

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 31 DECEMBER 2017 TOGETHER WITH  
AUDIT 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)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of Akbank T.A.Ş.;**

**A. Audit of the Consolidated Financial Statements**

**1. Qualified Opinion**

We have audited the accompanying unconsolidated financial statements of Akbank T.A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2017, 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 for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for the qualified opinion paragraph below, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2017, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended 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 Standards ("TAS") for those matters not regulated by the aforementioned regulations.

**2. Basis for Qualified Opinion**

As explained in Section Five Part II h.5 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2017 include a free provision amounting to TL 700.000 thousand which consist of TL 500.000 thousand provided in the current year and TL 200.000 thousand recognized in prior years by the Bank management considering the circumstances that may arise from possible changes in the economy and market conditions.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key Audit Matters****How Our Audit Addressed the Key Audit Matter**

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**Impairment of loans and receivables**

The Bank has total provision for impairment of TL 7.034.103 thousands in respect to loans and receivables of TL 194.889.059 which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2017. Explanations and notes related to provision for impairment of loans and receivables are presented section III part VII-c, section V part I-e and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2017.

The reason we focused on this area during our audit is; the size of loans and receivables, the importance of their classification in accordance with the relevant legislation and estimation of impairment provision related to these loan and receivables. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.

Within our audit procedures, we assessed and tested the design and operating effectiveness of controls applied by the Bank with respect to classification of loans and receivables and estimation of impairment in-line with the framework of the relevant legislation. We have carried credit review on a selected sample of loans and receivables with the objective to identify whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation. In addition, we have tasted the appropriateness of specific provision calculation made for non-performing loans in line with the relevant legislation. For the portfolio of loans subject to the general provision we have examined the appropriateness of the general provision established in line with the related rules and other notifications made by the BRSA. Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimation of impairment were reasonable.

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**Valuation of Pension Fund Obligations**

Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b in the accompanying unconsolidated financial statements as at 31 December 2017.

The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). Council of Ministers are authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external actuaries for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as transferrable social benefits, discount rates, salary increases, demographic assumptions used in the valuation of pension obligations and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets.

Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.

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#### **4. Other Matter**

The unconsolidated financial statements of the Bank as at 31 December 2016 were audited by another auditor, whose report dated 31 January 2017 expressed a qualified opinion for the related unconsolidated financial statements for the inclusion of a general reserve for possible risks amounting to TL 200.000 thousands, provided by the Bank management and carried forward from 2014, in consideration of circumstances that may arise from possible changes in the economy and market conditions.

#### **5. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### **6. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

**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, 31 January 2018

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF  
AKBANK T.A.Ş. AS OF  
31 DECEMBER 2017**

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The unconsolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **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** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDIT REPORT

The accompanying reviewed unconsolidated financial statements and notes to these financial statements 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 have been independently audited.

31 January 2018

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

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

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President  
Phone No : (0 212) 385 55 55  
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**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

**SECTION ONE  
GENERAL INFORMATION ABOUT THE BANK**

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 31 December 2017, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2016: 51%).

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

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

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

The shares of individuals above are insignificant in the Bank.



**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

İlker Altıntaş has been assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017.

As of 12 July 2017, Cem Mengi, Executive Board Member of the Bank, resigned from his position. On the same date, Ahmet Fuat Ayla, Executive Vice President responsible for the Credit Allocation Business Unit has been elected to replace the position of Cem Mengi. This election will be submitted for approval to the upcoming General Assembly. It has been also decided that Hasan Recai Anbarcı is appointed as the Executive Vice President responsible for the Credit Allocation Business Unit, which has been vacated from Ahmet Fuat Ayla.

Mehmet Hakan Tugal has been assigned as Executive Vice President responsible of Commercial Banking Unit instead of Kaan Gür who has resigned from his position on 15 September 2017.

Türker Tunalı has been assigned as Executive Vice President responsible of Financial Coordination Unit instead of Atıl Özus who has resigned from his position on 17 October 2017.

Ali Batu Karaali has been assigned as Executive Vice President responsible of Treasury Unit instead of Kerim Rota who has resigned from his position on 5 December 2017

As of 2 January 2018, Alp Keler has been assigned as Executive Vice President responsible of newly established Private Banking and Investment Transactions Unit.

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

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

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

The Bank's core business activities consist of consumer banking, commercial banking, SME banking, corporate-investment and private banking, 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 31 December 2017, the Bank has 800 branches dispersed throughout the country and 1 branch operating abroad (31 December 2016: 840 branches and 1 branch operating abroad). As of 31 December 2017 the Bank has 13.884 employees (31 December 2016: 13.843).

**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 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)**

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2017)			RESTATE PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH CENTRAL BANK</b>	<b>(I-a)</b>	<b>8.461.582</b>	<b>26.901.584</b>	<b>35.363.166</b>	<b>5.363.602</b>	<b>29.648.670</b>	<b>35.012.272</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)</b>	<b>(I-b)</b>	<b>5.551.804</b>	<b>2.725.703</b>	<b>8.277.507</b>	<b>4.315.883</b>	<b>3.409.828</b>	<b>7.725.711</b>
2.1 Trading Financial Assets		5.551.804	2.725.703	8.277.507	4.315.883	3.409.828	7.725.711
2.1.1 Government Debt Securities		-	-	-	-	-	-
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		5.551.804	2.725.703	8.277.507	4.315.883	3.409.828	7.725.711
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
<b>III. BANKS</b>	<b>(I-c)</b>	<b>10.397</b>	<b>8.106.382</b>	<b>8.116.779</b>	<b>454.303</b>	<b>9.518.506</b>	<b>9.972.809</b>
<b>IV. MONEY MARKETS</b>		<b>1.552.161</b>	<b>-</b>	<b>1.552.161</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		1.552.161	-	1.552.161	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>(I-d)</b>	<b>23.452.538</b>	<b>17.354.032</b>	<b>40.806.570</b>	<b>18.145.273</b>	<b>14.378.191</b>	<b>32.523.464</b>
5.1 Equity Securities		12.848	85.027	97.875	12.671	54.505	67.176
5.2 Government Debt Securities		23.159.176	13.657.443	36.816.619	17.912.731	11.328.132	29.240.863
5.3 Other Marketable Securities		280.514	3.611.562	3.892.076	219.871	2.995.554	3.215.425
<b>VI. LOANS and RECEIVABLES</b>	<b>(I-e)</b>	<b>132.232.420</b>	<b>58.276.547</b>	<b>190.508.967</b>	<b>107.163.212</b>	<b>54.664.696</b>	<b>161.827.908</b>
6.1 Loans and Receivables		132.079.801	58.276.547	190.356.348	107.008.242	54.664.696	161.672.938
6.1.1 Loans to Bank's Risk Group	<b>(VII)</b>	3.925.476	1.981.389	5.906.865	3.732.856	1.210.614	4.943.470
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		128.154.325	56.295.158	184.449.483	103.275.386	53.454.082	156.729.468
6.2 Loans under Follow-up		4.532.711	-	4.532.711	4.267.191	-	4.267.191
6.3 Specific Provisions [-]		4.380.092	-	4.380.092	4.112.221	-	4.112.221
<b>VII. FACTORING RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>	<b>(I-f)</b>	<b>5.995.041</b>	<b>12.887.991</b>	<b>18.883.032</b>	<b>5.485.414</b>	<b>12.491.268</b>	<b>17.976.682</b>
8.1 Government Debt Securities		5.995.041	10.148.338	16.143.379	5.485.414	9.976.303	15.461.717
8.2 Other Marketable Securities		-	2.739.653	2.739.653	-	2.514.965	2.514.965
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>(I-g)</b>	<b>3.923</b>	<b>-</b>	<b>3.923</b>	<b>3.923</b>	<b>-</b>	<b>3.923</b>
9.1 Associates Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		3.923	-	3.923	3.923	-	3.923
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		3.923	-	3.923	3.923	-	3.923
<b>X. SUBSIDIARIES (Net)</b>	<b>(I-h)</b>	<b>1.150.713</b>	<b>2.982.385</b>	<b>4.133.098</b>	<b>1.042.985</b>	<b>2.291.179</b>	<b>3.334.164</b>
10.1 Financial Subsidiaries		1.150.713	2.982.385	4.133.098	1.042.985	2.291.179	3.334.164
10.2 Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI. JOINT VENTURES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	<b>(I-i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income [-]		-	-	-	-	-	-
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	<b>(I-j)</b>	<b>973.630</b>	<b>161.224</b>	<b>1.134.854</b>	<b>682.966</b>	<b>123.770</b>	<b>806.736</b>
13.1 Fair Value Hedge		973.630	29.776	1.003.406	682.966	29.432	712.398
13.2 Cash Flow Hedge		-	131.448	131.448	-	94.338	94.338
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>	<b>(I-k)</b>	<b>3.409.399</b>	<b>7.039</b>	<b>3.416.438</b>	<b>873.437</b>	<b>1.765</b>	<b>875.202</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>	<b>(I-l)</b>	<b>471.637</b>	<b>13</b>	<b>471.650</b>	<b>356.672</b>	<b>-</b>	<b>356.672</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		471.637	13	471.650	356.672	-	356.672
<b>XVI. INVESTMENT PROPERTY (Net)</b>	<b>(I-m)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. TAX ASSET</b>		<b>-</b>	<b>9.075</b>	<b>9,075</b>	<b>-</b>	<b>14.295</b>	<b>14.295</b>
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset	<b>(I-n)</b>	-	9.075	9,075	-	14.295	14,295
<b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-o)</b>	<b>57.520</b>	<b>-</b>	<b>57,520</b>	<b>42.343</b>	<b>-</b>	<b>42,343</b>
18.1 Held for Sale Purpose		57.520	-	57,520	42.343	-	42,343
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>(I-p)</b>	<b>1.056.629</b>	<b>2.239.499</b>	<b>3.296.128</b>	<b>980.616</b>	<b>1.371.896</b>	<b>2.352.512</b>
<b>TOTAL ASSETS</b>		<b>184.379.394</b>	<b>131.651.474</b>	<b>316.030.868</b>	<b>144.910.629</b>	<b>127.914.064</b>	<b>272.824.693</b>

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

**AKBANK T.A.S.**
**I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2017 (STATEMENT OF FINANCIAL POSITION)**

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2017)			RESTATE PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>92.793.964</b>	<b>92.110.485</b>	<b>184.904.449</b>	<b>84.354.336</b>	<b>74.523.856</b>	<b>158.878.192</b>
1.1 Deposits of Bank's Risk Group	(VII)	2.731.503	3.491.122	6.222.625	2.955.265	2.263.798	5.219.063
1.2 Other		90.062.461	88.619.363	178.681.824	81.399.071	72.260.058	153.659.129
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b)</b>	<b>4.177.354</b>	<b>1.342.899</b>	<b>5.520.253</b>	<b>3.641.574</b>	<b>872.234</b>	<b>4.513.808</b>
<b>III. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>235.654</b>	<b>29.436.126</b>	<b>29.671.780</b>	<b>177.224</b>	<b>29.889.712</b>	<b>30.066.936</b>
<b>IV. MONEY MARKETS</b>		<b>4.009.373</b>	<b>23.273.667</b>	<b>27.283.040</b>	<b>5.453.900</b>	<b>19.929.117</b>	<b>25.383.017</b>
4.1 Funds from Interbank Money Market		-	-	-	950.449	-	950.449
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	55.199	-	55.199
4.3 Funds Provided Under Repurchase Agreements		4.009.373	23.273.667	27.283.040	4.448.252	19.929.117	24.377.369
<b>V. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>6.112.509</b>	<b>7.740.640</b>	<b>13.853.149</b>	<b>1.705.594</b>	<b>8.911.900</b>	<b>10.617.494</b>
5.1 Bills		3.783.736	-	3.783.736	484.661	-	484.661
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		2.328.773	7.740.640	10.069.413	1.220.933	8.911.900	10.132.833
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>4.376.386</b>	<b>1.540.811</b>	<b>5.917.197</b>	<b>3.855.099</b>	<b>1.321.275</b>	<b>5.176.374</b>
<b>VIII. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>916.386</b>	<b>185.251</b>	<b>1.101.637</b>	<b>1.241.240</b>	<b>158.756</b>	<b>1.399.996</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	<b>(II-f)</b>	<b>5.899</b>	-	<b>5.899</b>	<b>28.321</b>	-	<b>28.321</b>
10.1 Financial Lease Payables		7.504	-	7.504	37.714	-	37.714
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses ( - )		1.605	-	1.605	9.393	-	9.393
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-g)</b>	-	<b>74.911</b>	<b>74.911</b>	-	<b>98.645</b>	<b>98.645</b>
11.1 Fair Value Hedge		-	74.911	74.911	-	98.645	98.645
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	<b>(II-h)</b>	<b>2.804.045</b>	<b>987.236</b>	<b>3.791.281</b>	<b>2.638.139</b>	<b>877.986</b>	<b>3.516.125</b>
12.1 General Loan Loss Provisions		1.671.841	982.170	2.654.011	2.051.475	872.050	2.923.525
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		290.127	-	290.127	219.388	-	219.388
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		842.077	5.066	847.143	367.276	5.936	373.212
<b>XIII. TAX LIABILITY</b>	<b>(II-i)</b>	<b>1.542.106</b>	<b>39.661</b>	<b>1.581.767</b>	<b>755.309</b>	<b>14.818</b>	<b>770.127</b>
13.1 Current Tax Liability		1.149.942	39.661	1.189.603	630.466	14.818	645.284
13.2 Deferred Tax Liability		392.164	-	392.164	124.843	-	124.843
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	<b>(II-j)</b>	-	<b>1.900.999</b>	<b>1.900.999</b>	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>39.258.454</b>	<b>1.166.052</b>	<b>40.424.506</b>	<b>32.008.342</b>	<b>367.316</b>	<b>32.375.658</b>
16.1 Paid-in capital		4.000.000	-	4.000.000	4.000.000	-	4.000.000
16.2 Capital Reserves		5.429.322	1.166.052	6.595.374	3.026.536	367.316	3.393.852
16.2.1 Share Premium		1.700.000	-	1.700.000	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		93.155	1.071.594	1.164.749	[44.317]	315.885	271.568
16.2.4 Property and Equipment Revaluation Differences		2.343.606	5.356	2.348.962	47.106	-	47.106
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		6.440	-	6.440	4.895	-	4.895
16.2.8 Hedging Funds (Effective portion)		[5.729]	89.102	83.373	[15.532]	51.431	35.899
16.2.9 Value Increase of Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		1.291.850	-	1.291.850	1.334.384	-	1.334.384
16.3 Profit Reserves		23.790.063	-	23.790.063	20.161.351	-	20.161.351
16.3.1 Legal Reserves		1.392.027	-	1.392.027	1.322.027	-	1.322.027
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		22.137.126	-	22.137.126	18.718.299	-	18.718.299
16.3.4 Other Profit Reserves		260.910	-	260.910	121.025	-	121.025
16.4 Income or (Loss)		6.039.069	-	6.039.069	4.820.455	-	4.820.455
16.4.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Period Income or (Loss)		6.039.069	-	6.039.069	4.820.455	-	4.820.455
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>156.232.130</b>	<b>159.798.738</b>	<b>316.030.868</b>	<b>135.859.078</b>	<b>136.965.615</b>	<b>272.824.693</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 31 DECEMBER 2017**

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

	Note (Section Five)	CURRENT PERIOD (31/12/2017)			PRIOR PERIOD (31/12/2016)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>180.212.631</b>	<b>418.215.101</b>	<b>598.427.732</b>	<b>148.198.416</b>	<b>356.810.685</b>	<b>505.009.101</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-a-2, 3)</b>	<b>21.679.216</b>	<b>30.921.962</b>	<b>52.601.178</b>	<b>15.989.523</b>	<b>24.636.039</b>	<b>40.625.562</b>
1.1 Letters of Guarantee		18.822.531	16.236.953	35.059.484	13.734.506	13.518.180	27.252.686
1.1.1 Guarantees Subject to State Tender Law		492.470	2.884.919	3.377.389	388.011	2.543.143	2.931.154
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.296.726	3.296.726	-	3.211.347	3.211.347
1.1.3 Other Letters of Guarantee		18.330.061	10.055.308	28.385.369	13.346.495	7.763.690	21.110.185
1.2 Bank Acceptances		198	3.757.904	3.758.102	-	3.583.229	3.583.229
1.2.1 Import Letter of Acceptance		198	3.757.904	3.758.102	-	3.583.229	3.583.229
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		7.257	6.858.994	6.866.251	260	5.188.592	5.188.852
1.3.1 Documentary Letters of Credit		7.257	6.289.394	6.296.651	260	4.678.632	4.678.892
1.3.2 Other Letters of Credit		-	569.600	569.600	-	509.960	509.960
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	10.757	10.757	-	18.849	18.849
1.8 Other Guarantees		28.469	4.046.096	4.074.565	38.726	2.307.609	2.346.335
1.9 Other Collaterals		2.820.761	11.258	2.832.019	2.216.031	19.580	2.235.611
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>39.498.253</b>	<b>19.956.730</b>	<b>59.454.983</b>	<b>41.217.553</b>	<b>20.503.104</b>	<b>61.720.657</b>
2.1 Irrevocable Commitments		38.813.809	19.956.730	58.770.539	40.690.428	20.503.104	61.193.532
2.1.1 Asset Purchase Commitments		2.668.087	7.928.578	10.596.665	7.444.452	9.261.461	16.705.913
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		7.108.285	3.253.640	10.361.925	6.195.974	3.847.183	10.043.157
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		6.679.928	-	6.679.928	6.200.426	-	6.200.426
2.1.8 Tax and Fund Liabilities from Export Commitments		5.586	-	5.586	4.526	-	4.526
2.1.9 Commitments for Credit Card Limits		18.431.137	-	18.431.137	17.397.602	-	17.397.602
2.1.10 Commitments for Credit Cards and Banking Services Promotions		66.262	-	66.262	121.979	-	121.979
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		3.854.524	8.774.512	12.629.036	3.325.469	7.394.460	10.719.929
2.2 Revocable Commitments		684.444	-	684.444	527.125	-	527.125
2.2.1 Revocable Loan Granting Commitments		684.444	-	684.444	527.125	-	527.125
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>119.035.162</b>	<b>367.336.409</b>	<b>486.371.571</b>	<b>90.991.340</b>	<b>311.671.542</b>	<b>402.662.882</b>
3.1 Hedging Derivative Financial Instruments		2.497.225	26.913.498	29.410.723	2.497.225	20.737.803	23.235.028
3.1.1 Fair Value Hedges		2.497.225	12.560.486	15.057.711	2.497.225	15.779.465	18.276.690
3.1.2 Cash Flow Hedges		-	14.353.012	14.353.012	-	4.958.338	4.958.338
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		116.537.937	340.422.911	456.960.848	88.494.115	290.933.739	379.427.854
3.2.1 Forward Foreign Currency Buy/Sell Transactions		12.418.235	17.769.668	30.187.903	9.200.025	16.578.421	25.778.446
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.102.564	8.990.976	15.093.540	3.360.716	9.502.584	12.863.300
3.2.1.2 Forward Foreign Currency Transactions-Sell		6.315.671	8.778.692	15.094.363	5.839.309	7.075.837	12.915.146
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		87.056.797	224.261.509	311.318.306	68.389.888	186.469.839	254.859.727
3.2.2.1 Foreign Currency Swap-Buy		33.154.806	78.271.569	111.426.375	35.669.987	50.455.860	86.125.847
3.2.2.2 Foreign Currency Swap-Sell		50.563.691	56.498.116	107.061.807	29.811.701	54.958.787	84.770.488
3.2.2.3 Interest Rate Swap-Buy		1.669.150	44.745.912	46.415.062	1.454.100	40.527.596	41.981.696
3.2.2.4 Interest Rate Swap-Sell		1.669.150	44.745.912	46.415.062	1.454.100	40.527.596	41.981.696
3.2.3 Foreign Currency, Interest Rate and Securities Options		16.975.529	83.630.054	100.605.583	10.848.869	75.616.092	86.464.961
3.2.3.1 Foreign Currency Options-Buy		7.745.085	11.982.227	19.727.312	5.594.038	8.759.955	14.353.993
3.2.3.2 Foreign Currency Options-Sell		9.230.444	10.813.503	20.043.947	5.254.831	9.273.601	14.528.432
3.2.3.3 Interest Rate Options-Buy		-	30.417.162	30.417.162	-	28.791.268	28.791.268
3.2.3.4 Interest Rate Options-Sell		-	30.417.162	30.417.162	-	28.791.268	28.791.268
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		87.376	14.761.680	14.849.056	55.333	12.269.387	12.324.720
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>718.235.764</b>	<b>214.798.318</b>	<b>933.034.082</b>	<b>593.366.024</b>	<b>192.951.797</b>	<b>786.317.821</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>35.981.534</b>	<b>12.557.967</b>	<b>48.539.501</b>	<b>26.200.935</b>	<b>9.892.470</b>	<b>36.093.405</b>
4.1 Customer Fund and Portfolio Balances		4.329.384	-	4.329.384	3.505.508	-	3.505.508
4.2 Investment Securities Held in Custody		3.957.316	1.062.605	5.019.921	1.746.620	1.126.900	2.873.520
4.3 Cheques Received for Collection		21.906.910	1.675.367	23.582.277	16.330.556	1.218.160	17.548.716
4.4 Commercial Notes Received for Collection		5.293.887	2.661.455	7.955.342	4.135.405	1.799.253	5.934.658
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		494.037	7.158.540	7.652.577	482.846	5.748.157	6.231.003
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>153.358.820</b>	<b>67.210.869</b>	<b>220.569.689</b>	<b>134.363.402</b>	<b>66.081.116</b>	<b>200.444.518</b>
5.1 Marketable Securities		1.533.214	570.101	2.103.315	301.052	514.939	815.991
5.2 Guarantee Notes		1.061.747	555.781	1.617.528	947.082	510.214	1.457.296
5.3 Commodity		-	25.310	25.310	-	21.485	21.485
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		113.868.168	49.223.837	163.092.005	99.608.760	49.047.015	148.655.775
5.6 Other Pledged Items		36.895.691	16.835.840	53.731.531	33.506.508	15.987.463	49.493.971
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>528.895.410</b>	<b>135.029.482</b>	<b>663.924.892</b>	<b>432.801.687</b>	<b>116.978.211</b>	<b>549.779.898</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>898.448.395</b>	<b>633.013.419</b>	<b>1.531.461.814</b>	<b>741.564.440</b>	<b>549.762.482</b>	<b>1.291.326.922</b>

