

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 JUNE 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 30 June 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 six-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; a portion of free provision amounting to TL 250.000 thousand has been reversed and recorded as other operating income, during the period ended 30 June 2018, out of total free provision of TL 700.000 thousand provided in the prior years by the Bank Management considering the possible effect of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying unconsolidated financial statements is TL 450.000 thousand as at 30 June 2018.

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 30 June 2018 and the results of its operations and its cash flows for the six-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 July 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
30 JUNE 2018**

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The unconsolidated financial report for the six-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** - EXPLANATIONS ON INTERIM REVIEW REPORT
- **Section Seven** - INFORMATION ON INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for six-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 July 2018

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

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

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AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 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 Depository Receipts ("ADRs"). As of 30 June 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 CIVELEK 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 Wealth Management	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.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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

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 wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 30 June 2018, the Bank has 799 branches dispersed throughout the country and 1 branch operating abroad (31 December 2017: 800 branches and 1 branch operating abroad). As of 30 June 2018, the Bank the Bank has 13666 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.S.

I. UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2018 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/06/2018)		
		TL	FC	Total
I. FINANCIAL ASSETS (NET)		55.552.890	75.555.759	131.108.649
1.1 Cash and Cash Equivalents		14.432.461	42.274.111	56.706.572
1.1.1 Cash and Balances with Central Bank	(I-a)	11.456.288	31.902.751	43.359.039
1.1.2 Banks	(I-d)	1.510.450	10.371.360	11.881.810
1.1.3 Money Markets		1.465.723	-	1.465.723
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	2.311	118.859	121.170
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity Instruments		-	118.859	118.859
1.2.3 Other Financial Assets		2.311	-	2.311
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	22.854.495	21.019.927	43.874.422
1.3.1 Government Debt Securities		22.703.079	15.961.939	38.665.018
1.3.2 Equity Instruments		12.848	607	13.455
1.3.3 Other Financial Assets		138.568	5.057.381	5.195.949
1.4 Financial Assets Measured at Amortised Cost	(I-g)	3.932.752	7.317.715	11.250.467
1.4.1 Government Debt Securities		3.932.752	6.018.123	9.950.875
1.4.2 Other Financial Assets		-	1.299.592	1.299.592
1.5 Derivative Financial Assets		14.400.120	4.825.147	19.225.267
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		13.178.092	4.503.537	17.681.629
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1.222.028	321.610	1.543.638
1.6 Non-Performing Financial Assets		-	-	-
1.7 Expected Loss Provision (-)		69.249	-	69.249
II. LOANS (NET)	(I-f)	129.813.594	66.362.707	196.176.301
2.1 Loans		132.360.306	66.362.707	198.723.013
2.1.1 Measured at Amortised Cost		132.360.306	66.362.707	198.723.013
2.1.2 Fair Value Through Profit or Loss		-	-	-
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables	(I-k)	-	-	-
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		5.574.443	-	5.574.443
2.5 Expected Credit Loss (-)		8.121.155	-	8.121.155
2.5.1 12 Month Expected Credit Losses (Stage I)		721.620	-	721.620
2.5.2 Significant Increase in Credit Risk (Stage II)		3.592.957	-	3.592.957
2.5.3 Credit-Impaired Losses (Stage III / Special Provision)		3.806.578	-	3.806.578
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	82.099	-	82.099
3.1 Held for Sale Purpose		82.099	-	82.099
3.2 Related to Discontinued Operations		-	-	-
IV. EQUITY INVESTMENTS		1.246.774	3.622.512	4.869.286
4.1 Investments in Associates (Net)	(I-h)	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	1.241.253	3.622.512	4.863.765
4.2.1 Unconsolidated Financial Subsidiaries		1.241.253	3.622.512	4.863.765
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)		3.514.103	7.019	3.521.122
VI. INTANGIBLE ASSETS (Net)		510.159	28	510.187
6.1 Goodwill		-	-	-
6.2 Other		510.159	28	510.187
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET	(I-n)	351.488	-	351.488
X. OTHER ASSETS	(I-p)	1.236.581	3.079.841	4.316.422
TOTAL ASSETS		192.307.688	148.627.866	340.935.554

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.S.
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	(VI)	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-k)	-	-	-
12.1 Financial Lease Receivables		-	-	-
12.2 Operating Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income [-]		-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-l)	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-m)	-	-	-
XVII. TAX ASSET		-	9.075	9,075
17.1 Current Tax Asset		-	-	-
17.2 Deferred Tax Asset	(I-n)	-	9.075	9,075
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	57.520	-	57.520
18.1 Held for Sale Purpose		57.520	-	57.520
18.2 Related to Discontinued Operations		-	-	-
XIX. OTHER ASSETS	(I-p)	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 30 JUNE 2018 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/06/2018)		Total
		TL	FC	
I. DEPOSITS	(II-a)	86.499.673	111.946.609	198.446.282
II. FUNDS BORROWED	(II-c)	647.770	39.386.832	40.034.602
III. MONEY MARKETS		183.017	21.305.995	21.489.012
IV. SECURITIES ISSUED (Net)	(II-d)	6.439.866	7.138.015	13.577.881
4.1 Bills		4.790.669	-	4.790.669
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		1.649.197	7.138.015	8.787.212
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)	9.524.529	1.701.775	11.226.304
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		9.503.190	1.701.775	11.204.965
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		21.339	-	21.339
VIII. FACTORING LIABILITIES		-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	57	-	57
9.1 Financial Lease		60	-	60
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses [-]		3	-	3
X. PROVISIONS	(II-h)	1.003.060	1.174	1.004.234
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		306.639	-	306.639
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		696.421	1.174	697.595
XI. CURRENT TAX LIABILITY	(II-i)	723.895	37.507	761.402
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)	-	4.127.282	4.127.282
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	4.127.282	4.127.282
XV. OTHER LIABILITIES		5.284.309	3.095.903	8.380.212
XVI. SHAREHOLDERS' EQUITY	(II-k)	41.104.203	784.083	41.888.286
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		2.787.835	1.615.448	4.403.283
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		[915.278]	[831.365]	[1.746.643]
16.5 Profit Reserves		28.233.739	-	28.233.739
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		272.640	-	272.640
16.6 Income or (Loss)		3.311.609	-	3.311.609
16.6.1 Prior Periods' Income or (Loss)		-	-	-
16.6.2 Current Period Income or (Loss)		3.311.609	-	3.311.609
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		151.410.379	189.525.175	340.935.554

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)		Total
		TL	FC	
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		-	-	-
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 30 JUNE 2018
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (30/06/2018)		Total
		TL	FC	
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		246.420.939	587.457.515	833.878.454
I. GUARANTEES AND WARRANTIES	(III-2, 3)	22.795.086	36.113.374	58.908.460
1.1 Letters of Guarantee		19.761.738	16.771.077	36.532.815
1.1.1 Guarantees Subject to State Tender Law		466.680	2.526.529	2.993.209
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.619.856	3.619.856
1.1.3 Other Letters of Guarantee		19.295.058	10.624.692	29.919.750
1.2 Bank Acceptances		-	5.381.518	5.381.518
1.2.1 Import Letter of Acceptance		-	5.381.518	5.381.518
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		2.188	10.022.971	10.025.159
1.3.1 Documentary Letters of Credit		2.188	9.395.224	9.397.412
1.3.2 Other Letters of Credit		-	627.747	627.747
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		-	11.482	11.482
1.8 Other Guarantees		21.742	3.921.044	3.942.786
1.9 Other Collaterals		3.009.418	5.282	3.014.700
II. COMMITMENTS	(III-1)	51.478.668	27.913.949	79.392.617
2.1 Irrevocable Commitments		50.731.078	27.261.629	77.992.707
2.1.1 Asset Purchase Commitments		11.672.420	13.506.746	25.179.166
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		7.520.155	3.355.953	10.876.108
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		7.527.119	-	7.527.119
2.1.8 Tax and Fund Liabilities from Export Commitments		7.003	-	7.003
2.1.9 Commitments for Credit Card Limits		19.657.804	-	19.657.804
2.1.10 Commitments for Credit Cards and Banking Services Promotions		62.146	-	62.146
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13 Other Irrevocable Commitments		4.277.431	10.398.930	14.676.361
2.2 Revocable Commitments		747.590	652.320	1.399.910
2.2.1 Revocable Loan Granting Commitments		747.590	652.320	1.399.910
2.2.2 Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		172.147.185	523.430.192	695.577.377
3.1 Hedging Derivative Financial Instruments		11.331.205	40.854.866	52.186.071
3.1.1 Fair Value Hedges		2.497.225	14.534.136	17.031.361
3.1.2 Cash Flow Hedges		8.833.980	26.320.730	35.154.710
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		160.815.980	482.575.326	643.391.306
3.2.1 Forward Foreign Currency Buy/Sell Transactions		16.946.411	24.961.750	41.908.161
3.2.1.1 Forward Foreign Currency Transactions-Buy		7.582.503	13.408.452	20.990.955
3.2.1.2 Forward Foreign Currency Transactions-Sell		9.363.908	11.553.298	20.917.206
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		111.312.927	327.981.721	439.294.648
3.2.2.1 Foreign Currency Swap-Buy		37.338.903	114.961.450	152.300.353
3.2.2.2 Foreign Currency Swap-Sell		70.673.024	78.381.203	149.054.227
3.2.2.3 Interest Rate Swap-Buy		1.650.500	67.319.534	68.970.034
3.2.2.4 Interest Rate Swap-Sell		1.650.500	67.319.534	68.970.034
3.2.3 Foreign Currency, Interest Rate and Securities Options		32.480.919	109.982.048	142.462.967
3.2.3.1 Foreign Currency Options-Buy		14.739.620	20.142.238	34.881.858
3.2.3.2 Foreign Currency Options-Sell		17.741.299	17.382.564	35.123.863
3.2.3.3 Interest Rate Options-Buy		-	36.228.623	36.228.623
3.2.3.4 Interest Rate Options-Sell		-	36.228.623	36.228.623
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		75.723	19.649.807	19.725.530
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		764.221.510	258.560.204	1.022.781.714
IV. ITEMS HELD IN CUSTODY		41.076.682	16.440.837	57.517.519
4.1 Customer Fund and Portfolio Balances		4.731.407	-	4.731.407
4.2 Investment Securities Held in Custody		5.395.138	1.514.254	6.909.392
4.3 Cheques Received for Collection		24.437.806	2.120.245	26.558.051
4.4 Commercial Notes Received for Collection		6.018.436	3.388.776	9.407.212
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		493.895	9.417.562	9.911.457
4.8 Custodians		-	-	-
V. PLEDGES RECEIVED		161.311.332	77.953.221	239.264.553
5.1 Marketable Securities		1.732.691	712.565	2.445.256
5.2 Guarantee Notes		863.815	528.437	1.392.252
5.3 Commodity		-	6.795	6.795
5.4 Warranty		-	-	-
5.5 Immovables		120.374.067	54.043.159	174.417.226
5.6 Other Pledged Items		38.340.759	22.662.265	61.003.024
5.7 Pledged Items-Depository		-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		561.833.496	164.166.146	725.999.642
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.010.642.449	846.017.719	1.856.660.168

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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 30 JUNE 2018

