

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 JUNE 2019 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 2019 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; the accompanying unconsolidated financial statements as at 30 June 2019 include a free provision amounting to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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 2019 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 2019

**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 2019

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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** - INTERIM REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY REPORT

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

25 July 2019

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

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

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AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

(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 THAT THE BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depositary Receipts ("ADRs"). As of 30 June 2019, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2018: 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	Graduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Eyüp ENGİN	Executive Board Member	Undergraduate
	A. Fuat AYLAL	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
President and CEO:	S. Hakan BİNBAŞGİL	CEO	Graduate
Head of Internal Audit:	Savas KÜLCÜ	Head of Internal Audit	Graduate
Executive Vice Presidents:	Bülent OĞUZ	Retail Banking	Graduate
	H.Burcu ÇİVELEK YÜCE	Strategy, Digital Banking and Payment Systems	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Management	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	PINAR ANAPA	Human Resources	Graduate
Internal Audit Committee:	Eyüp ENGİN	Head of the Audit Committee	Undergraduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Bank.

Eyüp Engin, the Chairman of the Board of Inspectors, was appointed as the new member of the Bank's Board of Directors at the Ordinary General Assembly and Head of the Audit Committee dated 25 March 2019, replacing A. Aykut Demiray. On 2 April 2019, the Chairman of the Board of Inspectors was assigned as Savaş Külcü instead of Eyüp Engin by attorney.

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

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

As of 31 May 2019, Emin Tolga Ulutaş who was an Executive Vice President in charge of the Direct Banking Business Unit resigned from his position. The name of the Direct Banking Business Unit is continuing its operations as "Strategy, Digital Banking and Payment Systems Business Unit and as of 03 June 2019, Burcu Civelek Yüce has been appointed as Executive Vice President of Strategy, Digital Banking and Payment Systems.

The name of the Human Resources and Strategy Business Unit is continuing its operations as "Human Resources Business Unit" and as of 03 June 2019, Pinar Anapa has been appointed as Executive Vice President of the Human Resources.

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.	2.119.027	%40,75	2.119.027	-

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

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 30 June 2019, the Bank has 776 branches dispersed throughout the country and 1 branch operating abroad (31 December 2018: 780 branches and 1 branch operating abroad).

As of 30 June 2019, the Bank the Bank has 13.018 employees (31 December 2018: 13.367).

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

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2019 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/06/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		48.918.039	80.960.465	129.878.504	47.023.958	73.508.477	120.532.435
1.1 Cash and Cash Equivalents		5.214.361	44.783.451	49.997.812	5.189.272	43.465.853	48.655.125
1.1.1 Cash and Balances with Central Bank	(I-a)	4.649.853	28.141.691	32.791.544	4.725.332	25.388.460	30.113.792
1.1.2 Banks	(I-d)	548.271	16.642.039	17.190.310	463.940	17.538.045	18.001.985
1.1.3 Money Markets		16.352	-	16.352	-	539.374	539.374
1.1.4 Expected Loss Provision (-)		115	279	394	-	26	26
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	45.658	7.124.543	7.170.201	6.126	6.827.669	6.833.795
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	196.940	196.940	-	137.461	137.461
1.2.3 Other Financial Assets		45.658	6.927.603	6.973.261	6.126	6.690.208	6.696.334
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	26.321.258	24.253.796	50.575.054	24.621.751	17.751.756	42.373.507
1.3.1 Government Debt Securities		25.822.862	14.751.675	40.574.537	23.928.005	12.574.559	36.502.564
1.3.2 Equity Instruments		15.610	607	16.217	12.848	607	13.455
1.3.3 Other Financial Assets		482.786	9.501.514	9.984.300	680.898	5.176.590	5.857.488
1.5 Derivative Financial Assets	(I-c, I-l)	17.336.742	4.798.475	22.135.437	17.206.809	5.463.199	22.670.008
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		14.137.797	4.750.892	18.888.689	15.470.870	5.209.530	20.680.400
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3.198.965	47.783	3.246.748	1.735.939	253.669	1.989.608
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		126.360.269	71.392.675	197.752.944	124.113.901	66.550.651	190.664.552
2.1 Loans	(I-f)	128.938.508	67.847.114	196.785.622	125.059.399	61.316.901	186.376.300
2.2 Lease Receivables	(I-k)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-l)	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(I-g)	6.256.543	4.893.467	11.150.010	5.942.844	6.320.637	12.263.481
Government Debt Securities		6.256.543	2.483.674	8.740.217	5.942.844	3.811.339	9.754.183
Other Financial Assets		-	2.409.793	2.409.793	-	2.509.298	2.509.298
2.5 Expected Credit Loss (-)		8.834.782	1.347.906	10.182.688	6.888.342	1.086.887	7.975.229
III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	114.748	-	114.748	90.305	-	90.305
3.1 Held for Sale Purpose		114.748	-	114.748	90.305	-	90.305
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.476.884	4.821.706	6.298.590	1.209.469	4.248.193	5.457.662
4.1 Investments in Associates (Net)	(I-h)	5.521	-	5.521	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521	5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	1.471.363	4.821.706	6.293.069	1.203.948	4.248.193	5.452.141
4.2.1 Unconsolidated Financial Subsidiaries		1.471.363	4.821.706	6.293.069	1.203.948	4.248.193	5.452.141
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(I-j)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		4.374.048	7.007	4.381.055	3.941.378	7.039	3.948.417
VI. INTANGIBLE ASSETS (Net)		616.863	20	616.883	624.219	24	624.243
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		616.863	20	616.883	624.219	24	624.243
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	262.217	-	262.217
IX. DEFERRED TAX ASSET	(I-n)	-	-	-	-	23.410	23.410
X. OTHER ASSETS (Net)	(I-p)	2.347.344	3.374.177	5.721.521	2.412.567	3.626.317	6.038.884
TOTAL ASSETS		184.208.195	160.556.050	344.764.245	179.678.014	147.964.111	327.642.125

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

AKBANK T.A.S.
I. UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2019 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/06/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	81.191.944	125.042.886	206.234.830	81.460.817	106.930.236	188.391.053
II. FUNDS BORROWED	(II-c)	291.326	32.405.058	32.696.384	651.246	39.075.919	39.727.165
III. MONEY MARKETS		327.536	9.298.116	9.625.652	3.852.509	9.209.690	13.062.199
IV. SECURITIES ISSUED (Net)	(II-d)	8.125.747	8.412.817	16.538.564	3,949.642	8.202.364	12.152.006
4.1 Bills		5.876.503	-	5.876.503	2.042.561	-	2.042.561
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.249.244	8.412.817	10.662.061	1.907.081	8.202.364	10.109.445
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(II-b, II-g)	9.686.663	1.756.801	11.443.464	11.333.092	1.623.362	12.956.454
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		9.103.072	1.708.563	10.811.635	10.688.134	1.623.362	12.311.496
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		583.591	48.238	631.829	644.958	-	644.958
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	568.486	-	568.486	25.048	-	25.048
X. PROVISIONS	(II-h)	1.294.153	159.209	1.453.362	1.044.801	250.177	1.294.978
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		363.126	-	363.126	311.510	-	311.510
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		931.027	159.209	1.090.236	733.291	250.177	983.468
XI. CURRENT TAX LIABILITY	(II-i)	667.265	20.542	687.807	442.133	62.261	504.394
XII. DEFERRED TAX LIABILITY		679.145	-	679.145	283.695	-	283.695
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-j)	-	5.208.937	5.208.937	-	4.784.477	4.784.477
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	5.208.937	5.208.937	-	4.784.477	4.784.477
XV. OTHER LIABILITIES	(II-e)	5.671.221	4.588.582	10.259.803	7.461.507	3.190.060	10.651.567
XVI. SHAREHOLDERS' EQUITY	(II-k)	50.196.803	(828.992)	49.367.811	42.910.657	898.432	43.809.089
16.1 Paid-in capital		5.200.000	-	5.200.000	4.000.000	-	4.000.000
16.2 Capital Reserves		5.400.628	-	5.400.628	3.686.298	-	3.686.298
16.2.1 Share Premium		3.505.742	-	3.505.742	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.894.886	-	1.894.886	1.986.298	-	1.986.298
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.937.556	786.346	3.723.902	1.328.679	2.212.351	3.541.030
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		43.653	(1.615.338)	(1.571.685)	(27.703)	(1.313.919)	(1.341.622)
16.5 Profit Reserves		33.924.312	-	33.924.312	28.233.739	-	28.233.739
16.5.1 Legal Reserves		1.532.027	-	1.532.027	1,532.027	-	1,532.027
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		32.128.713	-	32.128.713	26.439.072	-	26.439.072
16.5.4 Other Profit Reserves		263.572	-	263.572	262.640	-	262.640
16.6 Income or (Loss)		2.690.654	-	2,690.654	5,689.644	-	5,689.644
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		2,690.654	-	2,690.654	5,689.644	-	5,689.644
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		158.700.289	186.063.956	344.764.245	153.415.147	174.226.978	327.642.125

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 2019
(Amounts are expressed in thousands of Turkish Lira [TL].)

	Note (Section Five)	CURRENT PERIOD (30/06/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-III)		201.608.375	539.293.982	740.902.357	216.435.098	509.765.510	726.400.408
I. GUARANTEES AND WARRANTIES	(III-2, 3)	21.302.344	28.393.349	49.695.693	22.150.509	31.187.047	53.337.556
1.1 Letters of Guarantee		18.362.056	15.197.468	33.559.524	19.272.359	15.784.791	35.057.150
1.1.1 Guarantees Subject to State Tender Law		270.077	1.471.575	1.741.652	404.937	2.056.174	2.461.111
1.1.2 Guarantees Given for Foreign Trade Operations		-	2.397.302	2.397.302	-	2.835.700	2.835.700
1.1.3 Other Letters of Guarantee		18.091.979	11.328.591	29.420.570	18.867.422	10.892.917	29.760.339
1.2 Bank Acceptances		-	226.167	226.167	-	2.740.341	2.740.341
1.2.1 Import Letter of Acceptance		-	226.167	226.167	-	2.740.341	2.740.341
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		12.218	6.284.015	6.296.233	47.035	6.515.924	6.562.959
1.3.1 Documentary Letters of Credit		12.218	5.662.687	5.674.905	47.035	5.817.762	5.864.797
1.3.2 Other Letters of Credit		-	621.328	621.328	-	698.162	698.162
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	12.232	12.232	-	24.353	24.353
1.8 Other Guarantees		37.789	6.663.791	6.701.580	32.845	6.113.927	6.146.772
1.9 Other Collaterals		2.890.281	9.676	2.899.957	2.798.270	7.711	2.805.981
II. COMMITMENTS	(III-1)	49.668.847	33.350.988	83.019.835	42.241.467	22.317.747	64.559.214
2.1 Irrevocable Commitments		48.795.363	33.350.988	82.146.351	41.404.186	22.317.747	63.721.933
2.1.1 Asset Purchase Commitments		12.699.440	19.127.875	31.827.315	6.589.831	8.568.468	15.158.299
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		8.078.230	1.835.259	9.913.489	8.203.743	3.133.344	11.337.087
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.864.776	-	2.864.776	2.514.769	-	2.514.769
2.1.8 Tax and Fund Liabilities from Export Commitments		3.898	-	3.898	3.693	-	3.693
2.1.9 Commitments for Credit Card Limits		20.569.411	-	20.569.411	19.788.847	-	19.788.847
2.1.10 Commitments for Credit Cards and Banking Services Promotions		68.874	-	68.874	82.378	-	82.378
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		4.510.734	12.387.854	16.898.588	4.220.925	10.615.935	14.836.860
2.2 Revocable Commitments		873.484	-	873.484	837.281	-	837.281
2.2.1 Revocable Loan Granting Commitments		873.484	-	873.484	837.281	-	837.281
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		130.637.184	477.549.645	608.186.829	152.263.122	456.260.716	608.503.838
3.1 Hedging Derivative Financial Instruments		14.398.198	52.868.982	67.267.180	16.237.238	45.826.317	62.063.555
3.1.1 Fair Value Hedges		5.188.585	24.549.491	29.738.076	4.768.063	16.399.974	21.168.037
3.1.2 Cash Flow Hedges		9.209.613	28.319.491	37.529.104	11.469.175	29.426.343	40.895.518
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		116.238.986	424.680.663	540.919.649	136.005.884	410.434.399	546.440.283
3.2.1 Forward Foreign Currency Buy/Sell Transactions		6.678.703	12.794.090	19.472.793	10.443.845	17.807.630	28.251.475
3.2.1.1 Forward Foreign Currency Transactions-Buy		5.958.986	4.181.924	10.140.910	6.988.529	7.632.814	14.621.343
3.2.1.2 Forward Foreign Currency Transactions-Sell		719.717	8.612.166	9.331.883	3.455.316	10.174.816	13.630.132
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		102.915.567	354.354.665	457.270.232	97.935.885	319.716.819	417.652.704
3.2.2.1 Foreign Currency Swap-Buy		36.684.387	110.421.989	147.106.376	37.673.866	102.692.502	140.366.368
3.2.2.2 Foreign Currency Swap-Sell		59.460.460	87.335.454	146.795.914	57.508.699	82.085.637	139.594.336
3.2.2.3 Interest Rate Swap-Buy		3.385.360	78.298.611	81.683.971	1.376.660	67.469.340	68.846.000
3.2.2.4 Interest Rate Swap-Sell		3.385.360	78.298.611	81.683.971	1.376.660	67.469.340	68.846.000
3.2.3 Foreign Currency, Interest Rate and Securities Options		5.922.542	35.803.177	41.725.719	27.559.961	47.939.566	75.499.527
3.2.3.1 Foreign Currency Options-Buy		2.752.101	4.848.320	7.600.421	12.676.191	15.377.034	28.053.225
3.2.3.2 Foreign Currency Options-Sell		3.170.441	4.583.981	7.754.422	14.883.770	13.150.254	28.034.024
3.2.3.3 Interest Rate Options-Buy		-	13.185.438	13.185.438	-	9.706.139	9.706.139
3.2.3.4 Interest Rate Options-Sell		-	13.185.438	13.185.438	-	9.706.139	9.706.139
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		653.809	623.493	1.277.302	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	623.493	623.493	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		653.809	-	653.809	-	-	-
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		68.365	21.105.238	21.173.603	66.193	24.970.384	25.036.577
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		845.321.742	330.463.069	1.175.784.811	816.015.391	301.573.528	1.117.588.919
IV. ITEMS HELD IN CUSTODY		53.718.548	22.765.692	76.484.240	39.434.419	19.655.922	59.090.341
4.1 Customer Fund and Portfolio Balances		11.689.522	-	11.689.522	3.954.484	-	3.954.484
4.2 Investment Securities Held in Custody		8.181.870	2.861.391	11.043.261	2.682.104	2.062.528	4.744.632
4.3 Cheques Received for Collection		27.407.193	2.970.764	30.377.957	26.095.801	2.704.389	28.800.190
4.4 Commercial Notes Received for Collection		6.141.753	3.975.026	10.116.779	6.151.125	3.550.546	9.701.671
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		298.210	12.958.511	13.256.721	550.905	11.338.459	11.889.364
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		204.672.066	94.581.966	299.254.032	202.070.108	82.992.237	285.062.345
5.1 Marketable Securities		374.350	995.445	1.369.795	805.358	1.368.190	2.173.548
5.2 Guarantee Notes		700.181	573.080	1.273.261	763.134	565.924	1.329.058
5.3 Commodity		-	131.422	131.422	113.226	7.890	121.116
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		166.554.459	75.884.321	242.438.780	164.735.077	62.749.122	227.484.199
5.6 Other Pledged Items		37.043.076	16.997.698	54.040.774	35.653.313	18.301.111	53.954.424
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		586.931.128	213.115.411	800.046.539	574.510.864	198.925.369	773.436.233
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.046.930.117	869.757.051	1.916.687.168	1.032.650.489	811.339.038	1.843.989.527

