

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 SEPTEMBER 2019 TOGETHER WITH  
AUDITOR'S REVIEW REPORT**

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

## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

### ***Introduction***

We have reviewed the unconsolidated balance sheet of Akbank T.A.Ş. ("the Bank") at 30 September 2019 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the 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; the accompanying unconsolidated financial statements as at 30 September 2019 include a free provision amounting to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

### ***Qualified Conclusion***

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. at 30 September 2019 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, 25 October 2019

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF AKBANK T.A.Ş. AS OF 30 SEPTEMBER 2019**

Address : Sabancı Center 34330, 4. Levent / İstanbul  
Telephone : (0 212) 385 55 55  
Fax : (0 212) 319 52 52  
Website : [www.akbank.com](http://www.akbank.com)  
E-mail : <http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx>

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** - INTERIM REVIEW REPORT
- **Section Seven** - 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.

25 October 2019

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

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

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President  
Phone No : (0 212) 385 55 55  
Fax No : (0 212) 325 12 31

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**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

**SECTION ONE  
GENERAL INFORMATION ABOUT THE BANK**

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 30 September 2019, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2018: 51%).

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

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

<b>Title</b>	<b>Name</b>	<b>Responsibility</b>	<b>Education</b>
<b>Chairman:</b>	Suzan SABANCI DİNÇER	Chairman	Graduate
<b>Board of Directors:</b>	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Eyüp ENGİN	Executive Board Member	Undergraduate
	A. Fuat AYLAL	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
<b>President and CEO:</b>	S. Hakan BİNBAŞGİL	CEO	Graduate
<b>Head of Internal Audit:</b>	Savas KÜLCÜ	Head of Internal Audit	Graduate
<b>Executive Vice Presidents:</b>	Bülent OĞUZ	Retail Banking	Graduate
	H.Burcu ÇİVELEK YÜCE	Strategy, Digital Banking and Payment Systems	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Management	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	PINAR ANAPA	People and Culture	Graduate
<b>Internal Audit Committee:</b>	Eyüp ENGİN	Head of the Audit Committee	Undergraduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Bank.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

Eyüp Engin, the Chairman of the Board of Inspectors, was appointed as the new member of the Bank's Board of Directors at the Ordinary General Assembly and Head of the Audit Committee dated 25 March 2019, replacing A. Aykut Demiray. On 2 April 2019, the Chairman of the Board of Inspectors was assigned as Savaş Külcü instead of Eyüp Engin by attorney. As of 31 May 2019, Emin Tolga Ulutaş who was an Executive Vice President in charge of the Direct Banking Business Unit resigned from his position. The name of the Direct Banking Business Unit is continuing its operations as "Strategy, Digital Banking and Payment Systems Business Unit and as of 3 June 2019, Burcu Civelek Yüce has been appointed as Executive Vice President of Strategy, Digital Banking and Payment Systems.

The name of the Human Resources and Strategy Business Unit is continuing its operations as "Human Resources Business Unit" and as of 3 June 2019, Pınar Anapa has been appointed as Executive Vice President of the Human Resources.

The name of the Human Resources Business Unit has changed as People and Culture on 29 August 2019.

**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.	2.119.027	%40,75	2.119.027	-

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

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 30 September 2019, the Bank has 770 branches dispersed throughout the country and 1 branch operating abroad (31 December 2018: 780 branches and 1 branch operating abroad).

As of 30 September 2019, the Bank the Bank has 12.831 employees (31 December 2018: 13.367).

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

None.

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

**AKBANK T.A.Ş.**

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

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/09/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>53.761.819</b>	<b>83.638.172</b>	<b>137.399.991</b>	<b>47.023.958</b>	<b>73.508.477</b>	<b>120.532.435</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>6.311.194</b>	<b>45.566.608</b>	<b>51.877.802</b>	<b>5.189.272</b>	<b>43.465.853</b>	<b>48.655.125</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	6.254.544	29.474.339	35.728.883	4.725.332	25.388.460	30.113.792
1.1.2 Banks	(I-d)	57.157	16.092.422	16.149.579	463.940	17.538.045	18.001.985
1.1.3 Money Markets		-	-	-	-	539.374	539.374
1.1.4 Expected Loss Provision (-)		507	153	660	-	26	26
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>3.019</b>	<b>6.392.622</b>	<b>6.395.641</b>	<b>6.126</b>	<b>6.827.669</b>	<b>6.833.795</b>
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	191.445	191.445	-	137.461	137.461
1.2.3 Other Financial Assets		3.019	6.201.177	6.204.196	6.126	6.690.208	6.696.334
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-e)</b>	<b>33.648.898</b>	<b>26.646.602</b>	<b>60.295.500</b>	<b>24.621.751</b>	<b>17.751.756</b>	<b>42.373.507</b>
1.3.1 Government Debt Securities		33.113.561	15.153.894	48.267.455	23.928.005	12.574.559	36.502.564
1.3.2 Equity Instruments		15.610	607	16.217	12.848	607	13.455
1.3.3 Other Financial Assets		519.727	11.492.101	12.011.828	680.898	5.176.590	5.857.488
<b>1.5 Derivative Financial Assets</b>	<b>(I-c, I-l)</b>	<b>13.798.708</b>	<b>5.032.340</b>	<b>18.831.048</b>	<b>17.206.809</b>	<b>5.463.199</b>	<b>22.670.008</b>
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		11.395.618	5.013.955	16.409.573	15.470.870	5.209.530	20.680.400
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		2.403.090	18.385	2.421.475	1.735.939	253.669	1.989.608
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>131.072.147</b>	<b>64.193.896</b>	<b>195.266.043</b>	<b>124.113.901</b>	<b>66.550.651</b>	<b>190.664.552</b>
<b>2.1 Loans</b>	<b>(I-f)</b>	<b>131.116.809</b>	<b>61.486.596</b>	<b>192.603.405</b>	<b>125.059.399</b>	<b>61.316.901</b>	<b>186.376.300</b>
<b>2.2 Lease Receivables</b>	<b>(I-k)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(I-g)</b>	<b>10.049.267</b>	<b>4.147.112</b>	<b>14.196.379</b>	<b>5.942.844</b>	<b>6.320.637</b>	<b>12.263.481</b>
Government Debt Securities		10.049.267	2.441.212	12.490.479	5.942.844	3.811.339	9.754.183
Other Financial Assets		-	1.705.900	1.705.900	-	2.509.298	2.509.298
<b>2.5 Expected Credit Loss (-)</b>		<b>10.093.929</b>	<b>1.439.812</b>	<b>11.533.741</b>	<b>6.888.342</b>	<b>1.086.887</b>	<b>7.975.229</b>
<b>III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-o)</b>	<b>857.564</b>	<b>-</b>	<b>857.564</b>	<b>90.305</b>	<b>-</b>	<b>90.305</b>
3.1 Held for Sale Purpose		857.564	-	857.564	90.305	-	90.305
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>1.546.609</b>	<b>4.635.552</b>	<b>6.182.161</b>	<b>1.209.469</b>	<b>4.248.193</b>	<b>5.457.662</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-h)</b>	<b>5.521</b>	<b>-</b>	<b>5.521</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	5.521	-	5.521
<b>4.2 Subsidiaries (Net)</b>	<b>(I-i)</b>	<b>1.541.088</b>	<b>4.635.552</b>	<b>6.176.640</b>	<b>1.203.948</b>	<b>4.248.193</b>	<b>5.452.141</b>
4.2.1 Unconsolidated Financial Subsidiaries		1.541.088	4.635.552	6.176.640	1.203.948	4.248.193	5.452.141
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-j)</b>	<b>-</b>	<b>-</b>	<b>-</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>4.841.584</b>	<b>6.992</b>	<b>4.848.576</b>	<b>3.941.378</b>	<b>7.039</b>	<b>3.948.417</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>648.399</b>	<b>18</b>	<b>648.417</b>	<b>624.219</b>	<b>24</b>	<b>624.243</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		648.399	18	648.417	624.219	24	624.243
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-m)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>262.217</b>	<b>-</b>	<b>262.217</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-n)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23.410</b>	<b>23.410</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-p)</b>	<b>2.109.742</b>	<b>4.135.794</b>	<b>6.245.536</b>	<b>2.412.567</b>	<b>3.626.317</b>	<b>6.038.884</b>
<b>TOTAL ASSETS</b>		<b>194.837.864</b>	<b>156.610.424</b>	<b>351.448.288</b>	<b>179.678.014</b>	<b>147.964.111</b>	<b>327.642.125</b>

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

**AKBANK T.A.S.**

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

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/09/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>87.066.686</b>	<b>127.781.350</b>	<b>214.848.036</b>	<b>81.460.817</b>	<b>106.930.236</b>	<b>188.391.053</b>
<b>II. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>336.970</b>	<b>30.616.601</b>	<b>30.953.571</b>	<b>651.246</b>	<b>39.075.919</b>	<b>39.727.165</b>
<b>III. MONEY MARKETS</b>		<b>443.087</b>	<b>9.701.609</b>	<b>10.144.696</b>	<b>3.852.509</b>	<b>9.209.690</b>	<b>13.062.199</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>4.660.215</b>	<b>8.171.822</b>	<b>12.832.037</b>	<b>3,949.642</b>	<b>8.202.364</b>	<b>12.152.006</b>
4.1 Bills		2.395.182	-	2.395.182	2.042.561	-	2.042.561
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.265.033	8.171.822	10.436.855	1.907.081	8.202.364	10.109.445
<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>8.214.350</b>	<b>2.105.640</b>	<b>10.319.990</b>	<b>11.333.092</b>	<b>1.623.362</b>	<b>12.956.454</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		7.320.809	2.031.717	9.352.526	10.688.134	1.623.362	12.311.496
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		893.541	73.923	967.464	644.958	-	644.958
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	<b>(II-f)</b>	<b>581.920</b>	-	<b>581.920</b>	<b>25.048</b>	-	<b>25.048</b>
<b>X. PROVISIONS</b>	<b>(II-h)</b>	<b>1.242.618</b>	<b>166.290</b>	<b>1.408.908</b>	<b>1.044.801</b>	<b>250.177</b>	<b>1.294.978</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		370.238	-	370.238	311.510	-	311.510
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		872.380	166.290	1.038.670	733.291	250.177	983.468
<b>XI. CURRENT TAX LIABILITY</b>	<b>(II-i)</b>	<b>806.947</b>	<b>20.144</b>	<b>827.091</b>	<b>442.133</b>	<b>62.261</b>	<b>504.394</b>
<b>XII. DEFERRED TAX LIABILITY</b>		<b>816.047</b>	-	<b>816.047</b>	<b>283.695</b>	-	<b>283.695</b>
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE 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>5.096.521</b>	<b>5.096.521</b>	-	<b>4.784.477</b>	<b>4.784.477</b>
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	5.096.521	5.096.521	-	4.784.477	4.784.477
<b>XV. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>8.077.912</b>	<b>4.000.184</b>	<b>12.078.096</b>	<b>7.461.507</b>	<b>3.190.060</b>	<b>10.651.567</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>51.902.235</b>	<b>(360.860)</b>	<b>51.541.375</b>	<b>42.910.657</b>	<b>898.432</b>	<b>43.809.089</b>
16.1 Paid-in capital		5.200.000	-	5.200.000	4.000.000	-	4.000.000
16.2 Capital Reserves		5.400.628	-	5.400.628	3.686.298	-	3.686.298
16.2.1 Share Premium		3.505.742	-	3.505.742	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.894.886	-	1.894.886	1.986.298	-	1.986.298
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.927.772	654.578	3.582.350	1.328.679	2.212.351	3.541.030
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		361.568	(1.015.438)	(653.870)	(27.703)	(1.313.919)	(1.341.622)
16.5 Profit Reserves		33.924.314	-	33.924.314	28.233.739	-	28.233.739
16.5.1 Legal Reserves		1.532.027	-	1.532.027	1.532.027	-	1.532.027
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		32.128.715	-	32.128.715	26.439.072	-	26.439.072
16.5.4 Other Profit Reserves		263.572	-	263.572	262.640	-	262.640
16.6 Income or (Loss)		4.087.953	-	4.087.953	5.689.644	-	5.689.644
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		4.087.953	-	4.087.953	5.689.644	-	5.689.644
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>164.148.987</b>	<b>187.299.301</b>	<b>351.448.288</b>	<b>153.415.147</b>	<b>174.226.978</b>	<b>327.642.125</b>