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

**AKBANK T.A.Ş.**
**III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017**

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

INCOME AND EXPENSE ITEMS		Note (Section Five)	CURRENT PERIOD (01/01-31/12/2017)	RESTATED PRIOR PERIOD (01/01-31/12/2016)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>23.094.726</b>	<b>18.018.311</b>
1.1	Interest on Loans	<b>(IV-a-1)</b>	18.423.884	14.537.886
1.2	Interest on Reserve Requirements		256.456	222.852
1.3	Interest on Banks	<b>(IV-a-2)</b>	222.614	81.577
1.4	Interest on Money Market Transactions		31.249	22.936
1.5	Interest on Marketable Securities Portfolio	<b>(IV-a-3)</b>	4.148.615	3.122.563
1.5.1	Trading Financial Assets		-	25
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		3.065.952	2.484.574
1.5.4	Held- to- maturity Investments		1.082.663	637.964
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		11.908	30.497
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(IV-b)</b>	<b>12.549.749</b>	<b>10.071.770</b>
2.1	Interest on Deposits	<b>(IV-b-4)</b>	10.136.612	7.877.903
2.2	Interest on Funds Borrowed	<b>(IV-b-1)</b>	763.725	518.091
2.3	Interest Expense on Money Market Transactions		727.582	976.047
2.4	Interest on Securities Issued	<b>(IV-b-3)</b>	877.811	660.434
2.5	Other Interest Expenses		44.019	39.295
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>10.544.977</b>	<b>7.946.541</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>2.744.763</b>	<b>2.397.947</b>
4.1	Fees and Commissions Received		3.442.031	2.931.626
4.1.1	Non-cash Loans		262.281	202.042
4.1.2	Other		3.179.750	2.729.584
4.2	Fees and Commissions Paid		697.268	533.679
4.2.1	Non-cash Loans		1.338	975
4.2.2	Other		695.930	532.704
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(IV-c)</b>	<b>1.822</b>	<b>715</b>
<b>VI.</b>	<b>TRADING INCOME / (LOSS) (Net)</b>	<b>(IV-d)</b>	<b>(427.734)</b>	<b>947.449</b>
6.1	Trading Gains / (Losses) on Securities		192.292	156.720
6.2	Gains / (Losses) on Derivative Financial Transactions		(938.962)	1.089.735
6.3	Foreign Exchange Gains / (Losses)		318.936	(299.006)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-e)</b>	<b>1.262.507</b>	<b>879.996</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>14.126.335</b>	<b>12.172.648</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-f)</b>	<b>2.313.232</b>	<b>2.215.920</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-g)</b>	<b>4.661.609</b>	<b>4.279.941</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>7.151.494</b>	<b>5.676.787</b>
<b>XII.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>365.117</b>	<b>347.546</b>
<b>XIV.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)</b>	<b>(IV-h)</b>	<b>7.516.611</b>	<b>6.024.333</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-i)</b>	<b>1.477.542</b>	<b>1.203.878</b>
16.1	Current Tax Provision		1.436.074	956.572
16.2	Deferred Tax Provision		41.468	247.306
<b>XVII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>		<b>6.039.069</b>	<b>4.820.455</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Income from Other Discontinued Operations		-	-
<b>XIX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Expenses for Other Discontinued Operations		-	-
<b>XX.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
<b>XXII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET INCOME/(LOSS) (XVII+XXII)</b>	<b>(IV-k)</b>	<b>6.039.069</b>	<b>4.820.455</b>
Earnings per share (in full TL)			0,01510	0,01205

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

**AKBANK T.A.Ş.****IV. UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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

<b>INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>	<b>CURRENT PERIOD (31/12/2017)</b>	<b>RESTATED PRIOR PERIOD (31/12/2016)</b>
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS</b>	<b>1.116.476</b>	<b>1.373.078</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	<b>2.465.549</b>	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)</b>	<b>59.343</b>	<b>120.345</b>
<b>VI. PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS</b>	-	-
<b>VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS</b>	<b>(53.168)</b>	<b>(18.224)</b>
<b>IX. TAX RELATED TO VALUATION DIFFERENCES</b>	<b>(388.223)</b>	<b>(9.173)</b>
<b>X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>3.199.977</b>	<b>1.466.026</b>
<b>XI. CURRENT PERIOD INCOME / LOSS</b>	<b>6.039.069</b>	<b>4.820.455</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	20.994	(31.285)
11.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(37.240)	(33.389)
11.3 Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	6.055.315	4.885.129
<b>XII. TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)</b>	<b>9.239.046</b>	<b>6.286.481</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 2017**

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

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital(*)	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Equipment Revaluation Differences	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Transactions	Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr.	Total Shareholders' Equity
<b>RESTATED PRIOR PERIOD</b>																	
<b>(31/12/2016)</b>																	
I.	Beginning Balance	4,000.000	1,405.892	1,700.000	-	1,282.027	-	16,372.097	55.450	2,994.848	-	[1,112.761]	47.106	4.895	[60.377]	-	26.689.177
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	252.004	-	1,025.126	-	-	-	-	1.277.130
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	252.004	-	1,025.126	-	-	-	-	1.277.130
III.	Adjusted Beginning Balance (I+II)	4,000.000	1,405.892	1,700.000	-	1,282.027	-	16,372.097	55.450	3,246.852	-	[87.635]	47.106	4.895	[60.377]	-	27.966.307
<b>Changes in the period</b>																	
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	(II-k-8)	-	-	-	-	-	-	-	-	-	107.199	-	-	-	-	107.199
VI.	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	96.276	-	-	96.276
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	96.276	-	-	96.276
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	[14.579]	[252.004]	-	252.004	-	-	-	-	[14.579]
XX.	Profit Distribution	-	-	-	-	-	-	-	-	4.820.455	-	-	-	-	-	-	4.820.455
XX.	Profit Distribution	-	-	-	-	40.000	-	2.346.202	8.646	[2,994.848]	-	-	-	-	-	-	[600.000]
20.1	Dividends paid	-	-	-	-	-	-	-	-	[600.000]	-	-	-	-	-	-	[600.000]
20.2	Transfers to Reserves	-	-	-	-	40.000	-	2.346.202	8.646	[2,394.848]	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance (III+IV+V+...+XVIII+XIX+XX)</b>		<b>4.000.000</b>	<b>1.405.892</b>	<b>1.700.000</b>	<b>-</b>	<b>1.322.027</b>	<b>-</b>	<b>18.718.299</b>	<b>49.517</b>	<b>4.820.455</b>	<b>-</b>	<b>271.568</b>	<b>47.106</b>	<b>4.895</b>	<b>35.899</b>	<b>-</b>	<b>32.375.658</b>
<b>CURRENT PERIOD</b>																	
<b>(31/12/2017)</b>																	
I.	Prior Period End Balance	4,000.000	1,405.892	1,700.000	-	1,322.027	-	18,718.299	49.517	4,820.455	-	271.568	47.106	4.895	35.899	-	32,375.658
<b>Changes in the period</b>																	
II.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(II-k-8)	-	-	-	-	-	-	-	-	-	601.438	-	-	-	-	601.438
IV.	Hedging transactions	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	47.474	-	47.474
4.1	Cash flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	47.474	-	47.474
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	2,301.856	-	-	-	2,301.856
VI.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	1,545	-	-	1,545
VIII.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Profit Distribution	-	-	-	-	-	-	-	-	6,039.069	-	-	-	-	-	-	6,039.069
18.1	Dividends paid	-	-	-	-	70.000	-	3,418.827	139.885	[4,528.712]	-	-	-	-	-	-	[900.000]
18.2	Transfers to Reserves	-	-	-	-	70.000	-	3,418.827	139.885	[3,628.712]	-	-	-	-	-	-	[900.000]
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.000.000</b>	<b>1.405.892</b>	<b>1.700.000</b>	<b>-</b>	<b>1.392.027</b>	<b>-</b>	<b>22.137.126</b>	<b>146.868</b>	<b>6.039.069</b>	<b>-</b>	<b>1.164.749</b>	<b>2.348.962</b>	<b>6.440</b>	<b>83.373</b>	<b>-</b>	<b>40.424.506</b>

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

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 31 DECEMBER 2017**

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

	Note (Section Five)	CURRENT PERIOD (31/12/2017)	RESTATED PRIOR PERIOD (31/12/2016)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>		4.852.064	901.408
Operating Profit before changes in operating assets and liabilities			
<b>1.1.1</b>		21.042.634	16.758.709
<b>1.1.2</b>		(12.411.188)	(9.880.601)
<b>1.1.3</b>		1.822	715
<b>1.1.4</b>		3.547.888	2.935.663
<b>1.1.5</b>		(1.377.165)	(982.519)
<b>1.1.6</b>		967.336	767.018
<b>1.1.7</b>		(2.058.406)	(1.873.913)
<b>1.1.8</b>		(1.126.334)	(1.369.955)
<b>1.1.9</b>	<b>(VI-b)</b>	(3.734.523)	(5.453.709)
<b>1.2</b>		(2.624.695)	3.052.394
Changes in operating assets and liabilities			
<b>1.2.1</b>		-	11.240
<b>1.2.2</b>		-	-
<b>1.2.3</b>		3.680.188	4.617.729
<b>1.2.4</b>		(29.482.769)	(20.877.935)
<b>1.2.5</b>		(5.619.325)	(9.999.265)
<b>1.2.6</b>		6.454.150	(6.057.147)
<b>1.2.7</b>		19.484.661	25.838.789
<b>1.2.8</b>		(1.420.011)	7.353.253
<b>1.2.9</b>		-	-
<b>1.2.10</b>	<b>(VI-b)</b>	4.278.411	2.165.730
<b>I.</b>		2.227.369	3.953.802
Net cash provided from banking operations			
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>		(8.592.422)	2.189.192
Net cash provided from investing activities			
<b>2.1</b>		(6.455)	-
<b>2.2</b>		-	-
<b>2.3</b>		(473.075)	(419.047)
<b>2.4</b>		47.429	179.411
<b>2.5</b>		(17.020.195)	(7.385.523)
<b>2.6</b>		10.092.518	10.581.491
<b>2.7</b>		(226)	-
<b>2.8</b>		765.997	130.051
<b>2.9</b>		(1.998.415)	(897.191)
Net cash provided from investing activities			
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>		4.200.919	(1.316.745)
Net cash provided from financing activities			
<b>3.1</b>		11.368.375	5.453.771
<b>3.2</b>		(6.245.034)	(6.114.131)
<b>3.3</b>		-	-
<b>3.4</b>		(900.000)	(600.000)
<b>3.5</b>		(22.422)	(56.385)
<b>3.6</b>		-	-
<b>IV.</b>	<b>(VI-b)</b>	685.442	1.435.203
Effect of change in foreign exchange rate on cash and cash equivalents			
<b>V.</b>		(1.478.692)	6.261.452
Net increase in cash and cash equivalents (I+II+III+IV)			
<b>VI.</b>	<b>(VI-a)</b>	12.413.924	6.152.472
Cash and cash equivalents at beginning of the period			
<b>VII.</b>	<b>(VI-a)</b>	10.935.232	12.413.924
Cash and cash equivalents at end of the period			

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



**AKBANK T.A.Ş.**  
**VII. PROFIT APPROPRIATION STATEMENT**

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

	<b>CURRENT PERIOD</b> <b>(31/12/2017)</b>	<b>PRIOR PERIOD</b> <b>(31/12/2016)</b>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	7.516.611	5.697.550
1.2	1.477.542	1.168.838
1.2.1	1.436.074	921.532
1.2.2		
1.2.3	41.468	247.306
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>6.039.069</b>	<b>4.528.712</b>
1.3	-	-
1.4	-	-
1.5	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>6.039.069</b>	<b>4.528.712</b>
1.6	-	200.000
1.6.1	-	200.000
1.6.2	-	-
1.6.3	-	-
1.6.4	-	-
1.6.5	-	-
1.7	-	-
1.8	-	-
1.9	-	700.000
1.9.1	-	700.000
1.9.2	-	-
1.9.3	-	-
1.9.4	-	-
1.9.5	-	-
1.10	-	70.000
1.11	-	-
1.12	-	3.418.827
1.13	-	-
1.14	-	139.885
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1	-	-
2.2	-	-
2.3	-	-
2.3.1	-	-
2.3.2	-	-
2.3.3	-	-
2.3.4	-	-
2.3.5	-	-
2.4	-	-
2.5	-	-
<b>III. EARNINGS PER SHARE (*)</b>		
3.1	0,015	0,011
3.2	1,5	1,1
3.3	-	-
3.4	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1	-	0,002
4.2	-	0,2
4.3	-	-
4.4	-	-

(\*) Amounts are expressed in TL.

**NOTES:**

**[1]** Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

**[2]** Profit appropriation is being done according to unconsolidated financial statements.

**[3]** Profit appropriation was made according to the financial statements of the Parent Bank before the starting valuation of its subsidiaries through equity management. For this reason, the profit figure on the non-consolidated financial statements as of December 31, 2016 is different from the profit figure on the above table.

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

(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 Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

The amendments of TAS and TFRS, effectiveness date is 1 January 2017, have no material impact on the Bank's accounting policies, financial position and performance. The amendments of TAS and TFRS will be effective as of 1 January 2018, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank continues works in order to comply with TFRS 9 Financial Instruments Standard.

**Disclosures of IFRS 9 Financial Instruments:**

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

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

The Bank will apply the classification, measurement and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity at 1 January 2018, with no restatement of comparative periods.

*Classification and measurement of financial assets*

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

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

The combined application of the contractual cash flow characteristics and business models as at 1 January 2018 is expected to result in no major difference in the classification of financial assets when compared to the classification under TAS 39.

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**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

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*Impairment of financial assets*

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the 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 as mentioned in the Section 3 Part VII-c of Explanation on Accounting Policies will be changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets will be 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 will be 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 will be transferred to Stage 2. Impairment for credit risk will be 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 and interest revenue is calculated on the net carrying amount.

The Bank will recognize an adjustment to opening retained earnings at 1 January 2018, to reflect the application of the new requirements at the adoption date. The primary impact is attributable to changes in the allowance for credit losses under the new impairment requirements and the related deferred taxes.

The Bank does not expect a significant impact in its impairment provisions for loans and other receivables with the adaptation of TFRS 9 at 1 January 2018.

**b. Explanation for convenience translation into 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 applied in the presentation of unconsolidated financial statements:**

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2016 except for;

- Applying revaluation model accounting for properties in accordance with "TAS 16 Plant and Equipment" as explained in note I-k of the Fifth Section and

- Applying the equity method accounting for financial associates and subsidiaries' for unconsolidated financial statements in accordance with "Turkish Accounting Standard on Consolidated and Separate Financial Statements Standard ("TAS 27")" as explained in note III of the Third Section.

The aforementioned accounting policies and valuation principles are explained in Notes II to XXVIII below.

**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 31 DECEMBER 2017**

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

**Restatement of prior periods' financials:**

Due to the change in the accounting policy regarding the presentation of the associates and subsidiaries in unconsolidated financial statements, explained in Note III of Section Three, the prior period financial statements have been restated in accordance with "Accounting Policies, Changes in Accounting Estimates and Errors (TAS 8)" in order to conform with the presentation of the financial statements dated 31 December 2017. The impact of the restatement of prior period financial statements is stated below.

<b>31 December 2016</b>	<b>Announced</b>	<b>Adjustment</b>	<b>Restated</b>
SUBSIDIARIES (NET)	1.525.941	1.808.223	3.334.164
<b>TOTAL ASSETS</b>	<b>271.016.470</b>	<b>1.808.223</b>	<b>272.824.693</b>
TAX LIABILITY	682.980	87.147	770.127
SHAREHOLDERS' EQUITY	30.654.582	1.721.076	32.375.658
Capital Reserves	1.964.519	1.429.333	3.393.852
Marketable Securities Valuation Differences	(1.157.765)	1.429.333	271.568
Profit or Loss	4.528.712	291.743	4.820.455
Current Period Income or (Loss)	4.528.712	291.743	4.820.455
<b>TOTAL LIABILITIES</b>	<b>271.016.470</b>	<b>1.808.223</b>	<b>272.824.693</b>
DIVIDEND INCOME	21.478	(20.763)	715
INCOME/(LOSS) FROM INVESTMENTS ACCOUNTED BASED ON EQUITY	-	347.546	347.546
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	1.168.838	35.040	1.203.878
<b>NET INCOME/LOSS</b>	<b>4.528.712</b>	<b>291.743</b>	<b>4.820.455</b>

<b>31 December 2015</b>	<b>Announced</b>	<b>Adjustment</b>	<b>Restated</b>
SUBSIDIARIES (NET)	1.350.741	1.329.236	2.679.977
<b>TOTAL ASSETS</b>	<b>234.808.988</b>	<b>1.329.236</b>	<b>236.138.224</b>
TAX LIABILITY	604.078	52.106	656.184
SHAREHOLDERS' EQUITY	26.689.177	1.277.130	27.966.307
Capital Reserves	1.927.826	1.025.126	2.952.952
Marketable Securities Valuation Differences	(1.112.761)	1.025.126	(87.635)
Profit or Loss	2.994.848	252.004	3.246.852
Current Period Income or (Loss)	2.994.848	252.004	3.246.852
<b>TOTAL LIABILITIES</b>	<b>234.808.988</b>	<b>1.329.236</b>	<b>236.138.224</b>
DIVIDEND INCOME	13.337	(11.072)	2.265
INCOME/(LOSS) FROM INVESTMENTS ACCOUNTED BASED ON EQUITY	-	280.154	280.154
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)	832.823	17.078	849.901
<b>NET INCOME/LOSS</b>	<b>2.994.848</b>	<b>252.004</b>	<b>3.246.852</b>

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

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

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

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

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As of 31 December 2017, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,7400 and TL 4,4773 for USD and EURO respectively.

**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:**

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

The Bank classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). In accordance with TAS 39, although certain derivative transactions provide effective economic hedges under the Bank's risk management position, they are treated as derivatives "Held-for-trading".

Payables 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 "Trading derivative financial assets" or "Hedging derivative financial assets"; if the fair value difference is negative, it is disclosed in "Trading derivative financial liabilities" or "Hedging derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note 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.

An embedded derivative shall be separated from host contract only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined instrument is not measured at fair value with changes in fair value recognized in profit or loss

If an embedded derivative is separated, the host contract shall be accounted for under TAS 39 if it is a financial instrument and in accordance with other appropriate standards if it is not a financial instrument.

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

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". The Bank ceases accruing interest income on non-performing loans and reverses any interest income accrued from such loans. No income is accounted until the collection is made according to the related regulation.

**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" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are

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

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

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

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

Derivative financial assets are classified as trading financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

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

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

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

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

**c. Loans and Receivables:**

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

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

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and recorded as expense in the related year. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned

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in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

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

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

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

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

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL INSTRUMENTS:**

It is assessed whether there is objective evidence for a financial asset or group of financial assets is impaired at each balance sheet date. Provision for impairment is provided when there is an objective evidence of impairment.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the "Effective interest rate method" and its carrying value. In case an impairment occurs, the impairment amount is deducted from the carrying value of the asset and the impairment loss is recognized in profit and loss. Regarding available-for-sale financial assets, when there is objective evidence that the asset is impaired the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. An explanation about the impairment of loans and receivables is given in Note VII-c of Section Three.

**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", "Available-for-sale securities" and "Held-to-maturity securities" 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 reverse repurchase agreements" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

The Bank has no securities lending transactions.

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

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

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The Bank has no discontinued operations.

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

The Bank has no goodwill.

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

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

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

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

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" 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.

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

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

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment.

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.

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Fixed assets obtained through financial leasing are classified in tangible assets and depreciation is charged on a straight-line basis over the useful life of the asset.

If there is impairment in value of the leased asset, an impairment is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a "Lessor".

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

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

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

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

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

**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 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

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

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

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published on the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335.

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

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

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

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current tax:**

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

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

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

A 75% portion of the capital gains derived from the sale of equity investments and 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. On sales after December 5 of 2017, this rate is applied as 50% for immovable properties.

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

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

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

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**b. Deferred tax:**

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to the Law that have been enacted, deferred tax asset and liabilities shall be measured at the tax rate 22% that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities will be 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 is not 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 shall be measured over general provision according to IFRS 9 articles from 1 January 2018.

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

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

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

There is no share certificate issuance in 2017.

**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 31 December 2017 and 31 December 2016, 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 XII of Section Four.

**XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:**

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

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding

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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 28 March 2017. In the Ordinary General Assembly, it was decided to distribute a TL 900.000 cash dividend over the TL 4.528.712 net income from 2016 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 139.885 to special funds account under other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

**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>31 December 2017</b>	<b>31 December 2016</b>
Net Profit for the Year	6.039.069	4.528.712
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,01510</b>	<b>0,01132</b>

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

No bonus shares issued in 2017 (2016: 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 VII 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:**

Due to the change in the accounting policy regarding the presentation of the associates and subsidiaries in unconsolidated financial statements, explained in Note III of Section Three, the prior period financial statements have been restated in order to be consistent with the presentation of financial statements dated 31 December 2017. Also there are certain reclassifications made on income statement and cash flows statement dated 31 December 2016.

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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 31 December 2017, total current year equity of the Bank has been calculated as TL 44.403.105 (31 December 2016 TL 32.855.651), the Capital adequacy ratio is 17,03 % (31 December 2016: TL 14,30). This ratio is well above the minimum ratio required by the legislation.

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

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

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	Current Period 31 December 2017	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	83.430	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>39.885.615</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.870.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.654.011	
<b>Tier II Capital Before Deductions</b>	<b>4.524.011</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>4.524.011</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>44.409.626</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	6.521	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

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

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

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	Prior Period 31 December 2016 (**)	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	20.161.351	
Gains recognized in equity as per TAS	47.106	
Profit	4.528.712	
Current Period Profit	4.528.712	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	4.895	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>31.847.956</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	28.760	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.229.273	
Improvement costs for operating leasing	27.261	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	189.841	316.401
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>1.475.135</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>30.372.821</b>	



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	Prior Period 31 December 2016 [**]	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 (-)	126.560	-
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>30.246.261</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.620.234	
<b>Tier II Capital Before Deductions</b>	<b>2.620.234</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>2.620.234</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>32.866.495</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	19	
Other items to be defined by the BRSA (-)	10.825	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Prior Period 31 December 2016 [**]	Amounts related to treatment before 1/1/2014[*]
<b>TOTAL CAPITAL</b>		
Total Capital	32.855.651	
Total risk weighted amounts	229.746.122	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	13,22%	
Tier 1 Capital Adequacy Ratio	13,17%	
Capital Adequacy Ratio	14,30%	
<b>BUFFERS</b>		
Bank specific total common equity tier 1 capital ratio	5,51%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	0,39%	
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	5,22%	
<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	442.437	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.923.525	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.620.234	
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.

[\*\*] Previous period adjustments stated in Note I-c of Section Three are not reflected.

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**b. Information about instruments that will be included in total capital calculation:**

**Current Period  
31 December 2017**

<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]	1.870 million TL (in full TL amount)
Nominal value of instrument	1.870 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 1.870 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 incompliances with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

- c.** The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from the general provision and subordinated loans. In the calculation of Total Capital, general provision up to 1,25% of credit risk and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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**II. EXPLANATIONS ON CREDIT RISK:**

a. Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

For daily treasury operations limit allocation and follow-up is performed by the Treasury.Business Unit.

Credit worthiness of loan and other receivable debtors are watched regularly and in line with related regulations. In case of an increase in credit debtor's risk level credit limits are re-determined or additional guarantee is taken. For new credit accounts, account follow-up documents are taken in accordance with the related regulation.