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 2019

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD
		(Section Five)	[01/01-30/06/2019]	[01/04-30/06/2019]	[01/01-30/06/2018]	[01/04-30/06/2018]
I.	INTEREST INCOME	(IV-a)	17.607.769	8.927.719	14.337.988	7.580.341
1.1	Interest on Loans	(IV-a-1)	13.868.288	7.004.640	11.505.916	6.016.003
1.2	Interest on Reserve Requirements		252.067	131.704	199.781	107.605
1.3	Interest on Banks	(IV-a-2)	344.106	199.033	263.505	188.990
1.4	Interest on Money Market Transactions		73.012	72.553	103.520	62.082
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	2.996.071	1.470.652	2.256.743	1.201.387
1.5.1	Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Fair Value Through Other Comprehensive Income		2.414.971	1.203.068	1.807.309	998.293
1.5.3	Measured at Amortised Cost		581.100	267.584	449.434	203.094
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		74.225	49.137	8.523	4.274
II.	INTEREST EXPENSE (-)	(IV-b)	10.541.800	5.235.230	7.598.850	3.940.229
2.1	Interest on Deposits	(IV-b-4)	7.815.687	3.860.518	5.900.313	3.014.835
2.2	Interest on Funds Borrowed	(IV-b-1)	833.345	407.259	581.450	354.129
2.3	Interest Expense on Money Market Transactions		707.158	298.850	424.899	209.797
2.4	Interest on Securities Issued	(IV-b-3)	1.048.574	624.506	639.299	334.717
2.5	Interest on Leases		46.101	23.023	1.601	2
2.6	Other Interest Expenses		90.935	21.074	51.288	26.749
III.	NET INTEREST INCOME (I - II)		7.065.969	3.692.489	6.739.138	3.640.112
IV.	NET FEES AND COMMISSIONS INCOME		2.268.511	1.142.212	1.594.675	851.959
4.1	Fees and Commissions Received		2.901.679	1.471.327	2.013.722	1.075.610
4.1.1	Non-cash Loans		304.744	159.684	157.477	83.351
4.1.2	Other		2.596.935	1.311.643	1.856.245	992.259
4.2	Fees and Commissions Paid (-)		633.168	329.115	419.047	223.651
4.2.1	Non-cash Loans		304	163	211	98
4.2.2	Other		632.864	328.952	418.836	223.553
V.	DIVIDEND INCOME		5.403	1.410	3.050	1.717
VI.	TRADING INCOME /(LOSS) (Net)	(IV-c)	20.670	(272.920)	(158.042)	(14.529)
6.1	Trading Gains / (Losses) on Securities		80.802	16.169	[28.500]	[27.758]
6.2	Gains / (Losses) on Derivative Financial Transactions		2.818.601	147.735	1.802.735	1.023.485
6.3	Foreign Exchange Gains / (Losses)		[2.878.733]	[436.824]	[1.932.277]	[1.010.256]
VII.	OTHER OPERATING INCOME	(IV-d)	365.665	158.152	692.950	398.431
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		9.726.218	4.721.343	8.871.771	4.877.690
IX.	EXPECTED CREDIT LOSS (-)	(IV-e)	2.708.744	1.442.440	2.444.001	1.745.839
X.	OTHER PROVISION EXPENSES (-)		748.613	253.749	382	382
XI.	PERSONNEL EXPENSE (-)		1.293.012	655.421	1.026.812	491.570
XII.	OTHER OPERATING EXPENSES (-)	(IV-f)	1.915.744	954.981	1.587.173	822.854
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		3.060.105	1.414.752	3.813.403	1.817.045
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		325.877	174.616	225.985	106.815
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		3.385.982	1.589.368	4.039.388	1.923.860
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-g)	695.328	311.246	727.779	321.465
18.1	Current Tax Provision		371.104	371.104	495.670	271.965
18.2	Deferred Tax Income Effect (+)		938.128	[111.668]	913.798	594.177
18.3	Deferred Tax Expense Effect (-)		613.904	[51.810]	681.689	544.677
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(IV-h)	2.690.654	1.278.122	3.311.609	1.602.395
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Non-current Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
XX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Expenses for Other Discontinued Operations		-	-	-	-
XXI.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-	-	-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXIV.	NET INCOME/(LOSS) (XIX+XXIV)		2.690.654	1.278.122	3.311.609	1.602.395
Earning/(Loss) per share (in TL full)			0,00560	0,00246	0,00828	0,00401

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 2019**

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

	CURRENT PERIOD (30/06/2019)	PRIOR PERIOD (30/06/2018)
I. CURRENT PERIOD INCOME/LOSS	2.690.654	3.311.609
II. OTHER COMPREHENSIVE INCOME	(46.262)	(744.057)
2.1 Not Reclassified Through Profit or Loss	183.801	335.534
2.1.1 Property and Equipment Revaluation Increase/Decrease	1.273	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(20.395)	(301)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	198.716	335.769
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	4.207	66
2.2 Reclassified Through Profit or Loss	(230.063)	(1.079.591)
2.2.1 Foreign Currency Translation Differences	191.354	282.993
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(154.103)	(2.310.294)
2.2.3 Cash Flow Hedge Income/Loss	(224.928)	818.176
2.2.4 Foreign Net Investment Hedge Income/Loss	(161.248)	(254.784)
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	118.862	384.318
III. TOTAL COMPREHENSIVE INCOME (I+II)	2.644.392	2.567.552

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

AKBANK T.A.S.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

(Amounts are expressed in thousands of Turkish Lira)

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurment Gain/Loss of Defined Benefit Plan	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss	Foreign Currency Translation Differences	Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Reclassification Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurment Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, 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)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
PRIOR PERIOD																	
(30/06/2018)																	
I. Prior Period End Balance		4.000.000	1.700.000	-	1.405.892	2.348.962	(114.043)	1.113.024	835.299	(777.134)		83.373	23.790.063	-	6.039.069	40.424.505	
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)	1.054.700	835.299	(666.165)		83.373	23.790.063	-	6.039.069	41.057.556	
IV. Total Comprehensive Income		-	-	-	-	-	(235)	335.769	282.993	(1.802.029)		439.445	-	-	3.311.609	2.567.552	
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
X. Increase/Decrease by Other Changes		-	-	-	-	(141.429)	-	-	-	-		-	-	4.407	-	(136.822)	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-		-	-	4.439.069	-	(6.039.069)	
11.1 Dividends paid		-	-	-	-	-	-	-	-	-		-	-	-	-	(1.600.000)	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-		-	-	4.439.069	-	(4.439.069)	
11.3 Other		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
Period-End Balance (I+II+III+IV+V+VI+VII+VIII+IX+X+XI)		4.000.000	1.700.000	-	1.986.298	2.207.533	(114.270)	1.390.469	1.118.292	(2.468.194)		522.810	28.233.739	-	3.311.609	41.888.286	

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurment Gain/Loss of Defined Benefit Plan	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss	Foreign Currency Translation Differences	Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Reclassification Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurment Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, 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)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
CURRENT PERIOD																	
(30/06/2019)																	
I. Prior Period End Balance		4.000.000	1.700.000	-	1.986.298	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)		(55.038)	28.233.739	-	5.689.644	43.809.089	
II. Corrections and Accounting Policy Changes Made		-	-	-	(91.412)	-	-	-	-	-		-	-	-	-	(91.412)	
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies		-	-	-	(91.412)	-	-	-	-	-		-	-	-	-	(91.412)	
III. Adjusted Beginning Balance (I+II)		4.000.000	1.700.000	-	1.894.886	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)		(55.038)	28.233.739	-	5.689.644	43.717.677	
IV. Total Comprehensive Income		-	-	-	-	993	(15.908)	198.716	191.354	(120.200)		(301.217)	-	-	2.690.654	2.644.392	
V. Capital Increase by Cash		1.200.000	1.805.742	-	-	-	-	-	-	-		-	-	-	-	3.005.742	
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		-	-	-	-	(929)	-	-	-	-		-	-	929	-	-	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-		-	-	5.689.644	-	(5.689.644)	
11.1 Dividends paid		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-		-	-	5.689.644	-	(5.689.644)	
11.3 Other		-	-	-	-	-	-	-	-	-		-	-	-	-	-	
Period-End Balance (I+II+III+IV+V+VI+VII+VIII+IX+X+XI)		5.200.000	3.505.742	-	1.894.886	2.207.597	(124.819)	1.641.124	1.816.160	(3.031.590)		(356.295)	33.924.312	-	2.690.654	49.347.811	

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 2019**

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

	Note (Section Five)	CURRENT PERIOD (30/06/2019)	PRIOR PERIOD (30/06/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		7.492.746	6.442.321
1.1.1		15.811.709	14.304.625
1.1.2		(10.658.750)	(7.405.242)
1.1.3		2.641	1.452
1.1.4		2.876.550	2.026.643
1.1.5		1.401.155	(963.970)
1.1.6		656.139	825.796
1.1.7		(1.294.428)	(1.135.986)
1.1.8		(108.417)	(87.321)
1.1.9		(1.193.853)	(1.123.676)
1.2		(13.109.976)	(171.215)
1.2.1		(594.380)	(121.169)
1.2.2		(1.316.981)	4.729.219
1.2.3		(10.442.724)	(12.152.833)
1.2.4		(1.486.039)	(16.660.684)
1.2.5		(566.050)	3.566.676
1.2.6		18.548.854	9.823.579
1.2.7		-	-
1.2.8		(7.011.582)	10.321.200
1.2.9		-	-
1.2.10		(10.241.074)	322.797
I.		(5.617.230)	6.271.106
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(6.970.770)	(1.643.049)
2.1		(125.000)	(55.000)
2.2		-	-
2.3		(192.077)	(313.999)
2.4		10.153	23.672
2.5		(10.785.773)	(5.198.257)
2.6		3.114.965	2.182.747
2.7		(8.075)	-
2.8		1.868.640	2.217.749
2.9		(853.603)	(499.961)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		7.680.189	386.516
3.1		20.104.230	13.813.170
3.2		(15.294.286)	(11.820.811)
3.3		3.005.742	-
3.4		-	(1.600.000)
3.5		(135.497)	(5.843)
3.6		-	-
IV.		1.761.517	789.411
V.		(3.146.294)	5.803.984
VI.	(V-a)	17.480.198	10.935.232
VII.	(V-a)	14.333.904	16.739.216

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

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

[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 Standard 34 ("TAS 34") Interim Financial Reporting Standard 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 TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

b. Explanation for convenience translation to English:

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

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

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/TFRS (together "BRSA Accounting and Financial Reporting Legislation) put into force by Public Oversight. As per the TFRS 16 provisions related to the transition, financial statements and footnotes of previous periods have not readjusted. Impact and application of TFRS 16 concerning the transition have been explained in Section three, footnote XXIX.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

The Bank's core business activities include retail banking, commercial banking, and corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. 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".

As of 30 June 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,7300 and TL 6,5221 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 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 FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

The Bank's major derivative instruments consists of foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income" in accordance with "IFRS 9 Financial Instruments" (IFRS 9).

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

are explained in Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 30 June 2019, the Bank has no embedded derivatives.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, 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.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The 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 ("POA"). 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.

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.

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
- 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.

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Upon initial recognition each financial asset will be classified as either fair value through profit or loss, amortised cost or fair value through other comprehensive income.

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 management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In this case, no adjustment is made for the gain, loss or interest rates previously recognized 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.

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. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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.

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

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 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. When inactive market conditions exist, observable inputs used in the determination of fair values are adjusted using appropriate assumptions and considering the volume and level of activity in the markets.

e. Loans

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

1. Loans measured at amortised cost:

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

Stage 1:

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

Stage 2:

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

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

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

Loans at fair value through profit and loss, terms of the contract for loans, if at certain dates it does not result in cash flows involving interest payments arising from the principal and principal balances, it is recorded at fair value and is subject to fair value assessment following the recognition. Gains and losses resulting from the valuation are included in profit/loss accounts.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

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;

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

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

Definition of Default:

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

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

Write-off Policy:

The Bank writes off financial assets when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery legally and effectively.

Partial write-off means that, when the Bank and counterparty has an agreement on collection of partial contractual amount and after collecting related amount, remaining balance has been written-off from financial statements.

VIII. 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.

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

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

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

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

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk. In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance.

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

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period.

However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

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

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

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

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

The ECL calculations are reviewed once a year. There is no update in the assumptions in the estimation techniques during the reporting period.

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

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

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

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

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Financial assets at fair value difference through other comprehensive income" and "Measured at 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".

As of 30 June 2019, the Bank has marketable securities amounting to TL 637.158 (31 December 2018: TL 335.021).

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET):

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 (TFRS 5)".

The Bank has no discontinued operations.

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XII. 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.

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". 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".

With the "IFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability. Impact and application of IFRS 16 concerning the transition were explained in Section three, footnote XXIX.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the 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

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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.

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

Obligations related to employment termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the 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 30 June 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

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

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration

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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 in 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 paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "president".