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

	Note (Section Five)	CURRENT PERIOD (30/09/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I-III)</b>		<b>172.478.439</b>	<b>462.521.284</b>	<b>634.999.723</b>	<b>216.435.098</b>	<b>509.745.510</b>	<b>726.400.408</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-2, 3)</b>	<b>20.908.000</b>	<b>24.649.525</b>	<b>45.577.525</b>	<b>22.150.509</b>	<b>31.187.047</b>	<b>53.337.556</b>
1.1	Letters of Guarantee	18.119.686	14.126.993	32.246.679	19.272.359	15.784.791	35.057.150
1.1.1	Guarantees Subject to State Tender Law	293.897	1.348.996	1.642.893	404.937	2.056.174	2.461.111
1.1.2	Guarantees Given for Foreign Trade Operations	-	2.230.876	2.230.876	-	2.835.700	2.835.700
1.1.3	Other Letters of Guarantee	17.825.789	10.547.121	28.372.910	18.867.422	10.892.917	29.760.339
1.2	Bank Acceptances	-	51.968	51.968	-	2.740.341	2.740.341
1.2.1	Import Letter of Acceptance	-	51.968	51.968	-	2.740.341	2,740.341
1.2.2	Other Bank Acceptances	-	-	-	-	-	-
1.3	Letters of Credit	13.983	4.796.047	4.810.030	47.035	6.515.924	6.562.959
1.3.1	Documentary Letters of Credit	13.983	4.184.574	4.198.557	47.035	5.817.762	5,864.797
1.3.2	Other Letters of Credit	-	611.473	611.473	-	698.162	698.162
1.4	Prefinancing Given as Guarantee	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2	Other Endorsements	-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued	-	-	-	-	-	-
1.7	Factoring Guarantees	-	11.917	11.917	-	24.353	24.353
1.8	Other Guarantees	9.358	5.674.276	5.683.634	32.845	6.113.927	6.146.772
1.9	Other Collaterals	2.764.973	8.324	2.773.297	2.798.270	7.711	2.805.981
<b>II. COMMITMENTS</b>	<b>(III-1)</b>	<b>47.379.408</b>	<b>24.651.605</b>	<b>72.031.013</b>	<b>42.241.467</b>	<b>22.317.747</b>	<b>64.559.214</b>
2.1	Irrevocable Commitments	46.479.520	24.651.605	71.131.125	41.404.186	22.317.747	63.721.933
2.1.1	Asset Purchase Commitments	9.455.859	12.079.138	21.534.997	6.589.831	8.568.468	15.158.299
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.4	Loan Granting Commitments	8.135.462	1.821.110	9.956.572	8.203.743	3.133.344	11.337.087
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments	2.639.705	-	2.639.705	2.514.769	-	2.514.769
2.1.8	Tax and Fund Liabilities from Export Commitments	4.367	-	4.367	3.693	-	3.693
2.1.9	Commitments for Credit Card Limits	21.464.861	-	21.464.861	19.788.847	-	19,788.847
2.1.10	Commitments for Credit Cards and Banking Services Promotions	79.999	-	79.999	82.378	-	82.378
2.1.11	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments	4.699.267	10.751.357	15.450.624	4.220.925	10.615.935	14.836.860
2.2	Revocable Commitments	899.888	-	899.888	837.281	-	837.281
2.2.1	Revocable Loan Granting Commitments	899.888	-	899.888	837.281	-	837.281
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>104.191.031</b>	<b>413.200.154</b>	<b>517.391.185</b>	<b>152.263.122</b>	<b>456.260.716</b>	<b>608.503.838</b>
3.1	Hedging Derivative Financial Instruments	14.843.461	51.396.570	66.240.031	16.237.238	45.826.317	62.063.555
3.1.1	Fair Value Hedges	5.066.223	23.680.036	28.746.259	4.768.063	16.399.974	21.168.037
3.1.2	Cash Flow Hedges	9.777.238	27.716.534	37.493.772	11.469.175	29.426.343	40.895.518
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	89.347.570	361.803.584	451.151.154	136.005.884	410.434.399	546.440.283
3.2.1	Forward Foreign Currency Buy/Sell Transactions	4.970.932	11.850.887	16.821.819	10.443.845	17.807.630	28.251.475
3.2.1.1	Forward Foreign Currency Transactions-Buy	4.271.557	4.552.359	8.823.916	6.988.529	7.632.814	14.621.343
3.2.1.2	Forward Foreign Currency Transactions-Sell	699.375	7.298.528	7.997.903	3.455.316	10.174.816	13.630.132
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	77.578.179	298.263.897	375.842.076	97.935.885	319.716.819	417.652.704
3.2.2.1	Foreign Currency Swap-Buy	25.206.343	86.489.039	111.695.382	37.673.866	102.692.502	140.366.368
3.2.2.2	Foreign Currency Swap-Sell	49.201.116	62.489.636	111.690.752	57.508.699	82.085.637	139.594.336
3.2.2.3	Interest Rate Swap-Buy	1.585.360	74.642.611	76.227.971	1.376.660	67.469.340	68.846.000
3.2.2.4	Interest Rate Swap-Sell	1.585.360	74.642.611	76.227.971	1.376.660	67.469.340	68.846.000
3.2.3	Foreign Currency, Interest Rate and Securities Options	6.100.606	32.056.531	38.157.137	27.559.961	47.939.566	75.499.527
3.2.3.1	Foreign Currency Options-Buy	2.144.746	4.393.020	6.537.766	12.676.191	15.377.034	28.053.225
3.2.3.2	Foreign Currency Options-Sell	3.955.860	2.869.991	6.825.851	14.883.770	13.150.254	28.034.024
3.2.3.3	Interest Rate Options-Buy	-	12.396.760	12.396.760	-	9.706.139	9.706.139
3.2.3.4	Interest Rate Options-Sell	-	12.396.760	12.396.760	-	9.706.139	9.706.139
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	629.557	596.540	1.226.097	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	105.126	496.274	601.400	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	524.431	100.266	624.697	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	68.296	19.035.729	19.104.025	66.193	24.970.384	25.036.577
<b>B. CUSTODY AND PLEDGES RECEIVED (IV-V+VI)</b>		<b>850.023.704</b>	<b>313.845.913</b>	<b>1.163.869.617</b>	<b>816.015.391</b>	<b>301.573.528</b>	<b>1.117.588.919</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>50.348.726</b>	<b>21.725.593</b>	<b>72.074.319</b>	<b>39.434.419</b>	<b>19.655.922</b>	<b>59.090.341</b>
4.1	Customer Fund and Portfolio Balances	12.032.925	-	12.032.925	3.954.484	-	3.954.484
4.2	Investment Securities Held in Custody	4.125.769	2.817.785	6.943.554	2.682.104	2.062.528	4.744.632
4.3	Cheques Received for Collection	27.823.727	2.853.384	30.677.111	26.095.801	2.704.389	28.800.190
4.4	Commercial Notes Received for Collection	6.068.095	2.979.661	9.047.756	6.151.125	3.550.546	9.701.671
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	298.210	13.074.763	13.372.973	550.905	11.338.459	11.889.364
4.8	Custodians	-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>206.623.421</b>	<b>92.364.171</b>	<b>298.987.592</b>	<b>202.070.108</b>	<b>82.992.237</b>	<b>285.062.345</b>
5.1	Marketable Securities	518.787	993.909	1.512.696	805.358	1.368.190	2.173.548
5.2	Guarantee Notes	642.802	549.740	1.192.542	763.134	565.924	1.329.058
5.3	Commodity	-	128.899	128.899	113.226	7.890	121.116
5.4	Warranty	-	-	-	-	-	-
5.5	Immovables	166.336.502	74.077.350	240.413.852	164.735.077	62.749.122	227.484.199
5.6	Other Pledged Items	39.125.330	16.614.273	55.739.603	35.653.313	18.301.111	53.954.424
5.7	Pledged Items-Depository	-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>593.051.557</b>	<b>199.756.149</b>	<b>792.807.706</b>	<b>574.510.864</b>	<b>198.925.369</b>	<b>773.436.233</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.022.502.143</b>	<b>776.367.197</b>	<b>1.798.869.340</b>	<b>1.032.650.489</b>	<b>811.339.038</b>	<b>1.843.989.527</b>

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 2019**

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD
		(Section Five)	(01/01-30/09/2019)	(01/07-30/09/2019)	(01/01-30/09/2018)	(01/07-30/09/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>26.309.903</b>	<b>8.786.970</b>	<b>23.333.726</b>	<b>9.046.124</b>
1.1	Interest on Loans	(IV-a-1)	20.589.549	6.806.097	18.180.674	6.725.144
1.2	Interest on Reserve Requirements		357.618	105.551	333.057	133.276
1.3	Interest on Banks	(IV-a-2)	536.261	192.155	468.297	204.792
1.4	Interest on Money Market Transactions		138.023	65.011	175.007	71.487
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	4.589.997	1.593.926	4.162.709	1.905.966
1.5.1	Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Fair Value Through Other Comprehensive Income		3.703.555	1.288.584	3.356.660	1.549.351
1.5.3	Measured at Amortised Cost		886.442	305.342	806.049	356.615
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		98.455	24.230	13.982	5.459
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>15.224.541</b>	<b>4.767.577</b>	<b>12.799.775</b>	<b>5.251.311</b>
2.1	Interest on Deposits	(IV-b-4)	11.564.821	3.749.134	9.688.966	3.788.653
2.2	Interest on Funds Borrowed	(IV-b-1)	1.176.588	343.243	1.051.291	469.841
2.3	Interest Expense on Money Market Transactions		828.267	121.109	977.404	552.505
2.4	Interest on Securities Issued	(IV-b-3)	1.578.472	529.898	1.078.851	439.552
2.5	Interest on Leases		69.783	23.682	1.602	1
2.6	Other Interest Expenses		6.610	511	1.661	759
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>11.085.362</b>	<b>4.019.393</b>	<b>10.533.951</b>	<b>3.794.813</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>3.407.296</b>	<b>1.138.785</b>	<b>2.475.942</b>	<b>881.267</b>
4.1	Fees and Commissions Received		4.419.509	1.517.830	3.171.232	1.157.510
4.1.1	Non-cash Loans		430.637	125.893	276.576	119.099
4.1.2	Other		3.988.872	1.391.937	2.894.656	1.038.411
4.2	Fees and Commissions Paid (-)		1.012.213	379.045	695.290	276.243
4.2.1	Non-cash Loans		481	177	345	134
4.2.2	Other		1.011.732	378.868	694.945	276.109
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>6.059</b>	<b>656</b>	<b>4.405</b>	<b>1.355</b>
<b>VI.</b>	<b>TRADING INCOME /(LOSS) (Net)</b>	<b>(IV-c)</b>	<b>(513.430)</b>	<b>(534.100)</b>	<b>485.321</b>	<b>643.363</b>
6.1	Trading Gains / (Losses) on Securities		168.859	88.057	(1.077.626)	(1.049.126)
6.2	Gains / (Losses) on Derivative Financial Transactions		2.066.793	(751.808)	7.142.337	5.339.602
6.3	Foreign Exchange Gains / (Losses)		(2.749.082)	129.651	(5.579.390)	(3.647.113)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-d)</b>	<b>550.009</b>	<b>184.344</b>	<b>799.681</b>	<b>106.731</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>14.535.296</b>	<b>4.809.078</b>	<b>14.299.300</b>	<b>5.427.529</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(IV-e)</b>	<b>4.235.970</b>	<b>1.527.226</b>	<b>4.794.193</b>	<b>2.350.192</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>		<b>811.567</b>	<b>62.954</b>	<b>382</b>	<b>0</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>1.938.422</b>	<b>645.410</b>	<b>1.567.381</b>	<b>540.569</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-f)</b>	<b>2.913.704</b>	<b>997.960</b>	<b>2.420.048</b>	<b>832.875</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>4.635.633</b>	<b>1.575.528</b>	<b>5.517.296</b>	<b>1.703.893</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-	-	-
<b>XV.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>493.858</b>	<b>167.981</b>	<b>279.872</b>	<b>53.887</b>
<b>XVI.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>		<b>5.129.491</b>	<b>1.743.509</b>	<b>5.797.168</b>	<b>1.757.780</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-g)</b>	<b>1.041.538</b>	<b>346.210</b>	<b>1.158.325</b>	<b>430.546</b>
18.1	Current Tax Provision		1.006.743	635.639	729.203	233.533
18.2	Deferred Tax Income Effect (+)		534.991	(403.137)	1.679.897	766.099
18.3	Deferred Tax Expense Effect (-)		500.196	(113.708)	1.250.775	569.086
<b>XVIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(IV-h)</b>	<b>4.087.953</b>	<b>1.397.299</b>	<b>4.638.843</b>	<b>1.327.234</b>
<b>XIX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from Non-current Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
<b>XX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Expenses for Other Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-	-	-
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXIV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>		<b>4.087.953</b>	<b>1.397.299</b>	<b>4.638.843</b>	<b>1.327.234</b>
Earning/(Loss) per share (in TL full)			0,00850	0,00269	0,01160	0,00332

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 2019**

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

	<b>CURRENT PERIOD</b> <b>(30/09/2019)</b>	<b>PRIOR PERIOD</b> <b>(30/09/2018)</b>
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>4.087.953</b>	<b>4.638.843</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>728.974</b>	<b>(770.998)</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>41.222</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 Plan Remeasurement Gain/Loss	(32.797)	7.486
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	66.804	383.678
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	7.215	(1.647)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>687.752</b>	<b>(1.160.515)</b>
2.2.1 Foreign Currency Translation Differences	38.857	1.428.623
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	1.914.476	(3.708.335)
2.2.3 Cash Flow Hedge Income/Loss	(1.043.199)	1.172.863
2.2.4 Foreign Net Investment Hedge Income/Loss	(39.360)	(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	(183.022)	730.270
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>4.816.927</b>	<b>3.867.845</b>

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

AKBANK T.A.S.

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

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not					Accumulated Other Comprehensive Income or Expense Reclassified through					Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity	
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Property and Equipment	Accumulated Revaluation Increase/Decr ease of	Accumulated Remeasurme nt Gain/Loss of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income				Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)
<b>CURRENT PERIOD</b>															
<b>(30/09/2019)</b>															
<b>I. Prior Period End Balance</b>		4,000.000	1,700.000	-	1,986.298	2,207.533	(108.911)	1,442.408	1,624.806	(2,911.390)	(55.038)	28,233.739	-	5,689.644	43,809.089
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8</b>		-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
2.1 Effects of Corrections		-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
<b>III. Adjusted Beginning Balance (I+II)</b>		4,000.000	1,700.000	-	1,894.886	2,207.533	(108.911)	1,442.408	1,624.806	(2,911.390)	(55.038)	28,233.739	-	5,689.644	43,717.677
IV. Total Comprehensive Income		-	-	-	-	-	(25.582)	66.804	38.857	1,493.291	(844.396)	-	4,087.953	4,816.927	
V. Capital Increase by Cash		1,200.000	1,805.742	-	-	-	-	-	-	-	-	-	-	3,005.742	
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes		-	-	-	-	98	-	-	-	-	-	931	-	1,029	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,689.644	-	(5,689.644)	
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,689.644	-	(5,689.644)	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period-End Balance (I+II+III+...+X+XI)</b>		<b>5,200.000</b>	<b>3,505.742</b>	<b>-</b>	<b>1,894.886</b>	<b>2,207.631</b>	<b>(134.493)</b>	<b>1,509.212</b>	<b>1,663.663</b>	<b>(1,418.099)</b>	<b>(899.434)</b>	<b>33,924.314</b>	<b>-</b>	<b>4,087.953</b>	<b>51,541.375</b>

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

AKBANK T.A.Ş.