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note 2-o of Section Four

<b>Risk Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount</b>
Conditional and unconditional receivables from central governments and Central Banks	88.742.159	79.615.840
Conditional and unconditional receivables from regional or local governments	275	275
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	30.846	70.142
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	75.287.019	80.933.806
Conditional and unconditional receivables from corporates	169.235.060	154.314.639
Conditional and unconditional receivables from retail portfolios	88.206.300	84.351.307
Conditional and unconditional receivables secured by mortgages	24.981.065	23.315.343
Past due receivables	152.619	153.584
Receivables defined under high risk category by BRSA	-	744
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	278.068	272.229
Equity security investments	4.234.896	2.506.002
Other receivables	7.045.133	6.690.109
<b>Total</b>	<b>458.193.440</b>	<b>432.224.020</b>

(\*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

b. Control limits exist on forward transaction and option agreements and other positions that are held in terms of similar other agreements. Credit risk born out of these types of instruments is managed together with market risk.

c. The risks of the forward, option and other similar type agreements are followed regularly and as deemed necessary based on the credit risk, the risks are tried to be minimized.

d. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk. Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

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e. The Bank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Bank as an active participant in the national and international banking market is not exposed to significant credit risk concentration.

As seen in the Bank's balance sheet, the ratio of loans under follow-up to total loans is as low as 2,3% (31 December 2016: 2,6%).

f. 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 32% and 39% respectively. (31 December 2016: 33% and 40%).

2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 61% and 74%. (31 December 2016: 66% and 77%)

3. The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 21% and 27% respectively. (31 December 2016: 22% and 28%)

g. The Bank provided a general loan loss provision amounting to TL 2.654.011 (31 December 2016: TL 2.923.525).

**h. Information on loan types and provisions:**

<b>Current Period - 31 December 2017</b>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	134.644.332	30.865.479	13.575.879	<b>179.085.690</b>
Close Monitoring Loans	9.537.906	1.259.705	473.047	<b>11.270.658</b>
Loans Under Follow-up	2.191.560	1.279.565	1.061.586	<b>4.532.711</b>
Specific Provision (-)	2.038.941	1.279.565	1.061.586	<b>4.380.092</b>
<b>Total</b>	<b>144.334.857</b>	<b>32.125.184</b>	<b>14.048.926</b>	<b>190.508.967</b>

As of 31 December 2017, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 204 million.

<b>Prior Period - 31 December 2016</b>	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
Standard Loans	115.631.444	27.894.782	12.128.729	<b>155.654.955</b>
Close Monitoring Loans	3.790.611	1.536.885	690.487	<b>6.017.983</b>
Loans Under Follow-up	1.639.126	1.396.806	1.231.259	<b>4.267.191</b>
Specific Provision (-)	1.484.156	1.396.806	1.231.259	<b>4.112.221</b>
<b>Total</b>	<b>119.577.025</b>	<b>29.431.667</b>	<b>12.819.216</b>	<b>161.827.908</b>

As of 31 December 2016, the Bank has booked 100% specific provision amounting to TL 51 million after taking the collaterals into consideration for one of its non-performing commercial loans amounting to TL 206 million.

**i. Information on the movement of provision for loan and other receivables of the Bank:**

	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>1 January 2017</b>	<b>1.484.156</b>	<b>1.396.806</b>	<b>1.231.259</b>	<b>4.112.221</b>
Transferred during the period	1.078.619	476.021	362.320	<b>1.916.960</b>
Collection	(337.650)	(372.270)	(212.016)	<b>(921.936)</b>
Write-off(*)	(186.184)	(220.992)	(319.977)	<b>(727.153)</b>
<b>31 December 2017</b>	<b>2.038.941</b>	<b>1.279.565</b>	<b>1.061.586</b>	<b>4.380.092</b>

(\*)TL 709 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to 4 companies İstanbul Varlık Yönetim A.Ş., Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. ve Final Varlık Yönetimi A.Ş. at a price of TL 39 million (in full TL amount).

	<b>Commercial Loans</b>	<b>Consumer Loans</b>	<b>Credit Cards</b>	<b>Total</b>
<b>1 January 2016</b>	<b>868.775</b>	<b>1.184.274</b>	<b>1.172.961</b>	<b>3.226.010</b>
Transferred during the period	929.529	637.906	513.936	<b>2.081.371</b>
Collection	(207.055)	(307.335)	(211.185)	<b>(725.575)</b>
Write-off(*)	(107.093)	(118.039)	(244.453)	<b>(469.585)</b>
<b>31 December 2016</b>	<b>1.484.156</b>	<b>1.396.806</b>	<b>1.231.259</b>	<b>4.112.221</b>

(\*) TL 450,1 million (in full TL amount) of the Bank's non-performing loan portfolio has been sold to Güven Varlık Yönetimi A.Ş. at a price of TL 49,1 million (in full TL amount). Specific provision previously allocated for this amount, is shown under "Write-off" in the above table.

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**j. Information on debt securities, treasury bills and other eligible bills:**

<b>Current Period - 31 December 2017</b>	<b>Trading Financial Assets (Net)</b>	<b>Available-for-Sale Financial Assets (Net)</b>	<b>Held-to-Maturity Securities (Net)</b>	<b>Total</b>
<b>Moody's Rating</b>				
Aaa	-	-	-	-
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	1.377	-	<b>1.377</b>
Ba1	-	40.232.452	18.406.623	<b>58.639.075</b>
Ba2	-	196.879	476.409	<b>673.288</b>
<b>Total</b>	<b>-</b>	<b>40.430.708</b>	<b>18.883.032</b>	<b>59.313.740</b>

<b>Prior Period - 31 December 2016</b>	<b>Trading Financial Assets (Net)</b>	<b>Available-for-Sale Financial Assets (Net)</b>	<b>Held-to-Maturity Securities (Net)</b>	<b>Total</b>
<b>Moody's Rating</b>				
Aaa	-	-	-	-
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	131.256	-	<b>131.256</b>
Ba1	-	32.112.788	17.976.682	<b>50.089.470</b>
Ba2	-	-	-	-
<b>Total</b>	<b>-</b>	<b>32.244.044</b>	<b>17.976.682</b>	<b>50.220.726</b>

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

**k. Profile on significant risks in significant regions:**

Current Period	Risk Categories (* )																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
<b>31 December 2017</b>																		
Domestic	86.930.039	55	17.212	-	-	9.840.878	135.082.620	57.400.680	24.111.783	152.619	-	-	-	-	278.032	101.637	7.045.133	<b>320.960.688</b>
European Union Countries	238.047	-	8	-	-	39.972.466	4.890.055	20.990	171.352	-	-	-	-	-	-	161	-	<b>45.293.079</b>
OECD Countries(**)	-	-	-	-	-	1.630.303	190.258	2.204	2.054	-	-	-	-	-	-	-	-	<b>1.824.819</b>
Off- Shore Regions	-	-	-	-	-	134.290	134.190	187	266	-	-	-	-	-	-	-	-	<b>268.933</b>
USA, Canada	-	-	-	-	-	2.915.551	95.488	3.839	2.196	-	-	-	-	-	-	-	-	<b>3.017.074</b>
Other Countries	1.544.270	-	-	-	-	845.181	696.541	11.215	5.293	-	-	-	-	-	-	-	-	<b>3.102.500</b>
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	41.105	692.326	-	-	-	-	-	-	-	-	4.133.098	-	<b>4.866.529</b>
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>88.712.356</b>	<b>55</b>	<b>17.220</b>	<b>-</b>	<b>-</b>	<b>55.379.774</b>	<b>141.781.478</b>	<b>57.439.115</b>	<b>24.292.944</b>	<b>152.619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278.032</b>	<b>4.234.896</b>	<b>7.045.133</b>	<b>379.333.622</b>
<b>Prior Period</b>	<b>Risk Categories (* )</b>																	
<b>31 December 2016</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16(****)</b>	<b>17</b>	<b>Total</b>
Domestic	79.508.445	50	46.010	-	-	10.422.893	109.567.986	50.265.610	20.687.819	154.970	-	-	-	-	460.842	70.938	3.645.626	<b>274.831.189</b>
European Union Countries	178.286	-	7	-	-	34.760.220	4.903.811	14.864	12.089	-	-	-	-	-	-	161	-	<b>39.869.438</b>
OECD Countries(**)	-	-	-	-	-	1.746.977	275.923	2.289	2.261	-	-	-	-	-	-	-	-	<b>2.027.450</b>
Off- Shore Regions	-	-	-	-	-	167.679	55.244	310	309	-	-	-	-	-	-	-	-	<b>223.542</b>
USA, Canada	-	-	-	-	-	3.368.413	95.689	3.455	2.781	-	-	-	-	-	-	-	-	<b>3.470.338</b>
Other Countries	-	-	24	-	-	645.996	710.730	10.468	3.312	-	-	-	-	-	-	-	-	<b>1.370.530</b>
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	6.969.586	737.068	-	-	-	-	-	-	-	-	1.525.941	-	<b>9.232.595</b>
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>79.686.731</b>	<b>50</b>	<b>46.041</b>	<b>-</b>	<b>-</b>	<b>58.081.764</b>	<b>116.346.451</b>	<b>50.296.996</b>	<b>20.708.571</b>	<b>154.970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>460.842</b>	<b>1.597.040</b>	<b>3.645.626</b>	<b>331.025.082</b>

(\*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- |  |  |
|--|--|
| 1. Conditional and unconditional receivables from central governments and Central Banks                | 9. Conditional and unconditional receivables secured by mortgages      |
| 2. Conditional and unconditional receivables from regional or local governments                        | 10. Past due receivables   |
| 3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. Receivables defined under high risk category by BRSA               |
| 4. Conditional and unconditional receivables from multilateral development banks                       | 12. Securities collateralized by mortgages                             |
| 5. Conditional and unconditional receivables from international organizations                          | 13. Securitization positions   |
| 6. Conditional and unconditional receivables from banks and brokerage houses                           | 14. Short-term receivables from banks, brokerage houses and corporates |
| 7. Conditional and unconditional receivables from corporates   | 15. Investments similar to collective investment funds                 |
| 8. Conditional and unconditional receivables from retail portfolios                                    | 16. Equity security transactions                                       |
|  | 17. Other receivables  |

(\*\*) EU countries, OECD countries other than USA and Canada

(\*\*\*) Assets and liabilities that are not distributed according to a consistent principle

(\*\*\*\*) Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

**I. Risk Profile according to sectors and counterparties:**

Current Period 31 December 2017	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	1	-	5	-	-	-	79.990	333.117	89.826	-	-	-	-	-	-	-	-	493.652	9.287	<b>502.939</b>
Farming and raising livestock	1	-	5	-	-	-	55.084	229.966	68.205	-	-	-	-	-	-	-	-	346.538	6.723	<b>353.261</b>
Forestry	-	-	-	-	-	-	24.571	98.805	21.088	-	-	-	-	-	-	-	-	141.900	2.564	<b>144.464</b>
Fishing	-	-	-	-	-	-	335	4.346	533	-	-	-	-	-	-	-	-	5.214	-	<b>5.214</b>
Manufacturing	11	-	228	-	-	-	45.358.702	5.279.524	3.279.569	-	-	-	-	-	-	-	-	27.184.970	26.733.064	<b>53.918.034</b>
Mining	-	-	-	-	-	-	1.050.524	148.059	95.186	-	-	-	-	-	-	-	-	648.912	644.857	<b>1.293.769</b>
Production	11	-	225	-	-	-	28.063.301	5.032.438	3.027.418	-	-	-	-	-	-	-	-	21.583.339	14.540.054	<b>36.123.393</b>
Electricity, Gas, Water	-	-	3	-	-	-	16.244.877	99.027	156.965	-	-	-	-	-	-	-	-	4.952.719	11.548.153	<b>16.500.872</b>
Construction	-	-	71	-	-	-	23.423.012	2.476.848	3.727.479	-	-	-	-	-	-	-	-	15.256.234	14.371.176	<b>29.627.410</b>
Services	1.965	51	4.486	-	-	55.370.723	65.841.193	16.561.546	7.866.784	152.619	-	-	-	-	278.032	4.139.818	-	64.209.862	86.007.355	<b>150.217.217</b>
Wholesale and Retail Trade	60	11	145	-	-	-	22.002.591	13.448.978	4.954.613	-	-	-	-	-	-	-	-	34.866.569	5.539.829	<b>40.406.398</b>
Hotel,Food,Beverage	3	-	33	-	-	-	3.289.774	674.354	1.204.706	152.619	-	-	-	-	-	-	-	2.969.497	2.351.992	<b>5.321.489</b>
Services	1.749	-	9	-	-	-	9.365.812	1.223.367	282.596	-	-	-	-	-	-	-	-	2.744.654	8.128.879	<b>10.873.533</b>
Transportation and Telecommunication	6	4	19	-	-	55.370.723	24.917.805	14.506	448.615	-	-	-	-	-	278.032	4.137.994	-	19.418.870	65.748.834	<b>85.167.704</b>
Financial Institutions	-	-	16	-	-	-	3.066.674	90.589	307.056	-	-	-	-	-	-	-	-	998.707	2.465.628	<b>3.464.335</b>
Real Estate and Lending	-	-	34	-	-	-	565.073	138.919	40.064	-	-	-	-	-	-	-	-	257.966	486.124	<b>744.090</b>
Services	110	-	1.152	-	-	-	387.495	194.395	138.490	-	-	-	-	-	-	-	-	660.590	61.052	<b>721.642</b>
Self employment Service	37	36	3.078	-	-	-	2.245.969	776.438	490.644	-	-	-	-	-	-	1.824	-	2.293.009	1.225.017	<b>3.518.026</b>
Education Service	88.710.379	4	12.430	-	-	9.051	7.078.581	32.788.080	9.329.286	-	-	-	-	-	-	95.078	7.045.133	90.619.853	54.448.169	<b>145.068.022</b>
Health and social Services	Other																			
<b>Total</b>	<b>88.712.356</b>	<b>55</b>	<b>17.220</b>	<b>-</b>	<b>-</b>	<b>55.379.774</b>	<b>141.781.478</b>	<b>57.439.115</b>	<b>24.292.944</b>	<b>152.619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278.032</b>	<b>4.234.896</b>	<b>7.045.133</b>	<b>197.764.571</b>	<b>181.569.051</b>	<b>379.333.622</b>

(\*)Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- |  |  |
|--|--|
| 1. Conditional and unconditional receivables from central governments and Central Banks                | 9. Conditional and unconditional receivables secured by mortgages      |
| 2. Conditional and unconditional receivables from regional or local governments                        | 10. Past due receivables   |
| 3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. Receivables defined under high risk category by BRSA               |
| 4. Conditional and unconditional receivables from multilateral development banks                       | 12. Securities collateralized by mortgages                             |
| 5. Conditional and unconditional receivables from international organizations                          | 13. Securitization positions   |
| 6. Conditional and unconditional receivables from banks and brokerage houses                           | 14. Short-term receivables from banks, brokerage houses and corporates |
| 7. Conditional and unconditional receivables from corporates   | 15. Investments similar to collective investment funds                 |
| 8. Conditional and unconditional receivables from retail portfolios                                    | 16. Equity security transactions                                       |
|  | 17. Other receivables  |



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

Prior Period 31 December 2016	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16(**)	17			
Agricultural	1	-	5	-	-	-	43.939	209.853	47.007	-	-	-	-	-	-	-	-	299.627	1.178	<b>300.805</b>
Farming and raising livestock	1	-	5	-	-	-	32.428	124.662	30.559	-	-	-	-	-	-	-	-	187.640	15	<b>187.655</b>
Forestry	-	-	-	-	-	-	11.130	83.756	16.290	-	-	-	-	-	-	-	-	110.013	1.163	<b>111.176</b>
Fishing	-	-	-	-	-	-	381	1.435	158	-	-	-	-	-	-	-	-	1.974	-	<b>1.974</b>
Manufacturing	10	-	411	-	-	-	38.791.695	4.635.038	2.884.987	-	-	-	-	-	-	-	-	21.994.322	24.317.819	<b>46.312.141</b>
Mining	-	-	-	-	-	-	1.511.807	129.945	106.877	-	-	-	-	-	-	-	-	355.274	1.393.355	<b>1.748.629</b>
Production	10	-	408	-	-	-	21.674.595	4.433.403	2.748.772	-	-	-	-	-	-	-	-	17.211.246	11.645.942	<b>28.857.188</b>
Electricity, Gas, Water	-	-	3	-	-	-	15.605.293	71.690	29.338	-	-	-	-	-	-	-	-	4.427.802	11.278.522	<b>15.706.324</b>
Construction	-	-	65	-	-	-	17.986.852	1.956.358	2.109.801	-	-	-	-	-	-	-	-	10.966.112	11.086.964	<b>22.053.076</b>
Services	1.964	38	27.011	-	-	51.442.321	52.652.350	14.520.868	6.141.853	154.970	-	-	-	-	460.842	1.586.828	-	48.020.966	78.968.079	<b>126.989.045</b>
Wholesale and Retail Trade	54	10	1.367	-	-	-	16.833.244	11.597.043	4.338.139	-	-	-	-	-	-	-	-	27.137.142	5.632.715	<b>32.769.857</b>
Hotel,Food,Beverage Services	2	-	30	-	-	-	3.219.022	602.607	669.366	154.970	-	-	-	-	-	-	-	1.925.039	2.720.958	<b>4.645.997</b>
Transportation and Telecommunication	1.749	-	9	-	-	-	8.538.580	1.167.970	236.078	-	-	-	-	-	-	-	-	2.160.325	7.784.061	<b>9.944.386</b>
Financial Institutions	3	3	20	-	-	51.440.868	19.223.523	23.969	121.780	-	-	-	-	-	460.842	1.585.004	-	13.282.822	59.573.190	<b>72.856.012</b>
Real Estate and Lending Services	-	-	15	-	-	-	2.563.966	92.673	130.558	-	-	-	-	-	-	-	-	654.135	2.133.077	<b>2.787.212</b>
Self employment Service	-	-	26	-	-	-	555.765	139.503	35.665	-	-	-	-	-	-	-	-	221.606	509.353	<b>730.959</b>
Education Service	118	-	1.525	-	-	-	180.907	133.306	140.613	-	-	-	-	-	-	-	-	397.832	58.637	<b>456.469</b>
Health and social Services	38	25	24.019	-	-	1.453	1.537.343	763.797	469.654	-	-	-	-	-	-	1.824	-	2.242.065	556.088	<b>2.798.153</b>
Other	79.684.756	12	18.549	-	-	6.639.443	6.871.615	28.974.879	9.524.923	-	-	-	-	-	-	10.212	3.645.626	73.562.170	61.807.845	<b>135.370.015</b>
<b>Total</b>	<b>79.686.731</b>	<b>50</b>	<b>46.041</b>	<b>-</b>	<b>-</b>	<b>58.081.764</b>	<b>116.346.451</b>	<b>50.296.996</b>	<b>20.708.571</b>	<b>154.970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>460.842</b>	<b>1.597.040</b>	<b>3.645.626</b>	<b>154.843.197</b>	<b>176.181.885</b>	<b>331.025.082</b>

(\*)Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- |    |   |     |  |
|----|---|-----|--|
| 1. | Conditional and unconditional receivables from central governments and Central Banks                | 9.  | Conditional and unconditional receivables secured by mortgages     |
| 2. | Conditional and unconditional receivables from regional or local governments                        | 10. | Past due receivables   |
| 3. | Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. | Receivables defined under high risk category by BRSA               |
| 4. | Conditional and unconditional receivables from multilateral development banks                       | 12. | Securities collateralized by mortgages                             |
| 5. | Conditional and unconditional receivables from international organizations                          | 13. | Securitization positions   |
| 6. | Conditional and unconditional receivables from banks and brokerage houses                           | 14. | Short-term receivables from banks, brokerage houses and corporates |
| 7. | Conditional and unconditional receivables from corporates   | 15. | Investments similar to collective investment funds                 |
| 8. | Conditional and unconditional receivables from retail portfolios                                    | 16. | Equity security transactions                                       |
|    |   | 17. | Other receivables  |

(\*\*) Equity security transactions has been added to the risk classes in the current period. Prior period balances are presented under "Other Receivables"

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

**m. Term distribution of risks with term structure:**

31 December 2017 Risk Categories	Time to Maturity					Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional receivables from central governments and Central Banks	4.290.936	38.193.924	1.053.364	1.081.162	44.092.970	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	55	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	6.054	115	1.975	601	8.475	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	13.348.122	3.300.279	3.235.436	3.368.210	32.127.727	-
Conditional and unconditional receivables from corporates	8.133.770	8.963.838	13.912.110	21.729.216	89.042.544	-
Conditional and unconditional receivables from retail portfolios	816.937	1.355.521	15.526.099	6.338.342	33.402.216	-
Conditional and unconditional receivables secured by mortgages	353.747	581.541	1.031.445	2.776.487	19.549.724	-
Past due receivables	-	-	-	-	-	152.619
Receivables defined under high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	278.023	-	-	-	9	-
Equity security investments	4.234.896	-	-	-	-	-
Other Receivables	-	-	-	-	-	7.045.133
<b>Total</b>	<b>31.462.485</b>	<b>52.395.218</b>	<b>34.760.429</b>	<b>35.294.018</b>	<b>218.223.720</b>	<b>7.197.752</b>

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**n. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:**

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. Countries' credit note is considered all risk class of receivables from central governments and Central Banks. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

<b>Ratings to be matched</b>	<b>Credit Quality Degrees</b>	<b>Fitch</b>
<b>Ratings of long-term credits</b>	1	AAA ilâ AA-
	2	A+ ilâ A-
	3	BBB+ ilâ BBB-
	4	BB+ ilâ BB-
	5	B+ ilâ B-
	6	CCC+ ve aşağısı
<b>Ratings of short-term credits</b>	1	F1+ ilâ F1
	2	F2
	3	F3
	4	F3 aşağısı
	5	---
	6	---
<b>Long-term securitization position ratings</b>	1	AAA ilâ AA-
	2	A+ ilâ A-
	3	BBB+ ilâ BBB-
	4	BB+ ilâ BB-
	5	B+ ve aşağısı
<b>Short-term securitization position ratings</b>	1	F1+ ilâ F1
	2	F2
	3	F3
	Others	F3 aşağısı
<b>Matchings regarding collective investment institutes</b>	1	AAA ilâ AA-
	2	A+ ilâ A-
	3	BBB+ ilâ BBB-
	4	BB+ ilâ BB-
	5	B+ ilâ B-
	6	CCC+ ve aşağısı

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

**Risk amounts according to risk weights:**

31 December 2017	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
<b>Risk Weights</b>												
Amount Before												
Credit Risk												
Mitigation	66.202.348	-	13.365.840	-	38.895.458	70.414.550	190.455.425	-	-	-	-	6.521
Amount After Credit												
Risk Mitigation	74.592.358	-	11.592.640	13.059.486	25.986.557	51.601.551	175.052.784	-	-	-	-	6.521

**o. Miscellaneous information regarding important sectors or counterparty type:**

The Bank considers loans that have overdue principal and interest payments and are classified as 2nd Group in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Bank are considered "impaired / provision reserved loans."

