.702	5.014.293	10.222.032	4.422.401
19	Other contractual cash inflows	45.483.163	36.017.698	45.482.870	36.017.428
20	TOTAL CASH INFLOWS	60.818.865	41.031.991	55.704.902	40.439.829
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			56.524.159	35.237.549
22	TOTAL NET CASH OUTFLOWS			45.621.175	17.470.092
23	Liquidity Coverage Ratio (%)			124,30	211,01

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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		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
Prior Period – 31.12.2017					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			56.413.734	34.310.197
CASH OUTFLOWS					
2	Retail and Customers Deposits	114.391.986	48.606.857	10.351.709	4.860.686
3	Stable deposits	21.749.795	-	1.087.490	-
4	Less stable deposits	92.642.191	48.606.857	9.264.219	4.860.686
5	Unsecured Funding other than Retail and Small Business				
	Customers Deposits	66.825.560	38.825.541	34.791.134	20.273.150
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	63.138.337	38.092.653	32.388.358	19.540.329
8	Other Unsecured Funding	3.687.223	732.888	2.402.776	732.821
9	Secured funding	-	-	52.055	52.055
10	Other Cash Outflows	54.923.129	33.138.483	46.752.222	25.308.026
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	45.848.351	24.439.579	45.848.351	24.439.579
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	9.074.778	8.698.904	903.871	868.447
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	726.168	-	36.308	-
15	Other irrevocable or conditionally revocable commitments	59.254.388	16.732.292	2.962.719	836.615
16	TOTAL CASH OUTFLOWS			94.946.147	51.330.532
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	14.486.537	6.093.400	9.919.639	5.419.997
19	Other contractual cash inflows	42.964.669	34.122.095	42.963.659	34.121.988
20	TOTAL CASH INFLOWS	57.451.206	40.215.495	52.883.298	39.541.985
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			56.413.734	34.310.197
22	TOTAL NET CASH OUTFLOWS			42.062.849	13.651.341
23	Liquidity Coverage Ratio (%)			134,41	255,67

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages

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

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

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by (56%) and securities issued by Undersecretariat of the Treasury by (40%). Funding sources are mainly distributed between individual and retail deposits by (60%), corporate deposits by (28%), and borrowings from banks by (5%) and collateralized borrowings such as repurchase agreements by (2%).

Cash outflow amounting to TL 2.767 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.

The Bank follows up and manages the liquidity coverage ratio including its foreign branch. There is no limitation which avoids liquidity transfer between the Bank and the foreign branch. In this context, the foreign branch does not create any additional liquidity risk for the Bank.

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

Current Period- 31.03.2018		
	TL+FC	FC
Lowest	116,28	150,70
Week	16.03.2018	23.03.2018
Highest	135,20	263,27
Week	5.01.2018	12.01.2018

Prior Period - 31.12.2017		
	TL+FC	FC
Lowest	127,48	206,53
Week	1.12.2017	15.12.2017
Highest	142,96	293,10
Week	6.10.2017	6.10.2017

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 March 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	10.188.301	25.849.552	92.176	-	-	-	-	36.130.029
Banks	5.112.360	2.233.177	351.082	8.457	-	-	-	7.705.076
Financial Assets at Fair Value								
Through								
Profit or Loss (Net)	111.773	-	-	-	-	-	-	111.773
Interbank Money Market								
Placements	-	2.078.867	-	-	-	-	-	2.078.867
Available-for-sale Financial Assets								
(Net)	291.154	1.039.287	67.164	3.044.002	27.843.916	11.996.655	-	44.282.178
Loans(****)	-	27.609.821	29.424.588	39.003.117	80.938.869	22.285.696	(2.503.823)	196.758.268
Held-to-maturity Investments (Net)	-	947.190	-	2.172.673	6.527.662	1.501.438	-	11.148.963
Other Assets(*)	160.512	1.407.672	547.994	1.182.380	7.625.506	4.074.095	9.141.035	24.139.194
Total Assets	15.864.100	61.165.566	30.483.004	45.410.629	122.935.953	39.857.884	6.637.212	322.354.348
Liabilities								
Bank Deposits	1.218.607	8.022.599	2.539.369	448.278	-	-	-	12.228.853
Other Deposits	35.930.421	114.306.585	19.566.789	11.478.833	51.686	13	-	181.334.327
Borrowings	-	247.807	1.372.368	11.972.420	13.971.689	3.739.205	-	31.303.489
Funds from Interbank Money								
Market	-	5.634.239	392.622	5.035.691	12.043.913	1.381.373	-	24.487.838
Marketable Securities Issued (Net)								
(**)	-	1.330.824	1.985.139	788.381	4.354.276	6.634.786	-	15.093.406
Miscellaneous Payables	-	4.737.297	121.771	302.494	890.769	517.665	-	6.569.996
Other Liabilities (***)	-	2.200.528	710.726	1.655.662	7.480.220	1.663.156	37.626.147	51.336.439
Total Liabilities	37.149.028	136.479.879	26.688.784	31.681.759	38.792.553	13.936.198	37.626.147	322.354.348
Net Liquidity Excess/ (Gap)	(21.284.928)	(75.314.313)	3.794.220	13.728.870	84.143.400	25.921.686	(30.988.935)	-
Net Off-balance sheet Position	-	(90.079)	(29.675)	(142.404)	2.786.626	917.858	-	3.442.326
Financial Derivative Assets	-	46.931.787	23.339.894	55.737.428	105.655.112	44.800.090	-	276.464.311
Financial Derivative Liabilities	-	47.021.866	23.369.569	55.879.832	102.868.486	43.882.232	-	273.021.985
Non-cash Loans (****)	-	2.849.965	5.278.165	20.608.065	5.233.770	20.164.759	-	54.134.724
Prior Period – 31 December 2017								
Total Assets	18.169.933	53.024.496	28.629.327	45.804.160	120.547.886	40.955.157	8.899.909	316.030.868
Total Liabilities	34.908.272	131.585.341	36.628.258	26.130.067	34.421.080	11.933.344	40.424.506	316.030.868
Net Liquidity Gap	(16.738.339)	(78.560.845)	(7.998.931)	19.674.093	86.126.806	29.021.813	(31.524.597)	-
Net Off-balance sheet Position	-	(395.318)	(377.879)	(50.929)	2.580.772	868.314	-	2.624.960
Financial Derivative Assets	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	244.498.265
Financial Derivative Liabilities	-	43.275.365	22.611.714	39.648.966	98.349.265	37.987.995	-	241.873.305
Non-cash Loans (****)	-	3.445.776	5.372.593	17.889.047	5.779.653	20.114.109	-	52.601.178

(*) 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.

(*****) 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 "unallocated" column.

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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 March 2018, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8,95% (31 December 2017: 8,83%). 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. Disclosure of Leverage ratio template:

		Current Period 31 March 2018 (*)
Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	305.552.699
2	(Assets deducted from Core capital)	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	305.552.699
Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	10.200.013
5	Potential credit risk amount of derivative financial assets and credit derivatives	1.134.887
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	11.334.900
Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	4.225.381
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)	4.225.381
Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	131.434.792
11	(Correction amount due to multiplication with credit conversion rates)	(606.698)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	130.828.094
Capital and total risk		
13	Core Capital	40.437.501
14	Total risk amount(sum of lines 3, 6, 9 and 12)	451.941.074
Leverage ratio		
15	Leverage ratio	8,95

(*) Three months average value

		Prior Period 31 December 2017 (*)
Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	302.498.411
2	(Assets deducted from Core capital)	(69.348)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	302.429.063
Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	10.030.327
5	Potential credit risk amount of derivative financial assets and credit derivatives	3.966.227
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	13.996.554
Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	4.676.303
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)	4.676.303
Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	124.637.498
11	(Correction amount due to multiplication with credit conversion rates)	(618.663)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	124.018.835
Capital and total risk		
13	Core Capital	39.301.783
14	Total risk amount(sum of lines 3, 6, 9 and 12)	445.120.755
Leverage ratio		
15	Leverage ratio	8,83

(*) Three months average values

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VII. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

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

Overview of RWA:

		Risk Weighted Amount	Minimum capital requirement
		Current Period	Current Period
		31 March 2018	31 March 2018
1	Credit risk [excluding counterparty credit risk] (CCR)	231.342.368	18.507.389
2	Standardized approach (SA)	231.342.368	18.507.389
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	16.065.700	1.285.256
5	Standardized approach for counterparty credit risk (SA-CCR)	16.065.700	1.285.256
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	277.953	22.236
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	6.376.988	510.159
17	Standardized approach (SA)	6.376.988	510.159
18	Internal model approaches (IMM)	-	-
19	Operational Risk	21.346.323	1.707.706
20	Basic Indicator Approach	21.346.323	1.707.706
21	Standard Approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	303.973	24.318
24	Floor adjustment	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	275.713.305	22.057.064

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		Risk Weighted Amount	Minimum capital requirement
		Prior Period	Prior Period
		31 December 2017	31 December 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	222.052.846	17.764.228
2	Standardized approach (SA)	222.052.846	17.764.228
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	15.404.555	1.232.364
5	Standardized approach for counterparty credit risk (SA-CCR)	15.404.555	1.232.364
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	624	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	4.646.252	371.700
17	Standardized approach (SA)	4.646.252	371.700
18	Internal model approaches (IMM)	-	-
19	Operational Risk	18.408.659	1.472.693
20	Basic Indicator Approach	18.408.659	1.472.693
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)	260.790.923	20.863.274

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VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

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

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

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

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

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

The Bank also applies fair value hedge against currency risk resulting from investments abroad. As long as the subject fair value hedge transaction is effective, fair value changes of the hedged item are reflected to income statement.

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

	Current Period 31.03.2018		
	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	2.497.225	1.230.722	-
-FC	12.577.001	63.818	25.909
Total	15.074.226	1.294.540	25.909

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		Prior Period 31.12.2017	
	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	2.497.225	973.630	-
-FC	26.913.498	161.224	74.911
Total	29.410.723	1.134.854	74.911

1. Explanations on Fair Value Hedge:

Current Period: 31.03.2018

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	641	(7.137)	(6.496)
Cross-currency swap	Fixed interest rate TL Mortgage Loans	Interest rate and currency risk	1.327.328	(1.313.533)	13.795

(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.

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

Prior Period: 31.12.2017

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)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	1.115.949	(1.104.587)	11.362

(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.

(**) 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.

The Bank also applies fair value hedge strategy against the foreign currency risk arising from share premiums and paid-in-capital of Akbank AG, one of Bank's subsidiaries, amounting to EUR 320 Million. EUR 320 Million of syndication loans used by the Bank have been determined as "hedging instruments".

As of 31 March 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 March 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 19.901 (31 December 2017: TL 15.256).

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2. 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	249,644	-	121,095	(360)	728
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	149,955	9,435	48,468	(30,664)	(8,353)

As of 31 March 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 March 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 (15,095) [31 December 2017: TL (18,772)].

IX. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

Corporate banking, 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.

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Information on business segments as of 31 March 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.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 31 March 2018					
Operating Income	1.236.708	1.823.280	301.701	631.060	3.992.749
Profit from Operating Activities	500.753	1.198.896	234.025	61.351	1.995.025
Income from Subsidiaries				1.333	1.333
Income/(loss) from investments in subsidiaries consolidated based on equity method				119.170	119.170
Profit before Tax	500.753	1.198.896	234.025	181.854	2.115.528
Corporate Tax				(406.314)	(406.314)
Minority Shares	-	-	-	-	-
Net Profit for the Period	500.753	1.198.896	234.025	(224.460)	1.709.214
Segment Assets	54.820.158	165.618.651	85.802.848	-	306.241.657
Investments in Associates	-	-	-	-	4.419.797
Undistributed Assets	-	-	-	-	11.692.894
Total Assets	-	-	-	-	322.354.348
Segment Liabilities	99.379.125	87.756.561	83.494.448	-	270.630.134
Undistributed Liabilities	-	-	-	-	10.582.473
Shareholders' Equity	-	-	-	-	41.141.741
Total Liabilities	-	-	-	-	322.354.348
Other Segment Items					
Capital Investment	-	-	-	137.163	137.163
Amortization	(6.473)	(5.219)	-	(69.220)	(80.912)
Non-cash Other Income-Expense	(75.338)	(285.401)	(138.673)	(226.098)	(725.510)

	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	1.099.265	1.635.295	156.117	362.921	3.253.598
Profit from Operating Activities	458.034	1.104.959	90.133	43.164	1.696.290
Income from Subsidiaries	-	-	-	45.686	45.686
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	-	-
Profit before Tax	458.034	1.104.959	90.133	88.850	1.741.976
Corporate Tax	-	-	-	(337.209)	(337.209)
Minority Shares	-	-	-	-	-
Net Profit for the Period	458.034	1.104.959	90.133	(248.359)	1.404.767
Segment Assets	53.929.605	157.464.085	87.767.727	-	299.161.417
Investments in Associates	-	-	-	-	4.137.021
Undistributed Assets	-	-	-	-	12.732.430
Total Assets	-	-	-	-	316.030.868
Segment Liabilities	94.762.137	85.190.850	85.734.750	-	265.687.737
Undistributed Liabilities	-	-	-	-	9.918.625
Shareholders' Equity	-	-	-	-	40.424.506
Total Liabilities	-	-	-	-	316.030.868
Other Segment Items					
Capital Investment	-	-	-	439.784	439.784
Amortization	(5.245)	(3.998)	-	(57.035)	(66.278)
Non-cash Other Income-Expense	(77.129)	(122.580)	(14.867)	(246.160)	(460.736)

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

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SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

The prior year financial statements are not restated as permitted by TFRS 9. Prior year disclosures prepared under different principal are presented separately.

I. EXPLANATIONS AND NOTES RELATED TO 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 March 2018	
	TL	FC
Cash/Foreign Currency	1.315.884	800.355
The CBRT (*)	3.184.604	30.705.038
Other (**)	1	124.147
Total	4.500.489	31.629.540

(*) Precious metal account amounting to TL 5.516.056 are included in FC.

(**) Precious metal account amounting to TL 122.279 are included in FC.

	Prior Period	
	31 December 2017	
	TL	FC
Cash/Foreign Currency	1.427.722	735.952
The CBRT (*)	7.033.859	26.021.620
Other (**)	1	144.012
Total	8.461.582	26.901.584

(*) 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 March 2018	
	TL	FC
Unrestricted Demand Deposits	1.873	-
Unrestricted Time Deposits	916.487	-
Restricted Time Deposits	-	-
Reserve Requirement	2.266.244	30.705.038
Total	3.184.604	30.705.038

	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

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.

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

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

As of 31 March 2018, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2017: None) or given as collateral/blocked (31 December 2017: None).

c. Information on derivative financial assets held-for-trading:

(i) Table of positive differences for derivative financial assets:

Current Period		
31 March 2018		
	TL	FC
Forward Transactions	472.703	-
Swap Transactions	6.074.682	2.831.509
Futures Transactions	-	-
Options	36.534	230.686
Other	-	-
Total	6.583.919	3.062.195

*Excluding hedging derivatives financial assets.

Prior Period		
31 December 2017		
	TL	FC
Forward Transactions	421.168	-
Swap Transactions	5.098.770	2.555.045
Futures Transactions	-	-
Options	31.866	170.658
Other	-	-
Total	5.551.804	2.725.703

d. Information on banks and foreign banks:

1. Information on banks account:

Current Period		
31 March 2018		
	TL	FC
Banks		
Domestic	508.952	1.732.808
Foreign	-	5.463.316
Head Quarters and Branches Abroad	-	-
Total	508.952	7.196.124

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	Prior Period	
	31 December 2017	
	TL	FC
Banks		
Domestic	10.397	1.468.750
Foreign	-	6.637.632
Head Quarters and Branches Abroad	-	-
Total	10.397	8.106.382

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

1. As of 31 March 2018, financial assets at fair value through other comprehensive income subject to repurchase agreements amounting to TL 18.259.341 (31 December 2017: TL 18.926.124); and those given as collateral/blocked amounting to TL 4.452.428 (31 December 2017: TL 2.586.927).