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	CURRENT PERIOD
		(Section Five)	(01/01-30/06/2018)	(01/04-30/06/2018)
I.	INTEREST INCOME	(IV-a)	14.337.988	7.580.341
1.1	Interest on Loans	(IV-a-1)	11.505.916	6.016.003
1.2	Interest on Reserve Requirements		199.781	107.605
1.3	Interest on Banks	(IV-a-2)	263.505	188.990
1.4	Interest on Money Market Transactions		103.520	62.082
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	2.256.743	1.201.387
1.5.1	Fair Value Through Profit or Loss		-	-
1.5.2	Fair Value Through Other Comprehensive Income		1.807.309	998.293
1.5.3	Measured at Amortised Cost		449.434	203.094
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		8.523	4.274
II.	INTEREST EXPENSE (-)	(IV-b)	7.598.850	3.940.229
2.1	Interest on Deposits	(IV-b-4)	5.900.313	3.014.835
2.2	Interest on Funds Borrowed	(IV-b-1)	581.450	354.129
2.3	Interest Expense on Money Market Transactions		424.899	209.797
2.4	Interest on Securities Issued	(IV-b-3)	639.299	334.717
2.5	Other Interest Expenses		52.889	26.751
III.	NET INTEREST INCOME (I - II)		6.739.138	3.640.112
IV.	NET FEES AND COMMISSIONS INCOME		1.594.675	851.959
4.1	Fees and Commissions Received		2.013.722	1.075.610
4.1.1	Non-cash Loans		157.477	83.351
4.1.2	Other		1.856.245	992.259
4.2	Fees and Commissions Paid		419.047	223.651
4.2.1	Non-cash Loans		211	98
4.2.2	Other		418.836	223.553
V.	PERSONNEL EXPENSE (-)		1.026.812	491.570
VI.	DIVIDEND INCOME		3.050	1.717
VII.	TRADING INCOME /(LOSS) (Net)	(IV-c)	(158.042)	(14.529)
7.1	Trading Gains / (Losses) on Securities		(28.500)	(27.758)
7.2	Gains / (Losses) on Derivative Financial Transactions		1.802.735	1.023.485
7.3	Foreign Exchange Gains / (Losses)		(1.932.277)	(1.010.256)
VIII.	OTHER OPERATING INCOME	(IV-d)	692.950	398.431
IX.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		7.844.959	4.386.120
X.	EXPECTED CREDIT LOSS (-)	(IV-e)	2.444.383	1.746.221
XI.	OTHER OPERATING EXPENSES (-)	(IV-f)	1.587.173	822.854
XII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		3.813.403	1.817.045
XIII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		225.985	106.815
XV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVI.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)		4.039.388	1.923.860
XVII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-g)	727.779	321.465
17.1	Current Tax Provision		495.670	271.965
17.2	Deferred Tax Income Effect (+)		913.798	594.177
17.3	Deferred Tax Expense Effect (-)		681.689	544.677
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)		3.311.609	1.602.395
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)	3.311.609	1.602.395
	Earning/(Loss) per share (in TL full)		0,00828	0,00401

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.S.
III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	RESTATED (*)	PRIOR PERIOD
			(01/01-30/06/2017)	(01/04-30/06/2017)
I.	INTEREST INCOME	(IV-a)	10.645.505	5.560.464
1.1	Interest on Loans	(IV-a-1)	8.611.245	4.459.954
1.2	Interest on Reserve Requirements		105.686	56.228
1.3	Interest on Banks	(IV-a-2)	89.480	57.907
1.4	Interest on Money Market Transactions		7.815	381
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	1.824.195	983.272
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		1.332.858	723.589
1.5.4	Held- to- maturity Investments		491.337	259.683
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		7.084	2.722
II.	INTEREST EXPENSE	(IV-b)	5.686.699	2.988.006
2.1	Interest on Deposits	(IV-b-4)	4.561.683	2.416.132
2.2	Interest on Funds Borrowed	(IV-b-1)	371.899	190.775
2.3	Interest Expense on Money Market Transactions		356.784	177.167
2.4	Interest on Securities Issued	(IV-b-3)	358.232	200.089
2.5	Other Interest Expenses		38.101	3.843
III.	NET INTEREST INCOME (I - II)		4.958.806	2.572.458
IV.	NET FEES AND COMMISSIONS INCOME		1.332.624	700.468
4.1	Fees and Commissions Received		1.643.220	860.898
4.1.1	Non-cash Loans		126.554	67.498
4.1.2	Other		1.516.666	793.400
4.2	Fees and Commissions Paid		310.596	160.430
4.2.1	Non-cash Loans		209	187
4.2.2	Other		310.387	160.243
V.	DIVIDEND INCOME		1.821	914
VI.	TRADING INCOME /(LOSS) (Net)	(IV-c)	(131.062)	(130.319)
6.1	Trading Gains / (Losses) on Securities		139.355	107.019
6.2	Gains / (Losses) on Derivative Financial Transactions		(479.130)	(149.472)
6.3	Foreign Exchange Gains / (Losses)		208.713	(87.866)
VII.	OTHER OPERATING INCOME	(IV-d)	446.848	211.011
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		6.609.037	3.354.532
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-e)	811.937	351.694
X.	OTHER OPERATING EXPENSES (-)	(IV-f)	2.228.175	1.131.110
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		3.568.925	1.871.728
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		174.971	76.294
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)		3.743.896	1.948.022
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-g)	727.579	380.341
16.1	Current Tax Provision		669.251	263.599
16.2	Deferred Tax Provision		58.328	116.742
XVII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		3.016.317	1.567.681
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)	3.016.317	1.567.681
Earning/(Loss) per share (in TL full)			0,00754	0,00392

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 30 JUNE 2018**

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

	CURRENT PERIOD (30/06/2018)
I. CURRENT PERIOD INCOME/LOSS	3.311.609
II. OTHER COMPREHENSIVE INCOME	(880.880)
2.1 Not Reclassified Through Profit or Loss	282.972
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	(301)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	538.499
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(255.226)
2.2 Reclassified Through Profit or Loss	(1.163.852)
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	(2.310.294)
2.2.3 Cash Flow Hedge Income/Loss	818.176
2.2.4 Foreign Net Investment Hedge Income/Loss	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	328.266
XII. TOTAL COMPREHENSIVE INCOME (I+II)	2.430.729

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 30 JUNE 2017**

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

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY	RESTATED (*) PRIOR PERIOD (30/06/2017)
I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS	2.702.719
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)	(23.090)
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	(343.037)
X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	4.802.141
XI. CURRENT PERIOD INCOME / LOSS	3.016.317
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	56.567
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(16.135)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4 Other	2.975.885
XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)	7.818.458

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 30 JUNE 2018

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

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
						Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income				
CURRENT PERIOD															
(30/06/2018)															
I.	Prior Period End Balance	4.000.000	1.700.000	-	1.405.892	2.348.962	(114.043)	1.948.323	-	(777.134)	83.374	23.790.063	-	6.039.069	40.424.506
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051
III.	Adjusted Beginning Balance (I+II)	4.000.000	1.700.000	-	1.986.298	2.348.962	(114.043)	1.889.999	-	(666.165)	83.374	23.790.063	-	6.039.069	41.057.557
IV.	Total Comprehensive Income	-	-	-	-	(136.822)	(235)	420.029	-	(1.802.029)	638.177	-	-	3.311.609	2.430.729
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	-	-	-	-	(4.607)	-	-	-	-	-	4.607	-	-	-
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	2.207.533	(114.278)	2.310.028	-	(2.468.194)	721.551	28.233.739	-	3.311.609	41.888.286

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 30 JUNE 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 (**) (30/06/2017)																	
I.	Beginning 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 �	-	-	-	-	-	-	-	-	110.755	-	1.782.451	-	-	-	-	1.893.206
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	110.755	-	1.782.451	-	-	-	-	1.893.206
III.	Adjusted Beginning Balance (I+II)	4.000.000	1.405.892	1.700.000	-	1.322.027	-	18.718.299	49.517	4.639.467	-	624.686	47.106	4.895	35.899	-	32.547.788
Changes in the period																	
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	736.214	-	-	-	-	736.214
VI.	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(18.472)	-	(18.472)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(18.472)	-	(18.472)
6.2	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)	-	-	-	-	-	-	-	-	2.905.562	-	-	-	-	-	-	2.905.562
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	3.016.317	-	1.360.900	2.349.054	4.895	17.427	-	37.573.040

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 30 JUNE 2018**

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

	Note (Section Five)	CURRENT PERIOD (30/06/2018)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before changes in operating assets and liabilities	(504.071)
1.1.1	Interest received	13.205.779
1.1.2	Interest paid	(7.405.242)
1.1.3	Dividend received	1.452
1.1.4	Fees and commissions received	2.026.643
1.1.5	Other income	(1.543.177)
1.1.6	Collections from previously written-off loans and other receivables	825.796
1.1.7	Payments to personnel and service suppliers	(1.135.986)
1.1.8	Taxes paid	(477.263)
1.1.9	Other	(6.002.073)
1.2	Changes in operating assets and liabilities	6.618.682
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(121.169)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	4.729.219
1.2.3	Net (increase) / decrease in loans	(9.002.829)
1.2.4	Net (increase) / decrease in other assets	(8.616.000)
1.2.5	Net increase / (decrease) in bank deposits	3.566.676
1.2.6	Net increase / (decrease) in other deposits	9.823.579
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	10.321.200
1.2.9	Net increase / (decrease) in payables	-
1.2.10	Net increase / (decrease) in other liabilities	(4.081.994)
I.	Net cash provided from banking operations	6.114.611
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(1.486.554)
2.1	Cash paid for acquisition of investments, associates and subsidiaries	(55.000)
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-
2.3	Purchases of property and equipment	(313.999)
2.4	Disposals of property and equipment	23.672
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(5.287.821)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	2.982.668
2.7	Purchase of Financial Assets Measured at Amortised Cost	-
2.8	Sale of Financial Assets Measured at Amortised Cost	2.466.590
2.9	Other	(1.302.664)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities	386.516
3.1	Cash obtained from funds borrowed and securities issued	13.813.170
3.2	Cash used for repayment of funds borrowed and securities issued	(11.820.811)
3.3	Issued equity instruments	-
3.4	Dividends paid	(1.600.000)
3.5	Payments for finance leases	(5.843)
3.6	Other	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	789.411
V.	Net increase in cash and cash equivalents (I+II+III+IV)	5.803.984
VI.	Cash and cash equivalents at beginning of the period	(V) 10.935.232
VII.	Cash and cash equivalents at end of the period	(V) 16.739.216

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 30 JUNE 2017**

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

	Note (Section Five)	RESTATED (*) PRIOR PERIOD (30/06/2017)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before changes in operating assets and liabilities	3.424.201
1.1.1	Interest received	11.088.653
1.1.2	Interest paid	(5.593.629)
1.1.3	Dividend received	46.600
1.1.4	Fees and commissions received	1.770.928
1.1.5	Other income	(162.521)
1.1.6	Collections from previously written-off loans and other receivables	457.858
1.1.7	Payments to personnel and service suppliers	(2.008.052)
1.1.8	Taxes paid	(755.531)
1.1.9	Other	(1.420.105)
1.2	Changes in operating assets and liabilities	(6.036.733)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(9.392)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	-
1.2.3	Net (increase) / decrease in loans	2.943.998
1.2.4	Net (increase) / decrease in other assets	(10.211.651)
1.2.5	Net increase / (decrease) in bank deposits	(11.564.001)
1.2.6	Net increase / (decrease) in other deposits	6.179.360
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	8.093.335
1.2.8	Net increase / (decrease) in funds borrowed	(925.957)
1.2.9	Net increase / (decrease) in payables	-
1.2.10	Net increase / (decrease) in other liabilities	(542.425)
I.	Net cash provided from banking operations	(2.612.532)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(3.938.774)
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	(93.701)
2.4	Disposals of property and equipment	13.055
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(8.288.570)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	5.614.272
2.7	Purchase of Financial Assets Measured at Amortised Cost	(164)
2.8	Sale of Financial Assets Measured at Amortised Cost	25.218
2.9	Other	(1.208.884)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided from financing activities	1.684.499
3.1	Cash obtained from funds borrowed and securities issued	3.992.384
3.2	Cash used for repayment of funds borrowed and securities issued	(1.395.013)
3.3	Issued equity instruments	-
3.4	Dividends paid	(900.000)
3.5	Payments for finance leases	(12.872)
3.6	Other	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	334.625
V.	Net increase in cash and cash equivalents [(I+II+III+IV)]	(4.532.182)
VI.	Cash and cash equivalents at beginning of the period	(VI) 12.413.924
VII.	Cash and cash equivalents at end of the period	(VI) 7.881.742

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 30 JUNE 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.

The Bank has started to work on compliance with the TFRS 16 Leases Standard effective from 1 January 2019 and continues its works in order to comply with related standard as of 30 June 2018.

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 financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). In accordance with the transition requirements of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the year 2018 and 2017 periods are separately presented in the notes and the accounting policies for the period 2017 are included in Section three notes XXIX. Implementation and effects for the transition of TFRS9 are explained in Section three notes XXVIII.