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

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

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not							Accumulated Other Comprehensive Income or Expense Reclassified through					Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Property and Equipment	Accumulated Revaluation Increase/Decrease of	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves			
<b>PRIOR PERIOD (30/09/2018)</b>																
<b>I. 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	
<b>II. 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	
<b>III. 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+...+X+XI)</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>43.186.580</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 2019**

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

	Note (Section Five)	CURRENT PERIOD (30/09/2019)	PRIOR PERIOD (30/09/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		10.325.034	6.745.173
1.1.1		22.504.845	20.239.527
1.1.2		(15.504.339)	(12.265.576)
1.1.3		3.297	1.593
1.1.4		4.392.816	3.201.320
1.1.5		1.626.118	(597.056)
1.1.6		1.162.605	1.119.024
1.1.7		(2.101.068)	(1.708.096)
1.1.8		(163.439)	(132.909)
1.1.9		(1.595.801)	(3.112.654)
1.2		503.267	19.647.966
1.2.1		(250.172)	(186.051)
1.2.2		180.871	(1.449.428)
1.2.3		(7.139.753)	(17.695.926)
1.2.4		(1.445.468)	(26.002.538)
1.2.5		(797.505)	(4.965.349)
1.2.6		27.578.651	40.864.861
1.2.7		-	-
1.2.8		(8.771.457)	17.124.787
1.2.9		-	-
1.2.10		(8.851.900)	11.957.610
I.		10.828.301	26.393.139
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II.		(18.728.832)	1.852.131
2.1		(125.000)	(55.000)
2.2		-	-
2.3		(782.418)	(548.976)
2.4		12.004	4.616
2.5		(25.586.915)	(12.290.599)
2.6		8.845.509	7.889.469
2.7		(3.714.492)	(124.364)
2.8		2.583.389	10.720.395
2.9		39.091	(3.743.410)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III.		3.811.687	492.355
3.1		26.266.909	22.929.431
3.2		(25.236.850)	(20.833.155)
3.3		3.005.742	-
3.4		-	(1.600.000)
3.5		(224.114)	(3.921)
3.6		-	-
IV.		1.508.314	3.684.277
V.		(2.580.530)	32.421.902
VI.	<b>(V-a)</b>	17.480.198	10.935.232
VII.	<b>(V-a)</b>	14.899.668	43.357.134

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 2019**

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

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

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

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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

As of 30 September 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,6200 and TL 6,1412 for USD and EURO respectively.

**III. EXPLANATIONS ON EQUITY INVESTMENTS:**

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

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

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

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:**

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

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

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

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



**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

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

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

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

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

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

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

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

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

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

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

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

**b. Financial Assets at Fair Value Through Other Comprehensive Income**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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

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

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

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

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

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

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**d. Derivative Financial Assets:**

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

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

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

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

**e. Loans**

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

1. Loans measured at amortised cost:

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

*Stage 1:*

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

*Stage 2:*

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

*Stage 3:*

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

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

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

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

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

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

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

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

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

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

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

**Definition of Default:**

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

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

**Write-off Policy:**

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

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

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

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

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank has no discontinued operations.

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

The Bank has no goodwill.

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

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

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

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

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

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

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

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

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

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

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

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

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the 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

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be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in notes.

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

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

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

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

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

**b. Retirement Rights:**

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

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no. 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 30 June 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

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

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

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

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with the decision of the Council of Ministers published in the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "president".

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

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

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

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

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

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

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

Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

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

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

**b. Deferred Tax:**

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is

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realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate. Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

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

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

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

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

Within this scope,

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

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

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

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

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

**XXIII. EXPLANATIONS ON SEGMENT REPORTING:**

An operating segment is a component of an entity:

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

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

**XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION:**

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

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve,

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

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

**XXV. EARNINGS PER SHARE:**

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>30 September 2018</b>
Net Profit for the Period	4.087.953	4.638.843
Average Number of Issued Common Shares (Thousand)	494.065.934	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,00827</b>	<b>0,01160</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.

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

**XXVI. RELATED PARTIES:**

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

**XXVII. CASH AND CASH EQUIVALENT ASSETS:**

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

**XXVIII. RECLASSIFICATIONS:**

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

**XXIX. DISCLOSURES OF TFRS 16 LEASES:**

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

**TFRS 16 "Leases" Standard**

**Bank – lessee :**

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

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*Right of use assets:*

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

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

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

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

*The Lease Obligations:*

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

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

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

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

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

**First Transition to TFRS 16 Leasing Standard**

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

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

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

	<b>30 September 2019</b>	<b>1 January 2019</b>
Real estate	798.684	766.892
<b>Total right of use asset</b>	<b>798.684</b>	<b>766.892</b>

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

	<b>30 September 2019</b>	<b>1 January 2019</b>
Real estate	329.165	300.624
<b>Total right of use asset depreciation expense</b>	<b>329.165</b>	<b>300.624</b>

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 82.051 has been paid in the relevant period.

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

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

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

**I. EXPLANATIONS ON EQUITY:**

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks"

As of 30 September 2019, the current period equity of the Bank has been calculated as TL 59.745.824 (31 December 2018: TL 50.058.868), the capital adequacy ratio is 20,83% (31 December 2018: 18,16%). This ratio is above the minimum ratio required by the legislation.

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

	<b>Current Period 30 September 2019</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	7.094.886	
Share issue premiums	3.505.742	
Reserves	33.924.314	
Gains recognized in equity as per TAS	5.374.066	
Profit	4.087.953	
Current Period Profit	4.087.953	
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>53.993.401</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	2.781	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.967.902	
Improvement costs for operating leasing	27.996	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	484.593	484.593
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>2.483.272</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>51.510.129</b>	

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	Current Period 30 September 2019	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>51.510.129</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	<b>5.058.000</b>	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	<b>3.179.844</b>	
<b>Tier II Capital Before Deductions</b>	<b>8.237.844</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>8.237.844</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>59.747.973</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	195	
Other items to be defined by the BRSA (-)	1.954	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted 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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	Current Period 30 September 2019	Amounts related to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	59.745.824	
Total risk weighted amounts	286.766.905	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio(%)	17,96%	
Tier 1 Capital Adequacy Ratio(%)	17,96%	
Capital Adequacy Ratio(%)	20,83%	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,57%	
a) Bank specific total common equity tier 1 capital ratio(%)	2,50%	
b) Capital conservation buffer requirement(%)	0,07%	
c) Systemic significant bank buffer ratio (**)(%)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	9,96%	
<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	(816.047)	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.657.391	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (***)	3.179.844	
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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	Prior Period 31 December 2018	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	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.233.739	
Gains recognized in equity as per TAS	5.268.307	
Profit	5.689.644	
Current Period Profit	5.689.644	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>46.884.428</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	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.404.909	
Improvement costs for operating leasing	32.437	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	548.673	548.673
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>3.986.314</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>42.898.114</b>	

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	Prior Period 31 December 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>42.898.114</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.430.262	
<b>Tier II Capital Before Deductions</b>	<b>7.164.262</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>7.164.262</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>50.062.376</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 (-)	3.508	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted 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 2018	Amounts related to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	50.058.868	
Total risk weighted amounts	275.675.906	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio(%)	15,56%	
Tier 1 Capital Adequacy Ratio(%)	15,56%	
Capital Adequacy Ratio(%)	18,16%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	1,93%	
a) Capital conservation buffer requirement(%)	1,88%	
b) Bank specific counter-cyclical buffer requirement(%)	0,05%	
c) Systemic significant bank buffer ratio (**)(%)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,56%	
<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	(260.285)	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.799.798	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.430.262	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<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 2019**

<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)	2.810 million TL (in full TL amount)
Nominal value of instrument	2.810 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 2.810 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 2019**

<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)	2.248 million TL (in full TL amount)
Nominal value of instrument	2.248 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 2.248 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 incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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- c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is 100% less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

**II. EXPLANATIONS ON CURRENCY RISK**

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

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

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

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 5,6200	TL 6,1412
1.Day bid rate	TL 5,6200	TL 6,1412
2.Day bid rate	TL 5,6591	TL 6,1836
3.Day bid rate	TL 5,6591	TL 6,1836
4.Day bid rate	TL 5,6591	TL 6,1836
5.Day bid rate	TL 5,6659	TL 6,1982

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

USD : TL 5,6993

EURO : TL 6,2786

As of 31 December 2018;

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182

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

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

<b>Current Period – 30 September 2019</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank (*)	10.204.111	15.650.385	3.619.843	<b>29.474.339</b>
Banks	2.434.856	9.731.458	3.926.108	<b>16.092.422</b>
Financial Assets at Fair Value through Profit or Loss (Net)	-	6.392.622	-	<b>6.392.622</b>
Interbank Money Market Placements	-	-	-	<b>-</b>
Financial assets measured at other comprehensive income (Net)	4.159.338	21.647.880	839.384	<b>26.646.602</b>
Loans (**)	34.529.134	28.064.864	53.539	<b>62.647.537</b>
Investments in Associates, Subsidiaries and Joint Ventures	4.635.552	-	-	<b>4.635.552</b>
Financial assets measured at amortised cost (Net)	31.589	4.115.523	-	<b>4.147.112</b>
Hedging Derivative Financial Assets	125.551	20.858	40.511	<b>186.920</b>
Tangible Assets (Net)	-	6.992	-	<b>6.992</b>
Intangible Assets (Net)	-	18	-	<b>18</b>
Other Assets (***)	1.827.562	5.576.496	5.879	<b>7.409.937</b>
<b>Total Assets</b>	<b>57.947.693</b>	<b>91.207.096</b>	<b>8.485.264</b>	<b>157.640.053</b>
<b>Liabilities</b>				
Bank Deposits (****)	2.673.722	1.047.614	2.237.737	<b>5.959.073</b>
Foreign Currency Deposits (****)	37.061.021	78.384.059	6.377.197	<b>121.822.277</b>
Funds from Interbank Money Market	309.705	9.391.904	-	<b>9.701.609</b>
Borrowings	6.562.388	24.054.213	-	<b>30.616.601</b>
Marketable Securities Issued (Net) (*****)	61.500	13.206.843	-	<b>13.268.343</b>
Miscellaneous Payables	2.732.939	1.027.197	54.501	<b>3.814.637</b>
Hedging Derivative Financial Liabilities	-	304.274	-	<b>304.274</b>
Other Liabilities	717.653	1.416.326	39.368	<b>2.173.347</b>
<b>Total Liabilities</b>	<b>50.118.928</b>	<b>128.832.430</b>	<b>8.708.803</b>	<b>187.660.161</b>
<b>Net on Balance Sheet Position</b>	<b>7.828.765</b>	<b>(37.625.334)</b>	<b>(223.539)</b>	<b>(30.020.108)</b>
<b>Net off-Balance Sheet Position (*****)</b>	<b>(4.830.932)</b>	<b>37.057.795</b>	<b>228.744</b>	<b>32.455.607</b>
Financial Derivative Assets	30.787.043	85.532.054	2.020.860	<b>118.339.957</b>
Financial Derivative Liabilities	35.617.975	48.474.259	1.792.116	<b>85.884.350</b>
<b>Non-cash Loans</b>	<b>12.397.648</b>	<b>11.761.832</b>	<b>510.045</b>	<b>24.669.525</b>
<b>Prior Period - 31 December 2018</b>				
Total Assets	57.458.155	87.452.157	5.909.483	<b>150.819.795</b>
Total Liabilities	39.104.415	127.285.799	6.938.332	<b>173.328.546</b>
<b>Net on-Balance Sheet Position</b>	<b>18.353.740</b>	<b>(39.833.642)</b>	<b>(1.028.849)</b>	<b>(22.508.751)</b>
<b>Net off-Balance Sheet Position (*****)</b>	<b>(16.122.157)</b>	<b>39.852.964</b>	<b>804.793</b>	<b>24.535.600</b>
Financial Derivative Assets	31.450.484	107.136.471	3.339.712	<b>141.926.667</b>
Financial Derivative Liabilities	47.572.641	67.283.507	2.534.919	<b>117.391.067</b>
<b>Non-cash Loans</b>	<b>14.405.397</b>	<b>16.299.783</b>	<b>481.867</b>	<b>31.187.047</b>

(\*) Of the Cash Equivalents and Central Bank and Other FC, TL 3.426.916 (31 December 2018: TL 3.490.205) are precious metal deposit account in demand.

(\*\*) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 1.160.941 (31 December 2018: TL 3.062.779).

(\*\*\*) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 75.750 (31 December 2018: TL 120.518). Prepaid assets amounted TL 55.562 (31 December 2018: TL 86.577) is excluded in the financial statements.

(\*\*\*\*) Of the foreign currency deposits TL 3.669.843 (31 December 2018: TL 2.484.399) and Bank Deposits Other FC of the TL 3.251 (31 December 2018: TL 1.892) are precious metal deposit account in demand.