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

	Current Period
	31 March 2018
Debt Securities	45.668.475
Quoted at Stock Exchange (*)	45.668.475
Unquoted at Stock Exchange	-
Share Certificates	13.201
Quoted at Stock Exchange	-
Unquoted at Stock Exchange	13.201
Impairment Provision (-)	1.399.498
Total	44.282.178

(*) Investment funds are included.

	Prior Period
	31 December 2017
Debt Securities	41.508.616
Quoted at Stock Exchange (*)	41.369.497
Unquoted at Stock Exchange	139.119
Share Certificates	97.875
Quoted at Stock Exchange	-
Unquoted at Stock Exchange	97.875
Impairment Provision (-)	799.921
Total	40.806.570

(*) Investment funds are included.

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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 March 2018	
	Cash	Non-cash
Direct Loans Granted to Shareholders	-	246
Corporate Shareholders	-	246
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	5.161.281	1.028.307
Loans Granted to Employees	110.808	-
Total	5.272.089	1.028.553

	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	5.560.592	923.453
Loans Granted to Employees	113.133	-
Total	5.673.725	923.699

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

Loans and other receivables under close monitoring				
Cash Loans	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Non-specialized Loans				
Loans given to enterprises	24.727.371	2.205.804	-	471.428
Export Loans	7.665.084	153.028	-	16.138
Import Loans	-	-	-	-
Loans Given to Financial Sector	9.577.636	417	-	-
Consumer Loans	30.036.846	1.512.802	174.167	1.118.186
Credit Cards	12.611.117	600.723	-	754.490
Other	92.865.697	13.634.783	387.214	749.160
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	177.483.751	18.107.557	561.381	3.109.402

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The Bank has a cash loan exposure with a principal balance of USD 1.708 million included accrued interest related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have been continuing among the telecommunication company's creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified "loans and other receivables" under close monitoring as of 31 March 2018.

Expected Credit Loss Stage I and Stage II	Standard Loans	Loans and other receivables under close monitoring
12 Month Expected Credit Losses (Stage I)	635.937	-
Significant Increase in Credit Risk (Stage II)	-	2.783.856
Total	635.937	2.783.856

	Prior Period 31 December 2017
General Provisions	2.654.011
Provisions for Group I. Loans and Receivables	984.882
Provisions for Group II. Loans and Receivables	121.358
Provisions for Non-cash Loans	64.229
Other	1.483.542

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

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	3.072.097	4.110.591
Extended by 3,4 or 5 times	76.746	549.591
Extended by more than 5 times	3.279	79.790
Total	3.152.122	4.739.972

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	914.037	597.063
6 - 12 Months	88.553	269.859
1 - 2 Years	439.583	833.713
2 - 5 Years	674.640	1.791.045
5 Years and over	1.035.309	1.248.292
Total	3.152.122	4.739.972

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

Current Period – 31.03.2018	Short-term	Medium and Long-term	Total
Consumer Loans-TL	719.765	30.889.802	31.609.567
Mortgage Loans	5.452	12.764.165	12.769.617
Automotive Loans	3.085	221.215	224.300
Consumer Loans	711.228	17.904.422	18.615.650
Other	-	-	-
Consumer Loans- Indexed to FC	-	2.044	2.044
Mortgage Loans	-	2.044	2.044
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	10.615.958	578.357	11.194.315
With Installment	4.145.357	9.041	4.154.398
Without Installment	6.470.601	569.316	7.039.917
Consumer Credit Cards-FC	12.284	-	12.284
With Installment	-	-	-
Without Installment	12.284	-	12.284
Personnel Loans-TL	4.398	62.272	66.670
Mortgage Loans	-	4.544	4.544
Automotive Loans	-	49	49
Consumer Loans	4.398	57.679	62.077
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	43.869	31	43.900
With Installment	18.251	31	18.282
Without Installment	25.618	-	25.618
Personnel Credit Cards-FC	238	-	238
With Installment	-	-	-
Without Installment	238	-	238
Credit Deposit Account-TL (Real Person)	1.163.720	-	1.163.720
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	12.560.232	31.532.506	44.092.738

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

Current Period – 31.03.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.197.717	16.912.243	18.109.960
Mortgage Loans	15.685	10.678	26.363
Automotive Loans	69.991	131	70.122
Consumer Loans	1.112.041	16.901.434	18.013.475
Other	-	-	-
FC Indexed Commercial Installment Loans	37.367	489.466	526.833
Mortgage Loans	-	1.375	1.375
Automotive Loans	1.247	-	1.247
Consumer Loans	36.120	488.091	524.211
Other	-	-	-
Commercial Installment Loans-FC	2.002	146.364	148.366
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	2.002	146.364	148.366
Other	-	-	-
Corporate Credit Cards-TL	2.711.780	144	2.711.924
With Installment	1.126.951	51	1.127.002
Without Installment	1.584.829	93	1.584.922
Corporate Credit Cards-FC	3.669	-	3.669
With Installment	-	-	-
Without Installment	3.669	-	3.669
Credit Deposit Account-TL (Legal Person)	874.904	-	874.904
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.827.439	17.548.217	22.375.656

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

	Current Period 31 March 2018
Domestic Loans	194.024.887
Foreign Loans	5.237.204
Total	199.262.091

	Prior Period 31 December 2017
Domestic Loans	184.926.408
Foreign Loans	5.429.940
Total	190.356.348

6. Loans granted to investments in associates and subsidiaries:

	Current Period 31 March 2018
Direct Loans Granted to Investments in Associates and Subsidiaries	725.208
Indirect Loans Granted to Investments in Associates and Subsidiaries	-
Total	725.208

	Prior Period 31 December 2017
Direct Loans Granted to Investments in Associates and Subsidiaries	346.273
Indirect Loans Granted to Investments in Associates and Subsidiaries	-
Total	346.273

7. Specific provisions accounted for loans:

	Current Period 31 March 2018
Loans and Other Receivables with Limited Collectibility	267.158
Loans and Other Receivables with Doubtful Collectibility	582.750
Uncollectible Loans and Receivables	2.280.464
Total	3.130.372

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period: 31 March 2018			
(Gross Amounts Before Specific Provisions)	26.381	52.140	83.043
Rescheduled Loans and Other Receivables	26.381	52.140	83.043
Prior Period: 31 December 2017			
(Gross Amounts Before Specific Provisions)	31.843	39.558	71.021
Rescheduled Loans and Other Receivables	31.843	39.558	71.021

8. (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	3.303.556
Additions (+)	506.621	5.565	9.810
Transfers from Other Categories of Non-Performing Loans (+)	-	536.956	294.089
Transfers to Other Categories of Non-Performing Loans (-)	536.956	294.089	0
Collections (-)	100.192	61.269	101.891
Write-offs (-) (*)	555	852	1.387
Sold Portfolio	-	-	772.668
Corporate and Commercial Loans	-	-	223.221
Consumer Loans	-	-	264.723
Credit Cards	-	-	284.724
Other	-	-	0
Non Performing Loan Accruals	4.698	12.037	13.714
Balance at the End of the Period	452.650	848.469	2.745.223
Specific Provisions (-)	267.156	582.750	2.280.466
Net Balance at Balance Sheet (**)	185.494	265.719	464.757

(*) 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.

