

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 JUNE 2020 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 2020 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, 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 our 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 2020 include a free provision amounting to TL 900.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 250.000 thousand recognized in the 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 2020 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, 28 July 2020

**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 2020

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

28 July 2020

Suzan SABANCI DİNÇER	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:

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

(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 2020, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2019: 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:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman:	Suzan SABANCI DİNÇER	Chairman of the Board of Directors	Graduate
Board of Directors:	Eyüp ENGİN	Vice Chairman and Executive Board Member	Undergraduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	N. Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	Mehmet Tuğrul BELLİ	Board Member	Graduate
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
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 CİVELEK 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 ŞARSEL	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	Pınar ANAPA	People and Culture	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.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	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 2020, the Bank has 746 branches dispersed throughout the country and 1 branch operating abroad (31 December 2019: 770 branches and 1 branch operating abroad).

As of 30 June 2020, the Bank the Bank has 12.633 employees (31 December 2019: 12.750).

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

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.S.

I. UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2020 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		50.240.594	83.914.487	134.155.081	50.399.066	84.383.650	134.782.716
1.1 Cash and Cash Equivalents		6.418.345	48.565.170	54.983.515	2.494.673	43.995.536	46.490.209
1.1.1 Cash and Balances with Central Bank	(I-a)	6.418.207	36.313.948	42.732.155	2.243.224	27.650.693	29.893.917
1.1.2 Banks	(I-d)	140	12.251.710	12.251.850	251.462	16.345.284	16.596.746
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision [-]		2	488	490	13	441	454
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	30.241	7.648.666	7.678.907	170.989	7.069.120	7.240.109
1.2.1 Government Debt Securities		24.107	86.702	110.809	170.486	92.378	262.864
1.2.2 Equity Instruments		-	258.737	258.737	-	220.294	220.294
1.2.3 Other Financial Assets		6.134	7.303.227	7.309.361	503	6.756.448	6.756.951
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	30.197.028	21.723.338	51.920.366	36.087.714	28.554.393	64.642.107
1.3.1 Government Debt Securities		29.610.833	16.018.324	45.629.157	35.534.282	16.168.796	51.703.078
1.3.2 Equity Instruments		15.610	607	16.217	15.610	607	16.217
1.3.3 Other Financial Assets		570.585	5.704.407	6.274.992	537.822	12.384.990	12.922.812
1.5 Derivative Financial Assets	(I-c, I-l)	13.594.980	5.977.313	19.572.293	11.645.690	4.764.601	16.410.291
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		10.274.451	5.977.313	16.251.764	9.551.895	4.731.384	14.283.279
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3.320.529	-	3.320.529	2.093.795	33.217	2.127.012
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		188.572.291	70.294.886	258.867.177	143.880.604	63.238.520	207.119.124
2.1 Loans	(I-f)	165.314.530	66.160.292	231.474.822	142.634.804	61.199.371	203.834.175
2.2 Lease Receivables	(I-k)	-	-	-	-	-	-
2.3 Factoring Receivables	(I-l)	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(I-g)	35.704.215	6.654.820	42.359.035	11.814.099	3.760.759	15.574.858
Government Debt Securities		35.604.075	6.065.340	41.669.415	11.479.840	2.379.418	13.859.258
Other Financial Assets		100.140	589.480	689.620	334.259	1.381.341	1.715.600
2.5 Expected Credit Loss [-]		12.446.454	2.520.226	14.966.680	10.568.299	1.721.610	12.289.909
III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	226.259	-	226.259	636.017	-	636.017
3.1 Held for Sale Purpose		226.259	-	226.259	636.017	-	636.017
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		1.736.124	6.037.775	7.773.899	1.625.290	5.111.016	6.736.306
4.1 Investments in Associates (Net)	(I-h)	14.107	-	14.107	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		14.107	-	14.107	5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	1.722.017	6.037.775	7.759.792	1.619.769	5.111.016	6.730.785
4.2.1 Unconsolidated Financial Subsidiaries		1.722.017	6.037.775	7.759.792	1.619.769	5.111.016	6.730.785
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)		5.234.795	6.986	5.241.781	4.857.006	6.976	4.863.982
VI. INTANGIBLE ASSETS (Net)		1.038.503	13	1.038.516	933.963	16	933.979
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.038.503	13	1.038.516	933.963	16	933.979
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(I-n)	-	-	-	-	2.438	2.438
X. OTHER ASSETS (Net)	(I-p)	3.050.700	4.504.986	7.555.686	1.842.217	3.584.333	5.426.550
TOTAL ASSETS		250.099.266	164.759.133	414.858.399	204.174.163	156.326.949	360.501.112

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

AKBANK T.A.Ş.
I. UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2020 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	104.556.338	132.735.332	237.291.670	96.271.886	127.782.441	224.054.527
II. FUNDS BORROWED	(II-c)	248.255	33.711.282	33.959.537	302.890	31.068.206	31.371.096
III. MONEY MARKETS		19.940.319	13.411.416	33.351.735	612.415	8.199.349	8.811.764
IV. SECURITIES ISSUED (Net)	(II-d)	11.883.632	6.825.274	18.708.906	4.905.531	8.612.669	13.518.200
4.1 Bills		9.680.189	-	9.680.189	2.372.587	-	2.372.587
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.203.443	6.825.274	9.028.717	2.532.944	8.612.669	11.145.613
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)	7.900.134	3.215.903	11.116.037	7.203.320	1.655.523	8.858.843
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		7.324.195	2.832.525	10.158.720	6.355.281	1.602.458	7.957.739
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		573.939	383.378	957.317	848.039	53.065	901.104
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	565.605	-	565.605	574.553	-	574.553
X. PROVISIONS	(II-h)	1.818.059	130.659	1.948.718	1.362.723	168.354	1.531.077
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		482.878	-	482.878	434.942	-	434.942
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.335.181	130.659	1.465.840	927.781	168.354	1.096.135
XI. CURRENT TAX LIABILITY	(II-i)	1.361.742	2.988	1.364.730	735.341	23.651	758.992
XII. DEFERRED TAX LIABILITY		104.096	-	104.096	704.309	-	704.309
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)	-	6.201.725	6.201.725	-	5.381.534	5.381.534
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	6.201.725	6.201.725	-	5.381.534	5.381.534
XV. OTHER LIABILITIES	(II-e)	8.160.103	4.568.851	12.728.954	6.917.863	3.635.927	10.553.790
XVI. SHAREHOLDERS' EQUITY	(II-k)	58.445.389	(928.703)	57.516.686	54.116.424	266.003	54.382.427
16.1 Paid-in capital		5.200.000	-	5.200.000	5.200.000	-	5.200.000
16.2 Capital Reserves		5.400.628	-	5.400.628	5.400.628	-	5.400.628
16.2.1 Share Premium		3.505.742	-	3.505.742	3.505.742	-	3.505.742
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.894.886	-	1.894.886	1.894.886	-	1.894.886
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		3.078.568	1.016.468	4.095.036	2.884.029	831.140	3.715.169
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		2.515.235	(1.945.171)	570.064	1.289.985	(565.137)	724.848
16.5 Profit Reserves		39.354.663	-	39.354.663	33.924.314	-	33.924.314
16.5.1 Legal Reserves		1.772.027	-	1.772.027	1.532.027	-	1.532.027
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		37.306.183	-	37.306.183	32.128.715	-	32.128.715
16.5.4 Other Profit Reserves		276.453	-	276.453	263.572	-	263.572
16.6 Income or (Loss)		2.896.295	-	2.896.295	5.417.468	-	5.417.468
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		2.896.295	-	2.896.295	5.417.468	-	5.417.468
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		214.983.672	199.874.727	414.858.399	173.707.255	186.793.857	360.501.112

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

AKBANK T.A.S.
II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 30 JUNE 2020

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

	Note (Section Five)	CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		145.319.194	461.495.057	606.814.253	160.597.907	479.564.184	640.162.093
I. GUARANTEES AND WARRANTIES	(III-a-2, 3)	19.517.972	23.804.014	43.321.986	19.912.014	23.535.399	43.447.413
1.1	Letters of Guarantee	16.652.060	14.955.132	31.607.192	16.956.203	14.167.206	31.123.409
1.1.1	Guarantees Subject to State Tender Law	294.030	1.628.871	1.922.901	282.800	1.422.854	1.705.654
1.1.2	Guarantees Given for Foreign Trade Operations	-	2.006.507	2.006.507	-	2.221.818	2.221.818
1.1.3	Other Letters of Guarantee	16.358.030	11.319.754	27.677.784	16.673.403	10.522.534	27.195.937
1.2	Bank Acceptances	-	59.950	59.950	-	50.678	50.678
1.2.1	Import Letter of Acceptance	-	59.950	59.950	-	50.678	50.678
1.2.2	Other Bank Acceptances	-	-	-	-	-	-
1.3	Letters of Credit	16.258	3.760.657	3.776.915	8.409	4.358.456	4.366.865
1.3.1	Documentary Letters of Credit	16.258	3.112.796	3.129.054	8.409	3.685.663	3.694.072
1.3.2	Other Letters of Credit	-	647.861	647.861	-	672.793	672.793
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	-	14.637	14.637	-	14.790	14.790
1.8	Other Guarantees	113.113	5.008.855	5.121.968	5.990	4.931.215	4.937.205
1.9	Other Collaterals	2.736.541	4.783	2.741.324	2.941.412	13.054	2.954.466
II. COMMITMENTS	(III-a-1)	48.709.311	16.455.837	65.165.148	43.532.774	23.710.713	67.243.487
2.1	Irrevocable Commitments	47.597.110	16.455.837	64.052.947	42.539.957	23.710.713	66.250.670
2.1.1	Asset Purchase Commitments	1.769.823	3.989.998	5.759.821	3.512.234	11.250.734	14.762.968
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	20.000	-	20.000	-	-	-
2.1.4	Loan Granting Commitments	8.996.680	1.359.120	10.355.800	8.228.762	1.423.408	9.652.170
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments	2.661.276	-	2.661.276	2.632.311	-	2.632.311
2.1.8	Tax and Fund Liabilities from Export Commitments	4.632	-	4.632	4.430	-	4.430
2.1.9	Commitments for Credit Card Limits	28.051.996	-	28.051.996	23.193.073	-	23.193.073
2.1.10	Commitments for Credit Cards and Banking Services Promotions	129.418	-	129.418	94.381	-	94.381
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	5.963.285	11.106.719	17.070.004	4.874.766	11.036.571	15.911.337
2.2	Revocable Commitments	1.112.201	-	1.112.201	992.817	-	992.817
2.2.1	Revocable Loan Granting Commitments	1.112.201	-	1.112.201	992.817	-	992.817
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		77.091.913	421.235.206	498.327.119	97.153.119	432.318.074	529.471.193
3.1	Hedging Derivative Financial Instruments	16.800.942	61.757.108	78.558.050	13.674.935	50.919.357	64.594.292
3.1.1	Fair Value Hedges	3.457.247	24.161.716	27.618.963	4.122.135	22.626.912	26.749.047
3.1.2	Cash Flow Hedges	13.343.695	37.595.392	50.939.087	9.552.800	28.292.445	37.845.245
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	60.290.971	359.478.098	419.769.069	83.478.184	381.398.717	464.876.901
3.2.1	Forward Foreign Currency Buy/Sell Transactions	4.716.481	10.071.356	14.787.837	6.344.720	14.293.529	20.638.249
3.2.1.1	Forward Foreign Currency Transactions-Buy	4.462.552	3.040.837	7.503.389	5.802.042	4.831.696	10.633.738
3.2.1.2	Forward Foreign Currency Transactions-Sell	253.929	7.030.519	7.284.448	542.678	9.461.833	10.004.511
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	52.475.725	297.352.247	349.827.972	72.288.056	317.407.670	389.695.726
3.2.2.1	Foreign Currency Swap-Buy	11.281.998	80.730.935	92.012.933	22.894.573	93.779.012	116.673.585
3.2.2.2	Foreign Currency Swap-Sell	34.821.727	64.226.812	99.048.539	47.063.483	72.653.394	119.716.877
3.2.2.3	Interest Rate Swap-Buy	3.186.000	76.197.250	79.383.250	1.165.000	75.487.632	76.652.632
3.2.2.4	Interest Rate Swap-Sell	3.186.000	76.197.250	79.383.250	1.165.000	75.487.632	76.652.632
3.2.3	Foreign Currency, Interest Rate and Securities Options	2.460.405	24.112.051	26.572.456	4.668.517	27.522.912	32.191.429
3.2.3.1	Foreign Currency Options-Buy	1.174.096	2.678.288	3.852.384	1.934.397	3.443.224	5.377.621
3.2.3.2	Foreign Currency Options-Sell	1.286.309	2.550.841	3.837.150	2.734.120	2.804.616	5.538.736
3.2.3.3	Interest Rate Options-Buy	-	9.441.461	9.441.461	-	10.637.536	10.637.536
3.2.3.4	Interest Rate Options-Sell	-	9.441.461	9.441.461	-	10.637.536	10.637.536
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	551.429	539.620	1.091.049	85.946	85.005	170.951
3.2.4.1	Foreign Currency Futures-Buy	489.855	60.487	550.342	85.946	-	85.946
3.2.4.2	Foreign Currency Futures-Sell	61.574	479.133	540.707	-	85.005	85.005
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	86.931	27.402.824	27.489.755	90.945	22.089.601	22.180.546
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		887.334.636	394.950.411	1.282.285.047	856.292.085	337.560.592	1.193.852.677
IV. ITEMS HELD IN CUSTODY		55.366.877	33.906.708	89.273.585	47.522.044	24.508.688	72.030.732
4.1	Customer Fund and Portfolio Balances	12.586.266	4.059.914	16.646.180	9.483.940	1.309.375	10.793.315
4.2	Investment Securities Held in Custody	6.788.766	6.495.008	13.283.774	3.496.688	2.996.399	6.493.087
4.3	Cheques Received for Collection	29.513.078	3.378.241	32.891.319	28.123.634	3.036.679	31.160.313
4.4	Commercial Notes Received for Collection	6.177.593	3.744.053	9.921.646	6.116.849	3.118.920	9.235.769
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	301.174	16.229.492	16.530.666	300.933	14.047.315	14.348.248
4.8	Custodians	-	-	-	-	-	-
V. PLEDGES RECEIVED		214.082.247	115.692.181	329.774.428	208.267.187	102.985.636	311.252.823
5.1	Marketable Securities	606.636	1.543.398	2.150.034	785.963	1.137.538	1.923.501
5.2	Guarantee Notes	628.147	651.303	1.279.450	652.116	574.500	1.226.616
5.3	Commodity	176.188	156.955	333.143	-	135.780	135.780
5.4	Warranty	-	-	-	-	-	-
5.5	Immovables	168.272.625	92.860.984	261.133.609	165.999.748	81.577.712	247.577.460
5.6	Other Pledged Items	44.398.651	20.479.541	64.878.192	40.829.360	19.560.106	60.389.466
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		617.885.512	245.351.522	863.237.034	600.502.854	210.066.268	810.569.122
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.032.653.832	856.445.468	1.889.099.300	1.016.889.992	817.124.778	1.834.014.770

