

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 SEPTEMBER 2018 TOGETHER WITH  
AUDITOR'S REVIEW REPORT**

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



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

### Introduction

We have reviewed the unconsolidated balance sheet of Akbank T.A.Ş. ("the Bank") at 30 September 2018 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on or review.

### Scope of Review

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

### Basis for the Qualified Conclusion

As mentioned in Section Five Part II h.4 (i) of Explanations and Notes to the Unconsolidated Financial Statements; a portion of free provision amounting to TL 250.000 thousand has been reversed and recorded as other operating income, in the period ended 30 September 2018, out of total free provision of TL 700.000 thousand provided in the prior years by the Bank Management considering the possible effect of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying unconsolidated financial statements is TL 450.000 thousand as at 30 September 2018.

### Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. at 30 September 2018 and the results of its operations and its cash flows for the nine-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, 24 October 2018

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
AKBANK T.A.Ş. AS OF  
30 SEPTEMBER 2018**

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

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

The accompanying unconsolidated financial statements and notes to these financial statements for nine-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.

24 October 2018

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

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

**SECTION ONE  
GENERAL INFORMATION ABOUT THE BANK**

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 30 September 2018, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2017: 51%).

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

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

<b>Title</b>	<b>Name</b>	<b>Responsibility</b>	<b>Education</b>
<b>Chairman:</b>	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
<b>Board of Directors:</b>	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür Demirtaş	Board Member	PhD
	S. Hakan BINBAŞGİL	Board Member and CEO	Graduate
<b>President and CEO:</b>	S. Hakan BINBAŞGİL	CEO	Graduate
<b>Head of Internal Audit:</b>	Eyüp ENGİN	Head of Internal Audit	Undergraduate
<b>Executive Vice Presidents:</b>	Bülent OĞUZ	SME Banking	Graduate
	H.Burcu ÇİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A.Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Ali Batu KARAALİ	Treasury	Graduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
<b>Internal Audit Committee:</b>	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Bank.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

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

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

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

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

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 30 September 2018, the Bank has 781 branches dispersed throughout the country and 1 branch operating abroad (31 December 2017: 800 branches and 1 branch operating abroad). As of 30 September 2018, the Bank the Bank has 13.485 employees (31 December 2017: 13.884).

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

None.

**SECTION TWO**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**

**AKBANK T.A.S.**

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

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/09/2018)		
		TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>65.469.631</b>	<b>105.586.372</b>	<b>171.056.003</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>7.658.227</b>	<b>69.973.846</b>	<b>77.632.073</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	5.137.801	28.793.351	33.931.152
1.1.2 Banks	(I-d)	652.523	35.392.788	36.045.311
1.1.3 Money Markets		1.867.903	5.787.707	7.655.610
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>12.697</b>	<b>177.503</b>	<b>190.200</b>
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity Instruments		-	177.503	177.503
1.2.3 Other Financial Assets		12.697	-	12.697
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-e)</b>	<b>22.675.329</b>	<b>21.079.096</b>	<b>43.754.425</b>
1.3.1 Government Debt Securities		22.505.707	14.866.786	37.372.493
1.3.2 Equity Instruments		12.848	607	13.455
1.3.3 Other Financial Assets		156.774	6.211.703	6.368.477
<b>1.4 Financial Assets Measured at Amortised Cost</b>	<b>(I-g)</b>	<b>4.317.311</b>	<b>6.621.376</b>	<b>10.938.687</b>
1.4.1 Government Debt Securities		4.317.311	4.695.913	9.013.224
1.4.2 Other Financial Assets		-	1.925.463	1.925.463
<b>1.5 Derivative Financial Assets</b>	<b>(I-c, I-I)</b>	<b>30.880.149</b>	<b>7.761.190</b>	<b>38.641.339</b>
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		27.855.449	7.307.923	35.163.372
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3.024.700	453.267	3.477.967
<b>1.6 Non-Performing Financial Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>1.7 Expected Loss Provision (-)</b>		<b>74.082</b>	<b>26.639</b>	<b>100.721</b>
<b>II. LOANS (NET)</b>	<b>(I-f)</b>	<b>126.610.283</b>	<b>76.669.311</b>	<b>203.279.594</b>
<b>2.1 Loans</b>		<b>125.697.238</b>	<b>80.706.308</b>	<b>206.403.546</b>
2.1.1 Measured at Amortised Cost		125.697.238	80.706.308	206.403.546
2.1.2 Fair Value Through Profit or Loss		-	-	-
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
<b>2.2 Lease Receivables</b>	<b>(I-k)</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.2.1 Financial Lease Receivables		-	-	-
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		-	-	-
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>
2.3.1 Measured at Amortised Cost		-	-	-
2.3.2 Fair Value Through Profit or Loss		-	-	-
2.3.3 Fair Value Through Other Comprehensive Income		-	-	-
<b>2.4 Non-Performing Loans</b>		<b>7.049.493</b>	<b>-</b>	<b>7.049.493</b>
<b>2.5 Expected Credit Loss (-)</b>		<b>6.136.448</b>	<b>4.036.997</b>	<b>10.173.445</b>
2.5.1 12 Month Expected Credit Losses (Stage I)		636.824	172.987	809.811
2.5.2 Significant Increase in Credit Risk (Stage II)		1.266.621	3.864.010	5.130.631
2.5.3 Credit-Impaired Losses (Stage III / Special Provision)		4.233.003	-	4.233.003
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-o)</b>	<b>86.248</b>	<b>-</b>	<b>86.248</b>
3.1 Held for Sale Purpose		86.248	-	86.248
3.2 Related to Discontinued Operations		-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>1.235.609</b>	<b>4.825.051</b>	<b>6.060.660</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-h)</b>	<b>5.521</b>	<b>-</b>	<b>5.521</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521
<b>4.2 Subsidiaries (Net)</b>	<b>(I-i)</b>	<b>1.230.088</b>	<b>4.825.051</b>	<b>6.055.139</b>
4.2.1 Unconsolidated Financial Subsidiaries		1.230.088	4.825.051	6.055.139
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-j)</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>3.636.257</b>	<b>7.005</b>	<b>3.643.262</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>534.657</b>	<b>26</b>	<b>534.683</b>
6.1 Goodwill		-	-	-
6.2 Other		534.657	26	534.683
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-m)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>116.509</b>	<b>-</b>	<b>116.509</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-n)</b>	<b>61.719</b>	<b>-</b>	<b>61.719</b>
<b>X. OTHER ASSETS</b>	<b>(I-p)</b>	<b>1.640.569</b>	<b>5.977.985</b>	<b>7.618.554</b>
<b>TOTAL ASSETS</b>		<b>199.391.482</b>	<b>193.065.750</b>	<b>392.457.232</b>

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

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

**AKBANK T.A.S.**  
**I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

ASSETS	Note (Section Five)	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-a)</b>	<b>8.461.582</b>	<b>26.901.584</b>	<b>35.363.166</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)</b>	<b>(I-b)</b>	<b>5.551.804</b>	<b>2.725.703</b>	<b>8.277.507</b>
2.1 Trading Financial Assets		5.551.804	2.725.703	8.277.507
2.1.1 Government Debt Securities		-	-	-
2.1.2 Equity Securities		-	-	-
2.1.3 Trading Derivative Financial Assets		5.551.804	2.725.703	8.277.507
2.1.4 Other Marketable Securities		-	-	-
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-
2.2.1 Government Debt Securities		-	-	-
2.2.2 Equity Securities		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other Marketable Securities		-	-	-
<b>III. BANKS</b>	<b>(I-d)</b>	<b>10.397</b>	<b>8.106.382</b>	<b>8.116.779</b>
<b>IV. MONEY MARKETS</b>		<b>1.552.161</b>	<b>-</b>	<b>1.552.161</b>
4.1 Interbank Money Market Placements		-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		1.552.161	-	1.552.161
4.3 Receivables from Reverse Repurchase Agreements		-	-	-
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>(I-e)</b>	<b>23.452.538</b>	<b>17.354.032</b>	<b>40.806.570</b>
5.1 Equity Securities		12.848	85.027	97.875
5.2 Government Debt Securities		23.159.176	13.657.443	36.816.619
5.3 Other Marketable Securities		280.514	3.611.562	3.892.076
<b>VI. LOANS and RECEIVABLES</b>	<b>(I-f)</b>	<b>132.232.420</b>	<b>58.276.547</b>	<b>190.508.967</b>
6.1 Loans and Receivables		132.079.801	58.276.547	190.356.348
6.1.1 Loans to Bank's Risk Group	(VI)	3.925.476	1.981.389	5.906.865
6.1.2 Government Debt Securities		-	-	-
6.1.3 Other		128.154.325	56.295.158	184.449.483
6.2 Loans under Follow-up		4.532.711	-	4.532.711
6.3 Specific Provisions [-]		4.380.092	-	4.380.092
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>(I-g)</b>	<b>5.995.041</b>	<b>12.887.991</b>	<b>18.883.032</b>
8.1 Government Debt Securities		5.995.041	10.148.338	16.143.379
8.2 Other Marketable Securities		-	2.739.653	2.739.653
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-h)</b>	<b>3.923</b>	<b>-</b>	<b>3.923</b>
9.1 Associates Consolidated Based on Equity Method		-	-	-
9.2 Unconsolidated Associates		3.923	-	3.923
9.2.1 Financial Investments in Associates		-	-	-
9.2.2 Non-Financial Investments in Associates		3.923	-	3.923
<b>X. SUBSIDIARIES (Net)</b>	<b>(I-i)</b>	<b>1.150.713</b>	<b>2.982.385</b>	<b>4.133.098</b>
10.1 Financial Subsidiaries		1.150.713	2.982.385	4.133.098
10.2 Non-Financial Subsidiaries		-	-	-
<b>XI. JOINT VENTURES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-
11.2.1 Financial Joint Ventures		-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	<b>(I-k)</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Financial Lease Receivables		-	-	-
12.2 Operating Lease Receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned Income [-]		-	-	-
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>(I-l)</b>	<b>973.630</b>	<b>161.224</b>	<b>1.134.854</b>
13.1 Fair Value Hedge		973.630	29.776	1.003.406
13.2 Cash Flow Hedge		-	131.448	131.448
13.3 Foreign Net Investment Hedge		-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>		<b>3.409.399</b>	<b>7.039</b>	<b>3.416.438</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>471.637</b>	<b>13</b>	<b>471.650</b>
15.1 Goodwill		-	-	-
15.2 Other		471.637	13	471.650
<b>XVI. INVESTMENT PROPERTY (Net)</b>	<b>(I-m)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>-</b>	<b>9.075</b>	<b>9,075</b>
17.1 Current Tax Asset		-	-	-
17.2 Deferred Tax Asset	(I-n)	-	9.075	9,075
<b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-o)</b>	<b>57.520</b>	<b>-</b>	<b>57.520</b>
18.1 Held for Sale Purpose		57.520	-	57.520
18.2 Related to Discontinued Operations		-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(I-p)</b>	<b>1.056.629</b>	<b>2.239.499</b>	<b>3.296.128</b>
<b>TOTAL ASSETS</b>		<b>184.379.394</b>	<b>131.651.474</b>	<b>316.030.868</b>

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



**AKBANK T.A.Ş.**  
**I. UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2018 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/09/2018)		Total
		TL	FC	
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>88.268.143</b>	<b>133.076.123</b>	<b>221.344.266</b>
<b>II. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>639.894</b>	<b>43.546.554</b>	<b>44.186.448</b>
<b>III. MONEY MARKETS</b>		<b>15.746.583</b>	<b>14.323.062</b>	<b>30.069.645</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>3.109.950</b>	<b>9.268.881</b>	<b>12.378.831</b>
4.1 Bills		1.471.229	-	1.471.229
4.2 Asset Backed Securities		-	-	-
4.3 Bonds		1.638.721	9.268.881	10.907.602
<b>V. FUNDS</b>		-	-	-
5.1 Borrower Funds		-	-	-
5.2 Other		-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b, II-g)</b>	<b>21.880.285</b>	<b>3.100.843</b>	<b>24.981.128</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		20.619.530	3.100.843	23.720.373
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		1.260.755	-	1.260.755
<b>VIII. FACTORING LIABILITIES</b>		-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	<b>(II-f)</b>	<b>9.821</b>	-	<b>9.821</b>
9.1 Financial Lease		11.205	-	11.205
9.2 Operating Lease		-	-	-
9.3 Other		-	-	-
9.4 Deferred Financial Lease Expenses [ - ]		1.384	-	1.384
<b>X. PROVISIONS</b>	<b>(II-h)</b>	<b>925.924</b>	<b>218.809</b>	<b>1.144.733</b>
10.1 Restructuring Provisions		-	-	-
10.2 Reserve for Employee Benefits		302.237	-	302.237
10.3 Insurance Technical Provisions (Net)		-	-	-
10.4 Other Provisions		623.687	218.809	842.496
<b>XI. CURRENT TAX LIABILITY</b>	<b>(II-i)</b>	<b>462.066</b>	<b>49.441</b>	<b>511.507</b>
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-
13.1 Held for Sale Purpose		-	-	-
13.2 Related to Discontinued Operations		-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(II-j)</b>	-	<b>5.422.330</b>	<b>5.422.330</b>
14.1 Loans		-	-	-
14.2 Other Debt Instruments		-	5.422.330	5,422,330
<b>XV. OTHER LIABILITIES</b>		<b>5.719.367</b>	<b>3.500.576</b>	<b>9.219.943</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>42.163.132</b>	<b>1.025.448</b>	<b>43.188.580</b>
16.1 Paid-in capital		4.000.000	-	4,000,000
16.2 Capital Reserves		3.686.298	-	3,686,298
16.2.1 Share Premium		1.700.000	-	1,700,000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Other Capital Reserves		1.986.298	-	1,986,298
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.950.162	587.545	3,537,707
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(1.345.910)	437.903	(908,007)
16.5 Profit Reserves		28.233.739	-	28,233,739
16.5.1 Legal Reserves		1.532.027	-	1,532,027
16.5.2 Status Reserves		-	-	-
16.5.3 Extraordinary Reserves		26.429.072	-	26,429,072
16.5.4 Other Profit Reserves		272.640	-	272,640
16.6 Income or (Loss)		4.638.843	-	4,638,843
16.6.1 Prior Periods' Income or (Loss)		-	-	-
16.6.2 Current Period Income or (Loss)		4.638.843	-	4,638,843
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>178.925.165</b>	<b>213.532.067</b>	<b>392.457.232</b>

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**AKBANK T.A.Ş.**  
**I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>92.793.964</b>	<b>92.110.485</b>	<b>184.904.449</b>
1.1 Deposits of Bank's Risk Group	(VII)	2.731.503	3.491.122	6.222.625
1.2 Other		90.062.461	88.619.363	178.681.824
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b)</b>	<b>4.177.354</b>	<b>1.342.899</b>	<b>5.520.253</b>
<b>III. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>235.654</b>	<b>29.436.126</b>	<b>29.671.780</b>
<b>IV. MONEY MARKETS</b>		<b>4.009.373</b>	<b>23.273.667</b>	<b>27.283.040</b>
4.1 Funds from Interbank Money Market		-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-
4.3 Funds Provided Under Repurchase Agreements		4.009.373	23.273.667	27.283.040
<b>V. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>6.112.509</b>	<b>7.740.640</b>	<b>13.853.149</b>
5.1 Bills		3.783.736	-	3.783.736
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		2.328.773	7.740.640	10.069.413
<b>VI. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>
6.1 Borrower Funds		-	-	-
6.2 Other		-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>4.376.386</b>	<b>1.540.811</b>	<b>5.917.197</b>
<b>VIII. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>916.386</b>	<b>185.251</b>	<b>1.101.637</b>
<b>IX. FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	<b>(II-f)</b>	<b>5.899</b>	<b>-</b>	<b>5.899</b>
10.1 Financial Lease Payables		7.504	-	7.504
10.2 Operating Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses [ - ]		1.605	-	1.605
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-g)</b>	<b>-</b>	<b>74.911</b>	<b>74.911</b>
11.1 Fair Value Hedge		-	74.911	74.911
11.2 Cash Flow Hedge		-	-	-
11.3 Foreign Net Investment Hedge		-	-	-
<b>XII. PROVISIONS</b>	<b>(II-h)</b>	<b>2.804.045</b>	<b>987.236</b>	<b>3.791.281</b>
12.1 General Loan Loss Provisions		1.671.841	982.170	2.654.011
12.2 Restructuring Provisions		-	-	-
12.3 Reserve for Employee Benefits		290.127	-	290.127
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		842.077	5.066	847.143
<b>XIII. TAX LIABILITY</b>	<b>(II-i)</b>	<b>1.542.106</b>	<b>39.661</b>	<b>1.581.767</b>
13.1 Current Tax Liability		1.149.942	39.661	1.189.603
13.2 Deferred Tax Liability		392.164	-	392.164
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held for Sale Purpose		-	-	-
14.2 Related to Discontinued Operations		-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>(II-j)</b>	<b>-</b>	<b>1.900.999</b>	<b>1.900.999</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>39.258.454</b>	<b>1.166.052</b>	<b>40.424.506</b>
16.1 Paid-in capital		4.000.000	-	4.000.000
16.2 Capital Reserves		5.429.322	1.166.052	6.595.374
16.2.1 Share Premium		1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Differences		93.155	1.071.594	1.164.749
16.2.4 Property and Equipment Revaluation Differences		2.343.606	5.356	2.348.962
16.2.5 Intangible Assets Revaluation Differences		-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		6.440	-	6.440
16.2.8 Hedging Funds (Effective portion)		(5.729)	89.102	83.373
16.2.9 Value Increase of Assets		-	-	-
16.2.10 Other Capital Reserves		1.291.850	-	1.291.850
16.3 Profit Reserves		23.790.063	-	23.790.063
16.3.1 Legal Reserves		1.392.027	-	1.392.027
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		22.137.126	-	22.137.126
16.3.4 Other Profit Reserves		260.910	-	260.910
16.4 Income or (Loss)		6.039.069	-	6.039.069
16.4.1 Prior Periods' Income or (Loss)		-	-	-
16.4.2 Current Period Income or (Loss)		6.039.069	-	6.039.069
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>156.232.130</b>	<b>159.798.738</b>	<b>316.030.868</b>