8. (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 March 2018			
Balance at the End of the Period	125.967	45.004	364.466
Specific Provision (-)	82.021	34.318	210.585
Net Balance on Balance Sheet	43.946	10.686	153.881
Prior Period: 31 December 2017			
Balance at the End of the Period	17.562	28.123	405.791
Specific Provision (-)	17.562	28.123	277.527
Net Balance at Balance Sheet	-	-	128.264

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Non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

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

	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 March 2018			
Loans granted to corporate entities and real persons (Gross)	452.650	848.469	2.745.223
Specific Provision Amount (-)	267.156	582.750	2.280.466
Loans granted to corporate entities and real persons (Net)	185.494	265.719	464.757
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	3.303.556
Specific Provision Amount (-)	579.034	650.121	3.150.937
Loans granted to corporate entities and real persons (Net)	-	-	152.619
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

	III. Grup	IV. Grup	V. Grup
Current Period: 31 March 2018			
Interest accruals and valuation differences	4.698	12.037	13.714
Provision (-)	2.869	6.873	10.541
Prior Dönem: 31 December 2017			
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

g. Financial assets measured at amortised cost:

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

(i) Financial assets measured at amortised cost

	Current Period 31 March 2018	
	TL	FC
Given as collateral/blocked	-	62.670
Subject to repurchase agreements	3.285.913	5.832.421
Total	3.285.913	5.895.091

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	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 on held-to-maturity government debt securities:

(i) Financial assets measured at amortised cost

	Current Period
	31 March 2018
Government Bonds	9.347.242
Treasury Bills	-
Other Government Debt Securities	722.508
Total	10.069.750

(ii) Financial assets held-to-maturity

	Prior Period
	31 December 2017
Government Bonds	13.596.948
Treasury Bills	-
Other Government Debt Securities	2.546.431
Total	16.143.379

3. (i) Information on financial assets measured at amortised cost:

	Current Period
	31 March 2018
Debt Securities	11.390.320
Quoted at Stock Exchange	11.390.320
Unquoted at Stock Exchange	-
Impairment Provision (-)	241.357
Total	11.148.963

(ii) Information on held-to-maturity investments:

	Prior Period
	31 December 2017
Debt Securities	19.132.124
Quoted at Stock Exchange	19.132.124
Unquoted at Stock Exchange	-
Impairment Provision (-)	249.092
Total	18.883.032

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

	Current Period 31 March 2018
Balance at the Beginning of the Period	18.883.032
Foreign Currency Differences on Monetary Assets	364.595
Purchases During Year (*)	-
Disposals Through Sales and Redemptions (-)	7.732.600
Impairment Provision (-)	(7.736)
Change in Amortized Cost	(373.800)
Balance at the End of the Period	11.148.963

The Bank has reassessed its management model for securities in accordance with TFRS 9 standard and has reviewed the securities previously classified as held-to-maturity and measured at amortized cost at a cost of TL 4.927.185 for the purpose of selling the cash flow of the appropriate management model or for selling the financial asset classified the value of the fair value to the value reflected in other comprehensive income.

- (ii) The movement of financial investments held-to-maturity:

	Prior Period 31 December 2017
Balance at the Beginning of the Period	17.976.682
Foreign Currency Differences on Monetary Assets	1.223.819
Purchases During Year (*)	226
Disposals Through Sales and Redemptions (-)	765.997
Impairment Provision (-)	75.298
Change in Amortized Cost	523.600
Balance at the End of the Period	18.883.032

h. Information on investments in associates (Net):

1. Information about investments in 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

2. Main financial figures of associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements date 31 December 2017.

	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	90.246	49.094	47.325	1.656	-	9.004	10.403	-
2	282.149	183.485	179.270	6.467	166	44.798	34.759	-

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3. Movement schedule of investments in associates:

	Current Period 31 March 2018
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 (%)	-

	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 (%)	-

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i. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

	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	46.802	10.534	740.648	5.000
Share Premium	-	-	-	-	-
Reserves	575.244	61.081	18.310	2.479.487	-
Gains recognized in equity as per TAS	-	(1.885)	(235)	-	-
Profit/Loss	32.795	151.542	9.833	52.260	(180)
- Net Current Period Profit	32.795	25.021	9.279	52.260	(180)
- Prior Year Profit/Loss	-	126.521	554	-	-
Development Cost of Operating Lease (-)	41	1.217	-	266	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.800	2.572	134	1.904	-
Total Common Equity	841.205	253.751	38.308	3.270.225	4.820
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	841.205	253.751	38.308	3.270.225	4.820
Tier II Capital	47.396	404	3	-	-
CAPITAL	888.601	253.751	38.311	3.270.225	4.820
Deductions from Capital	-	254.155	-	-	-
TOTAL CAPITAL	888.601	254.155	38.311	3.270.225	4.820

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

2. Accounting method used for the valuation of subsidiaries: Disclosed in Note III of Section Three.

3. Information on 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. The financial figures have been obtained from the financial statements as at 31 March 2018 prepared in accordance with local regulations.

	Total	Shareholders'	Total Fixed	Interest	Income from	Current	Prior Period	Fair
	Assets	Equity	Assets	Income	Marketable	Period	Profit/Loss	Value
					Securities	Profit/ Loss		
					Portfolio			
1	7.255.642	842.803	178.222	118.183	-	32.795	29.347	-
2	1.225.276	257.540	11.559	39.543	9.220	25.021	11.600	-
3	46.155	38.442	776	2.359	-	9.279	6.900	-
4	24.341.226	3.272.395	2.883	250.154	14.831	52.260	50.850	-
5	5.065	4.820	187	-	-	(180)	-	-

5. Movement schedule of subsidiaries:

	Current Period
	31 March 2018
Balance at the Beginning of the Period	4.133.098
Movements During the Period	
Additions (*)	5.000
Bonus Shares and Contributions to Capital (*)	-
Dividends from Current Year Income	119.170
Sales/Liquidation	-
Revaluation Increase (**)	158.606
Revaluation/Impairment	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-
Balance at the End of the Period	4.415.874
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(*) The said amount refers to the amount that the Bank pays for the establishment capital of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., which is a wholly owned subsidiary.

(**)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.

	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 1.545 TL from internal sources.

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

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

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

Subsidiaries	Current Period 31 March 2018
Banks	3.272.395
Insurance Companies	-
Factoring Companies	-
Leasing Companies	842.803
Finance Companies	-
Other Financial Subsidiaries	300.676

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 finance lease receivables (Net): None.

k. Information on the Hedging Derivative Financial Assets:

	Current Period 31 March 2018	
	TL	FC
Fair Value Hedge	1.230.722	63.818
Cash Flow Hedge	149.955	249.644
Net Investment Hedge in a foreign operation	-	-
Total	1.380.677	313.462

	Prior Period 31 December 2017	
	TL	FC
Fair Value Hedge	973.630	29.776
Cash Flow Hedge	-	131.448
Net Investment Hedge in a foreign operation	-	-
Total	973.630	161.224

l. Information on the investment properties: None.

m. Information on deferred tax asset:

As of 31 March 2018, the Bank has deferred tax asset amounting TL 121.589 (31 December 2017: None). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities 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 are netted-off and accounted. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

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

	Current Period 31 March 2018
Cost	66.349
Accumulated Depreciation (-)	135
Net Book Value	66.214

	Current Period 31 March 2018
Opening Balance Net Book Value	57.520
Additions	18.492
Disposals (-), net	9.788
Impairment (-)	10
Depreciation (-)	-
Closing Net Book Value	66.214

	Prior Period 31 December 2017
Cost	57.687
Accumulated Depreciation (-)	167
Net Book Value	57.520

	Prior Period 31 December 2017
Opening Balance Net Book Value	42.343
Additions	53.020
Disposals (-), net	37.683
Impairment (-)	160
Depreciation (-)	-
Closing Net Book Value	57.520

o. Information on other assets:

Other assets amounting to TL 4.301.111 (31 December 2017: TL 3.296.128) 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 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 March 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	8.691.240	17.478.482	31.195.737	506.916	645.808	648.886	30.694	59.197.763
Foreign Currency Deposits	15.690.856	21.052.208	39.841.294	2.266.741	7.713.777	2.622.936	1.700	89.189.512
Residents in Turkey	14.765.683	20.221.715	37.051.055	1.449.140	1.165.827	1.419.796	1.499	76.074.715
Residents Abroad	925.173	830.493	2.790.239	817.601	6.547.950	1.203.140	201	13.114.797
Public Sector Deposits	558.543	76.851	25.426	816	176	509	-	662.321
Commercial Deposits	9.321.802	8.409.281	8.564.071	240.859	685.731	303.886	-	27.525.630
Other Institutions Deposits	263.313	205.165	2.108.185	252.724	119.617	274.759	-	3.223.763
Precious metals Deposits	1.404.667	-	-	-	117.417	13.254	-	1.535.338
Interbank Deposits	1.218.607	2.898.722	6.735.743	734.394	608.095	33.292	-	12.228.853
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	14.048	2.751.855	12.390	-	-	-	-	2.778.293
Foreign Banks	408.679	146.867	6.723.353	734.394	608.095	33.292	-	8.654.680
Participation Banks	795.880	-	-	-	-	-	-	795.880
Other	-	-	-	-	-	-	-	-
Total	37.149.028	50.120.709	88.470.456	4.002.450	9.890.621	3.897.522	32.394	193.563.180