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

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

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**III. EXPLANATIONS ON INTEREST RATE RISK:**

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Bank. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

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

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

<b>Current Period – 30 September 2019</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	4.498.824	-	-	-	-	31.230.059	<b>35.728.883</b>
Banks	4.378.230	1.359.566	564.259	-	-	9.847.524	<b>16.149.579</b>
Financial assets at fair value through profit or loss (Net)	-	6.201.177	-	-	-	194.464	<b>6.395.641</b>
Interbank Money Market Placements	-	-	-	-	-	-	<b>-</b>
Financial assets measured at other comprehensive income (Net)	5.643.637	6.386.150	18.217.855	20.212.113	9.539.896	295.849	<b>60.295.500</b>
Loans (***)	60.372.376	20.200.188	44.490.461	49.520.391	5.134.778	12.885.211	<b>192.603.405</b>
Financial assets measured at amortised cost (Net)	975.333	2.577.290	5.549.320	3.913.796	1.180.640	-	<b>14.196.379</b>
Other Assets (****)	3.803.610	7.446.921	7.758.175	2.775.434	1.422.554	2.872.207	<b>26.078.901</b>
<b>Total Assets</b>	<b>79.672.010</b>	<b>44.171.292</b>	<b>76.580.070</b>	<b>76.421.734</b>	<b>17.277.868</b>	<b>57.325.314</b>	<b>351.448.288</b>
<b>Liabilities</b>							
Bank Deposits	3.077.966	1.492.845	358.161	-	-	1.710.301	<b>6.639.273</b>
Other Deposits	132.516.470	24.802.696	4.958.591	56.951	2	45.874.053	<b>208.208.763</b>
Funds from Interbank Money Market	1.623.285	2.909.116	5.612.295	-	-	-	<b>10.144.696</b>
Miscellaneous Payables	863.221	1.525.534	830.646	362.822	33.756	5.193.780	<b>8.809.759</b>
Marketable Securities Issued (Net) (*)	1.972.811	841.645	3.195.518	4.166.184	7.752.400	-	<b>17.928.558</b>
Borrowings	10.447.202	17.439.100	2.191.038	868.297	7.934	-	<b>30.953.571</b>
Other Liabilities (**)	2.806.688	4.430.837	2.684.958	1.218.566	592.147	57.030.472	<b>68.763.668</b>
<b>Total Liabilities</b>	<b>153.307.643</b>	<b>53.441.773</b>	<b>19.831.207</b>	<b>6.672.820</b>	<b>8.386.239</b>	<b>109.808.606</b>	<b>351.448.288</b>
Balance Sheet Long Position	-	-	56.748.863	69.748.914	8.891.629	-	<b>135.389.406</b>
Balance Sheet Short Position	(73.635.633)	(9.270.481)	-	-	-	(52.483.292)	<b>(135.389.406)</b>
Off-balance Sheet Long Position	1.207.422	13.910.190	-	2.220.484	776.814	-	<b>18.114.910</b>
Off-balance Sheet Short Position	-	-	(7.439.212)	-	-	-	<b>(7.439.212)</b>
<b>Total Position</b>	<b>(72.428.211)</b>	<b>4.639.709</b>	<b>49.309.651</b>	<b>71.969.398</b>	<b>9.668.443</b>	<b>(52.483.292)</b>	<b>10.675.698</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 are presented in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

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



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

Prior Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	14.451.277	-	-	-	-	15.662.515	<b>30.113.792</b>
Banks	6.075.151	685.932	300.997	-	-	10.939.905	<b>18.001.985</b>
Financial assets at fair value through profit or loss (Net)	-	-	6.690.208	-	-	143.587	<b>6.833.795</b>
Interbank Money Market Placements	539.374	-	-	-	-	-	<b>539.374</b>
Financial assets measured at other comprehensive income (Net)	3.678.380	4.887.321	13.359.043	13.580.275	6.617.448	251.040	<b>42.373.507</b>
Loans (***)	55.087.838	21.142.152	40.875.569	53.797.444	7.634.676	7.838.621	<b>186.376.300</b>
Financial assets measured at amortised cost (Net)	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	<b>12.263.481</b>
Other Assets (****)	6.104.539	10.197.376	5.470.269	2.639.713	2.176.093	4.551.901	<b>31.139.891</b>
<b>Total Assets</b>	<b>88.422.665</b>	<b>38.397.772</b>	<b>70.916.152</b>	<b>72.985.451</b>	<b>17.532.516</b>	<b>39.387.569</b>	<b>327.642.125</b>
<b>Liabilities</b>							
Bank Deposits	4.705.106	860.447	406.303	-	-	1.477.434	<b>7.449.290</b>
Other Deposits	109.552.447	22.853.750	10.806.988	54.868	12	37.673.698	<b>180.941.763</b>
Funds from Interbank Money Market	6.282.201	4.659.775	2.120.223	-	-	-	<b>13.062.199</b>
Miscellaneous Payables	760.770	1.263.581	730.525	186.714	4.232	4.459.366	<b>7.405.188</b>
Marketable Securities Issued (Net) (*)	513.813	1.840.646	466.547	6.802.095	7.313.382	-	<b>16.936.483</b>
Borrowings	5.189.460	27.458.373	6.896.462	171.731	11.139	-	<b>39.727.165</b>
Other Liabilities (**)	3.363.061	5.593.390	3.404.785	953.110	18.968	48.786.723	<b>62.120.037</b>
<b>Total Liabilities</b>	<b>130.366.858</b>	<b>64.529.962</b>	<b>24.831.833</b>	<b>8.168.518</b>	<b>7.347.733</b>	<b>92.397.221</b>	<b>327.642.125</b>
Balance Sheet Long Position	-	-	46.084.319	64.816.933	10.184.783	-	<b>121.086.035</b>
Balance Sheet Short Position	(41.944.193)	(26.132.190)	-	-	-	(53.009.652)	<b>(121.086.035)</b>
Off-balance Sheet Long Position	9.508.780	12.014.068	-	1.746.729	1.699.121	-	<b>24.968.698</b>
Off-balance Sheet Short Position	-	-	(11.680.714)	-	-	-	<b>(11.680.714)</b>
<b>Total Position</b>	<b>(32.435.413)</b>	<b>(14.118.122)</b>	<b>34.403.605</b>	<b>66.563.662</b>	<b>11.883.904</b>	<b>(53.009.652)</b>	<b>13.287.984</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 are shown in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

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

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

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

Current Period – 30 September 2019	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	-	-	5,00
Banks	-	1,72	-	16,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2,87	5,18	3,09	14,87
Loans	4,74	7,77	7,42	17,86
Held-to-maturity Investments (Net)	3,46	5,18	-	16,30
<b>Liabilities</b>				
Bank Deposits (**)	0,14	2,46	-	7,72
Other Deposits (**)	0,44	2,23	-	11,90
Funds from Interbank Money Market	2,39	2,67	-	15,75
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,61	-	15,41
Borrowings	1,89	4,29	-	15,72

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>Current Period – 30.09.2019</b>					
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			73.502.005	36.882.121
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	144.463.139	80.303.075	13.324.927	8.030.307
3	Stable deposits	22.427.729	-	1.121.386	-
4	Less stable deposits	122.035.410	80.303.075	12.203.541	8.030.307
5	Unsecured Funding other than Retail and Small Business Customers Deposits	75.070.447	48.738.990	40.770.755	26.663.322
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	65.181.615	44.634.671	32.184.022	22.559.192
8	Other Unsecured Funding	9.888.832	4.104.319	8.586.733	4.104.130
9	Secured funding	-	-	175.560	175.560
10	Other Cash Outflows	74.146.629	48.744.629	64.002.163	39.332.377
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	62.853.492	38.288.865	62.853.492	38.288.865
12	Debts related to the structured financial products	26.160	-	26.160	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	11.266.977	10.455.764	1.122.511	1.043.512
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	907.258	-	45.363	-
15	Other irrevocable or conditionally revocable commitments	55.199.984	10.695.633	2.759.999	534.782
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>121.078.767</b>	<b>74.736.348</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	683.368	683.368	-	-
18	Unsecured Lending Transactions	26.634.863	15.043.324	20.810.763	14.037.965
19	Other contractual cash inflows	58.474.694	41.295.151	58.473.916	41.295.113
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>85.792.925</b>	<b>57.021.843</b>	<b>79.284.679</b>	<b>55.333.078</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>73.502.005</b>	<b>36.882.121</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>41.794.088</b>	<b>20.724.463</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>176,64</b>	<b>179,49</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 – 31.12.2018	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 High quality liquid assets			60.025.493	39.034.305
<b>CASH OUTFLOWS</b>				
2 Retail and Customers Deposits	132.751.704	67.576.217	12.206.839	6.757.622
3 Stable deposits	21.366.636	-	1.068.332	-
4 Less stable deposits	111.385.068	67.576.217	11.138.507	6.757.622
5 Unsecured Funding other than Retail and Small Business Customers Deposits	73.951.844	52.982.997	36.477.135	25.690.445
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	70.967.382	52.694.173	34.741.930	25.403.022
8 Other Unsecured Funding	2.984.462	288.824	1.735.205	287.423
9 Secured funding	-	-	49.042	49.042
10 Other Cash Outflows	62.451.184	40.437.642	52.745.407	31.431.163
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.672.308	30.432.582	51.672.308	30.432.582
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	10.778.876	10.005.060	1.073.099	998.581
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	835.255	-	41.763	-
15 Other irrevocable or conditionally revocable commitments	62.212.690	17.395.360	3.110.634	869.768
<b>16 TOTAL CASH OUTFLOWS</b>			<b>104.630.820</b>	<b>64.798.040</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	3.797.452	3.797.452	-	-
18 Unsecured Lending Transactions	38.549.640	26.912.078	32.293.832	25.922.641
19 Other contractual cash inflows	45.627.671	29.869.981	45.624.117	29.869.903
<b>20 TOTAL CASH INFLOWS</b>	<b>87.974.763</b>	<b>60.579.511</b>	<b>77.917.949</b>	<b>55.792.544</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA STOCK</b>			<b>60.025.493</b>	<b>39.034.305</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>28.620.215</b>	<b>16.258.677</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>212,05</b>	<b>241,44</b>

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

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

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 164% 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 40% and securities issued by Undersecretariat of the Treasury by 55%. Funding sources are mainly distributed between individual and retail deposits by 65%, corporate deposits by 25%, and borrowings from banks by 3% and collateralized borrowings such as repurchase agreements by 2%.

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Cash outflow amounting to TL 1.763 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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

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

	<b>Current Period – 30.09.2019</b>	
	<b>TL+FC</b>	<b>FC</b>
Lowest	164,86	157,18
Week	20.09.2019	09.08.2019
Highest	193,75	197,25
Week	19.07.2019	30.08.2019

  

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

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

<b>Current Period – 30 September 2019</b>	<b>Demand</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>Unallocated</b>	<b>Total</b>
<b>Assets</b>								
Cash Equivalents and Central Bank Banks	20.735.607	14.887.725	105.551	-	-	-	-	<b>35.728.883</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	9.847.524	4.378.230	1.359.566	564.259	-	-	-	<b>16.149.579</b>
Interbank Money Market Placements Available-for-sale Financial Assets (Net)	194.464	-	6.201.177	-	-	-	-	<b>6.395.641</b>
Loans (****)	-	295.849	615.883	346.980	12.581.207	34.857.991	11.597.590	<b>60.295.500</b>
Held-to-maturity Investments (Net)	-	42.947.049	16.057.532	39.689.484	60.662.901	20.361.228	12.885.211	<b>192.603.405</b>
Other Assets (*)	-	395.272	642.843	2.619.510	9.358.114	1.180.640	-	<b>14.196.379</b>
	-	596.241	2.007.007	2.741.008	12.768.478	5.093.960	2.872.207	<b>26.078.901</b>
<b>Total Assets</b>	<b>31.073.444</b>	<b>63.820.400</b>	<b>26.720.656</b>	<b>58.195.468</b>	<b>117.647.484</b>	<b>38.233.418</b>	<b>15.757.418</b>	<b>351.448.288</b>
<b>Liabilities</b>								
Bank Deposits	1.710.301	3.077.966	1.492.845	358.161	-	-	-	<b>6.639.273</b>
Other Deposits	45.874.053	132.516.470	24.802.696	4.958.591	56.951	2	-	<b>208.208.763</b>
Borrowings	-	5.495.200	841.220	8.987.318	11.577.895	4.051.938	-	<b>30.953.571</b>
Funds from Interbank Money Market	-	1.508.037	878.577	2.097.657	3.678.497	1.981.928	-	<b>10.144.696</b>
Marketable Securities Issued (Net) (**)	-	1.972.810	841.645	3.195.519	4.166.184	7.752.400	-	<b>17.928.558</b>
Miscellaneous Payables	-	197.129	248.213	418.337	1.758.370	993.930	5.193.780	<b>8.809.759</b>
Other Liabilities (***)	370.238	3.342.712	785.372	1.508.231	5.201.449	3.332.483	54.223.183	<b>68.763.668</b>
<b>Total Liabilities</b>	<b>47.954.592</b>	<b>148.110.324</b>	<b>29.890.568</b>	<b>21.523.814</b>	<b>26.439.346</b>	<b>18.112.681</b>	<b>59.416.963</b>	<b>351.448.288</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(16.881.148)</b>	<b>(84.289.924)</b>	<b>(3.169.912)</b>	<b>36.671.654</b>	<b>91.208.138</b>	<b>20.120.737</b>	<b>(43.659.545)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(271.838)</b>	<b>895.000</b>	<b>1.049.172</b>	<b>6.876.296</b>	<b>2.127.068</b>	<b>-</b>	<b>10.675.698</b>
Financial Derivative Assets	-	49.392.537	31.664.211	43.193.988	90.138.041	60.214.911	-	<b>274.603.688</b>
Financial Derivative Liabilities	-	49.664.375	30.769.211	42.144.816	83.261.745	58.087.843	-	<b>263.927.990</b>
<b>Non-cash Loans (****)</b>	<b>-</b>	<b>2.257.384</b>	<b>94.005</b>	<b>8.605.803</b>	<b>12.550.540</b>	<b>22.069.793</b>	<b>-</b>	<b>45.577.525</b>
<b>Prior Period - 31 December 2018</b>								
<b>Total Assets</b>	30.157.222	55.863.956	25.660.302	49.954.105	113.297.191	41.904.217	10.805.132	<b>327.642.125</b>
<b>Total Liabilities</b>	39.151.131	124.745.358	31.275.409	35.173.053	30.931.885	18.096.834	48.268.455	<b>327.642.125</b>
<b>Net Liquidity Gap</b>	<b>(8.993.909)</b>	<b>(68.881.402)</b>	<b>(5.615.107)</b>	<b>14.781.052</b>	<b>82.365.306</b>	<b>23.807.383</b>	<b>(37.463.323)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>73.346</b>	<b>(1.322.979)</b>	<b>378.942</b>	<b>8.484.122</b>	<b>5.674.553</b>	<b>-</b>	<b>13.287.984</b>
Financial Derivative Assets	-	72.069.893	34.473.264	45.284.995	100.845.307	65.710.763	-	<b>318.384.222</b>
Financial Derivative Liabilities	-	71.996.547	35.796.243	44.906.053	92.361.185	60.036.210	-	<b>305.096.238</b>
<b>Non-cash Loans (****)</b>	<b>-</b>	<b>4.242.599</b>	<b>5.288.100</b>	<b>16.489.306</b>	<b>5.188.166</b>	<b>22.129.385</b>	<b>-</b>	<b>53.337.556</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, prepaid expenses and loans under follow-up, are shown in this column. Expected credit losses are included.