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

**AKBANK T.A.Ş.**  
**II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2018**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (30/09/2018)		Total
		TL	FC	
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>215.402.025</b>	<b>672.538.829</b>	<b>887.940.854</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-2, 3)</b>	<b>23.223.631</b>	<b>41.638.262</b>	<b>64.861.893</b>
1.1 Letters of Guarantee		20.143.316	20.363.207	40.506.523
1.1.1 Guarantees Subject to State Tender Law		418.807	2.716.083	3.134.890
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.777.313	3.777.313
1.1.3 Other Letters of Guarantee		19.724.509	13.869.811	33.594.320
1.2 Bank Acceptances		-	5.043.576	5.043.576
1.2.1 Import Letter of Acceptance		-	5.043.576	5.043.576
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		2.499	10.672.502	10.675.001
1.3.1 Documentary Letters of Credit		2.499	9.843.558	9.846.057
1.3.2 Other Letters of Credit		-	828.944	828.944
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		-	17.480	17.480
1.8 Other Guarantees		15.289	5.536.546	5.551.835
1.9 Other Collaterals		3.062.527	4.951	3.067.478
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>45.915.725</b>	<b>27.455.786</b>	<b>73.371.511</b>
2.1 Irrevocable Commitments		45.137.812	26.596.106	71.733.918
2.1.1 Asset Purchase Commitments		7.446.572	10.974.270	18.420.842
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		7.000	-	7.000
2.1.4 Loan Granting Commitments		7.356.614	4.038.296	11.394.910
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		6.545.326	-	6.545.326
2.1.8 Tax and Fund Liabilities from Export Commitments		1.987	-	1.987
2.1.9 Commitments for Credit Card Limits		19.361.640	-	19.361.640
2.1.10 Commitments for Credit Cards and Banking Services Promotions		72.718	-	72.718
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13 Other Irrevocable Commitments		4.345.955	11.583.540	15.929.495
2.2 Revocable Commitments		777.913	859.680	1.637.593
2.2.1 Revocable Loan Granting Commitments		777.913	859.680	1.637.593
2.2.2 Other Revocable Commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>146.262.669</b>	<b>603.444.781</b>	<b>749.707.450</b>
3.1 Hedging Derivative Financial Instruments		11.626.205	49.750.442	61.376.647
3.1.1 Fair Value Hedges		2.497.225	17.064.759	19.561.984
3.1.2 Cash Flow Hedges		9.128.980	32.685.683	41.814.663
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		134.636.464	553.694.339	688.330.803
3.2.1 Forward Foreign Currency Buy/Sell Transactions		13.689.133	24.289.975	37.979.108
3.2.1.1 Forward Foreign Currency Transactions-Buy		8.489.256	10.975.555	19.464.811
3.2.1.2 Forward Foreign Currency Transactions-Sell		5.199.877	13.314.420	18.514.297
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		87.028.147	373.170.231	460.198.378
3.2.2.1 Foreign Currency Swap-Buy		36.125.293	104.690.875	140.816.168
3.2.2.2 Foreign Currency Swap-Sell		47.675.634	90.369.548	138.045.182
3.2.2.3 Interest Rate Swap-Buy		1.613.610	89.054.904	90.668.514
3.2.2.4 Interest Rate Swap-Sell		1.613.610	89.054.904	90.668.514
3.2.3 Foreign Currency, Interest Rate and Securities Options		33.854.100	129.996.592	163.850.692
3.2.3.1 Foreign Currency Options-Buy		15.654.761	23.301.302	38.956.063
3.2.3.2 Foreign Currency Options-Sell		18.199.339	20.619.506	38.818.845
3.2.3.3 Interest Rate Options-Buy		-	43.037.892	43.037.892
3.2.3.4 Interest Rate Options-Sell		-	43.037.892	43.037.892
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-
3.2.5 Interest Rate Futures		-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-
3.2.6 Other		65.084	26.237.541	26.302.625
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>766.031.783</b>	<b>342.193.747</b>	<b>1.108.225.530</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>37.978.682</b>	<b>21.729.115</b>	<b>59.707.797</b>
4.1 Customer Fund and Portfolio Balances		4.008.475	-	4.008.475
4.2 Investment Securities Held in Custody		2.570.660	2.143.692	4.714.352
4.3 Cheques Received for Collection		24.657.614	2.769.697	27.427.311
4.4 Commercial Notes Received for Collection		6.248.038	4.198.032	10.446.070
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		493.895	12.617.694	13.111.589
4.8 Custodians		-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>161.476.896</b>	<b>103.915.824</b>	<b>265.392.720</b>
5.1 Marketable Securities		558.873	7.140.545	7.699.418
5.2 Guarantee Notes		805.632	668.409	1.474.041
5.3 Commodity		5.000	8.955	13.955
5.4 Warranty		-	-	-
5.5 Immovables		122.856.533	71.033.744	193.890.277
5.6 Other Pledged Items		37.250.858	25.064.171	62.315.029
5.7 Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>566.576.205</b>	<b>216.548.808</b>	<b>783.125.013</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>981.433.808</b>	<b>1.014.732.576</b>	<b>1.996.166.384</b>

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**AKBANK T.A.Ş.**  
**II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2017**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	PRIOR PERIOD (31/12/2017)		Total
		TL	FC	
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>180.212.631</b>	<b>418.215.101</b>	<b>598.427.732</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-2, 3)</b>	<b>21.679.216</b>	<b>30.921.962</b>	<b>52.601.178</b>
1.1 Letters of Guarantee		18.822.531	16.236.953	35.059.484
1.1.1 Guarantees Subject to State Tender Law		492.470	2.884.919	3.377.389
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.296.726	3.296.726
1.1.3 Other Letters of Guarantee		18.330.061	10.055.308	28.385.369
1.2 Bank Acceptances		198	3.757.904	3.758.102
1.2.1 Import Letter of Acceptance		198	3.757.904	3.758.102
1.2.2 Other Bank Acceptances		-	-	-
1.3 Letters of Credit		7.257	6.858.994	6.866.251
1.3.1 Documentary Letters of Credit		7.257	6.289.394	6.296.651
1.3.2 Other Letters of Credit		-	569.600	569.600
1.4 Prefinancing Given as Guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-
1.5.2 Other Endorsements		-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-
1.7 Factoring Guarantees		-	10.757	10.757
1.8 Other Guarantees		28.469	4.046.096	4.074.565
1.9 Other Collaterals		2.820.761	11.258	2.832.019
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>39.498.253</b>	<b>19.956.730</b>	<b>59.454.983</b>
2.1 Irrevocable Commitments		38.813.809	19.956.730	58.770.539
2.1.1 Asset Purchase Commitments		2.668.087	7.928.578	10.596.665
2.1.2 Deposit Purchase and Sales Commitments		-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4 Loan Granting Commitments		7.108.285	3.253.640	10.361.925
2.1.5 Securities Issue Brokerage Commitments		-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-
2.1.7 Commitments for Cheque Payments		6.679.928	-	6.679.928
2.1.8 Tax and Fund Liabilities from Export Commitments		5.586	-	5.586
2.1.9 Commitments for Credit Card Limits		18.431.137	-	18.431.137
2.1.10 Commitments for Credit Cards and Banking Services Promotions		66.262	-	66.262
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13 Other Irrevocable Commitments		3.854.524	8.774.512	12.629.036
2.2 Revocable Commitments		684.444	-	684.444
2.2.1 Revocable Loan Granting Commitments		684.444	-	684.444
2.2.2 Other Revocable Commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>119.035.162</b>	<b>367.336.409</b>	<b>486.371.571</b>
3.1 Hedging Derivative Financial Instruments		2.497.225	26.913.498	29.410.723
3.1.1 Fair Value Hedges		2.497.225	12.560.486	15.057.711
3.1.2 Cash Flow Hedges		-	14.353.012	14.353.012
3.1.3 Foreign Net Investment Hedges		-	-	-
3.2 Trading Derivative Financial Instruments		116.537.937	340.422.911	456.960.848
3.2.1 Forward Foreign Currency Buy/Sell Transactions		12.418.235	17.769.668	30.187.903
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.102.564	8.990.976	15.093.540
3.2.1.2 Forward Foreign Currency Transactions-Sell		6.315.671	8.778.692	15.094.363
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		87.056.797	224.261.509	311.318.306
3.2.2.1 Foreign Currency Swap-Buy		33.154.806	78.271.569	111.426.375
3.2.2.2 Foreign Currency Swap-Sell		50.563.691	56.498.116	107.061.807
3.2.2.3 Interest Rate Swap-Buy		1.669.150	44.745.912	46.415.062
3.2.2.4 Interest Rate Swap-Sell		1.669.150	44.745.912	46.415.062
3.2.3 Foreign Currency, Interest Rate and Securities Options		16.975.529	83.630.054	100.605.583
3.2.3.1 Foreign Currency Options-Buy		7.745.085	11.982.227	19.727.312
3.2.3.2 Foreign Currency Options-Sell		9.230.444	10.813.503	20.043.947
3.2.3.3 Interest Rate Options-Buy		-	30.417.162	30.417.162
3.2.3.4 Interest Rate Options-Sell		-	30.417.162	30.417.162
3.2.3.5 Securities Options-Buy		-	-	-
3.2.3.6 Securities Options-Sell		-	-	-
3.2.4 Foreign Currency Futures		-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-
3.2.5 Interest Rate Futures		-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-
3.2.6 Other		87.376	14.761.680	14.849.056
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>718.235.764</b>	<b>214.798.318</b>	<b>933.034.082</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>35.981.534</b>	<b>12.557.967</b>	<b>48.539.501</b>
4.1 Customer Fund and Portfolio Balances		4.329.384	-	4.329.384
4.2 Investment Securities Held in Custody		3.957.316	1.062.605	5.019.921
4.3 Cheques Received for Collection		21.906.910	1.675.367	23.582.277
4.4 Commercial Notes Received for Collection		5.293.887	2.661.455	7.955.342
4.5 Other Assets Received for Collection		-	-	-
4.6 Assets Received for Public Offering		-	-	-
4.7 Other Items Under Custody		494.037	7.158.540	7.652.577
4.8 Custodians		-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>153.358.820</b>	<b>67.210.869</b>	<b>220.569.689</b>
5.1 Marketable Securities		1.533.214	570.101	2.103.315
5.2 Guarantee Notes		1.061.747	555.781	1.617.528
5.3 Commodity		-	25.310	25.310
5.4 Warranty		-	-	-
5.5 Immovables		113.868.168	49.223.837	163.092.005
5.6 Other Pledged Items		36.895.691	16.835.840	53.731.531
5.7 Pledged Items-Depository		-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>528.895.410</b>	<b>135.029.482</b>	<b>663.924.892</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>898.448.395</b>	<b>633.013.419</b>	<b>1.531.461.814</b>

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

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

**AKBANK T.A.Ş.**
**III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD (01/01-30/09/2018)	CURRENT PERIOD (01/07-30/09/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>23.402.694</b>	<b>9.064.706</b>
1.1	Interest on Loans	(IV-a-1)	18.249.642	6.743.726
1.2	Interest on Reserve Requirements		333.057	133.276
1.3	Interest on Banks	(IV-a-2)	468.297	204.792
1.4	Interest on Money Market Transactions		175.007	71.487
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	4.162.709	1.905.966
1.5.1	Fair Value Through Profit or Loss		-	-
1.5.2	Fair Value Through Other Comprehensive Income		3.356.660	1.549.351
1.5.3	Measured at Amortised Cost		806.049	356.615
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		13.982	5.459
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>12.868.743</b>	<b>5.269.893</b>
2.1	Interest on Deposits	(IV-b-4)	9.688.966	3.788.653
2.2	Interest on Funds Borrowed	(IV-b-1)	1.051.291	469.841
2.3	Interest Expense on Money Market Transactions		977.404	552.505
2.4	Interest on Securities Issued	(IV-b-3)	1.078.851	439.552
2.5	Other Interest Expenses		72.231	19.342
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>10.533.951</b>	<b>3.794.813</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>2.475.942</b>	<b>881.267</b>
4.1	Fees and Commissions Received		3.171.232	1.157.510
4.1.1	Non-cash Loans		276.576	119.099
4.1.2	Other		2.894.656	1.038.411
4.2	Fees and Commissions Paid		695.290	276.243
4.2.1	Non-cash Loans		345	134
4.2.2	Other		694.945	276.109
<b>V.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>1.567.381</b>	<b>540.569</b>
<b>VI.</b>	<b>DIVIDEND INCOME</b>		<b>4.405</b>	<b>1.355</b>
<b>VII.</b>	<b>TRADING INCOME /(LOSS) (Net)</b>	<b>(IV-c)</b>	<b>485.321</b>	<b>643.363</b>
7.1	Trading Gains / (Losses) on Securities		(1.077.626)	(1.049.126)
7.2	Gains / (Losses) on Derivative Financial Transactions		7.142.337	5.339.602
7.3	Foreign Exchange Gains / (Losses)		(5.579.390)	(3.647.113)
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-d)</b>	<b>799.681</b>	<b>106.731</b>
<b>IX.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>12.731.919</b>	<b>4.886.960</b>
<b>X.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(IV-e)</b>	<b>4.794.575</b>	<b>2.350.192</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-f)</b>	<b>2.420.048</b>	<b>832.875</b>
<b>XII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>5.517.296</b>	<b>1.703.893</b>
<b>XIII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XIV.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>279.872</b>	<b>53.887</b>
<b>XV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>		<b>5.797.168</b>	<b>1.757.780</b>
<b>XVII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-g)</b>	<b>1.158.325</b>	<b>430.546</b>
17.1	Current Tax Provision		729.203	233.533
17.2	Deferred Tax Income Effect (+)		1.679.897	766.099
17.3	Deferred Tax Expense Effect (-)		1.250.775	569.086
<b>XVIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>		<b>4.638.843</b>	<b>1.327.234</b>
<b>XIX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
19.1	Income from Non-current Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Income from Other Discontinued Operations		-	-
<b>XX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
20.1	Expenses for Non-current Assets Held for Sale		-	-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Expenses for Other Discontinued Operations		-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
22.1	Current Tax Provision		-	-
22.2	Deferred Tax Expense Effect (+)		-	-
22.3	Deferred Tax Income Effect (-)		-	-
<b>XXIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-	-
<b>XXIV.</b>	<b>NET INCOME/(LOSS) (XVIII+XXIII)</b>	<b>(IV-h)</b>	<b>4.638.843</b>	<b>1.327.234</b>
	Earning/(Loss) per share (in TL full)		0,01160	0,00332

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

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

**AKBANK T.A.S.**
**III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

<b>INCOME AND EXPENSE ITEMS</b>		<b>Note</b>	<b>PRIOR PERIOD</b>	<b>PRIOR PERIOD</b>
		<b>(Section Five)</b>	<b>(01/01-30/09/2017)</b>	<b>(01/07-30/09/2017)</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>16.453.870</b>	<b>5.808.365</b>
1.1	Interest on Loans	(IV-a-1)	13.321.915	4.710.670
1.2	Interest on Reserve Requirements		176.905	71.219
1.3	Interest on Banks	(IV-a-2)	147.200	57.720
1.4	Interest on Money Market Transactions		15.172	7.357
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	2.782.672	958.477
1.5.1	Trading Financial Assets		-	-
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		2.046.438	713.580
1.5.4	Held- to- maturity Investments		736.234	244.897
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		10.006	2.922
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(IV-b)</b>	<b>9.005.551</b>	<b>3.318.852</b>
2.1	Interest on Deposits	(IV-b-4)	7.274.196	2.712.513
2.2	Interest on Funds Borrowed	(IV-b-1)	554.318	182.419
2.3	Interest Expense on Money Market Transactions		542.149	185.365
2.4	Interest on Securities Issued	(IV-b-3)	592.410	234.178
2.5	Other Interest Expenses		42.478	4.377
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>7.448.319</b>	<b>2.489.513</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>2.021.472</b>	<b>688.848</b>
4.1	Fees and Commissions Received		2.519.108	875.888
4.1.1	Non-cash Loans		191.516	64.962
4.1.2	Other		2.327.592	810.926
4.2	Fees and Commissions Paid		497.636	187.040
4.2.1	Non-cash Loans		336	127
4.2.2	Other		497.300	186.913
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>1.822</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME /(LOSS) (Net)</b>	<b>(IV-c)</b>	<b>(222.889)</b>	<b>(91.827)</b>
6.1	Trading Gains / (Losses) on Securities		216.372	77.017
6.2	Gains / (Losses) on Derivative Financial Transactions		246.731	725.861
6.3	Foreign Exchange Gains / (Losses)		(685.992)	(894.705)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-d)</b>	<b>591.763</b>	<b>144.915</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>9.840.487</b>	<b>3.231.449</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-e)</b>	<b>1.166.457</b>	<b>354.520</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-f)</b>	<b>3.366.841</b>	<b>1.138.666</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>5.307.189</b>	<b>1.738.263</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>289.840</b>	<b>114.869</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)</b>		<b>5.597.029</b>	<b>1.853.132</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-g)</b>	<b>1.082.182</b>	<b>354.602</b>
16.1	Current Tax Provision		803.331	134.079
16.2	Deferred Tax Provision		278.851	220.523
<b>XVII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>4.514.847</b>	<b>1.498.530</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Income from Other Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Expenses for Other Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
<b>XXII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>NET INCOME/(LOSS) (XVII+XXII)</b>	<b>(IV-h)</b>	<b>4.514.847</b>	<b>1.498.530</b>
Earning/(Loss) per share (in TL full)			0,01129	0,00375

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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 SEPTEMBER 2018**