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	32.001.233	492.256	646.290	637.816	33.627	57.704.550
Foreign Currency Deposits	14.213.272	20.401.859	33.793.676	2.139.009	5.715.390	2.902.640	1.760	79.167.606
Residents in Turkey	13.491.870	19.567.456	31.542.596	1.169.908	996.303	1.221.898	1.559	67.991.590
Residents Abroad	721.402	834.403	2.251.080	969.101	4.719.087	1.680.742	201	11.176.016
Public Sector Deposits	309.841	16.456	11.269	3.526	184	175	-	341.451
Commercial Deposits	9.232.735	7.603.171	11.902.838	242.478	802.779	283.133	-	30.067.134
Other Institutions Deposits	236.190	234.207	2.501.398	22.089	65.272	153.181	-	3.212.337
Precious metals Deposits	1.332.683	-	3.320	-	115.427	-	-	1.451.430
Interbank Deposits	1.163.106	3.869.188	5.910.179	1.424.671	561.893	30.904	-	12.959.941
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	16.512	3.594.148	192.524	6.134	-	-	-	3.809.318
Foreign Banks	352.114	275.040	5.717.655	1.418.537	561.893	30.904	-	8.356.143
Participation Banks	794.480	-	-	-	-	-	-	794.480
Other	-	-	-	-	-	-	-	-
Total	34.908.272	47.597.764	86.123.913	4.324.029	7.907.235	4.007.849	35.387	184.904.449

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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:

	Under the Guarantee of Deposit Insurance	Exceeding the Limit of Deposit Insurance
	Current Period 31 March 2018	Current Period 31 March 2018
Saving Deposits	25.065.274	34.132.489
Foreign Currency Saving Deposits	8.369.306	39.343.544
Other Deposits in the Form of Saving Deposits	752.342	632.611
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 March 2018
Foreign Branches' Deposits and other accounts	1.182
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	733.733
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	-

	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	-

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b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities[*]:

	Current Period	
	31 March 2018	
	TL	FC
Forward Transactions	516.211	-
Swap Transactions	3.893.741	1.451.649
Futures Transactions	-	-
Options	1.462	283.813
Other	-	-
Total	4.411.414	1.735.462

(*) Excluding hedge transactions

	Prior Period	
	31 December 2017	
	TL	FC
Forward Transactions	454.410	-
Swap Transactions	3.720.136	1.103.494
Futures Transactions	-	-
Options	2.808	239.405
Other	-	-
Total	4.177.354	1.342.899

(*) Excluding hedge transactions

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period	
	31 March 2018	
	TL	FC
Borrowings from the CBRT	-	-
From Domestic Banks and Institutions	210.890	334.995
From Foreign Banks, Institutions and Funds	398.629	30.358.975
Total	609.519	30.693.970

	Prior Period	
	31 December 2017	
	TL	FC
Borrowings from the CBRT	-	474.031
From Domestic Banks and Institutions	235.654	356.043
From Foreign Banks, Institutions and Funds	-	28.606.052
Total	235.654	29.436.126

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2. Information on maturity structure of borrowings

	Current Period	
	31 March 2018	
	TL	FC
Short-term	209.556	953.985
Medium and Long-term	399.963	29.739.985
Total	609.519	30.693.970

	Prior Period	
	31 December 2017	
	TL	FC
Short-term	232.686	1.268.291
Medium and Long-term	2.968	28.167.835
Total	235.654	29.436.126

3. The liabilities providing the funding sources of the Bank are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Bank 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 Bank.

d. Information on securities issued (Net):

	Current Period	
	31 March 2018	
	TL	FC
Bank bills	3.775.606	-
Bonds	1.643.812	6.146.527
Total	5.419.418	6.146.527

	Prior Period	
	31 December 2017	
	TL	FC
Bank bills	3.783.736	-
Bonds	2.328.773	7.740.640
Total	6.112.509	7.740.640

e. Information on other foreign liabilities:

Other foreign liabilities listed in "Other Liabilities" amounting to TL 1.788.997 (31 December 2017: TL 1.101.637) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements:

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which cause significant commitments for the Bank.

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Liabilities incurred due to financial leasing agreements:

	Current Period	
	31 March 2017	
	Gross	Net
Less Than 1 Year	70	65
Between 1-4 Years	-	-
More Than 4 Years	-	-
Total	70	65

	Prior Period	
	31 December 2017	
	Gross	Net
Less Than 1 Year	7.504	5.899
Between 1-4 Years	-	-
More Than 4 Years	-	-
Total	7.504	5.899

g. Information on the hedging derivative financial liabilities:

	Current Period	
	31 March 2018	
	TL	FC
Fair Value Hedge	-	25.909
Cash Flow Hedge	9.435	-
Net Investment Hedge in a foreign operation	-	-
Total	9.435	25.909

	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

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h. Information on provisions:

1. Information on reserves for employee rights:

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

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

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank 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 March 2018
Discount Rate (%)	4,00
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 5.001,76 (1 January 2017: TL 4.426,16) effective from 1 January 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	Current Period 31 March 2018
Prior Period Closing Balance	204.276
Recognized as an Expense During the Period	13.346
Actuarial Loss / (Gain)	-
Paid During the Period	(10.881)
Balance at the End of the Period	206.741

As of 31 March 2018, the Bank has allocated vacation liability amounting to TL 88.318.

	Prior Period 31 December 2017
Prior Period Closing Balance	141.764
Recognized as an Expense During the Period	44.091
Actuarial Loss / (Gain)	53.168
Paid During the Period	(34.747)
Balance at the End of the Period	204.276

As of 31 December 2017, the Bank has allocated vacation liability amounting to TL 85.851.

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

As of 31 March 2018, the provision related to foreign currency differences of foreign indexed loans amounts to TL 5.896 (31 December 2017: TL 24.016), which is offset with the balance of foreign currency indexed loans in these financial statements.

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 March 2018 is amounting to TL 52.439 (31 December 2017 TL 67.754).

4. Information on other provisions:

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

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

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 56.170 (31 December 2017: TL 69.284).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVII of Section Three. As of 31 March 2018, the corporate tax liability after the deduction of temporary taxes paid is TL 498.584 (31 December 2017: TL 814.395).

1 (i). Information on taxes payable:

	Current Period 31 March 2018
Corporate Taxes Payable	498.584
Taxation on Marketable Securities	283.839
Property Tax	2.178
Banking Insurance Transaction Tax (BITT)	127.019
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	1.920
Other	87.023
Total	1.000.563

	Prior Period 31 December 2017
Corporate Taxes Payable	814.395
Taxation on Marketable Securities	145.567
Property Tax	1.811
Banking Insurance Transaction Tax (BITT)	124.886
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	9.608
Other	86.743
Total	1.183.010

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1 (ii). Information on premium payables:

	Current Period
	31 March 2018
Social Security Premiums – Employee	-
Social Security Premiums – Employer	1
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	2.237
Unemployment Insurance – Employer	4.473
Other	52
Total	6.769

	Prior Period
	31 December 2017
Social Security Premiums – Employee	4
Social Security Premiums – Employer	14
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	2.094
Unemployment Insurance – Employer	4.187
Other	35
Total	6.593

2. Information on deferred tax liability:

As of 31 March 2018, Bank has no deferred tax liability (31 December 2017: 392.164 TL). An explanation about the net deferred tax asset is given in Note I-m of Section Five.

j. Information on subordinated loan:

	Current Period 31 March 2018	
	TL	FC
To be included in the calculation of additional capital	-	-
borrowing instruments		
Subordinated loans	-	-
Subordinated debt instruments	-	-
Debt instruments to be included in contribution capital calculation		3.527.461
Subordinated loans		3.527.461
Subordinated debt instruments	-	-
Total		3.527.461

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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 March 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 Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators;

The Bank 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 Bank continues to its operations with strong shareholders' equity.