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

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

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

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

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

**VI. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 30 September 2019, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 10,79% [31 December 2018: 9,37%]. This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

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

	<b>Current Period</b>	<b>Prior Period 31</b>
	<b>30 September 2019 (*)</b>	<b>December 2018 (*)</b>
<b>Balance sheet Assets</b>		
1		
Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	328.011.937	317.742.753
2		
(Assets deducted from Core capital)	-	-
3		
Total risk amount of balance sheet assets (sum of lines 1 and 2)	328.011.937	317.742.753
<b>Derivative financial assets and credit derivatives</b>		
4		
Cost of replenishment for derivative financial assets and credit derivatives	13.916.248	16.039.665
5		
Potential credit risk amount of derivative financial assets and credit derivatives	4.704.110	4.898.308
6		
Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	18.620.358	20.937.973
<b>Financing transactions secured by marketable security or commodity</b>		
7		
Risk amount of financing transactions secured by marketable security or commodity	2.691.296	3.296.687
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)	2.691.296	3.296.687
<b>Off-balance sheet transactions</b>		
10		
Gross notional amount of off-balance sheet transactions	118.680.194	132.769.389
11		
(Correction amount due to multiplication with credit conversion rates)	(801.673)	(1.189.952)
12		
Total risk of off-balance sheet transactions (sum of lines 10 and 11)	117.878.521	131.579.437
<b>Capital and total risk</b>		
13		
Core Capital	50.386.894	44.231.597
14		
Total risk amount (sum of lines 3, 6, 9 and 12)	467.202.112	473.556.850
<b>Leverage ratio</b>		
15		
Leverage ratio	10,79	9,37

(\*) Three months average values.



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

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

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

**Overview of RWA:**

	Risk Weighted Amount		Minimum capital requirement	
	Current Period	Prior Period	Current Period	
	30 September 2019	31 December 2018	30 September 2019	
1	Credit risk (excluding counterparty credit risk) (CCR)	234.807.711	226.613.119	18.784.617
2	Standardized approach (SA)	234.807.711	226.613.119	18.784.617
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	19.300.139	22.406.964	1.544.011
5	Standardized approach for counterparty credit risk (SA-CCR)	19.300.139	22.406.964	1.544.011
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	279.632	237.585	22.371
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	5.109.826	5.071.915	408.786
17	Standardized approach (SA)	5.109.826	5.071.915	408.786
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	27.269.597	21.346.323	2.181.568
20	Basic Indicator Approach	27.269.597	21.346.323	2.181.568
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>286.766.905</b>	<b>275.675.906</b>	<b>22.941.353</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

**VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:**

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

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

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

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

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

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

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

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

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

	Current Period 30 September 2019			Prior Period 31 December 2018		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	14.843.460	6.216.856	983.287	16.237.238	4.693.776	647.569
-FC	51.396.570	186.920	304.274	45.826.317	363.508	41.041
<b>Total</b>	<b>66.240.030</b>	<b>6.403.776</b>	<b>1.287.561</b>	<b>62.063.555</b>	<b>5.057.284</b>	<b>688.610</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

**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: 30.09.2019**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(325.004)	309.172	(15.832)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(62.908)	60.978	(1.930)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.492.400	(2.482.080)	10.319
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(21.331)	21.331	-

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

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

**Prior Period: 31.12.2018**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(43.581)	33.893	(9.688)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.632.655	(2.658.615)	(25.960)
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	9.438	(9.438)	-

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

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

As of 30 September 2019 fair value hedge transactions have been proven to be effective.

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

- As of 30 September 2019, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 2.792 (31 December 2018: TL 7.263).

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

**3. Explanations on Cash Flow Hedge:**

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	(55.538)	-	(236.353)	60.986	(4.336)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	2.206.719	339.393	(1.147.028)	(412.678)	(109.082)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	78.006	374.956	251.513	(7.075)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	-	476.142	(132.123)	13.480	(7.688)

As of 30 September 2019 cash flow hedge transactions have been determined as effective.

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

- As of 30 September 2019, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 6.226 (31 December 2018: TL (5.927)).

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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**IX. EXPLANATIONS ON BUSINESS SEGMENTS:**

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

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

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

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

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

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

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

	<b>Retail Banking (**)</b>	<b>Commercial Banking, Corporate-Investment, Private Banking and Wealth Management</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Current Period – 30 September 2019</b>					
Operating Income	7.255.069	5.160.315	1.358.223	755.630	14.529.237
Profit from Operating Activities	2.255.817	1.252.913	1.049.682	71.162	4.629.574
Income from Subsidiaries	-	-	-	6.059	6.059
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	493.858	493.858
Profit before Tax	2.255.817	1.252.913	1.049.682	571.079	5.129.491
Corporate Tax	-	-	-	(1.041.538)	(1.041.538)
Minority Shares	-	-	-	-	-
Net Profit for the Period	2.255.817	1.252.913	1.049.682	(470.459)	4.087.953
Segment Assets	77.004.582	135.261.156	117.081.552	-	329.347.290
Investments in Associates	-	-	-	6.182.161	6.182.161
Undistributed Assets	-	-	-	15.918.837	15.918.837
Total Assets					351.448.288
Segment Liabilities	139.547.748	69.617.007	75.030.096	-	284.194.851
Undistributed Liabilities	-	-	-	15.712.062	15.712.062
Shareholders' Equity	-	-	-	51.541.375	51.541.375
Total Liabilities					351.448.288
Other Segment Items					
Capital Investment	-	-	-	782.418	782.418
Amortization	(93.831)	(16.238)	-	(262.375)	(372.444)
Non-cash Other Income-Expense	(1.118.720)	(3.101.735)	(30.649)	(806.389)	(5.057.493)

	<b>Retail Banking (**)</b>	<b>Commercial Banking, Corporate-Investment, Private Banking and Wealth Management</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Prior Period – 31 December 2018 (*)</b>					
Operating Income	6.275.049	3.667.043	385.335	3.967.471	14.294.898
Profit from Operating Activities	2.739.978	2.854.849	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	2.739.978	2.854.849	188.676	13.665	5.797.168
Corporate Tax	-	-	-	(1.158.325)	(1.158.325)
Minority Shares	-	-	-	-	-
Net Profit for the Period	2.739.978	2.854.849	188.676	(1.144.660)	4.638.843
Segment Assets	71.535.564	132.521.609	103.342.019	-	307.399.192
Investments in Associates	-	-	-	5.457.662	5.457.662
Undistributed Assets	-	-	-	14.785.271	14.785.271
Total Assets					327.642.125
Segment Liabilities	124.653.231	57.955.297	88.464.828	-	271.073.356
Undistributed Liabilities	-	-	-	12.759.680	12.759.680
Shareholders' Equity	-	-	-	43.809.089	43.809.089
Total Liabilities					327.642.125
Other Segment Items					
Capital Investment	-	-	-	548.976	548.976
Amortization	(40.233)	352	2.522	(217.573)	(254.932)
Non-cash Other Income-Expense	(729.151)	(3.587.576)	(3.220)	(481.744)	(4.801.691)

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

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

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

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

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

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

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

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	1.749.481	1.436.745	1.796.417	1.826.103
The CBRT (*)	4.505.063	27.977.725	2.928.915	23.504.830
Other (**)	-	59.869	-	57.527
<b>Total</b>	<b>6.254.544</b>	<b>29.474.339</b>	<b>4.725.332</b>	<b>25.388.460</b>

(\*) Precious metal account amounting to TL 3.367.060 are included in FC. (31 December 2018: TL 3.432.683)

(\*\*) Precious metal account amounting to TL 59.856 are included in FC. (31 December 2018: TL 57.522)

2. Information related to the account of the CBRT:

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6.251	-	124	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	4.498.812	27.977.725	2.928.791	23.504.830
<b>Total</b>	<b>4.505.063</b>	<b>27.977.725</b>	<b>2.928.915</b>	<b>23.504.830</b>

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.

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

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

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

Other Financial Assets:

In the previous period, syndicated loans previously granted to Ojer Telekomünikasyon A.Ş. has been restructured. Within this scope, 192.500.000.000 of Group A shares which correspond to 55% of Türk Telekom's issued capital that has been pledged in favor of the lenders in order to establish the collateral of the loans has been transferred successfully on 21 December 2018 to LYY Telekomünikasyon A.Ş. (Previously known as Levent Yapılandırma Yönetimi A.Ş.), which has been established as a special purpose company, where all of the lenders directly or indirectly hold a share. The Bank has participated in LYY Telekomünikasyon A.Ş. with a share of 35.56% corresponding to its receivables from OTAŞ.

Subsequently, in the ordinary general assembly meeting of LYY Telekomünikasyon A.Ş. on 23 September 2019, a portion of the loan has been decided to be converted and added to the capital of LYY Telekomünikasyon A.Ş. resulting in an increase in the nominal value of shares from TL 18 to TL 1.416.090. This amount is presented in the financial statements under "Assets Held for Sale and Related to Discounted Operations". As of September 30, 2019, the portion of the loan is TL 6.201.177 and it is classified in "Other Financial Assets" under "Financial Assets at Fair Value Through Profit or Loss" in the financial statements. The total fair value decrease accounted for the loan and the amount converted to the capital is TL 689.646 and the total amount is classified under "Assets Held For Sale and Discontinued Operations".

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Assets amounting to TL 6.927.621 have been converted into loans and capital and are measured at their fair values within the context of IFRS 9 Financial Instruments and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The determination of this value is based on the results of an independent appraisal firm. For the valuation work done, fair value is determined by considering the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). The related loan is classified as Level 3 within the context of IFRS 13 Fair Value. The potential changes in the fundamental assumptions used in the valuation will affect the carrying value of the loan and amount converted to capital. The maturity of the loan is 1 year and the maturity can be extended.

The main objective of the lending banks is to transfer the relevant Türk Telekom shares to a related expert investor by providing the necessary conditions as quickly as possible. For the sale of LYY Telekomünikasyon A.Ş.'s 55% shares of Türk Telekomünikasyon A.Ş. on 19 September 2019, an international investment bank has been authorized as a sales consultant and within this context, necessary work related to sales and negotiations with potential investors will be initiated.

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

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

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	647.173	-	1.004.135	-
Swap Transactions	6.918.696	4.764.991	11.441.676	4.645.436
Futures Transactions	-	-	-	-
Options	15.983	80.429	67.222	454.254
Other	-	-	-	-
<b>Total</b>	<b>7.581.852</b>	<b>4.845.420</b>	<b>12.513.033</b>	<b>5.099.690</b>

(\*)Excluding hedging derivatives financial assets.

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

1. Information on banks account:

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	57.157	33.792	207	601.823
Foreign	-	16.058.630	463.733	16.936.222
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>57.157</b>	<b>16.092.422</b>	<b>463.940</b>	<b>17.538.045</b>

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

1. As of 30 September 2019, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 9.499.410 (31 December 2018: TL 11.515.081); and those given as collateral/blocked amounting to TL 12.016.050 (31 December 2018: TL 8.421.116).

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

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Debt Securities				
Quoted at Stock Exchange (*)	59.174.770		43.557.799	
Unquoted at Stock Exchange	2.644.029		1.396.169	
Share Certificates	16.217		13.455	
Quoted at Stock Exchange	-		-	
Unquoted at Stock Exchange	16.217		13.455	
Impairment Provision [-]	1.539.516		2.593.916	
<b>Total</b>	<b>60.295.500</b>		<b>42.373.507</b>	

(\*) Investment funds are included.