As of 30 September 2017, financial associates and subsidiaries in unconsolidated financial statements have been accounted under the equity method in accordance with "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard ("TAS 27")". Due to the change in accounting policy, 30 June 2017 financial statements have been restated and the impacts of the restatement of financial statements is stated below. Accounting policies and valuation principles used by the Bank are explained in notes II through XXVIII below.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 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 30 June 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 note III of Section Three, "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.

30 June 2017	Announced	Adjustment	Restated
SUBSIDIARIES (NET)	1.623.125	1.999.790	3.622.915
TOTAL ASSETS	290.562.359	1.999.790	292.562.149
TAX LIABILITY	634.374	106.584	740.958
SHAREHOLDERS' EQUITY	35.679.834	1.893.206	37.573.040
Capital Reserves	4.984.209	1.782.451	6.766.660
Marketable Securities Valuation Differences	(421.551)	1.782.451	1.360.900
Profit or Loss	2.905.562	110.755	3.016.317
Current Period Income or (Loss)	2.905.562	110.755	3.016.317
TOTAL LIABILITIES	290.562.359	1.999.790	292.562.149
DIVIDEND INCOME	46.600	(44.779)	1.821
INCOME/(LOSS) FROM INVESTMENTS ACCOUNTED BASED ON EQUITY	-	174.971	174.971
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	649.814	19.437	669.251
NET INCOME/LOSS	2.905.562	110.755	3.016.317

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 wealth management, 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 30 June 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 4,5300 and TL 5,2735 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").

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

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

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

c. Financial Assets Measured at 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 Bank 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 Bank are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

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

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes

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are disclosed in the note 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 Bank 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.

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.

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

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

Buildings	50 years
Vault	5 years
Transportation Vehicles	5 years
Other property and equipments	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 notes.

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

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

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

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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 30 June 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:

- a. 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),
- b. 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,
- c. 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
	30 June 2018
Net Profit for the Year	3.311.609
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00828
	Prior Period
	30 June 2017
Net Profit for the Year	3.016.317
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00754

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

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

XXV. RELATED PARTIES:

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

XXVI. CASH AND CASH EQUIVALENT ASSETS:

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

XXVII. RECLASSIFICATIONS:

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 30 June 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 Bank 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 Bank consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank'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.

Significant increase in credit risk:

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

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

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

Definition of significant increase in the probability of impairment is considered to be worsening of the probability of impairment risk if the impairment probabilities exceed the threshold values determined by the Bank using the Bank's internal rating-based credit rating models.

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

a. Classification and measurement of financial assets:

Financial assets	Before TFRS 9		In scope of TFRS 9	
	Measurement Bases	Book value	Measurement Bases	Book value
		31 December 2017		1 January 2018
Cash 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

Financial Instruments	Book Value	Reclassifications	Remeasurements	Book value
	before TFRS 9			after TFRS 9
	31 December 2017			1 January 2018
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		-		13.955.847
Fair value through P/L				
Balance before classification (for trading purpose)	-	-	-	-
Classified from available sale	-		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 (full TL amount) over the minimum provision ratios is included in the "Other" line on the table above.

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

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

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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.

The difference between the provision for impairment of the subsidiaries accounted by the equity method as at 31 December 2017 and the expected loss provision calculated in accordance with TFRS 9 as of 1 January 2018 amounting to TL 58.324 is recognized under "Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss" in 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.

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

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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 30 June 2018, total current year equity of the Bank has been calculated as TL 47.209.133 (31 December 2017 TL 44.403.105), the Capital adequacy ratio is 16,79 % (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 30 June 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	28.233.739	
Gains recognized in equity as per TAS	4.511.121	
Profit	3.311.609	
Current Period Profit	3.311.609	
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	43.749.207	
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	28.780	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	2.582.472	
Improvement costs for operating leasing	16.430	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	456.672	456.672
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	3.084.354	
Total Common Equity Tier 1 Capital	40.664.853	

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	Current Period 30 June 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)	40.664.853	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.077.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.472.367	
Tier II Capital Before Deductions	6.549.367	
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	6.549.367	
Total Capital (The sum of Tier I Capital and Tier II Capital)	47.214.220	
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 Immoveables 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 (-)	5.087	
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 30 June 2018	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital		
Total risk weighted amounts	47.209.133	281.262.877
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,46%	
Tier 1 Capital Adequacy Ratio	14,46%	
Capital Adequacy Ratio	16,79%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	1,92%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,05%	
c) Systemic significant bank buffer ratio (**)	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	6,46%	
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	351.489	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.565.238	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(***)	2.472.367	
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
30 June 2018**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş.
Identifier(s) [CUSIP, ISIN vb.]	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.265 million TL (in full TL amount)
Nominal value of instrument	2.265 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.265 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

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**Current Period
30 June 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)	1.812 million TL (in full TL amount)
Nominal value of instrument	1.812 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 1.812 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 unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

II. EXPLANATIONS ON 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	4,5300 TL	5,2735 TL
1.Day bid rate	4,6083 TL	5,3310 TL
2.Day bid rate	4,6349 TL	5,3960 TL
3.Day bid rate	4,6740 TL	5,4576 TL
4.Day bid rate	4,6397 TL	5,4071 TL
5.Day bid rate	4,7077 TL	5,4848 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 4,6263
EURO : TL 5,4065

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 Bank's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets and expected credit loss for loans classified under Stage I and Stage II, 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 – 30 June 2018	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	5.742.384	20.837.439	5.322.928	31.902.751
Banks	951.082	9.277.974	142.304	10.371.360
Financial Assets at Fair Value through Profit or Loss (Net)	-	118.860	-	118.860
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	4.401.365	16.003.425	615.137	21.019.927
Loans	31.675.176	39.875.119	92.794	71.643.089
Investments in Associates, Subsidiaries and Joint Ventures	3.622.512	-	-	3.622.512
Held-to-maturity Investments (Net)	726.728	6.590.987	-	7.317.715
Hedging Derivative Financial Assets	-	410.171	-	410.171
Tangible Assets (Net)	-	7.019	-	7.019
Intangible Assets (Net)	-	28	-	28
Other Assets(****)	2.122.587	5.192.505	96.933	7.412.025
Total Assets	49.241.834	98.313.527	6.270.096	153.825.457
Liabilities				
Bank Deposits (**)	2.873.539	8.570.549	1.653.949	13.098.037
Foreign Currency Deposits (**)	26.042.298	68.556.724	4.249.550	98.848.572
Funds from Interbank Money Market	774.063	20.531.932	-	21.305.995
Borrowings	7.326.231	32.057.621	2.980	39.386.832
Marketable Securities Issued (Net) (***)	53.336	11.050.876	161.085	11.265.297
Miscellaneous Payables	1.606.429	1.249.187	3.890	2.859.506
Hedging Derivative Financial Liabilities	-	24.009	-	24.009
Other Liabilities	797.986	1.139.008	15.850	1.952.844
Total Liabilities	39.473.882	143.179.906	6.087.304	188.741.092
Net on Balance Sheet Position	9.767.952	(44.866.379)	182.792	(34.915.635)
Net off-Balance Sheet Position (*)	(8.832.483)	46.377.278	(239.854)	37.304.941
Financial Derivative Assets	37.636.697	119.921.087	4.087.504	161.645.288
Financial Derivative Liabilities	46.469.180	73.543.809	4.327.358	124.340.347
Non-cash Loans	14.102.833	21.600.642	409.899	36.113.374
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 5.148.635 (31 December 2017: TL 5.220.523) of the foreign currency deposits TL 2.090.414 (31 December 2017: TL 1.451.430) 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.

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

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III. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Bank. 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 – 30 June 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	30.225.787	-	-	-	-	13.133.252	43.359.039
Banks	4.219.885	585.741	8.736	-	-	7.067.448	11.881.810
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-	-	121.170	121.170
Interbank Money Market Placements	1.385.476	80.247	-	-	-	-	1.465.723
Available-for-sale Financial Assets (Net)	3.382.841	3.893.262	13.888.005	15.857.073	6.603.889	249.352	43.874.422
Loans(***)	58.082.678	27.963.211	44.263.144	59.507.412	8.906.568	(2.546.712)	196.176.301
Held-to-maturity Investments (Net)	2.094.529	679.507	4.632.575	2.905.099	938.757	-	11.250.467
Other Assets (****)	2.295.258	5.047.661	3.377.014	8.133.163	3.603.289	10.350.237	32.806.622
Total Assets	101.686.454	38.249.629	66.169.474	86.402.747	20.052.503	28.374.747	340.935.554
Liabilities							
Bank Deposits	13.589.284	1.134.476	194.156	-	-	1.612.599	16.530.515
Other Deposits	109.939.387	24.893.621	9.693.122	66.224	2	37.323.411	181.915.767
Funds from Interbank Money Market	2.855.751	13.355.343	5.277.918	-	-	-	21.489.012
Miscellaneous Payables	566.893	1.096.052	905.938	192.777	223	4.425.099	7.186.982
Marketable Securities Issued (Net) (*)	1.945.378	2.896.867	424.068	4.936.642	7.502.208	-	17.705.163
Borrowings	3.771.053	32.762.674	3.288.597	199.487	12.791	-	40.034.602
Other Liabilities (**)	942.434	1.563.437	2.149.952	5.303.987	1.578.128	44.535.575	56.073.513
Total Liabilities	133.610.180	77.702.470	21.933.751	10.699.117	9.093.352	87.896.684	340.935.554
Balance Sheet Long Position	-	-	44.235.723	75.703.630	10.959.151	-	130.898.504
Balance Sheet Short Position	(31.923.726)	(39.452.841)	-	-	-	(59.521.937)	(130.898.504)
Off-balance Sheet Long Position	8.229.561	25.513.505	-	-	-	-	33.743.066
Off-balance Sheet Short Position	-	-	(135.137)	(17.720.677)	(11.241.172)	-	(29.096.986)
Total Position	(23.694.165)	(13.939.336)	44.100.586	57.982.953	(282.021)	(59.521.937)	4.646.080

(*) 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 – 30 June 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	1,50	-	13,53
Banks	-	1,92	-	19,07
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	18,46
Available-for-sale Financial Assets (Net)	2,66	4,31	3,09	12,65
Loans	4,50	6,92	4,77	17,83
Held-to-maturity Investments (Net)	3,57	4,23	-	14,17
Liabilities				
Bank Deposits	0,53	2,21	-	15,60
Other Deposits	0,99	3,24	0,01	11,69
Funds from Interbank Money Market	1,92	3,29	-	11,99
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	15,27
Borrowings	1,01	4,09	-	11,56

(*) 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

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

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total 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 (*)	
		TL+FC	FC	TL+FC	FC
Current Period – 30.06.2018					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			59.160.757	37.727.562
CASH OUTFLOWS					
2	Retail and Customers Deposits	122.395.827	56.124.115	11.132.926	5.612.411
3	Stable deposits	22.133.151	-	1.106.658	-
4	Less stable deposits	100.262.676	56.124.115	10.026.268	5.612.411
5	Unsecured Funding other than Retail and Small Business Customers Deposits	75.586.032	50.115.447	38.335.995	24.862.920
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	71.390.618	49.707.332	35.411.632	24.456.289
8	Other Unsecured Funding	4.195.414	408.115	2.924.363	406.631
9	Secured funding	-	-	173.116	173.116
10	Other Cash Outflows	61.134.138	38.063.186	54.511.011	32.013.239
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	53.780.946	31.343.711	53.780.946	31.343.711
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	7.353.192	6.719.475	730.065	669.528
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	759.580	-	37.979	-
15	Other irrevocable or conditionally revocable commitments	64.252.151	19.126.497	3.212.608	956.325
16	TOTAL CASH OUTFLOWS			107.403.635	63.618.011
CASH INFLOWS					
17	Secured Lending Transactions	28.365	-	-	-
18	Unsecured Lending Transactions	20.269.558	9.971.626	14.821.873	8.619.635
19	Other contractual cash inflows	50.335.212	41.096.152	50.334.900	41.096.145
20	TOTAL CASH INFLOWS	70.633.135	51.067.778	65.156.773	49.715.780
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			59.160.757	37.727.562
22	TOTAL NET CASH OUTFLOWS			42.246.862	17.228.789
23	Liquidity Coverage Ratio (%)			140,37	221,21

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

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Prior Period – 31.12.2017		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			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 128% 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 (58%) and securities issued by Undersecretariat of the Treasury by (38%). Funding sources are mainly distributed between individual and retail deposits by (61%), corporate deposits by (30%), and borrowings from banks by (4%) and collateralized borrowings such as repurchase agreements by (1%).