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 2020

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD	PRIOR PERIOD
			(01/01-30/06/2020)	(01/04-30/06/2020)	(01/01-30/06/2019)	(01/04-30/06/2019)
I.	INTEREST INCOME	(IV-a)	15.925.360	7.852.563	17.607.769	8.927.719
1.1	Interest on Loans	(IV-a-1)	11.424.027	5.569.277	13.868.288	7.004.640
1.2	Interest on Reserve Requirements		13.689	-	252.067	131.704
1.3	Interest on Banks	(IV-a-2)	124.786	22.689	344.106	199.033
1.4	Interest on Money Market Transactions		51.726	5.063	73.012	72.553
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	4.298.692	2.250.136	2.996.071	1.470.652
1.5.1	Fair Value Through Profit or Loss		9.108	3.518	-	-
1.5.2	Fair Value Through Other Comprehensive Income		2.839.624	1.342.176	2.414.971	1.203.068
1.5.3	Measured at Amortised Cost		1.449.960	904.442	581.100	267.584
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		12.440	5.398	74.225	49.137
II.	INTEREST EXPENSE (-)	(IV-b)	6.231.700	3.137.716	10.541.800	5.235.230
2.1	Interest on Deposits	(IV-b-4)	4.003.999	1.802.979	7.815.687	3.860.518
2.2	Interest on Funds Borrowed	(IV-b-1)	549.552	248.445	833.345	407.259
2.3	Interest Expense on Money Market Transactions		645.808	491.828	707.158	298.850
2.4	Interest on Securities Issued	(IV-b-3)	791.410	461.817	1.048.574	624.506
2.5	Interest on Leases		46.313	23.097	46.101	23.023
2.6	Other Interest Expenses		194.618	109.550	90.935	21.074
III.	NET INTEREST INCOME (I - II)		9.693.660	4.714.847	7.065.969	3.692.489
IV.	NET FEES AND COMMISSIONS INCOME		1.963.935	838.065	2.268.511	1.142.212
4.1	Fees and Commissions Received		2.433.708	1.071.575	2.901.679	1.471.327
4.1.1	Non-cash Loans		225.765	113.143	304.744	159.684
4.1.2	Other		2.207.943	958.432	2.596.935	1.311.643
4.2	Fees and Commissions Paid (-)		469.773	233.510	633.168	329.115
4.2.1	Non-cash Loans		2.062	1.026	304	163
4.2.2	Other		467.711	232.484	632.864	328.952
V.	DIVIDEND INCOME		3.724	3.489	5.403	1.410
VI.	TRADING INCOME/(LOSS) (Net)	(IV-c)	(86.912)	346.739	20.670	(272.920)
6.1	Trading Gains / (Losses) on Securities		282.856	300.799	80.802	16.169
6.2	Gains / (Losses) on Derivative Financial Transactions		49.600	(352.328)	2.818.601	147.735
6.3	Foreign Exchange Gains / (Losses)		(419.368)	398.268	(2.878.733)	(436.824)
VII.	OTHER OPERATING INCOME	(IV-d)	589.629	207.808	365.665	158.152
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		12.164.036	6.110.948	9.726.218	4.721.343
IX.	EXPECTED CREDIT LOSS (-)	(IV-e)	3.440.577	2.002.085	2.708.744	1.442.440
X.	OTHER PROVISION EXPENSES (-)		1.684.580	560.531	748.613	253.749
XI.	PERSONNEL EXPENSE (-)		1.452.164	691.940	1.293.012	655.421
XII.	OTHER OPERATING EXPENSES (-)	(IV-f)	2.252.571	1.060.620	1.915.744	954.981
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		3.334.144	1.795.772	3.060.105	1.414.752
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		386.620	212.135	325.877	174.616
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(IV-g)	3.720.764	2.007.907	3.385.982	1.589.368
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-g)	824.469	421.659	695.328	311.246
18.1	Current Tax Provision		1.097.654	883.625	371.104	371.104
18.2	Deferred Tax Expense Effect (+)		647.002	42.648	938.128	(111.668)
18.3	Deferred Tax Income Effect (-)		920.187	504.614	613.904	(51.810)
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(IV-h)	2.896.295	1.586.248	2.690.654	1.278.122
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)		2.896.295	1.586.248	2.690.654	1.278.122
Earning/(Loss) per share (in TL full)			0,00557	0,00305	0,00560	0,00246

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 2020**

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

	CURRENT PERIOD	PRIOR PERIOD
	(30/06/2020)	(30/06/2019)
I. CURRENT PERIOD INCOME/LOSS	2.896.295	2.690.654
II. OTHER COMPREHENSIVE INCOME	237.791	(46.262)
2.1 Not Reclassified Through Profit or Loss	392.575	183.801
2.1.1 Property and Equipment Revaluation Increase/Decrease	157.929	1.273
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(17.412)	(20.395)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	267.163	198.716
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(15.105)	4.207
2.2 Reclassified Through Profit or Loss	(154.784)	(230.063)
2.2.1 Foreign Currency Translation Differences	486.169	191.354
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(389.906)	(154.103)
2.2.3 Cash Flow Hedge Income/Loss	(101.492)	(224.928)
2.2.4 Foreign Net Investment Hedge Income/Loss	(330.336)	(161.248)
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	180.781	118.862
III. TOTAL COMPREHENSIVE INCOME (I+II)	3.134.086	2.644.392

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

AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

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

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)			Accumulated Other Comprehensive Income or Expense Reclassified through 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		
						Accumulated Revaluation Increase/Decr ease of Equipment	Accumulated Remeasurme nt Gain/Loss of Defined Benefit Plan	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Income Items Reclassified Through Other Profit or Loss	Profit Reserves					Prior Period Profit or (Loss)	Current Period Profit or (Loss)
CURRENT PERIOD																	
(30/06/2020)																	
I.	Prior Period End Balance	5.200.000	3.505.742	-	1.894.886	2.207.594	(178.102)	1.685.677	1.879.830	85.691	(1.240.673)	33.924.314	-	5.417.468	54.382.427		
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III.	Adjusted Beginning Balance (I+II)	5.200.000	3.505.742	-	1.894.886	2.207.594	(178.102)	1.685.677	1.879.830	85.691	(1.240.673)	33.924.314	-	5.417.468	54.382.427		
IV.	Total Comprehensive Income	-	-	-	-	138.993	(13.581)	267.163	486.169	(304.127)	(336.826)	-	-	2.896.295	3.134.086		
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	-	-	-	-	(12.708)	-	-	-	-	-	12.881	-	-	173		
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	5.417.468	-	(5.417.468)	-		
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	5.417.468	-	(5.417.468)	-		
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period-End Balance (I+II+III+...+X+XI)		5.200.000	3.505.742	-	1.894.886	2.333.879	(191.683)	1.952.840	2.365.999	(218.436)	(1.577.499)	39.354.663	-	2.896.295	57.516.686		

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

AKBANK T.A.Ş.

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

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

	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)			Accumulated Other Comprehensive Income or Expense Reclassified through 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	
						Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Differences	Other Profit or Loss					Profit Reserves
PRIOR 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 According to TAS 8	-	-	-	(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+...+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)	(356.265)	33.924.312	-	2.690.654	49.367.811	

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 2020**

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

	Note (Section Five)	CURRENT PERIOD (30/06/2020)	PRIOR PERIOD (30/06/2019)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		7.783.175	7.492.746
1.1.1		14.055.380	15.811.709
1.1.2		(6.354.444)	(10.658.750)
1.1.3		3.724	2.641
1.1.4		2.443.512	2.876.550
1.1.5		(396.472)	1.401.155
1.1.6		897.479	656.139
1.1.7		(1.558.356)	(1.294.428)
1.1.8		(159.558)	(108.417)
1.1.9		(1.148.090)	(1.193.853)
1.2		(9.133.291)	(13.023.213)
1.2.1		(1.009.529)	(594.380)
1.2.2		(406.866)	(1.316.981)
1.2.3		(27.569.198)	(9.700.189)
1.2.4		(19.387.754)	(3.885.114)
1.2.5		4.323.553	(566.050)
1.2.6		9.075.438	18.548.854
1.2.7		-	-
1.2.8		2.720.846	(7.011.582)
1.2.9		-	-
1.2.10		23.120.219	(8.497.771)
I.		(1.350.116)	(5.530.467)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(10.735.773)	(7.057.533)
2.1		(15.000)	(125.000)
2.2		-	-
2.3		(607.144)	(192.077)
2.4		2.493	10.153
2.5		(39.336.504)	(10.785.773)
2.6		52.016.220	3.114.965
2.7		(23.934.207)	(8.075)
2.8		1.985.038	1.868.640
2.9		(846.669)	(940.366)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		5.902.947	7.680.189
3.1		26.604.752	20.104.230
3.2		(20.554.922)	(15.294.286)
3.3		-	3.005.742
3.4		-	-
3.5		(146.883)	(135.497)
3.6		-	-
IV.		1.920.213	1.761.517
V.		(4.262.729)	(3.146.294)
VI.		15.835.984	17.480.198
VII.		11.573.255	14.333.904

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 2020

(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"), Turkey Accounting Standard 34 ("IAS 34") Interim Financial Reporting Standard which is constituted by Accounting and Auditing Standards Authority ("POA") and in case where a specific regulation is not made by BRSA, "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced 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.

The COVID-19 pandemic caused serious effects on health systems and the global economy as the virus spread to the world in the first quarter of 2020, Widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has many citizens' health and safety measures, as well as to ensure that companies and regulators to support the households in these challenging circumstances, fiscal and monetary actions have been implemented. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. On the other hand, estimations and assumptions used to reflect COVID-19 impacts on 30 June 2020 financial statements of the Bank are explained in the relevant footnotes.

Due to COVID-19, The Bank has provided opportunity to postpone the principal, interest and installment payments of its individual and corporate customers with the existing conditions, and has started to apply the postponement within this scope.

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.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

(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 gains/losses".

As of 30 June 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 6,8432 and TL 7,6720 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 and Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" 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 are explained in Note XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 30 June 2020, the Bank has no embedded derivatives (31 December 2019: None).

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 "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.

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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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 instruments classified as financial assets at fair value though other comprehensive income are accounted at their fair values. Exceptionally, cost can be an appropriate estimation method in determining fair value. This is only possible if there is insufficient recent information on the measurement of fair value or if fair value can be measured by more than one method, and the cost reflects the fair value estimate in the best way. In the case of using this method, the accumulated fair value differences will not be reflected in the income statement.

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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

(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".

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 XI 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 2020

[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.

However, due to COVID-19, the "more than 90 days past due" condition used in the definition of default for the classification of loans has started to be applied as "more than 180 days past due" as of 17 March 2020 in accordance with the decision of BRSA. This application will be valid until December 31, 2020. In accordance with the related amendment, the Bank has made provision in accordance with its risk policies.

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.

However, due to COVID-19, the "more than 90 days delay" condition used in the definition of default in accordance with the related legislation of BRSA started to be applied as "more than 180 days delay" as of 17 March 2020. This application will be valid until December 31, 2020.

According to these amendments, the Bank has made provisions for loans with a delay of 91-180 days according to its own risk policies and models, where the conditions of the borrower are also evaluated.

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:

Loans and provision ratio of a financial asset in the Bank, which have been completely write-off, do not have any expectation that it will be recovered, are applied in cases where these expectations are documented by legal means or are not classified under the 5th group and do not have reasonable expectations for recovery. It is a transaction applied to all 100% fraud and fraud-based follow-up accounts.

Partial write-off transactions mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered from the financial statements.

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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.

- 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.

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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. After the last review during the reporting period;

- There has been no change in the assumptions in forecasting techniques.
- Model risk parameters and macroeconomic forecast models have been updated with recent data.
- The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

Within the scope TFRS 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.

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

In forward-looking expectations, 3 scenarios are being used: the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Within the scope of COVID-19 impact to the ECL, the macroeconomic data (growth rate and policy interest rate) used in the scenarios as of 30 June 2020 has updated in line with the estimates of the Economic Research Unit. Also the weight of the bad scenario was increased by reducing the weight of the base scenario from the 3 scenarios. As of 30 June 2020, the effects of COVID-19 on the loans evaluated individually were taken into account by updating the expected cash flows.

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".

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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 2020, the Bank has marketable securities amounting to TL 529.296 (31 December 2019: TL 474.457).

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.

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". The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

The Bank reassessed the immovable properties accounted for with its revalued amounts, as of the reporting period, taking the current market conditions and macroeconomic indicators into account, and did not change its recorded values as of the end of the year.

As of each reporting date, the Bank evaluates whether there is any indication that its assets may be impaired; If such indication exists, it estimates the recoverable amount of the related asset in accordance with TAS 36 - Impairment in Assets and if the recoverable amount is below the book value of the related asset, it reserves provision for impairment.

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	5-50 years
Transportation Vehicles	5 years
Other property and equipments	3-15 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.

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XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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.

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 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.

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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 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.