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

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8. Information on marketable securities value increase fund:

	Current Period	
	31 March 2018	
	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	694.303	1.459.586
Valuation Difference	(705.465)	(279.507)
Foreign Currency Differences	-	-
Total	(11.162)	1.180.079

	Prior Period	
	31 December 2017	
	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	693.786	1.248.097
Valuation Difference	(600.631)	(176.503)
Foreign Currency Differences	-	-
Total	93.155	1.071.594

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

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

Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 29.625.873 asset purchase commitments (31 December 2017: TL 10.596.665). TL 19.228.211 commitments for credit card limits (31 December 2017: TL 18.431.137). TL 7.554.397 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 Bank 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 March 2018
Bank Acceptance Loans	4.653.047
Letters of Credit	7.738.513
Other Guarantees and Warranties	6.516.780
Total	18.908.340

	Prior Period 31 December 2017
Bank Acceptance Loans	3.758.102
Letters of Credit	6.866.251
Other Guarantees and Warranties	6.917.341
Total	17.541.694

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

	Current Period 31 March 2018
Revocable Letters of Guarantee	1.414.608
Irrevocable Letters of Guarantee	19.487.265
Letters of Guarantee Given in Advance	3.766.483
Guarantees Given to Customs	2.239.754
Other Letters of Guarantee	8.318.274
Total	35.226.384

	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	2.483.061
Other Letters of Guarantee	7.872.029
Total	35.059.484

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3. Information on non-cash loans:

3 (i). Total amount of non-cash loans:	Current Period 31 March 2018
Non-cash Loans Given against Cash Loans	7.167.646
With Original Maturity of 1 Year or Less Than 1 Year	2.958.430
With Original Maturity of More Than 1 Year	4.209.216
Other Non-cash Loans	46.967.078
Total	54.134.724

3 (i). Total amount of non-cash loans:	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	44.642.227
Total	52.601.178

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

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

	Current Period	
	31 March 2018	
	TL	FC
Short-term Loans	1.723.168	28.544
Medium and Long-term Loans	2.918.443	779.487
Interest on Loans Under Follow-Up	40.271	-
Premiums Received from the Resource	-	-
Utilization Support Fund	-	-
Total	4.681.882	808.031

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

	Prior Period	
	31 March 2017	
	TL	FC
Short-term Loans	1.315.067	23.596
Medium and Long-term Loans	2.122.702	680.128
Interest on Loans Under Follow-Up	9.798	-
Premiums Received from the Resource	-	-
Utilization Support Fund	-	-
Total	3.447.567	703.724

2. Information on interest income on banks:

	Current Period	
	31 March 2018	
	TL	FC
From the CBRT	43.408	-
From Domestic Banks	1.470	2.984
From Foreign Banks	951	25.702
From Headquarters and Branches Abroad	-	-
Total	45.829	28.686

	Prior Period	
	31 March 2017	
	TL	FC
From the CBRT	-	1.458
From Domestic Banks	13.119	2.707
From Foreign Banks	1.898	12.391
From Headquarters and Branches Abroad	-	-
Total	15.017	16.556

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3. Information on interest income on marketable securities:

	Current Period	
	31 March 2018	
	TL	FC
From Trading Financial Assets	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	635.254	173.762
Financial Assets Measured at Amortised Cost	136.632	109.708
Total	771.886	283.470

	Prior Period	
	31 March 2017	
	TL	FC
From Trading Financial Assets	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	462.903	146.366
From Held-to-Maturity Investments	119.146	112.508
Total	582.049	258.874

As stated in the footnote numbered to Part VII, the real value of the Bank is reflected in the other comprehensive income and in the securities portfolio valued at amortized cost, the 6-month real coupon rates are fixed at maturity, indexed state treasuries. As stated in the Undersecretariat of Treasury's Guide to Indexes for Vitrified Investors in Turkey, the reference indices used in calculating the actual coupon payment amounts of these assets are based on the TUF of two months ago. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. As of 31 March 2018, the valuation of the related securities was based on an annual inflation forecast of 9,00%. If the valuation of these securities indexed to TÜFE was made according to the reference index valid for 31 March 2018, the Bank's equity valuation differences on equity would decrease by TL 95 million (full TL) and the net profit for the period would increase by TL 126 million 1.835 Million TL (full TL amount).

4. Information on interest income received from associates and subsidiaries:

	Current Period	
	31 March 2018	
Interests Received From Investments in Associates and Subsidiaries		8.043
	Prior Period	
	31 March 2017	
Interests Received From Investments in Associates and Subsidiaries		9.587

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b. Information on interest expense:

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

	Current Period 31 March 2018	
	TL	FC
Banks	4.276	202.365
The CBRT	-	-
Domestic Banks	3.647	1.450
Foreign Banks	629	200.915
Headquarters and Branches Abroad	-	-
Other Institutions	-	20.680
Total	4.276	223.045

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

	Prior Period 31 March 2017	
	TL	FC
Banks	3.070	161.097
The CBRT	-	-
Domestic Banks	3.070	922
Foreign Banks	-	160.175
Headquarters and Branches Abroad	-	-
Other Institutions	-	16.957
Total	3.070	178.054

2. Information on interest expense given to associates and subsidiaries:

	Current Period 31 March 2018	
To Associates and Subsidiaries		14.066
	Prior Period 31 March 2017	
To Associates and Subsidiaries		15.123

3. Information on interest expense given to securities issued:

	Current Period 31 March 2018	
	TL	FC
Interest expense on securities issued	169.002	135.580
	Prior Period 31 March 2017	
	TL	FC
Interest expense on securities issued	41.239	116.904

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4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 31.03.2018	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	1.166	29.320	10.050	2.271	-	-	42.807
Saving Deposits	-	487.797	983.146	13.508	20.021	18.747	1.523.219
Public Sector Deposits	-	2.081	754	35	2	4	2.876
Commercial Deposits	-	261.817	385.220	10.576	19.818	16.120	693.551
Other Deposits	1	12.480	58.458	1.541	4.617	7.614	84.711
Total	1.167	793.495	1.437.628	27.931	44.458	42.485	2.347.164
FC							
Foreign Currency Deposits	-	144.089	283.831	12.211	47.991	10.424	498.546
Bank Deposits	80	5.523	28.076	2.748	2.753	151	39.331
Precious Metals Deposits	-	-	-	-	313	124	437
Total	80	149.612	311.907	14.959	51.057	10.699	538.314
Grand Total	1.247	943.107	1.749.535	42.890	95.515	53.184	2.885.478

Prior Period – 31.03.2017	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	165	22.909	21.209	446	236	76	45.041
Saving Deposits	-	362.048	670.873	13.876	15.180	16.797	1.078.774
Public Sector Deposits	-	2.281	920	273	45	1	3.520
Commercial Deposits	-	194.695	239.218	19.271	36.948	12.949	503.081
Other Deposits	1	15.141	50.525	30.820	29.577	6.317	132.381
Total	166	597.074	982.745	64.686	81.986	36.140	1.762.797
FC							
Foreign Currency Deposits	-	121.524	179.778	33.687	16.053	12.394	363.436
Bank Deposits	-	1.617	12.390	3.168	1.658	198	19.031
Precious Metals Deposits	-	-	1	-	225	61	287
Total	-	123.141	192.169	36.855	17.936	12.653	382.754
Grand Total	166	720.215	1.174.914	101.541	99.922	48.793	2.145.551

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

	Current Period 31 March 2018
Profit	132.153.392
Income From Capital Market Transactions	114.077
Income From Derivative Financial Transactions (*)	7.132.015
Foreign Exchange Gains	124.907.300
Loss (-)	132.296.905
Loss from Capital Market Transactions	114.819
Loss from Derivative Financial Transactions (*)	6.352.765
Foreign Exchange Loss	125.829.321
Total (Net)	(143.513)

(*)Net profit / (loss) arising from foreign currency exchange differences related to Derivative Financial Transactions is TL 929.955.