The Bank calculates general loan loss provision for "overdue loans" and specific provision for "impaired loans" in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

The calculated general loan provision is shown under "impairment" column at the table below.

31 December 2017 Sectors/Counterparties	Loans(*)			
	Impaired Receivables	Past Due Receivables	Impairment	Specific Provisions
Agricultural	12.380	1.045	10	12.380
Farming and raising livestock	9.253	925	9	9.253
Forestry	2.397	120	1	2.397
Fishing	730	-	-	730
Manufacturing	579.096	155.588	1.556	579.096
Mining	33.009	7.403	74	33.009
Production	532.043	98.482	985	532.043
Electricity, Gas, Water	14.044	49.703	497	14.044
Construction	248.548	195.017	1.950	248.548
Services	1.497.661	351.671	3.516	1.345.042
Wholesale and Retail Trade	1.055.767	251.180	2.512	1.055.767
Hotel, Food, Beverage Services	273.096	24.359	244	120.477
Transportation and Telecommunication	61.036	34.918	349	61.036
Financial Institutions	13.579	2.824	28	13.579
Real Estate and Lending Service	5.923	526	5	5.923
Self Employment Service	4.556	1.038	10	4.556
Education Service	33.656	787	8	33.656
Health and social services	50.048	36.039	360	50.048
Other	2.195.026	748.856	13.967	2.195.026
<b>Total</b>	<b>4.532.711</b>	<b>1.452.177</b>	<b>20.999</b>	<b>4.380.092</b>

(\*) Breakdown of cash loans

**p. Information related to impairment and loan loss provisions:**

31 December 2017	Opening Balance	Provisions provided during the period	Provision Reversals (**)	Other Adjustments (*)	Closing Balance
Specific Provisions	4.112.221	1.916.960	(921.936)	(727.153)	4.380.092
General Provisions	2.923.525	230.486	(500.000)	-	2.654.011

(\*) Presents the Write-Offs and Sales from Loans under Follow-up portfolio.

(\*\*)The excess general provision reserve amounting to TL 500 million has been reversed and transferred into free provision as of 31 December 2017.

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**r. Risk involved in counter-cyclical capital buffer calculation:**

<b>31 December 2017</b>			
<b>Country of ultimate risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	179.394.346	4.962.545	184.356.891
Ireland	3.197.527	-	3.197.527
Holland	1.110.715	-	1.110.715
Great Britain	407.115	-	407.115
Russian Federation	389.556	-	389.556
Luxemburg	165.585	-	165.585
France	119.946	-	119.946
USA	109.030	-	109.030
Croatia	95.322	-	95.322
Egypt	78.928	-	78.928
Other	136.971	-	136.971

**III. 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	3,7400 TL	4,4773 TL
1.Day bid rate	3,8104 TL	4,5478 TL
2.Day bid rate	3,8197 TL	4,5385 TL
3.Day bid rate	3,8029 TL	4,5116 TL
4.Day bid rate	3,8087 TL	4,5205 TL
5.Day bid rate	3,8113 TL	4,5171 TL

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

USD : TL 3,8652  
EURO : TL 4,5749

As of 31 December 2016;

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 3,5000	TL 3,6897

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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, general loan loss provision and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

<b>Current Period – 31 December 2017</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank(**)	5.500.508	16.101.262	5.299.814	<b>26.901.584</b>
Banks	1.488.141	6.533.524	84.717	<b>8.106.382</b>
Financial Assets at Fair Value through Profit or Loss (Net)	350.885	2.288.479	86.339	<b>2.725.703</b>
Interbank Money Market Placements	-	-	-	<b>-</b>
Available-for-sale Financial Assets (Net)	2.031.230	14.720.565	602.237	<b>17.354.032</b>
Loans	28.365.510	34.346.203	76.460	<b>62.788.173</b>
Investments in Associates, Subsidiaries and Joint Ventures	2.982.385	-	-	<b>2.982.385</b>
Held-to-maturity Investments (Net)	3.443.374	9.444.617	-	<b>12.887.991</b>
Hedging Derivative Financial Assets	-	161.224	-	<b>161.224</b>
Tangible Assets (Net)	-	7.039	-	<b>7.039</b>
Intangible Assets (Net)	-	13	-	<b>13</b>
Other Assets	776.462	1.404.259	347	<b>2.181.068</b>
<b>Total Assets</b>	<b>44.938.495</b>	<b>85.007.185</b>	<b>6.149.914</b>	<b>136.095.594</b>
<b>Liabilities</b>				
Bank Deposits	3.083.332	7.359.337	1.048.780	<b>11.491.449</b>
Foreign Currency Deposits (**)	27.687.046	49.783.019	3.148.971	<b>80.619.036</b>
Funds from Interbank Money Market	662.522	22.611.145	-	<b>23.273.667</b>
Borrowings	8.532.528	20.899.547	4.051	<b>29.436.126</b>
Marketable Securities Issued (Net) (***)	45.283	9.433.956	162.400	<b>9.641.639</b>
Miscellaneous Payables	952.930	584.935	2.946	<b>1.540.811</b>
Hedging Derivative Financial Liabilities	-	74.911	-	<b>74.911</b>
Other Liabilities	966.101	506.952	99.824	<b>1.572.877</b>
<b>Total Liabilities</b>	<b>41.929.742</b>	<b>111.253.802</b>	<b>4.466.972</b>	<b>157.650.516</b>
<b>Net on Balance Sheet Position</b>	<b>3.008.753</b>	<b>(26.246.617)</b>	<b>1.682.942</b>	<b>(21.554.922)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(2.733.764)</b>	<b>27.283.553</b>	<b>(1.697.625)</b>	<b>22.852.164</b>
Financial Derivative Assets	31.885.922	71.667.162	3.143.152	<b>106.696.236</b>
Financial Derivative Liabilities	34.619.686	44.383.609	4.840.777	<b>83.844.072</b>
<b>Non-cash Loans</b>	<b>12.348.460</b>	<b>18.170.729</b>	<b>402.773</b>	<b>30.921.962</b>
<b>Prior Period - 31 December 2016</b>				
Total Assets	41.622.422	88.601.559	1.618.511	<b>131.842.492</b>
Total Liabilities	37.303.471	94.774.511	3.648.267	<b>135.726.249</b>
<b>Net on-Balance Sheet Position</b>	<b>4.318.951</b>	<b>(6.172.952)</b>	<b>(2.029.756)</b>	<b>(3.883.757)</b>
<b>Net off-Balance Sheet Position (*)</b>	<b>(2.687.918)</b>	<b>4.999.481</b>	<b>2.144.310</b>	<b>4.455.873</b>
Financial Derivative Assets	21.397.571	54.203.308	3.079.893	<b>78.680.772</b>
Financial Derivative Liabilities	24.085.489	49.203.827	935.583	<b>74.224.899</b>
<b>Non-cash Loans</b>	<b>9.562.256</b>	<b>14.782.516</b>	<b>291.267</b>	<b>24.636.039</b>

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

(\*\*)Of the Cash Equivalents and Central Bank and Other FC, TL 5.220.523 (31 December 2016: TL 739.814) ,of the foreign currency deposits TL 1.451.430 (31 December 2016: TL 1.165.750) and Bank Deposits Other FC of the TL 1.426 (31 December 2016:897 TL) are precious metal deposit account in demand.

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

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**Currency risk sensitivity analysis:**

The following table details the Bank's sensitivity to a 10% change in exchange rates.

Change in exchange rate	Effect on Profit/Loss(*)	
	Current period 31 December 2017	Prior period 31 December 2016
(+)10 %	(57.884)	(4.650)
(-)10 %	57.884	4.650

(\*) Presents amounts before Tax.

**IV. 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 Group. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

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

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

Current Period – 31 December 2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank	22.746.114	-	-	-	-	12.617.052	<b>35.363.166</b>
Banks	1.538.119	505.976	8.190	-	-	6.064.494	<b>8.116.779</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	2.202.675	619.342	1.056.898	3.127.245	1.271.347	-	<b>8.277.507</b>
Interbank Money Market Placements	1.552.161	-	-	-	-	-	<b>1.552.161</b>
Available-for-sale Financial Assets (Net)	2.683.884	4.059.452	11.324.668	14.877.476	7.485.228	375.862	<b>40.806.570</b>
Loans	44.312.136	27.112.638	48.405.456	61.021.007	9.505.111	152.619	<b>190.508.967</b>
Held-to-maturity Investments (Net)	2.548.880	3.854.641	2.623.044	8.897.479	958.988	-	<b>18.883.032</b>
Other Assets	589.993	420.351	233.306	1.535.836	696.590	9.046.610	<b>12.522.686</b>
<b>Total Assets</b>	<b>78.173.962</b>	<b>36.572.400</b>	<b>63.651.562</b>	<b>89.459.043</b>	<b>19.917.264</b>	<b>28.256.637</b>	<b>316.030.868</b>
<b>Liabilities</b>							
Bank Deposits	8.775.288	2.539.344	482.203	-	-	1.163.106	<b>12.959.941</b>
Other Deposits	107.548.204	20.902.574	9.696.769	51.787	8	33.745.166	<b>171.944.508</b>
Funds from Interbank Money Market	9.629.612	13.354.188	4,299.240	-	-	-	<b>27.283.040</b>
Miscellaneous Payables	342.333	523.202	439.295	106.715	-	4.505.652	<b>5.917.197</b>
Marketable Securities Issued (Net) (*)	1.499.934	4.450.149	644.810	4.279.281	4.879.974	-	<b>15.754.148</b>
Borrowings	2.383.576	20.828.919	5,481.800	964.285	13.200	-	<b>29.671.780</b>
Other Liabilities (**)	541.144	1.074.747	1,160.265	2,233.121	875.855	46,615.122	<b>52.500.254</b>
<b>Total Liabilities</b>	<b>130.720.091</b>	<b>63.673.123</b>	<b>22.204.382</b>	<b>7.635.189</b>	<b>5.769.037</b>	<b>86.029.046</b>	<b>316.030.868</b>
Balance Sheet Long Position	-	-	41,447.180	81,823.854	14,148.227	-	<b>137.419.261</b>
Balance Sheet Short Position	(52,546.129)	(27,100.723)	-	-	-	(57,772.409)	<b>(137.419.261)</b>
Off-balance Sheet Long Position	6,886.207	21,065.911	165,074	-	-	-	<b>28.117.192</b>
Off-balance Sheet Short Position	-	-	-	(19,497.554)	(5,994.678)	-	<b>(25.492.232)</b>
<b>Total Position</b>	<b>(45.659.922)</b>	<b>(6.034.812)</b>	<b>41.612.254</b>	<b>62.326.300</b>	<b>8.153.549</b>	<b>(57.772.409)</b>	<b>2.624.960</b>

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

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

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Prior Period – 31 December 2016	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	27.670.460	-	-	-	-	7.341.812	<b>35.012.272</b>
Banks	3.320.415	571.855	35.765	-	-	6.044.774	<b>9.972.809</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	1.459.253	3.216.600	1.802.374	850.397	397.087	-	<b>7.725.711</b>
Interbank Money Market Placements	-	-	-	-	-	-	<b>-</b>
Available-for-sale Financial Assets (Net)	2.592.261	3.712.896	9.651.135	10.721.232	5.566.520	279.420	<b>32.523.464</b>
Loans	45.494.431	21.824.471	41.674.855	43.804.453	8.874.728	154.970	<b>161.827.908</b>
Held-to-maturity Investments (Net)	2.280.482	576.857	1.787.966	11.961.634	1.369.743	-	<b>17.976.682</b>
Other Assets	662.871	968.683	290.697	127.611	59.587	5.676.398	<b>7.785.847</b>
<b>Total Assets</b>	<b>83.480.173</b>	<b>30.871.362</b>	<b>55.242.792</b>	<b>67.465.327</b>	<b>16.267.665</b>	<b>19.497.374</b>	<b>272.824.693</b>
<b>Liabilities</b>							
Bank Deposits	3.922.023	1.307.816	364.344	-	-	905.077	<b>6.499.260</b>
Other Deposits	91.285.140	22.071.520	10.630.662	53.806	5	28.337.799	<b>152.378.932</b>
Funds from Interbank Money Market	9.719.293	10.813.635	4.850.089	-	-	-	<b>25.383.017</b>
Miscellaneous Payables	120.167	281.232	593.932	209.928	70.024	3.901.091	<b>5.176.374</b>
Marketable Securities Issued (Net)	728.952	107.070	1.719.718	4.676.309	3.385.445	-	<b>10.617.494</b>
Borrowings	1.673.637	26.037.038	2.073.191	238.079	44.991	-	<b>30.066.936</b>
Other Liabilities (*)	476.698	1.066.373	2.187.460	873.466	248.271	37.850.412	<b>42.702.680</b>
<b>Total Liabilities</b>	<b>107.925.910</b>	<b>61.684.684</b>	<b>22.419.396</b>	<b>6.051.588</b>	<b>3.748.736</b>	<b>70.994.379</b>	<b>272.824.693</b>
Balance Sheet Long Position	-	-	32.823.396	61.413.739	12.518.929	-	<b>106.756.064</b>
Balance Sheet Short Position	(24.445.737)	(30.813.322)	-	-	-	(51.497.005)	<b>(106.756.064)</b>
Off-balance Sheet Long Position	5.601.006	20.984.811	4.104.154	-	-	-	<b>30.689.971</b>
Off-balance Sheet Short Position	-	-	-	(19.025.633)	(7.766.384)	-	<b>(26.792.017)</b>
<b>Total Position</b>	<b>(18.844.731)</b>	<b>(9.828.511)</b>	<b>36.927.550</b>	<b>42.388.106</b>	<b>4.752.545</b>	<b>(51.497.005)</b>	<b>3.897.954</b>

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

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

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

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

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



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Prior Period – 31 December 2016	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank	-	0,75	-	5,31
Banks	-	2,20	-	9,73
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2,95	3,76	3,79	9,52
Loans	4,09	5,37	4,27	13,05
Held-to-maturity Investments (Net)	3,62	4,05	-	9,82
<b>Liabilities</b>				
Bank Deposits	0,40	1,62	-	9,42
Other Deposits	1,26	2,49	0,07	8,78
Funds from Interbank Money Market	1,93	2,00	-	7,90
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4,00	4,96	1,29	8,80
Borrowings	0,83	2,60	-	6,68

**V. EXPLANATIONS ON EQUITY SECURITIES POSITION RISK DERIVED FROM BANKING BOOKS:**

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Liquidity Coverage Ratio:**

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

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

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Prior Period – 31.12.2016	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		44.376.988	27.652.200	
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	94.382.070	39.012.077	8.466.264	3.901.208
3	Stable deposits	19.438.849	-	971.942	-
4	Less stable deposits	74.943.221	39.012.077	7.494.322	3.901.208
5	Unsecured Funding other than Retail and Small Business Customers Deposits	58.699.017	32.084.318	29.673.005	16.772.542
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	56.067.477	31.603.658	28.071.179	16.295.258
8	Other Unsecured Funding	2.631.540	480.660	1.601.826	477.284
9	Secured funding	-	-	13.837	13.837
10	Other Cash Outflows	34.469.390	22.598.408	31.620.308	19.923.401
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	31.306.655	19.627.637	31.306.655	19.627.637
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	3.162.735	2.970.771	313.653	295.764
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	617.340	-	30.867	-
15	Other irrevocable or conditionally revocable commitments	52.002.144	15.882.912	2.600.108	794.146
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>72.404.389</b>	<b>41.405.134</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	13.460.963	5.669.836	9.021.552	4.825.151
19	Other contractual cash inflows	29.120.268	21.982.918	29.119.145	21.982.493
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>42.581.231</b>	<b>27.652.754</b>	<b>38.140.697</b>	<b>26.807.644</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>44.376.988</b>	<b>27.652.200</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>34.263.692</b>	<b>15.049.889</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>129,65</b>	<b>190,13</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 127% 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 (57%) and securities issued by Undersecretariat of the Treasury by (39%). Funding sources are mainly distributed between individual and retail deposits by (63%), corporate deposits by (28%), and borrowings from banks by (5%) and collateralized borrowings such as repurchase agreements by (1%).

Cash outflow amounting to TL 2.920 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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

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

	Current Period - 31.12.2017		Prior Period - 31.12.2016	
	TL+FC	FC	TL+FC	FC
Lowest	127,48	206,53	124,85	141,77
Week	1.12.2017	15.12.2017	09.12.2016	28.10.2016
Highest	142,96	293,10	134,91	232,87
Week	6.10.2017	6.10.2017	25.11.2016	16.12.2016

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

Current Period - 31 December 2017	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated (*)	Total
<b>Assets</b>								
Cash Equivalents and Central Bank	11.591.884	23.691.732	79.550	-	-	-	-	<b>35.363.166</b>
Banks	6.064.494	1.538.119	505.976	8.190	-	-	-	<b>8.116.779</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	-	460.046	386.820	875.166	4.026.262	2.529.213	-	<b>8.277.507</b>
Interbank Money Market Placements Available-for-sale Financial Assets (Net)	375.862	88.586	557.823	2.647.911	24.367.222	12.769.166	-	<b>40.806.570</b>
Loans	-	25.190.270	23.787.817	40.663.720	77.428.346	23.286.195	152.619	<b>190.508.967</b>
Held-to-maturity Investments (Net)	-	-	3.209.899	1.383.788	12.668.937	1.620.408	-	<b>18.883.032</b>
Other Assets	137.693	503.582	101.442	225.385	2.057.119	750.175	8.747.290	<b>12.522.686</b>
<b>Total Assets</b>	<b>18.169.933</b>	<b>53.024.496</b>	<b>28.629.327</b>	<b>45.804.160</b>	<b>120.547.886</b>	<b>40.955.157</b>	<b>8.899.909</b>	<b>316.030.868</b>
<b>Liabilities</b>								
Bank Deposits	1.163.106	8.775.288	2.539.344	482.203	-	-	-	<b>12.959.941</b>
Other Deposits	33.745.166	107.548.204	20.902.574	9.696.769	51.787	8	-	<b>171.944.508</b>
Borrowings	-	580.060	6.135.078	10.227.900	8.796.559	3.932.183	-	<b>29.671.780</b>
Funds from Interbank Money Market	-	6.650.640	1.761.351	2.848.179	14.507.812	1.515.058	-	<b>27.283.040</b>
Marketable Securities Issued (Net) (**)	-	1.499.934	4.450.149	644.810	4.279.281	4.879.974	-	<b>15.754.148</b>
Miscellaneous Payables	-	4.710.949	131.155	233.992	524.033	317.068	-	<b>5.917.197</b>
Other Liabilities (***)	-	1.820.266	708.607	1.996.214	6.261.608	1.289.053	40.424.506	<b>52.500.254</b>
<b>Total Liabilities</b>	<b>34.908.272</b>	<b>131.585.341</b>	<b>36.628.258</b>	<b>26.130.067</b>	<b>34.421.080</b>	<b>11.933.344</b>	<b>40.424.506</b>	<b>316.030.868</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(16.738.339)</b>	<b>(78.560.845)</b>	<b>(7.998.931)</b>	<b>19.674.093</b>	<b>86.126.806</b>	<b>29.021.813</b>	<b>(31.524.597)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(395.318)	(377.879)	(50.929)	2.580.772	868.314	-	<b>2.624.960</b>
Financial Derivative Liabilities	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	<b>244.498.265</b>
<b>Non-cash Loans (****)</b>	<b>-</b>	<b>3.445.776</b>	<b>5.372.593</b>	<b>17.889.047</b>	<b>5.779.653</b>	<b>20.114.109</b>	<b>-</b>	<b>52.601.178</b>
<b>Prior Period - 31 December 2016</b>								
Total Assets	19.822.198	48.564.413	24.857.698	39.495.381	95.422.815	39.522.814	5.139.374	<b>272.824.693</b>
Total Liabilities	29.242.876	107.925.447	30.619.370	28.374.839	31.730.909	12.555.594	32.375.658	<b>272.824.693</b>
<b>Net Liquidity Gap</b>	<b>(9.420.678)</b>	<b>(59.361.034)</b>	<b>(5.761.672)</b>	<b>11.120.542</b>	<b>63.691.906</b>	<b>26.967.220</b>	<b>(27.236.284)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	201.527	(513.645)	562.108	2.315.237	1.332.727	-	<b>3.897.954</b>
Financial Derivative Liabilities	-	18.665.124	22.403.033	44.107.596	82.832.084	35.272.581	-	<b>203.280.418</b>
Financial Derivative Liabilities	-	18.463.597	22.916.678	43.545.488	80.516.847	33.939.854	-	<b>199.382.464</b>
<b>Non-cash Loans (****)</b>	<b>-</b>	<b>2.171.329</b>	<b>4.213.866</b>	<b>13.596.581</b>	<b>3.808.002</b>	<b>16.835.784</b>	<b>-</b>	<b>40.625.562</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, stationary, pre-paid expenses and loans under follow-up, are shown in this column.

