AKBANK T.A.Ş.

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 31 DECEMBER 2018 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and independent auditor's 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 General Assembly of Akbank T.A.Ş.

A. Audit of the Unconsolidated 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 2018, 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 2018, 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements; a portion of free provision amounting to TL 150.000 thousand on net basis has been reversed in the current year, out of total free provision of TL 700.000 thousand provided in the prior years by the Bank Management considering the possible effect of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying unconsolidated financial statements is TL 550.000 thousand as at 31 December 2018.

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. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	*How Our Audit Addressed the Key Audit Matter*
Impairment of loans and receivables in accordance with TFRS 9	
The Bank has total provision for impairment of TL 7.941.964 thousands in respect to loans and receivables of TL 193.066.508 thousands which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2018. Explanations and notes related to provision for impairment of loans and receivables are presented section III part VII-e, section III part VIII, section V part I-f and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2018. As of 1 January 2018 the Bank started to recognize provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. Accordingly, provisioning rules applicable as at 31 December 2017 under the previous BRSA regulation have changed with the application of expected credit loss model under TFRS 9 together with the rules on classification of loans as per their credit risk (staging). TFRS 9 is a new and complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models require large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated impairment allowances. 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 policies and procedures together with the overall governance established by the Bank with respect to classification of loans and receivables and estimation of impairment in-line with the TFRS 9 framework. We have tested the design and operating effectiveness of controls implemented by the Bank in line with its governance, policies and procedures. Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Bank's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macro-economic expectations, life time expected credit losses, losses given default. We have carried credit review on a selected sample of loans and receivables with the objective to identify whether the classification of loans is performed appropriately in line with TFRS 9 staging rules, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework. In addition, we have evaluated the appropriateness of specific impairment provision with supportable input on non-performing loans and on other significant individual loans. Based on our discussions with the Bank management, we evaluated and challenged whether the key assumptions and other judgements underlying the estimation of impairment were reasonable. We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loan and receivables and related impairment provision. #

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
First time adaptation of TFRS 9 Financial Instruments Standard	
TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 and adapted by the Bank in the same period is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 replaces TAS 39 Financial Instruments: recognition and measurement of financial instruments. TFRS 9 has three phases as follow: Phase 1 - classification and measurement of financial assets and financial liabilities; Phase 2 - Impairment methodology; Phase 3 - Hedge accounting. Disclosures with respect to first time adaptation of TFRS 9 and the differences between previously reported carrying amounts and new carrying amounts of financial instruments are made in section III part XXIX. in the accompanying unconsolidated financial statements. The application of expected credit loss model with respect to changes arising as part of TFRS 9 adaptation is explained in the above paragraph on impairment of loans and receivables in accordance with TFRS 9. The Bank continued to apply TAS 39 with respect to hedge accounting requirements. The application of TFRS 9 resulted into changes in previously reported carrying amounts and the related accounting policies. Therefore, this area is considered as key audit matter. #	With respect to classification and measurement of financial assets and financial liabilities, our audit procedures comprised the following: We have read the Bank's TFRS 9 based classification and measurement of financial assets and financial liabilities policy and compared it with the requirements of IFRS 9; We obtained an understanding and checked the Bank's business model assessment and the test on the contractual cash flows, which give rise to cash flows that are "solely payments of principal and interest" (SPPI test). We checked the appropriateness of the opening balance adjustments and the related disclosures. With respect to impairment, using expected credit loss model, our work plan is described in the above paragraph with respect to How Our Audit Addressed the Key Audit Matter for impairment of loans and receivables in accordance with TFRS 9. #
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 2018. 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 discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits 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. In addition to the above procedures we have reviewed disclosures made with respect to pension fund. #

4. 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.

5. 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 2018 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 2019

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

THE UNCONSOLIDATED FINANCIAL REPORT OF AKBANK T.A.Ş. AS OF 31 DECEMBER 2018

Address	:	Sabancı Center 34330, 4. Levent / İstanbul
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The unconsolidated financial report, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

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

The accompanying 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 are independently audited.

31 January 2019

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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SECTION ONE

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General Information about the Bank

SECTION TWO

Unconsolidated Financial Statements of the Bank

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Explanations on Accounting Policies

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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

Explanations on Auditor's Report

(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 2018, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2017: 51%).