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	Prior Period 31 March 2017
Profit	207.711.675
Income From Capital Market Transactions	90.736
Income From Derivative Financial Transactions (*)	5.809.958
Foreign Exchange Gains	201.810.981
Loss (-)	207.712.418
Loss from Capital Market Transactions	58.400
Loss from Derivative Financial Transactions (*)	6.139.616
Foreign Exchange Loss	201.514.402
Total (Net)	(743)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (302.503).

d. Explanations on other operating income:

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

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

e. (i) Expected provision expenses:

	Current Period 31 March 2018
Expected Credit Loss	698.162
12 month expected credit loss (stage 1)	53.916
Significant increase in credit risk (stage 2)	246.509
Non-performing loans (stage 3)	397.737
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	-
Financial Assets at Fair Value Through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-maturity	-
Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	698.162

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

	Prior Period 31 March 2017
Specific Provisions for Loans and Other Receivables	414.505
III. Group Loans and Receivables	394.319
IV. Group Loans and Receivables	16.087
V. Group Loans and Receivables	4.099
General Provision Expenses	34.468
Free Provision Expense for Possible Risks	-
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	-
Investments in Associates, Subsidiaries and Held-to-maturity	-
Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Held-to-maturity Investments	-
Other	11.270
Total	460.243

g. Information related to other operating expenses:

	Current Period 31 March 2018
Personnel Expenses	535.242
Reserve for Employee Termination Benefits	2.466
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	42.100
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	38.812
Impairment Expenses of Equity Participations for which	-
Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	10
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	530.685
Operational Leasing Expenses	51.459
Maintenance Expenses	6.682
Advertisement Expenses	24.532
Other Expenses	448.012
Loss on Sales of Assets	126
Other(*)	150.120
Total	1.299.561

(*). Includes "Personnel Expenses" that not exist in the income statement "Other Operating Expenses" line

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	Prior Period 31 March 2017
Personnel Expenses	442.276
Reserve for Employee Termination Benefits	493
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	1.473
Depreciation Expenses of Fixed Assets	37.820
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	28.458
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	27
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	434.777
Operational Leasing Expenses	46.271
Maintenance Expenses	7.125
Advertisement Expenses	27.249
Other Expenses	354.132
Loss on Sales of Assets	-
Other(*)	151.741
Total	1.097.065

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

As of 31 March 2018, the Group has a current tax expense of TL 223.705, deferred tax expense of TL 319.621 and deferred tax income of TL 137.012.

The Bank has no discontinued operations.

i. Explanations on current period net profit and loss of continued and discontinued operations:

Net profit of the Bank is TL 1.709.214.

The Bank has no discontinued operations.

j. Other figures on profit and loss statement:

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

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V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

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 March 2018

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

	Current Period 31 March 2018
Cash	4.266.470
Cash, Foreign Currency and Other	2.205.222
Demand Deposits in Banks (*)	2.061.248
Cash Equivalents	6.668.762
Interbank Money Market Placements	1.544.270
Time Deposits in Banks	5.117.991
Marketable Securities	6.501
Total Cash and Cash Equivalents	10.935.232

1. (ii) Cash and cash equivalents at the end of the period:

	Current Period 31 March 2018
Cash	3.253.060
Cash, Foreign Currency and Other	2.118.108
Demand Deposits in Banks (*)	1.134.952
Cash Equivalents	5.467.129
Interbank Money Market Placements	2.072.738
Time Deposits in Banks	3.155.863
Marketable Securities	238.528
Total Cash and Cash Equivalents	8.720.189

2. Prior Period- 31 March 2017

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

	Prior Period 31 March 2017
Cash	3.323.769
Cash, Foreign Currency and Other	1.835.542
Demand Deposits in Banks (*)	1.488.227
Cash Equivalents	9.090.155
Interbank Money Market Placements	-
Time Deposits in Banks	9.043.415
Marketable Securities	46.740
Total Cash and Cash Equivalents	12.413.924

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

	Prior Period
	31 March 2017
Cash	2.265.430
Cash, Foreign Currency and Other	1.714.123
Demand Deposits in Banks (*)	551.307
Cash Equivalents	3.853.381
Interbank Money Market Placements	30.000
Time Deposits in Banks	3.822.122
Marketable Securities	1.259
Total Cash and Cash Equivalents	6.118.811

(*) The restricted demand accounts are not included.

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

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

1. Current Period – 31 March 2018:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	346.273	274.819	5.560.592	923.699	-	-
Balance at the End of the Period	725.208	261.810	5.161.281	1.028.553	-	-
Interest and Commission Income Received	8.043	43	130.478	1.723	-	-

According to the German deposit insurance law, the Bank has given a "letter of undertaking" to the German Banking Institute related to Akbank AG, a subsidiary of the Bank. This letter of undertaking amounts to TL 8.325.659 as of 31 March 2018.

2. Prior Period - 31 December 2017:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	414.469	254.251	4.529.001	900.600	-	-
Balance at the End of the Period	346.273	274.819	5.560.592	923.699	-	-
Interest and Commission Income Received (*)	9.587	19	117.485	759	-	-

(*) 31 March 2017 balances used for Income accounts.

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Current Period	Current Period	Current Period
	31.03.2018	31.03.2018	31.03.2018
Balance at the Beginning of the Period	836.532	3.074.694	2.311.399
Balance at the End of the Period	1.216.791	3.568.712	2.686.577
Interest expense on Deposits	14.066	65.467	56.500

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Prior Period	Prior Period	Prior Period
	31.12.2017	31.12.2017	31.12.2017
Balance at the Beginning of the Period	730.658	2.172.759	2.315.646
Balance at the End of the Period	836.532	3.074.694	2.311.399
Interest expense on Deposits	15.123	49.177	41.165

(*) 31 March 2017 balances used for Income/Expense accounts.

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Current Period	Current Period	Current Period
	31.03.2018	31.03.2018	31.03.2018
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	3.501.130	13.638.708	-
Balance at the End of the Period	2.714.060	13.712.695	-
Total income/loss	2.673	13.507	-
Transactions for Hedging Purposes			
Beginning of the Period	-	-	-
Balance at the End of the Period	-	-	-
Total Income/Loss	-	-	-

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Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Prior Period	Prior Period	Prior Period
	31.12.2017	31.12.2017	31.12.2017
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	2.477.406	10.110.973	-
Balance at the End of the Period	3.501.130	13.638.708	-
Total income/loss	(9.050)	(11.859)	-
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 related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 31 March 2018, the net exposure for investments in associates and subsidiaries is TL 29.021. For direct and indirect shareholders of the Bank TL (153.254).

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

As of 31 March 2018 benefits provided to the Bank's key management amounting to TL 18.440 (31 March 2017: TL 15.374).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

The paid-up capital of Ak Yatırım Menkul Değerler A.Ş., a wholly-owned subsidiary of the Bank, is TL 50,000,000 from TL 30,000,000 to TL 80,000,000.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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

**SECTION SIX
OTHER EXPLANATIONS**

I. EXPLANATIONS ON AUDITOR'S REPORT

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

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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

SECTION SEVEN (*)
INFORMATION ON INTERIM ACTIVITY REPORT

Message from the Chairman of the Board:

In 2017, global economic growth strengthened and became more broad-based in parallel to the acceleration of trade activity. This outlook is expected continue in 2018. In the meantime; trade tensions between the US and China poses risks around multinational trade agreements. More recently; new sanctions to Russia and developments about Syria cause fluctuations in financial markets. On the domestic front; leading parameters indicate the continuation of robust growth in Turkish economy. Due to higher in oil prices and domestic demand, current account deficit and inflation are also trending higher.

With the bilateral trade deficit of the US against China reaching 376 billion \$, US' decision to lift the tax for some imports from China caused considerable volatility in markets. Milder and more constructive tone of statements, however, led to some stabilization. Trump administration is focusing on a more protectionist approach and leaning towards bilateral negotiations with individual countries rather than taking part in large multinational agreements. In this respect; although uncertainties about interntaional trade seem to have diminished somewhat, potential developments in the coming months will be closely watched by investors.

After the new Fed governor, Powell, came to office in February, Fed raised the FOMC target range by 25 basis points to 1.50%-1.75%. In the meeting, especially economic growth and policy rate projections have also been revized upward. Although a further two rate hikes are projected, three more rate hikes this year is likely due to robust growth and better inflation outlook.

The most important development in Europe was European Central Bank's drop of its guidance about the possibility of expanding asset purchase program. In Euro Area; while economic growth is robust, inflation is still trending subdued. ECB expects, however, core inflation to rise in the medium term.