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**f. Information related to loans:**

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

	Current Period 30 September 2019		Prior Period 31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	1.440
Corporate Shareholders	-	97	-	1.440
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	6.097.571	1.006.165	5.281.095	1.073.121
Loans Granted to Employees	122.583	-	114.675	-
<b>Total</b>	<b>6.220.154</b>	<b>1.006.262</b>	<b>5.395.770</b>	<b>1.074.561</b>

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

Current Period – 30 September		Loans under follow-up		
		Standard Loans	Loans not subject to restructuring	Restructured Loans
Cash Loans	Standard Loans	Loans not subject to restructuring	Loans with revised contract terms	Refinance
Non-specialized Loans				
Loans given to enterprises	17.818.158	1.706.430	24.310	4.423.219
Export Loans	8.886.812	175.110	24.189	242.392
Import Loans	-	-	-	-
Loans Given to Financial Sector	9.651.136	179	-	-
Consumer Loans	25.255.309	2.071.219	1.068.587	29.306
Credit Cards	13.999.034	853.924	593.467	-
Other	75.246.825	6.210.644	145.873	11.292.071
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>150.857.274</b>	<b>11.017.506</b>	<b>1.856.426</b>	<b>15.986.988</b>

Expected Credit Loss Stage I and Stage II	Current Period 30 September 2019		Prior Period 31 December 2018	
	Standard Loans	Loans under Follow-up	Standard Loans	Loans under Follow-up
12 Month Expected Credit Losses	612.373	-	637.503	-
Significant Increase in Credit Risk	-	3.425.427	-	2.741.613
<b>Total</b>	<b>612.373</b>	<b>3.425.427</b>	<b>637.503</b>	<b>2.741.613</b>

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

<b>Current Period – 30.09.2019</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>416.700</b>	<b>26.534.504</b>	<b>26.951.204</b>
Mortgage Loans	749	9.253.124	9.253.873
Automotive Loans	230	94.669	94.899
Consumer Loans	415.721	17.186.711	17.602.432
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>1.108</b>	<b>1.108</b>
Mortgage Loans	-	1.108	1.108
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>12.233.776</b>	<b>600.332</b>	<b>12.834.108</b>
With Installment	4.357.507	598.963	4.956.470
Without Installment	7.876.269	1.369	7.877.638
<b>Consumer Credit Cards-FC</b>	<b>14.865</b>	<b>-</b>	<b>14.865</b>
With Installment	-	-	-
Without Installment	14.865	-	14.865
<b>Personnel Loans-TL</b>	<b>3.144</b>	<b>63.416</b>	<b>66.560</b>
Mortgage Loans	-	2.953	2.953
Automotive Loans	-	22	22
Consumer Loans	3.144	60.441	63.585
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>55.498</b>	<b>89</b>	<b>55.587</b>
With Installment	21.408	89	21.497
Without Installment	34.090	-	34.090
<b>Personnel Credit Cards-FC</b>	<b>436</b>	<b>-</b>	<b>436</b>
With Installment	-	-	-
Without Installment	436	-	436
<b>Credit Deposit Account-TL (Real Person)</b>	<b>1.405.549</b>	<b>-</b>	<b>1.405.549</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>14.129.968</b>	<b>27.199.449</b>	<b>41.329.417</b>

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

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

<b>Current Period – 30.09.2019</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>313.123</b>	<b>13.442.519</b>	<b>13.755.642</b>
Mortgage Loans	604	6.557	7.161
Automotive Loans	6.362	23	6.385
Consumer Loans	306.157	13.435.939	13.742.096
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>-</b>	<b>134.290</b>	<b>134.290</b>
Mortgage Loans	-	585	585
Automotive Loans	-	-	-
Consumer Loans	-	133.705	133.705
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>9.149</b>	<b>231.027</b>	<b>240.176</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.149	231.027	240.176
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.530.997</b>	<b>6.364</b>	<b>2.537.361</b>
With Installment	766.347	6.340	772.687
Without Installment	1.764.650	24	1.764.674
<b>Corporate Credit Cards-FC</b>	<b>4.068</b>	<b>-</b>	<b>4.068</b>
With Installment	-	-	-
Without Installment	4.068	-	4.068
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>1.159.592</b>	<b>-</b>	<b>1.159.592</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.016.929</b>	<b>13.814.200</b>	<b>17.831.129</b>

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

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

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Domestic Loans	186.024.156	179.566.003
Foreign Loans	6.579.249	6.810.297
<b>Total</b>	<b>192.603.405</b>	<b>186.376.300</b>

6. Loans granted to investments in associates and subsidiaries:

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Direct Loans Granted to Investments in Associates and Subsidiaries	532.952	291.767
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
<b>Total</b>	<b>532.952</b>	<b>291.767</b>

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

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Loans and Other Receivables with Limited Collectibility	1.314.574	724.871
Loans and Other Receivables with Doubtful Collectibility	1.205.295	1.226.217
Uncollectible Loans and Receivables	4.966.447	2.611.760
<b>Total</b>	<b>7.486.316</b>	<b>4.562.848</b>

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

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

	<b>III. Group Loans with Limited Collectibility</b>	<b>IV. Group Loans with Doubtful Collectibility</b>	<b>V. Group Uncollectible Loans</b>
<b>Current Period: 30 September 2019</b>			
(Gross Amounts Before Specific Provisions)	67.535	168.208	292.681
Rescheduled Loans and Other Receivables	67.535	168.208	292.681
<b>Prior Period: 31 December 2018</b>			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612

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

	<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 2018</b>	<b>1.681.186</b>	<b>2.853.788</b>	<b>3.303.647</b>
Additions (+)	5.506.076	602.657	106.285
Transfers from Other Categories of Non-Performing Loans (+)	-	3.826.366	4.572.756
Transfers to Other Categories of Non-Performing Loans (-)	3.826.366	4.572.756	-
Collections (-)	341.689	406.691	414.225
Write-offs (-)	1.626	1.793	2.404
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>3.017.581</b>	<b>2.301.571</b>	<b>7.566.059</b>
Specific Provisions (-)	1.314.574	1.205.295	4.966.447
<b>Net Balance at Balance Sheet</b>	<b>1.703.007</b>	<b>1.096.276</b>	<b>2.599.612</b>

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 2019</b>			
Balance at the End of the Period	1.173.967	110.163	2.502.698
Specific Provision (-)	400.806	67.199	1.188.983
Net Balance on Balance Sheet	773.161	42.964	1.313.715
<b>Prior Period: 31 December 2018</b>			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
<b>Net Balance at Balance Sheet</b>	<b>152.096</b>	<b>1.050.449</b>	<b>254.039</b>

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

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

	<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 2019</b>			
Loans granted to corporate entities and real persons (Gross)	3.017.581	2.301.571	7.566.059
Specific Provision Amount (-)	1.314.574	1.205.295	4.966.447
Loans granted to corporate entities and real persons (Net)	1.703.007	1.096.276	2.599.612
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 2018</b>			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.303.647
Specific Provision Amount (-)	724.871	1.226.217	2.611.760
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	691.887
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
<b>Current Period: 30 September 2019</b>			
Interest accruals and valuation differences	390.529	315.672	1.048.804
Provision (-)	168.188	194.212	598.319
<b>Prior Period: 31 December 2018</b>			
Interest accruals and valuation differences	163.127	361.402	119.378
Provision (-)	84.613	168.980	88.875

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

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

	<b>Current Period 30 September 2019</b>		<b>Prior Period 31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	-	632.523	-	659.977
Subject to repurchase agreements	329.161	1.807.432	151.531	2.482.866
<b>Total</b>	<b>329.161</b>	<b>2.439.955</b>	<b>151.531</b>	<b>3.142.843</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

2. Information on government debt securities:

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Government Bonds	11.742.961	9.062.489
Treasury Bills	-	-
Other Government Debt Securities	747.518	691.694
<b>Total</b>	<b>12.490.479</b>	<b>9.754.183</b>

3. Information on financial assets measured at amortised cost:

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Debt Securities	14.239.006	12.328.067
Quoted at Stock Exchange	14.239.006	12.328.067
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	42.627	64.586
<b>Total</b>	<b>14.196.379</b>	<b>12.263.481</b>

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

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Balance at the Beginning of the Period	12.263.481	18.883.032
Foreign Currency Differences on Monetary Assets	255.605	1.683.147
Purchases During Year	3.714.492	1.654.189
Disposals Through Sales and Redemptions (*)	(2.583.389)	(10.713.907)
Impairment Provision	21.960	184.506
Change in Amortized Cost	524.230	572.514
<b>Balance at the End of the Period</b>	<b>14.196.379</b>	<b>12.263.481</b>

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

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

1. Information about investments in associates:

<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 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 2019.

	<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	126.652	82.384	67.670	2.251	-	17.418	8.630	-
2	321.197	213.805	233.553	5.920	-	16.401	23.681	-



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

3. Movement schedule of investments in associates:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>31 December 2018</b>
Balance at the Beginning of the Period	5.521	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	1.598
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	5.521	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

1. Information on shareholders' equity of subsidiaries:

The following amounts have been obtained from the financial statements as of 30 September 2019 prepared in accordance with legislation in which companies are subject to.

	<b>Ak Finansal</b>	<b>Ak Yatırım Menkul</b>	<b>Ak Portföy</b>	<b>Akbank AG</b>	<b>AkÖde</b>
	<b>Kiralama A.Ş.</b>	<b>Değerler A.Ş.</b>	<b>Yönetimi A.Ş.</b>		<b>A.Ş.</b>
Paid in Capital	360.007	96.802	10.534	740.648	12.000
Share Premium	-	-	-	-	-
Reserves	494.060	66.116	18.234	3.613.434	(14)
Gains recognized in equity as per TAS	-	(2.046)	(150)	-	-
Profit/Loss	76.287	325.943	89.426	281.470	(4.782)
- Net Current Period Profit	76.287	92.089	46.595	281.470	(1.690)
- Prior Year Profit/Loss	-	233.854	42.831	-	(3.092)
Development Cost of Operating Lease (-)	41	873	-	257	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.042	11.718	199	3.863	-
<b>Total Common Equity</b>	<b>929.271</b>	<b>474.224</b>	<b>117.845</b>	<b>4.631.432</b>	<b>7.204</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>929.271</b>	<b>474.224</b>	<b>117.845</b>	<b>4.631.432</b>	<b>7.204</b>
<b>Tier II Capital</b>	<b>132.943</b>	<b>280</b>	<b>5</b>	<b>30.987</b>	<b>-</b>
<b>CAPITAL</b>	<b>1.062.214</b>	<b>474.504</b>	<b>117.850</b>	<b>4.662.419</b>	<b>7.204</b>
<b>Deductions from Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>1.062.214</b>	<b>474.504</b>	<b>117.850</b>	<b>4.662.419</b>	<b>7.204</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.

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

**AKBANK T.A.Ş.**

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

3. Information on subsidiaries:

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.945.479	929.165	189.322	379.232	-	76.287	(7.714)	-
2	1.882.602	486.815	20.246	286.743	3.360	92.089	89.734	-
3	135.497	118.044	5.208	10.771	-	46.595	28.582	-
4	29.874.726	4.635.552	47.968	1.024.435	80.408	281.470	170.855	-
5	8.189	7.204	1.059	1.216	-	(1.690)	(1.587)	-

5. Movement schedule of subsidiaries:

	Current Period 30 September 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.452.141	4.133.098
Movements During the Period		
Additions (*)	125.000	62.000
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	493.858	304.959
Sales/Liquidation	-	-
Revaluation Increase (**)	105.641	952.084
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.176.640	5.452.141
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

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

Subsidiaries	Current Period 30 September 2019	Prior Period 31 December 2018
Banks	4.635.552	4.248.193
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	929.025	727.051
Finance Companies	-	-
Other Financial Subsidiaries	612.063	476.897

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

7. Subsidiaries quoted to a stock exchange: None.

j. **Information on joint ventures:** None (31 December 2018: None).

k. **Information on finance lease receivables (Net):** None (31 December 2018: None).

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

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	3.813.766	168.536	2.957.837	109.839
Cash Flow Hedge	2.403.090	18.384	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>6.216.856</b>	<b>186.920</b>	<b>4.693.776</b>	<b>363.508</b>

m. **Information on the investment properties:** None (31 December 2018: None).

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

As of 30 September 2019, the Bank has no deferred tax asset (31 December 2018: TL 23.410). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities and provision for employee rights.