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

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

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

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**Breakdown of liabilities due to their remaining contractual maturities:**

<b>Current Period - 31 December 2017</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>Total</b>
<b>Liabilities</b>						
Deposits	151.600.400	23.656.611	10.479.738	82.475	16	<b>185.819.240</b>
Funds borrowed from other financial institutions	468.389	6.417.418	10.439.813	9.956.980	4.159.807	<b>31.442.407</b>
Funds from interbank money market	6.676.609	1.847.044	3.236.516	15.176.936	1.688.923	<b>28.626.028</b>
Marketable Securities Issued (Net)	1.259.080	4.723.179	970.463	5.832.363	3.461.090	<b>16.246.175</b>

<b>Prior Period - 31 December 2016</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>Total</b>
<b>Liabilities</b>						
Deposits	124.526.470	23.535.956	11.282.175	64.180	13	<b>159.408.794</b>
Funds borrowed from other financial institutions	356.924	5.933.922	9.612.076	11.323.402	5.311.036	<b>32.537.360</b>
Funds from interbank money market	6.181.570	330.862	3.940.518	12.857.764	3.335.945	<b>26.646.659</b>
Marketable Securities Issued (Net)	698.747	139.411	1.995.935	5.821.295	3.844.774	<b>12.500.162</b>

**Breakdown of derivative instruments due to their remaining contractual maturities:**

<b>Current Period - 31 December 2017</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>Derivatives held for trading</b>					
Foreign exchange derivatives:					
- Inflow	38.509.904	19.316.519	35.743.578	39.513.485	6.282.312
- Outflow	(34.981.843)	(19.538.983)	(35.485.062)	(38.462.093)	(5.873.474)
Interest rate derivatives:					
- Inflow	20.575	128.597	516.873	1.842.466	874.125
- Outflow	(21.283)	(130.167)	(529.326)	(1.774.198)	(812.490)
<b>Derivatives held for hedging</b>					
Foreign exchange derivatives:					
- Inflow	4.127	10.440	51.413	3.622.451	-
- Outflow	(20.158)	(41.800)	(181.991)	(2.967.916)	-
Interest rate derivatives:					
- Inflow	11.011	43.657	155.020	744.647	165.899
- Outflow	(12.565)	(55.728)	(151.060)	(655.238)	(167.641)
<b>Total Inflow</b>	<b>38.545.617</b>	<b>19.499.213</b>	<b>36.466.884</b>	<b>45.723.049</b>	<b>7.322.336</b>
<b>Total Outflow</b>	<b>(35.035.849)</b>	<b>(19.766.678)</b>	<b>(36.347.439)</b>	<b>(43.859.445)</b>	<b>(6.853.605)</b>

<b>Prior Period - 31 December 2016</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>Derivatives held for trading</b>					
Foreign exchange derivatives:					
- Inflow	23.080.242	28.044.405	40.592.269	35.933.435	7.331.679
- Outflow	(22.143.294)	(27.278.946)	(40.259.576)	(34.810.360)	(6.574.162)
Interest rate derivatives:					
- Inflow	12.516	106.766	421.875	1.801.993	968.872
- Outflow	(8.102)	(99.474)	(393.605)	(1.653.698)	(876.187)
<b>Derivatives held for hedging</b>					
Foreign exchange derivatives:					
- Inflow	4.321	3.317	29.464	3.450.987	-
- Outflow	(27.886)	(53.304)	(163.148)	(3.359.903)	-
Interest rate derivatives:					
- Inflow	1.744	28.421	76.920	546.199	228.568
- Outflow	(6.420)	(49.212)	(114.891)	(534.249)	(210.855)
<b>Total Inflow</b>	<b>23.098.823</b>	<b>28.182.909</b>	<b>41.120.528</b>	<b>41.732.614</b>	<b>8.529.119</b>
<b>Total Outflow</b>	<b>(22.185.702)</b>	<b>(27.480.936)</b>	<b>(40.931.220)</b>	<b>(40.358.210)</b>	<b>(7.661.204)</b>

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**VII. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 31 December 2017, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8,83% (31 December 2016: 8,21%). 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</b>
	<b>31 December 2017 (*)</b>	<b>31 December 2016(*)</b>
<b>Balance sheet Assets</b>		
1	302.498.411	256.291.887
2	(69.348)	(99.187)
3	302.429.063	256.192.700
<b>Derivative financial assets and credit derivatives</b>		
4	10.030.327	7.076.012
5	3.966.227	3.978.805
6	13.996.554	11.054.817
<b>Financing transactions secured by marketable security or commodity</b>		
7	4.676.303	2.715.734
8	-	-
9	4.676.303	2.715.734
<b>Off-balance sheet transactions</b>		
10	124.637.498	97.124.440
11	(618.663)	(505.547)
12	124.018.835	96.618.893
<b>Capital and total risk</b>		
13	39.301.783	30.101.691
14	445.120.755	366.582.144
<b>Leverage ratio</b>		
15	8,83	8,21

(\*) Three months average values

**VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:**

**a. Calculations of financial assets and liabilities at their fair values:**

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand deposit represents the amount to be paid upon request. The fair value of the overnight deposit represents the carrying value. The expected fair value of the fixed rate deposit is calculated by discounted cash flow with the use of the market interest rates of similar liabilities and loans.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

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	Carrying Value		Fair Value	
	Current Period 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017	Prior Period 31 December 2016
<b>Financial Assets</b>	<b>259.867.509</b>	<b>222.300.863</b>	<b>256.723.544</b>	<b>223.614.369</b>
Interbank Money Market Placements	1.552.161	-	1.551.010	-
Banks	8.116.779	9.972.809	8.110.019	9.970.442
Available-for-Sale Financial Assets (Net)	40.806.570	32.523.464	40.806.570	32.523.464
Held-to-Maturity Investments (Net)	18.883.032	17.976.682	19.082.300	17.931.986
Loans	190.508.967	161.827.908	187.173.645	163.188.477
<b>Financial Liabilities</b>	<b>234.346.575</b>	<b>204.738.996</b>	<b>233.990.536</b>	<b>203.834.412</b>
Bank Deposits	12.959.941	6.498.363	12.950.100	6.495.072
Other Deposits	171.944.508	152.379.829	171.895.026	152.404.481
Borrowings	29.671.780	30.066.936	29.180.324	29.123.857
Marketable Securities Issued (Net)	13.853.149	10.617.494	14.047.889	10.634.628
Miscellaneous Payables	5.917.197	5.176.374	5.917.197	5.176.374

**b. Fair value hierarchy:**

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

- Quoted market prices (non-adjusted) (1st level).
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level).
- Data not based on observable data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank according to the foregoing principles is given in the table below:

Current Period - 31 December 2017	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	-	-	-	-
- Share Certificates	-	-	-	-
- Trading Derivative Financial Assets	2.328	8.275.179	-	8.277.507
- Other Marketable Securities	-	-	-	-
Available-For-Sale Financial Assets				
- Government Debt Securities	36.816.619	-	-	36.816.619
- Share Certificates	-	84.865	-	84.865
- Other Marketable Securities	3.754.049	138.027	-	3.892.076
Hedging Derivative Financial Assets	-	1.134.854	-	1.134.854
Loans	-	187.173.645	-	187.173.645
Held to Maturity Investments (Net)				
- Government Debt Securities	15.592.016	-	-	15.592.016
- Other Marketable Securities	3.490.284	-	-	3.490.284
<b>Total Assets</b>	<b>59.655.296</b>	<b>196.806.570</b>	-	<b>256.461.866</b>
Trading Derivative Financial Liabilities	186	5.520.067	-	5.520.253
Hedging Derivative Financial Liabilities	-	74.911	-	74.911
Deposits	-	184.845.126	-	184.845.126
Funds Borrowed	-	29.180.324	-	29.180.324
Funds from Interbank Money Market	-	26.347.282	-	26.347.282
Securities Issued (Net)	-	14.047.889	-	14.047.889
<b>Total Liabilities</b>	<b>186</b>	<b>260.015.599</b>	-	<b>260.015.785</b>



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<b>Prior Period - 31 December 2016</b>	<b>1st Level</b>	<b>2nd Level</b>	<b>3rd Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	-	-	-	-
- Share Certificates	-	-	-	-
- Trading Derivative Financial Assets	2.642	7.723.069	-	7.725.711
- Other Marketable Securities	-	-	-	-
Available-For-Sale Financial Assets				
- Government Debt Securities	29.240.863	-	-	29.240.863
- Share Certificates	-	54.344	-	54.344
- Other Marketable Securities	3.047.718	167.707	-	3.215.425
Hedging Derivative Financial Assets	-	806.736	-	806.736
Loans	-	163.188.477	-	163.188.477
Held to Maturity Investments (Net)				
- Government Debt Securities	15.204.839	-	-	15.204.839
- Other Marketable Securities	2.727.147	-	-	2.727.147
<b>Total Assets</b>	<b>50.223.209</b>	<b>171.940.333</b>	<b>-</b>	<b>222.163.542</b>
Trading Derivative Financial Liabilities	4.388	4.509.420	-	4.513.808
Hedging Derivative Financial Liabilities	-	98.645	-	98.645
Deposits	-	158.899.553	-	158.899.553
Funds Borrowed	-	29.123.857	-	29.123.857
Funds from Interbank Money Market	-	24.280.273	-	24.280.273
Securities Issued (Net)	-	10.634.628	-	10.634.628
<b>Total Liabilities</b>	<b>4.388</b>	<b>227.546.376</b>	<b>-</b>	<b>227.550.764</b>

As explained in the note of VII-b of the Third Section, share certificates classified as available-for-sale are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably.

There are no transfers between the 1st and the 2nd levels in the current year.

**IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:**

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

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

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

**a. Explanations on Risk Management and Risk Weighted Amount (RWA)**

1. The Bank's risk management approach:

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

- Effective risk management within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors fulfills its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

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The Board of Directors regularly reviews and approves Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Executive Risk Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner. The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyze the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

2. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017
1 Credit risk (excluding counterparty credit risk) (CCR)	222.052.846	196.399.409	17.764.228
2 Standardized approach (SA)	222.052.846	196.399.409	17.764.228
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	15.404.555	13.006.972	1.232.364
5 Standardized approach for counterparty credit risk (SA-CCR)	15.404.555	13.006.972	1.232.364
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	277.987	212.244	22.239
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	624	75	50
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	4.646.252	3.621.138	371.700
17 Standardized approach (SA)	4.646.252	3.621.138	371.700
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	18.408.659	16.506.284	1.472.693
20 Basic Indicator Approach	18.408.659	16.506.284	1.472.693
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>260.790.923</b>	<b>229.746.122</b>	<b>20.863.274</b>

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**b. Linkages between financial statements and regulatory exposures:**

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

	Carrying values of items					
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
<b>Current Period - 31.12.2017</b>						
<b>Assets</b>						
Cash and balances at central bank	35.363.166	35.363.166	-	-	-	-
Financial assets held for trading	8.277.507	-	8.277.507	-	3.339.953	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Banks	8.116.779	8.116.779	-	-	-	-
Receivables from money markets	1.552.161	1.552.161	-	-	-	-
Available for sale financial assets (net)	40.806.570	36.754.888	-	-	4.031.647	20.035
Loans and receivables	190.508.967	190.502.446	-	-	-	6.521
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	18.883.032	18.883.032	-	-	-	-
Investments in associates (net)	3.923	3.923	-	-	-	-
Investments in subsidiaries (net)	4.133.098	4.133.098	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Leasing receivables	-	-	-	-	-	-
Derivative financial assets held for hedges	1.134.854	-	1.134.854	-	-	-
Tangible assets (net)	3.416.438	3.398.106	-	-	-	18.332
Intangible assets (net)	471.650	-	-	-	-	471.650
Investment properties (net)	-	-	-	-	-	-
Tax assets	9.075	9.075	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	57.520	57.520	-	-	-	-
Other assets	3.296.128	3.296.128	-	-	-	-
<b>Total assets</b>	<b>316.030.868</b>	<b>302.070.322</b>	<b>9.412.361</b>	<b>-</b>	<b>7.371.600</b>	<b>516.538</b>
<b>Liabilities</b>						
Deposits	184.904.449	-	-	-	-	184.904.449
Derivative financial liabilities held for trading	5.520.253	-	5.520.253	-	2.450.482	5.520.253
Loans	29.671.780	-	-	-	-	29.671.780
Debt to money markets	27.283.040	-	27.283.040	-	-	27.283.040
Debt securities in issue	13.853.149	-	-	-	-	13.853.149
Funds	-	-	-	-	-	-
Various debts	5.917.197	-	-	-	-	5.917.197
Other liabilities	1.101.637	-	-	-	-	1.101.637
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	5.899	-	-	-	-	5.899
Derivative financial liabilities held for hedges	74.911	-	74.911	-	-	74.911
Provisions	3.791.281	-	-	-	-	3.791.281
Tax liability	1.581.767	-	-	-	-	1.581.767
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	1.900.999	-	-	-	-	1.900.999
Equity	40.424.506	-	-	-	-	40.424.506
<b>Total liabilities</b>	<b>316.030.868</b>	<b>-</b>	<b>32.878.204</b>	<b>-</b>	<b>2.450.482</b>	<b>316.030.868</b>

(\*) Unconsolidated financial statements of Bank are stated.

(\*\*) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

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	Carrying values of items					
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
<b>Prior Period - 31.12.2016</b>						
<b>Assets</b>						
Cash and balances at central bank	35.012.272	35.012.272	-	-	-	-
Financial assets held for trading	7.725.711	-	7.725.711	-	2.828.947	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-
Banks	9.972.809	9.972.809	-	-	-	-
Receivables from money markets	-	-	-	-	-	-
Available for sale financial assets (net)	32.523.464	29.851.615	-	-	2.643.089	28.760
Loans and receivables	161.827.908	161.817.083	-	-	-	10.825
Factoring receivables	-	-	-	-	-	-
Held to maturity investments (net)	17.976.682	17.961.263	-	-	15.419	-
Investments in associates (net)	3.923	3.923	-	-	-	-
Investments in subsidiaries (net)	1.525.941	1.525.941	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Leasing receivables	-	-	-	-	-	-
Derivative financial assets held for hedges	806.736	-	806.736	-	-	-
Tangible assets (net)	875.202	847.941	-	-	-	27.261
Intangible assets (net)	356.672	-	-	-	-	356.672
Investment properties (net)	-	-	-	-	-	-
Tax assets	14.295	14.295	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	42.343	42.324	-	-	-	19
Other assets	2.352.512	2.352.512	-	-	-	-
<b>Total assets</b>	<b>271.016.470</b>	<b>259.401.978</b>	<b>8.532.447</b>	<b>-</b>	<b>5.487.455</b>	<b>423.537</b>
<b>Liabilities</b>						
Deposits	158.878.192	-	-	-	-	158.878.192
Derivative financial liabilities held for trading	4.513.808	-	4.513.808	-	2.236.153	4.513.808
Loans	30.066.936	-	-	-	-	30.066.936
Debt to money markets	25.383.017	-	25.383.017	-	-	25.383.017
Debt securities in issue	10.617.494	-	-	-	-	10.617.494
Funds	-	-	-	-	-	-
Various debts	5.176.374	-	-	-	-	5.176.374
Other liabilities	1.399.996	-	-	-	-	1.399.996
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	28.321	-	-	-	-	28.321
Derivative financial liabilities held for hedges	98.645	-	98.645	-	-	98.645
Provisions	3.516.125	-	-	-	-	3.516.125
Tax liability	682.980	-	-	-	-	682.980
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-
Equity	30.654.582	-	-	-	-	30.654.582
<b>Total liabilities</b>	<b>271.016.470</b>	<b>-</b>	<b>29.995.470</b>	<b>-</b>	<b>2.236.153</b>	<b>271.016.470</b>

(\*) Unconsolidated financial statements of Bank are stated.

(\*\*) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column

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2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

<b>Current Period - 31.12.2017</b>		<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to securitisation framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>315.514.330</b>	<b>302.070.322</b>	<b>-</b>	<b>9.412.361</b>	<b>7.371.600</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	32.878.204	(2.450.482)
3	Total net amount under regulatory scope of consolidation	<b>315.514.330</b>	<b>302.070.322</b>	<b>-</b>	<b>42.290.565</b>	<b>4.921.118</b>
4	Off-balance sheet amounts	357.753.033	32.424.231	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	4.380.388	-	-	-
8	Differences due to prudential filters	-	-	-	-	(274.867)
9	Differences due to risk reduction	-	(5.389.700)	-	(23.890.430)	-
<b>10</b>	<b>Exposure amounts considered for regulatory</b>		<b>333.485.241</b>	<b>-</b>	<b>18.400.135</b>	<b>4.646.251</b>

(\*)The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

<b>Prior Period - 31.12.2016</b>		<b>Total</b>	<b>Items subject to credit risk framework</b>	<b>Items subject to securitisation framework</b>	<b>Items subject to counterparty credit risk framework</b>	<b>Items subject to market risk framework</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>270.592.933</b>	<b>259.401.978</b>	<b>-</b>	<b>8.532.447</b>	<b>5.487.455</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	(29.995.470)	(2.236.153)
3	Total net amount under regulatory scope of consolidation	<b>270.592.933</b>	<b>259.401.978</b>	<b>-</b>	<b>38.527.917</b>	<b>7.723.608</b>
4	Off-balance sheet amounts	304.618.317	32.927.226	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	(4.102.470)
9	Differences due to risk reduction	-	(755.064)	-	(22.923.619)	-
<b>10</b>	<b>Exposure amounts considered for regulatory</b>		<b>291.574.140</b>	<b>-</b>	<b>15.604.298</b>	<b>3.621.138</b>

(\*)The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

3. Explanations of differences between accounting and regulatory exposure amounts:

a) Differences between accounting and regulatory exposure amounts

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

b) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

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In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

**c. Credit risk explanations:**

1. General qualitative information about credit risk:

Risk limits are defined by Board of Directors in a such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. During the process of credit risk management, the Risk Management Department conducts measurement, monitoring and reporting activities of the credit risk using statistical models. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are carried out by the Board of Directors, the Audit Committee, the Executive Risk Committee, Internal Audit, Internal Control, Risk Management activities and Internal Systems Responsible.

The Board of Directors is responsible for determining the risk baseline of the Bank, the risk approach and the level of risk taking. The Board of Directors manages the risks through the Executive Risk Committee. The committee is responsible for establishing risk policies, determining methods for measuring and managing risks, and establishing and monitoring appropriate risk limits. All risk policies established by the Executive Risk Committee are written and integrated into the Bank's long-term general strategy.

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2. Credit quality of assets:

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

Prior Period 31.12.2016		Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	4.267.191	161.672.938	6.610.538	159.329.591
2	Debt Securities	-	50.220.726	54.947	50.165.779
3	Off-balance sheet exposures	198.157	101.620.937	205.654	101.613.440
<b>4</b>	<b>Total</b>	<b>4.465.348</b>	<b>313.514.601</b>	<b>6.871.139</b>	<b>311.108.810</b>

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

		Current Period 31.12.2017	Prior Period 31.12.2016
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>4.465.348</b>	<b>3.532.825</b>
2	Loans and debt securities that have defaulted since the last reporting period	1.897.129	2.120.026
3	Returned to non-defaulted status	68.363	24.803
4	Amounts written off	727.153	469.585
5	Other changes	853.573	693.115
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions</b>	<b>4.713.388</b>	<b>4.465.348</b>

4. Additional disclosure related to the credit quality of assets:

a) Definitions of overdue and provision allocated receivables are presented in Note II-o of Section Four:

b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2017.

c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of Section Three:

d) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enhance customer's ability to repay the loan. Besides, apart from credit risk, it involves changes in the contractual conditions with the demand of customer. While Non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

e) Breakdown of receivables by geographical area, sector and outstanding maturity:

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Breakdown by geographical area:

	<b>Current Period</b> <b>31.12.2017</b>	<b>Prior Period</b> <b>31.12.2016</b>
Domestic	184.912.055	156.356.902
European Union Countries	4.915.168	4.771.616
OECD Countries (*)	3.710	2.075
Off-Shore Banking Regions	-	2
USA, Canada	23.505	5.635
Other	501.910	536.708
<b>Total</b>	<b>190.356.348</b>	<b>161.672.938</b>

(\*)OECD Countries other than EU countries, USA and Canada.

Breakdown by sector

	<b>Current Period</b> <b>31.12.2017</b>	<b>Prior Period</b> <b>31.12.2016</b>
Agricultural	369.981	162.329
Farming and raising livestock	251.972	84.875
Forestry	106.340	77.099
Fishing	11.669	355
Manufacturing	40.280.727	35.705.685
Mining	1.033.545	1.584.514
Production	25.106.013	20.820.393
Electricity, Gas, Water	14.141.169	13.300.778
Construction	25.950.568	18.947.430
Services	70.963.794	57.867.537
Wholesale and Retail Trade	28.828.149	23.070.094
Hotel,Food,Beverage Services	4.345.953	3.888.003
Transportation and	9.477.783	7.914.134
Telecommunication	24.138.559	18.691.210
Financial Institutions	519.587	1.365.815
Real Estate and Lending Services	573.440	564.786
Education Service	624.867	387.134
Health and social Services	2.455.456	1.986.361
Other	52.791.278	48.989.957
<b>Total</b>	<b>190.356.348</b>	<b>161.672.938</b>

Breakdown by outstanding maturity:

<b>Current Period</b> <b>31.12.2017</b>	<b>Up to 1</b> <b>Month</b>	<b>1 - 3 Months</b>	<b>3 - 12</b> <b>Months</b>	<b>1 - 5 Years</b>	<b>5 Years</b> <b>and Over</b>	<b>Total</b>
<b>Loans</b>	25.190.270	23.787.817	40.663.720	77.428.346	23.286.195	<b>190.356.348</b>
<b>Prior Period</b> <b>31.12.2016</b>	<b>Up to 1</b> <b>Month</b>	<b>1 - 3 Months</b>	<b>3 - 12</b> <b>Months</b>	<b>1 - 5 Years</b>	<b>5 Years</b> <b>and Over</b>	<b>Total</b>
<b>Loans</b>	22.465.761	23.621.766	35.090.090	58.967.343	21.527.978	<b>161.672.938</b>



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f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

	Current Period-31.12.2017		Prior Period-31.12.2016	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Domestic	4.531.507	4.378.888	4.266.137	4.111.167
European Union Countries	669	669	649	649
OECD Countries (*)	-	-	-	-
Off-Shore Banking Regions	30	30	3	3
USA, Canada	119	119	81	81
Other	386	386	321	321
<b>Total</b>	<b>4.532.711</b>	<b>4.380.092</b>	<b>4.267.191</b>	<b>4.112.221</b>

(\*) OECD Countries other than EU countries, USA and Canada.

Breakdown by sector:

	Current Period-31.12.2017		Prior Period-31.12.2016	
	Loans Under Follow-up	Provisions	Loans Under Follow-up	Provisions
Agricultural	12.380	12.380	11.276	11.276
Farming and raising				
livestock	9.253	9.253	9.971	9.971
Forestry	2.397	2.397	1.246	1.246
Fishing	730	730	59	59
Manufacturing	579.096	579.096	381.020	381.020
Mining	33.009	33.009	26.672	26.672
Production	532.043	532.043	346.738	346.738
Electricity, Gas, Water	14.044	14.044	7.610	7.610
Construction	248.548	248.548	144.750	144.750
Services	1.497.661	1.345.042	1.278.472	1.123.502
Wholesale and Retail				
Trade	1.055.767	1.055.767	874.098	874.098
Hotel,Food,Beverage				
Services	273.096	120.477	264.419	109.449
Transportation and				
Telecommunication	61.036	61.036	63.888	63.888
Financial Institutions	13.579	13.579	2.444	2.444
Real Estate and				
Lending Services	5.923	5.923	2.940	2.940
Self employment				
Service	4.556	4.556	4.820	4.820
Education Service	33.656	33.656	29.379	29.379
Health and social				
Services	50.048	50.048	36.484	36.484
Other	2.195.026	2.195.026	2.451.673	2.451.673
<b>Total</b>	<b>4.532.711</b>	<b>4.380.092</b>	<b>4.267.191</b>	<b>4.112.221</b>

As of 31 December 2017, Non Performing Loans written-off from Asset amounting to TL 727.153 (31 December 2016: 469.585).

g) Aging analysis for overdue receivables:

	Current Period 31.12.2017	Prior Period 31.12.2016
30-60 days overdue	879.773	2.367.824
60-90 days overdue	572.404	740.243
<b>Total</b>	<b>1.452.177</b>	<b>3.108.067</b>

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h) Breakdown of restructured receivables based on whether or not provisions are allocated:

<b>Restructured Receivables</b>	<b>Current Period 31.12.2017</b>	<b>Prior Period 31.12.2016</b>
Loans restructured from Standard Loans and Other Receivables	3.888.691	2.742.877
Loans restructured from Loans under Follow-up and Other Receivables	3.155.715	3.026.531
Loans restructured from Non-Performing Loans	142.062	177.871

General provision is allocated for the loans restructured from standard loans and loans under Follow-up and other receivables, specific provision is allocated for the loans restructured from non-performing loans.

i) Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The risk amount and the amount of collateral are also compared against the value losses that may occur in the collateral, and in case of gap between risk and collateral, the Bank Monitoring System automatically generates "Risky Transaction Registration".