Domestically; economic growth became 7.4% in 2017, highest in the last four years. Private consumption and investments made the highest contributions. Due to acceleration of imports in the last quarter of 2017, contribution of net exports has become close to zero. In the first quarter of 2018, despite the continuing rise in exports due to robust demand from EU; the pace of increase in imports is higher owing to higher energy prices, gold imports and robust domestic demand. Along with these developments; trade and current account deficit have widened.

Trends in the economic parameters that are announced earlier than GDP figures, such as industrial production and manufacturing sector expectations index, indicate that robust domestic economic activity is continuing in 2018.

While annual inflation declined to 10.23% in March, food price dynamics, local currency depreciation and higher levels of oil prices limit further potential decline in inflation. We expect inflation to close the year at around 10% and Central Bank of Turkey to continue its tight monetary policy stance.

In the first quarter of 2018, budget deficit became 20,4 billion TL, primary balance also print a deficit of 1.9 billion TL. Although central budget expenditures increased along with the rises in capital and interest rate expenditures, revenues are also strong due to robust economic activity. With these dynamics, budget deficit increased by 37% in the first quarter. Budget figures are aligned with medium-term program targets.

Although there has been some deceleration in credit activity, annualized credit growth is 20% as of the end of March. Non-performing loan ratio is trending low at 2.9% and capital adequacy ratio is high at 16.7%.

Developments on trade tensions, geopolitical uncertainties and policy guidance of developed countries' central banks will continue to affect financial markets. As developments on these fronts would likely impact the capital flows towards emerging markets, one has to remain prepared for potential market volatilities.

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

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Message from the CEO

The country's banking sector is one of the Turkish economy's fundamental strengths. Over the past quarter, our stability and dependability continued to inform our way of doing business as we galvanised our strong balance sheet with international financing at very reasonable rates. Our effective risk management and subsequently our good quality asset structure have aided in our healthy growth performance, which has set us apart from our peers.

Our assets increased to TL 322 billion in the first quarter of 2018. Compared to the year-end, we increased our deposits by 4.7 percent to over TL 193 billion. Our bank reported a net profit of TL 1 billion 709 million after TL 406 million tax provisions. The support we provided to the economy increased to a total of TL 253 billion, with TL 199 billion in cash loans. Our support to the real sector increased by 5.6 percent to TL 175 billion.

Asset quality remains as one of the top priorities of our bank. Over the past quarter, our NPL has remained at 2.0%, which was lower than the sector average and also pointed towards our healthy, high-quality, and disciplined growth performance. Our loan provision for this period remains at 162% of our frozen receivables.

We are dedicated to supporting the Turkish economy and the real sector by providing financing from international markets on favourable terms. With its strong financials, Akbank has secured a total of USD 2.4 billion financing through the equivalent of USD 1.2 billion syndicated loan facility, USD 795 million securitisation issuance and USD 400 million Tier 2 eurobond issuance. High participation in the syndicated loan deals speaks to Akbank's strong reputation and is significant in demonstrating the investors' faith in the Turkish economy as well as showing increasing foreign investor interest.

Sustaining our customers' trust and satisfaction has always been our core responsibility. As we celebrate Akbank's 70th year, we became Turkey's most valuable banking brand for the seventh time in a row. This consistent performance is a sign of our vision of sustainable success. The past few months have also seen a particularly exciting development for our future plans. We have recently launched our new branch concept, destined to be a milestone for the sector not just in Turkey but also globally. We're happy to see that it has our new model has had a positive impact on both our customer satisfaction numbers as well as our financial results. In the days ahead, we will keep concentrating on further projects and investments in innovation; not just to benefit our bank but also the country as a whole.

Akbankers remain our key, most important asset. As we venture into the future, I am honored to be working alongside with such a highly motivated and dedicated group of people. I am convinced that our team is the best in our sector, and I would like to thank each and every one of them from the bottom of my heart. I would also like to take this opportunity to extend my deep gratitude to our customers and shareholders.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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

A. INTRODUCTION

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

There are no changes in the Articles of Association during the period.

2. Important Issues and Transactions during the period

Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş., which is 100% owned by the Bank, has been established on 20 February 2018.

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.

Under the securitization program based on the future cash flows of our bank, a total of 795 million USD financing was provided in 5 separate segments with the longest maturity of 7,5 years.

Akbank provided syndication loans worth US \$ 1.24 billion to international markets at US \$ 604.5 million and Euro 483 million. The portion of the loan equivalent to USD 950 million is 1 year; And 250 million US Dollars were provided with a 2 year maturity. The total cost of the 1-year maturity term of the loan is Libor + 1,30% and Euribor + 1,20%; The total cost of the 2-year maturity term is Libor + 2.10%.

International rating agency Moody's has reduced March 7, 2018 from the date of Turkey's credit rating to Ba1 from Ba2, he had turned from stable its outlook to negative. Moody's said that after the downgrade, 14 banks, including Akbank, have lowered their long-term credit ratings from Ba1 to Ba2. Akbank's view of the note turned from a negative to a standstill.

a. BANKING SECTOR FIRST QUARTER OVERVIEW

In the first quarter of 2018, loan growth in the sector was 4,8% and deposit growth in the funding side was 4,3%.

As of March 31, 2018, NPL ratio of the sector was at 2,8%.

b. UNCONSOLIDATED FINANCIAL RESULTS

1. Main Balance Sheet Items (TL Million) :

	31.03.2018
	Unconsolidated
	Financial Results
Total Asset	322.354
Loans	196.758
Deposits	193.563
Equity	41.142
Net Income	1.709

	31.12.2017
	Unconsolidated
	Financial Results
Total Asset	316.031
Loan	190.509
Deposit	184.905
Equity	40.425
Net Income (31.03.2017)	1.448

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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

2. Main Financial Ratios (%) :

	31.03.2018
	Unconsolidated
	Financial Results
Loan / Total Assets:	61,0
Deposit / Total Assets:	60,0
Return on Equity:	16,8
Return on Assets:	2,1
NPL Ratio:	2,0
Capital Adequacy Ratio:	16,82
Earnings Per Share (TL):	0,00427

	31.12.2017
	Consolidated
	Financial Results
Loan / Total Assets:	60,3
Deposit / Total Assets:	58,5
Return on Equity: (31.03.2017)	16,3
Return on Assets: (31.03.2017)	2,0
NPL Ratio:	2,6
Capital Adequacy Ratio:	15,70
Earnings Per Share (TL): (31.03.2017)	0,00362

3. Akbank 1Q18 Results Overview:

Akbank reported a gross profit of TL 2.115 million, setting aside TL 406 million of tax provisions, the bank reported a net unconsolidated profit of TL 1.709 million in the first quarter of the year. ROE of the bank has realized at 16.8% by the end of first quarter of the year.

As of March 2018, Akbank's consolidated total asset realize TL 322 billion, cash loans are approximately TL 197 billion and total deposit is TL 194 billion.

Akbank'in NPL ratio decreased by 2% compared to the end of the year.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2018

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4. Bank's Expectations For 2018:

There is no change "Forward Looking Expectations" of Bank which has been disclosed to public on 8 January 2018.

Macroeconomic Indicators (%)	2018
GDP Growth	4,5
CPI	-9,0

Banking Sector Expectation (%)	2018
Asset Growth	12-14
Loan Growth	12-14
Deposit Growth	12-14

Akbank Growth Guidance (Consolidated)	2018
Asset Growth	13-15
Loan Growth	13-15
Deposit Growth	13-15

	2018
Return on Asset	~%1,8
Leverage Ratio	~9,0x
Return on Equity	%15,5-16
Net Interest Margin	~%3,5
Net fees&com. Growth	~%15
Opex Growth	~%13
Cost / Income	~%35
Cost / Asset	~%1,6
Capital Adequacy Ratio	~%15
Loan / Deposit Ratio	%Max 105%
NPL Ratio	~%2,1
Cost of Risk(**)	~50 bps
EPS Growth	~%12

	2018 ve beyond
Return on Asset	%1,7-1,9
Leverage	9,0x-9,5x
Return on Equity	%15-17

(*) Approximately 2% of operational expenses are related to non-recurring investments.

(**) According to Turkey Financial Reporting Standart 9 (TFRS) and ve the specific loan loss provision rate of about 80%.