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

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

	Current Period 30 September 2019	Prior Period 31 December 2018
Cost	857.639	90.384
Accumulated Depreciation (-)	75	79
<b>Net Book Value</b>	<b>857.564</b>	<b>90.305</b>

	Current Period 30 September 2019	Prior Period 31 December 2018
<b>Opening Balance Net Book Value</b>	<b>90.305</b>	<b>57.520</b>
Additions (*)	1.477.108	70.412
Disposals (-), net	20.158	37.545
Impairment (-)	689.691	82
Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>857.564</b>	<b>90.305</b>

(\*) As stated in Note I-b of Section Five, the Bank has 35.56% participation in the newly established LYY Telekomünikasyon A.Ş., and has reclassified its 18 TL shares under fair value through other comprehensive income in the prior period. Within this scope, the Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from 18 TL to 1.416.090 TL. Related amounts are presented in the "additions" row of table above. The fair value decrease amount of 689.646 TL that the Bank has calculated for LYY Telekomünikasyon A.Ş. is shown in the "impairment" row of the table above.

p. **Information on other assets:**

Other assets amounting to TL 6.245.536 (31 December 2018: TL 6.038.884) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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

**a. Information on deposits:**

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

1 (i). Current Period – 30 September 2019:

	<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	8.457.402	9.085.848	38.405.640	179.961	492.186	1.045.488	15.257	<b>57.681.782</b>
Foreign Currency Deposits	24.422.238	16.109.302	70.289.495	2.543.889	1.328.884	3.457.348	1.279	<b>118.152.435</b>
Residents in Turkey	23.259.766	15.995.433	66.558.479	2.433.421	838.597	1.913.415	1.198	<b>111.000.309</b>
Residents Abroad	1.162.472	113.869	3.731.016	110.468	490.287	1.543.933	81	<b>7.152.126</b>
Public Sector Deposits	1.357.776	14.281	31.485	3.303	351	439	-	<b>1.407.635</b>
Commercial Deposits	7.997.626	5.416.915	10.129.816	118.560	166.115	237.281	-	<b>24.066.313</b>
Other Institutions Deposits	264.889	530.322	2.415.056	9.442	8.924	2.122	-	<b>3.230.755</b>
Precious metals Deposits	3.374.122	-	1.587	-	240.599	53.535	-	<b>3.669.843</b>
Interbank Deposits	1.710.301	222.237	3.911.572	385.809	393.610	15.744	-	<b>6.639.273</b>
The CBRT	-	-	-	-	-	-	-	<b>-</b>
Domestic Banks	9.172	99.081	41.714	307.078	315.840	4.924	-	<b>777.809</b>
Foreign Banks	407.506	123.156	3.869.858	78.731	77.770	10.820	-	<b>4.567.841</b>
Participation Banks	1.293.623	-	-	-	-	-	-	<b>1.293.623</b>
Other	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>47.584.354</b>	<b>31.378.905</b>	<b>125.184.651</b>	<b>3.240.964</b>	<b>2.630.669</b>	<b>4.811.957</b>	<b>16.536</b>	<b>214.848.036</b>

1 (ii). Prior period - 31 December 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	6.822.980	6.345.090	36.807.153	1.721.311	3.056.761	1.092.246	20.081	<b>55.865.622</b>
Foreign Currency Deposits	20.486.286	14.924.449	53.057.717	1.775.228	5.318.165	3.180.646	1.781	<b>98.744.272</b>
Residents in Turkey	19.558.995	14.662.394	49.737.935	1.291.185	1.135.781	1.590.011	1.622	<b>87.977.923</b>
Residents Abroad	927.291	262.055	3.319.782	484.043	4.182.384	1.590.635	159	<b>10.766.349</b>
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	<b>1.118.222</b>
Commercial Deposits	6.767.674	5.804.222	6.575.839	247.305	153.440	306.084	-	<b>19.854.564</b>
Other Institutions Deposits	250.105	469.459	1.277.231	10.479	629.880	237.530	-	<b>2.874.684</b>
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	<b>2.484.399</b>
Interbank Deposits	1.477.434	1.476.165	3.737.561	301.072	457.058	-	-	<b>7.449.290</b>
The CBRT	-	-	-	-	-	-	-	<b>-</b>
Domestic Banks	10.485	1.438.256	81.704	6.275	342.171	-	-	<b>1.878.891</b>
Foreign Banks	112.726	37.909	3.655.857	294.797	114.887	-	-	<b>4.216.176</b>
Participation Banks	1.354.223	-	-	-	-	-	-	<b>1.354.223</b>
Other	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>39.151.132</b>	<b>29.038.848</b>	<b>101.480.333</b>	<b>4.062.979</b>	<b>9.801.111</b>	<b>4.834.788</b>	<b>21.862</b>	<b>188.391.053</b>

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

2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Saving Deposits	28.433.781	23.246.737	29.248.001	32.618.885
Foreign Currency Saving Deposits	16.365.687	10.341.024	54.234.924	50.682.638
Other Deposits in the Form of Saving Deposits	1.921.911	1.256.207	1.481.403	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

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

	Current Period	Prior Period
	30 September 2019	31 December 2018
Foreign Branches' Deposits and other accounts	16	375
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.572.210	1.208.455
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

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

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

	Current Period		Prior Period	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	TL	FC	TL	FC
Forward Transactions	132.440	-	344.315	-
Swap Transactions	7.097.499	1.609.960	10.338.317	975.810
Futures Transactions	-	-	-	-
Options	1.125	191.406	2.892	606.511
Other	-	-	-	-
<b>Total</b>	<b>7.231.064</b>	<b>1.801.366</b>	<b>10.685.524</b>	<b>1.582.321</b>

(\*). Excluding hedge transactions.

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**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	336.970	303.508	253.088	375.142
From Foreign Banks, Institutions and Funds	-	30.313.093	398.158	38.700.777
<b>Total</b>	<b>336.970</b>	<b>30.616.601</b>	<b>651.246</b>	<b>39.075.919</b>

2. Information on maturity structure of borrowings

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Short-term	336.970	685.217	253.088	1.515.561
Medium and Long-term	-	29.931.384	398.158	37.560.358
<b>Total</b>	<b>336.970</b>	<b>30.616.601</b>	<b>651.246</b>	<b>39.075.919</b>

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

3. The liabilities providing the funding sources of the Bank are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Bank and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Bank.

**d. Information on securities issued (Net):**

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Bank bills	2.395.182	-	2.042.561	-
Bonds	2.265.033	8.171.822	1.907.081	8.202.364
<b>Total</b>	<b>4.660.215</b>	<b>8.171.822</b>	<b>3.949.642</b>	<b>8.202.364</b>

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

Other foreign liabilities listed in "Other Liabilities" amounting to TL 3.268.338 (31 December 2018: TL 3.246.378) and do not exceed 10% of the total balance sheet.

**AKBANK T.A.Ş.**

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

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

Liabilities incurred due to financial leasing agreements:

	Current Period 30 September 2019		Prior Period 31 December 2018	
	Gross	Net	Gross	Net
Less Than 1 Year	162.595	70.022	29.392	25.048
Between 1-4 Years	388.491	186.559	-	-
More Than 4 Years	498.997	325.339	-	-
<b>Total</b>	<b>1.050.083</b>	<b>581.920</b>	<b>29.392</b>	<b>25.048</b>

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

	Current Period 30 September 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	89.746	230.351	2.611	41.041
Cash Flow Hedge	893.540	73.923	644.958	-
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>983.286</b>	<b>304.274</b>	<b>647.569</b>	<b>41.041</b>

**h. Information on provisions:**

1. Information on reserves for employee rights:

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

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

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

	Current Period 30 September 2019	Prior Period 31 December 2018
Discount Rate (%)	4,99	5,73
Rate for the Probability of Retirement (%)	94,65	94,45

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

The amount of TL 6.379,86 (1 January 2018: TL 5.001,76) effective from 1 July 2019 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>31 December 2018</b>
<b>Prior Period Closing Balance</b>	<b>208.631</b>	<b>204.276</b>
Recognized as an Expense During the Period	62.133	68.105
Actuarial Loss / (Gain)	32.797	(6.579)
Paid During the Period	(52.177)	(57.171)
<b>Balance at the End of the Period</b>	<b>251.384</b>	<b>208.631</b>

As of 30 September 2019, the Bank has allocated vacation liability amounting to TL 118.852 (31 December 2018: TL 102.878).

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

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

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash: Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 310.852 as of 30 September 2019 (31 December 2018: TL 378.740).

4. Information on other provisions:

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

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

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 49.636 (31 December 2018: TL 50.044).

**i. Explanations on tax liability:**

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVII of Section Three. As of 30 September 2019, the corporate tax liability after the deduction of temporary taxes paid is TL 318.013 (31 December 2018: None). As of 30 September 2019, the Bank has no current tax asset (31 December 2018: TL 262.217).

1 (i). Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>31 December 2018</b>
Corporate Taxes Payable	318.013	-
Taxation on Marketable Securities	249.310	165.369
Property Tax	2.624	1.983
Banking Insurance Transaction Tax (BITT)	157.301	196.929
Foreign Exchange Transaction Tax	3.012	-
Value Added Tax Payable	3.639	13.657
Other	87.580	121.816
<b>Total</b>	<b>821.479</b>	<b>499.754</b>



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1 (ii). Information on premium payables:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>31 December 2018</b>
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	1	1
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.833	1.423
Unemployment Insurance – Employer	3.666	2.847
Other	106	363
<b>Total</b>	<b>5.612</b>	<b>4.640</b>

2. Information on deferred tax liability:

As of 30 September 2019, Turkish Lira deferred tax liability of the Bank amounts to TL 816.047 (31 December 2018: TL 283.695). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

**j. Information on subordinated loan (\*):**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>30 September 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>FC</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	-	5.096.521	-	4.784.477
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	5.096.521	-	4.784.477
<b>Total</b>	<b>-</b>	<b>5.096.521</b>	<b>-</b>	<b>4.784.477</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>Prior Period</b>
	<b>30 September 2019</b>	<b>31 December 2018</b>
Common Stock	5.200.000	4.000.000
Preferred Stock	-	-

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

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Share Capital	5.200.000	10.000.000

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

<b>Date</b>	<b>Amount</b>	<b>Cash</b>	<b>Profit reserves subject to increase</b>	<b>Capital reserves subject to increase</b>
28 February 2019	1.200.000	1.200.000	-	-

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

4. Information on share capital increases from capital reserves during the current period: None.  
5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.  
6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators;

The Bank has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Bank continues to its operations with strong shareholders' equity.

7. Information on privileges given to shares representing the capital: None.  
8. Information on marketable securities value increase fund:

	<b>Current Period 30 September 2019</b>		<b>Prior Period 31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	854.249	648.523	854.478	581.490
Valuation Difference	(843.857)	(628.441)	(1.769.593)	(1.141.797)
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>10.392</b>	<b>20.082</b>	<b>(915.115)</b>	<b>(560.307)</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**

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

1. Type and amount of irrevocable commitments: TL 21.534.997 asset purchase commitments (31 December 2018: TL 15.158.299), TL 21.464.861 commitments for credit card limits (31 December 2018: TL 19.788.847), TL 2.639.705 commitments for cheque books (31 December 2018: TL 2.514.769).

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

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

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

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Bank Acceptance Loans	51.968	2.740.341
Letters of Credit	4.810.030	6.562.959
Other Guarantees and Warranties	8.468.848	8.977.106
<b>Total</b>	<b>13.330.846</b>	<b>18.280.406</b>

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

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Revocable Letters of Guarantee	976.781	1.015.501
Irrevocable Letters of Guarantee	17.978.896	20.344.230
Letters of Guarantee Given in Advance	1.897.304	2.723.574
Guarantees Given to Customs	2.481.906	2.094.996
Other Letters of Guarantee	8.911.792	8.878.849
<b>Total</b>	<b>32.246.679</b>	<b>35.057.150</b>

3. Information on non-cash loans:

	<b>Current Period 30 September 2019</b>	<b>Prior Period 31 December 2018</b>
Total amount of non-cash loans:		
Non-cash Loans Given against Cash Loans	9.529.464	10.507.617
With Original Maturity of 1 Year or Less Than 1 Year	4.710.443	5.190.839
With Original Maturity of More Than 1 Year	4.819.021	5.316.778
Other Non-cash Loans	36.048.061	42.829.939
<b>Total</b>	<b>45.577.525</b>	<b>53.337.556</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 (\*):

	Current Period 30 September 2019		Prior Period 30 September 2018	
	TL	FC	TL	FC
Short-term Loans	7.379.685	491.346	6.491.617	139.406
Medium and Long-term Loans	9.208.083	3.029.779	8.624.040	2.820.213
Interest on Loans Under Follow-Up	480.656	-	105.398	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>17.068.424</b>	<b>3.521.125</b>	<b>15.221.055</b>	<b>2.959.619</b>

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

2. Information on interest income on banks:

	Current Period 30 September 2019		Prior Period 30 September 2018	
	TL	FC	TL	FC
From the CBRT	-	-	205.557	1.673
From Domestic Banks	175.362	5.019	40.980	17.818
From Foreign Banks	61.413	294.467	4.241	198.028
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>236.775</b>	<b>299.486</b>	<b>250.778</b>	<b>217.519</b>

3. Information on interest income on marketable securities:

	Current Period 30 September 2019		Prior Period 30 September 2018	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2.887.955	815.600	2.716.897	639.763
Financial Assets Measured at Amortised Cost	713.322	173.120	569.960	236.089
<b>Total</b>	<b>3.601.277</b>	<b>988.720</b>	<b>3.286.857</b>	<b>875.852</b>

As stated in Note VI of Section Three, 6-month real coupon rates remaining constant throughout the maturity, government bonds with 5-10 years maturity and CPI index in the fair value through other comprehensive income of the Bank is included in the securities portfolio, which are reflected at other comprehensive income and are valued at amortized cost. As stated in Investor's Guide on CPI-Indexed Government Bonds published by Undersecretariat of Treasury, the reference indices used in the calculation of actual coupon payment amounts is based on CPI of two months ago. The Bank sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. As of 30 September 2019, the valuation of these securities is based on 10,00% annual inflation forecast. If the valuation of these CPI-indexed securities was made according to the reference index valid for 30 September 2019, the revaluation differences of financial assets within the equity of the Bank would increase 334 million (full TL amount), the net profit for the period would be 3.646 million TL (full TL amount) with a decrease of 442 million TL (full TL amount).