In the calculation of capital adequacy ratio, real estate mortgages are subject to valuation process in accordance with the related legislation. There is no physical collateral used for risk reduction other than real estate.

Financial guarantees used in capital adequacy calculations are blocked deposits held at the bank and there is no netting other than these.

Collateral management processes are written in credit policies and checks are made to ensure that there is no concentration of third party guarantor type and collateral.

5. Credit risk mitigation techniques – overview:

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

		<b>Exposures unsecured of (according to TAS)</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral, of which secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Financial guarantees, of which secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which secured amount</b>
<b>Prior Period 31.12.2016</b>								
1	Loans	159.080.405	249.186	242.042	-	-	-	-
2	Debt Securities	50.165.779	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>209.246.184</b>	<b>249.186</b>	<b>242.042</b>	-	-	-	-
4	Of which defaulted	4.431.237	-	-	-	-	-	-

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6. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

The ratings given by the international credit rating agency Fitch Ratings are used to determine the risk weights to be applied in the calculation of capital adequacy. Fitch Ratings are limited to the receivables of the counterparty residing abroad; central government or central banks, banks and corporate receivables.

7. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

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

Prior Period - 31.12.2016		Exposures before credit		Exposures post-credit		RWA and RWA density	
		conversion factor and CRM		conversion factor and CRM		RWA	RWA density
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Exposures to central governments or central banks	76.062.018	3.641.222	76.062.018	72.683	25.386.083	33,34%
2	Exposures to regional governments or local authorities	-	250	-	50	25	50,00%
3	Exposures to public sector entities	36.007	21.890	36.006	5.947	41.953	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	17.487.358	67.534.108	17.487.358	21.930.526	16.498.554	41,86%
7	Exposures to corporates	93.797.798	42.897.460	93.745.169	21.572.155	112.207.650	97,30%
8	Retail exposures	46.326.371	32.522.909	46.142.581	3.796.036	37.453.963	75,00%
9	Exposures secured by residential property	11.138.435	172.492	11.132.846	67.456	3.920.106	35,00%
10	Exposures secured by commercial real estate	8.944.111	909.766	8.944.069	558.569	6.154.894	64,77%
11	Past-due loans	154.970	-	154.970	-	154.970	100,00%
12	Higher-risk categories by the Agency Board	-	235	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	212.244	248.632	212.244	15.089	227.332	100,00%
16	Other assets	3.645.626	-	3.645.626	-	1.833.274	50,29%
17	Investments in equities	1.597.040	-	1.597.040	-	1.597.040	100,00%
<b>18</b>	<b>Total</b>	<b>259.401.978</b>	<b>147.948.964</b>	<b>259.159.927</b>	<b>48.018.511</b>	<b>205.475.843</b>	<b>66,89%</b>

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

	<b>Current Period -31.12.2017</b>										<b>Other risk weights</b>	<b>Total risk amount (**)</b>
<b>Assest classes/ Risk weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50% (*)</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>			
1 Exposures to central governments or central banks	59.246.507	-	228.972	-	-	-	25.372.720	-	-	-	-	84.848.199
2 Exposures to regional governments or local authorities	-	-	-	-	55	-	-	-	-	-	-	55
3 Exposures to public sector entities	-	-	-	-	-	-	11.975	-	-	-	-	11.975
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	19.076	-	10.390.060	-	13.946.092	-	8.999.414	-	-	-	-	33.354.642
7 Exposures to corporates	842.156	-	932.059	-	4.663.391	-	134.378.525	-	-	-	-	140.816.131
8 Retail exposures	-	-	-	-	-	56.877.167	-	-	-	-	-	56.877.166
9 Exposures secured by residential property	-	-	-	-	-	11.625.661	1.444.375	-	-	-	-	13.070.035
10 Exposures secured by commercial real estate	-	-	-	-	-	1.343.625	9.852.901	-	-	-	-	11.196.526
11 Past-due loans	-	-	-	-	-	-	152.619	-	-	-	-	152.619
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	278.000	-	-	-	-	278.000
16 Investments in equities	-	-	-	-	-	-	4.234.896	-	-	-	-	4.234.896
17 Other assets	2.266.139	-	41.548	-	-	-	4.737.446	-	-	-	-	7.045.133
<b>18 Total</b>	<b>62.373.878</b>	<b>-</b>	<b>11.592.639</b>	<b>-</b>	<b>18.609.538</b>	<b>69.846.453</b>	<b>189.462.870</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351.885.377</b>

(\*)Secured by real estate

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

	<b>Prior Period -31.12.2016</b>										<b>Other risk weights</b>	<b>Total risk amount (**)</b>
<b>Assest classes/ Risk weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50% (*)</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>			
1 Exposures to central governments or central banks	28.830.466	-	163.991	-	50.677.979	-	14.295	-	-	-	-	76.134.701
2 Exposures to regional governments or local authorities	-	-	-	-	50	-	-	-	-	-	-	50
3 Exposures to public sector entities	4.088	-	-	-	-	-	41.953	-	-	-	-	41.953
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	18.681.545	-	11.022.602	-	28.167.166	-	210.450	-	-	-	-	39.417.884
7 Exposures to corporates	2.184.915	-	182.913	-	3.620.143	-	110.348.093	5.123	-	-	-	115.317.324
8 Retail exposures	358.380	-	-	-	-	49.938.617	-	-	-	-	-	49.938.617
9 Exposures secured by residential property	5.588	-	-	11.200.302	-	-	-	-	-	-	-	11.200.302
10 Exposures secured by commercial real estate	43	-	-	-	6.695.488	-	2.807.150	-	-	-	-	9.502.638
11 Past-due loans	-	-	-	-	-	-	154.970	-	-	-	-	154.970
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	233.511	-	-	-	-	-	227.333	-	-	-	-	227.333
16 Investments in equities	-	-	-	-	-	-	1.597.040	-	-	-	-	1.597.040
17 Other assets	1.699.801	-	140.688	-	-	-	1.805.137	-	-	-	-	3.645.626
<b>18 Total</b>	<b>51.998.337</b>	<b>-</b>	<b>11.510.194</b>	<b>11.200.302</b>	<b>89.160.826</b>	<b>49.938.617</b>	<b>117.206.421</b>	<b>5.123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307.178.438</b>

(\*)Secured by real estate

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

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**d. Counterparty Credit Risk (CCR) Explanations:**

1. Qualitative disclosure related to counterparty credit risk:

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies, corporate segment, micro segment customers, private banking customers and individual customers. The products are grouped as interest swap transactions, foreign currency option transactions (plain vanilla), foreign exchange option transactions (exotic), interest option transactions, commodity Transactions, credit derivatives and repo transactions.

"Conformity Test" is applied to the customers to determine whether the products to be presented to the customers are in compliance with the customers' financial status and their knowledge and experience. The tests to be applied are prepared in a way that bank can evaluate the information received from the customers with the method including "risk and return preference" and knowledge and experience" classifications determined by the Bank.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For the transactions within the scope of the CCR, appropriate limits to the risk appetite, policies and strategies of the Bank are determined. The determined limits are approved by the Board of Directors for the banks. For the firms and individuals apart from banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined separately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

In counterparty credit risk management of financial institutions, risk mitigation methods such as netting agreements, collateral and "margin" agreements are used. Collateralization principles and procedures are applied for companies and individuals other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

The risk of reverse tendency within the scope of the CKR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

-Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.

-It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

To avoid the risk of specific counter trend risk;

-In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.

-In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

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For the actions taken under the CCR, the obligation to provide additional collateral due to the possible decline in the credibility of the Bank is followed.

2. Analysis of counterparty credit risk exposure by approach:

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

(\*) Effective Expected Positive Exposure

	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
<b>Prior Period - 31.12.2016</b>						
1	8.317.863	4.160.056	-	1,4	12.477.919	7.445.180
Standardised Approach (for derivatives)						
Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
2	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
3	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)						
4	-	-	-	-	3.126.379	1.419.010
VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit						
5	-	-	-	-	3.126.379	1.419.010
<b>6</b>						<b>8.864.190</b>

(\*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

	Current Period 31.12.2017		Prior Period 31.12.2016	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3xmultiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3xmultiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	10.999.259	4.091.182	12.477.919	4.137.494
<b>4 Total subject to the CVA capital charge</b>	<b>10.999.259</b>	<b>4.091.182</b>	<b>12.477.919</b>	<b>4.137.494</b>

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

**Current Period - 31.12.2017**

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

(\*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

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

**Prior Period - 31.12.2016**

<b>Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit exposure*</b>
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	50.214	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	1.289	-	-	1.289
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	1.977.399	9.963.895	-	2.612	-	-	5.380.039
Corporates	110.355	-	9	9.953	-	3.430.748	-	-	3.435.726
Retail portfolios	-	-	-	-	42.742	-	-	-	32.057
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	15.079	-	-	15.079
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>160.569</b>	<b>-</b>	<b>1.977.408</b>	<b>9.973.848</b>	<b>42.742</b>	<b>3.449.728</b>	<b>-</b>	<b>-</b>	<b>8.864.190</b>

(\*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

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

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

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6. Credit derivatives exposures:

	Current Period - 31.12.2017		Prior Period - 31.12.2016	
	Protection bought	Protection sold	Protection bought	Protection sold
<b>Nominal</b>				
Single-name credit default swaps	-	18.700	-	-
Index credit default swaps	-	-	-	-
Total return swaps	6.127.434	4.541.941	6.635.216	4.931.513
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total notionals</b>	<b>6.127.434</b>	<b>4.560.641</b>	<b>6.635.216</b>	<b>4.931.513</b>
<b>Fair values</b>				
Positive fair value (asset)	1.581.610	1.581.610	1.643.573	1.643.573
Negative fair value (liability)	-	-	-	-

7. Exposures to central counterparties (CCP):

	Current Period - 31.12.2017		Prior Period - 31.12.2016	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
<b>1 Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		<b>7.633</b>		<b>5.288</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	193.899	7.618	264.211	5.284
3 (i) OTC Derivatives	193.899	7.618	264.211	5.284
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	6.519	15	1.964	4
10 Unfunded default fund contributions	-	-	-	-
<b>11 Exposures to non-QCCPs (total)</b>				
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-	-	-
13 (i) OTC Derivatives	-	-	-	-
14 (ii) Exchange-traded Derivatives	-	-	-	-
15 (iii) Securities financing transactions	-	-	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Pre-funded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

**e. Securitization explanations:** The Bank has no securitization transactions.

**f. Explanations on market risk:**

1. Qualitative disclosure requirements related to market risk:

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.



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Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which have significant impact and the effects of market fluctuations. Retrospective tests of the model outputs are performed regularly. The standard method is used for the legal reporting.

The following table indicates the details of the market risk calculation as of 31 December 2016, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

		Current Period - 31.12.2017	Prior Period - 31.12.2016
		RWA	RWA
<b>Outright products</b>			
1	Interest rate risk (general and specific)	2.782.725	1.954.074
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	1.783.014	1.608.601
4	Commodity risk	-	-
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	80.513	58.463
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>4.646.252</b>	<b>3.621.138</b>

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

**g. Explanations on operational risk:**

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of 31 March 2017 is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2017 is calculated once a year by using the gross income of the Bank in 2014, 2015 and 2016.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2014	31.12.2015	31.12.2016	Total/Positive GI year number	Ratio (%)	Total
Gross income	8.572.601	9.666.236	11.215.018	3	15	1.472.693
Amount subject to Operational Risk (Amount*12,5)						18.408.659

**h. Interest rate risk related to banking book:**

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

In addition to interest rate sensitivities measured and reported weekly, daily and transaction-based analyses are also performed when significant fluctuations occur in markets.

Repricing term mismatch and duration mismatch analyses, net economic value change analyses under different interest rate stress scenarios and income simulations are used for interest rate risk management. Repricing risk, yield curve risk, basis risk and optionality are considered under interest rate risk scope.

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The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no. 28034 on 23 August 2011.

Calculation of the interest rate risk derived from banking books is presented below:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	4.708.734	10,61%
TL	500	(4.918.261)	(11,08%)
USD	(200)	(264.553)	(0,60%)
USD	200	270.187	0,61%
EURO	(200)	94.822	0,21%
EURO	200	(468.449)	(1,05%)
<b>Total (for negative shocks)</b>		<b>4.539.003</b>	<b>10,22%</b>
<b>Total (for positive shocks)</b>		<b>(5.116.523)</b>	<b>(11,52%)</b>

**XI. 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 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 "Hedging reserves" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

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

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

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

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

In accordance with TAS 39, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

The Bank also applies fair value hedge against currency risk resulting from investments abroad. As long as the subject fair value hedge transaction is effective, fair value changes of the hedged item are reflected to income statement.

As of 31 December 2017, 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:

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	Current Period 31.12.2017			Prior Period 31.12.2016		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	973.630	-	2.497.225	682.966	-
-FC	26.913.498	161.224	74.911	20.737.803	123.770	98.645
<b>Total</b>	<b>29.410.723</b>	<b>1.134.854</b>	<b>74.911</b>	<b>23.235.028</b>	<b>806.736</b>	<b>98.645</b>

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

**Current Period: 31.12.2017**

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

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

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

**Prior Period: 31.12.2016**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(94.580)	89.557	(5.023)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	784.031	(776.488)	7.543

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

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

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

As of 31 December 2017 fair value 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 31 December 2017, 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 15.256 [31 December 2016: TL 12.845].

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**2. 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	131.448	-	12.793	(22.824)	215

As of 31 December 2017 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 31 December 2017, 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 (18.772) (31 December 2016: TL (43.584)).

**XII. EXPLANATIONS ON BUSINESS SEGMENTS:**

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

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

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

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

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

Information on business segments as of 31 December 2017 and 31 December 2016 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	<b>Consumer Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Current Period – 31 December 2017</b>					
Operating Income	4.431.311	6.408.593	1.204.424	1.580.185	13.624.513
Profit from Operating Activities	1.908.223	4.428.191	968.166	(154.908)	7.149.672
Income from Subsidiaries	-	-	-	1.822	1.822
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	365.117	365.117
Profit before Tax	1.908.223	4.428.191	968.166	212.031	7.516.611
Corporate Tax	-	-	-	(1.477.542)	(1.477.542)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.908.223	4.428.191	968.166	(1.265.511)	6.039.069
Segment Assets	53.929.605	157.464.085	87.767.727	-	299.161.417
Investments in Associates	-	-	-	-	4.137.021
Undistributed Assets	-	-	-	-	12.732.430
Total Assets	-	-	-	-	316.030.868
Segment Liabilities	94.762.137	85.190.850	85.734.750	-	265.687.737
Undistributed Liabilities	-	-	-	-	9.918.625
Shareholders' Equity	-	-	-	-	40.424.506
Total Liabilities	-	-	-	-	316.030.868
Other Segment Items					
Capital Investment	-	-	-	473.075	473.075
Amortization	(21.112)	(16.823)	-	(233.256)	(271.191)
Non-cash Other Income-Expense	(284.443)	(113.985)	(54.107)	(1.370.040)	(1.822.575)

	<b>Consumer Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Prior Period – 31 December 2016</b>					
Operating Income	4.248.437	5.976.327	1.074.902	872.267	12.171.933
Profit from Operating Activities	1.574.410	3.843.123	850.302	(591.763)	5.676.072
Income from Subsidiaries	-	-	-	715	715
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	347.546	347.546
Profit before Tax	1.574.410	3.843.123	850.302	(243.502)	6.024.333
Corporate Tax	-	-	-	(1.203.878)	(1.203.878)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.574.410	3.843.123	850.302	(1.447.380)	4.820.455
Segment Assets	50.388.066	130.338.728	78.035.997	-	258.762.791
Investments in Associates	-	-	-	-	3.338.087
Undistributed Assets	-	-	-	-	10.723.815
Total Assets	-	-	-	-	272.824.693
Segment Liabilities	83.888.360	74.548.153	73.883.113	-	232.319.626
Undistributed Liabilities	-	-	-	-	8.129.409
Shareholders' Equity	-	-	-	-	32.375.658
Total Liabilities	-	-	-	-	272.824.693
Other Segment Items					
Capital Investment	-	-	-	439.784	439.784
Amortization	(28.773)	(22.036)	-	(164.116)	(214.925)
Non-cash Other Income-Expense	(543.165)	(840.898)	(109.719)	(723.476)	(2.217.258)

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

[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		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
Cash/Foreign Currency	1.427.722	735.952	1.135.289	559.565
The CBRT (*)	7.033.859	26.021.620	4.228.312	28.943.471
Other (**)	1	144.012	1	145.634
<b>Total</b>	<b>8.461.582</b>	<b>26.901.584</b>	<b>5.363.602</b>	<b>29.648.670</b>

(\*) Precious metal account amounting to TL 5.118.058 are included in FC (31 December 2016: TL 734.867).

(\*\*) Precious metal account amounting to TL 102.465 are included in FC (31 December 2016: TL 4.947).

2. Information related to the account of the CBRT:

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1.647	-	1.530	-
Unrestricted Time Deposits	3.080.092	-	-	5.173.596
Restricted Time Deposits	-	-	-	-
Reserve Requirement	3.952.120	26.021.620	4.226.782	23.769.875
<b>Total</b>	<b>7.033.859</b>	<b>26.021.620</b>	<b>4.228.312</b>	<b>28.943.471</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 and USD.

The required reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4% and 10,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4% and 24% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2017 (31 December 2016: 4,5% and 24,5% for all foreign currency liabilities).

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

1. As of 31 December 2017, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2016: None) or given as collateral/blocked (31 December 2016: None).

2. Table of positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
Forward Transactions	421.168	-	471.979	-
Swap Transactions	5.098.770	2.555.045	3.816.920	3.174.223
Futures Transactions	-	-	-	-
Options	31.866	170.658	26.984	235.605
Other	-	-	-	-
<b>Total</b>	<b>5.551.804</b>	<b>2.725.703</b>	<b>4.315.883</b>	<b>3.409.828</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

**c. Information on banks account:**

1. Information on banks account:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	10.397	1.468.750	147.485	2.502.619
Foreign	-	6.637.632	306.818	7.015.887
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>10.397</b>	<b>8.106.382</b>	<b>454.303</b>	<b>9.518.506</b>

2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017	Prior Period 31 December 2016
European Union Countries	1.517.919	1.604.802	4.071.661	5.136.317
USA, Canada	589.738	566.740	431.048	-
OECD Countries (*)	12.789	9.974	-	-
Off-Shore Banking Regions	-	17	-	15
Other	6.317	4.738	8.160	102
<b>Total</b>	<b>2.126.763</b>	<b>2.186.271</b>	<b>4.510.869</b>	<b>5.136.434</b>

(\*) OECD Countries other than EU countries, USA and Canada.

(\*\*) Restricted amounts which mainly consist of collaterals related to borrowings are kept in several banks.

**d. Information on available-for-sale financial assets:**

1. As of 31 December 2017, available-for-sale financial assets subject to repurchase agreements amounting to TL 18.926.124 (31 December 2016: TL 15.149.322); and those given as collateral/blocked amounting to TL 2.586.927 (31 December 2016: TL 1.234.185).

2. Information on available-for-sale financial assets:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	Debt Securities	41.508.616		33.347.272
Quoted at Stock Exchange (*)	41.369.497		33.179.565	
Unquoted at Stock Exchange	139.119		167.707	
Share Certificates	97.875		67.176	
Quoted at Stock Exchange	-		-	
Unquoted at Stock Exchange	97.875		67.176	
Impairment Provision (-)	799.921		890.984	
<b>Total</b>	<b>40.806.570</b>		<b>32.523.464</b>	

(\*) Investment funds are included.

**e. Information related to loans:**

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

	Current Period 31 December 2017		Prior Period 31 December 2016	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	246	-	245
Corporate Shareholders	-	246	-	245
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	5.560.592	923.453	4.529.001	900.355
Loans Granted to Employees	113.133	-	105.759	-
<b>Total</b>	<b>5.673.725</b>	<b>923.699</b>	<b>4.634.760</b>	<b>900.600</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring				
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Extension of Repayment Plan	Other Changes	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Extension of Repayment Plan	Other Changes
Non-specialized Loans	179.085.690	3.888.691	-	-	11.270.658	3.155.715	-	-
Loans given to enterprises	27.235.978	783.747	-	-	1.660.787	1.276.524	-	-
Export Loans	7.340.246	155.818	-	-	99.103	82.104	-	-
Import Loans	-	-	-	-	-	-	-	-
Loans Given to Financial Sector	8.587.079	7.670	-	-	-	-	-	-
Consumer Loans	30.865.479	583.612	-	-	1.259.705	701.935	-	-
Credit Cards	13.575.879	428.493	-	-	473.047	331.850	-	-
Other	91.481.029	1.929.351	-	-	7.778.016	763.302	-	-
Specialized Loans	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-
<b>Total</b>	<b>179.085.690</b>	<b>3.888.691</b>	<b>-</b>	<b>-</b>	<b>11.270.658</b>	<b>3.155.715</b>	<b>-</b>	<b>-</b>

The Bank has a cash loan exposure with a principal balance of USD 1.685 billion included accrued interest related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have been continuing among the telecommunication company's shareholders, creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified "loans and other receivables" under close monitoring as of 31 December 2017.