The Bank has made a provision in the financial statements for the technical deficit amounted 38.125 TL in the previous periods, determined by the report prepared by an actuary registered in the actuaries register.

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, 2019 and 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

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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.

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:

There is no share certificate issuance in 2020.

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 2020 and 31 December 2019, 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.

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

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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 23 March 2020. In the General Assembly Meeting, it was decided to transfer the remaining amount of TL 5.177.468 to extraordinary reserves after allocating TL 240.000 of the unconsolidated net profit amounting to TL 5.417.468 from 2019 activities.

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 2020	Prior Period 30 June 2019
Net Profit for the Period	2.896.295	2.690.654
Average Number of Issued Common Shares (Thousand)	520.000.000	480.883.978
Earnings Per Share (Amounts presented as full TL)	0,00557	0,00560

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

No bonus shares issued in 2020 (2019: 120.000.000.000'dir).

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 profit or loss statement, and cash flow dated 30 June 2019 to be in compliance with the presentation of financial statements dated 30 June 2020.

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

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.

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

	30 June 2020	31 December 2019
Real estate	769.117	767.786
Total right of use asset	769.117	767.786

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

	30 June 2020	31 December 2019
Real estate	319.649	308.558
Total right of use asset depreciation expense	319.649	308.558

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 56.616 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.

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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", additionally, calculated according to BRSA regulations dated 23 March 2020, numbered 3397 and dated 16 April 2020, numbered 3984. Based on recent regulation changes;

1) In calculating the amount subject to credit risk, the purchase rate of foreign exchange, which is the basis for the preparation of the financial statements dated 31 December 2019, can be used while calculating the valued amounts in foreign currency.

2) As of 23 March 2020, if the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, these differences may not be taken into consideration in the equity amount.

3) Within the scope of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks, published in the Official Gazette dated 23 May 2015 and numbered 29511 and in accordance with the Standard Approach, 0% risk weight can be applied in calculating the amount subject to credit risk to receivables in foreign currency and from the centralized administration of Republic of Turkey.

As of 30 June 2020, taking into consideration the above-mentioned regulations, the current period equity of the Bank has been calculated as TL 67.436.558 (31 December 2019: TL 62.933.513), and the capital adequacy ratio is 23,20% (31 December 2019: 20,97%). This ratio is above the minimum ratio required by the legislation.

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

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a. Information about total capital items:

	Current Period 30 June 2020	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	39.354.663	
Gains recognized in equity as per TAS	6.640.592	
Profit	2.896.295	
Current Period Profit	2.896.295	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	12.126	
Common Equity Tier 1 Capital Before Deductions	59.504.304	
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	630	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	244.342	
Improvement costs for operating leasing	35.539	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.025.385	1.025.385
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.305.896	
Total Common Equity Tier 1 Capital	58.198.408	

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

	Current Period 30 June 2020	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)	58.198.408	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	6.096.746	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.142.435	
Tier II Capital Before Deductions	9.239.181	
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	9.239.181	
Total Capital (The sum of Tier I Capital and Tier II Capital)	67.437.589	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	1.031	
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 2020	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	67.436.558	
Total Risk Weighted Amounts	290.635.554	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	20,03%	
Tier 1 Capital Adequacy Ratio (%)	20,03%	
Capital Adequacy Ratio (%)	23,20%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,56%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,06%	
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 (%)	12,02%	
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	(28.562)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	5.748.673	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.142.435	
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 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	33.924.314	
Gains recognized in equity as per TAS	5.852.352	
Profit	5.417.468	
Current Period Profit	5.417.468	
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	55.801.202	
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	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	717.837	
Improvement costs for operating leasing	40.431	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	760.999	760.999
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.519.353	
Total Common Equity Tier 1 Capital	54.281.849	

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	Prior Period 31 December 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)	54.281.849	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.325.313	
Tier II Capital Before Deductions	8.653.313	
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	8.653.313	
Total Capital (The sum of Tier I Capital and Tier II Capital)	62.935.162	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	1.649	
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 2019	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	62.933.513	
Total Risk Weighted Amounts	300.070.001	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	18,09%	
Tier 1 Capital Adequacy Ratio (%)	18,09%	
Capital Adequacy Ratio (%)	20,97%	
BUFFERS		
Bank specific total Common Equity Tier 1 Capital Ratio	2,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific counter-cyclical 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 (%)	10,09%	
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	(701.871)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.384.835	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.325.313	
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 2020**

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)	3.422 million TL (in full TL amount)
Nominal value of instrument	3.422 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 3.422 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 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 2020**

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)	2.737 million TL (in full TL amount)
Nominal value of instrument	2.737 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 2.737 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 2020

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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 6,8432	TL 7,6720
1.Day bid rate	TL 6,8422	TL 7,7082
2.Day bid rate	TL 6,8417	TL 7,6776
3.Day bid rate	TL 6,8417	TL 7,6776
4.Day bid rate	TL 6,8417	TL 7,6776
5.Day bid rate	TL 6,8434	TL 7,6796

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 6,8113

EURO : TL 7,6707

As of 31 December 2019;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,9200	TL 6,6397

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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 2020	EURO	USD	Other FC	Total
Assets				
Cash and Balances with Central Bank (*)	13.681.376	19.745.647	2.886.925	36.313.948
Banks	2.347.775	8.145.731	1.758.204	12.251.710
Financial Assets at Fair Value through Profit or Loss	22.810	7.625.856	-	7.648.666
Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3.452.929	17.200.466	1.069.943	21.723.338
Loans and Lease Receivables (**)	39.433.612	27.376.360	60.516	66.870.488
Investments in Associates, Subsidiaries and Joint Ventures	6.037.775	-	-	6.037.775
Other financial assets measured at amortised cost	1.038.132	5.616.688	-	6.654.820
Hedging Derivative Financial Assets	105.766	-	68.375	174.141
Tangible Assets (Net)	-	6.986	-	6.986
Intangible Assets (Net)	-	13	-	13
Other Assets (***)	1.996.360	5.690.849	7.081	7.694.290
Total Assets	68.116.535	91.408.596	5.851.044	165.376.175
Liabilities				
Bank Deposits (****)	2.028.259	4.176.561	1.704.699	7.909.519
Foreign Currency Deposits (****)	35.153.425	76.236.963	13.435.425	124.825.813
Money Markets	-	13.411.416	-	13.411.416
Borrowings	6.495.862	27.215.420	-	33.711.282
Securities Issued (Net) (*****)	77.594	12.949.405	-	13.026.999
Miscellaneous Payables	2.583.015	1.568.838	269.604	4.421.457
Hedging Derivative Financial Liabilities	-	921.084	-	921.084
Other Liabilities	758.013	1.807.184	10.663	2.575.860
Total Liabilities	47.096.168	138.286.871	15.420.391	200.803.430
Net on Balance Sheet Position	21.020.367	(46.878.275)	(9.569.347)	(35.427.255)
Net off-Balance Sheet Position (*****)	(17.331.912)	45.071.487	9.396.594	37.136.169
Financial Derivative Assets	24.449.805	81.312.452	11.416.047	117.178.304
Financial Derivative Liabilities	41.781.717	36.240.965	2.019.453	80.042.135
Non-cash Loans	13.066.867	10.352.231	384.916	23.804.014
Prior Period - 31 December 2019				
Total Assets	58.660.493	93.659.574	4.862.717	157.182.784
Total Liabilities	51.687.857	124.974.355	9.865.642	186.527.854
Net on-Balance Sheet Position	6.972.636	(31.314.781)	(5.002.925)	(29.345.070)
Net off-Balance Sheet Position (*****)	(4.202.223)	31.635.898	4.974.513	32.408.188
Financial Derivative Assets	35.152.740	85.357.790	7.202.967	127.713.497
Financial Derivative Liabilities	39.354.963	53.721.892	2.228.454	95.305.309
Non-cash Loans	11.695.617	11.330.391	509.391	23.535.399

(*) Of the Cash Equivalents and Central Bank and Other FC, TL 2.645.951 (31 December 2019: TL 1.224.161) are precious metal deposit account in demand.

(**) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 710.196 (31 December 2019: TL 936.478).

(***) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 29.059 (31 December 2019: TL 17.794). Prepaid assets amounted TL 64.095 (31 December 2019: TL 62.849) is excluded in the financial statements.

(****) Of the foreign currency deposits TL 4.156 (31 December 2019: TL 3.314) and Bank Deposits Other FC of the TL 10.029.265 (31 December 2019: TL 4.491.847) are precious metal deposit account in demand.

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

(*****) 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.

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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 2020	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with Central Bank	4.652.139	-	-	-	-	38.080.016	42.732.155
Banks	2.473.614	1.011.275	-	-	-	8.766.961	12.251.850
Financial assets at fair value through profit or loss (Net)	440	9.405	7.245.558	67.944	90.689	264.871	7.678.907
Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.438.011	6.098.504	17.062.403	17.084.836	5.897.216	339.396	51.920.366
Loans and Lease Receivables (*)	56.826.590	23.787.605	70.718.092	59.227.480	5.209.004	15.706.051	231.474.822
Other financial assets measured at amortised cost	6.696.033	2.315.820	19.662.124	12.609.196	1.075.862	-	42.359.035
Other Assets (**)	5.024.787	6.272.389	9.705.851	2.375.637	1.312.925	1.749.675	26.441.264
Total Assets	81.111.614	39.494.998	124.394.028	91.365.093	13.585.696	64.906.970	414.858.399
Liabilities							
Bank Deposits	7.805.891	1.954.137	585.068	-	-	1.140.113	11.485.209
Other Deposits	123.959.438	23.771.358	3.254.835	23.085	1	74.797.744	225.806.461
Money Markets	23.146.966	7.573.942	2.178.859	451.968	-	-	33.351.735
Miscellaneous Payables	777.493	1.576.245	1.654.901	396.571	32.004	5.248.110	9.685.324
Securities Issued (Net) (***)	854.558	82.725	9.648.799	8.151.083	6.173.466	-	24.910.631
Borrowings	11.363.959	20.524.550	1.878.441	192.587	-	-	33.959.537
Other Liabilities (****)	2.224.113	3.976.942	4.450.614	1.173.039	535.733	63.299.061	75.659.502
Total Liabilities	170.132.418	59.459.899	23.651.517	10.388.333	6.741.204	144.485.028	414.858.399
Balance Sheet Long Position	-	-	100.742.511	80.976.760	6.844.492	-	188.563.763
Balance Sheet Short Position	(89.020.804)	(19.964.901)	-	-	-	(79.578.058)	(188.563.763)
Off-balance Sheet Long Position	6.967.464	11.661.922	-	1.263.517	1.080.299	-	20.973.202
Off-balance Sheet Short Position	-	-	(9.937.872)	-	-	-	(9.937.872)
Total Position	(82.053.340)	(8.302.979)	90.804.639	82.240.277	7.924.791	(79.578.058)	11.035.330

(*) 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.

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

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

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Prior Period – 31 December 2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash and Balances with Central Bank	726.416	-	-	-	-	29.167.501	29.893.917
Banks	3.979.324	-	1.193.354	-	-	11.424.068	16.596.746
Financial assets at fair value through profit or loss (Net)	9.925	529	6.860.315	121.421	27.121	220.798	7.240.109
Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.617.995	5.476.910	20.781.475	22.820.519	9.619.718	325.490	64.642.107
Loans and Lease Receivables (*)	62.395.237	22.648.615	44.723.561	53.352.076	5.857.606	14.857.080	203.834.175
Other financial assets measured at amortised cost	2.843.838	1.155.013	6.008.502	4.907.947	659.558	-	15.574.858
Other Assets (**)	5.387.843	6.120.417	4.844.638	2.849.011	1.066.276	2.451.015	22.719.200
Total Assets	80.960.578	35.401.484	84.411.845	84.050.974	17.230.279	58.445.952	360.501.112
Liabilities							
Bank Deposits	3.974.517	1.381.058	258.941	-	-	1.547.408	7.161.924
Other Deposits	131.177.949	31.545.296	6.070.321	27.154	3	48.071.880	216.892.603
Money Markets	2.846.632	3.738.623	2.226.509	-	-	-	8.811.764
Miscellaneous Payables	656.743	1.362.641	1.111.224	176.860	2.155	5.116.395	8.426.018
Securities Issued (Net) (***)	4.455.944	1.136.243	246.560	4.878.114	8.182.873	-	18.899.734
Borrowings	10.436.203	20.093.515	615.878	221.321	4.179	-	31.371.096
Other Liabilities (****)	1.899.570	3.668.212	3.277.469	646.475	496.092	58.950.155	68.937.973
Total Liabilities	155.447.558	62.925.588	13.806.902	5.949.924	8.685.302	113.685.838	360.501.112
Balance Sheet Long Position	-	-	70.604.943	78.101.050	8.544.977	-	157.250.970
Balance Sheet Short Position	(74.486.980)	(27.524.104)	-	-	-	(55.239.886)	(157.250.970)
Off-balance Sheet Long Position	6.094.495	8.848.980	-	1.853.963	921.275	-	17.718.713
Off-balance Sheet Short Position	-	-	(7.839.876)	-	-	-	(7.839.876)
Total Position	(68.392.485)	(18.675.124)	62.765.067	79.955.013	9.466.252	(55.239.886)	9.878.837

(*) 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.

(***) 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.