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

With respect to that, according to the technical balance sheet report as at 31 December 2018 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

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

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

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period.

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 last day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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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. 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.

XIX. EXPLANATIONS ON BORROWINGS:

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Issued capital of the bank was increased by TL 1.200.000.000 (full TRY) from TL 4.000.000.000 (full TL) to TL 5.200.000.000 (full TL).

Within this scope,

- The total of funds earned were TL 3.005.741.611,22 (full TL) and TL 2.996.306.795,62 (full TL) of this amount results from using right of purchasing amounting TL 2.5 for each stock with a nominal value of TL 1 with the usage period of right of purchasing new stocks between 3 January 2019 and 17 January 2019, and TL 9.434.815,60 (full TL) results from the sales of the stock, which were left after using the right of purchasing new stocks, at the primary market of Borsa İstanbul A.Ş.

- Rights issue was completed on 28 February 2019 through completing registration and announcements pursuant to receiving the approvals from Capital Markets Board and Banking Regulation and Supervision Agency.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

As of 30 June 2019 and 31 December 2018, there is no government grant for the Bank.

XXIII. 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.

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

XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Bank was held on 25 March 2019. In the General Assembly Meeting, it was decided to allocate the entire unconsolidated net profit amounting TL 5.689.644, which was earned from activities in 2018, as extraordinary legal reserve.

XXV. EARNINGS PER SHARE:

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

	Current Period 30 June 2019	Prior Period 30 June 2018
Net Profit for the Period	2.690.654	3.311.609
Average Number of Issued Common Shares (Thousand)	480.883.978	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00560	0,00828

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.

The number of rights issued in 2019 is 120.000.000.000 (2018: None).

XXVI. RELATED PARTIES:

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

XXVII. CASH AND CASH EQUIVALENT ASSETS:

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

XXVIII. RECLASSIFICATIONS:

Within the scope of "The Communiqué On The Amendments To The Communiqué Regarding Disclosures about Financial Statements and Related Notes to be Announced to Public by Banks " published in the Official Gazette No. 30673 dated 1 February 2019, the Bank made some classifications on statement of financial position dated 31 December 2018 and profit or loss statement, other comprehensive income, statement of changes in shareholders' equity and cash flow dated 30 June 2018 to be in compliance with the presentation of financial statements dated 30 June 2019.

XXIX. DISCLOSURES OF TFRS 16 LEASES:

The group has implemented accounting policy changes resulting from the initial implementation of the "TFRS 16 Leases" standard from the new standard, amendments and interpretations effective from 1 January 2019 in accordance with the transitional provisions of the relevant standard.

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TFRS 16 "Leases" Standard

Bank – lessee :

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Bank and

When applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

First Transition to TFRS 16 Leasing Standard

"TFRS 16 Leases" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Bank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the said transition on the equities were classified under "Other Capital Reserves" in expense equities amounting TL 117.195. Within this scope, deferred tax asset amounting TL 25.783 was reflected in the financial figures of 30 June 2019 and classified under "Other Capital Reserves" in equities. The Bank re-arranged the comparable amounts for the previous year by using the retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

During the first implementation, the Bank recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments on 1 January 2019.

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Details based on the asset with regard to the recognised right of use is as follows:

	30 June 2019	1 January 2019
Real estate	774.848	766.892
Total right of use asset	774.848	766.892

Details of depreciation expense based on the asset with regard to the recognised asset tenure is as follows:

	30 June 2019	1 January 2019
Real estate	324.095	300.624
Total right of use asset depreciation expense	324.095	300.624

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 52.119 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

	1 January 2019
Operational leasing commitments	1.180.394
- Contracts that are excluded from the scope of TFRS 16 (-)	113.106
Low value leases (-)	113.106
Total leasing liability	1.067.288
Discounted lease liability (1 January 2019)	612.159

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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 2019, the current period equity of the Bank has been calculated as TL 57.106.399 (31 December 2018: TL 50.058.868), the capital adequacy ratio is 19,05% (31 December 2018: 18,16%). This ratio is above the minimum ratio required by the legislation.

a. Information about total capital items:

	Current Period 30 June 2019	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	7.094.886	
Share issue premiums	3.505.742	
Reserves	33.924.312	
Gains recognized in equity as per TAS	5.658.440	
Profit	2.690.654	
Current Period Profit	2.690.654	
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	52.880.474	
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	4.219	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.666.790	
Improvement costs for operating leasing	28.378	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	543.023	543.023
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	4.242.410	
Total Common Equity Tier 1 Capital	48.638.064	

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	Current Period 30 June 2019	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)	48.638.064	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.157.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.313.861	
Tier II Capital Before Deductions	8.470.861	
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	8.470.861	
Total Capital (The sum of Tier I Capital and Tier II Capital)	57.108.925	
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	226	
Other items to be defined by the BRSA (-)	2.300	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted 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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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Current Period 30 June 2019	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	57.106.399	
Total risk weighted amounts	299.809.519	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio(%)	16,22%	
Tier 1 Capital Adequacy Ratio(%)	16,22%	
Capital Adequacy Ratio(%)	19,05%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,57%	
a) Bank specific total common equity tier 1 capital ratio(%)	2,50%	
b) Capital conservation buffer requirement(%)	0,07%	
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	8,22%	
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	(679.144)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.819.540	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (***)	3.313.861	
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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	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.233.739	
Gains recognized in equity as per TAS	5.268.307	
Profit	5.689.644	
Current Period Profit	5.689.644	
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	46.884.428	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.404.909	
Improvement costs for operating leasing	32.437	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	548.673	548.673
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	3.986.314	
Total Common Equity Tier 1 Capital	42.898.114	

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	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
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)	42.898.114	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.430.262	
Tier II Capital Before Deductions	7.164.262	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	7.164.262	
Total Capital (The sum of Tier I Capital and Tier II Capital)	50.062.376	
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 (-)	3.508	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted 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 2018	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	50.058.868	
Total risk weighted amounts	275.675.906	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio(%)	15,56%	
Tier 1 Capital Adequacy Ratio(%)	15,56%	
Capital Adequacy Ratio(%)	18,16%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	1,93%	
a) Capital conservation buffer requirement(%)	1,88%	
b) Bank specific counter-cyclical 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	7,56%	
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	(260.285)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.799.798	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.430.262	
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 2019**

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)	2.865 million TL (in full TL amount)
Nominal value of instrument	2.865 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 2.865 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

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**Current Period
30 June 2019**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.292 million TL (in full TL amount)
Nominal value of instrument	2.292 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans [347011 Accounting Number]
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.292 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 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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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 100% 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	TL 5,7300	TL 6,5221
1.Day bid rate	TL 5,7300	TL 6,5221
2.Day bid rate	TL 5,7665	TL 6,5571
3.Day bid rate	TL 5,7630	TL 6,5476
4.Day bid rate	TL 5,7904	TL 6,5935
5.Day bid rate	TL 5,7444	TL 6,5409

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 5,8138

EURO : TL 6,5539

As of 31 December 2018;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182

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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 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 2019	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank (**)	9.785.649	14.800.856	3.555.186	28.141.691
Banks	1.197.533	11.504.533	3.939.973	16.642.039
Financial Assets at Fair Value through Profit or Loss (Net)	-	7.124.543	-	7.124.543
Interbank Money Market Placements	-	-	-	-
Financial assets measured at other comprehensive income (Net)	4.415.856	19.121.902	716.038	24.253.796
Loans (****)	37.933.495	31.640.929	52.990	69.627.414
Investments in Associates, Subsidiaries and Joint Ventures	4.821.706	-	-	4.821.706
Financial assets measured at amortised cost (Net)	66.943	4.826.524	-	4.893.467
Hedging Derivative Financial Assets	46.179	53.338	23.975	123.492
Tangible Assets (Net)	-	7.007	-	7.007
Intangible Assets (Net)	-	20	-	20
Other Assets (****)	1.449.216	4.901.272	4.828	6.355.316
Total Assets	59.716.577	93.980.924	8.292.990	161.990.491
Liabilities				
Bank Deposits (**)	2.395.452	1.671.047	2.293.797	6.360.296
Foreign Currency Deposits (**)	33.748.924	79.026.644	5.907.022	118.682.590
Funds from Interbank Money Market	326.982	8.971.134	-	9.298.116
Borrowings	7.049.725	25.355.333	-	32.405.058
Marketable Securities Issued (Net) (***)	65.964	13.502.534	53.256	13.621.754
Miscellaneous Payables	2.831.646	1.456.056	25.635	4.313.337
Hedging Derivative Financial Liabilities	-	221.916	-	221.916
Other Liabilities	918.903	942.833	128.145	1.989.881
Total Liabilities	47.337.596	131.147.497	8.407.855	186.892.948
Net on Balance Sheet Position	12.378.980	(37.166.573)	(114.865)	(24.902.458)
Net off-Balance Sheet Position (*)	(9.932.349)	37.403.956	4.612	27.476.219
Financial Derivative Assets	40.308.394	103.208.251	2.012.553	145.529.198
Financial Derivative Liabilities	50.240.743	65.804.295	2.007.941	118.052.979
Non-cash Loans	14.058.538	13.801.018	533.793	28.393.349
Prior Period - 31 December 2018				
Total Assets	57.458.155	87.452.157	5.909.483	150.819.795
Total Liabilities	39.104.415	127.285.799	6.938.332	173.328.546
Net on-Balance Sheet Position	18.353.740	(39.833.642)	(1.028.849)	(22.508.751)
Net off-Balance Sheet Position (*)	(16.122.157)	39.852.964	804.793	24.535.600
Financial Derivative Assets	31.450.484	107.136.471	3.339.712	141.926.667
Financial Derivative Liabilities	47.572.641	67.283.507	2.534.919	117.391.067
Non-cash Loans	14.405.397	16.299.783	481.867	31.187.047

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

(**) Of the Cash Equivalents and Central Bank and Other FC, TL 3.373.153 (31 December 2018: TL 3.490.205) of the foreign currency deposits TL 3.060.149 (31 December 2018: TL 2.484.399) and Bank Deposits Other FC of the TL 3.127 (31 December 2018: TL 1.892) are precious metal deposit account in demand.

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

(****) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 269.946 (31 December 2018: TL 120.518). Prepaid assets amounted TL 75.913 (31 December 2018: TL 86.577) is excluded in the financial statements.

(*****) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 1.780.300 (31 December 2018: TL 3.062.779).

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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 2019	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	17.087.339	-	-	-	-	15.704.205	32.791.544
Banks	5.302.466	1.307.145	573.149	-	-	10.007.550	17.190.310
Financial assets at fair value through profit or loss (Net)	-	-	6.927.602	-	-	242.599	7.170.201
Interbank Money Market Placements	16.352	-	-	-	-	-	16.352
Financial assets measured at other comprehensive income (Net)	4.807.019	3.635.336	18.073.683	14.780.557	8.990.435	288.024	50.575.054
Loans (***)	61.503.202	18.755.442	47.907.020	50.495.467	8.105.737	10.018.754	196.785.622
Financial assets measured at amortised cost (Net)	3.430.637	854.022	3.340.358	2.335.151	1.189.842	-	11.150.010
Other Assets (****)	6.065.485	8.428.364	7.606.770	1.990.755	2.241.749	2.752.029	29.085.152
Total Assets	98.212.500	32.980.309	84.428.582	69.601.930	20.527.763	39.013.161	344.764.245
Liabilities							
Bank Deposits	3.616.463	1.317.712	419.777	-	-	1.522.874	6.876.826
Other Deposits	131.944.238	17.004.986	4.268.176	24.008	3	46.116.593	199.358.004
Funds from Interbank Money Market	2.979.367	4.343.008	2.303.277	-	-	-	9.625.652
Miscellaneous Payables	916.258	1.634.774	1.235.237	252.302	-	4.891.619	8.930.190
Marketable Securities Issued (Net) (*)	3.444.456	2.637.015	3.535.793	4.225.718	7.904.519	-	21.747.501
Borrowings	7.297.609	19.050.035	6.153.804	186.847	8.089	-	32.696.384
Other Liabilities (**)	3.262.392	4.669.035	3.812.053	961.257	415.956	52.408.995	65.529.688
Total Liabilities	153.460.783	50.656.565	21.728.117	5.650.132	8.328.567	104.940.081	344.764.245
Balance Sheet Long Position	-	-	62.700.465	63.951.798	12.199.196	-	138.851.459
Balance Sheet Short Position	(55.248.283)	(17.676.256)	-	-	-	(65.926.920)	(138.851.459)
Off-balance Sheet Long Position	6.711.580	14.358.843	-	1.258.375	2.085.720	-	24.414.518
Off-balance Sheet Short Position	-	-	(12.196.982)	-	-	-	(12.196.982)
Total Position	(48.536.703)	(3.317.413)	50.503.483	65.210.173	14.284.916	(65.926.920)	12.217.536

(*) 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 are presented in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(****) Derivative financial assets and expected credit losses are classified under other assets.

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Prior Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	14.451.277	-	-	-	-	15.662.515	30.113.792
Banks	6.075.151	685.932	300.997	-	-	10.939.905	18.001.985
Financial assets at fair value through profit or loss (Net)	-	-	6.690.208	-	-	143.587	6.833.795
Interbank Money Market Placements	539.374	-	-	-	-	-	539.374
Financial assets measured at other comprehensive income (Net)	3.678.380	4.887.321	13.359.043	13.580.275	6.617.448	251.040	42.373.507
Loans (***)	55.087.838	21.142.152	40.875.569	53.797.444	7.634.676	7.838.621	186.376.300
Financial assets measured at amortised cost (Net)	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	12.263.481
Other Assets (****)	6.104.539	10.197.376	5.470.269	2.639.713	2.176.093	4.551.901	31.139.891
Total Assets	88.422.665	38.397.772	70.916.152	72.985.451	17.532.516	39.387.569	327.642.125
Liabilities							
Bank Deposits	4.705.106	860.447	406.303	-	-	1.477.434	7.449.290
Other Deposits	109.552.447	22.853.750	10.806.988	54.868	12	37.673.698	180.941.763
Funds from Interbank Money Market	6.282.201	4.659.775	2.120.223	-	-	-	13.062.199
Miscellaneous Payables	760.770	1.263.581	730.525	186.714	4.232	4.459.366	7.405.188
Marketable Securities Issued (Net) (*)	513.813	1.840.646	466.547	6.802.095	7.313.382	-	16.936.483
Borrowings	5.189.460	27.458.373	6.896.462	171.731	11.139	-	39.727.165
Other Liabilities (**)	3.363.061	5.593.390	3.404.785	953.110	18.968	48.786.723	62.120.037
Total Liabilities	130.366.858	64.529.962	24.831.833	8.168.518	7.347.733	92.397.221	327.642.125
Balance Sheet Long Position	-	-	46.084.319	64.816.933	10.184.783	-	121.086.035
Balance Sheet Short Position	(41.944.193)	(26.132.190)	-	-	-	(53.009.652)	(121.086.035)
Off-balance Sheet Long Position	9.508.780	12.014.068	-	1.746.729	1.699.121	-	24.968.698
Off-balance Sheet Short Position	-	-	(11.680.714)	-	-	-	(11.680.714)
Total Position	(32.435.413)	(14.118.122)	34.403.605	66.563.662	11.883.904	(53.009.652)	13.287.984

(*) 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 are shown in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(****) Derivative financial assets and expected credit losses are classified under other assets.