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

	<b>CURRENT PERIOD (30/09/2018)</b>
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>4.638.843</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(770.998)</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>389.517</b>
2.1.1 Property and Equipment Revaluation Increase/Decrease	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	7.486
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	383.678
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.647)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(1.160.515)</b>
2.2.1 Foreign Currency Translation Differences	1.428.623
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(3.708.335)
2.2.3 Cash Flow Hedge Income/Loss	1.172.863
2.2.4 Foreign Net Investment Hedge Income/Loss	(783.936)
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	730.270
<b>XII. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>3.867.845</b>

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

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

**AKBANK T.A.Ş.****IV. UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

<b>INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>PRIOR PERIOD (30/09/2017)</b>
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS</b>	<b>1.221.333</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	<b>2.461.164</b>
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	<b>-</b>
<b>IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS</b>	<b>-</b>
<b>V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)</b>	<b>(9.159)</b>
<b>VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion)</b>	<b>-</b>
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS</b>	<b>-</b>
<b>VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>-</b>
<b>IX. TAX RELATED TO VALUATION DIFFERENCES</b>	<b>(401.570)</b>
<b>X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>3.271.768</b>
<b>XI. CURRENT PERIOD INCOME / LOSS</b>	<b>4.514.847</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	106.009
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(29.447)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
11.4 Other	4.438.285
<b>XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>7.786.615</b>

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

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



AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss							Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							Total Shareholders' Equity
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)		
<b>CURRENT PERIOD</b>																
<b>(30/09/2018)</b>																
I.	<b>Prior Period End Balance</b>	4.000.000	1.700.000	-	1.405.892	2.348.962	(114.043)	1.113.024	835.299	(777.134)	83.374	23.790.063	-	6.039.069	40.424.506	
II.	<b>Corrections and Accounting Policy Changes Made According to TAS 8</b>	-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051	
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects of the Changes in Accounting Policies	-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051	
III.	<b>Adjusted Beginning Balance (I+II)</b>	4.000.000	1.700.000	-	1.986.298	2.348.962	(114.043)	1.054.700	835.299	(666.165)	83.374	23.790.063	-	6.039.069	41.057.557	
IV.	Total Comprehensive Income	-	-	-	-	-	5.839	383.678	1.428.623	(2.892.501)	303.363	-	-	4.638.843	3.867.845	
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes	-	-	-	-	[141.429]	-	-	-	-	-	4.607	-	-	[136.822]	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	4.439.069	-	(6.039.069)	[1.600.000]	
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	[1.600.000]	[1.600.000]	
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	4.439.069	-	(4.439.069)	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period-End Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.000.000</b>	<b>1.700.000</b>	<b>-</b>	<b>1.986.298</b>	<b>2.207.533</b>	<b>(108.204)</b>	<b>1.438.378</b>	<b>2.263.922</b>	<b>(3.558.666)</b>	<b>386.737</b>	<b>28.233.739</b>	<b>-</b>	<b>4.638.843</b>	<b>43.188.580</b>	

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

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

**AKBANK T.A.Ş.**

**V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital(*)	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinar y Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Equipment Revaluation Differences	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Transactions	Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr.	Total Shareholders' Equity
<b>PRIOR PERIOD (**) (30/09/2017)</b>																	
<b>I.</b>	Beginning Balance	4.000.000	1.405.892	1.700.000	-	1.322.027	-	18.718.299	49.517	4.820.455	-	271.568	47.106	4.895	35.899	-	32.375.658
<b>II.</b>	Corrections and Accounting Policy Changes Made According to TAS �	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2.1</b>	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2.2</b>	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	Adjusted Beginning Balance (I+II)	4.000.000	1.405.892	1.700.000	-	1.322.027	-	18.718.299	49.517	4.820.455	-	271.568	47.106	4.895	35.899	-	32.375.658
<b>Changes in the period</b>																	
<b>IV.</b>	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	685.323	-	-	-	-	685.323
<b>VI.</b>	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.327)	-	(7.327)
<b>6.1</b>	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.327)	-	(7.327)
<b>6.2</b>	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	2.302.028	-	-	-	2.302.028
<b>VIII.</b>	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	1.545	-	-	1.545
<b>X.</b>	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	Effects of changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>14.1</b>	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>14.2</b>	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII.</b>	Other	-	-	-	-	-	-	-	-	(291.743)	-	291.743	-	-	-	-	-
<b>XIX.</b>	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	4.514.847	-	-	-	-	-	-	4.514.847
<b>XX.</b>	Profit Distribution	-	-	-	-	70.000	-	3.418.827	139.885	(4.528.712)	-	-	-	-	-	-	(900.000)
<b>20.1</b>	Dividends paid	-	-	-	-	-	-	-	-	(900.000)	-	-	-	-	-	-	(900.000)
<b>20.2</b>	Transfers to Reserves	-	-	-	-	70.000	-	3.418.827	139.885	(3.628.712)	-	-	-	-	-	-	-
<b>20.3</b>	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+IV+V+.....+XVIII+XIX+XX)</b>		<b>4.000.000</b>	<b>1.405.892</b>	<b>1.700.000</b>	<b>-</b>	<b>1.392.027</b>	<b>-</b>	<b>22.137.126</b>	<b>189.402</b>	<b>4.514.847</b>	<b>-</b>	<b>1.248.634</b>	<b>2.349.134</b>	<b>6.440</b>	<b>28.572</b>	<b>-</b>	<b>38.972.074</b>

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

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

(\*\*) Section Three part I-b.

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

**AKBANK T.A.Ş.****VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

	Note (Section Five)	CURRENT PERIOD (30/09/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating Profit before changes in operating assets and liabilities	6.009.469
1.1.1	Interest received	19.235.801
1.1.2	Interest paid	(12.265.576)
1.1.3	Dividend received	1.593
1.1.4	Fees and commissions received	3.195.724
1.1.5	Other income	(480.197)
1.1.6	Collections from previously written-off loans and other receivables	1.155.124
1.1.7	Payments to personnel and service suppliers	(1.730.280)
1.1.8	Taxes paid	(476.839)
1.1.9	Other	(2.625.881)
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>23.888.323</b>
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(186.051)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	(1.442.927)
1.2.3	Net (increase) / decrease in loans	(15.976.010)
1.2.4	Net (increase) / decrease in other assets	(23.676.073)
1.2.5	Net increase / (decrease) in bank deposits	(4.965.349)
1.2.6	Net increase / (decrease) in other deposits	40.864.861
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-
1.2.8	Net increase / (decrease) in funds borrowed	17.124.787
1.2.9	Net increase / (decrease) in payables	-
1.2.10	Net increase / (decrease) in other liabilities	12.145.085
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>29.897.792</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>(1.652.522)</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries	(55.000)
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-
2.3	Purchases of property and equipment	(695.840)
2.4	Disposals of property and equipment	34.035
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(10.936.679)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	6.918.558
2.7	Purchase of Financial Assets Measured at Amortised Cost	(124.364)
2.8	Sale of Financial Assets Measured at Amortised Cost	3.206.768
2.9	Other	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>492.355</b>
3.1	Cash obtained from funds borrowed and securities issued	22.781.741
3.2	Cash used for repayment of funds borrowed and securities issued	(20.685.465)
3.3	Issued equity instruments	-
3.4	Dividends paid	(1.600.000)
3.5	Payments for finance leases	(3.921)
3.6	Other	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>3.684.277</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>	<b>32.421.902</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>(V) 10.935.232</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>(V) 43.357.134</b>

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

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

**AKBANK T.A.Ş.****VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

	Note (Section Five)	PRIOR PERIOD (30/09/2017)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating Profit before changes in operating assets and liabilities	4.615.385
1.1.1	Interest received	15.491.111
1.1.2	Interest paid	(8.898.558)
1.1.3	Dividend received	1.821
1.1.4	Fees and commissions received	2.636.022
1.1.5	Other income	(214.569)
1.1.6	Collections from previously written-off loans and other receivables	708.422
1.1.7	Payments to personnel and service suppliers	(1.510.173)
1.1.8	Taxes paid	(1.139.886)
1.1.9	Other	(2.458.805)
1.2	Changes in operating assets and liabilities	(12.730.835)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	-
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	-
1.2.3	Net (increase) / decrease in loans	770.329
1.2.4	Net (increase) / decrease in other assets	(15.985.355)
1.2.5	Net increase / (decrease) in bank deposits	(5.388.457)
1.2.6	Net increase / (decrease) in other deposits	3.015.549
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	10.215.725
1.2.8	Net increase / (decrease) in funds borrowed	(1.779.409)
1.2.9	Net increase / (decrease) in payables	-
1.2.10	Net increase / (decrease) in other liabilities	(3.579.217)
<b>I.</b>	Net cash provided from banking operations	(8.115.450)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	Net cash provided from investing activities	(2.698.844)
2.1	Cash paid for acquisition of investments, associates and subsidiaries	(6.455)
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-
2.3	Purchases of property and equipment	(129.040)
2.4	Disposals of property and equipment	28.300
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(12.834.200)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	9.128.365
2.7	Purchase of Financial Assets Measured at Amortised Cost	(226)
2.8	Sale of Financial Assets Measured at Amortised Cost	1.049.377
2.9	Other	65.035
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	Net cash provided from financing activities	2.743.782
3.1	Cash obtained from funds borrowed and securities issued	6.360.314
3.2	Cash used for repayment of funds borrowed and securities issued	(2.695.096)
3.3	Issued equity instruments	-
3.4	Dividends paid	(900.000)
3.5	Payments for finance leases	(21.436)
3.6	Other	-
<b>IV.</b>	Effect of change in foreign exchange rate on cash and cash equivalents	410.418
<b>V.</b>	Net increase in cash and cash equivalents (I+II+III+IV)	(7.660.094)
<b>VI.</b>	Cash and cash equivalents at beginning of the period	(VI) 12.413.924
<b>VII.</b>	Cash and cash equivalents at end of the period	(VII) 4.753.830

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

(\*) Section Three part I-b.

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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**SECTION THREE  
EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION:**

**a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:**

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, Turkish Accounting Standard 34 ("TAS 34") Interim Financial Reporting Standard and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

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

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

**b. Explanation for convenience translation to English:**

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

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

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

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Foreign currency denominated subsidiaries, which are accounted with acquisition cost method, are translated with the foreign exchange rates prevailing at the acquisition date.

As of 30 September 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,9700 and TL 6,9271 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 INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, the Bank has started to calculate interest accrual on non-performing loans. Net book value of the non-performing loans (Gross Book Value - Expected Credit Loss) are rediscounted with effective interest rate and recognized with the gross book value of the non-performing loan.

**V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:**

Fees and commission income/expenses are primarily recognized on an accrual basis or 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.

**VI. EXPLANATIONS ON FINANCIAL ASSETS:**

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments

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Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value

The Bank recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

**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.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

**c. Financial Assets Measured at Amortized Cost:**

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

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

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

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**d. Derivative Financial Assets:**

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

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

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

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

**e. Loans**

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

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

**VII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:**

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

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with IFRS 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 IFRS 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.

Within the scope of IFRS 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 IFRS 9 have a detailed segment structure. Segmentation is performed by taking into consideration the following factors.

- Customer type (retail or corporate / commercial)
- Product type
- IRB rating notes /scores
- Customer credit performance
- Collateral type
- Collection Period
- Exposure at default



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Forward-looking macroeconomic information is incorporated into risk parameters used in the TFRS 9 calculations. Macroeconomic information used under Internal Capital Adequacy Assessment Process (ICAAP) is taken into consideration while macroeconomic forecasting models are included.

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

*Stage 1:*

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

*Stage 2:*

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

*Stage 3:*

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

**VIII. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:**

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

**IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:**

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

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

The Bank has no securities lending transactions.

**X. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS:**

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TAS 5)".

The Bank has no discontinued operations.

**XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

The Bank has no goodwill.

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

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

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**XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

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

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

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

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

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

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

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

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS:**

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Fixed assets obtained through financial leasing are classified in tangible assets and depreciation is charged on a straight-line basis over the useful life of the asset. If there is impairment in value of the leased asset, an impairment is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a "Lessor".

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

**XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:**

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

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in notes.

**XV. EXPLANATIONS ON CONTINGENT ASSETS:**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of

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income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employment termination benefits and vacation rights:**

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

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of

service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

**b. Retirement Rights:**

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund") established in accordance with the Social Security Law numbered 506, temporary article No.20. The financial statements of the Pension Fund have been audited as of year ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no. 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

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

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.

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

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

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

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

**XVII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

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

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

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income with current rate. Advance tax is declared by the 14th day and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

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

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

**b. Deferred Tax:**

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

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

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

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

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

**XVIII. EXPLANATIONS ON BORROWINGS:**

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are

major funding source of the Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated by using the "Effective interest rate method".

**XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

There is no share certificate issuance in 2018.

**XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

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

**XXI. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 30 September 2018 and 31 December 2017, there is no government grant for the Bank.

**XXII. EXPLANATIONS ON SEGMENT REPORTING:**

An operating segment is a component of an entity:

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

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

**XXIII. PROFIT RESERVES AND PROFIT APPROPRIATION:**

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

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

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

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**XXIV. EARNINGS PER SHARE:**

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

	<b>Current Period 30 September 2018</b>
Net Profit for the Year	4.638.843
Average Number of Issued Common Shares (Thousand)	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,01160</b>

  

	<b>Prior Period 30 September 2017</b>
Net Profit for the Year	4.514.847
Average Number of Issued Common Shares (Thousand)	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,01129</b>

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

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

**XXV. RELATED PARTIES:**

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

**XXVI. CASH AND CASH EQUIVALENT ASSETS:**

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

**XXVII. RECLASSIFICATIONS:**

The prior period financial statements have been restated in order to be consistent with the presentation of financial statements dated 30 September 2018.

**XXVIII. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS:**

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

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

***Classification and measurement of financial assets***

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

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

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a

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particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

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

***Significant increase in credit risk:***

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

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

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

Definition of 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.

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

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**a. Classification and measurement of financial assets:**

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

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

Financial Instruments	Book Value before TFRS 9 31 December 2017	Reclassifications	Remeasurements	Book value after TFRS 9 1 January 2018
<b>Measured at amortized cost</b>				
Balance before classification (held-to-maturity)	18.883.032	-	-	-
Classified to Fair Value Through Other Comprehensive Income		(4.927.185)		
Book value after classification	-			13.955.847
<b>Fair value through P/L</b>				
Balance before classification (for trading purpose)	-	-	-	-
Classified from available sale	-	84.865	-	-
Book value after classification	-	-	-	84.865
<b>Fair Value Through Other Comprehensive Income</b>				
Book value before classification (available-for-sale)	40.806.570	-	-	-
Classified from held-to-maturity	-	4.927.185	-	-
Available-for-sale financial assets valuation difference	-	-	142.269	-
Financial Assets At Fair Value Through Profit Or Loss	-	(84.865)	-	-
Book value after classification	-	-	-	45.791.159

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

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

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



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

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

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

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

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

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

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

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

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

	<b>Book value before TFRS 9 31 December 2017</b>	<b>Remeasurements</b>	<b>Book value after TFRS 9 1 January 2018</b>
<b>Loans</b>	<b>6.880.506</b>	<b>(1.062)</b>	<b>6.879.444</b>
Stage 1	984.881	(324.278)	660.603
Stage 2	121.358	2.368.839	2.490.197
Stage 3	4.380.092	(651.448)	3.728.644
Other (*)	1.394.175	(1.394.175)	-
<b>Financial Assets (**)</b>	<b>89.368</b>	<b>(5.558)</b>	<b>83.810</b>
<b>Non-Cash Loans (***)</b>	<b>131.983</b>	<b>11.078</b>	<b>143.061</b>
Stage 1 and 2	64.229	18.302	82.531
Stage 3	67.754	(7.224)	60.530
<b>Total</b>	<b>7.101.857</b>	<b>4.458</b>	<b>7.106.315</b>

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

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

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

**d. Effects on equity with TFRS 9 transition:**

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

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The amounting to TL 4.458 difference which is an expense between the provision for impairment of the previous period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2018 is classified as "Other Capital Reserves" in shareholders' equity.

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

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 729.771 have been reflected to the opening financials of January 1, 2018 and the related amount has been classified under "Other Capital Reserves" in shareholders' equity. For the specific provisions (TFRS 9 expected loss provisions for third stage loans), which have been cancelled due to TFRS 9 transition, corporate tax loss amounting to TL 144.907 is classified under "Other Capital Reserves" in equity as of 1 January 2018.

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

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

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

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

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

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

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

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

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

**b. Available-for-sale financial assets:**

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

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

**c. Loans and Receivables:**

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

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

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

**d. Held-to-maturity financial assets:**

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

definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

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

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

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

**I. EXPLANATIONS ON EQUITY:**

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and in accordance with the requirements of BRSA numbered 10513 dated 12 August 2018 and numbered 10578 dated 13 August 2018. Recent regulatory changes are as follows:

1) Regulation No: 10513, dated August 12, 2018: The valuation differences of the securities included in the "Financial Assets at Fair Value through Other Comprehensive Income" portfolio shall be calculated in accordance with the regulation and shall not be taken into consideration in the equity amount that in the capital adequacy ratio calculation as of 12 August 2018.

2) Regulation No: 10578, dated August 13, 2018: In the calculation of amount subject to credit risk, the foreign exchange bid rate to be used shall be determined as the higher of average CBRT's foreign exchange bid rate of 252 business days prior to the calculation date or foreign exchange bid rate used in the preparation of financial statements as of 30 June 2018.

As of 30 September 2018, the current period equity of the Bank has been calculated as TL 52.989.364 (31 December 2017: TL 44.403.105), the capital adequacy ratio is 18,48% (31 December 2017: 17,03%). This ratio is above the minimum ratio required by the legislation.