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 2020	EURO	USD	Yen	TL
Assets				
Cash and Balances with Central Bank	-	-	-	8,00
Banks	-	0,88	-	-
Financial Assets at Fair Value Through Profit or Loss (Net)	4,09	6,38	-	8,70
Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	3,04	4,93	3,09	12,62
Loans and Lease Receivables	4,53	6,83	7,23	11,92
Other financial assets measured at amortised cost	1,70	5,86	-	11,42
Liabilities				
Bank Deposits (*)	0,20	1,67	-	7,49
Other Deposits (*)	0,08	0,59	-	5,35
Money Markets	-	1,72	-	7,81
Miscellaneous Payables	-	0,64	-	-
Securities Issued (Net) (**)	4,00	6,07	-	10,06
Borrowings	1,68	2,65	-	9,20

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

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

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Prior Period – 31 December 2019	EURO	USD	Yen	TL
Assets				
Cash and Balances with Central Bank	-	-	-	10,00
Banks	0,01	1,39	-	10,50
Financial Assets at Fair Value Through Profit or Loss (Net)	0,90	5,62	-	11,20
Money Markets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	2,86	5,22	3,09	14,19
Loans and Lease Receivables	4,85	7,45	7,19	15,40
Other financial assets measured at amortised cost	3,46	5,22	-	14,74
Liabilities				
Bank Deposits (*)	0,05	1,92	-	9,43
Other Deposits (*)	0,21	1,57	0,01	8,40
Money Markets	2,39	2,34	-	9,33
Miscellaneous Payables	-	2,16	-	-
Securities Issued (Net) (**)	4,00	5,68	-	12,18
Borrowings	1,72	4,03	-	12,29

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

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

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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

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

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

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

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

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

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

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

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to 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.

ç) 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.

d) 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.

e) 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.

Considering the negative economic general impact caused by the COVID-19 pandemic, it is aimed to measure the liquidity vulnerabilities that may arise by performing different scenario analyzes with using stress tests which are already part of the risk management process. The effects of cash inflows and outflows under different stress scenarios have been studied and evaluated.

f) 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 – 30.06.2020				
HIGH QUALITY LIQUID ASSETS (HQLA)				
1	High quality liquid assets		83.691.227	44.277.931
CASH OUTFLOWS				
2	Retail and Customers Deposits		15.018.150	9.059.902
3	Stable deposits		1.598.035	-
4	Less stable deposits		13.420.115	9.059.902
5	Unsecured Funding other than Retail and Small Business Customers Deposits		46.325.055	28.697.113
6	Operational deposits		-	-
7	Non-Operational Deposits		36.766.050	24.183.556
8	Other Unsecured Funding		9.559.005	4.513.557
9	Secured funding		330.347	330.347
10	Other Cash Outflows		10.803.533	13.344.155
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions		9.864.450	12.527.197
12	Debts related to the structured financial products		12.228	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities		926.855	816.958
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments		56.120	-
15	Other irrevocable or conditionally revocable commitments		3.126.651	627.966
16	TOTAL CASH OUTFLOWS		75.659.856	52.059.483
CASH INFLOWS				
17	Secured Lending Transactions		-	-
18	Unsecured Lending Transactions		18.994.885	14.428.941
19	Other contractual cash inflows		6.015.029	14.101.595
20	TOTAL CASH INFLOWS		25.009.914	28.530.536
			Upper limit applied amounts	
21	TOTAL HQLA STOCK		83.691.227	44.277.931
22	TOTAL NET CASH OUTFLOWS		50.649.942	23.528.947
23	Liquidity Coverage Ratio (%)		165,23	188,18

(*) 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 – 31.12.2019	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			78.871.351	36.994.257
CASH OUTFLOWS				
2 Retail and Customers Deposits	148.574.144	80.759.264	13.484.808	8.075.926
3 Stable deposits	27.452.122	-	1.372.606	-
4 Less stable deposits	121.122.022	80.759.264	12.112.202	8.075.926
5 Unsecured Funding other than Retail and Small Business Customers Deposits	78.674.112	49.981.150	41.660.832	26.802.191
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	70.275.142	45.964.848	34.547.992	22.786.173
8 Other Unsecured Funding	8.398.970	4.016.302	7.112.840	4.016.018
9 Secured funding	-	-	504.452	504.452
10 Other Cash Outflows	85.563.903	53.290.693	76.402.345	44.735.234
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	75.377.691	43.786.831	75.377.691	43.786.831
12 Debts related to the structured financial products	10.980	-	10.980	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	10.175.232	9.503.862	1.013.674	948.403
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.003.538	-	50.177	-
15 Other irrevocable or conditionally revocable commitments	56.282.290	10.549.964	2.814.115	527.498
16 TOTAL CASH OUTFLOWS			134.916.729	80.645.301
CASH INFLOWS				
17 Secured Lending Transactions	994.368	352.830	-	-
18 Unsecured Lending Transactions	28.057.223	12.455.922	20.971.133	11.643.168
19 Other contractual cash inflows	71.575.077	53.064.819	71.574.708	53.064.794
20 TOTAL CASH INFLOWS	100.626.668	65.873.571	92.545.841	64.707.962
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			78.871.351	36.994.257
22 TOTAL NET CASH OUTFLOWS			42.370.888	20.260.773
23 Liquidity Coverage Ratio (%)			186,92	183,29

(*) 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 150% during the period and remain at a quite higher level than the legal lower limit.

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 47% and securities issued by Undersecretariat of the Treasury by 47%. Funding sources are mainly distributed between individual and retail deposits by 60%, corporate deposits by 22%, and borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 9%.

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Cash outflow amounting to TL 1.676 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

The Bank follows up and manages the liquidity coverage ratio including its foreign branch. There is no limitation which avoids liquidity transfer between the Bank and the foreign branch. In this context, the foreign branch does not create any additional liquidity risk for the Bank. 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 - 30.06.2020	
	TL+FC	FC
Lowest	150,44	160,02
Week	5.06.2020	26.06.2020
Highest	180,47	213,57
Week	3.04.2020	24.04.2020

	Prior Period - 31.12.2019	
	TL+FC	FC
Lowest	172,33	152,05
Week	4.10.2019	13.12.2019
Highest	207,73	208,93
Week	20.12.2019	18.10.2019

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Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 30 June 2020	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash and Balances with Central Bank	22.837.842	19.894.313	-	-	-	-	-	42.732.155
Banks	8.766.961	2.473.614	1.011.275	-	-	-	-	12.251.850
Financial Assets at Fair Value Through Profit or Loss (Net)	264.871	330	9.405	7.245.114	68.498	90.689	-	7.678.907
Money Markets	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	339.396	177.973	2.273.441	11.582.305	30.684.854	6.862.397	-	51.920.366
Loans and Lease Receivables (*)	-	44.608.010	21.618.803	56.984.613	71.469.897	21.087.448	15.706.051	231.474.822
Other financial assets measured at amortised cost	-	152.395	1.402.329	13.292.631	23.306.171	4.205.509	-	42.359.035
Other Assets (**)	-	334.260	462.665	7.692.709	9.232.034	6.969.921	1.749.675	26.441.264
Total Assets	32.209.070	67.640.895	26.777.918	96.797.372	134.761.454	39.215.964	17.455.726	414.858.399
Liabilities								
Bank Deposits	1.140.113	7.805.891	1.954.137	585.068	-	-	-	11.485.209
Other Deposits	74.797.744	123.959.438	23.771.358	3.254.835	23.085	1	-	225.806.461
Borrowings	-	117.486	1.439.768	15.896.147	13.924.069	2.582.067	-	33.959.537
Money Markets	-	21.082.930	3.263.849	1.783.720	5.198.739	2.022.497	-	33.351.735
Securities Issued (Net) (***)	-	854.558	82.725	9.648.799	8.151.083	6.173.466	-	24.910.631
Miscellaneous Payables	-	92.761	142.123	696.372	2.407.542	1.098.416	5.248.110	9.685.324
Other Liabilities (****)	482.878	2.873.566	384.203	2.049.321	6.210.892	3.207.290	60.451.352	75.659.502
Total Liabilities	76.420.735	156.786.630	31.038.163	33.914.262	35.915.410	15.083.737	65.699.462	414.858.399
Net Liquidity Excess/ (Gap)	(44.211.665)	(89.145.735)	(4.260.245)	62.883.110	98.846.044	24.132.227	(48.243.736)	-
Net off-balance sheet position	-	(119.499)	(289.120)	4.152.066	3.380.363	3.911.520	-	11.035.330
Financial Derivative Assets	-	37.797.577	31.578.595	49.699.742	81.600.538	56.675.766	-	257.352.218
Financial Derivative Liabilities	-	37.917.076	31.867.715	45.547.676	78.220.175	52.764.246	-	246.316.888
Non-cash loans (*****)	-	1.971.113	389.619	7.107.561	12.723.118	21.130.575	-	43.321.986
Prior Period - 31 December 2019								
Total Assets	29.329.474	66.382.770	24.621.990	60.045.178	124.166.928	38.646.677	17.308.095	360.501.112
Total Liabilities	50.054.230	143.169.458	37.166.936	22.716.866	28.752.584	16.582.779	62.058.259	360.501.112
Net Liquidity Gap	(20.724.756)	(76.786.688)	(12.544.946)	37.328.312	95.414.344	22.063.898	(44.750.164)	-
Net Off-balance sheet Position	-	443.279	518.593	226.870	5.843.566	2.846.529	-	9.878.837
Financial Derivative Assets	-	56.730.752	27.319.181	43.838.394	92.859.957	56.042.115	-	276.790.399
Financial Derivative Liabilities	-	56.287.473	26.800.588	43.611.524	87.016.391	53.195.586	-	266.911.562
Non-cash Loans (*****)	-	2.453.295	193.530	6.944.422	12.452.299	21.403.867	-	43.447.413

(*) The non-performing loans are stated in the "Unallocatable" column.

(**) 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.

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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 2020, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 10,78% (31 December 2019: 11,08%). This ratio is above the minimum ratio which is 3%.

b. Disclosure of Leverage ratio template:

	Current Period	Prior Period
	30 June 2020 (*)	31 December 2019 (*)
Balance sheet Assets		
1		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	399.525.203	342.271.786
2		
(Assets deducted from Core capital)	-	-
3		
Total risk amount of balance sheet assets (sum of lines 1 and 2)	399.525.203	342.271.786
Derivative financial assets and credit derivatives		
4		
Cost of replenishment for derivative financial assets and credit derivatives	12.603.177	12.596.877
5		
Potential credit risk amount of derivative financial assets and credit derivatives	4.338.047	4.879.314
6		
Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.941.224	17.476.191
Financing transactions secured by marketable security or commodity		
7		
Risk amount of financing transactions secured by marketable security or commodity	3.435.976	1.559.964
8		
Risk amount arising from intermediary transactions	-	-
9		
Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	3.435.976	1.559.964
Off-balance sheet transactions		
10		
Gross notional amount of off-balance sheet transactions	113.763.251	122.150.500
11		
(Correction amount due to multiplication with credit conversion rates)	(1.010.098)	(886.628)
12		
Total risk of off-balance sheet transactions (sum of lines 10 and 11)	112.753.153	121.263.872
Capital and total risk		
13		
Core Capital	57.387.502	53.421.955
14		
Total risk amount(sum of lines 3, 6, 9 and 12)	532.655.556	482.571.813
Leverage ratio		
15		
Leverage ratio	10,78	11,08

(*) 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.

In the event of unexpected negative economic conditions, stress tests are carried out regularly considering the exchange rate and interest rate shocks and the deterioration of the loan portfolio at different stress rates. Also, for stresses caused by the COVID-19 pandemic, the intensities are increased and the effects on equity and capital adequacy ratios are measured.

a. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 30 June 2020	Prior Period 31 December 2019	Current Period 30 June 2020
1 Credit risk (excluding counterparty credit risk) (CCR)	233.946.510	249.073.962	18.715.721
2 Standardized approach (SA)	233.946.510	249.073.962	18.715.721
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	17.118.504	16.641.838	1.369.480
5 Standardized approach for counterparty credit risk (SA-CCR)	17.118.504	16.641.838	1.369.480
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	323.179	309.273	25.854
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	6.638	-	531
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	6.744.453	6.775.331	539.556
17 Standardized approach (SA)	6.744.453	6.775.331	539.556
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	32.496.270	27.269.597	2.599.702
20 Basic Indicator Approach	32.496.270	27.269.597	2.599.702
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)	290.635.554	300.070.001	23.250.844

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b. Credit Risk Explanations

1. Credit quality of assets:

	Current Period 30.06.2020	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	15.706.051	215.768.771	14.952.702	216.522.120
2	Debt Securities	-	101.354.041	57.690	101.296.351
3	Off-balance sheet exposures	610.093	106.764.840	305.128	107.069.805
4	Total	16.316.144	423.887.652	15.315.520	424.888.276

	Prior Period 31.12.2019	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	14.857.080	188.977.095	12.280.581	191.553.594
2	Debt Securities	-	86.910.787	64.477	86.846.310
3	Off-balance sheet exposures	258.506	109.439.577	304.813	109.393.270
4	Total	15.115.586	385.327.459	12.649.871	387.793.174

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

	Current Period 30 June 2020	Prior Period 31 December 2019
1 Defaulted loans and debt securities at end of the previous reporting period	15.115.586	8.097.066
2 Loans and debt securities that have defaulted since the last reporting period	2.102.138	10.503.539
3 Returned to non-defaulted status	24.920	24.193
4 Amounts written off	4.102	1.755.640
5 Other changes	872.558	1.705.186
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions	16.316.144	15.115.586

3. Credit risk mitigation techniques – overview:

	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
Current Period 30.06.2020							
1 Loans	213.440.587	3.081.533	1.627.124	5.603.488	4.484.562	-	-
2 Debt Securities	101.296.351	-	-	-	-	-	-
3 Total	314.736.938	3.081.533	1.627.124	5.603.488	4.484.562	-	-
4 Of which defaulted	16.316.144	-	-	-	-	-	-

	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
Prior Period 31.12.2019							
1 Loans	188.729.079	2.824.515	1.450.932	4.223.971	3.254.282	-	-
2 Debt Securities	86.846.310	-	-	-	-	-	-
3 Total	275.575.389	2.824.515	1.450.932	4.223.971	3.254.282	-	-
4 Of which defaulted	15.115.586	-	-	-	-	-	-