Cash outflow amounting to TL 3.858 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- 30.06.2018	
	TL+FC	FC
Lowest	128,06	188,52
Week	06.04.2018	25.05.2018
Highest	153,44	249,21
Week	11.05.2018	04.05.2018

	Prior Period - 31.12.2017	
	TL+FC	FC
Lowest	127,48	206,53
Week	01.12.2017	15.12.2017
Highest	142,96	293,10
Week	06.10.2017	06.10.2017

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 30 June 2018	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank Banks	13.142.785	30.108.649	107.605	-	-	-	-	43.359.039
Financial Assets at Fair Value Through Profit or Loss (Net)	7.067.448	4.219.885	585.741	8.736	-	-	-	11.881.810
Interbank Money Market Placements	-	1.385.476	80.247	-	-	-	-	1.465.723
Available-for-sale Financial Assets (Net)	249.352	4.933	27.321	5.568.513	26.625.545	11.398.758	-	43.874.422
Loans (****)	-	34.793.573	25.707.331	35.926.168	79.271.844	23.024.097	(2.546.712)	196.176.301
Held-to-maturity Investments (Net)	-	-	-	3.473.858	6.837.852	938.757	-	11.250.467
Other Assets (*)	107.530	1.666.831	736.878	3.001.081	11.260.275	6.300.511	9.733.516	32.806.622
Total Assets	20.688.285	72.179.347	27.245.123	47.978.356	123.995.516	41.662.123	7.186.804	340.935.554
Liabilities								
Bank Deposits	1.612.599	13.589.284	1.134.476	194.156	-	-	-	16.530.515
Other Deposits	37.323.411	109.939.387	24.893.621	9.693.122	66.224	2	-	181.915.767
Borrowings	-	247.341	6.647.698	15.035.913	12.080.928	6.022.722	-	40.034.602
Funds from Interbank Money Market	-	182.717	228.874	5.777.998	13.696.296	1.603.127	-	21.489.012
Marketable Securities Issued (Net) (**)	-	1.945.378	2.896.867	424.069	4.936.642	7.502.207	-	17.250.163
Miscellaneous Payables	-	4.681.709	249.118	731.622	993.372	531.161	-	7.186.982
Other Liabilities (***)	-	2.131.794	1.391.061	3.534.320	9.374.509	2.183.800	37.458.029	56.073.513
Total Liabilities	38.936.010	132.717.610	37.441.715	35.391.200	41.147.971	17.843.019	37.458.029	340.935.554
Net Liquidity Excess/ (Gap)	(18.247.725)	(60.538.263)	(10.196.592)	12.587.156	82.847.545	23.819.104	(30.271.225)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(319.142)	(742.553)	(992.957)	4.494.013	2.206.719	-	4.646.080
Financial Derivative Liabilities	-	63.820.382	30.147.136	74.862.935	123.969.052	57.312.225	-	350.111.730
Non-cash Loans (****)	-	2.171.596	5.875.018	21.043.571	5.733.718	24.084.557	-	58.908.460
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								
Financial Derivative Assets	-	(395.318)	(377.879)	(50.929)	2.580.772	868.314	-	2.624.960
Financial Derivative Liabilities	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	244.498.265
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.

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

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VI. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 30 June 2018, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8,60% (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 30 June 2018 (*)	
Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	319.083.822
2	[Assets deducted from Core capital]	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	319.083.822
Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	14.700.747
5	Potential credit risk amount of derivative financial assets and credit derivatives	1.433.762
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.134.509
Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	3.528.853
8	Risk amount arising from intermediary transactions	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	3.528.853
Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	136.830.439
11	[Correction amount due to multiplication with credit conversion rates]	(1.115.377)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	135.715.062
Capital and total risk		
13	Core Capital	40.792.505
14	Total risk amount (sum of lines 3, 6, 9 and 12)	474.462.246
Leverage ratio		
15	Leverage ratio	8,60

	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.

a. Overview of RWA:

		Risk Weighted Amount	Minimum capital requirement
		Current Period	Current Period
		30 June 2018	30 June 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	233.178.674	18.654.294
2	Standardized approach (SA)	233.178.674	18.654.294
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	20.161.501	1.612.920
5	Standardized approach for counterparty credit risk (SA-CCR)	20.161.501	1.612.920
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	235.897	18.872
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	6.340.482	507.238
17	Standardized approach (SA)	6.340.482	507.238
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)	-	-
24	Floor adjustment	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	281.262.877	22.501.030

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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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b. Credit Risk Explanations

1. Credit quality of assets:

	Current Period 30.06.2018	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	5.574.443	198.723.013	8.121.155	196.176.301
2	Debt Securities	-	54.875.537	28.504	54.847.033
3	Off-balance sheet exposure	198.799	136.702.368	208.144	136.693.023
4	Total	5.773.242	390.300.918	8.357.803	387.716.357

	Prior Period 31.12.2017	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	4.532.711	190.356.348	6.880.509	188.008.550
2	Debt Securities	-	59.313.740	62.671	59.251.069
3	Off-balance sheet exposure	180.677	111.191.040	131.983	111.239.734
4	Total	4.713.388	360.861.128	7.075.163	358.499.353

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

	Current Period 30 June 2018
1	Defaulted loans and debt securities at end of the previous reporting period
	4.713.388
2	Loans and debt securities that have defaulted since the last reporting period
	2.626.881
3	Returned to non-defaulted status
	23.238
4	Amounts written off
	777.331
5	Other changes
	766.458
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions
	5.773.242

	Prior Period 31 December 2017
1	Defaulted loans and debt securities at end of the previous reporting period
	4.465.348
2	Loans and debt securities that have defaulted since the last reporting period
	1.897.129
3	Returned to non-defaulted status
	68.363
4	Amounts written off
	727.153
5	Other changes
	853.573
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions
	4.713.388

3. Credit risk mitigation techniques – overview:

Current Period 30.06.2018		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
2	Debt Securities	54.847.033	-	-	-	-	-	-
3	Total	244.719.926	6.303.408	2.255.987	12.661.399	11.298.273	-	-
4	Of which defaulted	5.773.242	-	-	-	-	-	-

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		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
Prior Period 31.12.2017								
1	Loans	183.469.417	4.539.133	1.974.205	13.741.776	12.319.437	-	-
2	Debt Securities	59.251.069	-	-	-	-	-	-
3	Total	242.720.486	4.539.133	1.974.205	13.741.776	12.319.437	-	-
4	Of which defaulted	4.713.388	-	-	-	-	-	-

4. Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects:

Current Period - 30.06.2018		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	88.194.756	228.140	88.194.756	122.428	23.271.093	26,35%
2	Exposures to regional governments or local authorities	35.870	318	35.869	64	17.966	50,00%
3	Exposures to public sector entities	6.358	22.610	6.358	4.949	11.307	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	20.919.133	73.854.926	20.919.133	16.321.349	18.383.733	49,36%
7	Exposures to corporates	115.276.645	63.867.144	114.743.954	33.782.709	138.659.302	93,36%
8	Retail exposures	57.058.386	39.514.437	56.732.380	5.062.490	42.136.730	68,19%
9	Exposures secured by residential property	12.676.167	588.365	12.671.632	240.709	4.519.319	35,00%
10	Exposures secured by commercial real estate	12.568.321	1.280.747	12.547.973	819.595	8.778.985	65,67%
11	Past-due loans	1.767.865	-	1.767.865	-	1.544.314	87,35%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	54	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	238.208	-	238.208	11	238.218	100,00%
16	Other assets	8.097.571	-	8.097.571	-	5.297.716	65,42%
17	Investments in equities	4.878.783	-	4.878.783	-	4.878.783	100,00%
18	Total	321.718.063	179.356.741	320.834.482	56.354.304	247.737.466	65,68%

Prior Period - 31.12.2017		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	84.707.318	4.034.841	84.707.317	140.882	25.418.515	29,96%
2	Exposures to regional governments or local authorities	-	275	-	55	28	50,91%
3	Exposures to public sector entities	7.083	23.763	7.083	4.892	11.975	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	17.132.991	58.154.028	17.132.990	16.221.652	18.050.472	54,12%
7	Exposures to corporates	111.790.157	57.444.903	111.154.768	29.661.363	130.094.809	92,39%
8	Retail exposures	53.332.871	34.873.429	52.983.438	3.893.728	38.701.163	68,04%
9	Exposures secured by residential property	12.825.658	592.428	12.823.162	246.873	4.570.820	34,97%
10	Exposures secured by commercial real estate	10.563.610	999.369	10.541.614	654.912	7.377.523	65,89%
11	Past-due loans	152.619	-	152.619	-	152.619	100,00%
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	277.987	81	277.988	12	277.999	100,00%
16	Other assets	7.045.133	-	7.045.133	-	4.745.756	67,36%
17	Investments in equities	4.234.896	-	4.234.896	-	4.234.896	100,00%
18	Total	302.070.323	156.123.117	301.061.008	50.824.369	233.636.575	66,40%

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

Current Period - 30.06.2018

Asset classes/ Risk weight	0%	10%	20%	35%	50(*)%	75%	100%	150%	200%	Other risk weights	Total risk amount (**)
1 Exposures to central governments or central banks	64.842.514	-	254.471	-	-	-	23.220.199	-	-	-	88.317.184
2 Exposures to regional governments or local authorities	-	-	-	-	35.933	-	-	-	-	-	35.933
3 Exposures to public sector entities	-	-	-	-	-	-	11.307	-	-	-	11.307
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	22.929	-	15.618.994	-	12.676.814	-	8.921.745	-	-	-	37.240.482
7 Exposures to corporates	1.393.353	-	555.185	-	4.836.277	-	141.741.848	-	-	-	148.526.663
8 Retail exposures	-	-	-	-	-	61.794.870	-	-	-	-	61.794.870
9 Exposures secured by residential property	-	-	-	-	-	11.163.377	1.748.964	-	-	-	12.912.341
10 Exposures secured by commercial real estate	-	-	-	-	-	2.310.339	11.057.229	-	-	-	13.367.568
11 Past-due loans	-	-	-	-	677.972	-	859.024	230.869	-	-	1.767.865
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	238.219	-	-	-	238.219
16 Investments in equities	-	-	-	-	-	-	4.878.783	-	-	-	4.878.783
17 Other assets	2.690.809	-	136.307	-	-	-	5.270.455	-	-	-	8.097.571
18 Total	68.949.605	-	16.564.957	-	18.226.996	75.268.586	197.947.773	230.869	-	-	377.188.786

(*)Secured by real estate

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

Prior Period - 31.12.2017

Asset classes/ Risk weight	0%	10%	20%	35%	50(*)%	75%	100%	150%	200%	Other risk weights	Total risk amount (**)
1 Exposures to central governments or central banks	59.246.507	-	228.972	-	-	-	25.372.720	-	-	-	84.848.199
2 Exposures to regional governments or local authorities	-	-	-	-	55	-	-	-	-	-	55
3 Exposures to public sector entities	-	-	-	-	-	-	11.975	-	-	-	11.975
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	19.076	-	10.390.060	-	13.946.092	-	8.999.414	-	-	-	33.354.642
7 Exposures to corporates	842.156	-	932.059	-	4.663.391	-	134.378.525	-	-	-	140.816.131
8 Retail exposures	-	-	-	-	-	56.877.167	-	-	-	-	56.877.166
9 Exposures secured by residential property	-	-	-	-	-	11.625.661	1.444.375	-	-	-	13.070.035
10 Exposures secured by commercial real estate	-	-	-	-	-	1.343.625	9.852.901	-	-	-	11.196.526
11 Past-due loans	-	-	-	-	-	-	152.619	-	-	-	152.619
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	278.000	-	-	-	278.000
16 Investments in equities	-	-	-	-	-	-	4.234.896	-	-	-	4.234.896
17 Other assets	2.266.139	-	41.548	-	-	-	4.737.446	-	-	-	7.045.133
18 Total	62.373.878	-	11.592.639	-	18.609.538	69.846.453	189.462.870	-	-	-	351.885.377