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

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

Title	Name	Responsibility	Education
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
President and CEO:	S. Hakan BİNBAŞGİL	CEO	Graduate
Head of Internal Audit:	Eyüp ENGİN	Head of Internal Audit	Undergraduate
Executive Vice Presidents:	Bülent OĞUZ	Retail Banking	Graduate
	H.Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Coordination	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
Internal Audit Committee:	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.

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

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

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

As of 22 November 2018, Consumer Banking Unit's Executive Vice President Arif Özer İsfendiyaroğlu has resigned from his positions. Consumer Banking has merged with SME Banking Unit and is continuing its operations as Retail Banking Business Unit as of the same date. Bülent Oğuz, Executive Vice President of SME Banking, has been assigned as the Executive Vice President in charge of Retail Banking Business Unit.

As of 4 January 2019, Zeynep Öztürk has been assigned as Executive Vice President to the newly established Special Credits Unit.

As of 8 January 2019, Gamze Şebnem Muratoğlu has been assigned as Executive Vice President responsible of Treasury Business Unit instead of Ali Batu Karaali had resigned from his position on 7 January 2019.

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

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	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 retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 31 December 2018, the Bank has 780 branches dispersed throughout the country and 1 branch operating abroad (31 December 2017: 800 branches and 1 branch operating abroad).

As of 31 December 2018, the Bank the Bank has 13.367 employees (31 December 2017: 13.884).

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

None.

AKBANK T.A.Ş.
I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

	ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2018) TL	FC	Total
I.	**FINANCIAL ASSETS (NET)**		**52.962.276**	**73.110.167**	**126.072.443**
1.1	**Cash and Cash Equivalents**		**5.189.272**	**43.465.879**	**48.655.151**
1.1.1	Cash and Balances with Central Bank	(I-a)	4.725.332	25.388.460	30.113.792
1.1.2	Banks	(I-d)	463.940	17.538.045	18.001.985
1.1.3	Money Markets		-	539.374	539.374
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(I-b)**	**6.126**	**137.461**	**143.587**
1.2.1	Government Debt Securities		-	-	-
1.2.2	Equity Insturments		-	137.461	137.461
1.2.3	Other Financial Assets		6.126	-	6.126
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(I-e)**	**24.621.751**	**17.751.756**	**42.373.507**
1.3.1	Government Debt Securities		23.928.005	12.574.559	36.502.564
1.3.2	Equity Insturments		12.848	607	13.455
1.3.3	Other Financial Assets		680.898	5.176.590	5.857.488
1.4	**Financial Assets Measured at Amortised Cost**	**(I-g)**	**5.942.844**	**6.320.637**	**12.263.481**
1.4.1	Government Debt Securities		5.942.844	3.811.339	9.754.183
1.4.2	Other Financial Assets		-	2.509.298	2.509.298
1.5	**Derivative Financial Assets**	**(I-c, I-l)**	**17.206.809**	**5.463.199**	**22.670.008**
1.5.1	Derivative Financial Assets at Fair Value Through Profit or Loss		15.470.870	5.209.530	20.680.400
1.5.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1.735.939	253.669	1.989.608
1.6	**Non-Performing Financial Assets**		**-**	**-**	**-**
1.7	**Expected Loss Provision (-)**		**4.526**	**28.765**	**33.291**
II.	**LOANS (NET)**	**(I-f)**	**118.175.582**	**66.948.962**	**185.124.544**
2.1	**Loans**		**117.220.778**	**68.007.109**	**185.227.887**
2.1.1	Measured at Amortised Cost		117.220.778	61.316.901	178.537.679
2.1.2	Fair Value Through Profit or Loss		-	6.690.208	6.690.208
2.1.3	Fair Value Through Other Comprehensive Income		-	-	-
2.2	**Lease Receivables**	**(I-k)**	**-**	**-**	**-**
2.2.1	Financial Lease Receivables		-	-	-
2.2.2	Operating Lease Receivables		-	-	-
2.2.3	Unearned Income (-)		-	-	-
2.3	**Factoring Receivables**		**-**	**-**	**-**
2.3.1	Measured at Amortised Cost		-	-	-
2.3.2	Fair Value Through Profit or Loss		-	-	-
2.3.3	Fair Value Through Other Comprehensive Income		-	-	-
2.4	**Non-Performing Loans**		**7.838.621**	**-**	7.838.621
2.5	**Expected Credit Loss (-)**		**6.883.817**	**1.058.147**	**7.941.964**
2.5.1	12 Month Expected Credit Losses (Stage I)		506.325	131.178	637.503
2.5.2	Significant Increase in Credit Risk (Stage II)		1.814.644	926.969	2.741.613
2.5.3	Credit-Impaired Losses (Stage III / Specific Provision)		4.562.848	-	4.562.848
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(I-o)**	**90.305**	**-**	**90.305**
3.1	Held for Sale Purpose		90.305	-	90.305
3.2	Related to Discontinued Operations		-	-	-
IV.	**EQUITY INVESTMENTS**		**1.209.469**	**4.248.193**	**5.457.662**
4.1	**Investments in Associates (Net)**	**(I-h)**	**5.521**	**-**	**5.521**
4.1.1	Associates Valued Based on Equity Method		-	-	-
4.1.2	Unconsolidated Associates		5.521	-	5.521
4.2	**Subsidiaries (Net)**	**(I-i)**	**1.203.948**	**4.248.193**	**5.452.141**
4.2.1	Unconsolidated Financial Subsidiaries		1.203.948	4.248.193	5.452.141
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3	**Joint Ventures (Net)**	**(I-j)**	**-**	**-**	**-**
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**3.941.378**	**7.039**	**3.948.417**
VI.	**INTANGIBLE ASSETS (Net)**		**624.219**	**24**	**624.243**
6.1	Goodwill		-	-	-
6.2	Other		624.219	24	624.243
VII.	**INVESTMENT PROPERTY (Net)**	**(I-m)**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**262.217**	**-**	**262.217**
IX.	**DEFERRED TAX ASSET**	**(I-n)**	**-**	**23.410**	**23.410**
X.	**OTHER ASSETS**	**(I-p)**	**2.412.568**	**3.626.316**	**6.038.884**
	TOTAL ASSETS		**179.678.014**	**147.964.111**	**327.642.125**