Number of Extension	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	3.709.773	2.468.960
Extended by 3,4 or 5 times	175.383	684.888
Extended by more than 5 times	3.535	1.867
<b>Total</b>	<b>3.888.691</b>	<b>3.155.715</b>

Extension periods	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	788.255	448.951
6 - 12 Months	183.447	245.505
1 - 2 Years	690.857	623.165
2 - 5 Years	1.211.355	1.533.257
5 Years and over	1.014.777	304.837
<b>Total</b>	<b>3.888.691</b>	<b>3.155.715</b>



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3. Breakdown of loans according to their maturities:

	<b>Standard Loans and Other Receivables</b>		<b>Loans and Receivables Under Close Monitoring</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>
Short-term Loans and Other Receivables				
Receivables	48.928.378	732.100	855.925	503.028
Non-Specialized Loans	48.928.378	732.100	855.925	503.028
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables				
Receivables	130.157.312	3.156.591	10.414.733	2.652.687
Non-Specialized Loans	130.157.312	3.156.591	10.414.733	2.652.687
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>179.085.690</b>	<b>3.888.691</b>	<b>11.270.658</b>	<b>3.155.715</b>

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

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

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

<b>Prior Period – 31.12.2016</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>453.953</b>	<b>27.962.936</b>	<b>28.416.889</b>
Mortgage Loans	8.491	13.548.749	13.557.240
Automotive Loans	5.413	372.723	378.136
Consumer Loans	440.049	14.041.464	14.481.513
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>10.708</b>	<b>10.708</b>
Mortgage Loans	-	9.601	9.601
Automotive Loans	-	-	-
Consumer Loans	-	1.107	1.107
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>9.862.772</b>	<b>747.868</b>	<b>10.610.640</b>
With Installment	4.152.291	745.705	4.897.996
Without Installment	5.710.481	2.163	5.712.644
<b>Consumer Credit Cards-FC</b>	<b>9.319</b>	<b>-</b>	<b>9.319</b>
With Installment	-	-	-
Without Installment	9.319	-	9.319
<b>Personnel Loans-TL</b>	<b>2.966</b>	<b>62.162</b>	<b>65.128</b>
Mortgage Loans	-	3.000	3.000
Automotive Loans	-	147	147
Consumer Loans	2.966	59.015	61.981
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>40.491</b>	<b>38</b>	<b>40.529</b>
With Installment	16.120	38	16.158
Without Installment	24.371	-	24.371
<b>Personnel Credit Cards-FC</b>	<b>102</b>	<b>-</b>	<b>102</b>
With Installment	-	-	-
Without Installment	102	-	102
<b>Credit Deposit Account-TL (Real Person)</b>	<b>938.942</b>	<b>-</b>	<b>938.942</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>11.308.545</b>	<b>28.783.712</b>	<b>40.092.257</b>

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

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

<b>Prior Period – 31.12.2016</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>1.111.879</b>	<b>6.336.363</b>	<b>7.448.242</b>
Mortgage Loans	2.111	8.541	10.652
Automotive Loans	47.976	2.097	50.073
Consumer Loans	1.061.792	6.325.725	7.387.517
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>39.970</b>	<b>166.395</b>	<b>206.365</b>
Mortgage Loans	-	3.040	3.040
Automotive Loans	6.296	1.056	7.352
Consumer Loans	33.674	162.299	195.973
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>84</b>	<b>153.604</b>	<b>153.688</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	84	153.604	153.688
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.157.063</b>	<b>127</b>	<b>2.157.190</b>
With Installment	952.803	80	952.883
Without Installment	1.204.260	47	1.204.307
<b>Corporate Credit Cards-FC</b>	<b>1.436</b>	<b>-</b>	<b>1.436</b>
With Installment	-	-	-
Without Installment	1.436	-	1.436
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>726.714</b>	<b>-</b>	<b>726.714</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.037.146</b>	<b>6.656.489</b>	<b>10.693.635</b>

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6. Loans according to types of borrowers:

	<b>Current Period</b> <b>31 December 2017</b>	<b>Prior Period</b> <b>31 December 2016</b>
Public	763.867	1.199.186
Private	189.592.481	140.416.984
<b>Total</b>	<b>190.356.348</b>	<b>141.616.170</b>

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

	<b>Current Period</b> <b>31 December 2017</b>	<b>Prior Period</b> <b>31 December 2016</b>
Domestic Loans	184.926.408	156.357.208
Foreign Loans	5.429.940	5.315.730
<b>Total</b>	<b>190.356.348</b>	<b>161.672.938</b>

8. Loans granted to investments in associates and subsidiaries:

	<b>Current Period</b> <b>31 December 2017</b>	<b>Prior Period</b> <b>31 December 2016</b>
Direct Loans Granted to Investments in Associates and Subsidiaries	346.273	414.469
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
<b>Total</b>	<b>346.273</b>	<b>414.469</b>

9. Specific provisions accounted for loans:

	<b>Current Period</b> <b>31 December 2017</b>	<b>Prior Period</b> <b>31 December 2016</b>
Loans and Other Receivables with Limited Collectibility	579.034	587.401
Loans and Other Receivables with Doubtful Collectibility	650.121	815.140
Uncollectible Loans and Receivables	3.150.937	2.709.680
<b>Total</b>	<b>4.380.092</b>	<b>4.112.221</b>

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

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

	<b>III. Group</b> <b>Loans and Other</b> <b>Receivables with</b> <b>Limited Collectibility</b>	<b>IV. Group</b> <b>Loans and Other</b> <b>Receivables with</b> <b>Doubtful Collectibility</b>	<b>V. Group</b> <b>Uncollectible</b> <b>Loans and Other</b> <b>Receivables</b>
<b>Current Period: 31 December 2017</b>			
(Gross Amounts Before Specific Provisions)	31.483	39.558	71.021
Restructured Loans and Other Receivables	31.483	39.553	70.643
Rescheduled Loans and Other Receivables	-	5	378
<b>Prior Period: 31 December 2016</b>			
(Gross Amounts Before Specific Provisions)	38.292	63.415	76.164
Restructured Loans and Other Receivables	36.475	62.859	74.909
Rescheduled Loans and Other Receivables	1.817	556	1.255

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10 (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 2016</b>	<b>587.401</b>	<b>815.140</b>	<b>2.864.650</b>
Additions (+)	1.877.909	17.109	19.591
Transfers from Other Categories of Non-Performing Loans (+)	-	1.641.883	1.554.399
Transfers to Other Categories of Non-Performing Loans (-)	1.641.883	1.554.399	-
Collections (-)	243.199	265.893	412.844
Write-offs (-) (*)	1.194	3.719	722.240
Corporate and Commercial Loans	73	1.440	184.671
Consumer Loans	737	1.424	218.831
Credit Cards	384	855	318.738
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>579.034</b>	<b>650.121</b>	<b>3.303.556</b>
Specific Provisions (-)	579.034	650.121	3.150.937
<b>Net Balance at Balance Sheet (**)</b>	<b>-</b>	<b>-</b>	<b>152.619</b>

(\*) TL 709 million (in full TL amount) portion of the Bank's non-performing loan portfolio, for which in the previous periods 100% provision is reserved, has been sold at a price of TL 39 million (in full TL amount) to 4 companies, İstanbul Varlık Yönetimi A.Ş., Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş.

(\*\*)The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 204 million, (in full TL amount) for an amount of TL 51 million (in full TL amount).

10 (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: 31 December 2017</b>			
Balance at the End of the Period	17.562	28.123	405.791
Specific Provision (-)	17.562	28.123	277.527
Net Balance on Balance Sheet	-	-	128.264
<b>Prior Period: 31 December 2016</b>			
Balance at the End of the Period	54.196	56.434	245.869
Specific Provision (-)	54.196	56.434	114.793
<b>Net Balance at Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>131.076</b>

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

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10 (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): 31 December 2017</b>			
Loans granted to corporate entities and real persons (Gross)	579.034	650.121	3.303.556
Specific Provision Amount (-)	579.034	650.121	3.150.937
Loans granted to corporate entities and real persons (Net)	-	-	152.619
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
<b>Prior Period (Net): 31 December 2016</b>			
Loans granted to corporate entities and real persons (Gross)	587.401	815.140	2.864.650
Specific Provision Amount (-)	587.401	815.140	2.709.680
Loans granted to corporate entities and real persons (Net)	-	-	154.970
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

11. Information on the collection policy of non-performing loans and other receivables:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

12. Information on the write-off policy:

Write-off policy of the Bank for receivables under follow-up is to retire the receivables from assets in case of verification of the inability of collection through the legal follow-up process.

**f. Held-to-maturity investments:**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2017</b>		<b>31 December 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	116.330	1.842.301	113.540	2.122.032
Subject to repurchase agreements	4.089.705	8.110.245	3.625.467	7.110.699
<b>Total</b>	<b>4.206.035</b>	<b>9.952.546</b>	<b>3.739.007</b>	<b>9.232.731</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2017</b>		<b>31 December 2016</b>	
Government Bonds	13.596.948		13.091.052	
Treasury Bills	-		-	
Other Government Debt Securities	2.546.431		2.370.665	
<b>Total</b>	<b>16.143.379</b>		<b>15.461.717</b>	

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3. Information on held-to-maturity investments:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
Debt Securities	19.132.124	18.150.475
Quoted at Stock Exchange	19.132.124	18.150.475
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	249.092	173.793
<b>Total</b>	<b>18.883.032</b>	<b>17.976.682</b>

4. The movement of investment securities held-to-maturity:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
Balance at the Beginning of the Period	17.976.682	10.688.242
Foreign Currency Differences on Monetary Assets	1.223.819	1.269.337
Purchases During Year (*)	226	5.882.032
Disposals Through Sales and Redemptions (-)	765.997	130.051
Impairment Provision (-)	75.298	100.753
Change in Amortized Cost	523.600	367.875
<b>Balance at the End of the Period</b>	<b>18.883.032</b>	<b>17.976.682</b>

(\*) Due to the change of intention, the Bank has classified its Government Debt Securities with the notional amount EUR 96.359 thousand and USD 1.591.672 thousand from Available For Sale Financial Assets portfolio to Held to Maturity Securities portfolio in the prior year. As of classification date, the book value which reflects the fair value of the related securities are EUR 98.531 thousand and USD 1.650.112 thousand respectively and these amounts are accepted as the new costs of related securities. The Marketable Securities Valuation Differences of classified securities are amortized throughout the remaining term of held to maturity investments by using effective interest rate method.

**g. 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 dated 30 September 2017.

	<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	80.677	46.880	47.322	1.043	-	6.983	14.517	-
2	259.153	175.797	172.993	4.049	95	36.919	16.458	-



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3. Movement schedule of investments in associates:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Balance at the Beginning of the Period	3.923	3.923
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	3.923	3.923
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

1. Information on shareholders' equity of subsidiaries:

	<b>Ak Finansal</b>	<b>Ak Yatırım Menkul</b>	<b>Ak Portföy</b>	<b>Akbank AG</b>
	<b>Kiralama A.Ş.</b>	<b>Değerler A.Ş.</b>	<b>Yönetimi A.Ş.</b>	
Paid in Capital	235.007	46.802	10.534	740.648
Share Premium	-	-	-	-
Reserves	567.939	61.081	13.834	2.023.010
Gains recognized in equity as per TAS	-	(1.877)	(233)	-
Profit/Loss	56.786	126.521	34.282	218.727
- Net Current Period Profit	56.786	55.812	33.818	218.727
- Prior Year Profit/Loss	-	70.709	464	-
Development Cost of Operating Lease (-)	29	1.156	-	255
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.507	2.021	51	1.551
<b>Total Common Equity</b>	<b>858.196</b>	<b>229.350</b>	<b>58.366</b>	<b>2.980.579</b>
<b>Total Additional Tier I Capital</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" (-)	377	505	13	388
<b>Total Tier I Capital</b>	<b>857.819</b>	<b>228.845</b>	<b>58.353</b>	<b>2.980.191</b>
<b>Tier II Capital</b>	<b>53.425</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>911.244</b>	<b>228.845</b>	<b>58.353</b>	<b>2.980.191</b>
<b>Deductions from Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>911.244</b>	<b>228.845</b>	<b>58.353</b>	<b>2.980.191</b>

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

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

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

4. The financial figures have been obtained from the financial statements as at 31 December 2017 prepared in accordance with local regulations.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.688.224	859.897	78.420	434.665	-	56.786	113.988	-
2	1.499.233	232.527	10.274	135.122	31.089	55.812	31.633	-
3	69.452	58.417	756	5.366	16	33.818	27.358	-
4	22.907.715	2.982.385	2.915	772.020	76.170	218.727	161.093	-

5. Movement schedule of subsidiaries:

	Current Period 31 December 2017	Prior Period 31 December 2016
Balance at the Beginning of the Period	3.334.164	2.679.977
Movements During the Period		
Additions (*)	6.455	-
Bonus Shares and Contributions to Capital (*)	1.545	-
Dividends from Current Year Income	365.117	347.546
Sales/Liquidation (**)	2.243	-
Revaluation Increase (***)	423.574	306.641
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	4.133.098	3.334.164
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

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

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

<b>Subsidiaries</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2017</b>		<b>31 December 2016</b>	
Banks	2.982.385		2.261.599	
Insurance Companies	-		-	
Factoring Companies	-		-	
Leasing Companies	859.897		802.821	
Finance Companies	-		-	
Other Financial Subsidiaries	290.816		269.744	

7. Subsidiaries quoted to a stock exchange: None.

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

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2017</b>		<b>31 December 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge	973.630	29.776	682.966	29.432
Cash Flow Hedge	-	131.448	-	94.338
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>973.630</b>	<b>161.224</b>	<b>682.966</b>	<b>123.770</b>

k. **Information on property and equipment:**

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 amounting to TL 2.465.549 is shown under "Investment Properties Revaluation" in the below table.

	<b>Immovables</b>	<b>Other Tangible Fixed Assets</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Prior Period End: 31 December 2016</b>				
Cost	845.082	1.138.811	2.383	1.986.276
Accumulated Depreciation(-)	336.058	775.016	-	1.111.074
<b>Net Book Value</b>	<b>509.024</b>	<b>363.795</b>	<b>2.383</b>	<b>875.202</b>
<b>Current Period End: 31 December 2017</b>				
Net Book Value at the Beginning of the Period	509.024	363.795	2.383	875.202
Additions	5.392	180.381	52.980	238.753
Investment Properties Revaluation differences	2.465.549	-	-	2.465.549
Transferred	9.262	-	(9.262)	-
Disposals (-), net	9.283	463	-	9.746
Depreciation (-)	29.551	122.296	-	151.847
Impairment	(1.473)	-	-	(1.473)
Cost at Period End	3.064.583	1.282.602	46.101	4.393.286
Accumulated Depreciation at Period End (-)	115.663	861.185	-	976.848
<b>Closing Net Book Value</b>	<b>2.948.920</b>	<b>421.417</b>	<b>46.101</b>	<b>3.416.438</b>

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	<b>Immovables</b>	<b>Other Tangible Fixed Assets</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Prior Period End: 31 December 2015</b>				
Cost	843.356	976.094	1.656	1.821.106
Accumulated Depreciation(-)	324.221	706.484	-	1.030.705
<b>Net Book Value</b>	<b>519.135</b>	<b>269.610</b>	<b>1.656</b>	<b>790.401</b>
<b>Current Period End: 31 December 2016</b>				
Net Book Value at the Beginning of the Period	519.135	269.610	1.656	790.401
Additions	10.751	202.332	5.663	218.746
Transferred	4.936	-	(4.936)	-
Disposals (-), net	4.922	791	-	5.713
Depreciation (-)	20.876	107.356	-	128.232
Impairment	-	-	-	-
Cost at Period End	845.082	1.138.811	2.383	1.986.276
Accumulated Depreciation at Period End (-)	336.058	775.016	-	1.111.074
<b>Closing Net Book Value</b>	<b>509.024</b>	<b>363.795</b>	<b>2.383</b>	<b>875.202</b>

As of 31 December 2017, net book value of the tangible fixed assets obtained by financial leasing is TL 80.315 (31 December 2016: TL 129.597).

**l. Information on intangible assets:**

1. Cost and accumulated amortization at the beginning and end of the period:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
Cost	1.022.162	787.840
Accumulated Amortization (-)	550.512	431.168
<b>Net Book Value</b>	<b>471.650</b>	<b>356.672</b>

2. Reconciliation of movements for the current period and prior period:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
<b>Opening Balance Net Book Value</b>	<b>356.672</b>	<b>220.664</b>
Additions	234.322	221.038
Disposals (-), net	-	-
Depreciation (-)	119.344	85.030
<b>Closing Net Book Value</b>	<b>471.650</b>	<b>356.672</b>

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

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

As of 31 December 2017, the Bank has no deferred tax asset (31 December 2016: TL 14.295). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities and provision for employee rights.

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

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	Accumulated temporary differences		Deferred tax assets/(liabilities)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Employee benefits	290.127	219.388	65.857	43.878
Other	305.769	277.630	61.927	55.525
Differences between book value and tax base of property, plant and equipment	(584.033)	(246.191)	(122.011)	(49.238)
Differences between book value and tax base of financial assets	(1.180.504)	(806.876)	(225.979)	(160.713)
Investment Properties Revaluation differences	(2.465.549)	-	(162.883)	-
<b>Deferred Tax Asset/(Liabilities) Net</b>			<b>(383.089)</b>	<b>(110.548)</b>

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

	Current Period 31 December 2017	Prior Period 31 December 2016
Cost	57.687	43.135
Accumulated Depreciation (-)	167	792
<b>Net Book Value</b>	<b>57.520</b>	<b>42.343</b>

	Current Period 31 December 2017	Prior Period 31 December 2016
<b>Opening Balance Net Book Value</b>	42.343	179.537
Additions	53.020	38.167
Disposals (-), net	37.683	173.698
Impairment (-)	160	-
Depreciation (-)	-	1.663
<b>Closing Net Book Value</b>	<b>57.520</b>	<b>42.343</b>

**p. Information on other assets:**

Other assets amounting to TL 3.296.128 (31 December 2016: TL 2.352.512) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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

**a. Information on deposits:**

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

1 (i). Current Period – 31 December 2017:

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

1 (ii). Prior period - 31 December 2016:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	8.069.435	13.958.692	25.950.507	593.510	682.811	639.454	54.663	<b>49.949.072</b>
Foreign Currency Deposits	11.170.126	15.925.631	30.815.869	5.519.501	2.866.984	2.199.505	3.038	<b>68.500.654</b>
Residents in Turkey	9.965.963	15.443.569	28.865.723	2.404.703	1.205.106	1.331.350	2.950	<b>59.219.364</b>
Residents Abroad	1.204.163	482.062	1.950.146	3.114.798	1.661.878	868.155	88	<b>9.281.290</b>
Public Sector Deposits	293.278	17.272	46.506	20.012	2.006	51	-	<b>379.125</b>
Commercial Deposits	7.453.263	7.758.469	8.007.039	990.784	2.215.840	476.238	-	<b>26.901.633</b>
Other Institutions Deposits	273.469	382.938	2.498.253	1.081.325	1.017.328	229.385	-	<b>5.482.698</b>
Precious metals Deposits	1.079.125	-	3.952	-	80.519	3.051	-	<b>1.166.647</b>
Interbank Deposits	904.180	356.260	4.524.230	297.372	365.039	51.282	-	<b>6.498.363</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	14.462	213.948	10.650	-	30.070	4.288	-	<b>273.418</b>
Foreign Banks	194.047	142.312	4.513.580	297.372	334.969	46.994	-	<b>5.529.274</b>
Participation Banks	695.671	-	-	-	-	-	-	<b>695.671</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>29.242.876</b>	<b>38.399.262</b>	<b>71.846.356</b>	<b>8.502.504</b>	<b>7.230.527</b>	<b>3.598.966</b>	<b>57.701</b>	<b>158.878.192</b>

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 31 December 2017	Prior Period 31 December 2016	Current Period 31 December 2017	Prior Period 31 December 2016
Saving Deposits	24.508.782	22.883.007	33.195.768	27.066.065
Foreign Currency Saving Deposits	8.512.809	6.941.623	36.271.768	31.775.332
Other Deposits in the Form of Saving Deposits	736.725	557.174	594.201	499.777
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

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

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
Foreign Branches' Deposits and other accounts	1.381	2.891
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	926.384	858.961
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:**

Table of negative differences for trading derivative financial liabilities:

	<b>Current Period 31 December 2017</b>		<b>Prior Period 31 December 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	454.410	-	409.197	-
Swap Transactions	3.720.136	1.103.494	3.220.123	594.716
Futures Transactions	-	-	-	-
Options	2.808	239.405	12.254	277.518
Other	-	-	-	-
<b>Total</b>	<b>4.177.354</b>	<b>1.342.899</b>	<b>3.641.574</b>	<b>872.234</b>

**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	<b>Current Period 31 December 2017</b>		<b>Prior Period 31 December 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Borrowings from the CBRT	-	474.031	-	-
From Domestic Banks and Institutions	235.654	356.043	177.224	285.261
From Foreign Banks, Institutions and Funds	-	28.606.052	-	29.604.451
<b>Total</b>	<b>235.654</b>	<b>29.436.126</b>	<b>177.224</b>	<b>29.889.712</b>

2. Information on maturity structure of borrowings:

	<b>Current Period 31 December 2017</b>		<b>Prior Period 31 December 2016</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term	232.686	1.268.291	175.931	1.800.256
Medium and Long-term	2.968	28.167.835	1.293	28.089.456
<b>Total</b>	<b>235.654</b>	<b>29.436.126</b>	<b>177.224</b>	<b>29.889.712</b>

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

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

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Bank bills	3.783.736	-	484.661	-
Bonds	2.328.773	7.740.640	1.220.933	8.911.900
<b>Total</b>	<b>6.112.509</b>	<b>7.740.640</b>	<b>1.705.594</b>	<b>8.911.900</b>

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

Other foreign liabilities amounting to TL 1.101.637 (31 December 2016: TL 1.399.996) and do not exceed 10% of the total balance sheet.

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

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

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	Gross	Net	Gross	Net
Less Than 1 Year	7.504	5.899	30.351	22.547
Between 1-4 Years	-	-	7.363	5.774
More Than 4 Years	-	-	-	-
<b>Total</b>	<b>7.504</b>	<b>5.899</b>	<b>37.714</b>	<b>28.321</b>

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

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	-	74.911	-	98.645
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>74.911</b>	<b>-</b>	<b>98.645</b>

**h. Information on provisions:**

1. Information on general provisions:

	Current Period 31 December 2017	Prior Period 31 December 2016
<b>General Provisions</b>	<b>2.654.011</b>	<b>2.923.525</b>
Provisions for Group I. Loans and Receivables	984.882	885.511
Provisions for Group II. Loans and Receivables	121.358	79.929
Provisions for Non-cash Loans	64.229	59.185
Other	1.483.542	1.898.900

As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion over the minimum provision ratios ratios (31 December 2016: 1.8 billion) is included in the "Other" line on the table above.



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2. Information on reserves for employee rights:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Balance Sheet Obligations for:</b>		
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	204.276	141.764
- Reserve for unused vacation	85.851	77.624
<b>Total</b>	<b>290.127</b>	<b>219.388</b>

As explained in Note 2(ii) below, there is no liability that needs to be accounted under the balance sheet since the Fund's fair value compensates for defined benefit obligations as explained in Note 2(ii).

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Income Statement Charge for:</b>		
- Post-employment benefits (pension and medical)	(204.575)	(175.248)
- Reserve for employment termination benefits	(45.215)	(48.737)
- Reserve for unused vacation	(8.228)	(12.648)
<b>Total</b>	<b>(258.018)</b>	<b>(236.633)</b>

The charge for the post-employment benefits represents the cash payments, which represent the employer's contribution determined by the Social Security Law no: 506 and additional 2% contribution of the employer. The employer's contribution amounting to TL 204.575 (31 December 2016: TL 175.248) during the year has been included in employee costs under operating expenses.

2 (i). Employment termination benefits and unused vacation rights:

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Discount Rate (%)	4,00	3,64
Rate for the Probability of Retirement (%)	94,45	94,07

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 5.001,76 (1 January 2017: TL 4.426,16) effective from 1 January 2018 has been taken into consideration in calculating the reserve for employment termination benefits.

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Prior Period Closing Balance</b>	<b>141.764</b>	<b>122.202</b>
Recognized as an Expense During the Period	44.091	48.737
Actuarial Loss / (Gain)	53.168	18.224
Paid During the Period	(34.747)	(47.399)
<b>Balance at the End of the Period</b>	<b>204.276</b>	<b>141.764</b>

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As of 31 December 2017, the Bank has allocated vacation liability amounting to TL 85.851 (31 December 2016: TL 77.624).