(*)Secured by real estate

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

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c. Counterparty Credit Risk (CCR) Explanations:

1. Analysis of counterparty credit risk exposure by approach:

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Current Period - 30.06.2018						
1 Standardised Approach (for derivatives)	15.715.922	1.532.772	-	1,4	17.248.694	12.480.818
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	4.061.938	1.842.077
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	4.061.938	1.842.077
6 Total						14.322.895

(*) Effective Expected Positive Exposure

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Prior Period - 31.12.2017						
1 Standardised Approach (for derivatives)	9.305.562	1.693.697	-	1,4	10.999.259	7.874.572
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	7.400.876	3.431.168
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	7.400.876	3.431.168
6 Total						11.305.740

(*) Effective Expected Positive Exposure

2. Credit valuation adjustment (CVA) capital charge:

	Current Period - 30.06.2018	
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 (i) Value at Risk (VaR) component (including the 3xmultiplier)	-	-
2 (ii) Stressed VaR component (including the 3xmultiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	17.248.694	5.817.020
4 Total subject to the CVA capital charge	17.248.694	5.817.020

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	Prior Period - 31.12.2017	
	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		
1 (i) Value at Risk (VaR) component (including the 3xmultiplier)	-	-
2 (ii) Stressed VaR component (including the 3xmultiplier)	-	-
3 All portfolios subject to the Standardised CVA capital charge	10.999.259	4.091.182
4 Total subject to the CVA capital charge	10.999.259	4.091.182

3. Standardised approach – CCR exposures by regulatory portfolio and risk weights:

Current Period - 30.06.2018

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	2.298	-	-	-	-	117.654	-	-	117.654
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	148	-	-	148
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	11	-	2.683.647	9.275.794	-	13.837	-	-	5.188.463
Corporates	185.364	-	-	3.861	-	8.974.738	-	-	8.976.669
Retail portfolios	-	-	-	-	53.277	-	-	-	39.958
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	3	-	-	3
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	187.673	-	2.683.647	9.279.655	53.277	9.106.380	-	-	14.322.895

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

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

Prior Period - 31.12.2017

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	91.013	-	-	-	-	22.036	-	-	22.036
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	148	-	-	148
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	1.618.513	11.148.194	-	10.225	-	-	5.908.024
Corporates	126.252	-	-	6.095	-	5.356.958	-	-	5.360.005
Retail portfolios	-	-	-	-	20.698	-	-	-	15.524
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	3	-	-	3
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	217.265	-	1.618.513	11.154.289	20.698	5.389.370	-	-	11.305.740

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

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

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

5. Credit derivatives exposures:

Current Period - 30.06.2018	Protection bought	Protection sold
Nominal		
Single-name credit default swaps	-	22.650
Index credit default swaps	-	-
Total return swaps	9.245.870	6.776.363
Credit options	-	-
Other credit derivatives	-	-
Total notionals	9.245.870	6.799.013
Fair values		
Positive fair value (asset)	2.349.870	2.350.224
Negative fair value (liability)	-	-

Prior Period - 31.12.2017	Protection bought	Protection sold
Nominal		
Single-name credit default swaps	-	18.700
Index credit default swaps	-	-
Total return swaps	6.127.434	4.541.941
Credit options	-	-
Other credit derivatives	-	-
Total notionals	6.127.434	4.560.641
Fair values		
Positive fair value (asset)	1.581.610	1.581.610
Negative fair value (liability)	-	-

6. Exposures to central counterparties (CCP):

Current Period - 30.06.2018	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		21.586
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	542.290	21.570
3 (i) OTC Derivatives	542.290	21.570
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	6.932	16
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

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Prior Period - 31.12.2017	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		7.633
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3 (i) OTC Derivatives	193.899	7.618
4 (ii) Exchange-traded Derivatives	193.899	7.618
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin		
9 Pre-funded default fund contributions	6.519	15
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)		
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

d. Securitization Explanations: The Bank has no securitization transactions.

e. Market Risk Explanations

1. Standardised approach:

	Current Period 30.06.2018 RWA
Outright products	
1 Interest rate risk (general and specific)	3.391.394
2 Equity risk (general and specific)	-
3 Foreign exchange risk	2.938.813
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	10.275
7 Scenario approach	-
8 Securitisation	-
9 Total	6.340.482

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

	Prior Period 31.12.2017 RWA
Outright products	
1 Interest rate risk (general and specific)	2.782.725
2 Equity risk (general and specific)	-
3 Foreign exchange risk	1.783.014
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	80.513
7 Scenario approach	-
8 Securitisation	-
9 Total	4.646.252

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

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

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

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

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

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

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

The 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 30 June 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:

	Notional Amount	Current Period 30.06.2018	
		Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	11.331.205	3.246.360	21.339
-FC	40.854.866	410.171	24.009
Total	52.186.071	3.656.531	45.348

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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: 30.06.2018

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	22.119	(27.361)	(5.242)
Cross-currency swap	Fixed interest rate TL Mortgage Loans	Interest rate and currency risk	2.066.058	(2.041.984)	24.074

(*) 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 30 June 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 30 June 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 21.069 (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		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	321.610	-	213.694	9.841	205
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	1.222.028	-	500.329	(144.307)	(31.949)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	21.339	1.530	40.646	11.605

As of 30 June 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 30 June 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 (11.275) (31 December 2017: TL (19.857)).

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 and wealth management with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

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

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.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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

Information on business segments as of 30 June 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, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 30 June 2018					
Operating Income	2.555.649	3.830.966	524.542	1.957.564	8.868.721
Profit from Operating Activities	979.432	2.089.304	373.692	367.925	3.810.353
Income from Subsidiaries				3.050	3.050
Income/(loss) from investments in subsidiaries consolidated based on equity method				225.985	225.985
Profit before Tax	979.432	2.089.304	373.692	596.960	4.039.388
Corporate Tax				(727.779)	(727.779)
Minority Shares	-	-	-	-	-
Net Profit for the Period	979.432	2.089.304	373.692	(130.819)	3.311.609
Segment Assets	55.454.058	165.652.705	97.181.514	-	318.288.277
Investments in Associates	-	-	-	4.869.286	4.869.286
Undistributed Assets	-	-	-	17.777.991	17.777.991
Total Assets	-	-	-	-	340.935.554
Segment Liabilities	99.920.481	85.624.414	103.356.468	-	288.901.363
Undistributed Liabilities	-	-	-	10.145.905	10.145.905
Shareholders' Equity	-	-	-	41.888.286	41.888.286
Total Liabilities	-	-	-	-	340.935.554
Other Segment Items					
Capital Investment	-	-	-	313.999	313.999
Amortization	(13.511)	(10.755)	-	(142.352)	(166.618)
Non-cash Other Income-Expense	(160.659)	(1.950.163)	(23.368)	(316.444)	(2.450.634)

	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	2.209.921	3.324.109	508.076	565.110	6.607.216
Profit from Operating Activities	904.005	2.275.802	378.629	8.668	3.567.104
Income from Subsidiaries	-	-	-	46.600	46.600
Profit before Tax	904.005	2.275.802	378.629	55.268	3.613.704
Corporate Tax	-	-	-	(708.142)	(708.142)
Minority Shares	-	-	-	-	-
Net Profit for the Period	904.005	2.275.802	378.629	(652.874)	2.905.562
Segment Assets	53.929.605	157.464.085	87.767.727	-	299.161.417
Investments in Associates	-	-	-	4.137.021	4.137.021
Undistributed Assets	-	-	-	12.732.430	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	9.918.625
Shareholders' Equity	-	-	-	40.424.506	40.424.506
Total Liabilities	-	-	-	-	316.030.868
Other Segment Items					
Capital Investment	-	-	-	93.701	93.701
Amortization	(10.141)	(7.817)	-	(113.745)	(131.703)
Non-cash Other Income-Expense	(144.698)	(234.762)	(12.017)	(421.452)	(812.929)

(*) 30 June 2017 amounts are used for income statement accounts.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	Current Period 30 June 2018	
	TL	FC
Cash/Foreign Currency	1.493.303	1.129.528
The CBRT (*)	9.962.984	30.568.939
Other (**)	1	204.284
Total	11.456.288	31.902.751

(*) Precious metal account amounting to TL 5.080.656 are included in FC.

(**) Precious metal account amounting to TL 67.978 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 30 June 2018	
	TL	FC
Unrestricted Demand Deposits	8.577	-
Unrestricted Time Deposits	6.042.952	-
Restricted Time Deposits	-	-
Reserve Requirement	3.911.455	30.568.939
Total	9.962.984	30.568.939

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

3. Explanation on reserve requirements:

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

The required reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 30 June 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 30 June 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 30 June 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 related to derivative financial assets (*)

	Current Period 30 June 2018	
	TL	FC
Forward Transactions	1.041.431	-
Swap Transactions	10.044.127	3.832.028
Futures Transactions	-	-
Options	68.203	582.947
Other	-	-
Total	11.153.761	4.414.975

(*)Excluding hedging derivatives financial assets.

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

	Prior Period 31 December 2017	
	TL	FC
Forward Transactions	421.168	-
Swap Transactions	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:

	Current Period 30 June 2018	
	TL	FC
Banks		
Domestic	1.510.450	2.038.720
Foreign	-	8.332.640
Head Quarters and Branches Abroad	-	-
Total	1.510.450	10.371.360

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

	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 30 June 2018, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 15.340.776 (31 December 2017: TL 18.926.124); and those given as collateral/blocked amounting to TL 4.078.241 (31 December 2017: TL 2.586.927).

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

	Current Period	
	30 June 2018	
Debt Securities	47.104.841	
Quoted at Stock Exchange (*)	47.031.120	
Unquoted at Stock Exchange	73.721	
Share Certificates	13.455	
Quoted at Stock Exchange	-	
Unquoted at Stock Exchange	13.455	
Impairment Provision (-)	3.243.874	
Total	43.874.422	

(*) Investment funds are included.

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

	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.

f. Information related to loans:

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

	Current Period	
	30 June 2018	
	Cash	Non-cash
Direct Loans Granted to Shareholders	-	260
Corporate Shareholders	-	260
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	4.947.496	961.297
Loans Granted to Employees	115.280	-
Total	5.062.776	961.557

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

	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:

Current Period-30 June 2018	Loans and other receivables under follow up			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables with Revised Contract Terms	Yeniden Refinance
Cash Loans				
Non-specialized Loans				
Loans given to enterprises	22.150.578	1.518.925	20.985	1.502.913
Export Loans	7.127.898	309.241	-	104.068
Import Loans	-	-	-	-
Loans Given to Financial Sector	9.006.041	66.456	-	-
Consumer Loans	30.013.105	1.479.778	295.505	756.730
Credit Cards	13.215.959	667.467	-	606.370
Other	92.767.605	12.533.945	36.478	4.542.966
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	174.281.186	16.575.812	352.968	7.513.047

The Bank has a cash loan exposure to Ojer Telekomunikasyon A.Ş. (OTAŞ) with a principal balance of USD 1.748 million included accrued interest related with the acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. The respective loan is classified as loans under follow up as of 30 June 2018. All creditors including our Bank have reached an agreement on restructuring the related loan. As per the agreed structure, it is contemplated that OTAŞ's 1.925.000.000 Class A shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities would be taken over by a special purpose vehicle incorporated or to be incorporated directly or indirectly by the creditors in the Republic of Turkey. The transaction expected to be completed following agreements with respect to the facilities to be restructured at the new company level being agreed, all requisite corporate, governmental and any other approvals and consents being obtained and all requisite conditions under the agreements being met.