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**a. Information about total capital items:**

	<b>Current Period 30 September 2018</b>	<b>Amounts related to treatment before 1/1/2014(*)</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.233.739	
Gains recognized in equity as per TAS	5.903.392	
Profit	4.638.843	
Current Period Profit	4.638.843	
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	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>46.468.712</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	74	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	862.102	
Improvement costs for operating leasing	15.677	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	473.714	473.714
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	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>1.351.567</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>45.117.145</b>	

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	Current Period 30 September 2018	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>		
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	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>45.117.145</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.373.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.503.546	
<b>Tier II Capital Before Deductions</b>	<b>7.876.546</b>	
<b>Deductions From Tier II Capital</b>		
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>7.876.546</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>52.993.691</b>	
<b>Deductions from Total Capital</b>		
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 (-)	4.327	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
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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	<b>Current Period 30 September 2018</b>	<b>Amounts related to treatment before 1/1/2014(*)</b>
<b>TOTAL CAPITAL</b>		
Total Capital	52.989.364	
Total risk weighted amounts	286.702.942	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	15,74%	
Tier 1 Capital Adequacy Ratio	15,74%	
Capital Adequacy Ratio	18,48%	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	1,92%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,05%	
c) Systemic significant bank buffer ratio (**)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,74%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	61.719	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	6.393.948	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(***)	2.503.546	
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	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(\*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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

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

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	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	23.790.063	
Gains recognized in equity as per TAS	3.513.711	
Profit	6.039.069	
Current Period Profit	6.039.069	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>40.455.175</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	20.035	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	114.042	
Improvement costs for operating leasing	18.332	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	333.721	292.020
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>486.130</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>39.969.045</b>	



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	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
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	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	83.430	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>39.885.615</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.870.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.654.011	
<b>Tier II Capital Before Deductions</b>	<b>4.524.011</b>	
<b>Deductions From Tier II Capital</b>		
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 (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>4.524.011</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>44.409.626</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immoveables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	6.521	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	44.403.105	
Total risk weighted amounts	260.790.923	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	15,33%	
Tier 1 Capital Adequacy Ratio	15,29%	
Capital Adequacy Ratio	17,03%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	1,27%	
a) Capital conservation buffer requirement	1,25%	
b) Bank specific counter-cyclical buffer requirement	0,02%	
c) Systemic significant bank buffer ratio(**)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,33%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	367.461	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.654.011	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.654.011	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
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 September 2018**

<b>Details on Subordinated Liabilities:</b>	
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.
<b>Regulatory treatment</b>	
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)	2.985 million TL (in full TL amount)
Nominal value of instrument	2.985 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.985 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
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
<b>Convertible or non-convertible into equity shares</b>	
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
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation ( instrument type immediately senior to the instrument )	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

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**Current Period  
30 September 2018**

<b>Details on Subordinated Liabilities:</b>	
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.
<b>Regulatory treatment</b>	
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)	2.388 million TL (in full TL amount)
Nominal value of instrument	2.388 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 2.388 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
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
<b>Convertible or non-convertible into equity shares</b>	
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
<b>Write-down feature</b>	
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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- c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

**II. EXPLANATIONS ON CURRENCY RISK**

The difference between the Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure.

Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 5,9700	TL 6,9271
1.Day bid rate	TL 5,9700	TL 6,9271
2.Day bid rate	TL 5,9700	TL 6,9271
3.Day bid rate	TL 6,0752	TL 7,1130
4.Day bid rate	TL 6,1242	TL 7,2007
5.Day bid rate	TL 6,1240	TL 7,2057

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 6,3107  
EURO : TL 7,3611

As of 31 December 2017;

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 3,7400	TL 4,4773

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**Information related to Bank's Currency Risk:**

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

<b>Current Period – 30 September 2018</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank (**)	8.198.253	16.680.831	3.914.267	<b>28.793.351</b>
Banks	1.399.649	32.725.130	1.268.009	<b>35.392.788</b>
Financial Assets at Fair Value through Profit or Loss (Net)	-	177.503	-	<b>177.503</b>
Interbank Money Market Placements	-	5.787.707	-	<b>5.787.707</b>
Available-for-sale Financial Assets (Net)	5.165.375	15.135.704	778.017	<b>21.079.096</b>
Loans (****)	38.570.030	42.765.697	93.976	<b>81.429.703</b>
Investments in Associates, Subsidiaries and Joint Ventures	4.825.051	-	-	<b>4.825.051</b>
Held-to-maturity Investments (Net)	963.105	5.658.271	-	<b>6.621.376</b>
Hedging Derivative Financial Assets	-	562.558	-	<b>562.558</b>
Tangible Assets (Net)	-	7.005	-	<b>7.005</b>
Intangible Assets (Net)	-	26	-	<b>26</b>
Other Assets (****)	4.120.110	8.790.824	157.099	<b>13.068.033</b>
<b>Total Assets</b>	<b>63.241.573</b>	<b>128.291.256</b>	<b>6.211.368</b>	<b>197.744.197</b>
<b>Liabilities</b>				
Bank Deposits (**)	2.062.701	2.304.462	2.152.379	<b>6.519.542</b>
Foreign Currency Deposits (**)	36.742.225	84.562.037	5.252.319	<b>126.556.581</b>
Funds from Interbank Money Market	671.485	13.651.577	-	<b>14.323.062</b>
Borrowings	5.408.458	38.134.378	3.718	<b>43.546.554</b>
Marketable Securities Issued (Net) (***)	69.370	14.487.038	134.803	<b>14.691.211</b>
Miscellaneous Payables	1.685.967	1.674.660	2.720	<b>3.363.347</b>
Hedging Derivative Financial Liabilities	-	17.182	-	<b>17.182</b>
Other Liabilities	1.164.630	2.242.017	82.493	<b>3.489.140</b>
<b>Total Liabilities</b>	<b>47.804.836</b>	<b>157.073.351</b>	<b>7.628.432</b>	<b>212.506.619</b>
<b>Net on Balance Sheet Position</b>	<b>15.436.737</b>	<b>(28.782.095)</b>	<b>(1.417.064)</b>	<b>(14.762.422)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(13.085.095)</b>	<b>28.205.343</b>	<b>1.321.877</b>	<b>16.442.125</b>
Financial Derivative Assets	38.455.484	111.892.620	4.213.144	<b>154.561.248</b>
Financial Derivative Liabilities	51.540.579	83.687.277	2.891.267	<b>138.119.123</b>
<b>Non-cash Loans</b>	<b>18.561.411</b>	<b>22.530.658</b>	<b>546.193</b>	<b>41.638.262</b>
<b>Prior Period - 31 December 2017</b>				
Total Assets	44.938.495	85.007.185	6.149.914	<b>136.095.594</b>
Total Liabilities	41.929.742	111.253.802	4.466.972	<b>157.650.516</b>
<b>Net on-Balance Sheet Position</b>	<b>3.008.753</b>	<b>(26.246.617)</b>	<b>1.682.942</b>	<b>(21.554.922)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(2.733.764)</b>	<b>27.283.553</b>	<b>(1.697.625)</b>	<b>22.852.164</b>
Financial Derivative Assets	31.885.922	71.667.162	3.143.152	<b>106.696.236</b>
Financial Derivative Liabilities	34.619.686	44.383.609	4.840.777	<b>83.844.072</b>
<b>Non-cash Loans</b>	<b>12.348.460</b>	<b>18.170.729</b>	<b>402.773</b>	<b>30.921.962</b>

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

(\*\*) Of the Cash Equivalents and Central Bank and Other FC, TL 3.654.348 (31 December 2017: TL 5.220.523) of the foreign currency deposits TL 2.439.317 (31 December 2017: TL 1.451.430) and Bank Deposits Other FC of the TL 1.900 (31 December 2017: TL 1.426) are precious metal deposit account in demand.

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

(\*\*\*\*) Trading derivative financial assets are classified under other assets and prepaid assets amounted TL 81.945 (31 December 2017: TL 67.506) is excluded in the financial statements.

(\*\*\*\*\*) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 4.760.392 (31 December 2017: TL 4.511.626)

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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):**

<b>Current Period – 30 September 2018</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents and Central Bank	17.943.575	-	-	-	-	15.987.577	<b>33.931.152</b>
Banks	23.448.448	81.521	-	-	-	12.515.342	<b>36.045.311</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-	-	190.200	<b>190.200</b>
Interbank Money Market Placements	5.307.475	2.348.135	-	-	-	-	<b>7.655.610</b>
Available-for-sale Financial Assets (Net)	5.435.615	4.964.390	11.059.465	15.129.397	6.878.333	287.225	<b>43.754.425</b>
Loans(***)	62.713.172	27.553.204	49.275.871	57.367.169	9.494.130	(3.123.952)	<b>203.279.594</b>
Held-to-maturity Investments (Net)	795.734	884.065	5.501.354	2.505.904	1.251.630	-	<b>10.938.687</b>
Other Assets(****)	3.564.588	6.426.955	9.516.855	17.206.223	8.421.118	11.526.514	<b>56.662.253</b>
<b>Total Assets</b>	<b>119.208.607</b>	<b>42.258.270</b>	<b>75.353.545</b>	<b>92.208.693</b>	<b>26.045.211</b>	<b>37.382.906</b>	<b>392.457.232</b>
<b>Liabilities</b>							
Bank Deposits	5.811.896	636.046	137.898	-	-	1.412.100	<b>7.997.940</b>
Other Deposits	141.267.534	20.392.966	10.393.536	69.657	6	41.222.627	<b>213.346.326</b>
Funds from Interbank Money Market	17.910.170	6.176.604	5.982.871	-	-	-	<b>30.069.645</b>
Miscellaneous Payables	829.460	1.108.820	1.125.071	218.947	73	4.741.906	<b>8.024.277</b>
Marketable Securities Issued (Net) (*)	797.650	871.631	330.785	6.964.481	8.836.614	-	<b>17.801.161</b>
Borrowings	5.510.047	27.839.199	10.571.268	249.078	16.856	-	<b>44.186.448</b>
Other Liabilities (**)	1.766.702	4.129.792	6.109.043	10.527.711	2.779.952	45.718.235	<b>71.031.435</b>
<b>Total Liabilities</b>	<b>173.893.459</b>	<b>61.155.058</b>	<b>34.650.472</b>	<b>18.029.874</b>	<b>11.633.501</b>	<b>93.094.868</b>	<b>392.457.232</b>
Balance Sheet Long Position	-	-	40.703.073	74.178.819	14.411.710	-	<b>129.293.602</b>
Balance Sheet Short Position	(54.684.852)	(18.896.788)	-	-	-	(55.711.962)	<b>(129.293.602)</b>
Off-balance Sheet Long Position	9.215.029	25.572.140	6.656.366	-	-	-	<b>41.443.535</b>
Off-balance Sheet Short Position	-	-	-	(18.914.821)	(9.287.908)	-	<b>(28.202.729)</b>
<b>Total Position</b>	<b>(45.469.823)</b>	<b>6.675.352</b>	<b>47.359.439</b>	<b>55.263.998</b>	<b>5.123.802</b>	<b>(55.711.962)</b>	<b>13.240.806</b>

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

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

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

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

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Prior Period – 31 December 2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	22.746.114	-	-	-	-	12.617.052	<b>35.363.166</b>
Banks	1.538.119	505.976	8.190	-	-	6.064.494	<b>8.116.779</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	2.202.675	619.342	1.056.898	3.127.245	1.271.347	-	<b>8.277.507</b>
Interbank Money Market Placements	1.552.161	-	-	-	-	-	<b>1.552.161</b>
Available-for-sale Financial Assets (Net)	2.683.884	4.059.452	11.324.668	14.877.476	7.485.228	375.862	<b>40.806.570</b>
Loans	44.312.136	27.112.638	48.405.456	61.021.007	9.505.111	152.619	<b>190.508.967</b>
Held-to-maturity Investments (Net)	2.548.880	3.854.641	2.623.044	8.897.479	958.988	-	<b>18.883.032</b>
Other Assets	589.993	420.351	233.306	1.535.836	696.590	9.046.610	<b>12.522.686</b>
<b>Total Assets</b>	<b>78.173.962</b>	<b>36.572.400</b>	<b>63.651.562</b>	<b>89.459.043</b>	<b>19.917.264</b>	<b>28.256.637</b>	<b>316.030.868</b>
<b>Liabilities</b>							
Bank Deposits	8.775.288	2.539.344	482.203	-	-	1.163.106	<b>12.959.941</b>
Other Deposits	107.548.204	20.902.574	9.696.769	51.787	8	33.745.166	<b>171.944.508</b>
Funds from Interbank Money Market	9.629.612	13.354.188	4.299.240	-	-	-	<b>27.283.040</b>
Miscellaneous Payables	342.333	523.202	439.295	106.715	-	4.505.652	<b>5.917.197</b>
Marketable Securities Issued (Net) (*)	1.499.934	4.450.149	644.810	4.279.281	4.879.974	-	<b>15.754.148</b>
Borrowings	2.383.576	20.828.919	5.481.800	964.285	13.200	-	<b>29.671.780</b>
Other Liabilities (**)	541.144	1.074.747	1.160.265	2.233.121	875.855	46.615.122	<b>52.500.254</b>
<b>Total Liabilities</b>	<b>130.720.091</b>	<b>63.673.123</b>	<b>22.204.382</b>	<b>7.635.189</b>	<b>5.769.037</b>	<b>86.029.046</b>	<b>316.030.868</b>
Balance Sheet Long Position	-	-	41.447.180	81.823.854	14.148.227	-	<b>137.419.261</b>
Balance Sheet Short Position	(52.546.129)	(27.100.723)	-	-	-	(57.772.409)	<b>(137.419.261)</b>
Off-balance Sheet Long Position	6.886.207	21.065.911	165.074	-	-	-	<b>28.117.192</b>
Off-balance Sheet Short Position	-	-	-	(19.497.554)	(5.994.678)	-	<b>(25.492.232)</b>
<b>Total Position</b>	<b>(45.659.922)</b>	<b>(6.034.812)</b>	<b>41.612.254</b>	<b>62.326.300</b>	<b>8.153.549</b>	<b>(57.772.409)</b>	<b>2.624.960</b>

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

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

**b. Average interest rates for monetary financial instruments (%):**

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 30 September 2018	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	1,50	-	13,00
Banks	-	2,20	-	23,53
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	2,10	-	27,77
Available-for-sale Financial Assets (Net)	2,62	4,53	3,09	15,93
Loans	4,86	7,40	10,24	21,75
Held-to-maturity Investments (Net)	3,57	4,35	-	20,37
<b>Liabilities</b>				
Bank Deposits (**)	0,84	3,49	-	20,54
Other Deposits (**)	1,81	4,84	0,01	17,09
Funds from Interbank Money Market	1,68	3,18	-	23,93
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	15,99
Borrowings	0,79	4,11	-	11,85

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

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



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

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

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

**IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:**

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

**e) Information on liquidity risk mitigation techniques:**

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

**f) Information on the use of stress tests:**

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

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

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

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**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>Current Period – 30.09.2018</b>					
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			61.867.425	41.582.866
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	131.424.392	66.379.054	12.015.804	6.637.905
3	Stable deposits	22.532.706	-	1.126.635	-
4	Less stable deposits	108.891.686	66.379.054	10.889.169	6.637.905
5	Unsecured Funding other than Retail and Small Business Customers Deposits	86.325.937	60.535.295	44.675.880	30.403.746
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	80.523.219	59.962.865	40.147.283	29.832.745
8	Other Unsecured Funding	5.802.718	572.430	4.528.597	571.001
9	Secured funding	-	-	38.596	38.596
10	Other Cash Outflows	73.932.274	51.342.705	64.296.373	42.395.743
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	63.211.170	41.404.015	63.211.170	41.404.015
12	Debts related to the structured financial products	20.175	-	20.175	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.700.929	9.938.690	1.065.028	991.728
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	783.913	-	39.196	-
15	Other irrevocable or conditionally revocable commitments	67.873.921	22.697.600	3.393.696	1.134.880
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>124.459.545</b>	<b>80.610.870</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	1.445.810	1.445.810	-	-
18	Unsecured Lending Transactions	32.613.416	22.329.621	26.740.398	20.883.152
19	Other contractual cash inflows	56.902.514	44.127.216	56.900.963	44.127.205
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>90.961.740</b>	<b>67.902.647</b>	<b>83.641.361</b>	<b>65.010.357</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>61.867.425</b>	<b>41.582.866</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>40.890.593</b>	<b>20.440.836</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>152,80</b>	<b>207,50</b>

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

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Prior Period – 31.12.2017	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 High quality liquid assets			56.413.734	34.310.197
<b>CASH OUTFLOWS</b>				
2 Retail and Customers Deposits	114.391.986	48.606.857	10.351.709	4.860.686
3 Stable deposits	21.749.795	-	1.087.490	-
4 Less stable deposits	92.642.191	48.606.857	9.264.219	4.860.686
5 Unsecured Funding other than Retail and Small Business Customers Deposits	66.825.560	38.825.541	34.791.134	20.273.150
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	63.138.337	38.092.653	32.388.358	19.540.329
8 Other Unsecured Funding	3.687.223	732.888	2.402.776	732.821
9 Secured funding	-	-	52.055	52.055
10 Other Cash Outflows	54.923.129	33.138.483	46.752.222	25.308.026
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	45.848.351	24.439.579	45.848.351	24.439.579
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	9.074.778	8.698.904	903.871	868.447
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	726.168	-	36.308	-
15 Other irrevocable or conditionally revocable commitments	59.254.388	16.732.292	2.962.719	836.615
<b>16 TOTAL CASH OUTFLOWS</b>			<b>94.946.147</b>	<b>51.330.532</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	14.486.537	6.093.400	9.919.639	5.419.997
19 Other contractual cash inflows	42.964.669	34.122.095	42.963.659	34.121.988
<b>20 TOTAL CASH INFLOWS</b>	<b>57.451.206</b>	<b>40.215.495</b>	<b>52.883.298</b>	<b>39.541.985</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA STOCK</b>			<b>56.413.734</b>	<b>34.310.197</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>42.062.849</b>	<b>13.651.341</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>134,41</b>	<b>255,67</b>

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

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

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 130% during the period and remain at a quite higher level than the legal lower limit.