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 2019	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	-	2,55	-	24,14
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	25,50
Available-for-sale Financial Assets (Net)	2,88	4,87	3,09	15,29
Loans	4,74	7,85	7,50	19,62
Held-to-maturity Investments (Net)	3,59	5,14	-	17,25
Liabilities				
Bank Deposits (**)	0,13	3,13	-	8,11
Other Deposits (**)	0,67	2,60	0,02	16,79
Funds from Interbank Money Market	2,39	3,14	-	20,19
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,68	1,29	21,10
Borrowings	1,80	4,47	-	15,88

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

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

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Prior Period – 31 December 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	0,42	2,34	-	24,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	2,27	-	-
Available-for-sale Financial Assets (Net)	2,55	4,60	3,09	20,97
Loans	4,72	7,87	9,06	18,70
Held-to-maturity Investments (Net)	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (**)	0,21	3,34	-	22,55
Other Deposits (**)	1,00	3,44	0,01	17,20
Funds from Interbank Money Market	2,39	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	18,62
Borrowings	2,40	4,55	-	13,51

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

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

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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

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

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities.

Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

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

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

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

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

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to 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 – 30.06.2019					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1			65.490.528	39.792.540	
CASH OUTFLOWS					
2	Retail and Customers Deposits	138.510.017	78.944.021	12.803.358	7.894.402
3	Stable deposits	20.952.870	-	1.047.643	-
4	Less stable deposits	117.557.147	78.944.021	11.755.715	7.894.402
5	Unsecured Funding other than Retail and Small Business Customers Deposits	79.042.203	52.882.323	43.330.991	29.145.607
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	67.359.186	47.161.727	32.895.204	23.425.179
8	Other Unsecured Funding	11.683.017	5.720.596	10.435.787	5.720.428
9	Secured funding	-	-	-	-
10	Other Cash Outflows	91.252.370	60.135.734	80.107.052	49.749.548
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	78.864.428	48.597.934	78.864.428	48.597.934
12	Debts related to the structured financial products	9.406	-	9.406	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	12.378.536	11.537.800	1.233.218	1.151.614
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	869.357	-	43.468	-
15	Other irrevocable or conditionally revocable commitments	57.668.331	12.800.362	2.883.417	640.018
16	TOTAL CASH OUTFLOWS			139.168.286	87.429.575
CASH INFLOWS					
17	Secured Lending Transactions	523.626	523.626	-	-
18	Unsecured Lending Transactions	29.632.924	17.930.908	23.425.318	16.828.941
19	Other contractual cash inflows	75.294.890	51.490.051	75.294.294	51.490.005
20	TOTAL CASH INFLOWS	105.451.440	69.944.585	98.719.612	68.318.946
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			65.490.528	39.792.540
22	TOTAL NET CASH OUTFLOWS			40.642.310	22.388.352
23	Liquidity Coverage Ratio (%)			162,17	178,31

(*) 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 – 31.12.2018	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			60.025.493	39.034.305
CASH OUTFLOWS				
2 Retail and Customers Deposits	132.751.704	67.576.217	12.206.839	6.757.622
3 Stable deposits	21.366.636	-	1.068.332	-
4 Less stable deposits	111.385.068	67.576.217	11.138.507	6.757.622
5 Unsecured Funding other than Retail and Small Business Customers Deposits	73.951.844	52.982.997	36.477.135	25.690.445
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	70.967.382	52.694.173	34.741.930	25.403.022
8 Other Unsecured Funding	2.984.462	288.824	1.735.205	287.423
9 Secured funding	-	-	49.042	49.042
10 Other Cash Outflows	62.451.184	40.437.642	52.745.407	31.431.163
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.672.308	30.432.582	51.672.308	30.432.582
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	10.778.876	10.005.060	1.073.099	998.581
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	835.255	-	41.763	-
15 Other irrevocable or conditionally revocable commitments	62.212.690	17.395.360	3.110.634	869.768
16 TOTAL CASH OUTFLOWS			104.630.820	64.798.040
CASH INFLOWS				
17 Secured Lending Transactions	3.797.452	3.797.452	-	-
18 Unsecured Lending Transactions	38.549.640	26.912.078	32.293.832	25.922.641
19 Other contractual cash inflows	45.627.671	29.869.981	45.624.117	29.869.903
20 TOTAL CASH INFLOWS	87.974.763	60.579.511	77.917.949	55.792.544
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			60.025.493	39.034.305
22 TOTAL NET CASH OUTFLOWS			28.620.215	16.258.677
23 Liquidity Coverage Ratio (%)			212,05	241,44

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

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 135% during the period and remain at a quite higher level that 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 48% and securities issued by Undersecretariat of the Treasury by 46%. Funding sources are mainly distributed between individual and retail deposits by 63%, corporate deposits by 26%, and borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 2%.

Cash outflow amounting to TL 1,385 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.

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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. 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 - 30.06.2019	
	TL+FC	FC
Lowest	135,44	161,58
Week	05.04.2019	21.06.2019
Highest	178,73	198,12
Week	14.06.2019	10.05.2019

	Prior Period - 31.12.2018	
	TL+FC	FC
Lowest	180,81	189,41
Week	21.12.2018	28.12.2018
Highest	257,19	286,89
Week	9.11.2018	9.11.2018

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 30 June 2019	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	19.376.207	13.283.634	131.703	-	-	-	-	32.791.544
Financial Assets at Fair Value Through Profit or Loss (Net)	10.007.550	5.302.466	1.307.145	573.149	-	-	-	17.190.310
Interbank Money Market Placements Available-for-sale Financial Assets (Net)	242.599	-	-	6.927.602	-	-	-	7.170.201
Loans (****)	-	16.352	-	-	-	-	-	16.352
Held-to-maturity Investments (Net)	288.024	197.800	127.995	10.819.005	28.029.722	11.112.508	-	50.575.054
Other Assets (*)	-	41.765.246	22.510.820	37.140.023	60.916.374	24.434.405	10.018.754	196.785.622
Total Assets	30.290.151	61.922.672	25.057.837	62.133.843	107.441.946	45.147.013	12.770.783	344.764.245
Liabilities								
Bank Deposits	1.522.874	3.616.464	1.317.712	419.776	-	-	-	6.876.826
Other Deposits	46.116.593	131.943.805	17.004.986	4.268.609	24.008	3	-	199.358.004
Borrowings	-	499.095	976.345	14.512.569	11.893.617	4.814.758	-	32.696.384
Funds from Interbank Money Market	-	327.536	718.848	2.772.257	3.775.480	2.031.531	-	9.625.652
Marketable Securities Issued (Net) (**)	-	3.444.456	2.637.015	3.535.793	4.225.718	7.904.519	-	21.747.501
Miscellaneous Payables	-	247.426	295.892	587.880	1.852.391	1.054.982	4.891.619	8.930.190
Other Liabilities (***)	363.125	1.004.105	875.256	1.977.737	5.495.179	3.405.291	52.408.995	65.529.688
Total Liabilities	48.002.592	141.082.887	23.826.054	28.074.621	27.266.393	19.211.084	57.300.614	344.764.245
Net Liquidity Excess/ (Gap)	(17.712.441)	(79.160.215)	1.231.783	34.059.222	80.175.553	25.935.929	(44.529.831)	-
Net Off-balance sheet Position	-	(89.641)	(204.191)	2.847.234	5.327.248	4.336.886	-	12.217.536
Financial Derivative Assets	-	85.681.899	31.387.343	40.531.176	95.146.284	73.226.770	-	325.973.472
Financial Derivative Liabilities	-	85.771.540	31.591.534	37.683.942	89.819.036	68.889.884	-	313.755.936
Non-cash Loans (****)	-	2.674.763	4.515.357	17.906.825	3.997.234	20.601.514	-	49.695.693
Prior Period - 31 December 2018								
Total Assets	30.157.222	55.863.956	25.660.302	49.954.105	113.297.191	41.904.217	10.805.132	327.642.125
Total Liabilities	39.151.131	124.745.358	31.275.409	35.173.053	30.931.885	18.096.834	48.268.455	327.642.125
Net Liquidity Gap	(8.993.909)	(68.881.402)	(5.615.107)	14.781.052	82.365.306	23.807.383	(37.463.323)	-
Net Off-balance sheet Position	-	73.346	(1.322.979)	378.942	8.484.122	5.674.553	-	13.287.984
Financial Derivative Assets	-	72.069.893	34.473.264	45.284.995	100.845.307	65.710.763	-	318.384.222
Financial Derivative Liabilities	-	71.996.547	35.796.243	44.906.053	92.361.185	60.036.210	-	305.096.238
Non-cash Loans (****)	-	4.242.599	5.288.100	16.489.306	5.188.166	22.129.385	-	53.337.556

(*) 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, prepaid expenses and loans under follow-up, are shown in this column. Expected credit losses are included.

(**) 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 are stated in the "Unallocatable" column.

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VI. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 30 June 2019, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 9,74% (31 December 2018: 9,37%). 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 2019 (*)	Prior Period 31 December 2018 (*)
Balance sheet Assets		
1		
1		
2		
3		
Derivative financial assets and credit derivatives		
4		
5		
6		
Financing transactions secured by marketable security or commodity		
7		
8		
9		
Off-balance sheet transactions		
10		
11		
12		
Capital and total risk		
13		
14		
Leverage ratio		
15		

(*) 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 30 June 2019	Prior Period 31 December 2018	Current Period 30 June 2019
1 Credit risk (excluding counterparty credit risk) (CCR)	242.800.130	226.613.119	19.424.010
2 Standardized approach (SA)	242.800.130	226.613.119	19.424.010
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	22.036.909	22.406.964	1.762.953
5 Standardized approach for counterparty credit risk (SA-CCR)	22.036.909	22.406.964	1.762.953
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	271.807	237.585	21.745
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	7.431.077	5.071.915	594.486
17 Standardized approach (SA)	7.431.077	5.071.915	594.486
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	27.269.597	21.346.323	2.181.568
20 Basic Indicator Approach	27.269.597	21.346.323	2.181.568
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	299.809.520	275.675.906	23.984.762

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b. Credit Risk Explanations

1. Credit quality of assets:

	Current Period 30.06.2019	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	10.018.754	186.766.868	10.174.518	186.611.104
2	Debt Securities	-	68.364.643	46.871	68.317.772
3	Off-balance sheet exposures	319.137	131.522.907	373.205	131.468.839
4	Total	10.337.891	386.654.418	10.594.594	386.397.715

	Prior Period 31.12.2018	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	7.838.621	185.230.425	7.944.502	185.124.544
2	Debt Securities	-	54.385.948	33.265	54.352.683
3	Off-balance sheet exposures	258.445	116.801.044	388.224	116.671.265
4	Total	8.097.066	356.417.417	8.365.991	356.148.492

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

	Current Period 30 June 2019	Prior Period 31 December 2018
1 Defaulted loans and debt securities at end of the previous reporting period	8.097.066	4.713.388
2 Loans and debt securities that have defaulted since the last reporting period	2.900.869	9.746.074
3 Returned to non-defaulted status	12.519	26.935
4 Amounts written off	3.905	4.583.196
5 Other changes	643.620	1.752.265
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	10.337.891	8.097.066

3. Credit risk mitigation techniques – overview:

Current Period 30.06.2019	Exposures unsecured of (according to TAS)		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
	1	Loans	184.045.124	2.565.980	1.449.071	9.381.368	8.160.605
2	Debt Securities	68.317.772	-	-	-	-	-
3	Total	252.362.896	2.565.980	1.449.071	9.381.368	8.160.605	-
4	Of which defaulted	10.337.891	-	-	-	-	-

Prior Period 31.12.2018	Exposures unsecured of (according to TAS)		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
	1	Loans	181.440.771	3.683.773	1.633.274	9.910.626	8.818.566
2	Debt Securities	54.352.683	-	-	-	-	-
3	Total	235.793.454	3.683.773	1.633.274	9.910.626	8.818.566	-
4	Of which defaulted	8.097.066	-	-	-	-	-

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

Current Period - 30.06.2019		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	80.241.578	8.105	88.299.757	64.027	17.536.642	19,85%
2	Exposures to regional governments or local authorities	35.862	-	35.862	-	17.931	50,00%
3	Exposures to public sector entities	26.081	53.213	25.939	4.870	30.809	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	32.489.101	69.818.899	32.489.101	17.366.086	24.079.042	48,30%
7	Exposures to corporates	116.900.565	55.097.219	113.131.270	35.714.678	145.982.487	98,08%
8	Retail exposures	51.282.214	37.740.954	46.245.762	4.654.783	38.175.409	75,00%
9	Exposures secured by residential property	9.834.254	439.933	9.815.192	189.784	3.501.742	35,00%
10	Exposures secured by commercial real estate	13.611.730	1.443.817	13.528.600	968.837	10.569.761	72,91%
11	Past-due loans	4.090.189	-	4.090.189	-	4.178.140	102,15%
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)	317.465	-	317.465	-	317.465	100,00%
16	Other assets	10.584.457	-	10.584.457	-	7.345.734	69,40%
17	Investments in equities	6.516.016	-	6.516.016	-	6.516.016	100,00%
18	Total	325.929.513	164.602.141	325.079.610	58.963.066	258.251.177	67,25%