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

Current Period - 30.06.2020		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	118.490.909	20.537.392	123.002.728	1.080.943	106.838	%0,09
2	Exposures to regional governments or local authorities	92.307	-	92.307	-	46.153	%50,00
3	Exposures to public sector entities	396.680	126.446	381.805	31.852	413.657	%100,00
4	Exposures to multilateral development banks	98.761	-	98.761	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	17.849.308	45.873.182	17.844.309	16.250.973	11.033.214	%32,36
7	Exposures to corporates	132.385.477	42.034.807	130.221.845	27.384.954	152.994.578	%97,07
8	Retail exposures	62.071.623	46.695.255	58.726.126	4.402.719	47.346.634	%75,00
9	Exposures secured by residential property	8.197.028	283.742	8.191.336	118.926	2.908.592	%35,00
10	Exposures secured by commercial real estate	12.490.044	1.260.995	12.415.044	861.991	10.040.173	%75,62
11	Past-due loans	6.107.400	-	6.107.400	-	4.978.006	%81,51
12	Higher-risk categories by the Agency Board	-	478.251	-	210.326	306.627	%145,79
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)	297.652	-	297.652	-	297.652	%100,00
16	Other assets	11.600.252	-	11.600.252	-	7.695.930	%66,34
17	Investments in equities	8.048.833	-	8.048.833	-	8.048.833	%100,00
18	Total	378.126.274	157.290.070	377.028.398	50.342.684	246.216.887	%57,61

Prior Period - 31.12.2019		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							
	Exposures to central governments or central banks	93.879.245	308.794	97.166.640	7.362	18.880.934	%19,43
	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	%50,00
	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	%100,00
	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
	Exposures to international organisations	-	-	-	-	-	-
	Exposures to institutions	32.305.576	48.615.035	32.305.576	13.743.906	23.886.860	%51,87
	Exposures to corporates	122.067.679	44.941.125	120.934.615	29.197.468	145.032.696	%96,60
	Retail exposures	56.885.229	40.402.371	54.643.744	4.519.115	44.372.144	%75,00
	Exposures secured by residential property	8.096.458	317.711	8.090.022	133.739	2.878.316	%35,00
	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	%65,02
	Past-due loans	6.510.244	-	5.788.591	-	4.790.239	%82,75
	Higher-risk categories by the Agency Board	-	297.191	-	121.440	171.601	%141,31
	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)	309.776	-	309.776	-	309.776	%100,00
	Other assets	10.316.599	-	10.316.599	-	6.964.430	%67,51
	Investments in equities	6.988.179	-	6.988.179	-	6.988.179	%100,00
Total		346.823.663	136.273.576	345.938.648	48.740.371	260.859.385	%66,09

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

Current Period - 30.06.2020												
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	123.279.292	-	271.151	-	-	-	33.188	-	-	500.040	124.083.671	
2 Exposures to regional governments or local authorities	-	-	-	-	92.307	-	-	-	-	-	92.307	
3 Exposures to public sector entities	-	-	-	-	-	-	413.657	-	-	-	413.657	
4 Exposures to multilateral development banks	98.761	-	-	-	-	-	-	-	-	-	98.761	
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-	
6 Exposures to institutions	415.934	-	19.424.625	-	14.212.869	-	41.854	-	-	-	34.095.282	
7 Exposures to corporates	2.113.002	-	190.037	-	4.694.378	-	150.609.382	-	-	-	157.606.799	
8 Retail exposures	-	-	-	-	-	63.128.845	-	-	-	-	63.128.845	
9 Exposures secured by residential property	-	-	-	8.310.262	-	-	-	-	-	-	8.310.262	
10 Exposures secured by commercial real estate	-	-	-	-	6.473.723	-	6.803.312	-	-	-	13.277.035	
11 Past-due loans	-	-	-	-	2.970.796	-	2.424.597	712.007	-	-	6.107.400	
12 Higher-risk categories by the Agency Board	-	-	-	-	385	-	16.954	192.987	-	-	210.326	
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)	-	-	-	-	-	-	297.652	-	-	-	297.652	
16 Investments in equities	-	-	-	-	-	-	8.048.833	-	-	-	8.048.833	
17 Other assets	3.904.255	-	82	-	-	-	7.695.915	-	-	-	11.600.252	
18 Total	129.811.244	-	19.885.895	8.310.262	28.444.458	63.128.845	176.385.344	904.994	-	500.040	427.371.082	
Prior Period - 31.12.2019												
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	76.870.228	-	289.669	-	2.321.359	-	17.661.053	-	-	31.693	97.174.002	
2 Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956	
3 Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946	
4 Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019	
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-	
6 Exposures to institutions	30.709	-	19.969.201	-	12.368.873	-	13.624.930	55.769	-	-	46.049.482	
7 Exposures to corporates	1.740.401	-	1.062.556	-	3.982.041	-	142.809.301	-	-	537.784	150.132.083	
8 Retail exposures	-	-	-	-	-	59.162.859	-	-	-	-	59.162.859	
9 Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761	
10 Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326	
11 Past-due loans	-	-	-	-	2.686.235	-	2.412.825	689.531	-	-	5.788.591	
12 Higher-risk categories by the Agency Board	-	-	-	-	996	-	19.127	101.317	-	-	121.440	
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)	-	-	-	-	-	-	309.776	-	-	-	309.776	
16 Investments in equities	-	-	-	-	-	-	6.988.179	-	-	-	6.988.179	
17 Other assets	3.352.158	-	14	-	-	-	6.964.427	-	-	-	10.316.599	
18 Total	82.301.515	-	21.321.440	8.223.761	28.399.541	59.162.859	193.853.809	846.617	-	569.477	394.679.019	

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c. Counterparty Credit Risk (CCR) Explanations:

1. Analysis of counterparty credit risk exposure by approach:

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Current Period - 30.06.2020						
1 Standardised Approach (for derivatives)	11.933.555	4.042.478	-	1,4	15.976.033	9.951.242
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)	-	-	-	-	5.450.213	1.976.536
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	-	-	-	-	5.450.213	1.976.536
6 Total						11.927.778

(*) 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 - 31.12.2019						
1 Standardised Approach (for derivatives)	11.466.931	4.574.336	-	1,4	15.966.340	10.728.429
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)	-	-	-	-	1.524.037	727.857
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	-	-	-	-	1.524.037	727.857
6 Total						11.456.286

(*) Effective Expected Positive Exposure

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2. Credit valuation adjustment (CVA) capital charge:

	Current Period 30.06.2020		Prior Period 31.12.2019	
	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	16.476.072	5.171.306	16.504.125	5.165.689
4 Total subject to the CVA capital charge	16.476.072	5.171.306	16.504.125	5.165.689

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

Current Period - 30.06.2020

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	579.849	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	156	-	-	156
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	5.776.531	8.473.203	-	30.754	-	-	5.422.662
Corporates	42.423	-	1.086	1.204	-	6.453.444	-	-	6.454.263
Retail portfolios	-	-	-	-	67.596	-	-	-	50.697
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	622.272	-	5.777.617	8.474.407	67.596	6.484.354	-	-	11.927.778

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

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

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Prior Period - 31.12.2019

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.277.140	8.184.318	-	120.618	-	-	4.668.205
Corporates	88.613	-	-	58	-	6.676.710	-	-	6.676.739
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
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	92.737	-	2.277.140	8.184.376	109.825	6.826.301	-	-	11.456.286

(*) 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.

5. Credit derivatives exposures:

	Current Period - 30.06.2020		Prior Period - 31.12.2019	
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	1.177.030	34.216	1.018.240	29.600
Index credit default swaps	-	-	-	-
Total return swaps	-	8.094.638	-	7.633.926
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	1.177.030	8.128.854	1.018.240	7.663.526
Fair values				
Positive fair value (asset)	152.890	2.720.045	71.879	2.704.586
Negative fair value (liability)	-	(9)	-	(34)

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6. Exposures to central counterparties (CCP):

	Current Period - 30.06.2020		Prior Period - 31.12.2019	
	Current Period - 30.06.2020	Exposure at default (post-CRM) RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		52.608		21.132
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which				
2				
3 (i) OTC Derivatives	500.039	19.420	537.785	19.864
4 (ii) Exchange-traded Derivatives	500.039	19.420	537.785	19.864
5 (iii) Securities financing transactions	-	-	-	-
6 (iv) Netting sets where cross-product				
ting has been approved				
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	-	-	31.693	1.268
10 Unfunded default fund contributions	33.188	33.188	-	-
11 Exposures to non-QCCPs (total)				
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which				
12				
13 (i) OTC Derivatives	-	-	-	-
14 (ii) Exchange-traded Derivatives	-	-	-	-
15 (iii) Securities financing transactions	-	-	-	-
16 (iv) Netting sets where cross-product				
ting has been approved				
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Pre-funded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

d. Securitization Explanations:

The Bank has no securitization transactions.

e. Market Risk Explanations

Standardised approach:

	Current Period	Prior Period
	30.06.2020	31.12.2019
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	1.975.188	2.385.200
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	4.709.915	4.316.356
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	59.350	73.775
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	6.744.453	6.775.331

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

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VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

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

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

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked 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 risk hedging in order to hedge its foreign currency risk from its investments abroad. The effective part of the fair value change of the hedging instrument in the hedging transaction in question was accounted in the "Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss" account under equity.

According to the Financial Stability Board's report of "Major Indicator Interest Rates Reform" which was dated July 2014, the Bank evaluates the transition effects related to hedging transactions within the scope of the 'Indicator Interest Rate Reform' which expresses the market-wide reform regarding the interest rate.

Based on the "Main Benchmark Interest Rates Reform" report of the Financial Stability Board dated July 2014, it is expected that the hedging transactions within the scope of the "Benchmark Interest Rate Reform" are reviewed and the possible effects of the reform are reflected in the financial statements. The Bank has made foreign currency interest rate swap transactions in order to hedge the cash flow risk of average 4,8 year terms of USD 1.002.143 of its floating rate USD LIBOR-indexed debts directly affected by the interest rate reform. In addition to this; with the regulation titled "Changes in TFRS 9, TMS 39 and TFRS 7 Benchmark Interest Rate Reform" published by the International Accounting Standards Board in September 2019, the applications related to the termination of hedge accounting required by the reform were temporarily exempted. Within this scope, there is no risk accounting transaction that was terminated due to reform in the 30 June 2020 reports.

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As of 30 June 2020, 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 2020			Prior Period 31 December 2019		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	16.800.942	6.268.506	599.289	13.674.935	5.166.090	919.269
-FC	61.757.108	174.141	921.084	50.919.357	184.595	244.871
Total	78.558.050	6.442.647	1.520.373	64.594.292	5.350.685	1.164.140

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: 30.06.2020

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	(560.978)	542.604	(18.374)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	28.558	(28.756)	(198)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(60.761)	58.885	(1.876)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	1.644.602	(1.637.613)	6.989
Interest Rate Swap	Fixed interest rate TL Commercial Loans	Interest rate risk	(22.650)	22.862	212
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(25.985)	26.038	53

(*) 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.

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Prior Period: 31.12.2019

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	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(23.858)	23.858	-

(*) 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 2020 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 2020, 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 (3.413) (31 December 2019: TL 1.566).

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	-	381.083	(504.611)	(147.320)	(7.973)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	3.317.003	44.705	(334.926)	(529.644)	17.719
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	-	20.346	29.569	(259)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	3.526	529.235	407	(59.714)	(605)
Interest Rate Swap	Short term FC deposits	Cash Flow risk due to changes in interest rate of funds	-	2.295	1.134	463	(2.213)

As of 30 June 2020 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 2020, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 19.744 (31 December 2019: TL 10.260).

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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 2020 and 31 December 2019 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

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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 2020					
Operating Income	4.237.313	2.931.055	5.294.843	(302.899)	12.160.312
Profit from Operating Activities	600.688	(969.991)	5.082.319	(1.382.596)	3.330.420
Income from Subsidiaries	-	-	-	3.724	3.724
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	386.620	386.620
Profit before Tax	600.688	(969.991)	5.082.319	(992.252)	3.720.764
Corporate Tax	-	-	-	(824.469)	(824.469)
Net Profit for the Period	600.688	(969.991)	5.082.319	(1.816.721)	2.896.295
Segment Assets	90.184.415	162.594.985	136.073.689	-	388.853.089
Investments in Associates	-	-	-	7.773.899	7.773.899
Undistributed Assets	-	-	-	18.231.411	18.231.411
Total Assets					414.858.399
Segment Liabilities	165.144.962	64.770.651	110.713.997	-	340.629.610
Undistributed Liabilities	-	-	-	16.712.103	16.712.103
Shareholders' Equity	-	-	-	57.516.686	57.516.686
Total Liabilities					414.858.399

	Retail Banking	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period - 31 December 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)
Net Profit for the Period	1.375.651	826.791	(60.113)	548.325	2.690.654
Segment Assets	78.687.822	140.181.290	119.395.316	-	338.264.428
Investments in Associates	-	-	-	6.736.306	6.736.306
Undistributed Assets	-	-	-	15.500.378	15.500.378
Total Assets					360.501.112
Segment Liabilities	148.360.737	69.572.454	74.062.774	-	291.995.965
Undistributed Liabilities	-	-	-	14.122.720	14.122.720
Shareholders' Equity	-	-	-	54.382.427	54.382.427
Total Liabilities					360.501.112

(*) 30 June 2019 amounts are used for income statement accounts.

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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 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Cash/Foreign Currency	1.765.584	2.063.826	1.510.065	1.772.119
The CBRT (*)	4.652.623	34.175.195	733.159	25.808.586
Other (**)	-	74.927	-	69.988
Total	6.418.207	36.313.948	2.243.224	27.650.693

(*) Precious metal account amounting to TL 2.571.106 are included in FC. (31 December 2019: TL 1.154.187)

(**) Precious metal account amounting to TL 74.845 are included in FC. (31 December 2019: TL 69.974)

2. Information related to the account of the CBRT:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposits	496	-	6.753	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	4.652.127	34.175.195	726.406	25.808.586
Total	4.652.623	34.175.195	733.159	25.808.586

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. The CBRT pays interest to banks that provide credit growth in accordance with the communiqué principles dated December 9, 2019 and numbered 2019/19, for Turkish Lira required reserves.

The required rates for the required reserves established in the CBRT are between 1% and 7% according to the maturity structure in Turkish currency (31 December 2019: between 1% and 7%); in foreign currency, it is between 5% and 21% depending on the maturity structure (31 December 2019: between 5% and 21%) as of 30 June 2020.