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by (56%) and securities issued by Undersecretariat of the Treasury by (36%). Funding sources are mainly distributed between individual and retail deposits by (59%), corporate deposits by (30%), and borrowings from banks by (4%) and collateralized borrowings such as repurchase agreements by (3%).

Cash outflow amounting to TL 7,107 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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

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

	<b>Current Period- 30.09.2018</b>	
	<b>TL+FC</b>	<b>FC</b>
Lowest	130,08	163,16
Week	07.09.2018	07.09.2018
Highest	172,92	250,73
Week	28.09.2018	03.08.2018

  

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

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**Breakdown of assets and liabilities according to their outstanding maturities:**

Current Period – 30 September 2018	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
<b>Assets</b>								
Cash Equivalents and Central Bank	23.725.938	10.071.938	133.276	-	-	-	-	<b>33.931.152</b>
Banks	12.515.342	23.448.448	81.521	-	-	-	-	<b>36.045.311</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	190.200	-	-	-	-	-	-	<b>190.200</b>
Interbank Money Market Placements	-	5.307.475	2.348.135	-	-	-	-	<b>7.655.610</b>
Available-for-sale Financial Assets (Net)	287.225	1.119.520	87.961	4.352.741	27.264.967	10.642.011	-	<b>43.754.425</b>
Loans (****)	-	38.795.745	25.855.073	34.464.740	78.801.870	28.486.118	(3.123.952)	<b>203.279.594</b>
Held-to-maturity Investments (Net)	-	305.038	127.613	2.558.803	6.695.602	1.251.631	-	<b>10.938.687</b>
Other Assets (*)	-	2.997.117	3.264.029	8.034.107	20.677.105	10.530.839	11.159.056	<b>56.662.253</b>
<b>Total Assets</b>	<b>36.718.705</b>	<b>82.045.281</b>	<b>31.897.608</b>	<b>49.410.391</b>	<b>133.439.544</b>	<b>50.910.599</b>	<b>8.035.104</b>	<b>392.457.232</b>
<b>Liabilities</b>								
Bank Deposits	1.412.100	5.811.896	636.046	137.898	-	-	-	<b>7.997.940</b>
Other Deposits	41.222.627	141.267.534	20.392.966	10.393.536	69.657	6	-	<b>213.346.326</b>
Borrowings	-	1.520.460	2.402.560	18.834.126	14.130.854	7.298.448	-	<b>44.186.448</b>
Funds from Interbank Money Market	-	17.240.795	495.661	3.595.047	6.633.198	2.104.944	-	<b>30.069.645</b>
Marketable Securities Issued (Net) (**)	-	797.650	871.631	330.785	6.964.481	8.836.614	-	<b>17.801.161</b>
Miscellaneous Payables	-	5.130.635	314.462	928.752	1.122.211	528.217	-	<b>8.024.277</b>
Other Liabilities (***)	-	3.942.530	2.857.781	8.007.641	9.199.173	3.835.731	43.188.579	<b>71.031.435</b>
<b>Total Liabilities</b>	<b>42.634.727</b>	<b>175.711.500</b>	<b>27.971.107</b>	<b>42.227.785</b>	<b>38.119.574</b>	<b>22.603.960</b>	<b>43.188.579</b>	<b>392.457.232</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(5.916.022)</b>	<b>(93.666.219)</b>	<b>3.926.501</b>	<b>7.182.606</b>	<b>95.319.970</b>	<b>28.306.639</b>	<b>(35.153.475)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(857.395)	(251.983)	(748.157)	9.642.609	5.455.732	-	<b>13.240.806</b>
Financial Derivative Liabilities	-	46.204.749	29.212.997	78.702.583	153.931.563	73.422.235	-	<b>381.474.127</b>
Non-cash Loans (****)	-	47.062.144	29.464.980	79.450.740	144.288.954	67.966.503	-	<b>368.233.321</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(395.318)</b>	<b>(377.879)</b>	<b>(50.929)</b>	<b>2.580.772</b>	<b>868.314</b>	<b>-</b>	<b>2.624.960</b>
Financial Derivative Assets	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	<b>244.498.265</b>
Financial Derivative Liabilities	-	43.275.365	22.611.714	39.648.966	98.349.265	37.987.995	-	<b>241.873.305</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>3.445.776</b>	<b>5.372.593</b>	<b>17.889.047</b>	<b>5.779.653</b>	<b>20.114.109</b>	<b>-</b>	<b>52.601.178</b>
<b>Prior Period - 31 December 2017</b>								
<b>Total Assets</b>	18.169.933	53.024.496	28.629.327	45.804.160	120.547.886	40.955.157	8.899.909	<b>316.030.868</b>
<b>Total Liabilities</b>	34.908.272	131.585.341	36.628.258	26.130.067	34.421.080	11.933.344	40.424.506	<b>316.030.868</b>
<b>Net Liquidity Gap</b>	<b>(16.738.339)</b>	<b>(78.560.845)</b>	<b>(7.998.931)</b>	<b>(19.674.093)</b>	<b>86.126.806</b>	<b>29.021.813</b>	<b>(31.524.597)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(395.318)	(377.879)	(50.929)	2.580.772	868.314	-	<b>2.624.960</b>
Financial Derivative Liabilities	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	<b>244.498.265</b>
Non-cash Loans (****)	-	43.275.365	22.611.714	39.648.966	98.349.265	37.987.995	-	<b>241.873.305</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>3.445.776</b>	<b>5.372.593</b>	<b>17.889.047</b>	<b>5.779.653</b>	<b>20.114.109</b>	<b>-</b>	<b>52.601.178</b>

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

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

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

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

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

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**VI. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 30 September 2018, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 7,88% [31 December 2017: 8,83%]. This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

**b. Disclosure of Leverage ratio template:**

		<b>Current Period 30 September 2018 (*)</b>
<b>Balance sheet Assets</b>		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	355.627.121
2	(Assets deducted from Core capital)	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	355.627.121
<b>Derivative financial assets and credit derivatives</b>		
4	Cost of replenishment for derivative financial assets and credit derivatives	22.903.976
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.784.743
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	27.688.719
<b>Financing transactions secured by marketable security or commodity</b>		
7	Risk amount of financing transactions secured by marketable security or commodity	3.321.319
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)	3.321.318
<b>Off-balance sheet transactions</b>		
10	Gross notional amount of off-balance sheet transactions	135.321.159
11	(Correction amount due to multiplication with credit conversion rates)	[1.444.222]
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	133.876.937
<b>Capital and total risk</b>		
13	Core Capital	41.023.184
14	Total risk amount(sum of lines 3, 6, 9 and 12)	520.514.096
<b>Leverage ratio</b>		
15	Leverage ratio	7,88

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

(\*) Three months average values.

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**VII. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:**

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

**a. Overview of RWA:**

		<b>Risk Weighted Amount</b>	<b>Minimum capital requirement</b>
		<b>Current Period</b>	<b>Current Period</b>
		<b>30 September 2018</b>	<b>30 September 2018</b>
1	Credit risk (excluding counterparty credit risk) (CCR)	225.637.424	18.050.994
2	Standardized approach (SA)	225.637.424	18.050.994
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	30.862.718	2.469.017
5	Standardized approach for counterparty credit risk (SA-CCR)	30.862.718	2.469.017
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	273.770	21.902
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-
11	Settlement risk	-	-
12	Securitization positions in banking accounts	-	-
13	IRB ratings-based approach (RBA)	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-
16	Market risk	8.582.707	686.617
17	Standardized approach (SA)	8.582.707	686.617
18	Internal model approaches (IMM)	-	-
19	Operational Risk	21.346.323	1.707.706
20	Basic Indicator Approach	21.346.323	1.707.706
21	Standard Approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24	Floor adjustment	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>286.702.942</b>	<b>22.936.236</b>



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		<b>Risk Weighted Amount</b>	<b>Minimum capital requirement</b>
		<b>Prior Period</b>	<b>Prior Period</b>
		<b>31 December 2017</b>	<b>31 December 2017</b>
1	Credit risk (excluding counterparty credit risk) (CCR)	222.052.846	17.764.228
2	Standardized approach (SA)	222.052.846	17.764.228
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	15.404.555	1.232.364
5	Standardized approach for counterparty credit risk (SA-CCR)	15.404.555	1.232.364
6	Internal model method (IMM)	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-
8	Investments made in collective investment companies – look-through approach	-	-
9	Investments made in collective investment companies – mandate-based approach	277.987	22.239
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-
11	Settlement risk	624	50
12	Securitization positions in banking accounts	-	-
13	IRB ratings-based approach (RBA)	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-
16	Market risk	4.646.252	371.700
17	Standardized approach (SA)	4.646.252	371.700
18	Internal model approaches (IMM)	-	-
19	Operational Risk	18.408.659	1.472.693
20	Basic Indicator Approach	18.408.659	1.472.693
21	Standard Approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24	Floor adjustment	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>260.790.923</b>	<b>20.863.274</b>

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**VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:**

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

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

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

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

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

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

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

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

As of 30 September 2018, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

	Notional Amount	Current Period 30.09.2018	
		Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	11.626.205	6.566.468	1.260.755
-FC	49.750.442	562.558	17.182
<b>Total</b>	<b>61.376.647</b>	<b>7.129.026</b>	<b>1.277.937</b>
	Notional Amount	Prior Period 31.12.2017	
		Assets	Liabilities
Interest Rate and Cross Currency Swaps			
-TL	2.497.225	973.630	-
-FC	26.913.498	161.224	74.911
<b>Total</b>	<b>29.410.723</b>	<b>1.134.854</b>	<b>74.911</b>

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**1. Explanations on Net Investment Risk:**

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

**2. Explanations on Fair Value Hedge:**

**Current Period: 30.09.2018**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	36.499	(45.706)	(9.207)
Cross-currency swap	Fixed interest rate TL Mortgage Loans	Interest rate and currency risk	3.668.170	(3.632.126)	36.044

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

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

**Prior Period: 31.12.2017**

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

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

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

As of 30 September 2018 fair value hedge transactions have been proven to be effective.

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

- As of 30 September 2018, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 22.474 [31 December 2017: TL 15.256].

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**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	453.267	-	391.567	29.252	322
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	3.024.700	-	866.303	(222.770)	(58.720)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	1.238.216	(101.556)	172.341	49.814
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	-	22.539	(18.553)	533	(4.307)

As of 30 September 2018 cash flow hedge transactions have been determined as effective.

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

- As of 30 September 2018, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (5.759) (31 December 2017: TL (18.772)).

- In order to hedge the cash flow risk of short-term FC commercial deposits, a cross-currency swap amounting to TL 755 million with nominal value which included in hedge accounting, has been closed out before the maturity date and hedge accounting related to aforementioned transaction has been terminated.

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**IX. EXPLANATIONS ON BUSINESS SEGMENTS:**

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

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

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

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

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.

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

Information on business segments as of 30 September 2018 and 31 December 2017 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
<b>Current Period – 30 September 2018</b>					
Operating Income	4.175.679	5.766.413	385.335	3.967.471	14.294.898
Profit from Operating Activities	1.807.753	3.787.074	188.676	(270.612)	5.512.891
Income from Subsidiaries	-	-	-	4.405	4.405
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	279.872	279.872
Profit before Tax	1.807.753	3.787.074	188.676	13.665	5.797.168
Corporate Tax	-	-	-	(1.158.325)	(1.158.325)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.807.753	3.787.074	188.676	(1.144.660)	4.638.843
Segment Assets	52.886.274	170.906.686	145.285.959	-	369.078.919
Investments in Associates	-	-	-	6.060.660	6.060.660
Undistributed Assets	-	-	-	17.317.653	17.317.653
Total Assets					392.457.232
Segment Liabilities	116.194.846	99.371.882	122.815.918	-	338.382.646
Undistributed Liabilities	-	-	-	10.886.006	10.886.006
Shareholders' Equity	-	-	-	43.188.580	43.188.580
Total Liabilities					392.457.232
Other Segment Items					
Capital Investment	-	-	-	548.976	548.976
Amortization	(40.233)	352	2.522	(217.573)	(254.932)
Non-cash Other Income-Expense	(305.011)	(4.030.333)	(56.220)	(410.127)	(4.801.691)

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
<b>Prior Period – 31 December 2017 (*)</b>					
Operating Income	3.365.446	4.897.228	761.542	814.449	9.838.665
Profit from Operating Activities	1.392.035	3.308.432	553.124	51.776	5.305.367
Income from Subsidiaries	-	-	-	1.822	1.822
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	289.840	289.840
Profit before Tax	1.392.035	3.308.432	553.124	343.438	5.597.029
Corporate Tax	-	-	-	(1.082.182)	(1.082.182)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.392.035	3.308.432	553.124	(738.744)	4.514.847
Segment Assets	53.929.605	157.464.085	87.767.727	-	299.161.417
Investments in Associates	-	-	-	4.137.021	4.137.021
Undistributed Assets	-	-	-	12.732.430	12.732.430
Total Assets					316.030.868
Segment Liabilities	94.762.137	85.190.850	85.734.750	-	265.687.737
Undistributed Liabilities	-	-	-	9.918.625	9.918.625
Shareholders' Equity	-	-	-	40.424.506	40.424.506
Total Liabilities					316.030.868
Other Segment Items					
Capital Investment	-	-	-	129.040	129.040
Amortization	(15.119)	(11.893)	-	(170.665)	(197.677)
Non-cash Other Income-Expense	(220.612)	(354.199)	(10.181)	(582.961)	(1.167.953)

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

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

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS**

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

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

	Current Period 30 September 2018	
	TL	FC
Cash/Foreign Currency	1.715.026	3.165.578
The CBRT (*)	3.422.774	25.346.398
Other (**)	1	281.375
<b>Total</b>	<b>5.137.801</b>	<b>28.793.351</b>

(\*) Precious metal account amounting to TL 3.595.317 are included in FC.

(\*\*) Precious metal account amounting to TL 59.032 are included in FC.

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

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

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

2. Information related to the account of the CBRT:

	Current Period 30 September 2018	
	TL	FC
Unrestricted Demand Deposits	4.463	-
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
Reserve Requirement	3.418.311	25.346.398
<b>Total</b>	<b>3.422.774</b>	<b>25.346.398</b>

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

3. Explanation on reserve requirements:

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

The required reserve rates for TL liabilities vary between 1,5% and 8% for TL deposits and other liabilities according to their maturities as of 30 September 2018 (31 December 2017: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 20% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2018 (31 December 2017: 4% and 24% for all foreign currency liabilities).

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

As of 30 September 2018, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2017: None) or given as collateral/blocked (31 December 2017: None).

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

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	2.584.006	-
Swap Transactions	21.571.590	5.140.111
Futures Transactions	-	-
Options	158.085	2.058.521
Other	-	-
<b>Total</b>	<b>24.313.681</b>	<b>7.198.632</b>

(\*)Excluding hedging derivatives financial assets.

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

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

**d. Information on banks and foreign banks:**

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Banks		
Domestic	309.839	1.234.998
Foreign	342.684	34.157.790
Head Quarters and Branches Abroad	-	-
<b>Total</b>	<b>652.523</b>	<b>35.392.788</b>



**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

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

1. As of 30 September 2018, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 23.104.908 (31 December 2017: TL 18.926.124); and those given as collateral/blocked amounting to TL 9.151.156 (31 December 2017: TL 2.586.927).

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
Debt Securities		47.759.358
Quoted at Stock Exchange (*)		47.685.878
Unquoted at Stock Exchange		73.480
Share Certificates		13.455
Quoted at Stock Exchange		-
Unquoted at Stock Exchange		13.455
Impairment Provision (-)		4.018.388
<b>Total</b>		<b>43.754.425</b>

(\*) Investment funds are included.

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

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

(\*) 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:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>Cash</b>	<b>Non-cash</b>
Direct Loans Granted to Shareholders		260
Corporate Shareholders		260
Real Person Shareholders		-
Indirect Loans Granted to Shareholders	5.081.318	1.184.212
Loans Granted to Employees	114.574	-
<b>Total</b>	<b>5.195.892</b>	<b>1.184.472</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>Cash</b>	<b>Non-cash</b>
Direct Loans Granted to Shareholders	-	246
Corporate Shareholders	-	246
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	5.560.592	923.453
Loans Granted to Employees	113.133	-
<b>Total</b>	<b>5.673.725</b>	<b>923.699</b>

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

<b>Current Period - 30 September 2018</b>	<b>Loans and other receivables under follow up</b>			
	<b>Standard Loans and Other Receivables</b>	<b>Loans and Receivables Not Subject to restructuring</b>	<b>Loans and Receivables with Revised Contract Terms</b>	<b>Restructured Loans and Receivables Refinance</b>
<b>Cash Loans</b>				
Non-specialized Loans				
Loans given to enterprises	18.767.232	2.064.641	19.182	1.696.942
Export Loans	7.832.108	500.474	2.732	67.887
Import Loans	-	-	-	-
Loans Given to Financial Sector	7.987.907	112	-	-
Consumer Loans	28.376.090	1.764.686	868.124	70.196
Credit Cards	13.744.283	745.972	-	636.922
Other	97.378.206	18.139.116	25.455	5.715.279
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>174.085.826</b>	<b>23.215.001</b>	<b>915.493</b>	<b>8.187.226</b>

The Bank has a cash loan exposure to Ojer Telekomunikasyon A.Ş. (OTAŞ) with a principal balance of USD 1.783 million included accrued interest related with the acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. The respective loan is classified as loans under follow up as of 30 September 2018. All creditors including our Bank have reached an agreement on restructuring the related loan. As per the agreed structure, it is contemplated that OTAŞ's 1.925.000.000 Class A shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities would be taken over by a special purpose vehicle incorporated or to be incorporated directly or indirectly by the creditors in the Republic of Turkey. The transaction expected to be completed following agreements with respect to the facilities to be restructured at the new company level being agreed, all requisite corporate, governmental and any other approvals and consents being obtained and all requisite conditions under the agreements being met. Currently the necessary permissions and approvals from the authorized bodies and the agreements related to the loan have been completed to a large extent.