Prior Period - 31.12.2018		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							
	Exposures to central governments or central banks	73.950.587	3.425.166	82.640.747	149.220	16.719.246	20,19%
	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	50,00%
	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	100,00%
	Exposures to multilateral development banks	-	-	-	-	-	-
	Exposures to international organisations	-	-	-	-	-	-
	Exposures to institutions	31.212.428	53.213.263	31.212.428	17.279.457	23.012.356	47,46%
	Exposures to corporates	106.630.637	58.727.937	101.860.561	36.789.511	134.723.138	97,17%
	Retail exposures	51.076.840	35.511.909	46.502.203	4.190.708	38.019.683	75,00%
	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	35,00%
	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	72,35%
	Past-due loans	3.277.986	-	3.277.986	-	3.416.959	104,24%
	Higher-risk categories by the Agency Board	-	-	-	-	-	-
	Exposures in the form of covered bonds	-	-	-	-	-	-
	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
	Exposures in the form of units or shares in collective investment undertakings (CIUs)	243.711	214.972	243.711	4.472	248.183	100,00%
	Other assets	9.216.778	-	9.216.778	-	5.536.732	60,07%
	Investments in equities	5.462.209	-	5.462.209	-	5.462.209	100,00%
Total		307.299.601	153.123.573	306.455.908	59.620.138	242.638.371	66,28%

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

Current Period - 30.06.2019

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	69.382.219	-	390.979	-	2.264.282	-	16.326.305	-	-	-	88.363.785
2 Exposures to regional governments or local authorities	-	-	-	-	35.862	-	-	-	-	-	35.862
3 Exposures to public sector entities	-	-	-	-	-	-	30.809	-	-	-	30.809
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	33.380	-	24.367.791	-	12.497.066	-	12.956.951	-	-	-	49.855.188
7 Exposures to corporates	1.001.110	-	217.421	-	3.376.906	-	144.250.431	79	-	-	148.845.947
8 Retail exposures	-	-	-	-	-	50.900.545	-	-	-	-	50.900.545
9 Exposures secured by residential property	-	-	-	10.004.977	-	-	-	-	-	-	10.004.977
10 Exposures secured by commercial real estate	-	-	-	-	7.855.353	-	6.642.084	-	-	-	14.497.437
11 Past-due loans	-	-	-	-	1.479.488	-	955.308	1.655.392	-	-	4.090.189
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)	-	-	-	-	-	-	317.465	-	-	-	317.465
16 Investments in equities	-	-	-	-	-	-	6.516.016	-	-	-	6.516.016
17 Other assets	3.232.573	-	7.688	-	-	-	7.344.196	-	-	-	10.584.457
18 Total	73.649.281	-	24.983.880	10.004.977	27.508.957	50.900.545	195.339.565	1.655.471	-	-	384.042.676

Prior Period - 31.12.2018

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	65.777.893	-	366.035	-	-	-	16.646.039	-	-	-	82.789.967
2 Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	26.833
3 Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	7.372
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	228.628	-	23.508.508	-	12.888.191	-	11.866.558	-	-	-	48.491.885
7 Exposures to corporates	1.988.832	-	83.905	-	3.741.956	-	132.835.379	-	-	-	138.650.072
8 Retail exposures	-	-	-	-	-	50.692.911	-	-	-	-	50.692.911
9 Exposures secured by residential property	-	-	-	11.266.220	-	-	-	-	-	-	11.266.220
10 Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	15.945.630
11 Past-due loans	-	-	-	-	1.051.695	-	896.650	1.329.641	-	-	3.277.986
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	248.183	-	-	-	248.183
16 Investments in equities	-	-	-	-	-	-	5.462.209	-	-	-	5.462.209
17 Other assets	3.680.042	-	5	-	-	-	5.536.731	-	-	-	9.216.778
18 Total	71.675.395	-	23.958.453	11.266.220	26.528.135	50.692.911	180.625.291	1.329.641	-	-	366.076.046

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

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 - 30.06.2019						
1 Standardised Approach (for derivatives)	15.325.598	5.337.702	-	1,4	20.663.300	14.118.012
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)	-	-	-	-	2.374.452	1.061.227
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	-	-	-	-	2.374.452	1.061.227
6 Total						15.179.239

(*) 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 - 31.12.2018						
1 Standardised Approach (for derivatives)	14.558.995	5.274.323	-	1,4	19.833.318	14.363.501
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	3.174.759	1.424.166
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	3.174.759	1.424.166
6 Total						15.787.667

(*) Effective Expected Positive Exposure

2. Credit valuation adjustment (CVA) capital charge:

	Current Period 30.06.2019		Prior Period 31.12.2018	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM]	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	21.159.761	6.808.687	19.833.318	6.596.521
4 Total subject to the CVA capital charge	21.159.761	6.808.687	19.833.318	6.596.521

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

Current Period - 30.06.2019

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	-	-	-	-	-	5.730	-	-	5.730
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	527	-	-	527
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	4.517	-	4.336.118	8.396.992	-	37.562	-	-	5.103.282
Corporates	166.466	-	-	444	-	10.009.725	-	-	10.009.947
Retail portfolios	-	-	-	-	79.671	-	-	-	59.754
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	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	170.983	-	4.336.118	8.397.436	79.671	10.053.544	-	-	15.179.239

[*]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 - 31.12.2018

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	76.180	-	-	-	-	1.994	-	-	1.994
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	112	-	-	112
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.741.323	9.422.582	-	2.558	-	-	5.262.114
Corporates	226.517	-	-	444	-	10.479.324	-	-	10.479.547
Retail portfolios	-	-	-	-	52.570	-	-	-	39.428
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	4.472	-	-	4.472
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	302.697	-	2.741.323	9.423.026	52.570	10.488.460	-	-	15.787.667

[*]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.

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.

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5. Credit derivatives exposures:

	Current Period - 30.06.2019		Prior Period - 31.12.2018	
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	1.959.660	28.650	5.917.500	26.300
Index credit default swaps	-	-	-	-
Total return swaps	10.766.906	7.897.595	10.369.466	7.603.757
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	12.726.566	7.926.245	16.286.966	7.630.057
Fair values				
Positive fair value (asset)	2.882.213	2.692.326	3.283.145	2.606.104
Negative fair value (liability)	-	-	-	-

6. Exposures to central counterparties (CCP):

	Current Period - 30.06.2019		Prior Period - 31.12.2018	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		48.982		22.777
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	496.461	19.640	571.403	22.759
3 (i) OTC Derivatives	496.461	19.640	571.403	22.759
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	-	-	-	-
10 Unfunded default fund contributions	29.342	29.342	7.655	18
10 Exposures to non-QCCPs (total)	-	-	-	-
11 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)				
12 (i) OTC Derivatives	-	-	-	-
13 (ii) Exchange-traded Derivatives	-	-	-	-
14 (iii) Securities financing transactions	-	-	-	-
15 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
16 Segregated initial margin	-	-	-	-
17 Non-segregated initial margin	-	-	-	-
18 Pre-funded default fund contributions	-	-	-	-
19 Unfunded default fund contributions	-	-	-	-
19 Exposure to Qualified Central Counterparties (QCCPs) (total)	-	-	-	-
20 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

e. Market Risk Explanations

Standardised approach:

	Current Period	Prior Period
	30.06.2019	31.12.2018
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	2.646.594	2.635.025
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	4.783.133	2.404.065
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	1.350	32.825
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	7.431.077	5.071.915

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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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 due to ineffectiveness of efficiency tests;

- 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 net investment hedge to hedge the foreign currency risk arising from investments abroad. Effective portion of the fair value change of the hedging instrument is accounted under "Hedging funds" under equity. Ineffective portion is accounted under income statement.

As of 30 June 2019, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

	Current Period 30 June 2019			Prior Period 31 December 2018		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	14.398.198	7.652.729	594.374	16.237.238	4.693.776	647.569
-FC	52.868.982	123.492	221.916	45.826.317	363.508	41.041
Total	67.267.180	7.776.221	816.290	62.063.555	5.057.284	688.610

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1. Explanations on Net Investment Risk:

The Group 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".

2. Explanations on Fair Value Hedge:

Current Period: 30.06.2019

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 financial assets at fair value through other comprehensive income	Interest rate risk	(264.592)	252.136	(12.456)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(26.909)	(25.280)	(1.629)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.982.086	(2.961.948)	20.138
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(16.621)	16.621	-

(*) 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: 31.12.2018

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 financial assets at fair value through other comprehensive income	Interest rate risk	(43.581)	33.893	(9.688)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.632.655	(2.658.615)	(25.960)
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	9.438	(9.438)	-

(*) 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.

As of 30 June 2019 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 due to ineffectiveness of efficiency tests with the information related discontinuous transactions are given below:

- As of 30 June 2019, 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 5.746 (31 December 2018: TL 7.263).

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

3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	(455)	-	(197.908)	45.951	(5.031)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	3.359.571	64.973	(334.821)	(239.971)	(29.011)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	131.783	337.104	234.995	(8.537)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	806	355.000	25.612	14.544	(5.439)

As of 30 June 2019 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 2019, 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 974 (31 December 2018: TL (5.927)).

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IX. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions.

Within the scope of international banking activities, activities are also being carried out in order to provide long-term funding, to provide funding under a price reflecting the country's risk, to diversify funding resources and to form an international investor base on this area.

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

Information on business segments as of 30 June 2019 and 31 December 2018 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED 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 2019

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	Retail Banking (**)	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 30 June 2019					
Operating Income	4.699.200	3.429.676	126.807	1.465.132	9.720.815
Profit from Operating Activities	1.375.651	826.791	(60.113)	912.373	3.054.702
Income from Subsidiaries	-	-	-	5.403	5.403
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	325.877	325.877
Profit before Tax	1.375.651	826.791	(60.113)	1.243.653	3.385.982
Corporate Tax	-	-	-	(695.328)	(695.328)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.375.651	826.791	(60.113)	548.325	2.690.654
Segment Assets	72.809.145	142.064.774	109.492.748	-	324.366.667
Investments in Associates	-	-	-	6.298.590	6.298.590
Undistributed Assets	-	-	-	14.098.988	14.098.988
Total Assets					344.764.245
Segment Liabilities	135.590.322	65.502.574	80.654.935	-	281.747.831
Undistributed Liabilities	-	-	-	13.648.603	13.648.603
Shareholders' Equity	-	-	-	49.367.811	49.367.811
Total Liabilities					344.764.245
Other Segment Items					
Capital Investment	-	-	-	192.159	192.159
Amortization	(61.578)	(10.801)	-	(172.104)	(244.483)
Non-cash Other Income-Expense	(762.204)	(2.265.646)	(114.195)	(321.592)	(3.463.637)

	Retail Banking (**)	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period – 31 December 2018 (*)					
Operating Income	4.068.693	2.317.922	524.542	1.957.564	8.868.721
Profit from Operating Activities	1.575.438	1.493.298	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	1.575.438	1.493.298	373.692	596.960	4.039.388
Corporate Tax	-	-	-	(727.779)	(727.779)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.575.438	1.493.298	373.692	(130.819)	3.311.609
Segment Assets	71.535.564	132.521.609	103.342.019	-	307.399.192
Investments in Associates	-	-	-	5.457.662	5.457.662
Undistributed Assets	-	-	-	14.785.271	14.785.271
Total Assets					327.642.125
Segment Liabilities	124.653.231	57.955.297	88.464.828	-	271.073.356
Undistributed Liabilities	-	-	-	12.759.680	12.759.680
Shareholders' Equity	-	-	-	43.809.089	43.809.089
Total Liabilities					327.642.125
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)

(*) 30 June 2018 amounts are used for income statement accounts.

(**) As of 22 November 2018, individual banking and SME banking business units were merged and began to operate as retail banking business units. The balances for the statement of income for the prior period are the amounts after the merger.

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

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 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	1.521.400	1.651.716	1.796.417	1.826.103
The CBRT (*)	3.128.453	26.422.830	2.928.915	23.504.830
Other (**)	-	67.145	-	57.527
Total	4.649.853	28.141.691	4.725.332	25.388.460

(*) Precious metal account amounting to TL 3.313.696 are included in FC. (31 December 2018: TL 3.432.683)

(**) Precious metal account amounting to TL 59.456 are included in FC. (31 December 2018: TL 57.522)

2. Information related to the account of the CBRT:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6.313	-	124	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	3.122.140	26.422.830	2.928.791	23.504.830
Total	3.128.453	26.422.830	2.928.915	23.504.830

3. Explanation on reserve requirements:

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

The required reserve rates for TL liabilities vary between 1% and 7% for TL deposits and other liabilities according to their maturities as of 30 June 2019 (31 December 2018: 1,5% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 21% for deposit and other foreign currency liabilities according to their maturities as of 30 June 2019 (31 December 2018: 4% and 20% for all foreign currency liabilities).

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

As of 30 June 2019, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2018: None) and given as collateral/blocked (31 December 2018: None).

Other Financial Assets:

In the previous period, syndicated loans previously granted to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, the transfer of 192.500.000.000 of Group A shares which consist of 55% of Türk Telekom's issued capital and are pledged in favor of the creditors in order to establish the collateral of the loans to Levent Yapılandırma Yönetimi A.Ş. which was established as a special purpose company, where all of the creditors were directly or indirectly shared was completed on 21 December 2018. The Bank participated in LYY with a share of 35.56% in receivables from OTAŞ. Within the scope of the acquisition of Türk Telekom shares by LYY and within the framework of the related agreements, the total amount of the loan granted to LYY by the Bank for the acquisition of shares, which are the guarantee of OTAŞ loans, is TL 6.928 million and has been classified under "Financial Assets At Fair Value Through Profit And Loss" as "Other Financial Assets" in the financial statements. As of 30 June 2019, the fair values are based on the results of an independent valuation firm. In this valuation, fair value is determined by considering the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). The related loan is followed as Level 3 within the scope of IFRS 13 Fair Value Standard.

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The potential changes in the fundamental assumptions used in the valuation will affect the carrying value of the loan. Within the framework of the signed agreements on this loan, a part of the loan granted to LYY is estimated to be converted from loan to capital and added to LYY's capital in the following period. Türk Telekom shares which are transferred to LYY and subject to loan consists of the collateral of the loan granted to LYY. The main objective of LYY is to transfer these Turk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible.

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

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	469.851	-	1.004.135	-
Swap Transactions	9.185.557	4.568.519	11.441.676	4.645.436
Futures Transactions	-	-	-	-
Options	28.625	106.664	67.222	454.254
Other	-	-	-	-
Total	9.684.033	4.675.183	12.513.033	5.099.690

(*)Excluding hedging derivatives financial assets.

d. Information on banks and foreign banks:

1. Information on banks account:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	501.181	40.181	207	601.823
Foreign	47.090	16.601.858	463.733	16.936.222
Head Quarters and Branches Abroad	-	-	-	-
Total	548.271	16.642.039	463.940	17.538.045

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

1. As of 30 June 2019, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 8.439.429 (31 December 2018: TL 11.515.081); and those given as collateral/blocked amounting to TL 9.601.213 (31 December 2018: TL 8.421.116).