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

As of 30 June 2020, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2019: None) and given as collateral/blocked (31 December 2019: None).

Other Financial Assets:

In the previous period, syndication loans extended to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial statements under the line "Assets for Sale and Discontinued Operations". As of 30 June 2020, the value of the part pursued as loan is TL 8.006.715, and it is classified under "Other Financial Assets" under "Financial Assets at Fair

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Value through Profit Loss". The total fair value impairment accounted for the total amount turned into credit and capital is TL 2.222.136 and the amount of TL 1.416.090 of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and TL 806.046 is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets at Fair Value through Profit Loss".

Financial assets, whose fair value difference is reflected in profit and loss and the part that is transformed into capital, amount to TL 7.200.669 in total, these are measured at fair value within the scope of TFRS 9 Financial Instruments Standard and TFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard. In this valuation study, the fair value was determined by taking into account the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). Within the scope of IFRS 13, loans are followed under Level 3. Possible changes in the basic assumptions in the valuation study will affect the carrying value of the loan and the amount converted into capital.

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation study are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 170 million or will decrease by TL 150 million.

The main purpose of the creditor banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. An international investment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. Within this context, necessary work and discussions with potential investors will be initiated.

As of the reporting date, the Bank has reevaluated the fair value of LYY Telekomünikasyon A.Ş. by considering current market conditions and macroeconomic indicators and accordingly, there has been no change in the fair value of the financial asset as of the year-end.

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

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

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	289.381	-	482.816	-
Swap Transactions	7.013.614	5.718.040	5.987.707	4.519.244
Futures Transactions	-	-	-	-
Options	23.479	85.132	9.077	60.763
Other	-	-	-	-
Total	7.326.474	5.803.172	6.479.600	4.580.007

(*) Excluding hedging derivatives financial assets.

d. Information on banks and foreign banks:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	140	22.473	371	799.261
Foreign	-	12.229.237	251.091	15.546.023
Head Quarters and Branches Abroad	-	-	-	-
Total	140	12.251.710	251.462	16.345.284

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

1. As of 30 June 2020, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 18.441.869 (31 December 2019: TL 7.479.313); and those given as collateral/blocked amounting to TL 12.440.583 (31 December 2019: 16.700.959).

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Debt Securities	52.954.903	65.544.278
Quoted at Stock Exchange (*)	52.472.192	63.642.115
Unquoted at Stock Exchange	482.711	1.902.163
Share Certificates	16.217	16.217
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.217	16.217
Impairment Provision (-)	1.050.754	918.388
Total	51.920.366	64.642.107

(*) Investment funds are included.

f. Information related to loans:

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

	Current Period 30 June 2020		Prior Period 31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	97
Corporate Shareholders	-	97	-	97
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.408.492	1.438.511	6.444.515	1.048.264
Loans Granted to Employees	135.234	-	132.254	-
Total	7.543.726	1.438.608	6.576.769	1.048.361

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

Current Period - 30 June 2020	Loans under follow-up				
	Cash Loans	Standard Loans	Loans not subject to restructuring	Restructured Loans	
Loans with revised contract terms				Refinance	
Non-specialized Loans					
Loans given to enterprises	20.592.158	3.073.266	8.250	2.493.921	
Export Loans	16.222.560	267.630	63	46.580	
Import Loans	-	-	-	-	
Loans Given to Financial Sector	8.355.837	705	-	4.357	
Consumer Loans	34.272.961	1.543.981	811.182	387.854	
Credit Cards	15.055.265	748.920	613.304	-	
Other	91.144.104	2.339.005	557.920	17.228.948	
Specialized Loans	-	-	-	-	
Other Receivables	-	-	-	-	
Total	185.642.885	7.973.507	1.990.719	20.161.660	

Expected Credit Loss Stage I and Stage II	Standard Loans	Current Period	Standard Loans	Prior Period
		30 June 2020		31 December 2019
		Loans under Follow-up		Loans under Follow-up
12 Month Expected Credit Losses	740.793	-	578.360	-
Significant Increase in Credit Risk	-	4.546.959	-	3.355.385
Total	740.793	4.546.959	578.360	3.355.385

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

Current Period - 30.06.2020	Short-term	Medium and Long-term	Total
Consumer Loans-TL	806.510	34.807.458	35.613.968
Mortgage Loans	1.071	9.181.236	9.182.307
Automotive Loans	925	133.722	134.647
Consumer Loans	804.514	25.492.500	26.297.014
Other	-	-	-
Consumer Loans- Indexed to FC	-	670	670
Mortgage Loans	-	670	670
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	13.340.695	587.188	13.927.883
With Installment	4.204.391	584.793	4.789.184
Without Installment	9.136.304	2.395	9.138.699
Consumer Credit Cards-FC	5.981	-	5.981
With Installment	-	-	-
Without Installment	5.981	-	5.981
Personnel Loans-TL	6.467	81.328	87.795
Mortgage Loans	-	3.157	3.157
Automotive Loans	-	-	-
Consumer Loans	6.467	78.171	84.638
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	47.202	125	47.327
With Installment	15.294	125	15.419
Without Installment	31.908	-	31.908
Personnel Credit Cards-FC	112	-	112
With Installment	-	-	-
Without Installment	112	-	112
Credit Deposit Account - TL (Real Person)	1.313.545	-	1.313.545
Credit Deposit Account - FC (Real Person)	-	-	-
Total Consumer Loans	15.520.512	35.476.769	50.997.281

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Prior Period - 31.12.2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	416.245	30.237.038	30.653.283
Mortgage Loans	641	9.304.396	9.305.037
Automotive Loans	499	136.892	137.391
Consumer Loans	415.105	20.795.750	21.210.855
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.065	1.065
Mortgage Loans	-	1.065	1.065
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	12.854.524	617.059	13.471.583
With Installment	4.719.975	616.476	5.336.451
Without Installment	8.134.549	583	8.135.132
Consumer Credit Cards-FC	14.658	-	14.658
With Installment	-	-	-
Without Installment	14.658	-	14.658
Personnel Loans-TL	3.762	70.496	74.258
Mortgage Loans	-	3.117	3.117
Automotive Loans	-	80	80
Consumer Loans	3.762	67.299	71.061
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	57.635	108	57.743
With Installment	20.366	108	20.474
Without Installment	37.269	-	37.269
Personnel Credit Cards-FC	253	-	253
With Installment	-	-	-
Without Installment	253	-	253
Credit Deposit Account-TL (Real Person)	1.385.726	-	1.385.726
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	14.732.803	30.925.766	45.658.569

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

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

Current Period - 30.06.2020	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	4.548.344	11.675.013	16.223.357
Mortgage Loans	2.943	7.840	10.783
Automotive Loans	35.244	692	35.936
Consumer Loans	4.510.157	11.666.481	16.176.638
Other	-	-	-
FC Indexed Commercial Installment Loans	-	58.970	58.970
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	58.970	58.970
Other	-	-	-
Commercial Installment Loans-FC	11.815	352.656	364.471
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	11.815	352.656	364.471
Other	-	-	-
Corporate Credit Cards-TL	2.421.472	13.734	2.435.206
With Installment	888.139	13.606	901.745
Without Installment	1.533.333	128	1.533.461
Corporate Credit Cards-FC	980	-	980
With Installment	-	-	-
Without Installment	980	-	980
Credit Deposit Account - TL (Legal Person)	823.067	-	823.067
Credit Deposit Account - FC (Legal person)	-	-	-
Total	7.805.678	12.100.373	19.906.051

Prior Period - 31.12.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	159.072	13.267.296	13.426.368
Mortgage Loans	236	6.130	6.366
Automotive Loans	4.912	809	5.721
Consumer Loans	153.924	13.260.357	13.414.281
Other	-	-	-
FC Indexed Commercial Installment Loans	-	98.153	98.153
Mortgage Loans	-	521	521
Automotive Loans	-	-	-
Consumer Loans	-	97.632	97.632
Other	-	-	-
Commercial Installment Loans-FC	9.807	353.752	363.559
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.807	353.752	363.559
Other	-	-	-
Corporate Credit Cards-TL	2.561.575	10.361	2.571.936
With Installment	842.379	10.344	852.723
Without Installment	1.719.196	17	1.719.213
Corporate Credit Cards-FC	3.715	-	3.715
With Installment	-	-	-
Without Installment	3.715	-	3.715
Credit Deposit Account - TL (Legal Person)	1.029.463	-	1.029.463
Credit Deposit Account - FC (Legal person)	-	-	-
Total	3.763.632	13.729.562	17.493.194

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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 2020	Prior Period 31 December 2019
Domestic Loans	223.937.733	197.042.913
Foreign Loans	7.537.089	6.791.262
Total	231.474.822	203.834.175

6. Loans granted to investments in associates and subsidiaries:

	Current Period 30 June 2020	Prior Period 31 December 2019
Direct Loans Granted to Investments in Associates and Subsidiaries	965.702	727.217
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
Total	965.702	727.217

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Loans with Limited Collectibility	73.519	2.109.995
Loans with Doubtful Collectibility	3.714.065	2.054.098
Uncollectible Loans	5.877.366	4.182.743
Total	9.664.950	8.346.836

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

(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 2020			
(Gross Amounts Before Specific Provisions)	37.188	392.532	398.924
Rescheduled Loans and Other Receivables	37.188	392.532	398.924
Prior Period: 31 December 2019			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109

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(ii) Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited Collectibility	Doubtful Collectibility	
Prior Period End Balance: 31 December 2019	3.878.210	4.057.692	6.921.178
Additions (+)	1.164.116	342.240	244.196
Transfers from Other Categories of Non-Performing Loans (+)	-	4.822.636	2.448.259
Transfers to Other Categories of Non-Performing Loans (-)	4.822.636	2.448.259	-
Collections (-)	111.791	251.898	533.790
Write-offs (-) (**)	488	1.194	2.420
Sold Portfolio (-) (*)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	107.411	6.521.217	9.077.423
Specific Provisions (-)	73.519	3.714.065	5.877.366
Net Balance at Balance Sheet	33.892	2.807.152	3.200.057

(*) There is no write-off process made 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 27 November 2019 and numbered 30961. (31 December 2019 : TL 1.119.998) and its effect on the NPL ratio is 51 basis point.

(iii) Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited Collectibility	Doubtful Collectibility	
Current Period: 30 June 2020			
Balance at the End of the Period	59.569	1.372.600	2.833.829
Specific Provision (-)	26.645	652.175	1.364.214
Net Balance on Balance Sheet	32.924	720.425	1.469.615
Prior Period: 31 December 2019			
Balance at the End of the Period	233.478	1.205.378	2.406.060
Specific Provision (-)	77.439	454.769	1.084.871
Net Balance at Balance Sheet	156.039	750.609	1.321.189

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

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

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

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible Loans
	Limited Collectibility	Doubtful Collectibility	
Current Period (Net): 30 June 2020			
Loans granted to corporate entities and real persons (Gross)	107.411	6.521.217	9.077.423
Specific Provision Amount (-)	73.519	3.714.065	5.877.366
Loans granted to corporate entities and real persons (Net)	33.892	2.807.152	3.200.057
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 2019			
Loans granted to corporate entities and real persons (Gross)	3.878.210	4.057.692	6.921.178
Specific Provision Amount (-)	2.109.995	2.054.098	4.182.743
Loans granted to corporate entities and real persons (Net)	1.768.215	2.003.594	2.738.435
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
Current Period: 30 June 2020			
Interest accruals and valuation differences	5.974	752.523	1.909.516
Provision (-)	3.370	405.683	1.143.830
Prior Period: 31 December 2019			
Interest accruals and valuation differences	240.638	601.068	1.269.183
Provision (-)	126.357	342.227	755.419

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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 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Given as collateral/blocked	7.482.731	445.444	352.296	-
Subject to repurchase agreements	13.651.475	4.693.553	145.327	1.229.269
Total	21.134.206	5.138.997	497.623	1.229.269

2. Information on government debt securities:

	Current Period 30 June 2020	Prior Period 31 December 2019
Government Bonds	40.768.520	13.080.081
Treasury Bills	-	-
Other Government Debt Securities	900.895	779.177
Total	41.669.415	13.859.258

3. Information on financial assets measured at amortised cost:

	Current Period 30 June 2020	Prior Period 31 December 2019
Debt Securities	42.382.324	15.602.379
Quoted at Stock Exchange	42.382.324	15.602.379
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	23.289	27.521
Total	42.359.035	15.574.858

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	15.574.858	12.263.481
Foreign Currency Differences on Monetary Assets	4.035.303	414.623
Purchases During Year	23.934.207	5.397.163
Disposals Through Sales and Redemptions (*)	(1.985.038)	(3.214.762)
Impairment Provision (-)	4.232	37.065
Change in Amortized Cost	795.473	677.288
Balance at the End of the Period	42.359.035	15.574.858

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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	4,89	4,89
2 Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09
3 JCR Avrasya Derecelendirme A.Ş.	Istanbul/Turkey	2,86	2,86
4 Birleşik İpotek Finansmanı A.Ş.	Istanbul/Turkey	8,33	8,33

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 2020.

	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	147.898	100.459	77.667	863	-	8.961	8.943	-
2	364.811	229.265	249.880	1.824	-	11.740	12.147	-
3	31.238	25.827	971	666	-	6.146	2.082	-

31 December 2019 financial data of JCR Avrasya Derecelendirme A.Ş. has been used in the table above. Birleşik İpotek Finansmanı A.Ş. started its operations in 2020 and is not included in the table above since have any published financial statements yet.

3. Movement schedule of investments in associates:

	Current Period 30 June 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	5.521	5.521
Movements During the Period		
Purchases (*)	2.900	-
Bonus Shares and Contributions to Capital	5.686	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	14.107	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) The mentioned amounts arise from the Bank's association to JCR Avrasya Derecelendirme A.Ş. to 2.067 TL for a share of 2.86% and TL 833 for a share of 8.33% to Birleşik İpotek Finansmanı A.Ş.