2 (ii). Post-employment benefits:

The Bank's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Accordingly, as of 31 December 2017, the surplus of the Fund, including the obligation for other non-transferable benefits of TL 487.493 (31 December 2016: TL 317.813) amounts to TL 342.485 (31 December 2016: TL 209.173).

	<b>Current Period 31 December 2016</b>	<b>Prior Period 31 December 2016</b>
Present value of funded obligations	(1.275.192)	(1.184.939)
- Pension benefits transferrable to SSI	(1.757.542)	(1.635.774)
- Post-employment medical benefits transferrable to SSI	969.843	768.218
- Other non-transferable benefits	(487.493)	(317.383)
Fair value of plan assets	1.551.402	1.394.112
<b>Surplus</b>	<b>276.210</b>	<b>209.173</b>

The amount of the post-employment medical benefits transferrable to SSI is calculated over discounted net present value of medical liabilities and health premiums.

The principal actuarial assumptions used were as follows:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
<b>Discount rate</b>		
- Pension benefits transferrable to SSI	% 9,80	9,80%
- Post-employment medical benefits transferrable to SSI	% 9,80	9,80%
- Other non-transferable benefits	% 4,21	4,49%

**Mortality rate**

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 17 years for men and 23 years for women.

The movement in the fair value of plan assets of the year is as follows:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
<b>Prior period end</b>	<b>1.394.112</b>	<b>1.288.959</b>
Actual return on plan assets	238.028	198.804
Employer contributions	204.575	175.248
Employee contributions	174.371	149.708
Benefits paid	(459.684)	(418.607)
<b>Period end</b>	<b>1.551.402</b>	<b>1.394.112</b>

Plan assets are comprised as follows:

	<b>Current Period 31 December 2017</b>		<b>Prior Period 31 December 2016</b>	
Bank placements	977.331	63%	999.280	72%
Property and equipment	18.242	1%	19.135	1%
Marketable securities and share certificates	397.520	26%	279.076	20%
Other	158.309	10%	96.621	7%
<b>Period end</b>	<b>1.551.402</b>	<b>100%</b>	<b>1.394.112</b>	<b>100%</b>

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

As of 31 December 2017, the provision related to foreign currency differences of foreign indexed loans amounts to TL 24.016 (31 December 2016: TL 1.741), which is offset with the balance of foreign currency indexed loans in these financial statements.

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 December 2017 is amounting to TL 67.754 (31 December 2016: TL 73.086).

5. Information on other provisions:

5 (i). Information on free provision for possible risks: TL 700.000 (31 December 2016: TL 200.000).

The Bank recognized free provision amounting to TL 200.000 in line with the conservatism principle considering the circumstances that may arise from possible changes in the economy and financial markets.

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 69.284 (31 December 2016: TL 89.968).

**i. Explanations on tax liability:**

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVIII of Section Three. As of 31 December 2017, the corporate tax liability after the deduction of temporary taxes paid is TL 814.395 (31 December 2016: TL 359.942).

1 (i). Information on taxes payable:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
Corporate Taxes Payable	814.395	359.942
Taxation on Marketable Securities	145.567	112.225
Property Tax	1.811	1.798
Banking Insurance Transaction Tax (BITT)	124.886	103.922
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	9.608	6.664
Other	86.743	55.055
<b>Total</b>	<b>1.183.010</b>	<b>639.606</b>

1 (ii). Information on premium payables:

	<b>Current Period 31 December 2017</b>	<b>Prior Period 31 December 2016</b>
Social Security Premiums – Employee	4	4
Social Security Premiums – Employer	14	13
Bank Social Aid Pension Fund Premium- Employee	109	97
Bank Social Aid Pension Fund Premium – Employer	150	134
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	2.094	1.808
Unemployment Insurance – Employer	4.187	3.617
Other	35	5
<b>Total</b>	<b>6.593</b>	<b>5.678</b>

2. Information on deferred tax liability:

As of 31 December 2017, Turkish Lira deferred tax liability of the Bank is TL 392.164 (31 December 2016: 124.843 TL). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

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**j. Information on subordinated loan:**

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1.900.999	-	-
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.900.999</b>	<b>-</b>	<b>-</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:

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
Common Stock		4.000.000		4.000.000
Preferred Stock		-		-

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

Capital System	Paid-in capital	Ceiling
Registered Share Capital	4.000.000	10.000.000

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

- Information on the share capital increases during the period and their sources: None.
- Information on share capital increases from capital reserves during the current period: None.
- Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
- 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 Group'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.

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

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	693.786	1.248.097	543.618	885.715
Valuation Difference	(600.631)	(176.503)	(587.935)	(569.830)
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>93.155</b>	<b>1.071.594</b>	<b>(44.317)</b>	<b>315.885</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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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

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

1. Type and amount of irrevocable commitments: TL 10.596.665 asset purchase commitments (31 December 2016: TL 16.705.913). TL 18.431.137 commitments for credit card limits (31 December 2016: TL 17.397.602). TL 6.679.928 commitments for cheque books (31 December 2016: TL 6.200.426)

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Bank Acceptance Loans	3.758.102	3.583.229
Letters of Credit	6.866.251	5.188.852
Other Guarantees and Warranties	6.917.341	4.600.795
<b>Total</b>	<b>17.541.694</b>	<b>13.372.876</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Revocable Letters of Guarantee	1.279.965	984.154
Irrevocable Letters of Guarantee	19.276.192	13.700.319
Letters of Guarantee Given in Advance	4.148.237	3.179.535
Guarantees Given to Customs	2.483.061	2.634.770
Other Letters of Guarantee	7.872.029	6.753.908
<b>Total</b>	<b>35.059.484</b>	<b>27.252.686</b>

3. Information on non-cash loans:

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Non-cash Loans Given against Cash Loans	7.958.951	5.574.735
With Original Maturity of 1 Year or Less Than 1 Year	3.949.119	2.778.785
With Original Maturity of More Than 1 Year	4.009.832	2.795.950
Other Non-cash Loans	44.642.227	35.050.827
<b>Total</b>	<b>52.601.178</b>	<b>40.625.562</b>

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3 (ii). Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2017				Prior Period 31 December 2016			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	21.092	0,09	4.087	0,01	13.071	0,08	2.486	0,01
Farming and Raising								
Livestock	2.708	0,01	-	-	1.812	0,01	-	-
Forestry	18.315	0,08	4.087	0,01	11.257	0,07	2.486	0,01
Fishing	69	-	-	-	2	0,00	-	-
Manufacturing	4.996.328	23,05	10.156.107	32,84	4.265.398	26,68	7.586.757	30,80
Mining	70.864	0,33	207.204	0,67	91.055	0,57	96.606	0,39
Production	3.840.158	17,71	9.029.452	29,20	3.453.922	21,60	6.141.237	24,93
Electric, Gas and Water	1.085.306	5,01	919.451	2,97	720.421	4,51	1.348.914	5,48
Construction	3.435.621	15,85	3.070.140	9,93	2.412.743	15,09	2.432.380	9,87
Services	12.287.679	56,68	12.143.399	39,28	8.680.853	54,29	12.181.103	49,44
Wholesale and Retail Trade	7.380.034	34,04	7.723.986	24,98	5.669.264	35,46	6.552.920	26,60
Hotel, Food and Beverage Services	125.106	0,58	113.685	0,37	89.544	0,56	62.510	0,25
Transportation and Telecommunication	416.071	1,92	424.623	1,37	323.449	2,02	990.615	4,02
Financial Institutions	4.028.333	18,58	3.721.885	12,04	2.359.778	14,76	4.437.295	18,01
Real Estate and Leasing Services	7.489	0,03	28.207	0,09	4.367	0,03	83	-
Self-Employment Services	20.890	0,10	5.078	0,02	7.080	0,04	5.430	0,02
Education Services	32.167	0,15	15.056	0,05	11.917	0,07	2.606	0,01
Health and Social Services	277.589	1,28	110.879	0,36	215.454	1,35	129.644	0,53
Other	938.496	4,33	5.548.229	17,94	617.458	3,86	2.433.313	9,88
<b>Total</b>	<b>21.679.216</b>	<b>100,00</b>	<b>30.921.962</b>	<b>100,00</b>	<b>15.989.523</b>	<b>100,00</b>	<b>24.636.039</b>	<b>100,00</b>

3 (iii). Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>21.504.150</b>	<b>30.712.526</b>	<b>175.066</b>	<b>209.436</b>
Letters of Guarantee	18.715.099	16.027.517	107.432	209.436
Bank Acceptances	198	3.757.904	-	-
Letters of Credit	7.257	6.858.994	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	10.757	-	-
Other Commitments and Contingencies	2.781.596	4.057.354	67.634	-

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**b. Information on derivative transactions:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Types of Trading Transactions</b>		
Foreign Currency Related Derivative Transactions (I)	288.447.344	225.557.206
FC Trading Forward Transactions	30.187.903	25.778.446
Trading Swap Transactions	218.488.182	170.896.335
Futures Transactions	-	-
Trading Option Transactions	39.771.259	28.882.425
Interest Related Derivative Transactions (II)	153.664.448	141.545.928
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	92.830.124	83.963.392
Interest Rate Options	60.834.324	57.582.536
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	14.849.056	12.324.720
A. Total Trading Derivative Transactions (I+II+III)	456.960.848	379.427.854
<b>Types of Hedging Transactions</b>		
Fair Value Hedges	15.057.711	18.276.690
Cash Flow Hedges	14.353.012	4.958.338
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	29.410.723	23.235.028
<b>Total Derivative Transactions (A+B)</b>	<b>486.371.571</b>	<b>402.662.882</b>

**c. Explanations on credit derivatives and risks beared due to these:**

As of 31 December 2017, none (31 December 2016: none).

**d. Explanations on contingent assets and liabilities:**

**1. Contingent Liabilities:**

The Bank has accounted a provision amounting to TL 60.831 (31 December 2016: 60.058 TL) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

**2. Contingent Assets:**

None.

**e. Explanations on the activities carried out on behalf and account of other persons:**

The policy is explained on note IX in Section Four.

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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		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
Short-term Loans	5.383.202	92.002	4.726.973	73.922
Medium and Long-term Loans	10.097.958	2.814.898	7.446.316	2.265.127
Interest on Loans Under Follow-Up	35.824	-	25.548	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>15.516.984</b>	<b>2.906.900</b>	<b>12.198.837</b>	<b>2.339.049</b>

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

2. Information on interest income on banks:

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
From the CBRT	111.157	1.458	-	7.051
From Domestic Banks	19.509	15.608	37.086	9.415
From Foreign Banks	5.779	69.103	2.172	25.853
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>136.445</b>	<b>86.169</b>	<b>39.258</b>	<b>42.319</b>

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
	TL	FC	TL	FC
From Trading Financial Assets	-	-	24	1
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	2.421.860	644.092	1.772.078	712.496
From Held-to-Maturity Investments	643.676	438.987	424.649	213.315
<b>Total</b>	<b>3.065.536</b>	<b>1.083.079</b>	<b>2.196.751</b>	<b>925.812</b>

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available-for sale and held-to-maturity portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. For the valuation of related securities Bank uses an index, which is calculated by considering estimated inflation rate on balance sheet date. Related inflation rate is updated during the year when necessary. As of 31 December 2017 the valuation index of related securities based on actual coupon rates and the change between reference inflation rate at the issue date and inflation index at the reporting date

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

	Current Period		Prior Period	
	31 December 2017		31 December 2016	
Interests Received From Investments in Associates and Subsidiaries		37.886		40.492



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**b. Information on interest expense:**

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

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Banks	13.470	676.557	11.466	477.226
The CBRT	-	-	-	-
Domestic Banks	12.685	4.538	11.441	2.235
Foreign Banks	785	672.019	25	474.991
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	73.698	-	29.399
<b>Total</b>	<b>13.470</b>	<b>750.255</b>	<b>11.466</b>	<b>506.625</b>

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

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

	Current Period 31 December 2017	Prior Period 31 December 2016
To Associates and Subsidiaries	72.597	65.840

3. Information on interest expense given to securities issued:

	Current Period 31 December 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Interest expense on securities issued	349.524	528.287	277.117	383.317

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period- 31.12.2017	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	1.281	130.602	108.071	4.284	258	76	<b>244.572</b>
Saving Deposits	-	1.687.188	3.357.899	62.494	59.565	69.099	<b>5.236.245</b>
Public Sector Deposits	-	9.937	3.135	477	85	5	<b>13.639</b>
Commercial Deposits	-	904.076	1.315.840	103.765	101.197	59.008	<b>2.483.886</b>
Other Deposits	5	62.938	237.709	44.220	110.951	24.024	<b>479.847</b>
<b>Total</b>	<b>1.286</b>	<b>2.794.741</b>	<b>5.022.654</b>	<b>215.240</b>	<b>272.056</b>	<b>152.212</b>	<b>8.458.189</b>
<b>FC</b>							
Foreign Currency Deposits	-	493.452	818.716	114.751	82.989	52.743	<b>1.562.651</b>
Bank Deposits	285	28.553	60.735	16.935	7.446	520	<b>114.474</b>
Precious Metals Deposits	-	-	5	-	918	375	<b>1.298</b>
<b>Total</b>	<b>285</b>	<b>522.005</b>	<b>879.456</b>	<b>131.686</b>	<b>91.353</b>	<b>53.638</b>	<b>1.678.423</b>
<b>Grand Total</b>	<b>1.571</b>	<b>3.316.746</b>	<b>5.902.110</b>	<b>346.926</b>	<b>363.409</b>	<b>205.850</b>	<b>10.136.612</b>

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Prior Period – 31.12.2016	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	226	64.755	102.791	3.166	2.633	288	<b>173.859</b>
Saving Deposits	-	1.230.503	2.640.043	54.950	55.059	63.006	<b>4.043.561</b>
Public Sector Deposits	-	6.309	4.027	1.446	161	42	<b>11.985</b>
Commercial Deposits	-	722.544	852.084	254.009	197.865	37.721	<b>2.064.223</b>
Other Deposits	4	64.207	242.383	63.284	73.440	20.278	<b>463.596</b>
<b>Total</b>	<b>230</b>	<b>2.088.318</b>	<b>3.841.328</b>	<b>376.855</b>	<b>329.158</b>	<b>121.335</b>	<b>6.757.224</b>
<b>FC</b>							
Foreign Currency Deposits	-	312.616	544.458	86.705	42.486	28.174	<b>1.014.439</b>
Bank Deposits	55	8.167	40.511	43.213	12.771	804	<b>105.521</b>
Precious Metals Deposits	-	-	1	-	500	218	<b>719</b>
<b>Total</b>	<b>55</b>	<b>320.783</b>	<b>584.970</b>	<b>129.918</b>	<b>55.757</b>	<b>29.196</b>	<b>1.120.679</b>
<b>Grand Total</b>	<b>285</b>	<b>2.409.101</b>	<b>4.426.298</b>	<b>506.773</b>	<b>384.915</b>	<b>150.531</b>	<b>7.877.903</b>

**c. Information on dividend income:**

	Current Period 31 December 2017	Prior Period 31 December 2016
From Trading Financial Assets	-	-
From Financial Assets at Fair Value Through Profit or Loss	-	-
From Available-for-Sale Financial Assets	345	59
Other (*)	1.477	656
<b>Total</b>	<b>1.822</b>	<b>715</b>

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

	Current Period 31 December 2017	Prior Period 31 December 2016
<b>Profit</b>	<b>603.197.823</b>	<b>3.181.808.738</b>
Income From Capital Market Transactions	417.772	785.522
Income From Derivative Financial Transactions (*)	13.644.861	10.267.443
Foreign Exchange Gains	589.135.190	3.170.755.773
<b>Loss (-)</b>	<b>603.625.557</b>	<b>3.180.861.289</b>
Loss from Capital Market Transactions	225.480	628.802
Loss from Derivative Financial Transactions (*)	14.583.823	9.177.708
Foreign Exchange Loss	588.816.254	3.171.054.779
<b>Total (Net)</b>	<b>(427.734)</b>	<b>947.449</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 160.886 (31 December 2016: TL 608.894).

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
Specific Provisions for Loans and Other Receivables	1.545.676	1.790.722
III. Group Loans and Receivables	580.052	588.940
IV. Group Loans and Receivables	651.253	816.495
V. Group Loans and Receivables	314.371	385.287
General Provision Expenses	230.486	378.823
Free Provision Expense for Possible Risks	500.000	-
Marketable Securities Impairment Expense	13	1
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	13	1
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	37.057	46.374
<b>Total</b>	<b>2.313.232</b>	<b>2.215.920</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2017</b>
Personnel Expenses	1.859.304	1.702.143
Reserve for Employee Termination Benefits	9.343	1.338
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	1.473	-
Depreciation Expenses of Fixed Assets	151.847	128.232
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	119.344	85.030
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	160	-
Depreciation Expenses of Assets Held for Resale	-	1.663
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.936.038	1.710.865
Operational Leasing Expenses	197.515	180.230
Maintenance Expenses	30.829	25.475
Advertisement Expenses	135.836	127.825
Other Expenses	1.571.858	1.377.335
Loss on Sales of Assets	731	23
Other(*)	583.369	650.647
<b>Total</b>	<b>4.661.609</b>	<b>4.279.941</b>

(\*) The balance shown in the "other" line includes fees and commissions reimbursements as per the decision of Consumer Arbitration Board, Courts and Offices of Enforcement amounting to TL 27.819 (31 December 2016: TL 93.380).

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

The Bank's income before tax consists of net interest income amounting to TL 10.544.977, net fees and commission income amounting to TL , 2.744.763 and the amount of other operating expense is TL 4.661.609.

The Bank has no discontinued operations.

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

As of 31 December 2017, the Bank has a current tax expense of TL 1.436.074 and deferred tax income of TL 41.468. The amount of deferred tax income that occurred due to the temporary differences is TL 23.033 and deferred tax expense is TL 139.455; the amounts of deferred tax income occurred due to the closing of temporary differences is TL 132.989 and deferred tax expense is TL 58.036.

The Bank has no discontinued operations.

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

Net profit of the Bank is TL 6.039.069.

The Bank has no discontinued operations.

**k. Explanations on current period net profit and loss:**

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Bank for the current period: None.
2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there is a possibility that the profit and loss for the current or the following periods will be impacted: None.

**l. 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 UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY**

**a. Information on distribution of profit:**

The Ordinary General Assembly Meeting of the Parent Bank was held on 28 March 2017. In the Ordinary General Assembly, it was resolved to distribute a TL 4.528.712 cash dividend over the TL 900.000 net unconsolidated income from 2016 operations to the Bank's shareholders, Chairman and Members of the Board of Directors. It was also resolved in the General Assembly to transfer TL 139.885 to other capital reserves, to allocate TL 70.000 as legal and TL 3.418.827 as extraordinary reserves.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

**b. Information on hedge funds:**

Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XI of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2017, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL (-) 15.886 (31 December 2016: TL (-) 34.867).

**c. Information on available-for-sale financial assets:**

"Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed of or impaired.

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

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

**Information on cash and cash equivalents:**

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Cash</b>	<b>3.323.769</b>	<b>2.427.096</b>
Cash, Foreign Currency and Other	1.835.542	1.409.682
Demand Deposits in Banks (*)	1.488.227	1.017.414
<b>Cash Equivalents</b>	<b>9.090.155</b>	<b>3.725.376</b>
Interbank Money Market Placements	-	-
Time Deposits in Banks	9.043.415	3.697.688
Marketable Securities	46.740	27.688
<b>Total Cash and Cash Equivalents</b>	<b>12.413.924</b>	<b>6.152.472</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Cash</b>	<b>4.266.470</b>	<b>3.323.769</b>
Cash, Foreign Currency and Other	2.205.222	1.835.542
Demand Deposits in Banks (*)	2.061.248	1.488.227
<b>Cash Equivalents</b>	<b>6.668.762</b>	<b>9.090.155</b>
Interbank Money Market Placements	1.544.270	-
Time Deposits in Banks	5.117.991	9.043.415
Marketable Securities	6.501	46.740
<b>Total Cash and Cash Equivalents</b>	<b>10.935.232</b>	<b>12.413.924</b>

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

**a. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents**

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to (-) TL 3.734.523 (31 December 2016: TL (-)5.453.709) consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 4.278.411 (31 December 2016: TL 2.165.730) consists mainly of changes in miscellaneous payables and other liabilities.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 685.442 (31 December 2016: TL 1.435.203).

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

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

1. Current Period – 31 December 2017:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Balance at the Beginning of the Period	414.469	254.251	4.529.001	900.600	-	-
Balance at the End of the Period	346.273	274.819	5.560.592	923.699	-	-
Interest and Commission Income Received	37.886	107	486.601	3.633	-	-

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 8.772.428 as of 31 December 2017 (31 December 2016: TL 7.392.590).

2. Prior Period - 31 December 2016:

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 and Other Receivables					
Balance at the Beginning of the Period	619.370	190.178	3.367.840	1.447.302	-	-
Balance at the End of the Period	414.469	254.251	4.529.001	900.600	-	-
Interest and Commission Income Received	40.492	53	369.507	4.256	-	-

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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Balance at the Beginning of the Period	730.658	451.485	2.172.759	2.102.609	2.315.646	2.181.203
Balance at the End of the Period	836.532	730.658	3.074.694	2.172.759	2.311.399	2.315.646
Interest expense on Deposits	72.597	65.840	216.544	232.402	188.295	153.684

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

(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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	2.477.406	504.268	10.110.973	3.501.482	-	-
Balance at the End of the Period	3.501.130	2.477.406	13.638.708	10.110.973	-	-
Total Income/Loss	(9.050)	6.638	(35.253)	27.091	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 31 December 2017, the net exposure for investments in associates and subsidiaries is TL 29.021 (31 December 2016: TL 17.387). For direct and indirect shareholders of the Bank TL (153.254) (31 December 2016: TL 34.978).

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

As of 31 December 2017 benefits provided to the Bank's key management amounting to TL 31.385 (31 December 2016: TL 25.992).

**VIII. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	800	13.871			
			<b>Country of Incorporation</b>		
Foreign Representation Office	-	-	-		
				<b>Total Assets</b>	<b>Statutory Share Capital</b>
Foreign Branch Off-shore Banking Region Branches	- 1	- 13	- Malta	- 46.628.065	- -

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2017, the Bank has opened 9 domestic branches and closed up 49 domestic branches.



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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017**

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

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

Head Office has been authorized by The Board of Directors of the Bank to establish a new joint-stock company with the capital of TL 12.000.000 (full TL amount) which Bank shall have 100% ownership and title of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. that operates in İstanbul , to make the necessary applications regarding establishment of the company and to obtain legal permissions and to performance all other transactions.

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

**SECTION SIX  
OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS**

None.

**SECTION SEVEN  
EXPLANATIONS ON AUDIT REPORT**

**I. EXPLANATIONS ON AUDIT REPORT**

The unconsolidated financial statements for the period ended 31 December 2017 have been reviewed by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2018 is presented preceding the unconsolidated financial statements.

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

None.