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	Debt Securities	53.016.966		44.953.968
Quoted at Stock Exchange (*)	49.408.899		43.557.799	
Unquoted at Stock Exchange	3.608.067		1.396.169	
Share Certificates	16.217		13.455	
Quoted at Stock Exchange	-		-	
Unquoted at Stock Exchange	16.217		13.455	
Impairment Provision (-)	2.458.129		2.593.916	
Total	50.575.054		42.373.507	

(*) Investment funds are included.

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f. Information related to loans:

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	1.440
Corporate Shareholders	-	97	-	1.440
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	6.863.149	1.189.872	5.281.095	1.073.121
Loans Granted to Employees	121.028	-	114.675	-
Total	6.984.177	1.189.969	5.395.770	1.074.561

2. Information on standard loans and loans under follow-up including loans that have been restructured or rescheduled:

		Loans under follow-up			
Current Period – 30 June 2019		Restructured Loans			
Cash Loans	Standard Loans	Loans not subject to restructuring	Loans with revised contract terms	Refinance	
Non-specialized Loans					
Loans given to enterprises	18.556.649	1.951.859	18.796	1.883.651	
Export Loans	9.855.912	259.758	9.926	234.586	
Import Loans	-	-	-	-	
Loans Given to Financial Sector	9.232.095	355	-	-	
Consumer Loans	24.417.800	2.170.080	1.143.911	36.390	
Credit Cards	13.138.181	891.102	676.605	-	
Other	80.191.596	7.133.751	176.702	14.787.163	
Specialized Loans	-	-	-	-	
Other Receivables	-	-	-	-	
Total	155.392.233	12.406.905	2.025.940	16.941.790	

Expected Credit Loss Stage I and Stage II	Current Period 30 June 2019		Prior Period 31 December 2018	
	Standard Loans	Loans under Follow-up	Standard Loans	Loans under Follow-up
12 Month Expected Credit Losses	632.030	-	637.503	-
Significant Increase in Credit Risk	-	3.613.362	-	2.741.613
Total	632.030	3.613.362	637.503	2.741.613

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

Current Period – 30.06.2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	458.908	25.859.171	26.318.079
Mortgage Loans	1.148	9.686.334	9.687.482
Automotive Loans	621	104.289	104.910
Consumer Loans	457.139	16.068.548	16.525.687
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.180	1.180
Mortgage Loans	-	1.180	1.180
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	11.541.626	611.132	12.152.758
With Installment	3.756.231	609.887	4.366.118
Without Installment	7.785.395	1.245	7.786.640
Consumer Credit Cards-FC	14.650	-	14.650
With Installment	-	-	-
Without Installment	14.650	-	14.650
Personnel Loans-TL	3.099	61.596	64.695
Mortgage Loans	-	2.978	2.978
Automotive Loans	-	27	27
Consumer Loans	3.099	58.591	61.690
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	55.937	28	55.965
With Installment	19.817	28	19.845
Without Installment	36.120	-	36.120
Personnel Credit Cards-FC	368	-	368
With Installment	-	-	-
Without Installment	368	-	368
Credit Deposit Account-TL (Real Person)	1.384.227	-	1.384.227
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	13.458.815	26.533.107	39.991.922

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

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

Current Period – 30.06.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	621.899	14.465.342	15.087.241
Mortgage Loans	784	7.085	7.869
Automotive Loans	13.930	47	13.977
Consumer Loans	607.185	14.458.210	15.065.395
Other	-	-	-
FC Indexed Commercial Installment Loans	-	189.083	189.083
Mortgage Loans	-	754	754
Automotive Loans	-	-	-
Consumer Loans	-	188.329	188.329
Other	-	-	-
Commercial Installment Loans-FC	16.339	271.398	287.737
Mortgage Loans	-	-	-
Automotive Loans	561	-	561
Consumer Loans	15.778	271.398	287.176
Other	-	-	-
Corporate Credit Cards-TL	2.477.065	1.175	2.478.240
With Installment	701.920	1.138	703.058
Without Installment	1.775.145	37	1.775.182
Corporate Credit Cards-FC	3.907	-	3.907
With Installment	-	-	-
Without Installment	3.907	-	3.907
Credit Deposit Account-TL (Legal Person)	1.054.834	-	1.054.834
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.174.044	14.926.998	19.101.042

Prior Period – 31.12.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.013.895	12.614.322	13.628.217
Mortgage Loans	5.555	8.397	13.952
Automotive Loans	38.764	66	38.830
Consumer Loans	969.576	12.605.859	13.575.435
Other	-	-	-
FC Indexed Commercial Installment Loans	4.555	353.390	357.945
Mortgage Loans	-	1.019	1.019
Automotive Loans	-	-	-
Consumer Loans	4.555	352.371	356.926
Other	-	-	-
Commercial Installment Loans-FC	8.487	199.661	208.148
Mortgage Loans	-	-	-
Automotive Loans	3.515	-	3.515
Consumer Loans	4.972	199.661	204.633
Other	-	-	-
Corporate Credit Cards-TL	2.693.636	50	2.693.686
With Installment	795.746	43	795.789
Without Installment	1.897.890	7	1.897.897
Corporate Credit Cards-FC	2.752	-	2.752
With Installment	-	-	-
Without Installment	2.752	-	2.752
Credit Deposit Account-TL (Legal Person)	1.159.752	-	1.159.752
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.883.077	13.167.423	18.050.500

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Domestic Loans	189.835.905	179.566.003
Foreign Loans	6.949.717	6.810.297
Total	196.785.622	186.376.300

6. Loans granted to investments in associates and subsidiaries:

	Current Period 30 June 2019	Prior Period 31 December 2018
Direct Loans Granted to Investments in Associates and Subsidiaries	386.503	291.767
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
Total	386.503	291.767

7. Credit-Impaired Losses (Stage III / Specific Provision):

	Current Period 30 June 2019	Prior Period 31 December 2018
Loans and Other Receivables with Limited Collectibility	525.488	724.871
Loans and Other Receivables with Doubtful Collectibility	1.459.095	1.226.217
Uncollectible Loans and Receivables	3.944.543	2.611.760
Total	5.929.126	4.562.848

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

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

	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Current Period: 30 June 2019			
(Gross Amounts Before Specific Provisions)	72.483	230.380	120.946
Rescheduled Loans and Other Receivables	72.483	230.380	120.946
Prior Period: 31 December 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612

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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 2018	1.681.186	2.853.788	3.303.647
Additions (+)	2.391.148	384.856	64.173
Transfers from Other Categories of Non-Performing Loans (+)	-	2.842.766	2.901.049
Transfers to Other Categories of Non-Performing Loans (-)	2.842.766	2.901.049	-
Collections (-)	206.407	231.849	217.883
Write-offs (-)	1.055	1.181	1.669
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	1.022.106	2.947.331	6.049.317
Specific Provisions (-)	525.488	1.459.095	3.944.543
Net Balance at Balance Sheet	496.618	1.488.236	2.104.774

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 2019			
Balance at the End of the Period	54.749	313.952	2.240.799
Specific Provision (-)	32.631	137.610	882.737
Net Balance on Balance Sheet	22.118	176.342	1.358.062
Prior Period: 31 December 2018			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
Net Balance at Balance Sheet	152.096	1.050.449	254.039

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

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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 2019			
Loans granted to corporate entities and real persons (Gross)	1.022.106	2.947.331	6.049.317
Specific Provision Amount (-)	525.488	1.459.095	3.944.543
Loans granted to corporate entities and real persons (Net)	496.618	1.488.236	2.104.774
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 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.303.647
Specific Provision Amount (-)	724.871	1.226.217	2.611.760
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	691.887
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 2019			
Interest accruals and valuation differences	104.744	411.367	699.752
Provision (-)	61.277	240.055	350.619
Prior Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	119.378
Provision (-)	84.613	168.980	88.875

g. Financial assets measured at amortised cost:

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Given as collateral/blocked	-	637.374	-	659.977
Subject to repurchase agreements	207.493	2.008.259	151.531	2.482.866
Total	207.493	2.645.633	151.531	3.142.843

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2. Information on government debt securities:

	Current Period 30 June 2019	Prior Period 31 December 2018
Government Bonds	7.986.556	9.062.489
Treasury Bills	-	-
Other Government Debt Securities	753.661	691.694
Total	8.740.217	9.754.183

3. Information on financial assets measured at amortised cost:

	Current Period 30 June 2019	Prior Period 31 December 2018
Debt Securities	11.184.863	12.328.067
Quoted at Stock Exchange	11.184.863	12.328.067
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	34.853	64.586
Total	11.150.010	12.263.481

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	12.263.481	18.883.032
Foreign Currency Differences on Monetary Assets	389.949	1.683.147
Purchases During Year	8.075	1.654.189
Disposals Through Sales and Redemptions (*)	(1.868.640)	(10.713.907)
Impairment Provision	29.733	184.506
Change in Amortized Cost	327.412	572.514
Balance at the End of the Period	11.150.010	12.263.481

[*]The Bank has reviewed its management model for securities in accordance with TFRS 9 standard in the prior period. 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.

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 2019.

	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	120.754	73.908	66.746	1.049	-	8.943	4.564	-
2	338.309	209.618	212.921	2.610	-	12.147	12.874	-

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3. Movement schedule of investments in associates:

	Current Period 30 June 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.521	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	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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 2019 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	360.007	96.802	10.534	740.648	12.000
Share Premium	-	-	-	-	-
Reserves	494.060	66.116	18.234	3.897.700	(14)
Gains recognized in equity as per TAS	-	(1.626)	(150)	-	-
Profit/Loss	52.426	295.932	72.009	183.358	(4.255)
- Net Current Period Profit	52.426	62.078	29.178	183.358	(1.163)
- Prior Year Profit/Loss	-	233.854	42.831	-	(3.092)
Development Cost of Operating Lease (-)	26	993	-	274	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.133	12.479	106	4.748	-
Total Common Equity	905.334	443.752	100.521	4.816.684	7.731
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	905.334	443.752	100.521	4.816.684	7.731
Tier II Capital	135.430	293	2	35.904	-
CAPITAL	1.040.764	444.045	100.523	4.852.588	7.731
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	1.040.764	444.045	100.523	4.852.588	7.731

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.

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

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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.	Istanbul/Turkey	100,00	100,00

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

The financial figures have been obtained from the financial statements as at 30 June 2019 prepared in accordance with local regulations.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.349.750	905.035	158.549	262.476	-	52.426	40.444	-
2	2.290.376	458.106	22.321	245.781	(348)	62.078	57.639	-
3	116.664	100.627	5.213	8.564	-	29.178	17.756	-
4	32.287.935	4.821.706	52.919	676.732	47.910	183.358	110.870	-
5	8.540	7.731	1.092	885	-	(1.163)	(1.043)	-

5. Movement schedule of subsidiaries:

	Current Period 30 June 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.452.141	4.133.098
Movements During the Period		
Additions (*)	125.000	62.000
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	325.877	304.959
Sales/Liquidation	-	-
Revaluation Increase (**)	390.051	952.084
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.293.069	5.452.141
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) These amounts arise from the capital increase of Ak Finansal Kiralama A.Ş. which is 99.99% subsidiary of the Bank by TL 125.000 for the current period, and for the prior period, TL 12,000 that was paid by the Bank for AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly-owned subsidiary of the Bank as founding capital and the capital increase Ak Yatırım Menkul Değerler A.Ş. which is a wholly-owned subsidiary of the Bank by TL 50.000.

(**)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 2019	Prior Period 31 December 2018
Banks	4.821.706	4.248.193
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	904.899	727.051
Finance Companies	-	-
Other Financial Subsidiaries	566.464	476.897

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 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	4.453.764	75.709	2.957.837	109.839
Cash Flow Hedge	3.198.965	47.783	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-	-	-
Total	7.652.729	123.492	4.693.776	363.508

m. **Information on the investment properties:** None.

n. **Information on deferred tax asset:**

As of 30 June 2019, the Bank has no deferred tax asset (31 December 2018: TL 23.410). 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.

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Cost	114.823	90.384
Accumulated Depreciation (-)	75	79
Net Book Value	114.748	90.305

	Current Period 30 June 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	90.305	57.520
Additions (*)	34.756	70.412
Disposals (-), net	10.313	37.545
Impairment (-)	-	82
Depreciation (-)	-	-
Closing Net Book Value	114.748	90.305

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

p. **Information on other assets:**

Other assets amounting to TL 5.721.521 (31 December 2018: TL 6.038.884) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

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

1 (i). Current Period – 30 June 2019:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	8.223.484	8.675.121	34.873.122	348.896	493.467	1.154.949	17.183	53.786.222
Foreign Currency Deposits	26.490.900	14.999.680	66.772.099	1.774.105	1.790.881	3.793.116	1.661	115.622.442
Residents in Turkey	25.207.062	14.769.512	63.259.270	1.625.126	1.013.618	2.087.384	1.505	107.963.477
Residents Abroad	1.283.838	230.168	3.512.829	148.979	777.263	1.705.732	156	7.658.965
Public Sector Deposits	471.712	14.214	30.402	2.126	194	423	-	519.071
Commercial Deposits	7.882.808	5.889.658	8.648.259	69.713	192.958	244.153	-	22.927.549
Other Institutions Deposits	243.575	403.446	2.564.656	99.956	128.951	1.987	-	3.442.571
Precious metals Deposits	2.804.114	-	1.525	-	212.278	42.232	-	3.060.149
Interbank Deposits	1.522.874	79.062	4.026.793	482.697	749.631	15.769	-	6.876.826
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	13.055	29.759	15.911	-	661.306	4.700	-	724.731
Foreign Banks	359.829	49.303	4.010.882	482.697	88.325	11.069	-	5.002.105
Participation Banks	1.149.990	-	-	-	-	-	-	1.149.990
Other	-	-	-	-	-	-	-	-
Total	47.639.467	30.061.181	116.916.856	2.777.493	3.568.360	5.252.629	18.844	206.234.830

1 (ii). Prior period - 31 December 2018:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	6.822.980	6.345.090	36.807.153	1.721.311	3.056.761	1.092.246	20.081	55.865.622
Foreign Currency Deposits	20.486.286	14.924.449	53.057.717	1.775.228	5.318.165	3.180.646	1.781	98.744.272
Residents in Turkey	19.558.995	14.662.394	49.737.935	1.291.185	1.135.781	1.590.011	1.622	87.977.923
Residents Abroad	927.291	262.055	3.319.782	484.043	4.182.384	1.590.635	159	10.766.349
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	1.118.222
Commercial Deposits	6.767.674	5.804.222	6.575.839	247.305	153.440	306.084	-	19.854.564
Other Institutions Deposits	250.105	469.459	1.277.231	10.479	629.880	237.530	-	2.874.684
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	2.484.399
Interbank Deposits	1.477.434	1.476.165	3.737.561	301.072	457.058	-	-	7.449.290
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	10.485	1.438.256	81.704	6.275	342.171	-	-	1.878.891
Foreign Banks	112.726	37.909	3.655.857	294.797	114.887	-	-	4.216.176
Participation Banks	1.354.223	-	-	-	-	-	-	1.354.223
Other	-	-	-	-	-	-	-	-
Total	39.151.132	29.038.848	101.480.333	4.062.979	9.801.111	4.834.788	21.862	188.391.053

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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	Prior Period	Current Period	Prior Period
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Saving Deposits	23.097.838	23.246.737	30.688.384	32.618.885
Foreign Currency Saving Deposits	13.142.393	10.341.024	58.925.286	50.682.638
Other Deposits in the Form of Saving Deposits	1.420.158	1.256.207	1.391.303	1.034.751
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 2019	Prior Period 31 December 2018
Foreign Branches' Deposits and other accounts	82	375
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.597.910	1.208.455
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	158.096	-	344.315	-
Swap Transactions	8.933.193	1.285.008	10.338.317	975.810
Futures Transactions	-	-	-	-
Options	1.000	249.877	2.892	606.511
Other	-	-	-	-
Total	9.092.289	1.534.885	10.685.524	1.582.321

(*). Excluding hedge transactions.