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

	Current Period 30 September 2019	Prior Period 30 September 2018
Interests Received From Investments in Associates and Subsidiaries	40.147	32.415

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**b. Information on interest expense:**

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

	Current Period 30 September 2019		Prior Period 30 September 2018	
	TL	FC	TL	FC
Banks	44.478	967.197	41.652	918.220
The CBRT	-	-	-	-
Domestic Banks	30.547	7.474	11.580	5.747
Foreign Banks	13.931	959.723	30.072	912.473
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	164.913	-	91.419
<b>Total</b>	<b>44.478</b>	<b>1.132.110</b>	<b>41.652</b>	<b>1.009.639</b>

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

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

	Current Period 30 September 2019	Prior Period 30 September 2018
To Associates and Subsidiaries	24.597	44.017

3. Information on interest expense given to securities issued:

	Current Period 30 September 2019		Prior Period 30 September 2018	
	TL	FC	TL	FC
Interest expense on securities issued	997.643	580.829	593.046	485.805

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 30.09.2019	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	30.681	81.643	40.643	4.427	2.228	1.865	<b>161.487</b>
Saving Deposits	-	832.837	5.179.927	90.266	296.982	168.604	<b>6.568.616</b>
Public Sector Deposits	-	2.380	3.675	245	9	41	<b>6.350</b>
Commercial Deposits	-	969.591	1.359.906	16.156	26.039	43.854	<b>2.415.546</b>
Other Deposits	4	48.227	352.905	6.061	64.014	11.335	<b>482.546</b>
<b>Total</b>	<b>30.685</b>	<b>1.934.678</b>	<b>6.937.056</b>	<b>117.155</b>	<b>389.272</b>	<b>225.699</b>	<b>9.634.545</b>
<b>FC</b>							
Foreign Currency Deposits	-	286.687	1.397.584	30.909	59.353	52.625	<b>1.827.158</b>
Bank Deposits	460	2.105	78.948	7.018	12.213	195	<b>100.939</b>
Precious Metals Deposits	-	1	32	-	1.651	495	<b>2.179</b>
<b>Total</b>	<b>460</b>	<b>288.793</b>	<b>1.476.564</b>	<b>37.927</b>	<b>73.217</b>	<b>53.315</b>	<b>1.930.276</b>
<b>Grand Total</b>	<b>31.145</b>	<b>2.223.471</b>	<b>8.413.620</b>	<b>155.082</b>	<b>462.489</b>	<b>279.014</b>	<b>11.564.821</b>

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Prior Period – 30.09.2018	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<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>							
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>

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

	Current Period 30 September 2019	Prior Period 30 September 2018
<b>Profit</b>	<b>788.486.810</b>	<b>1.146.036.222</b>
Income From Capital Market Transactions	316.033	493.412
Income From Derivative Financial Transactions (*)	33.622.824	39.978.869
Foreign Exchange Gains	754.547.953	1.105.563.941
<b>Loss (-)</b>	<b>789.000.240</b>	<b>1.145.550.901</b>
Loss from Capital Market Transactions	147.174	1.571.038
Loss from Derivative Financial Transactions (*)	31.556.031	32.836.532
Foreign Exchange Loss	757.297.035	1.111.143.331
<b>Total (Net)</b>	<b>(513.430)</b>	<b>485.321</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 2.776.456 (30 September 2018: TL 1.535.909).

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

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

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

e. (i) Expected provision expenses:

	Current Period 30 September 2019	Prior Period 30 September 2018
Expected Credit Loss	4.235.970	4.794.193
12 month expected credit loss (Stage 1)	144.297	213.469
Significant increase in credit risk (Stage 2)	710.758	2.863.338
Non-performing loans (Stage 3)	3.380.915	1.717.386
Marketable Securities Impairment Expense	-	382
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	382
Investments in Associates, Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	811.567	-
<b>Total</b>	<b>5.047.537</b>	<b>4.794.575</b>

(\*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations and free provision allocated in the current year.

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>30 September 2018</b>
Reserve for Employee Termination Benefits	9.956	7.116
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	230.123	132.284
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	142.322	122.648
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	44	82
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.999.034	1.711.459
Leasing Expenses on TFRS 16 Exceptions (*)	82.051	165.282
Maintenance Expenses	50.181	35.551
Advertisement Expenses	105.550	83.004
Other Expenses	1.761.252	1.427.622
Loss on Sales of Assets	39	433
Other	532.186	446.026
<b>Total</b>	<b>2.913.704</b>	<b>2.420.048</b>

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

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

As of 30 September 2019, the Bank has a current tax expense of TL 1.006.743 (30 September 2018: TL 729.203), deferred tax expense of TL 534.991 (30 September 2018: TL 1.679.897) and a deferred tax income of TL 500.196 (30 September 2018: 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 4.087.953 (30 September 2018: TL 4.638.843).

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**

**a. Information on cash and cash equivalents:**

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

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

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2019</b>	<b>30 September 2018</b>
<b>Cash</b>	<b>10.157.841</b>	<b>12.149.527</b>
Cash, Foreign Currency and Other	3.186.239	5.102.948
Demand Deposits in Banks (*)	6.971.602	7.046.579
<b>Cash Equivalents</b>	<b>4.741.827</b>	<b>31.207.607</b>
Interbank Money Market Placements	-	7.644.487
Time Deposits in Banks	4.603.937	23.433.620
Marketable Securities	137.890	129.500
<b>Total Cash and Cash Equivalents</b>	<b>14.899.668</b>	<b>43.357.134</b>

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



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

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

1. Current Period – 30 September 2019:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans					
Balance at the Beginning of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Balance at the End of the Period	532.952	340.972	6.097.571	1.006.262	7.487	5.958
Interest and Commission Income Received	40.147	151	648.976	5.662	529	67

According to the German deposit insurance law, the Bank has given a "letter of undertaking" to the German Banking Institute related to Akbank AG, a subsidiary of the Bank. This letter of undertaking amounts to TL 10.748.870 as of 30 September 2019. [31 December 2018: TL 10.613.539]

2. Prior Period - 31 December 2018:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans					
Balance at the Beginning of the Period	346.273	274.819	5.560.592	923.699	-	-
Balance at the End of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Interest and Commission Income Received (*)	32.415	127	356.312	4.467	441	17

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

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.09.2019	31.12.2018	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Balance at the Beginning of the Period	417.786	836.532	5.011.285	3.074.694	1.228.947	2.311.399
Balance at the End of the Period	729.801	417.786	4.987.040	5.011.285	1.298.442	1.228.947
Interest expense on Deposits (*)	24.597	44.017	91.286	302.509	103.005	69.878

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.09.2019	31.12.2018	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	3.860.965	3.501.130	10.451.000	13.638.708	-	-
Balance at the End of the Period	3.357.113	3.860.965	8.824.097	10.451.000	-	-
Total Income/Loss (*)	(3.887)	17.414	(10.216)	80.944	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss (*)	-	-	-	-	-	-

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

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 30 September 2019, the net exposure for investments in associates and subsidiaries is TL 77.621 (31 December 2018: 184.140 TL). For direct and indirect shareholders of the Bank TL (139.756) (31 December 2018: TL (303.581)).

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

As of 30 September 2019 benefits provided to the Bank's key management amounting to TL 40.365 (30 September 2018: TL 35.114).

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

None.

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

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

The unconsolidated financial statements for the interim period ended 30 September 2019 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 25 October 2019 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 2019**

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

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

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

In the third quarter of 2019, supportive monetary policy steps of major central banks and volatile news flow about the trade negotiations between China and the US have become the main developments that shaped the market agenda. There have also been rate cuts in emerging market economies. IMF; on the other hand, revised its global growth projections downward due to global disagreements on trade and technology, Brexit and global geopolitical uncertainties. Oil prices rose after the attack on Saudi oil production plants in September. Domestically, New Economic Program has recently been announced.

Federal Reserve cut its policy rate once again in September after its first rate cut in July due to global economic deceleration and trade tensions, thereby bringing the interest rate corridor to 1.75%-2.00. In its statement, Fed underlined that the US economy was growing moderately and labor market was solid; yet business fixed investment and exports weakened. Fed officials evaluate that the downside risks have increased due to global trade policies and economic conditions outside the US.

In Euro Area, economic activity is trending relatively weak and inflation is trending below its target. European Central Bank cut its deposit rate by 10 basis points to -0.50% to give further stimulus to region's economy; it also strengthened its forward guidance about the low levels of interest rates. In this respect, ECB stated that it expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to 2% target. Additionally, ECB announced that it would resume a new asset purchase program with net purchases of 20 billion Euros per month. ECB also stated that fiscal policy should be the main policy tool.

Brexit uncertainty has been continuing in Britain as October 31 deadline for Brexit is approaching. Bank of England is expected to shape its monetary policy framework in accordance with the Brexit developments.

Domestically; economy contracted by 1.5% year-over-year in the second quarter of 2019. Yet, on a quarter-on-quarter basis, the economic rebound continued with 1.2% growth. In year-over-year terms, the contraction in private consumption got milder, while the trend in investments remained relatively weak. Net exports continued to contribute positively to growth. Industrial production and confidence indices point out to continuation of the positive tendency in the third quarter. The improvement in the current account balance has also become more noticeable along with the decline in imports, as well as the positive trend in exports and tourism revenues. 12-month cumulative current account balance delivered a surplus of 4.4 billion \$ as of July 2019. We expect especially services balance to continue its positive trend in the coming months and envisage 12-month cumulative current account balance to close the year with a slightly positive surplus. In the recently announced New Economic Program, private consumption is expected to contribute positively to growth with pent-up demand, credit and confidence channels. Investments are also expected to grow while net exports' contribution to growth are expected to be slightly negative.

The declining trend in inflation is continuing. In September, consumer inflation declined to 9.26%, its lowest level in 32 months. We expect consumer inflation to close the year at 12.4%. The decline in inflation and accommodative policy steps of major developed economies' central banks brought a policy space, domestically. The Central Bank of the Republic of Turkey cut its policy rate by 750 basis points and brought it to 16.50%. New Economic Program states that measures are to be taken to bring inflation further down.

The government budget gave 68 billion TL deficit in January-August period, while primary surplus has become 1.2 billion TL in the same time frame. New Economic Program projects the budget deficit to be 125 billion TL, or 2.9% of GDP, in 2019 year end.

In our banking sector, an acceleration in credit activity is observed due to declining interest rates. Non-performing loan rates rose to 4.7% in August. Capital adequacy ratio is standing at high levels of 17.9%.

In the remainder of 2019 and in 2020; global trade uncertainties and global geopolitical developments are expected to continue to be on the agenda of global markets.

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

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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**Message from the CEO**

We have been observing improvements in macroeconomic indicators. The decline in inflation, which is expected to continue in the coming period, will also contribute to this process and will have a positive impact on domestic demand. During this period, our banking sector continued to create capacity for the development of our economy with its robust structure, strong capital adequacy and liquidity. As Akbank, we achieved healthy results with our solid financials. Through our belief in the future of Turkey and our strong capital, we will continue to support our country.

In this period, the loan support we provided to the economy increased to a total of TL 238 billion, with TL 193 billion in cash loans. Our deposits reached TL 215 billion, while our assets reached the level of TL 351 billion. With our very strong capital adequacy ratio of 20.8, we continued to support the growth and development of the real sector consistently. Our bank reported a net profit of TL 4 billion 88 million, after TL 1 billion 42 million tax provisions.

Akbank has successfully concluded a syndicated loan facility in October. The syndicated loan, which we launched with a target of USD 700 million, received a demand of around 143 percent of the target, exceeding USD 1 billion. Akbank increased the size of the facility to provide USD 810 million of resources to Turkey's economy. We have improved the pricing compared to our September 2018 syndication deal and once again we set the pricing in the market. Although we lowered the pricing, we were able to attract overwhelming global response from international banks. Positive developments regarding the oversubscription, pricing and number of participants indicate global market's confidence in the potential of Akbank and Turkish banking sector.

Akbank will continue to create value through the innovations it brings to banking and its skilled team. We continue to make significant investments in our technological infrastructure and Akbank employees with our comprehensive transformation program, which we call the Next Generation Akbank. We believe in the potential of our country and we are preparing for the future of banking. With the renewed Akbank Mobile, we began to offer our customers a brand new mobile banking experience. We will continue to facilitate the financial life of our customers with our important and innovative projects in the future. I would like to thank Akbankers for their efforts and high performance, and our customers and shareholders for their confidence in Akbank.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

(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 changes in the Articles of Association during the period.

**NEW FORM**

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

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

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

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

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

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

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

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

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

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

**Meetings of the Board of Directors: Article: 27 –**

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

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**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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

**2. Important Issues and Transactions during the period**

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

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

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

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

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

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

**B. BANKING SECTOR THIRD QUARTER OVERVIEW**

In the first nine months of 2019, loan growth in the sector was 5,8% and deposit growth in the funding side was 16,4%.

**C. UNCONSOLIDATED FINANCIAL RESULTS AND THIRD QUARTER OVERVIEW**

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

	<b>30.09.2019</b>	<b>31.12.2018</b>
	<b>Unconsolidated</b>	<b>Unconsolidated</b>
	<b>Financial Results</b>	<b>Financial Results</b>
Total Asset	351.448	327.642
Loans (including Non-Performing Loans)	192.603	186.376
Deposits	214.848	188.391
Equity	51.541	43.809
Net Income (30.09.2018)	4.088	4.639

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019**

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

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

	<b>30.09.2019</b> <b>Unconsolidated</b> <b>Financial Results</b>	<b>31.12.2018</b> <b>Unconsolidated</b> <b>Financial Results</b>
Loan / Total Assets:	54,8	56,9
Deposit / Total Assets:	61,1	57,5
Return on Equity (30.09.2018)	11,3	14,8
Return on Assets (30.09.2018)	1,6	1,8
NPL Ratio:	6,7	4,2
Capital Adequacy Ratio:	20,8	18,2
Earnings Per Share (TL) (30.09.2018)	0,00827	0,01160

**3. Akbank 2Q19 Results Overview:**

Akbank reported a gross profit of TL 5,129 million, setting aside TL 1.041 million of tax provisions, the bank reported a net unconsolidated profit of TL 2,691 million in the first nine months of the year. Capital adequacy ratio of the bank has realized at 20.08% by the end of 3Q19.

As of September 2019, Akbank's unconsolidated total asset realized TL 351 billion, cash loans are approximately TL 193 billion and total deposits are approximately TL 215 billion.

Akbank's NPL ratio raised to 6,7%.

**4. Bank's Expectations For 2019 :**

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

**2019 Guidance (%)**

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

**2020 and after**

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

(\*) Including short and long term swap transactions.

(\*\*) Excluding any possible NPL sales.