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

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

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 2020 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	42.000
Share Premium	-	-	-	-	-
Reserves	589.209	76.251	24.157	5.119.058	(13)
Gains recognized in equity as per TAS	-	(2.996)	(318)	-	(32)
Profit/Loss	60.711	413.533	87.198	178.069	(33.693)
- Net Current Period Profit	60.711	122.946	44.026	178.069	(14.148)
- Prior Year Profit/Loss	-	290.587	43.172	-	(19.545)
Development Cost of Operating Lease (-)	64	1.041	-	-	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.179	11.161	302	3.996	-
Total Common Equity	1.008.684	571.388	121.269	6.033.779	8.262
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	1.008.684	571.388	121.269	6.033.779	8.262
Tier II Capital	72.016	146	-	48.449	-
CAPITAL	1.080.700	571.534	121.269	6.082.228	8.262
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	1.080.700	571.534	121.269	6.082.228	8.262

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

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

3. Information on subsidiaries:

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

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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 2020 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	6.113.102	1.008.745	94.635	219.133	216	60.711	52.426	-
2	2.894.416	583.590	22.340	52.108	(5.189)	122.946	62.078	-
3	143.087	121.571	5.212	763	-	44.026	29.178	-
4	31.265.103	6.037.775	54.197	506.062	97.001	178.069	183.358	-
5	19.124	8.262	919	301	-	(14.148)	(1.163)	-

5. Movement schedule of subsidiaries:

	Current Period 30 June 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	6.730.785	5.452.141
Movements During the Period		
Additions (*)	15.000	139.981
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	386.620	640.370
Sales/Liquidation	-	-
Revaluation Increase (**)	627.387	498.293
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	7.759.792	6.730.785
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*)The mentioned amounts are increased by 15.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş., which is the 100% subsidiary of the Bank for the current period; increased by 125.000 TL for the capital of Ak Finansal Kiralama A.Ş. which is the 99,99% subsidiary of the Bank for the previous period; increased by 15.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş. which is the 100% subsidiary of the Bank for the previous period.

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

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

Subsidiaries	Current Period 30 June 2020	Prior Period 31 December 2019
Banks	6.037.775	5.111.016
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	1.008.593	947.751
Finance Companies	-	-
Other Financial Subsidiaries	713.424	672.018

7. Subsidiaries quoted to a stock exchange: None.

j. Information on joint ventures: None (31 December 2019: None).

k. Information on finance lease receivables (Net): None (31 December 2019: None).

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l. Information on the Hedging Derivative Financial Assets:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	2.947.977	174.141	3.072.295	151.377
Cash Flow Hedge	3.320.529	-	2.093.795	33.218
Net Investment Hedge in a foreign operation	-	-	-	-
Total	6.268.506	174.141	5.166.090	184.595

m. Information on the investment properties: None (31 December 2019: None).

n. Information on deferred tax asset:

As of 30 June 2020, the Bank has no deferred tax asset (31 December 2019: TL 2.438). 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 2020	Prior Period 31 December 2019
Cost	226.330	636.090
Accumulated Depreciation (-)	71	73
Net Book Value	226.259	636.017

	Current Period 30 June 2020	Prior Period 31 December 2019
Opening Balance Net Book Value	636.017	90.305
Additions (*)	104.211	1.519.564
Disposals (-), net	36.548	34.985
Impairment (-)	477.421	938.867
Depreciation (-)	-	-
Closing Net Book Value	226.259	636.017

(*) For the prior period, the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from TL 18 to 1.416.090. Related amounts are presented in the "additions" row of table above. The total decrease in fair value allocated by the bank and the capital amount detailed in Note I-b of Section Five is TL 1.416.090 and the amount of TL 477,268 allocated in the current period is presented in the line "Impairment (-)".

p. Information on other assets:

Other assets amounting to TL 7.555.686 (31 December 2019: TL 5.426.550) 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 2020:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	15.272.011	13.007.457	38.969.432	163.466	202.340	519.788	9.927	68.144.421
Foreign Currency Deposits	36.474.168	13.168.448	58.565.819	1.500.248	1.450.021	3.636.987	856	114.796.547
Residents in Turkey	34.576.838	12.926.918	54.793.133	1.332.119	879.551	1.911.284	810	106.420.653
Residents Abroad	1.897.330	241.530	3.772.686	168.129	570.470	1.725.703	46	8.375.894
Public Sector Deposits	639.804	13.599	34.728	1.219	344	471	-	690.165
Commercial Deposits	12.799.666	9.510.993	7.039.774	68.795	19.771	58.043	-	29.497.042
Other Institutions Deposits	327.637	546.940	1.755.062	14.452	4.198	732	-	2.649.021
Precious metals Deposits	9.284.458	1	149.727	11.320	518.620	65.139	-	10.029.265
Interbank Deposits	1.140.113	3.508.514	5.962.849	214.226	654.545	4.962	-	11.485.209
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	10.135	2.940.537	60.278	-	579.126	-	-	3.590.076
Foreign Banks	249.364	567.977	5.902.571	214.226	75.419	4.962	-	7.014.519
Participation Banks	880.614	-	-	-	-	-	-	880.614
Other	-	-	-	-	-	-	-	-
Total	75.937.857	39.755.952	112.477.391	1.973.726	2.849.839	4.286.122	10.783	237.291.670

1 (ii). Prior period - 31 December 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	10.127.048	10.183.799	41.122.113	182.618	262.221	531.691	12.977	62.422.467
Foreign Currency Deposits	23.853.639	13.620.278	72.689.822	1.976.053	1.398.287	3.965.590	1.154	117.504.823
Residents in Turkey	22.388.628	13.463.878	69.046.946	1.838.378	900.541	2.387.611	1.102	110.027.084
Residents Abroad	1.465.011	156.400	3.642.876	137.675	497.746	1.577.979	52	7.477.739
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	1.183.421
Commercial Deposits	8.529.451	8.303.694	10.753.261	229.160	83.142	58.392	-	27.957.100
Other Institutions Deposits	272.526	829.067	2.177.831	46.465	6.085	971	-	3.332.945
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	4.491.847
Interbank Deposits	1.547.408	480.512	4.436.295	430.526	254.539	12.644	-	7.161.924
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	11.470	19.373	200.551	332.045	173.450	-	-	736.889
Foreign Banks	238.602	461.139	4.235.744	98.481	81.089	12.644	-	5.127.699
Participation Banks	1.297.336	-	-	-	-	-	-	1.297.336
Other	-	-	-	-	-	-	-	-
Total	49.619.288	33.431.629	131.210.733	2.868.193	2.272.978	4.637.575	14.131	224.054.527

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2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund:

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 30 June 2020	Prior Period 31 December 2019	Current Period 30 June 2020	Prior Period 31 December 2019
Saving Deposits	35.344.892	30.875.550	32.799.529	30.609.809
Foreign Currency Saving Deposits	16.269.790	16.110.198	59.767.310	56.626.928
Other Deposits in the Form of Saving Deposits	4.500.363	2.373.387	4.585.275	1.807.082
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 2020	Prior Period 31 December 2019
Foreign Branches' Deposits and other accounts	20	18
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	1.793.312	1.625.947
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 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	312.773	-	143.501	-
Swap Transactions	6.987.428	2.192.150	6.134.864	1.316.141
Futures Transactions	-	-	-	-
Options	644	102.669	5.686	94.511
Other	-	-	-	-
Total	7.300.845	2.294.819	6.284.051	1.410.652

(*) Excluding hedge transactions.

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c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	248.255	849.081	302.890	801.659
From Foreign Banks, Institutions and Funds	-	32.862.201	-	30.266.547
Total	248.255	33.711.282	302.890	31.068.206

2. Information on maturity structure of borrowings

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Short-term	237.598	450.551	302.890	641.868
Medium and Long-term	10.657	33.260.731	-	30.426.338
Total	248.255	33.711.282	302.890	31.068.206

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 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Bank bills	9.680.189	-	2.372.587	-
Bonds	2.203.443	6.825.274	2.532.944	8.612.669
Total	11.883.632	6.825.274	4.905.531	8.612.669

e. Information on other foreign liabilities:

Other foreign liabilities listed in "Other Liabilities" amounting to TL 3.043.632 (31 December 2019: TL 2.127.772) and do not exceed 10% of the total balance sheet.

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f. Information on financial leasing agreements:

With the "IFRS 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.

Liabilities incurred due to financial leasing agreements:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	Gross	Net	Gross	Net
Less Than 1 Year	152.861	67.721	150.140	63.805
Between 1-4 Years	387.762	194.983	388.038	188.559
More Than 4 Years	453.230	302.901	490.565	322.189
Total	993.853	565.605	1.028.743	574.553

g. Information on the hedging derivative financial liabilities:

	Current Period 30 June 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Fair Value Hedge	25.350	537.706	71.230	191.806
Cash Flow Hedge	573.939	383.378	848.039	53.065
Net Investment Hedge in a foreign operation	-	-	-	-
Total	599.289	921.084	919.269	244.871

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 2020	Prior Period 31 December 2019
Discount Rate (%)	3,97	3,97
Rate for the Probability of Retirement (%)	95,13	95,13

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 7.117,17 (full TL) (1 January 2019: TL 6.017,60 (full TL)) effective from 1 July 2020 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 2020	31 December 2019
Prior Period Closing Balance	316.980	208.631
Recognized as an Expense During the Period	37.161	84.344
Actuarial Loss / (Gain)	17.412	88.706
Paid During the Period	(22.805)	(64.701)
Balance at the End of the Period	348.748	316.980

As of 30 June 2020, the Bank has allocated vacation liability amounting to TL 134.130 (31 December 2019: TL 117.962).

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

As of 30 June 2020, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2019: None).

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 298.463 as of 30 June 2020 (31 December 2019: TL 297.102).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 900.000 (31 December 2019: TL 650.000).

The Bank has provided free provision amounting TL 250.000 thousand out of which TL 650.000 thousand had been recognized in current period and TL 900.000 thousand had been recognized in prior years. (31 December 2019: TL 650.000).

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 46.429 (31 December 2019: TL 52.721).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVIII of Section Three. As of 30 June 2020, the corporate tax liability after the deduction of temporary taxes paid is TL 953.266 (31 December 2019: 273.982). As of 30 June 2020, the Bank has no current tax asset (31 December 2019: None).

1 (i). Information on taxes payable:

	Current Period	Prior Period
	30 June 2020	31 December 2019
Corporate Taxes Payable	953.266	273.982
Taxation on Marketable Securities	152.432	187.962
Banking Insurance Transaction Tax (BITT)	124.649	182.507
Other	83.727	89.368
Foreign Exchange Transaction Tax	31.084	4.875
Value Added Tax Payable	10.925	12.527
Property Tax	2.807	2.383
Total	1.358.890	753.604

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1 (ii). Information on premium payables:

	Current Period	Prior Period
	30 June 2020	31 December 2019
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	1.882	1.678
Unemployment Insurance – Employer	3.764	3.355
Other	187	348
Total	5.840	5.388

2. Information on deferred tax liability:

As of 30 June 2020, Turkish Lira deferred tax liability of the Bank amounts to TL 104.096 (31 December 2019: TL 704.309). 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 2020		31 December 2019	
	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	-	6.201.725	-	5.381.534
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	6.201.725	-	5.381.534
Total	-	6.201.725	-	5.381.534

(*). 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 2020	31 December 2019
Common Stock	5.200.000	5.200.000
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

3. Capital increases and sources in the current period and other information based on increased capital shares: None.

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

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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		Prior Period	
	30 June 2020		31 December 2019	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	930.301	1.010.413	854.152	825.085
Valuation Difference	654.502	(916.651)	113.916	(83.371)
Foreign Currency Differences	-	-	-	-
Total	1.584.803	93.762	968.068	741.714

(*) 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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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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 5.759.820 asset purchase commitments (31 December 2019: TL 14.762.968), TL 28.051.996 commitments for credit card limits (31 December 2019: TL 23.193.073), TL 2.661.276 commitments for cheque books (31 December 2019: 2.632.311 TL).

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 2020	Prior Period 31 December 2019
Bank Acceptance Loans	59.950	50.678
Letters of Credit	3.776.915	4.366.865
Other Guarantees and Warranties	7.877.929	7.906.461
Total	11.714.794	12.324.004

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

	Current Period 30 June 2020	Prior Period 31 December 2019
Revocable Letters of Guarantee	1.091.464	1.081.737
Irrevocable Letters of Guarantee	17.170.380	17.634.443
Letters of Guarantee Given in Advance	1.701.271	1.922.507
Guarantees Given to Customs	2.320.390	2.249.728
Other Letters of Guarantee	9.323.687	8.234.994
Total	31.607.192	31.123.409

3. Information on non-cash loans:

	Current Period 30 June 2020	Prior Period 31 December 2019
Total amount of non-cash loans:		
Non-cash Loans Given against Cash Loans	12.846.691	12.783.000
With Original Maturity of 1 Year or Less Than 1 Year	4.532.624	5.064.000
With Original Maturity of More Than 1 Year	8.314.067	7.719.000
Other Non-cash Loans	30.475.295	30.664.413
Total	43.321.986	43.447.413

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

[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 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
Short-term Loans	3.450.888	349.505	5.112.751	327.379
Medium and Long-term Loans	5.452.783	1.646.168	5.978.242	2.042.778
Interest on Loans Under Follow-Up	524.683	-	322.302	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	9.428.354	1.995.673	11.413.295	2.370.157

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

2. Information on interest income on banks:

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	46.993	617	81.408	2.550
From Foreign Banks	2.752	74.424	54.705	205.443
From Headquarters and Branches Abroad	-	-	-	-
Total	49.745	75.041	136.113	207.993

3. Information on interest income on marketable securities:

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	4.988	4.120	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2.156.195	683.429	1.902.102	512.869
Financial Assets Measured at Amortised Cost	1.332.433	117.527	455.792	125.308
Total	3.493.616	805.076	2.357.894	638.177

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

	Current Period 30 June 2020	Prior Period 30 June 2019
Interests Received From Investments in Associates and Subsidiaries	30.942	26.562

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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 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
Banks	15.928	457.348	31.694	694.211
The CBRT	-	-	-	-
Domestic Banks	15.928	3.754	17.764	5.146
Foreign Banks	-	453.594	13.930	689.065
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	76.276	-	107.440
Total	15.928	533.624	31.694	801.651

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

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

	Current Period 30 June 2020	Prior Period 30 June 2019
To Associates and Subsidiaries	7.919	18.446

3. Information on interest expense given to securities issued:

	Current Period 30 June 2020		Prior Period 30 June 2019	
	TL	FC	TL	FC
Interest expense on securities issued	408.990	382.420	661.486	387.088

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period - 30.06.2020	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	17.900	84.506	18.387	-	110	-	120.903
Saving Deposits	-	390.290	1.912.292	7.927	12.483	33.997	2.356.989
Public Sector Deposits	-	571	1.463	47	13	26	2.120
Commercial Deposits	-	373.631	514.375	10.276	3.405	3.045	904.732
Other Deposits	-	12.197	117.739	610	229	33	130.808
Total	17.900	861.195	2.564.256	18.860	16.240	37.101	3.515.552
FC							
Foreign Currency Deposits	-	71.610	348.125	10.623	6.572	21.501	458.431
Bank Deposits	232	734	24.520	619	2.457	54	28.616
Precious Metals Deposits	-	33	40	10	938	379	1.400
Total	232	72.377	372.685	11.252	9.967	21.934	488.447
Grand Total	18.132	933.572	2.936.941	30.112	26.207	59.035	4.003.999

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

Prior 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

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

	Current Period 30 June 2020	Prior Period 30 June 2019
Profit	480.880.525	537.232.598
Income From Capital Market Transactions	411.687	199.654
Income From Derivative Financial Transactions (*)	15.533.039	20.533.945
Foreign Exchange Gains	464.935.799	516.498.999
Loss (-)	480.967.437	537.211.928
Loss from Capital Market Transactions	128.831	118.852
Loss from Derivative Financial Transactions (*)	15.483.439	17.715.344
Foreign Exchange Loss	465.355.167	519.377.732
Total (Net)	(86.912)	20.670

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.186.566 (30 June 2019: TL 3.085.752).