Current Period-30 June 2018

Expected Credit Loss Stage I and Stage II	Standard Loans	Loans and other receivables under follow up
12 Month Expected Credit Losses	721.620	-
Significant Increase in Credit Risk	-	3.592.957
Total	721.620	3.592.957

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

	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 (full TL amount) over the minimum provision ratios is included in the "Other" line on the table above.

Current Period-30 June 2018

Number of Extension	Standard loans and other receivables	Loans and other receivables under follow up
Extended by 1 or 2 times	3.734.540	7.922.774
Extended by 3,4 or 5 times	16.829	372.828
Extended by more than 5 times	207	12.350
Total	3.751.576	8.307.952

Extension periods	Standard loans and other receivables	Loans and other receivables under follow up
0 - 6 Months	856.138	657.619
6 - 12 Months	53.801	545.410
1 - 2 Years	478.441	1.708.827
2 - 5 Years	1.555.797	4.307.866
5 Years and over	807.399	1.088.230
Total	3.751.576	8.307.952

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

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

Current Period – 30.06.2018	Short-term	Medium and Long-term	Total
Consumer Loans-TL	699.605	30.590.880	31.290.485
Mortgage Loans	6.626	12.137.624	12.144.250
Automotive Loans	3.035	196.397	199.432
Consumer Loans	689.944	18.256.859	18.946.803
Other	-	-	-
Consumer Loans- Indexed to FC	56	1.497	1.553
Mortgage Loans	56	1.497	1.553
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	11.024.436	555.792	11.580.228
With Installment	4.305.971	552.667	4.858.638
Without Installment	6.718.465	3.125	6.721.590
Consumer Credit Cards-FC	14.180	-	14.180
With Installment	-	-	-
Without Installment	14.180	-	14.180
Personnel Loans-TL	4.543	61.010	65.553
Mortgage Loans	-	4.366	4.366
Automotive Loans	-	45	45
Consumer Loans	4.543	56.599	61.142
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	49.461	20	49.481
With Installment	20.422	20	20.442
Without Installment	29.039	-	29.039
Personnel Credit Cards-FC	246	-	246
With Installment	-	-	-
Without Installment	246	-	246
Credit Deposit Account-TL (Real Person)	1.187.527	-	1.187.527
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	12.980.054	31.209.199	44.189.253

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

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

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

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

Current Period – 30.06.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.091.864	15.843.170	16.935.034
Mortgage Loans	11.747	9.851	21.598
Automotive Loans	56.491	92	56.583
Consumer Loans	1.023.626	15.833.227	16.856.853
Other	-	-	-
FC Indexed Commercial Installment Loans	132.121	464.229	596.350
Mortgage Loans	-	1.289	1.289
Automotive Loans	-	-	-
Consumer Loans	132.121	462.940	595.061
Other	-	-	-
Commercial Installment Loans-FC	4.033	153.261	157.294
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	4.033	153.261	157.294
Other	-	-	-
Corporate Credit Cards-TL	2.842.815	128	2.842.943
With Installment	1.158.749	49	1.158.798
Without Installment	1.684.066	79	1.684.145
Corporate Credit Cards-FC	2.718	-	2.718
With Installment	-	-	-
Without Installment	2.718	-	2.718
Credit Deposit Account-TL (Legal Person)	891.625	-	891.625
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.965.176	16.460.788	21.425.964

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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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

	Current Period 30 June 2018
Domestic Loans	192.897.762
Foreign Loans	5.825.251
Total	198.723.013

	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 30 June 2018
Direct Loans Granted to Investments in Associates and Subsidiaries	762.406
Indirect Loans Granted to Investments in Associates and Subsidiaries	-
Total	762.406

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

	Current Period 30 June 2018
Loans and Other Receivables with Limited Collectibility	651.100
Loans and Other Receivables with Doubtful Collectibility	666.917
Uncollectible Loans and Receivables	2.488.561
Total	3.806.578

- (ii) Specific provisions accounted for loans:

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

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

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: 30 June 2018			
(Gross Amounts Before Specific Provisions)	22.200	46.044	82.551
Rescheduled Loans and Other Receivables	22.200	46.044	82.551
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 (+)	2.492.715	68.888	47.156
Transfers from Other Categories of Non-Performing Loans (+)	-	984.611	590.989
Transfers to Other Categories of Non-Performing Loans (-)	984.611	590.989	-
Collections (-) (*)	454.794	118.389	216.513
Write-offs (-)	841	1.302	2.520
Sold Portfolio	-	-	772.668
Corporate and Commercial Loans	-	-	221.834
Consumer Loans	-	-	266.110
Credit Cards	-	-	284.724
Other	-	-	-
Balance at the End of the Period	1.631.503	992.940	2.950.000
Specific Provisions (-)	651.100	666.917	2.488.561
Net Balance at Balance Sheet	980.403	326.023	461.439

(*) 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: 30 June 2018			
Balance at the End of the Period	1.046.846	142.114	389.319
Specific Provision (-)	429.237	107.301	239.318
Net Balance on Balance Sheet	617.609	34.813	150.001
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

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

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

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): 30 June 2018			
Loans granted to corporate entities and real persons (Gross)	1.631.503	992.940	2.950.000
Specific Provision Amount (-)	651.100	666.917	2.488.561
Loans granted to corporate entities and real persons (Net)	980.403	326.023	461.439
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. Group	IV. Group	V. Group
Current Period: 30 June 2018			
Interest accruals and valuation differences	4.772	24.977	32.780
Provision (-)	2.737	15.864	24.050
Prior Period: 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	
	30 June 2018	
	TL	FC
Given as collateral/blocked	-	65.251
Subject to repurchase agreements	2.325.943	5.408.759
Total	2.325.943	5.474.010

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

(ii). Held-to-maturity:	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	
	30 June 018	
Government Bonds	9.122.828	
Treasury Bills	-	
Other Government Debt Securities	828.047	
Total	9.950.875	

(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	
	30 June 2018	
Debt Securities	11.476.238	
Quoted at Stock Exchange	11.476.238	
Unquoted at Stock Exchange	-	
Impairment Provision (-)	225.771	
Total	11.250.467	

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

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

	Current Period 30 June 2018
Balance at the Beginning of the Period	18.883.032
Foreign Currency Differences on Monetary Assets	1.291.911
Purchases During Year	-
Disposals Through Sales and Redemptions (*)	(8.685.687)
Impairment Provision	23.321
Change in Amortized Cost	(262.110)
Balance at the End of the Period	11.250.467

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

- (ii) 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 March 2018.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	86.772	53.658	46.024	565	-	4.564	3.416	-
2	287.212	196.196	177.616	2.879	15	12.874	14.597	-

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

3. Movement schedule of investments in associates:

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

(*) The amount is derived from the increase in the capital of Bankalararası Kart Merkezi A.Ş., 9.98% subsidiary of the Bank, by 16.000 TL.

	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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

i. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

The following amounts have been obtained from the financial statements as of 30 June 2018 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	235.007	96.802	10.534	740.648	5.000
Share Premium	-	-	-	-	-
Reserves	575.244	61.081	18.310	2.770.994	-
Gains recognized in equity as per TAS	-	(2.066)	(235)	-	-
Profit/Loss	40.444	184.160	18.310	110.870	-1.043
- Net Current Period Profit	40.444	57.639	17.756	110.870	-1.043
- Prior Year Profit/Loss	-	126.521	554	-	-
Development Cost of Operating Lease (-)	39	1.217	-	279	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.699	2.527	106	1.755	-
Total Common Equity	848.957	336.233	46.813	3.620.478	3.957
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	848.957	336.233	46.813	3.620.478	3.957
Tier II Capital	66.971	380	3	9.774	-
CAPITAL	915.928	336.613	46.816	3.630.252	3.957
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	915.928	336.613	46.816	3.630.252	3.957

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/Turkey	100,00	100,00

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

4. The financial figures have been obtained from the financial statements as at 30 June 2018 prepared in accordance with local regulations.

The following amounts have been obtained from the financial statements as of 30 June 2018 prepared in accordance with legislation in which companies are subject to.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	7.038.657	850.527	170.876	258.053	-	40.444	36.283	-
2	1.220.690	339.977	12.753	92.483	21.223	57.639	20.605	-
3	55.799	46.919	731	3.949	-	17.756	13.882	-
4	26.074.652	3.622.512	2.709	535.915	30.664	110.870	104.223	-
5	4.373	3.957	124	20	-	(1.043)	-	-

5. Movement schedule of subsidiaries:

	Current Period 30 June 2018
Balance at the Beginning of the Period	4.133.098
Movements During the Period	
Additions (*)	55.000
Bonus Shares and Contributions to Capital	-
Dividends from Current Year Income	225.985
Sales/Liquidation	-
Revaluation Increase (**)	449.682
Revaluation/Impairment	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-
Balance at the End of the Period	4.863.765
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

(*) Amounts refers to TL 5.000 that the Bank pays for the establishment capital of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., and the capital increase of Ak Yatırım Menkul Değerler by TL 50.000 which are wholly owned subsidiaries of the Bank.

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

	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 30 June 2018
Banks	3.622.512
Insurance Companies	-
Factoring Companies	-
Leasing Companies	850.400
Finance Companies	-
Other Financial Subsidiaries	390.853

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

7. Subsidiaries quoted to a stock exchange: None.

j. Information on joint ventures: None

k. Information on finance lease receivables (Net): None.

l. Information on the Hedging Derivative Financial Assets:

	Current Period 30 June 2018	
	TL	FC
Fair Value Hedge	2.024.332	88.561
Cash Flow Hedge	1.222.028	321.610
Net Investment Hedge in a foreign operation	-	-
Total	3.246.360	410.171

	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

m. Information on the investment properties: None.

n. Information on deferred tax asset:

As of 30 June 2018, the Bank has deferred tax asset amounting TL 351.488 (31 December 2017: 9.075). 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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

	Current Period 30 June 2018
Cost	82.214
Accumulated Depreciation (-)	115
Net Book Value	82.099

	Current Period 30 June 2018
Opening Balance Net Book Value	57.520
Additions	43.743
Disposals (-), net	19.083
Impairment (-)	81
Depreciation (-)	-
Closing Net Book Value	82.099

	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

p. Information on other assets:

Other assets amounting to TL 4.316.422 (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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[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

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 – 30 June 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	9.146.960	10.141.134	34.298.700	529.297	635.888	591.999	27.578	55.371.556
Foreign Currency Deposits	17.217.124	13.599.574	50.111.746	3.791.621	9.137.339	2.902.097	1.715	96.761.216
Residents in Turkey	16.137.170	12.750.944	46.951.219	1.916.445	1.221.311	1.595.082	1.537	80.573.708
Residents Abroad	1.079.954	848.630	3.160.527	1.875.176	7.916.028	1.307.015	178	16.187.508
Public Sector Deposits	444.908	22.460	18.455	720	165	518	-	487.226
Commercial Deposits	8.323.856	7.077.443	8.004.852	710.924	178.172	335.566	-	24.630.813
Other Institutions Deposits	287.778	550.625	997.907	397.671	124.038	219.581	-	2.577.600
Precious metals Deposits	1.902.785	-	8.761	25.723	135.209	14.878	-	2.087.356
Interbank Deposits	1.612.599	8.626.107	4.709.776	976.302	565.587	40.144	-	16.530.515
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	11.015	8.189.777	14.004	-	26.861	-	-	8.241.657
Foreign Banks	488.678	436.330	4.695.772	976.302	538.726	40.144	-	7.175.952
Participation Banks	1.112.906	-	-	-	-	-	-	1.112.906
Other	-	-	-	-	-	-	-	-
Total	38.936.010	40.017.343	98.150.197	6.432.258	10.776.398	4.104.783	29.293	198.446.282

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 30 June 2018	Current Period 30 June 2018
Saving Deposits	24.620.282	30.751.274
Foreign Currency Saving Deposits	9.423.692	16.902.478
Other Deposits in the Form of Saving Deposits	1.065.575	834.779
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 30 June 2018
Foreign Branches' Deposits and other accounts	952
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.084.241
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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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

b. Information on trading derivative financial liabilities:

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

	Current Period	
	30 June 2018	
	TL	FC
Forward Transactions	933.376	3
Swap Transactions	8.562.380	1.102.960
Futures Transactions	-	-
Options	7.434	574.803
Other	-	-
Total	9.503.190	1.677.766

(*). Excluding hedge transactions

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

	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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period	
	30 June 2018	
	TL	FC
Borrowings from the CBRT	-	-
From Domestic Banks and Institutions	246.952	450.495
From Foreign Banks, Institutions and Funds	400.818	38.936.337
Total	647.770	39.386.832

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

2. Information on maturity structure of borrowings

	Current Period 30 June 2018	
	TL	FC
Short-term	248.099	1.503.394
Medium and Long-term	399.671	37.883.438
Total	647.770	39.386.832

	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 30 June 2018	
	TL	FC
Bank bills	4.790.669	-
Bonds	1.649.197	7.138.015
Total	6.439.866	7.138.015

	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 1.193.231 (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	
	30 June 2018	
	Gross	Net
Less Than 1 Year	60	57
Between 1-4 Years	-	-
More Than 4 Years	-	-
Total	60	57

	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	
	30 June 2018	
	TL	FC
Fair Value Hedge	-	24.009
Cash Flow Hedge	21.339	-
Net Investment Hedge in a foreign operation	-	-
Total	21.339	24.009

	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
	30 June 2018
Discount Rate (%)	4,59
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 5.434,42 (1 January 2018: TL 5.001,76) effective from 1 July 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	Current Period
	30 June 2018
Prior Period Closing Balance	204.276
Recognized as an Expense During the Period	32.371
Actuarial Loss / (Gain)	301
Paid During the Period	(26.120)
Balance at the End of the Period	210.828

As of 30 June 2018, the Bank has allocated vacation liability amounting to TL 95.810

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

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 30 June 2018 is amounting to TL 60.425 (31 December 2017 TL 67.754).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 450.000 (31 December 2017: TL 700.000).