**Current Period-30 September 2018**

<b>Expected Credit Loss Stage I and Stage II</b>	<b>Standard Loans</b>	<b>Loans and other receivables under follow up</b>
12 Month Expected Credit Losses	809.811	-
Significant Increase in Credit Risk	-	5.130.631
<b>Total</b>	<b>809.811</b>	<b>5.130.631</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

The main reasons for the increase between calculated provision amounts on 1 January 2018 and 30 September 2018, are as follows:

- For Stage 1 and Stage 2 loans, increase of commercial loans due to currency fluctuation, and increase of probability of default for the commercial loans product.
- For Stage 3, it is the increase of default amount (Section 5. Part 1 f – Note 8.(ii)).

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

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

**Current Period - 30 September 2018**

<b>Number of Extension</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under follow up</b>
Extended by 1 or 2 times	5.801.767	9.308.568
Extended by 3,4 or 5 times	25.149	484.574
Extended by more than 5 times	114	134.442
<b>Total</b>	<b>5.827.030</b>	<b>9.927.584</b>

<b>Extension periods</b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under follow up</b>
0 - 6 Months	2.286.926	665.899
6 - 12 Months	277.855	796.138
1 - 2 Years	304.221	1.756.452
2 - 5 Years	1.908.557	5.430.287
5 Years and over	1.049.471	1.278.808
<b>Total</b>	<b>5.827.030</b>	<b>9.927.584</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

<b>Current Period – 30.09.2018</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>665.969</b>	<b>29.049.848</b>	<b>29.715.817</b>
Mortgage Loans	4.842	11.451.485	11.456.327
Automotive Loans	1.974	164.911	166.885
Consumer Loans	659.153	17.433.452	18.092.605
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>1.377</b>	<b>1.377</b>
Mortgage Loans	-	1.377	1.377
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>11.563.471</b>	<b>546.768</b>	<b>12.110.239</b>
With Installment	4.214.667	544.565	4.759.232
Without Installment	7.348.804	2.203	7.351.007
<b>Consumer Credit Cards-FC</b>	<b>12.429</b>	<b>-</b>	<b>12.429</b>
With Installment	-	-	-
Without Installment	12.429	-	12.429
<b>Personnel Loans-TL</b>	<b>4.255</b>	<b>57.443</b>	<b>61.698</b>
Mortgage Loans	-	3.860	3.860
Automotive Loans	-	41	41
Consumer Loans	4.255	53.542	57.797
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>52.544</b>	<b>17</b>	<b>52.561</b>
With Installment	19.767	17	19.784
Without Installment	32.777	-	32.777
<b>Personnel Credit Cards-FC</b>	<b>315</b>	<b>-</b>	<b>315</b>
With Installment	-	-	-
Without Installment	315	-	315
<b>Credit Deposit Account-TL (Real Person)</b>	<b>1.300.204</b>	<b>-</b>	<b>1.300.204</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>13.599.187</b>	<b>29.655.453</b>	<b>43.254.640</b>

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

<b>Current Period – 30.09.2018</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.043.527</b>	<b>14.062.365</b>	<b>15.105.892</b>
Mortgage Loans	9.987	9.095	19.082
Automotive Loans	52.758	78	52.836
Consumer Loans	980.782	14.053.192	15.033.974
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>116.116</b>	<b>415.531</b>	<b>531.647</b>
Mortgage Loans	-	1.190	1.190
Automotive Loans	-	-	-
Consumer Loans	116.116	414.341	530.457
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>13.031</b>	<b>229.547</b>	<b>242.578</b>
Mortgage Loans	-	-	-
Automotive Loans	5.821	-	5.821
Consumer Loans	7.210	229.547	236.757
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.947.889</b>	<b>74</b>	<b>2.947.963</b>
With Installment	1.097.805	45	1.097.850
Without Installment	1.850.084	29	1.850.113
<b>Corporate Credit Cards-FC</b>	<b>3.670</b>	<b>-</b>	<b>3.670</b>
With Installment	7	-	7
Without Installment	3.663	-	3.663
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>984.067</b>	<b>-</b>	<b>984.067</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5.108.300</b>	<b>14.707.517</b>	<b>19.815.817</b>

<b>Prior Period – 31.12.2017</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.119.222</b>	<b>16.749.813</b>	<b>17.869.035</b>
Mortgage Loans	14.390	3.147	17.537
Automotive Loans	54.110	30	54.140
Consumer Loans	1.050.722	16.746.636	17.797.358
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>42.260</b>	<b>505.766</b>	<b>548.026</b>
Mortgage Loans	-	1.422	1.422
Automotive Loans	3.424	-	3.424
Consumer Loans	38.836	504.344	543.180
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>192</b>	<b>130.514</b>	<b>130.706</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	192	130.514	130.706
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.590.251</b>	<b>144</b>	<b>2.590.395</b>
With Installment	1.143.897	54	1.143.951
Without Installment	1.446.354	90	1.446.444
<b>Corporate Credit Cards-FC</b>	<b>2.912</b>	<b>-</b>	<b>2.912</b>
With Installment	-	-	-
Without Installment	2.912	-	2.912
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>745.285</b>	<b>-</b>	<b>745.285</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.500.122</b>	<b>17.386.237</b>	<b>21.886.359</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

	<b>Current Period</b> <b>30 September 2018</b>
Domestic Loans	199.228.912
Foreign Loans	7.174.634
<b>Total</b>	<b>206.403.546</b>

	<b>Prior Period</b> <b>31 December 2017</b>
Domestic Loans	184.926.408
Foreign Loans	5.429.940
<b>Total</b>	<b>190.356.348</b>

6. Loans granted to investments in associates and subsidiaries:

	<b>Current Period</b> <b>30 September 2018</b>
Direct Loans Granted to Investments in Associates and Subsidiaries	331.321
Indirect Loans Granted to Investments in Associates and Subsidiaries	-
<b>Total</b>	<b>331.321</b>

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

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

	<b>Current Period</b> <b>30 September 2018</b>
Loans and Other Receivables with Limited Collectibility	673.576
Loans and Other Receivables with Doubtful Collectibility	774.548
Uncollectible Loans and Receivables	2.784.879
<b>Total</b>	<b>4.233.003</b>

- (ii) Specific provisions accounted for loans:

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

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectibility</b>	<b>Loans with Doubtful Collectibility</b>	<b>Uncollectible Loans</b>
<b>Current Period: 30 September 2018</b>			
(Gross Amounts Before Specific Provisions)	28.733	47.504	91.309
Rescheduled Loans and Other Receivables	28.733	47.504	91.309
<b>Prior Period: 31 December 2017</b>			
(Gross Amounts Before Specific Provisions)	31.843	39.558	71.021
Rescheduled Loans and Other Receivables	31.843	39.558	71.021

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Prior Period End Balance: 31 December 2017</b>			
Additions (+)	4.114.083	222.146	79.553
Transfers from Other Categories of Non-Performing Loans (+)	-	2.482.944	985.044
Transfers to Other Categories of Non-Performing Loans (-)	2.482.944	985.044	-
Collections (-) (*)	642.369	170.254	306.401
Write-offs (-)	1.201	1.623	4.484
Sold Portfolio	-	-	772.668
Corporate and Commercial Loans	-	-	221.834
Consumer Loans	-	-	266.110
Credit Cards	-	-	284.724
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>1.566.603</b>	<b>2.198.290</b>	<b>3.284.600</b>
Specific Provisions (-)	673.576	774.548	2.784.879
<b>Net Balance at Balance Sheet</b>	<b>893.027</b>	<b>1.423.742</b>	<b>499.721</b>

(\*) TL 774 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period: 30 September 2018</b>			
Balance at the End of the Period	706.652	1.174.758	399.787
Specific Provision (-)	260.093	257.153	240.107
Net Balance on Balance Sheet	446.559	917.605	159.680
<b>Prior Period: 31 December 2017</b>			
Balance at the End of the Period	17.562	28.123	405.791
Specific Provision (-)	17.562	28.123	277.527
<b>Net Balance at Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>128.264</b>

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



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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and Other Receivables with Limited Collectibility</b>	<b>Loans and Other Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net): 30 September 2018</b>			
Loans granted to corporate entities and real persons (Gross)	1.566.603	2.198.290	3.284.600
Specific Provision Amount (-)	673.576	774.548	2.784.879
Loans granted to corporate entities and real persons (Net)	893.027	1.423.742	499.721
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
<b>Prior Period (Net): 31 December 2017</b>			
Loans granted to corporate entities and real persons (Gross)	579.034	650.121	3.303.556
Specific Provision Amount (-)	579.034	650.121	3.150.937
Loans granted to corporate entities and real persons (Net)	-	-	152.619
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
<b>Current Period: 30 September 2018</b>			
Interest accruals and valuation differences	149.378	169.533	57.244
Provision (-)	73.897	69.307	45.390
<b>Prior Period: 31 December 2017</b>			
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

9. As of 30 September 2018, the sectoral breakdown of loans is as follows:

<b>Sector</b>	<b>Share</b>
Consumer Loans	17,3%
Construction Investment	10,7%
Services	7,5%
Energy Production	6,2%
Informatics	4,7%
Transportation Vehicles and Subsidiary Industry	4,6%
Textile and Apparel	4,4%
Construction Contract	4,3%
Finance	3,8%
Food	3,7%
Metal and Metal Products	3,5%
Retail and Wholesale Trade	3,5%
Tourism	3,4%
Leasing - Factoring	2,6%
Transportation and Logistics	2,3%
Other	17,4%
<b>Total</b>	<b>100,0%</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

**g. Financial assets measured at amortised cost:**

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

(i). Financial assets measured at amortised cost

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	-	756.321
Subject to repurchase agreements	1.401.823	2.984.958
<b>Total</b>	<b>1.401.823</b>	<b>3.741.279</b>

(ii). Held-to-maturity:

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

2. Information on held-to-maturity government debt securities:

(i) Financial assets measured at amortised cost

	<b>Current Period</b>	
	<b>30 September 2018</b>	
Government Bonds	7.788.754	
Treasury Bills	124.364	
Other Government Debt Securities	1.100.106	
<b>Total</b>	<b>9.013.224</b>	

(ii) Financial assets held-to-maturity

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

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
Debt Securities	11.025.819	
Quoted at Stock Exchange	11.025.819	
Unquoted at Stock Exchange	-	
Impairment Provision (-)	87.132	
<b>Total</b>	<b>10.938.687</b>	

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

	<b>Current Period 30 September 2018</b>
Balance at the Beginning of the Period	18.883.032
Foreign Currency Differences on Monetary Assets	2.462.078
Purchases During Year	124.364
Disposals Through Sales and Redemptions (*)	(10.720.395)
Impairment Provision	161.961
Change in Amortized Cost	27.647
<b>Balance at the End of the Period</b>	<b>10.938.687</b>

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

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

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

**h. Information on investments in associates (Net):**

1. Information about investments in associates:

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	94.425	57.724	48.696	1.137	-	8.630	3.260	-
2	296.536	193.394	177.837	5.984	39	23.681	28.103	-

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

3. Movement schedule of investments in associates:

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

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

**i. Information related to subsidiaries (Net):**

1. Information on shareholders' equity of subsidiaries:

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

	<b>Ak Finansal Kiralama A.Ş.</b>	<b>Ak Yatırım Menkul Değerler A.Ş.</b>	<b>Ak Portföy Yönetimi A.Ş.</b>	<b>Akbank AG</b>	<b>AkÖde A.Ş.</b>
Paid in Capital	284.488	96.802	10.534	740.648	5.000
Share Premium	-	-	-	-	-
Reserves	575.244	61.081	18.310	3.913.548	-
Gains recognized in equity as per TAS	-	(1.973)	(234)	-	-
Profit/Loss	(7.714)	216.255	29.136	170.855	(1.587)
- Net Current Period Profit	(7.714)	89.734	28.582	170.855	(1.587)
- Prior Year Profit/Loss	-	126.521	554	-	-
Development Cost of Operating Lease (-)	34	1.182	-	353	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.580	10.880	137	5.954	-
<b>Total Common Equity</b>	<b>850.404</b>	<b>360.103</b>	<b>57.609</b>	<b>4.818.744</b>	<b>3.413</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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" (-)	-	-	-	-	-
<b>Total Tier I Capital</b>	<b>850.404</b>	<b>360.103</b>	<b>57.609</b>	<b>4.818.744</b>	<b>3.413</b>
<b>Tier II Capital</b>	<b>105.405</b>	<b>479</b>	<b>5</b>	<b>31.413</b>	<b>-</b>
<b>CAPITAL</b>	<b>955.809</b>	<b>360.582</b>	<b>57.614</b>	<b>4.850.157</b>	<b>3.413</b>
<b>Deductions from Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>955.809</b>	<b>360.582</b>	<b>57.614</b>	<b>4.850.157</b>	<b>3.413</b>

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:

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

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

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	8.078.450	796.885	176.233	414.966	-	(7.714)	36.283	-
2	1.618.754	372.165	14.528	165.239	30.597	89.734	20.605	-
3	68.771	57.746	761	6.468	-	28.582	13.882	-
4	32.897.399	4.825.051	7.123	890.700	50.628	170.855	104.223	-
5	3.544	3.413	140	181	-	(1.587)	-	-

5. Movement schedule of subsidiaries:

	<b>Current Period 30 September 2018</b>
Balance at the Beginning of the Period	4.133.098
Movements During the Period	
Additions (*)	55.000
Bonus Shares and Contributions to Capital	-
Dividends from Current Year Income	279.872
Sales/Liquidation	-
Revaluation Increase (**)	1.587.169
Revaluation/Impairment	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-
Balance at the End of the Period	6.055.139
Capital Commitments	-
Share Percentage at the End of the Period (%)	-

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

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

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

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

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

<b>Subsidiaries</b>	<b>Current Period 30 September 2018</b>
Banks	4.825.051
Insurance Companies	-
Factoring Companies	-
Leasing Companies	796.765
Finance Companies	-
Other Financial Subsidiaries	433.323

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

7. Subsidiaries quoted to a stock exchange: None.

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

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

**l. Information on the Hedging Derivative Financial Assets:**

	<b>Current Period 30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	3.541.768	109.291
Cash Flow Hedge	3.024.700	453.267
Net Investment Hedge in a foreign operation	-	-
<b>Total</b>	<b>6.566.468</b>	<b>562.558</b>

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

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

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

As of 30 September 2018, the Bank has deferred tax asset amounting TL 61.719 (31 December 2017: 9.075). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities and provision for employee rights.

Deferred tax assets and liabilities which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation are netted-off and accounted. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

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

	<b>Current Period 30 September 2018</b>
Cost	86.342
Accumulated Depreciation (-)	94
<b>Net Book Value</b>	<b>86.248</b>

	<b>Current Period 30 September 2018</b>
<b>Opening Balance Net Book Value</b>	<b>57.520</b>
Additions	58.229
Disposals (-), net	29.419
Impairment (-)	82
Depreciation (-)	-
<b>Closing Net Book Value</b>	<b>86.248</b>

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

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

**p. Information on other assets:**

Other assets amounting to TL 7.618.554 (31 December 2017: TL 3.296.128) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.



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**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES**

**a. Information on deposits:**

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

1 (i). Current Period – 30 September 2018:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	8.479.582	6.741.268	41.574.611	675.665	621.861	624.313	23.985	<b>58.741.285</b>
Foreign Currency Deposits	21.847.427	10.523.090	74.479.650	3.822.471	9.719.450	3.723.090	2.085	<b>124.117.263</b>
Residents in Turkey	20.632.395	10.174.949	70.926.147	2.229.191	1.271.330	1.866.686	1.893	<b>107.102.591</b>
Residents Abroad	1.215.032	348.141	3.553.503	1.593.280	8.448.120	1.856.404	192	<b>17.014.672</b>
Public Sector Deposits	519.008	14.626	22.255	3.194	166	514	-	<b>559.763</b>
Commercial Deposits	7.907.124	3.248.526	12.284.842	362.049	205.183	352.297	-	<b>24.360.021</b>
Other Institutions Deposits	231.004	351.518	2.064.400	97.743	156.135	227.876	-	<b>3.128.676</b>
Precious metals Deposits	2.238.482	1	9.636	-	172.578	18.621	-	<b>2.439.318</b>
Interbank Deposits	1.412.100	1.227.063	4.378.325	768.800	211.652	-	-	<b>7.997.940</b>
The CBRT	-	-	-	-	-	-	-	<b>-</b>
Domestic Banks	13.905	720.629	208.163	-	27.866	-	-	<b>970.563</b>
Foreign Banks	205.988	506.434	4.170.162	768.800	183.786	-	-	<b>5.835.170</b>
Participation Banks	1.192.207	-	-	-	-	-	-	<b>1.192.207</b>
Other	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>42.634.727</b>	<b>22.106.092</b>	<b>134.813.719</b>	<b>5.729.922</b>	<b>11.087.025</b>	<b>4.946.711</b>	<b>26.070</b>	<b>221.344.266</b>

1 (ii). Prior period - 31 December 2017:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	8.420.445	15.472.883	32.001.233	492.256	646.290	637.816	33.627	<b>57.704.550</b>
Foreign Currency Deposits	14.213.272	20.401.859	33.793.676	2.139.009	5.715.390	2.902.640	1.760	<b>79.167.606</b>
Residents in Turkey	13.491.870	19.567.456	31.542.596	1.169.908	996.303	1.221.898	1.559	<b>67.991.590</b>
Residents Abroad	721.402	834.403	2.251.080	969.101	4.719.087	1.680.742	201	<b>11.176.016</b>
Public Sector Deposits	309.841	16.456	11.269	3.526	184	175	-	<b>341.451</b>
Commercial Deposits	9.232.735	7.603.171	11.902.838	242.478	802.779	283.133	-	<b>30.067.134</b>
Other Institutions Deposits	236.190	234.207	2.501.398	22.089	65.272	153.181	-	<b>3.212.337</b>
Precious metals Deposits	1.332.683	-	3.320	-	115.427	-	-	<b>1.451.430</b>
Interbank Deposits	1.163.106	3.869.188	5.910.179	1.424.671	561.893	30.904	-	<b>12.959.941</b>
The CBRT	-	-	-	-	-	-	-	<b>-</b>
Domestic Banks	16.512	3.594.148	192.524	6.134	-	-	-	<b>3.809.318</b>
Foreign Banks	352.114	275.040	5.717.655	1.418.537	561.893	30.904	-	<b>8.356.143</b>
Participation Banks	794.480	-	-	-	-	-	-	<b>794.480</b>
Other	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>34.908.272</b>	<b>47.597.764</b>	<b>86.123.913</b>	<b>4.324.029</b>	<b>7.907.235</b>	<b>4.007.849</b>	<b>35.387</b>	<b>184.904.449</b>