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.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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

	Current Period 30 June 2020	Prior Period 30 June 2019
Expected Credit Loss	3.440.577	2.708.744
12 month expected credit loss (Stage 1)	316.245	131.358
Significant increase in credit risk (Stage 2)	1.306.048	888.384
Non-performing loans (Stage 3)	1.818.284	1.689.002
Marketable Securities Impairment Expense	8	-
Financial Assets at Fair Value through Profit or Loss	8	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	1.684.572	748.613
Total	5.125.157	3.457.357

(*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations, impairment losses on financial assets at fair value difference through profit or loss, lawsuit provision expenses and free provision allocated in the current year.

f. Information related to other operating expenses:

	Current Period 30 June 2020	Prior Period 30 June 2019
Reserve for Employee Termination Benefits	14.356	6.280
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	215.204	142.794
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	96.085	101.689
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	153	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.440.903	1.314.938
Leasing Expenses on TFRS 16 Exceptions (*)	56.616	52.119
Maintenance Expenses	23.767	34.765
Advertisement Expenses	60.737	53.691
Other Expenses	1.299.783	1.174.364
Loss on Sales of Assets	-	39
Other	485.870	350.003
Total	2.252.571	1.915.744

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

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

As of 30 June 2020, the Bank has a current tax expense of TL 1.097.654 (30 June 2019: TL 371.104), deferred tax expense of TL 647.002 (30 June 2019: TL 938.128) and a deferred tax income of TL 920.187 (30 June 2019: TL 613.904).

The Bank has no discontinued operations.

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

Net profit of the Bank is TL 2.896.295 (30 June 2019: TL 2.690.654).

The Bank has no discontinued operations.

i. Other figures on profit and loss statement:

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

V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

Disclosures are not prepared in accordance with the Article 25 of the "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced".

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

[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 2020:

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	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Balance at the End of the Period	965.702	307.253	7.408.492	1.438.608	2.999	1.148
Interest and Commission Income Received	30.942	25	375.089	4.615	251	9

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 11.103.657 as of 30 June 2020 (31 December 2019: TL 11.033.880).

2. Prior Period - 31 December 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	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Interest and Commission Income Received(*)	26.562	104	424.348	4.210	358	45

(*) 30 June 2019 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
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Balance at the Beginning of the Period	569.432	417.786	4.572.838	5.011.285	1.403.075	1.228.947
Balance at the End of the Period	712.170	569.432	4.969.104	4.572.838	527.482	1.403.075
Interest expense on Deposits(*)	7.919	18.446	82.745	165.375	12.303	70.887

(*) 30 June 2019 balances used for income/expense accounts.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

[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
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	2.916.547	3.860.965	11.408.705	10.451.000	-	-
Balance at the End of the Period	2.837.905	2.916.547	10.175.912	11.408.705	-	-
Total Income/Loss (*)	(6.138)	(3.433)	22.008	(10.078)	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss(*)	-	-	-	-	-	-

(*) 30 June 2019 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 2020, the net exposure for investments in associates and subsidiaries is TL (120.228) (31 December 2019: TL (822)). For direct and indirect shareholders of the Bank TL (374.021) (31 December 2019: TL (184.042)).

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

As of 30 June 2020 benefits provided to the Bank's key management amounting to TL 45.294 (30 June 2019: TL 32.640).

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 2020 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 28 July 2020 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

[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:

The number of coronavirus cases increased globally in the second quarter of 2020. As economic data dipped in April with the effect of lockdowns, signs of recovery started to appear thanks to the steps taken towards normalization from May on. IMF revised the global economic growth forecasts downwards again and decreased from -3% to -4,9% in its Economic Outlook Report. Central banks and governments continued to announce monetary and financial incentive packages against the negative economic impact of the pandemic. IMF states that globally announced financial supports are approaching to \$ 11 trillion, and with financial supports, the ratio of global public debt to GDP is expected to exceed 100% this year. The World Trade Organization states that the volume of world merchandise trade shrank 3% in the first quarter, and according to the initial estimates for the second quarter, it will decline by around 18,5% yoy. According to WTO's relatively optimistic scenario, world trade volume would contract by 13% in 2020.

After the Fed cut its target rate by 150 basis points to 0%-25% band in March, it kept interest rates at these levels and stated that the short-term interest rates would remain low until it is confident that the economy has weathered recent events. According to Fed projections, the economy is expected to contract by 6,5% in 2020 and then to grow by 5% and 3,5% in 2021 and 2022, respectively. Recent data flow in the US points out to a recovery along with the normalization steps. Manufacturing industry and the service sector PMI index showed a strong improvement in June.

European Central Bank kept its policy rate constant and expanded its Emergency Purchasing Program by € 600 billion. In addition, the program was extended at least until June 2021. Thus, total asset purchase reached € 1.35 billion. ECB asserts that the contraction in the second quarter was unprecedented, though in the third quarter; it expects a recovery with economic openings. ECB foresees a contraction of 8,7% for 2020 and a growth of 5,2% in 2021 in the region's economy. As a matter of fact, the data for June confirms the recovery. At the country level; governments also support the economy with financial incentive packages. The Bank of England also increased its asset purchase program and raised it from £ 645 billion to £ 745 billion.

Domestically; the economy, which had grown strongly in the first two months of the year, has lost momentum as the economic closures came into effect as of mid-March because of the epidemic. The dip in activity was experienced in April and a rebound is observed with the gradual lifting of the measures. Sectoral confidence indices, consumer confidence index, and PMI expectations index data rose in June, signaling growth in economic activity. On the foreign demand side, a weak course was observed in the second quarter of the year due to the weak foreign demand. With travel restrictions, tourism revenues decreased to very low levels. Thus; both an increase in the foreign trade deficit and weak service revenues caused a rise in current account deficit. The course of the global epidemic in the coming months, countries' steps to lift their travel restrictions, and the recovery in foreign demand would continue to be the determining factors on foreign trade figures.

Inflation accelerated to 12,62%, annually, in June. We consider that inflation will decline in the coming period with the base effect, relatively low energy prices and sub-par economic activity. We foresee that the CBRT will keep policy interest rates at its current level. The budget gave a deficit of TRY109.5 billion in the January-June period, the primary account gave a deficit of TRY 38.2 billion.

In our banking sector, robust credit activity is continuing as our banks continues to support the economic activity. The capital adequacy ratio of the sector stands at 19.4%, while the NPL ratio stands at 4.5% as of the end of May.

The developments regarding the pandemic and the measures countries take to support the economic activity will be closely followed in the second half of 2020.

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

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

Message from the CEO

COVID-19 pandemic has negatively affected the economies all over the world. Besides the measures taken in our country to reduce the negative effects of the pandemic, the banking sector has also made important contributions. Now, we are about to enter into a period of recovery and growth. With its robust financials, strong capital position, infrastructure and expertise, Akbank will continue to contribute strongly to the development of our country.

In this challenging period, the loan support we provided to the economy increased to a total of TL 296 billion, with TL 254 billion in cash loans. Through providing loans to companies, we continued to contribute to the development of the real sector and in the second quarter, our market share in TL loans among private and foreign banks increased substantially. In the first six months, our deposits reached TL 259 billion, while our assets reached TL 444 billion. With our strong capital structure, we continued to support the development of the real sector. Upon deferral requests received during the pandemic, the payment of over 618.000 loans whose principal amount is over TL 24 billion and due payment amount is about TL 8.5 billion have been deferred. In the first half, our bank reported a net profit of TL 2 billion 885 million, after TL 975 million tax provisions.

Akbank has become the first Turkish bank to issue Eurobond during the COVID-19 pandemic. The transaction was priced at a yield of 6.80%, raising USD 500 million for a 5.5 year maturity. The book was oversubscribed and reached USD 1.5 billion. This strong demand shows investors' confidence in the Turkish Banking sector and Akbank. With stable and transparent management, international banking standards, a strong balance sheet and excellent digital infrastructure, Akbank will continue to support Turkey's economy, as it has for the past 72 years and will continue to provide resources to support the growth of the Turkish economy and the real sector.

We are very happy to have been awarded "Turkey's Best Bank" for the 14th time by Euromoney. With our solid financials, strong technological infrastructure and banking of the future vision, we have been very successful. Our development efforts continue in key areas such as artificial intelligence and customer experience. Moreover, we are working on adapting our qualified workers to the new normal with new competences to equip them and us to thrive as our industry evolves. In this challenging period, we are very pleased to come across with higher than expected interest in our financial transactions, such as syndication and bond issuances, as we continued to provide finance for our country. We find it very significant to be named as "Turkey's Best Bank" for the 14th time and we are proud of it. I would like to thank all our stakeholders especially our employees who have contributed to our success and high performance in the first half of the year.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

A. INTRODUCTION

1. Changes in the Articles of Association During the Period:

There have been no changes in the Articles of Association during the period.

2. Important Issues and Transactions during the period

With regards to the guidance of the BRSA communicated to the banking sector on sustaining the strength of capital structures and therefore refraining from the distribution of net profit, the Board of Directors has decided to propose to the General Assembly not to distribute the net profit of TL 5.417.467.871,42 resulting from operations conducted in 2019, and to allocate all of the net profit to "Extraordinary Reserves" after the allocation of TL 240.000.000 to general legal reserves.

Fitch Ratings has affirmed Akbank T.A.S' Long Term FC IDR at "B+" and its outlook at "Negative" and revised Support Rating from "4" to "5" and in line with its application of new criteria Subordinated Debt Rating from "B" to "B-". Other ratings and outlook have been affirmed.

It had been announced that the total loan amount of the syndicated loan - approximate equivalent of USD 560 million with 367 days maturity secured on April 1, 2020 - may be increased through the accordion feature of the facility until drawdown date of April 9, 2020. As a result of additional commitments received, the total loan amount has been increased to approximate equivalent of USD 605 million (USD 256 million and EUR 316 million).

B. BANKING SECTOR SECOND QUARTER OVERVIEW

In the the first half of 2020, loan growth in the sector was 20.5% and deposit growth on the funding side was 17.9%.

C. UNCONSOLIDATED FINANCIAL RESULTS AND SECOND QUARTER OVERVIEW

1. Main Balance Sheet Items (TL Million):

	30.06.2020	31.12.2019
	Unconsolidated	Unconsolidated
	Financial Results	Financial Results
Total Asset	414.858	360.501
Loans	231.475	203.834
Deposits	237.292	224.055
Equity	57.517	54.382
Net Income (30.06.2019)	2.896	2.691

2. Main Financial Ratios (%):

	30.06.2020	31.12.2019
	Unconsolidated	Unconsolidated
	Financial Results	Financial Results
Loan / Total Assets	55,8	56,5
Deposit / Total Assets	57,2	62,2
Return on Equity (30.06.2019)	10,5	11,5
Return on Assets (30.06.2019)	1,5	1,6
NPL Ratio	6,8	7,3
Capital Adequacy Ratio	23,2	21,0
Earnings Per Share (TL) (30.06.2019)	0,00557	0,00560

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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

3. Akbank 2Q20 Results Overview:

Akbank reported a gross profit of TL 3.721 million, setting aside TL 824 million of tax provisions, reporting a net unconsolidated profit of TL 2.896 million in the first six months of the year. Capital adequacy ratio of the bank has realized at 23,2% in this period.

As of June 2020, Akbank's unconsolidated total asset realized at TL 415 billion, loans are approximately TL 231 billion and total deposits are approximately TL 237 billion.

Akbank's NPL ratio realized at 6,8% in the first half of the year.

4. Bank's Expectations For 2020:

Banks' forward-looking expectations which was announced publicly on 28 July 2020, are stated below:

2020 Guidance Outlook (%)

TL Loan Growth	Low-twenties
FX Loan Growth (in USD)	Negative ~10%
Leverage	~8x
ROE	Low-teens
NIM (Swap ad.)	%4.2 – 4.5%
Net fees&comm. growth	Neg. high-single digit
Opex growth	Mid-teens
Cost/income	≤ 34%
NPL	< 6%
Net total CoC	250-300 bps

[*] CIR calculation excludes FX gain from long FX position related with stage 1&2 provisions.