A portion of free provision amounting to TL 250.000 thousand has been reversed, during the period ended 30 June 2018. Out of free provision of TL 500.000 thousand has been recognised in year of 2017 and TL 200.000 thousand had been recognised in prior periods by the Bank management considering the possible effects of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying consolidated financial statements is TL 450.000 thousand as at 30 June 2018.

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 46.726 (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 30 June 2018, the corporate tax liability after the deduction of temporary taxes paid is TL 349.530 (31 December 2017: TL 814.395).

1 (i). Information on taxes payable:

	Current Period
	30 June 2018
Corporate Taxes Payable	349.530
Taxation on Marketable Securities	166.102
Property Tax	3.143
Banking Insurance Transaction Tax (BITT)	149.055
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	2.762
Other	83.556
Total	754.148

	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
	30 June 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	2.371
Unemployment Insurance – Employer	4.742
Other	134
Total	7.254

	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 30 June 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-n of Section Five.

j. Information on subordinated loan:

	Current Period	
	30 June 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	-	4.127.282
Subordinated loans	-	4.127.282
Subordinated debt instruments	-	-
Total	-	4.127.282

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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	
	30 June 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 Bank'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	
	30 June 2018	
	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	694.195	1.609.393
Valuation Difference	(1.382.461)	(1.085.733)
Foreign Currency Differences	-	-
Total	(688.266)	523.660

	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 25.179.166 asset purchase commitments (31 December 2017: TL 10.596.665), TL 19.657.804 commitments for credit card limits (31 December 2017: TL 18.431.137), TL 7.527.119 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
	30 June 2018
Bank Acceptance Loans	5.381.518
Letters of Credit	10.025.159
Other Guarantees and Warranties	6.968.968
Total	22.375.645

	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
	30 June 2018
Revocable Letters of Guarantee	1.230.029
Irrevocable Letters of Guarantee	20.865.767
Letters of Guarantee Given in Advance	3.895.499
Guarantees Given to Customs	2.170.921
Other Letters of Guarantee	8.370.599
Total	36.532.815

	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
	30 June 2018
Non-cash Loans Given against Cash Loans	6.931.339
With Original Maturity of 1 Year or Less Than 1 Year	2.586.499
With Original Maturity of More Than 1 Year	4.344.840
Other Non-cash Loans	51.977.121
Total	58.908.460

	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	
	30 June 2018	
	TL	FC
Short-term Loans	3.917.333	61.091
Medium and Long-term Loans	5.622.966	1.705.205
Interest on Loans Under Follow-Up	199.321	-
Premiums Received from the Resource Utilization Support Fund	-	-
Total	9.739.620	1.766.296

	Prior Period	
	30 June 2017	
	TL	FC
Short-term Loans	2.565.307	45.964
Medium and Long-term Loans	4.622.732	1.359.243
Interest on Loans Under Follow-Up	17.999	-
Premiums Received from the Resource Utilization Support Fund	-	-
Total	7.206.038	1.405.207

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

2. Information on interest income on banks:

	Current Period	
	30 June 2018	
	TL	FC
From the CBRT	152.430	-
From Domestic Banks	21.725	10.529
From Foreign Banks	1.701	77.120
From Headquarters and Branches Abroad	-	-
Total	175.856	87.649

	Prior Period	
	30 June 2017	
	TL	FC
From the CBRT	34.675	1.458
From Domestic Banks	15.021	6.933
From Foreign Banks	2.917	28.476
From Headquarters and Branches Abroad	-	-
Total	52.613	36.867

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3. Information on interest income on marketable securities:

	Current Period	
	30 June 2018	
	TL	FC
From Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1.419.273	388.036
Financial Assets Measured at Amortised Cost	275.163	174.271
Total	1.694.436	562.307

	Prior Period	
	30 June 2017	
	TL	FC
From Trading Financial Assets	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	1.020.987	311.871
From Held-to-Maturity Investments	270.206	221.131
Total	1.291.193	533.002

As stated in Section Three disclosure VI, the Bank has inflation indexed (CPI) government bonds in its fair value through other comprehensive income" and "measured at amortized cost portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. As stated in the Undersecretariat of Treasury's Investor Guide for CPI indexed government bonds, the reference indices used in calculating the actual coupon payment amounts of these assets are based on the CPI of two months ago. The Bank also sets the estimated inflation rate accordingly. Related inflation rate is updated during the year when necessary. In this context, the estimated annual inflation rate determined as 9,00% as of 1 January 2018 and has been updated as 11,00% as of 30 June 2018. The valuation of the related securities have been calculated according to this estimation. If the valuation of these securities indexed to CPI was made according to the reference index valid for June 30, 2018, the Bank's equity valuation differences on equity would decrease by TL 140 million (full TL amount) and the net profit for the period would increase by TL 185 million 3.497 Million TL (full TL amount).

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

	Current Period	
	30 June 2018	
Interests Received From Investments in Associates and Subsidiaries		23.106

	Prior Period	
	30 June 2017	
Interests Received From Investments in Associates and Subsidiaries		18.991

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b. Information on interest expense:

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

	Current Period	
	30 June 2018	
	TL	FC
Banks	22.762	507.764
The CBRT	-	-
Domestic Banks	7.548	3.213
Foreign Banks	15.214	504.551
Headquarters and Branches Abroad	-	-
Other Institutions	-	50.924
Total	22.762	558.688

	Prior Period	
	30 June 2017	
	TL	FC
Banks	6.895	330.477
The CBRT	-	-
Domestic Banks	6.209	2.065
Foreign Banks	686	328.412
Headquarters and Branches Abroad	-	-
Other Institutions	-	34.527
Total	6.895	365.004

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

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

	Current Period	
	30 June 2018	
To Associates and Subsidiaries	27.494	

	Prior Period	
	30 June 2017	
To Associates and Subsidiaries	37.860	

3. Information on interest expense given to securities issued:

	Current Period	
	30 June 2018	
	TL	FC
Interest expense on securities issued	351.394	287.905

	Prior Period	
	30 June 2017	
	TL	FC
Interest expense on securities issued	102.003	256.229

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4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 30.06.2018	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	3.257	95.360	19.603	3.308	673	-	122.201
Saving Deposits	-	859.359	2.128.045	31.134	40.231	36.585	3.095.354
Public Sector Deposits	-	4.431	1.362	50	4	18	5.865
Commercial Deposits	-	508.164	706.304	33.916	32.876	29.504	1.310.764
Other Deposits	2	29.801	92.374	14.667	9.230	18.039	164.113
Total	3.259	1.497.115	2.947.688	83.075	83.014	84.146	4.698.297
FC							
Foreign Currency Deposits	-	261.898	678.101	36.481	113.261	23.522	1.113.263
Bank Deposits	92	30.206	45.638	6.528	4.914	313	87.691
Precious Metals Deposits	-	-	128	-	679	255	1.062
Total	92	292.104	723.867	43.009	118.854	24.090	1.202.016
Grand Total	3.351	1.789.219	3.671.555	126.084	201.868	108.236	5.900.313

Prior Period – 30.06.2017	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	291	63.590	46.798	1.511	246	76	112.512
Saving Deposits	-	751.481	1.462.532	27.735	26.683	33.836	2.302.267
Public Sector Deposits	-	4.587	1.777	303	93	1	6.761
Commercial Deposits	-	404.053	552.618	50.572	58.426	28.891	1.094.560
Other Deposits	2	30.480	113.317	39.021	74.522	11.859	269.201
Total	293	1.254.191	2.177.042	119.142	159.970	74.663	3.785.301
FC							
Foreign Currency Deposits	-	232.824	373.476	66.269	33.937	24.748	731.254
Bank Deposits	6	12.954	22.804	5.617	2.871	273	44.525
Precious Metals Deposits	-	-	1	-	448	154	603
Total	6	245.778	396.281	71.886	37.256	25.175	776.382
Grand Total	299	1.499.969	2.573.323	191.028	197.226	99.838	4.561.683

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

	Current Period 30 June 2018
Profit	438.275.098
Income From Capital Market Transactions	261.092
Income From Derivative Financial Transactions (*)	15.754.413
Foreign Exchange Gains	422.259.593
Loss (-)	438.433.140
Loss from Capital Market Transactions	289.592
Loss from Derivative Financial Transactions (*)	13.951.678
Foreign Exchange Loss	424.191.870
Total (Net)	(158.042)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.836.805.

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	Prior Period 30 June 2017
Profit	340.037.725
Income From Capital Market Transactions	224.585
Income From Derivative Financial Transactions (*)	11.152.483
Foreign Exchange Gains	328.660.657
Loss (-)	340.168.787
Loss from Capital Market Transactions	85.230
Loss from Derivative Financial Transactions (*)	11.631.613
Foreign Exchange Loss	328.451.944
Total (Net)	(131.062)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (215.821).

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 30 June 2018
Expected Credit Loss	2.444.001
12 month expected credit loss (stage 1)	85.801
Significant increase in credit risk (stage 2)	1.162.295
Non-performing loans (stage 3)	1.195.905
Marketable Securities Impairment Expense	382
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	-
Financial Assets at Fair Value Through Other	-
Comprehensive Income	382
Investments in Associates, Subsidiaries and Held-to-maturity	-
Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	2.444.383

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

	Prior Period 30 June 2017
Specific Provisions for Loans and Other Receivables	731.882
III. Group Loans and Receivables	348.531
IV. Group Loans and Receivables	375.680
V. Group Loans and Receivables	7.671
General Provision Expenses	64.777
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	15.278
Total	811.937

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

	Current Period 30 June 2018
Personnel Expenses(*)	1.026.812
Reserve for Employee Termination Benefits	6.251
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	86.585
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	80.033
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	81
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	1.114.718
Operational Leasing Expenses	104.748
Maintenance Expenses	20.099
Advertisement Expenses	60.175
Other Expenses	929.696
Loss on Sales of Assets	146
Other(*)	299.359
Total	2.613.985

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

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	Prior Period 30 June 2017
Personnel Expenses	891.352
Reserve for Employee Termination Benefits	992
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	1.473
Depreciation Expenses of Fixed Assets	74.660
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	57.043
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	54
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	908.162
Operational Leasing Expenses	94.797
Maintenance Expenses	7.272
Advertisement Expenses	57.460
Other Expenses	748.633
Loss on Sales of Assets	10
Other(*)	294.429
Total	2.228.175

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

As of 30 June 2018, the Bank has a current tax expense of TL 495.670, deferred tax expense of TL 913.798 and deferred tax income of TL 681.689.