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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:

	<b>Under the Guarantee of Deposit Insurance</b>	<b>Exceeding the Limit of Deposit Insurance</b>
	<b>Current Period 30 September 2018</b>	<b>Current Period 30 September 2018</b>
Saving Deposits	24.271.786	34.469.499
Foreign Currency Saving Deposits	10.578.948	54.205.169
Other Deposits in the Form of Saving Deposits	1.167.339	1.079.173
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-

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

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

	<b>Current Period 30 September 2018</b>
Foreign Branches' Deposits and other accounts	841
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	1.262.821
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>Prior Period 31 December 2017</b>
Foreign Branches' Deposits and other accounts	1.381
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	926.384
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-

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**b. Information on trading derivative financial liabilities:**

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	1.812.350	-
Swap Transactions	18.694.602	1.258.646
Futures Transactions	-	-
Options	112.578	1.825.015
Other	-	-
<b>Total</b>	<b>20.619.530</b>	<b>3.083.661</b>

(\*). Excluding hedge transactions

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

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

**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Borrowings from the CBRT	-	-
From Domestic Banks and Institutions	231.403	505.678
From Foreign Banks, Institutions and Funds	408.491	43.040.876
<b>Total</b>	<b>639.894</b>	<b>43.546.554</b>

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

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2. Information on maturity structure of borrowings

	Current Period 30 September 2018	
	TL	FC
Short-term	241.422	2.285.287
Medium and Long-term	398.472	41.261.267
<b>Total</b>	<b>639.894</b>	<b>43.546.554</b>

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

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 September 2018	
	TL	FC
Bank bills	1.471.229	-
Bonds	1.638.721	9.268.881
<b>Total</b>	<b>3.109.950</b>	<b>9.268.881</b>

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

**e. Information on other foreign liabilities:**

Other foreign liabilities listed in "Other Liabilities" amounting to TL 1.195.666 (31 December 2017: TL 1.101.637) and do not exceed 10% of the total balance sheet.

**f. Information on financial leasing agreements:**

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

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Liabilities incurred due to financial leasing agreements:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>Gross</b>	<b>Net</b>
Less Than 1 Year	11.205	9.821
Between 1-4 Years	-	-
More Than 4 Years	-	-
<b>Total</b>	<b>11.205</b>	<b>9.821</b>

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

**g. Information on the hedging derivative financial liabilities:**

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Fair Value Hedge	-	17.182
Cash Flow Hedge	1.260.755	-
Net Investment Hedge in a foreign operation	-	-
<b>Total</b>	<b>1.260.755</b>	<b>17.182</b>

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

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**h. Information on provisions:**

1. Information on reserves for employee rights:

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

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

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<b>Current Period</b> <b>30 September 2018</b>
Discount Rate (%)	4,91
Rate for the Probability of Retirement (%)	94,45

  

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

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 5.434,42 (1 January 2018: TL 5.001,76) effective from 1 July 2018 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	<b>Current Period</b> <b>30 September 2018</b>
<b>Prior Period Closing Balance</b>	<b>204.276</b>
Recognized as an Expense During the Period	49.750
Actuarial Loss / (Gain)	(7.486)
Paid During the Period	(42.634)
<b>Balance at the End of the Period</b>	<b>203.906</b>

As of 30 September 2018, the Bank has allocated vacation liability amounting to TL 98.331.

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

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

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

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

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 30 September 2018 is amounting to TL 66.218 (31 December 2017: TL 67.754).

4. Information on other provisions:

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

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

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 49.180 (31 December 2017: TL 69.284).

**i. Explanations on tax liability:**

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVII of Section Three. As of 30 September 2018, The Bank has no corporate tax liability after the deduction of temporary taxes (31 December 2017: TL 814.395). As of 30 September 2018 current tax asset is TL 116.509. (31 December 2017: None).

1 (i). Information on taxes payable:

	<b>Current Period</b>
	<b>30 September 2018</b>
Corporate Taxes Payable	-
Taxation on Marketable Securities	217.579
Property Tax	2.367
Banking Insurance Transaction Tax (BITT)	171.217
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	3.402
Other	112.127
<b>Total</b>	<b>506.692</b>

  

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

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1 (ii). Information on premium payables:

	<b>Current Period</b>
	<b>30 September 2018</b>
Social Security Premiums – Employee	-
Social Security Premiums – Employer	1
Bank Social Aid Pension Fund Premium- Employee	3
Bank Social Aid Pension Fund Premium – Employer	3
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	1.570
Unemployment Insurance – Employer	3.139
Other	99
<b>Total</b>	<b>4.815</b>

	<b>Prior Period</b>
	<b>31 December 2017</b>
Social Security Premiums – Employee	4
Social Security Premiums – Employer	14
Bank Social Aid Pension Fund Premium- Employee	109
Bank Social Aid Pension Fund Premium – Employer	150
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	2.094
Unemployment Insurance – Employer	4.187
Other	35
<b>Total</b>	<b>6.593</b>

2. Information on deferred tax liability:

As of 30 September 2018, The Bank has no deferred tax liability (31 December 2017: TL 392.164). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

**j. Information on subordinated loan:**

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
To be included in the calculation of additional capital borrowing instruments	-	-
Subordinated loans	-	-
Subordinated debt instruments	-	-
Debt instruments to be included in contribution capital calculation	-	5.422.330
Subordinated loans	-	-
Subordinated debt instruments	-	5.422.330
<b>Total</b>	<b>-</b>	<b>5.422.330</b>



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	<b>Prior Period</b>	
	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	1.900.999
From Other Foreign Institutions	-	-
<b>Total</b>	<b>-</b>	<b>1.900.999</b>

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:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
Common Stock		4.000.000
Preferred Stock		-

	<b>Prior Period</b>	
	<b>31 December 2017</b>	
Common Stock		4.000.000
Preferred Stock		-

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

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Share Capital	4.000.000	10.000.000

In the Ordinary General Assembly Meeting of the Bank, which was held on 28 March 2017, amendment to the articles of association regarding the increase of the upper limit of registered capital from TL 8.000.000 to TL 10.000.000 is accepted and the registration process has been completed as of 29 March 2017.

3. Information on the share capital increases during the period and their sources: None.
4. Information on share capital increases from capital reserves during the current period: None.
5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators;  
The Bank has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Bank continues to its operations with strong shareholders' equity.
7. Information on privileges given to shares representing the capital: None.

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8. Information on marketable securities value increase fund:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	850.448	581.490
Valuation Difference	(1.962.398)	(1.596.268)
Foreign Currency Differences	-	2.263.922
<b>Total</b>	<b>(1.111.950)</b>	<b>1.249.144</b>

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

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

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

**Explanations on off-balance sheet commitments:**

1. Type and amount of irrevocable commitments: TL 18.420.842 asset purchase commitments (31 December 2017: TL 10.596.665), TL 19.361.640 commitments for credit card limits (31 December 2017: TL 18.431.137), TL 6.545.326 commitments for cheque books (31 December 2017: TL 6.679.928).

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

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

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

	<b>Current Period</b> <b>30 September 2018</b>
Bank Acceptance Loans	5.043.576
Letters of Credit	10.675.001
Other Guarantees and Warranties	8.636.793
<b>Total</b>	<b>24.355.370</b>

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

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

	<b>Current Period</b> <b>30 September 2018</b>
Revocable Letters of Guarantee	1.249.603
Irrevocable Letters of Guarantee	22.912.113
Letters of Guarantee Given in Advance	3.758.896
Guarantees Given to Customs	2.045.069
Other Letters of Guarantee	10.540.842
<b>Total</b>	<b>40.506.523</b>

	<b>Prior Period</b> <b>31 December 2017</b>
Revocable Letters of Guarantee	1.279.965
Irrevocable Letters of Guarantee	19.276.192
Letters of Guarantee Given in Advance	4.148.237
Guarantees Given to Customs	2.483.061
Other Letters of Guarantee	7.872.029
<b>Total</b>	<b>35.059.484</b>

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3. Information on non-cash loans:

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

	<b>Current Period</b>
	<b>30 September 2018</b>
Non-cash Loans Given against Cash Loans	10.106.303
With Original Maturity of 1 Year or Less Than 1 Year	4.465.527
With Original Maturity of More Than 1 Year	5.640.776
Other Non-cash Loans	54.755.590
<b>Total</b>	<b>64.861.893</b>

	<b>Prior Period</b>
	<b>31 December 2017</b>
Non-cash Loans Given against Cash Loans	7.958.951
With Original Maturity of 1 Year or Less Than 1 Year	3.949.119
With Original Maturity of More Than 1 Year	4.009.832
Other Non-cash Loans	44.642.227
<b>Total</b>	<b>52.601.178</b>

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**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT**

**a. Information on interest income:**

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Short-term Loans	6.491.617	139.406
Medium and Long-term Loans	8.426.248	2.820.213
Interest on Loans Under Follow-Up	372.158	-
Premiums Received from the Resource	-	-
Utilization Support Fund	-	-
<b>Total</b>	<b>15.290.023</b>	<b>2.959.619</b>

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
Short-term Loans	3.917.255	67.683
Medium and Long-term Loans	7.263.553	2.047.631
Interest on Loans Under Follow-Up	25.793	-
Premiums Received from the Resource	-	-
Utilization Support Fund	-	-
<b>Total</b>	<b>11.206.601</b>	<b>2.115.314</b>

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

2. Information on interest income on banks:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
From the CBRT	205.557	1.673
From Domestic Banks	40.980	17.818
From Foreign Banks	4.241	198.028
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>250.778</b>	<b>217.519</b>

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
From the CBRT	67.142	1.458
From Domestic Banks	15.716	11.902
From Foreign Banks	4.313	46.669
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>87.171</b>	<b>60.029</b>

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3. Information on interest income on marketable securities:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
From Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2.716.897	639.763
Financial Assets Measured at Amortised Cost	569.960	236.089
<b>Total</b>	<b>3.286.857</b>	<b>875.852</b>

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
From Trading Financial Assets	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	1.574.487	471.951
From Held-to-Maturity Investments	409.879	326.355
<b>Total</b>	<b>1.984.366</b>	<b>798.306</b>

As stated in Section Three disclosure VI, the Bank has inflation indexed (CPI) government bonds in its fair value through other comprehensive income" and "measured at amortized cost portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. As stated in the Undersecretariat of Treasury's Investor Guide for CPI indexed government bonds, the reference indices used in calculating the actual coupon payment amounts of these assets are based on the CPI of two months ago. The Bank also sets the estimated inflation rate accordingly. Related inflation rate is updated during the year when necessary. In this context, the estimated annual inflation rate, which was determined as 9,00% on 1 January 2018, was updated as 11% as of 30 June 2018. Annual inflation rate has been updated as 17,00% as of 30 September 2018 and the valuation of the related securities have been calculated according to this estimation. If the valuation of these securities indexed to CPI was made according to the reference index valid for September 30, 2018, the Bank's equity valuation differences on equity would increase by TL 43 million (full TL amount) and the net profit for the period would decrease by TL 57 million to 4.582 Million TL (full TL amount).

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
Interests Received From Investments in Associates and Subsidiaries		32.415

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
Interests Received From Investments in Associates and Subsidiaries		28.772

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**b. Information on interest expense:**

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Banks	41.652	918.220
The CBRT	-	-
Domestic Banks	11.580	5.747
Foreign Banks	30.072	912.473
Headquarters and Branches Abroad	-	-
Other Institutions	-	91.419
<b>Total</b>	<b>41.652</b>	<b>1.009.639</b>

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
Banks	10.136	490.983
The CBRT	-	-
Domestic Banks	9.351	2.973
Foreign Banks	785	488.010
Headquarters and Branches Abroad	-	-
Other Institutions	-	53.199
<b>Total</b>	<b>10.136</b>	<b>544.182</b>

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

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

	<b>Current Period</b>	
	<b>30 September 2018</b>	
To Associates and Subsidiaries		44.017

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
To Associates and Subsidiaries		59.405

3. Information on interest expense given to securities issued:

	<b>Current Period</b>	
	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Interest expense on securities issued	593.046	485.805

	<b>Prior Period</b>	
	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
Interest expense on securities issued	198.928	393.482

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4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 30.09.2018	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	7.235	153.654	29.828	5.523	2.089	-	<b>198.329</b>
Saving Deposits	-	1.193.120	3.638.595	56.414	61.074	53.175	<b>5.002.378</b>
Public Sector Deposits	-	5.234	1.799	150	6	33	<b>7.222</b>
Commercial Deposits	-	776.490	1.181.856	58.739	40.534	42.013	<b>2.099.632</b>
Other Deposits	3	48.782	164.006	17.341	10.696	26.418	<b>267.246</b>
<b>Total</b>	<b>7.238</b>	<b>2.177.280</b>	<b>5.016.084</b>	<b>138.167</b>	<b>114.399</b>	<b>121.639</b>	<b>7.574.807</b>
<b>FC</b>	145	433.154	1.355.168	81.692	202.962	41.038	<b>2.114.159</b>
Foreign Currency Deposits	-	401.305	1.266.644	67.791	195.083	40.277	<b>1.971.100</b>
Bank Deposits	145	31.849	88.358	13.901	6.773	313	<b>141.339</b>
Precious Metals Deposits	-	-	166	-	1.106	448	<b>1.720</b>
<b>Total</b>	<b>145</b>	<b>433.154</b>	<b>1.355.168</b>	<b>81.692</b>	<b>202.962</b>	<b>41.038</b>	<b>2.114.159</b>
<b>Grand Total</b>	<b>7.383</b>	<b>2.610.434</b>	<b>6.371.252</b>	<b>219.859</b>	<b>317.361</b>	<b>162.677</b>	<b>9.688.966</b>

Prior Period – 30.09.2017	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	459	93.916	68.289	2.729	258	76	<b>165.727</b>
Saving Deposits	-	1.184.585	2.401.346	43.941	40.278	51.370	<b>3.721.520</b>
Public Sector Deposits	-	7.444	2.813	389	83	2	<b>10.731</b>
Commercial Deposits	-	634.072	940.332	90.139	77.616	43.443	<b>1.785.602</b>
Other Deposits	3	44.341	178.228	43.290	107.511	19.047	<b>392.420</b>
<b>Total</b>	<b>462</b>	<b>1.964.358</b>	<b>3.591.008</b>	<b>180.488</b>	<b>225.746</b>	<b>113.938</b>	<b>6.076.000</b>
<b>FC</b>	149	362.684	625.537	108.313	62.595	38.918	<b>1.198.196</b>
Foreign Currency Deposits	-	346.199	584.309	96.518	56.497	38.248	<b>1.121.771</b>
Bank Deposits	149	16.485	41.227	11.795	5.391	407	<b>75.454</b>
Precious Metals Deposits	-	-	1	-	707	263	<b>971</b>
<b>Total</b>	<b>149</b>	<b>362.684</b>	<b>625.537</b>	<b>108.313</b>	<b>62.595</b>	<b>38.918</b>	<b>1.198.196</b>
<b>Grand Total</b>	<b>611</b>	<b>2.327.042</b>	<b>4.216.545</b>	<b>288.801</b>	<b>288.341</b>	<b>152.856</b>	<b>7.274.196</b>

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

	Current Period 30 September 2018
<b>Profit</b>	<b>1.146.036.222</b>
Income From Capital Market Transactions	493.412
Income From Derivative Financial Transactions (*)	39.978.869
Foreign Exchange Gains	1.105.563.941
<b>Loss (-)</b>	<b>1.145.550.901</b>
Loss from Capital Market Transactions	1.571.038
Loss from Derivative Financial Transactions (*)	32.836.532
Foreign Exchange Loss	1.111.143.331
<b>Total (Net)</b>	<b>485.321</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 1.535.909.



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	<b>Prior Period 30 September 2017</b>
<b>Profit</b>	<b>449.045.474</b>
Income From Capital Market Transactions	343.269
Income From Derivative Financial Transactions (*)	12.272.826
Foreign Exchange Gains	436.429.379
<b>Loss (-)</b>	<b>449.268.363</b>
Loss from Capital Market Transactions	126.897
Loss from Derivative Financial Transactions (*)	12.026.095
Foreign Exchange Loss	437.115.371
<b>Total (Net)</b>	<b>[222.889]</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 710.350.