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	291.326	255.957	253.088	375.142
From Foreign Banks, Institutions and Funds	-	32.149.101	398.158	38.700.777
Total	291.326	32.405.058	651.246	39.075.919

2. Information on maturity structure of borrowings

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Short-term	290.826	495.969	253.088	1.515.561
Medium and Long-term	500	31.909.089	398.158	37.560.358
Total	291.326	32.405.058	651.246	39.075.919

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

3. The liabilities providing the funding sources of the 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 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Bank bills	5.876.503	-	2.042.561	-
Bonds	2.249.244	8.412.817	1.907.081	8.202.364
Total	8.125.747	8.412.817	3.949.642	8.202.364

e. Information on other foreign liabilities:

Other foreign liabilities listed in "Other Liabilities" amounting to TL 1.329.614 (31 December 2018: TL 3.246.378) and do not exceed 10% of the total balance sheet.

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f. Information on financial leasing agreements:

With the "TFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees. Implementation and impacts on transition of TFRS 16 are presented in Note XXIX of Section Three.

Liabilities incurred due to financial leasing agreements:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	Gross	Net	Gross	Net
Less Than 1 Year	152.530	67.399	29.392	25.048
Between 1-4 Years	378.038	179.494	-	-
More Than 4 Years	501.010	321.593	-	-
Total	1.031.578	568.486	29.392	25.048

g. Information on the hedging derivative financial liabilities:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	10.783	173.678	2.611	41.041
Cash Flow Hedge	583.591	48.238	644.958	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	594.374	221.916	647.569	41.041

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 2019	Prior Period 31 December 2018
Discount Rate (%)	4,99	5,73
Rate for the Probability of Retirement (%)	94,65	94,45

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation.

The amount of TL 6.017,60 [1 January 2018: TL 5.001,76] effective from 1 January 2019 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	Current Period	Prior Period
	30 June 2019	31 December 2018
Prior Period Closing Balance	208.631	204.276
Recognized as an Expense During the Period	42.540	68.105
Actuarial Loss / (Gain)	20.395	(6.579)
Paid During the Period	(36.259)	(57.171)
Balance at the End of the Period	235.307	208.631

As of 30 June 2019, the Bank has allocated vacation liability amounting to TL 127.819 (31 December 2018: TL 102.878).

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

As of 30 June 2019, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2018: None) and the related prior period amount is offset with the balance of foreign currency indexed loans.

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash: Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 365.516 as of 30 June 2019 (31 December 2018: TL 378.740).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 650.000 (31 December 2018: TL 550.000).

The Bank has allocated free provision amounting TL 650.000 thousand which has been recognised TL 100.000 thousand in current period and TL 550.000 thousand had been recognised in prior years. (31 December 2018: TL 550.000).

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 47.052 (31 December 2018: TL 50.044).

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 2019, the corporate tax liability after the deduction of temporary taxes paid is TL 179.475 (31 December 2018: None). As of 30 June 2019, the Bank has no current tax asset (31 December 2018: TL 262.217).

1 (i). Information on taxes payable:

	Current Period	Prior Period
	30 June 2019	31 December 2018
Corporate Taxes Payable	179.475	-
Taxation on Marketable Securities	241.532	165.369
Property Tax	2.640	1.983
Banking Insurance Transaction Tax (BITT)	162.932	196.929
Foreign Exchange Transaction Tax	5.967	-
Value Added Tax Payable	2.224	13.657
Other	84.347	121.816
Total	679.117	499.754

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1 (ii). Information on premium payables:

	Current Period	Prior Period
	30 June 2019	31 December 2018
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	1	1
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	2.800	1.423
Unemployment Insurance – Employer	5.601	2.847
Other	282	363
Total	8.690	4.640

2. Information on deferred tax liability:

As of 30 June 2019, Turkish Lira deferred tax liability of the Bank amounts to TL 679.145 (31 December 2018: TL 283.695). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan (*):

	Current Period		Prior Period	
	30 June 2019		31 December 2018	
	TL	FC	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	-	5.208.937	-	4.784.477
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	5.208.937	-	4.784.477
Total	-	5.208.937	-	4.784.477

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

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period	Prior Period
	30 June 2019	31 December 2018
Common Stock	5.200.000	4.000.000
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Share Capital	5.200.000	10.000.000

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3. Capital increases and sources in the current period and other information based on increased capital shares:

Date	Amount	Cash	Profit reserves subject to increase	Capital reserves subject to increase
28 February 2019	1.200.000	1.200.000	-	-

The explanation of the capital increase is disclosed in the footnote XX of Section Three

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.
8. Information on marketable securities value increase fund:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	854.393	780.291	854.478	581.490
Valuation Difference	(1.909.031)	(1.161.259)	(1.769.593)	(1.141.797)
Foreign Currency Differences	-	-	-	-
Total	(1.054.638)	(380.968)	(915.115)	(560.307)

(*) 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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 31.827.315 asset purchase commitments (31 December 2018: TL 15.158.299), TL 20.569.411 commitments for credit card limits (31 December 2018: TL 19.788.847), TL 2.864.776 commitments for cheque books (31 December 2018: TL 2.514.769).

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 2019	Prior Period 31 December 2018
Bank Acceptance Loans	6.296.233	6.562.959
Letters of Credit	226.167	2.740.341
Other Guarantees and Warranties	9.613.769	8.977.106
Total	16.136.169	18.280.406

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Revocable Letters of Guarantee	1.063.601	1.015.501
Irrevocable Letters of Guarantee	18.919.871	20.344.230
Letters of Guarantee Given in Advance	2.088.786	2.723.574
Guarantees Given to Customs	1.958.224	2.094.996
Other Letters of Guarantee	9.529.042	8.878.849
Total	33.559.524	35.057.150

3. Information on non-cash loans:

	Current Period 30 June 2019	Prior Period 31 December 2018
Total amount of non-cash loans:		
Non-cash Loans Given against Cash Loans	10.951.953	10.507.617
With Original Maturity of 1 Year or Less Than 1 Year	5.758.004	5.190.839
With Original Maturity of More Than 1 Year	5.193.949	5.316.778
Other Non-cash Loans	38.743.740	42.829.939
Total	49.695.693	53.337.556

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
Short-term Loans	5.112.751	327.379	3.917.333	61.091
Medium and Long-term Loans	5.797.984	2.042.778	5.622.966	1.705.205
Interest on Loans Under Follow-Up	587.396	-	199.321	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	11.498.131	2.370.157	9.739.620	1.766.296

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

2. Information on interest income on banks:

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
From the CBRT	-	-	152.430	-
From Domestic Banks	81.408	2.550	21.725	10.529
From Foreign Banks	54.705	205.443	1.701	77.120
From Headquarters and Branches Abroad	-	-	-	-
Total	136.113	207.993	175.856	87.649

3. Information on interest income on marketable securities:

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1.902.102	512.869	1.419.273	388.036
Financial Assets Measured at Amortised Cost	455.792	125.308	275.163	174.271
Total	2.357.894	638.177	1.694.436	562.307

As stated in Note VI of Section Three, 6-month real coupon rates remaining constant throughout the maturity, government bonds with 5-10 years maturity and CPI index in the fair value through other comprehensive income of the Bank is included in the securities portfolio, which are reflected at other comprehensive income and are valued at amortized cost. As stated in Investor's Guide on CPI-Indexed Government Bonds published by Undersecretariat of Treasury, the reference indices used in the calculation of actual coupon payment amounts is based on CPI of two months ago. The Bank sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. As of 30 June 2019, the valuation of these securities is based on 12,00% annual inflation forecast. If the valuation of these CPI-indexed securities was made according to the reference index valid for 30 June 2019, the revaluation differences of financial assets within the equity of the Bank would increase 431 million (full TL amount), the net profit for the period would be 2.120 million TL (full TL amount) with a decrease of 571 million TL (full TL amount).

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

	Current Period 30 June 2019	Prior Period 30 June 2018
Interests Received From Investments in Associates and Subsidiaries	26.562	23.106

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

b. Information on interest expense:

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

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
Banks	31.694	694.211	22.762	507.764
The CBRT	-	-	-	-
Domestic Banks	17.764	5.146	7.548	3.213
Foreign Banks	13.930	689.065	15.214	504.551
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	107.440	-	50.924
Total	31.694	801.651	22.762	558.688

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

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

	Current Period 30 June 2019	Prior Period 30 June 2018
To Associates and Subsidiaries	18.446	27.494

3. Information on interest expense given to securities issued:

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
Interest expense on securities issued	661.486	387.088	351.394	287.905

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 30.06.2019	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	18.251	71.000	25.344	4.427	1.574	1.538	122.134
Saving Deposits	-	527.008	3.408.662	77.159	273.547	109.218	4.395.594
Public Sector Deposits	-	1.616	2.565	78	5	26	4.290
Commercial Deposits	-	709.204	862.218	12.433	15.614	30.766	1.630.235
Other Deposits	2	35.522	217.023	4.131	63.513	11.255	331.446
Total	18.253	1.344.350	4.515.812	98.228	354.253	152.803	6.483.699
FC							
Foreign Currency Deposits	-	185.948	969.783	20.017	52.164	34.909	1.262.821
Bank Deposits	238	1.475	52.345	4.263	9.227	119	67.667
Precious Metals Deposits	-	1	28	-	1.147	324	1.500
Total	238	187.424	1.022.156	24.280	62.538	35.352	1.331.988
Grand Total	18.491	1.531.774	5.537.968	122.508	416.791	188.155	7.815.687

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

Prior Period – 30.06.2018	Time Deposits						Total
	Demand Deposits	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

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

	Current Period 30 June 2019	Prior Period 30 June 2018
Profit	537.232.598	438.275.098
Income From Capital Market Transactions	199.654	261.092
Income From Derivative Financial Transactions (*)	20.533.945	15.754.413
Foreign Exchange Gains	516.498.999	422.259.593
Loss (-)	537.211.928	438.433.140
Loss from Capital Market Transactions	118.852	289.592
Loss from Derivative Financial Transactions (*)	17.715.344	13.951.678
Foreign Exchange Loss	519.377.732	424.191.870
Total (Net)	20.670	(158.042)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 3.085.752 (30 June 2018: TL 1.836.805).

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 2019	Prior Period 30 June 2018
Expected Credit Loss	2.708.744	2.444.001
12 month expected credit loss (Stage 1)	131.358	85.801
Significant increase in credit risk (Stage 2)	888.384	1.162.295
Non-performing loans (Stage 3)	1.689.002	1.195.905
Marketable Securities Impairment Expense	-	382
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	382
Investments in Associates, Subsidiaries Securities	-	-
Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	748.613	-
Total	3.457.357	2.444.383

(*) Includes provisions for impairment losses on financial assets at fair value through profit or loss and free provision allocated in the current year.

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f. Information related to other operating expenses:

	Current Period 30 June 2019	Prior Period 30 June 2018
Reserve for Employee Termination Benefits	6.280	6.251
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	142.794	86.585
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	101.689	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	1.314.938	1.114.718
Leasing Expenses on TFRS 16 Exceptions (*)	52.119	104.748
Maintenance Expenses	34.765	20.099
Advertisement Expenses	53.691	60.175
Other Expenses (**)	1.174.364	929.696
Loss on Sales of Assets	39	146
Other (***)	350.003	299.359
Total	1.915.744	1.587.173

(*) 30 June 2018 amounts are all finance lease expenses.

(**)The amount of 1.174.364 (30 June 2018: TL 929.696) shown in the other expenses line consists of TL 400,751 (30 June 2018: TL 347.687) promotional application expenses related to credit cards and banking services, TL 93,147 (30 June 2018: TL 84.510) communication expenses and the remaining TL 459.109 (30 June 2018: TL 351.389) other expenses.

(***) Other item consists of savings deposit insurance fund expenses and taxes, duties, fees and funds.

Information on tax provision of continued and discontinued operations:

As of 30 June 2019, the Bank has a current tax expense of TL 938.128 (30 June 2018: TL 913.798), deferred tax expense of TL 613.904 (30 June 2018: TL 681.689) and has no deferred tax income.

The Bank has no discontinued operations.

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

Net profit of the Bank is TL 2.690.654 (30 June 2018: TL 3.016.317).

The Bank has no discontinued operations.

h. 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 2019

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

V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalents:

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

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

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

	Current Period	Prior Period
	30 June 2019	30 June 2018
Cash	10.245.590	4.266.470
Cash, Foreign Currency and Other	3.622.525	2.205.222
Demand Deposits in Banks (*)	6.623.065	2.061.248
Cash Equivalents	7.234.608	6.668.762
Interbank Money Market Placements	537.746	1.544.270
Time Deposits in Banks	6.689.000	5.117.991
Marketable Securities	7.862	6.501
Total Cash and Cash Equivalents	17.480.198	10.935.232

(*) The restricted demand accounts are not included.