The Bank has no discontinued operations.

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

Net profit of the Bank is TL 3.311.609 (30 June 2017: TL 3.016.317).

The Bank has no discontinued operations.

i. 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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- 30 June 2018

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

	Current Period
	30 June 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
	30 June 2018
Cash	4.422.412
Cash, Foreign Currency and Other	2.759.138
Demand Deposits in Banks (*)	1.663.274
Cash Equivalents	12.316.804
Interbank Money Market Placements	1.456.274
Time Deposits in Banks	10.829.746
Marketable Securities	30.784
Total Cash and Cash Equivalents	16.739.216

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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2. Prior Period- 30 June 2017

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

	Prior Period 30 June 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

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

	Prior Period 30 June 2017
Cash	2.826.103
Cash, Foreign Currency and Other	2.087.351
Demand Deposits in Banks (*)	738.752
Cash Equivalents	5.055.639
Interbank Money Market Placements	546.122
Time Deposits in Banks	4.438.994
Marketable Securities	70.523
Total Cash and Cash Equivalents	7.881.742

(*) The restricted demand accounts are not included.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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 – 30 June 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	762.406	285.670	4.947.496	961.557	15.501	2.093
Interest and Commission Income Received	23.106	85	250.635	2.783	164	1

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 10.396.458 as of 30 June 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 (*)	18.991	40	235.877	1.521	-	-

(*) 30 June 2017 balances used for Income accounts.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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
	30.06.2018	30.06.2018	30.06.2018
Balance at the Beginning of the Period	836.532	3.074.694	2.311.399
Balance at the End of the Period	609.610	4.550.309	1.058.374
Interest expense on Deposits	27.494	140.349	39.249

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	37.860	107.484	89.196

(*) 30 June 2017 balances used for Income 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
	30.06.2018	30.06.2018	30.06.2018
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	5.415.350	15.752.789	-
Total income/loss	2.968	8.633	-
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 30 June 2018, the net exposure for investments in associates and subsidiaries is TL 89.081. For direct and indirect shareholders of the Bank TL (477.187).

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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
	(Business Partnerships)		
	Prior Period 31.12.2017	Prior Period 31.12.2017	Prior Period 31.12.2017
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	2.477.406	10.110.973	-
Balance at the End of the Period	3.501.130	13.638.708	-
Total income/loss (*)	(32.521)	(11.061)	-
Transactions for Hedging Purposes			
Beginning of the Period	-	-	-
Balance at the End of the Period	-	-	-
Total Income/Loss (*)	-	-	-

(*) 30 June 2017 balances used for Income accounts.

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 December 2017, 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 30 June 2018 benefits provided to the Bank's key management amounting to TL 24.929 (30 June 2017: TL 20.226).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

All creditors including our Bank have reached an agreement on restructuring the related loan. As per the agreed structure, it is contemplated that OTAŞ's 1.925.000.000 Class A shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities would be taken over by a special purpose vehicle incorporated or to be incorporated directly or indirectly by the creditors in the Republic of Turkey. The transaction expected to be completed following agreements with respect to the facilities to be restructured at the new company level being agreed, all requisite corporate, governmental and any other approvals and consents being obtained and all requisite conditions under the agreements being met.

Fitch Ratings -International Rating Agency- has downgraded miscellaneous credit ratings of 24 Turkish banks, including the Bank, the rating actions follow the downgrade of Turkey's Sovereign Credit Rating. In line with this matter, the Bank's new credit ratings are as follows, Long Term IDR, to "BB-" from "BB+", Long Term Local Currency IDR, to "BB" from "BB+", National Long Term Rating, to "AA" from "AA+", Viability Rating, to "BB-" from "BB+", Long Term Senior Unsecured Notes, to "BB-" from "BB+", Subordinated Notes, to "B+" from "BB", Short Term IDR and Short Term Local Currency Ratings are affirmed as "B".

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

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

I. EXPLANATIONS ON INTERIM REVIEW AUDITOR'S REPORT

The interim period unconsolidated financial statements for the period ended 30 June 2018 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 25 July 2018 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 30 JUNE 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:

Despite the increasing protectionist tendencies and ongoing global geopolitical uncertainties, global economic activity is trending resilient with the support of above-potential growth trend in the US along with the fiscal expansion in this country. However; recent tensions between the US and its trade partners about external trade policies have started to affect economic expectations negatively, and push inflation rates upwards.

Global upward trend in inflation has made Fed to continue with its rate hike cycle and take future interest rate hikes earlier; and ECB to start signalling its exit from ultra-accommodative monetary policies. Accordingly; Fed continued to shrink its balance sheet, which was close to 4.5 billion \$ in mid-2017 and increased the policy rate by 50 basis points, so far in the year. Additionally, in its June meeting, it revised its 2018 total rate hike projections from 3 to 4 times. European Central Bank announced that it will end net monthly asset purchases in December but short term interest rates are projected to remain at their low levels at least until summer 2019.

On top of trade disagreements; the governmental problems in Italy, Spain and Germany and, more recently, differences in opinions about Brexit process in Britain point out to the continuation of political uncertainties in Europe for the foreseeable future.

Domestically; Turkish economy continued to grow at an annualized 7.4% growth rate in the first quarter. Starting from April; however, the declines in manufacturing sector expectations, real sector and consumer confidence indicators imply that the economy is decelerating towards more sustainable growth rates.

The increases in fx rates, oil prices which are trending higher than its last year's average and robust domestic demand caused consumer inflation to accelerate from 11.92% in 2017 to 15.39% in the first half of the year. The simultaneous rise in annual core inflation to 14.60% and the spike of domestic producer price inflation to 23%+ levels justify that double-digit inflation figures will likely persist at least until mid-2019. Current account also increased from its 47.4 billion \$ level in 2017 to 57.6 billion \$ in May 2018 but the pace of the uptrend in annualized current account deficit is now much milder than earlier in the year.

In response to the inflation risks; CBRT has increased short-term interest rates by 500 basis points since the start of the year and simplified the monetary policy framework by identifying one-week repo rate as the main policy rate. Additionally; CBRT states that; if needed, further monetary tightening will be delivered.

The budget gave 46.1 billion TL deficit in the first six months of the year; in the same period primary deficit has been realized at 12.3 billion TL. Despite the stimulative policy steps in the second quarter, new economic administration states that fiscal discipline will be maintained going forward.

In the banking sector; annual credit growth has normalized from its 20% levels to c. 14.2%, on fx-adjusted basis. NPL ratio is continuing to trend low. Capital adequacy ratio is standing high at 15.9%.

Going forward; globally, Fed's steps regarding the normalization of the monetary policy in the US and developments about the trade disagreements between the US and its trade partners will be watched. Domestically; potential policy measures against high inflation and current account deficit will be closely monitored.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

Message from the CEO

For seventy years, the trust and satisfaction of all our stakeholders have been our core priority. With the desire to create sustainable value, we support all actors of Turkey's economy. In the first six months of 2018, our stability, based on our great asset quality and effective risk management, continued to inform our way of doing business.

Our assets increased to TL 340 billion in the first half of 2018. The support we provided to the economy increased to a total of TL 258 billion, with TL 199 billion in cash loans. Compared to the year-end, our support to the real sector via loans increased by 7.1 percent to TL 213 billion, and our bank's deposits increased by 7.3 percent to TL 198 billion. Our bank reported an unconsolidated net profit of TL 3 billion 312 million in the first half of 2018, after TL 727 million tax provisions.

We continued to manage our asset quality effectively in the first six months of 2018. Our NPL has remained at 2.7 percent. Below the sector average, this ratio is an indicator of our healthy, high-quality and disciplined growth approach. Our total provisions for this period remain at 146% of our non-performing loans.

Akbank continues to invest in the future of banking while providing funds to the Turkish economy and the real sector. We continue our efforts to promote Turkey in international platforms and explain the potential of our economy to investors and all our international stakeholders in the best way possible. Thanks to our strong balance sheet, we were able to secure a total of USD 3.6 billion in international financing. We have trust in our country and our economy, and continue to invest in projects that will carry both Akbank and our sector forward. Our total investments for the future will reach USD 300 million by the end of 2018.

Akbank's stable and sustainable performance continues to be appreciated by international institutions. As we celebrate Akbank's 70th year, we were named "Turkey's Best Bank" by Euromoney for the 12th time. Akbankers have played an instrumental role in this important achievement, and remain our key, most important asset. I am honored to be working alongside with such a highly motivated and dedicated group of people. I would also like to take this opportunity to extend my deep gratitude to our employees for their strong performance, and to our customers and shareholders for the trust they place in us.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 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 Turkey's credit rating to Ba1 from Ba2 from the date of March 7, 2018, he had turned the outlook from stable 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.

Capital increase of Ak Yatırım Menkul Değerler A.Ş. %100 subsidiary of the Bank, via TL 50.000.000 rights issue, from TL 30.000.000 to TL 80.000.000 has been completed.

International rating agency Moody's has downgraded and placed on review for further downgrade the ratings of 17 banks including Akbank. Accordingly, Akbank's Long-term Bank Deposits (Local Currency), were downgraded to "Ba3", rating under review from "Ba2" Stable. Baseline and Adjusted Baseline Credit Assessment were downgraded to "b1" from "ba3". Akbank's Long-term Bank Deposits (Foreign Currency), currently "Ba3", and Long-term Counterparty Risk Assessment, currently "Ba2(cr)" have been placed on the review for downgrade. Short-term ratings have been affirmed.

On June 4, 2018, Fitch Ratings has placed 25 Turkish Banks' Long-Term Foreign-Currency (FC) Issuer Default Ratings (IDRs) and Viability Ratings on Rating Watch Negative. Accordingly, following ratings of Akbank have been placed on "Rating Watch Negative"; Long-term FC and LC IDR's "BB+", Viability Rating "bb+", National Long-Term Rating "AA+(tur)", Long-Term Senior unsecured notes "BB+", Subordinated notes "BB". Additionally, Fitch Ratings affirmed Akbank's Short-term FC and LC IDRs, as "B", Support Rating as "4", Support Rating Floor as "B+" and Short-term Senior Unsecured Notes as "B".

a. BANKING SECTOR FIRST QUARTER OVERVIEW

In the first quarter of 2018, loan growth in the sector was 12,7% and deposit growth in the funding side was 12,3%.

As of June 30, 2018, NPL ratio of the sector was at 2,9%.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

b. UNCONSOLIDATED FINANCIAL RESULTS

1. Main Balance Sheet Items (TL Million) :

	30.06.2018
	Unconsolidated
	Financial Results
Total Asset	340.936
Loans	196.176
Deposits	198.446
Equity	41.888
Net Income	3.312

	31.12.2017
	Unconsolidated
	Financial Results
Total Asset	316.031
Loan	190.509
Deposit	184.904
Equity	40.425
Net Income (30.06.2017)	3.016

2. Main Financial Ratios (%) :

	30.06.2018
	Unconsolidated
	Financial Results
Loan / Total Assets:	57,5
Deposit / Total Assets:	58,2
Return on Equity:	16,1
Return on Assets:	2,0
NPL Ratio:	2,7
Capital Adequacy Ratio:	16,79
Earnings Per Share (TL):	0,00828

	31.12.2017
	Consolidated
	Financial Results
Loan / Total Assets:	60,3
Deposit / Total Assets:	58,5
Return on Equity: (30.06.2017)	18,0
Return on Assets: (30.06.2017)	2,1
NPL Ratio:	2,3
Capital Adequacy Ratio:	17,03
Earnings Per Share (TL): (30.06.2017)	0,00754

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

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

3. Akbank 2Q18 Results Overview:

Akbank reported a gross profit of TL 4.039 million, setting aside TL 728 million million of tax provisions, the bank reported a net unconsolidated profit of TL 3.312 million in the first half of the year. ROE of the bank has realized at 16.1% by the end of half of the year.

As of June 2018, Akbank's unconsolidated total asset realize TL 341 billion, cash loans are approximately TL 196 billion and total deposit is TL 198 billion.

Akbank'in NPL ratio increased by 2,7% compared to the end of the year.

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	11,0
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%.