**d. Explanations on other operating income:**

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

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

e. (i) Expected provision expenses:

	<b>Current Period 30 September 2018</b>
Expected Credit Loss	4.794.193
12 month expected credit loss (stage 1)	213.469
Significant increase in credit risk (stage 2)	2.863.338
Non-performing loans (stage 3)	1.717.386
Marketable Securities Impairment Expense	382
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	-
Financial Assets at Fair Value Through Other Comprehensive Income	382
Investments in Associates, Subsidiaries Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
<b>Total</b>	<b>4.794.575</b>

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

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

	<b>Prior Period</b>
	<b>30 September 2017</b>
Specific Provisions for Loans and Other Receivables	1.045.344
III. Group Loans and Receivables	387.070
IV. Group Loans and Receivables	631.823
V. Group Loans and Receivables	26.451
General Provision Expenses	97.918
Free Provision Expense for Possible Risks	-
Marketable Securities Impairment Expense	-
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	-
Investments in Associates, Subsidiaries and Held-to-maturity	-
Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Held-to-maturity Investments	-
Other	23.195
<b>Total</b>	<b>1.166.457</b>

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

	<b>Current Period</b>
	<b>30 September 2018</b>
Personnel Expenses(*)	1.567.381
Reserve for Employee Termination Benefits	7.116
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	132.284
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	122.648
Impairment Expenses of Equity Participations for which	-
Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	82
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	1.711.459
Operational Leasing Expenses	165.282
Maintenance Expenses	35.551
Advertisement Expenses	83.004
Other Expenses	1.427.622
Loss on Sales of Assets	433
Other (*)	446.026
<b>Total</b>	<b>3.987.429</b>

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

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

	<b>Prior Period</b>
	<b>30 September 2017</b>
Personnel Expenses	1.360.916
Reserve for Employee Termination Benefits	1.496
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	1.473
Depreciation Expenses of Fixed Assets	111.594
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	86.083
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	59
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	1.382.769
Operational Leasing Expenses	144.576
Maintenance Expenses	20.606
Advertisement Expenses	94.713
Other Expenses	1.122.874
Loss on Sales of Assets	165
Other	422.286
<b>Total</b>	<b>3.366.841</b>

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

As of 30 September 2018, the Bank has a current tax expense of TL 729.203, deferred tax expense of TL 1.679.897 and deferred tax income of TL 1.250.775.

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 4.638.843 (30 September 2017: TL 4.514.847).

The Bank has no discontinued operations.

**i. Other figures on profit and loss statement:**

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

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**V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**Information on cash and cash equivalents:**

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

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

**1. Current Period - 30 September 2018**

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

	<b>Current Period</b>
	<b>30 September 2018</b>
<b>Cash</b>	<b>4.266.470</b>
Cash, Foreign Currency and Other	2.205.222
Demand Deposits in Banks (*)	2.061.248
<b>Cash Equivalents</b>	<b>6.668.762</b>
Interbank Money Market Placements	1.544.270
Time Deposits in Banks	5.117.991
Marketable Securities	6.501
<b>Total Cash and Cash Equivalents</b>	<b>10.935.232</b>

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

	<b>Current Period</b>
	<b>30 September 2018</b>
<b>Cash</b>	<b>12.149.527</b>
Cash, Foreign Currency and Other	5.102.948
Demand Deposits in Banks (*)	7.046.579
<b>Cash Equivalents</b>	<b>31.207.607</b>
Interbank Money Market Placements	7.644.487
Time Deposits in Banks	23.433.620
Marketable Securities	129.500
<b>Total Cash and Cash Equivalents</b>	<b>43.357.134</b>

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**2. Prior Period- 30 September 2017**

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

	<b>Prior Period 30 September 2017</b>
<b>Cash</b>	<b>3.323.769</b>
Cash, Foreign Currency and Other	1.835.542
Demand Deposits in Banks (*)	1.488.227
<b>Cash Equivalents</b>	<b>9.090.155</b>
Interbank Money Market Placements	-
Time Deposits in Banks	9.043.415
Marketable Securities	46.740
<b>Total Cash and Cash Equivalents</b>	<b>12.413.924</b>

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

	<b>Prior Period 30 September 2017</b>
<b>Cash</b>	<b>3.234.164</b>
Cash, Foreign Currency and Other	2.159.764
Demand Deposits in Banks (*)	1.074.400
<b>Cash Equivalents</b>	<b>1.519.666</b>
Interbank Money Market Placements	480.804
Time Deposits in Banks	1.018.780
Marketable Securities	20.082
<b>Total Cash and Cash Equivalents</b>	<b>4.753.830</b>

(\*) The restricted demand accounts are not included.

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

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

1. Current Period – 30 September 2018:

<b>Bank's Risk Group</b>	<b>Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)</b>		<b>Direct and Indirect Shareholders of the Bank</b>		<b>Other Real and Legal Persons that have been included in the Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans						
Balance at the Beginning of the Period	346.273	274.819	5.560.592	923.699	-	-
Balance at the End of the Period	331.321	336.210	5.081.318	1.184.472	15.389	7.210
Interest and Commission Income Received	32.415	127	356.312	4.467	441	17

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 11.850.291 as of 30 September 2018.

2. Prior Period - 31 December 2017:

<b>Bank's Risk Group</b>	<b>Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)</b>		<b>Direct and Indirect Shareholders of the Bank</b>		<b>Other Real and Legal Persons that have been included in the Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans						
Balance at the Beginning of the Period	414.469	254.251	4.529.001	900.600	-	-
Balance at the End of the Period	346.273	274.819	5.560.592	923.699	-	-
Interest and Commission Income Received (*)	28.772	64	364.348	2.988	-	-

(\*) 30 September 2017 balances used for Income accounts.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Current Period	Current Period	Current Period
	30.09.2018	30.09.2018	30.09.2018
Balance at the Beginning of the Period	836.532	3.074.694	2.311.399
Balance at the End of the Period	1.048.111	7.560.855	1.257.927
Interest expense on Deposits	44.017	302.509	69.878

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Prior Period	Prior Period	Prior Period
	31.12.2017	31.12.2017	31.12.2017
Balance at the Beginning of the Period	730.658	2.172.759	2.315.646
Balance at the End of the Period	836.532	3.074.694	2.311.399
Interest expense on Deposits (*)	59.405	158.262	138.266

(\*) 30 September 2017 balances used for Income accounts.

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Current Period	Current Period	Current Period
	30.09.2018	30.09.2018	30.09.2018
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	3.501.130	13.638.708	-
Balance at the End of the Period	2.973.423	13.830.028	-
Total income/loss	17.414	80.994	-
Transactions for Hedging Purposes			
Beginning of the Period	-	-	-
Balance at the End of the Period	-	-	-
Total Income/Loss	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 30 September 2018, the net exposure for investments in associates and subsidiaries is TL 36.925. For direct and indirect shareholders of the Bank TL (818.647).

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect	Other Real and
	(Business Partnerships	Shareholders of the Bank	Legal Persons that
	Prior Period 31.12.2017	Prior Period 31.12.2017	have been included in the Risk Group Prior Period 31.12.2017
Transactions at Fair Value			
Through Profit or Loss			
Beginning of the Period	2.477.406	10.110.973	-
Balance at the End of the Period	3.501.130	13.638.708	-
Total income/loss (*)	(5.630)	(69.003)	-
Transactions for Hedging Purposes			
Beginning of the Period	-	-	-
Balance at the End of the Period	-	-	-
Total Income/Loss (*)	-	-	-

(\*) 30 September 2017 balances used for Income accounts.

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 31 December 2017, the net exposure for investments in associates and subsidiaries is TL 29.021. For direct and indirect shareholders of the Bank TL (153.254).

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

As of 30 September 2018 benefits provided to the Bank's key management amounting to TL 35.114 (30 September 2017: TL 26.420).

**VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.



**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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

**I. EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

The interim period unconsolidated financial statements for the period ended 30 September 2018 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 24 October 2018 is presented preceding the unconsolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS**

None.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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**SECTION SEVEN (\*)  
INFORMATION ON INTERIM ACTIVITY REPORT**

**Message from the Chairman of the Board:**

In the third quarter of 2018; financial market volatility increased due to continuing trade tensions between the US and China, Fed monetary policy normalization and geopolitical uncertainties. After 2008, with the lower levels of interest rates in developed markets, emerging countries increased their borrowings from abroad. After Fed started rising short-term interest rates, tightening financial conditions resulted in episodes of higher market volatility, weakening capital flows and, thus, local currency depreciations, especially in countries with high current account deficits.

Looking forward; strong dollar, increasing interest rates, trade tensions and consequent political uncertainties, Brexit process, US sanctions on Iran and its impact on oil prices will be important risk factors to be monitored regarding the market appetite for emerging markets, globally.

Since the start of the year Fed increased short term rates by 75 basis points, in total, to 2%-2.25% range and continued to gradually decrease the size of its balance sheet. Under the base scenario of continued robust economic activity in the US, its members expect Fed to deliver one more rate hike this year, 3 rate hikes in 2019 and 1 rate hike in 2020.

European Central Bank is planning to end its net asset purchases in December and keep the short term interest rates unchanged, at least until mid-2019. Although there has been some deceleration in the economic activity in the region, general positive economic growth trend is expected to continue broad-based and close to its potential in the near future. Despite the existence of some risk factors such as global trade uncertainties, rising oil prices and more volatile trend in emerging markets, the risks are considered as balanced.

Domestically; a rebalancing process was experienced in the second quarter: GDP growth was 5.2% in year-on-year terms. While private consumption's contribution became the highest, net exports also contributed positively to overall growth. In the third quarter, economic data point to a deceleration in economic activity. In the New Economic Program, 2019 growth expectation was announced as 3,8%.

With the declining trend in trade deficit and strong tourism revenues, we expect net exports to continue delivering positive contributions to growth and current account deficit to continue declining. Export activity is getting support from strong EU demand and low real effective levels of Turkish Lira. Despite the increase in oil prices, the normalization in gold imports and deceleration in economic activity lead to a declining trend in imports. As a result of these developments, current account produced a surplus in August. We expect this trend to continue in September.

Due to the recent depreciation in TL, inflation accelerated to 24.52% and core inflation became 24% in September. Recently; Treasury and Finance Minister Albayrak announced the new program to fight inflation. Along with steps taken by voluntarily participating firms, inflation is expected to decline somewhat in the near future.

Central Bank of Turkey made a strong 625-basis-point rate hike to contain risks against price stability and increased policy rate to 24%. The bank also stated that tight monetary policy will be maintained.

In the first nine months of the year; central budget gave a 56.7 billion TL deficit, while primary surplus became 3.7 billion TL. New Economic Program envisages budget deficit become 72.1 billion TL and primary surplus be realized at 4.3 billion TL, in 2018 whole year.

In the banking sector; a deceleration in annual credit growth was experienced. Turkish banking sector's NPL ratio has continued to trend low and its capital adequacy ratio is standing high at 17.3%.

In the future; developments regarding the trade tensions especially between the US and China, monetary policy steps of developed countries' central banks, geopolitical developments and domestic economic developments will be monitored closely.

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

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**Message from the CEO**

In a period marked by volatility in emerging markets, we were able to sustain our strong performance in the third quarter of the year. Our strong balance sheet and asset quality are results of our disciplined and transparent management as well as the high standards in our approach to banking.

In this period, the support we provided to the economy increased to a total of TL 271 billion, with TL 206 billion in cash loans. Our bank's bank-only deposits increased by 20 percent to TL 221 billion, and our assets increased by 24 percent to TL 392 billion in the first nine months of the year. Our bank reported a bank-only net profit of TL 4 billion 638 million in the nine months of 2018, after TL 1 billion 158 million tax provisions. Our total provisions for this period remain at 144% of our non-performing loans.

Akbank has successfully rolled over its loan due in September by 104%, providing USD 980 million of resources to Turkey's economy. Following the fluctuations in the markets in recent months, this agreement was seen as a critical test in terms of foreign bank appetite in lending to Turkish banks. Akbank has done its part, with its successful management and history of seventy years. Thanks to its strong balance sheet, transparency and prudent banking approach, Akbank successfully carried out this deal. As a result of this recent syndicated loan deal, Akbank has provided USD 4.6 billion worth of foreign resources to the economy in 2018, the highest contribution to our country through syndication loans.

Akbank will continue to make significant contributions to the Turkish economy in all areas of banking through innovation and expertise. We continue our investments to create more value for our country, and to offer the banking of the future to our customers today. Our focus in these investments are technology and our highly-qualified human resources. I am honored to be working alongside with such a highly motivated and dedicated group of people. I would also like to take this opportunity to extend my deep gratitude to our employees for their strong performance, and to our customers and shareholders for the trust they place in us.

## AKBANK T.A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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

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#### A. INTRODUCTION

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

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

##### 2. Important Issues and Transactions during the period:

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

TL 774 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies: Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

Under the securitization program based on the future cash flows of our bank, a total of 795 million USD financing was provided in 5 separate segments with the longest maturity of 7,5 years on 27 March 2018.

Akbank issued subordinated notes (Basel III compliant) amounting to USD 400 mn on 28 February 2018. The subordinated notes' coupon rate has been set at 6.797%, with a call option on 27 April 2023 and due 27 April 2028. The issuance will be completed on 27 February 2018 and the application regarding the issuance of subordinated notes will be sent to the Capital Markets Board.

Akbank provided syndication loans worth US \$ 1.24 billion to international markets at US \$ 604.5 million and Euro 483 million on 27 March 2018. The portion of the loan equivalent USD 950 million is 1 year; And 250 million US Dollars were provided with a 2 year maturity. The total cost of the 1-year maturity term of the loan is Libor + 1,30% and Euribor + 1,20%; The total cost of the 2-year maturity term is Libor + 2.10%.

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

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

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

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

Following its rating downgrade for Turkey, Fitch has downgraded various ratings of 24 Turkish banks, including Akbank on July 22, 2018. Accordingly Akbank's Long Term Foreign Currency (FC) IDR downgraded from BB+ to BB-, Long Term Local Currency IDR from BB+ to BB, National Long Term rating from AA+ to AA, Viability Rating from bb+ to bb-, Senior Unsecured note from BB+ to BB- and Subordinated note from BB to B+ and short-term ratings are affirmed.

Following the Turkey's rating change on September 17, 2018, Moody's downgraded ratings of 18 Turkish banks, including Akbank. Moody's downgraded Akbank's long-term ratings and credit assessments by one notch and assigned negative outlook. Accordingly Akbank's Long term FC Bank Deposit rating is downgraded from "Ba3" to "B1", Long term LC Bank Deposit from "Ba3" to "B1", Senior Unsecured - Medium Term Note Program from "Ba3/(P)Ba3" to "B1/(P)B1", Baseline Credit Assessment from "b1" to "b2". Additionally short term ratings are affirmed. Following lowering of Turkey's foreign currency deposit ceiling from "B1" to "B2" on 24 September 2018, Moody's downgraded long-term foreign currency deposit ratings of 9 Turkish banks, including Akbank. Accordingly, Moody's downgraded Akbank's long-term foreign currency deposit ratings from "B1" to "B2" and other ratings remained unchanged.

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**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

On September, 27 2018, Akbank has secured a multi-currency syndicated loan facility from international markets equivalent to USD 980 million, comprised of USD 285 million and EUR 591 million with 367 days maturity. All-in cost for the tranches are Libor+2,75% p.a. and Euribor+2,65% p.a. respectively.

**a. BANKING SECTOR THIRD QUARTER OVERVIEW**

In the nine months of 2018, loan growth in the sector was 24,4% and deposit growth in the funding side was 25,8%.

As of September 30, 2018, NPL ratio of the sector was at 3,1%.

**b. UNCONSOLIDATED FINANCIAL RESULTS**

**1. Main Balance Sheet Items (TL Million):**

	<b>30.09.2018</b>
	<b>Unconsolidated</b>
	<b>Financial Results</b>
Total Asset	392.457
Loans	203.280
Deposits	221.344
Equity	43.189
Net Income	4.639

	<b>31.12.2017</b>
	<b>Unconsolidated</b>
	<b>Financial Results</b>
Total Asset	316.031
Loan	190.509
Deposit	184.904
Equity	40.425
Net Income (30.09.2017)	4.515

**2. Main Financial Ratios (%):**

	<b>30.09.2018</b>
	<b>Unconsolidated</b>
	<b>Financial Results</b>
Loan / Total Assets:	51,8
Deposit / Total Assets:	56,4
Return on Equity:	14,8
Return on Assets:	1,8
NPL Ratio:	3,3
Capital Adequacy Ratio:	18,48
Earnings Per Share (TL):	0,01160

	<b>31.12.2017</b>
	<b>Unconsolidated</b>
	<b>Financial Results</b>
Loan / Total Assets:	60,3
Deposit / Total Assets:	58,5
Return on Equity: (30.09.2017)	16,9
Return on Assets: (30.09.2017)	2,1
NPL Ratio:	2,3
Capital Adequacy Ratio:	17,03
Earnings Per Share (TL): (30.09.2017)	0,01129

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018**

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

**3. Akbank 3Q18 Results Overview:**

Akbank reported a gross profit of TL 5.797 million, setting aside TL 1.158 million million of tax provisions, the bank reported a net unconsolidated profit of TL 4.639 million in the nine months of the year. ROE of the bank has realized at 14,8% by the end of 3Q18.

As of September 2018, Akbank's unconsolidated total asset realize TL 392 billion, cash loans are approximately TL 203 billion and total deposit is TL 221 billion.

Akbank'in NPL ratio increased by 3,3% compared to the end of the year.

**4. Bank's Expectations For 2018:**

On October 17,2018 Banks' future looking expectations which was announced publicly earlier were updated. Accordingly, the 11% inflation expectation to be used in the Bank's CPI-Linkers' valuation has been revised to 17%. The resulting impact will be reflected to the financial statements as of September 2018.

<b>Macroeconomic Indicators (%)</b>	<b>2018</b>
GDP Growth	4,5
CPI	17,0
<b>Banking Sector Expectation (%)</b>	<b>2018</b>
Asset Growth	12-14
Loan Growth	12-14
Deposit Growth	12-14
<b>Akbank Growth Guidance (Consolidated)</b>	<b>2018</b>
Asset Growth	13-15
Loan Growth	13-15
Deposit Growth	13-15
	<b>2018</b>
Return on Asset	~1,8%
Leverage Ratio	~9,0x~
Return on Equity	15,5-16%
Net Interest Margin	~3,5%~
Net fees&com. Growth	~15%
Opex Growth	~13%
Cost / Income	~35%
Cost / Asset	~1,6%
Capital Adequacy Ratio	~15%
Loan / Deposit Ratio	%Max 105%
NPL Ratio	~2,1%
Cost of Risk(**)	~50 bps
EPS Growth	~12%
	<b>2018 and beyond</b>
Return on Asset	1,7-1,9%
Leverage	9,0x-9,5x
Return on Equity	15-17%

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

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