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

	Current Period	Prior Period
	30 June 2019	30 June 2018
Cash	9.577.602	4.422.412
Cash, Foreign Currency and Other	3.180.803	2.759.138
Demand Deposits in Banks (*)	6.396.799	1.663.274
Cash Equivalents	4.756.302	12.316.804
Interbank Money Market Placements	16.318	1.456.274
Time Deposits in Banks	4.725.325	10.829.746
Marketable Securities	14.659	30.784
Total Cash and Cash Equivalents	14.333.904	16.739.216

(*) The restricted demand accounts are not included.

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

VI. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

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 2019:

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	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Balance at the End of the Period	386.503	459.984	6.863.149	1.189.969	8.642	7.669
Interest and Commission Income Received	26.562	104	424.348	4.210	358	45

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 12.385.253 as of 30 June 2019. [31 December 2018: TL 10.613.539]

2. Prior Period - 31 December 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	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Interest and Commission Income Received (*)	23.106	85	250.635	2.783	164	1

(*) 30 June 2018 balances used for income/expense accounts.

3. Information on deposits of 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	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Balance at the Beginning of the Period	417.786	836.532	5.011.285	3.074.694	1.228.947	2.311.399
Balance at the End of the Period	548.392	417.786	4.311.840	5.011.285	1.315.961	1.228.947
Interest expense on Deposits (*)	18.446	27.494	165.375	140.349	70.887	39.249

(*) 30 June 2018 balances used for income/expense accounts.

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

4. Information on forward and option agreements and other similar agreements made with the 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	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	3.860.965	3.501.130	10.451.000	13.638.708	-	-
Balance at the End of the Period	4.777.580	3.860.965	14.027.236	10.451.000	-	-
Total Income/Loss (*)	{3.433}	2.968	{10.078}	8.633	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss (*)	-	-	-	-	-	-

(*) 30 June 2018 balances used for income/expense 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 30 June 2019, the net exposure for investments in associates and subsidiaries is TL 48.146. For direct and indirect shareholders of the Bank TL {638.952} (31 December 2018: TL {303.581}).

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

As of 30 June 2019 benefits provided to the Bank's key management amounting to TL 32.640 (30 June 2018: TL 24.929).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

I. EXPLANATIONS ON AUDITOR'S REVIEW REPORT

The unconsolidated financial statements for the interim period ended 30 June 2019 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 25 July 2019 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

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

SECTION SEVEN (*)
EXPLANATIONS ON INTERIM ACTIVITY REPORT

Message from the Chairman of the Board:

In the second quarter of 2019; the trade negotiations between the US and China and the Brexit developments continued to affect global markets. Trade uncertainties have led to a slowdown in global economic growth and consequently a decline in inflation expectations, leading to the expansionary policy of the central banks in the developed countries. Additionally; geopolitical developments and US-Iran tension have been other important developments. Constructive negotiations at the G-20 summit held at the end of June led to a positive perception of risk in the markets.

Domestically; thanks to low financial volatility and strong credit activity in the first quarter of 2019, in seasonally and calendar adjusted terms economic growth has shown a recovery. Thus, quarterly GDP growth in 1Q19 was positive. On an annual basis, contraction of GDP decelerated to 2.6%. Private consumption and investment continued to be the main drag on the economic activity. Imports contracted sharply due to low demand and due to increased in export and service income, while net exports made the positive contribution to the GDP growth. Leading indicators for the second quarter suggest that the contraction in economic activity continued albeit at a slower pace.

In the banking sector; while consumer loans displayed a weak course, some momentum loss was observed in loans in the second quarter. Non-performing loan rates rose to 4.2% in May, though still low; with a capital adequacy ratio of 17.1%.

In the second half of the year; global trade uncertainties, Fed and ECB monetary policy steps, Brexit and global geopolitical developments will continue to set the agenda in global markets.

Akbank will continue to support Turkey's growth with its key focus on creating value for all its stakeholders based on its strong foundations. Our greatest resource in this quest: the dedicated efforts of our staff, comprised of the best professionals in the sector and our strong synergy with all our stakeholders. I would like to take this opportunity to offer my sincere gratitude to all our invaluable employees and stakeholders.

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

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Message from the CEO

We are going through a time of increased importance of global geopolitical and economic developments. Our banking sector has continued to bolster the economy during this period. Akbank continued to support the development of our economy with its trust-based approach to banking and strong capital while retaining its asset quality. We expect the decreasing trend in inflation and the improvement in the interest rate environment to have positive effects on the economy and the credit demand to increase in the future. Our banking sector will continue to contribute strongly to the growth of our country.

In this period, the support we provided to the economy increased to a total of TL 237 billion, with TL 187 billion in cash loans. Our deposits increased by 9,5% in the first six months of 2019 to TL 206 billion, while our assets reached the level of TL 345 billion. With our strong capital adequacy ratio of 19,1%, we continued to consistently support the growth and development of the real sector. Our SME, commercial and corporate loans reached TL 194 billion in this period. Our bank reported a net profit of TL 2 billion 691 million, after TL 695 million tax provisions. Akbank's total provisions for this period remain at 102% of our non-performing loans. We continued to sustain our asset quality in this period; our NPL ratio has remained at 5,1%.

In the efforts to boost the Turkish economy, exports incentives play a special role. Within the capacity of the support we provide to bolster the sustainable growth of the economy, we presented a new support package for our exporters this year. With our expertise and experience in the field of trade finance, as well as our technological infrastructure and quality-based approach to services, we continued to support the exporters of Turkey in international markets. Over 2000 trade firms benefitted from this package, both new and existing customers. This year, we procured our exporters loans of USD 2.3 billion through our bank's export loans, and continued to support them through letters addressed to Eximbank. Moreover, we provided nearly TL 400 million KGF-supported SME Value Loans to hundreds of exports customers. In addition to the facilities we provide to our existing exports customers, we also supported more than 1.500 exporters in the first 6 months of the year. Akbank is doing its part in sustaining the success of our economy in this field.

We are very happy to receive the "World's Best Digital Bank" award from Euromoney. In addition to our strong financials, factors such as our technology investments, our vision of the next generation banking practices and our investments in the banking of the future contributed to receiving this award. This is the first time Euromoney gives "World's Best Digital Bank" award to a bank from an emerging market. I find this very important and we are very proud about this achievement. The banking sector in Turkey is in a very good place in terms of digitalization and the use of technology, compared to many developed economies. As Akbank, we have never compromised our long-term, visionary perspective. We continue to work and invest in these fields to bring new approaches to our sector and to improve our service quality with new technologies. Akbank is now a global brand that exceeds its own borders, and Akbankers' contribution to this success is major. I would like to thank our customers, shareholders and employees for this stable and strong performance.

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A. INTRODUCTION

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

There are changes in the Articles of Association during the period.

NEW FORM

Capital and Mode and Terms of Payment of Capital: Article: 9 –

A- The Bank adopted the authorized capital system in accordance with the provisions of Capital Market Law and implemented the authorized capital system pursuant to the Capital Markets Board's permission No. 116/1376 dated December 2, 1999. The authorized capital of the Bank is TL 10.000.000.000 (ten billion) (full TL) divided into 1.000.000.000.000 (one trillion) registered shares each with a nominal value of 1 Kuruş (full TL).

Capital Markets Board's approval of the authorized capital is valid between 2017 and 2021 (5 years). Even if the authorized capital has not been reached at the end of 2021, in order for the Board of Directors to take a decision to raise the Bank's capital after 2021, the Board is required obtain get the authorization of the General Assembly not longer than 5 years for a new time period after obtaining the permission of the Capital Markets Board for the previously approved authorized capital or a new authorized capital level. In case the aforementioned authorization is not obtained, the Bank shall not increase its capital with a Board of Directors' resolution. The Board of Directors is authorized to issue new shares and raise the issued capital up to the authorized capital in accordance with the provisions of the Capital Markets Law.

B- The issued capital of the Bank is TL 5.200.000.000 (five billion and two hundred million) (full TL) divided into 520.000.000.000 (five hundred and twenty billion) registered shares each with a nominal value of 1 Kuruş.

C- The issued capital of TL 5.200.000.000 (five billion and two hundred million) (full TL) is paid fully and in cash, free from collusion.

The shares which represent the capital are registered in accordance with the principles of dematerialization.

When necessary, the Bank's capital can be raised or lowered within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law.

D- Unless resolved otherwise by the General Assembly, the existing shareholders of the Bank are entitled to acquire, in proportion to their current shareholding, new shares to be issued against new cash capital injection. The unused preemptive rights of the shareholders entitled to these shares - in accordance with the related communiqués of the Capital Markets Board and the applicable provisions of the Turkish Commercial Code, by addressing the Bank in the time period to be determined by the Board of Directors which is not to be shorter than 15 or longer than 60 days commencing from the event depicted by the aforementioned legislation - shall be void. The shares released due to unused preemptive rights shall be subject to the applicable legislation.

E- All shares must be registered and listed on the Stock Exchange.

F- The Board of Directors is authorized to pass resolutions with respect to issuing shares at a premium or at a discount to the nominal value accordance with the provisions of the Capital Markets Law.

Meetings of the Board of Directors: Article: 27 –

The Board of Directors meets as rendered necessary by the business and transactions of the Bank. However, a minimum of one meeting per month is mandatory. Each member may request the Chairman in writing to call a meeting of the Board. The meetings of the Board of Directors take place at the Bank's headquarters. Meeting at another location which is deemed appropriate is permitted with the approval of more than half of the members and due to exceptional reasons.

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Those entitled to attend the Board of Directors' meeting of the Bank may do so by electronic means pursuant to Article 1527 of the Turkish Commercial Code. The Bank may establish an Electronic Meetings System by itself to enable those entitled to attend such meetings and vote by electronic means or purchase service from the systems made for this purpose pursuant to the provisions of Communiqué on Attendance at Meetings of Trading Companies by Electronic Means other than Joint Stock Companies' General Assembly Meetings. The Bank shall enable those entitled to exercise their rights set forth in the relevant regulations within the scope of the Communiqué via the said system or the service to be purchased from system providers pursuant to this provision of the Articles of Association at all meetings.

2. Important Issues and Transactions during the period

International Rating Agency Fitch affirmed Akbank's ratings on 21 June 2019. Following the downgrade of Turkey's sovereign rating by one notch to 'BB-' on 12 July 2019, Fitch Ratings has downgraded Akbank T.A.S's Long Term Local Currency ratings to "B+" and affirmed Short Term Local Currency ratings on July 19, 2019. Other ratings remained unchanged.

Following downgrade of Turkey's ratings, International Rating Agency Moody's has changed the ratings of 18 banks including Akbank on 14 June 2019. Moody's downgraded Akbank's long-term deposits and credit assessments by one notch with negative outlook. Accordingly, Long-term Bank Deposit (local currency) was downgraded to "B2" from "B1", Long-term Bank Deposit (foreign currency) was downgraded to "B3" from "B2". Baseline and Adjusted Baseline Credit Assessments were downgraded to "b3" from "b2". Short term ratings have been affirmed.

CMB approval and other procedures regarding our Bank's 30% paid-in-capital increase from TL 4.000.000.000 (full TL) to TL 5.200.000.000 (full TL) -paid in cash have been completed and the new version of our Articles of Association Article 9 titled "Capital and Mode and Terms of Payment of Capital" has been registered by Istanbul Trade Registry Office on 22 February 2019.

Akbank secured a multi-currency syndicated loan facility from international markets equivalent to US 700 million, comprised of USD 356 million and EUR 303 million with 367 days maturity on 27 March 2019.

Issuance of the Covered Bond with nominal value of TL 200.000.000 (full TL) and with 5 years maturity has been completed on 15 March 2019.

Capital of Ak Lease A.Ş. which is a 99,99% subsidiary of the Bank was increased to TL 373.400.000 (full TL), via TL 125.000.000 (full TL) rights issue.

B. BANKING SECTOR SECOND QUARTER OVERVIEW

In the the first half of 2019, loan growth in the sector was 6,0% and deposit growth in the funding side was 11,1%.

C. UNCONSOLIDATED FINANCIAL RESULTS AND SECOND QUARTER OVERVIEW

1. Main Balance Sheet Items (TL Million):

	30.06.2019	31.12.2018
	Unconsolidated	Unconsolidated
	Financial Results	Financial Results
Total Asset	344.764	327.642
Loans (including Non-Performing Loans)	196.786	186.376
Deposits	206.235	188.391
Equity	49.368	43.809
Net Income (30.06.2018)	2.691	3.312

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

2. Main Financial Ratios (%):

	30.06.2019	31.12.2018
	Unconsolidated	Unconsolidated
	Financial Results	Financial Results
Loan / Total Assets:	57,1	56,9
Deposit / Total Assets:	59,8	57,5
Return on Equity (30.06.2018)	11,5	15,9
Return on Assets (30.06.2018)	1,6	2,1
NPL Ratio:	5,1	4,2
Capital Adequacy Ratio:	19,1	18,2
Earnings Per Share (TL) (30.06.2018)	0,00560	0,00828

3. Akbank 2Q19 Results Overview:

Akbank reported a gross profit of TL 3,386 million, setting aside TL 695 million of tax provisions, the bank reported a net unconsolidated profit of TL 2,691 million in the first half of the year. Capital adequacy ratio of the bank has realized at 19.05% by the end of 1H19.

As of June 2019, Akbank's unconsolidated total asset realized TL 345 billion, cash loans are approximately TL 197 billion and total deposits are approximately TL 206 billion.

Akbank's NPL ratio raised to 5,1%.

4. Bank's Expectations For 2019 :

Banks' future looking expectations which was announced publicly on January 8, 2019 were below.

2019 Guidance (%)

Loan Growth	~10
Deposit Growth	~10
Net Interest Margin (swap adjusted (*)	≥3,5
Net Fees & Commission Growth	>20
Operational Expense Growth	~ CPI
Operational Expense/Income	≤35
Total Cost of Risk	<300 bps
NPL Ratio (**)	<6
Capital Adequacy Ratio	~6
Tier 1	~13,5
Return on Assets	≥1,4
Return on Equity	≥12

2020 and after

Return on Asset	1,7-1,9%
Return on Equity	15-17%

(*) Including short and long term swap transactions.

(**) Excluding any possible NPL sales.