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

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

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

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AKBANK T.A.Ş.
I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018 (STATEMENT OF FINANCIAL POSITION)
(Amounts are expressed in thousands of Turkish Lira (TL).)

	LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2018) TL	FC	Total
I.	**DEPOSITS**	**(II-a)**	**81.460.817**	**106.930.236**	**188.391.053**
II.	**FUNDS BORROWED**	**(II-c)**	**651.246**	**39.075.919**	**39.727.165**
III.	**MONEY MARKETS**		**3.852.509**	**9.209.690**	**13.062.199**
IV.	**SECURITIES ISSUED (Net)**	**(II-d)**	**3.949.642**	**8.202.364**	**12.152.006**
4.1	Bills		2.042.561	-	2.042.561
4.2	Asset Backed Securities		-	-	-
4.3	Bonds		1.907.081	8.202.364	10.109.445
V.	**FUNDS**		**-**	**-**	**-**
5.1	Borrower Funds		-	-	-
5.2	Other		-	-	-
VI.	**FİNANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(II-b, II-g)**	**11.333.092**	**1.623.362**	**12.956.454**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		10.688.134	1.623.362	12.311.496
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		644.958	-	644.958
VIII.	**FACTORING LIABILITES**		-	-	-
IX.	**LEASE LIABILITIES (Net)**	**(II-f)**	**25.048**	**-**	**25.048**
9.1	Financial Lease		29.392	-	29.392
9.2	Operating Lease		-	-	-
9.3	Other		-	-	-
9.4	Deferred Financial Lease Expenses (-)		4.344	-	4.344
X.	**PROVISIONS**	**(II-h)**	**1.044.801**	**250.177**	**1.294.978**
10.1	Restructuring Provisions		-	-	-
10.2	Reserve for Employee Benefits		311.510	-	311.510
10.3	Insurance Technical Provisions (Net)		-	-	-
10.4	Other Provisions		733.291	250.177	983.468
XI.	**CURRENT TAX LIABILITY**	**(II-i)**	**442.133**	**62.261**	**504.394**
XII.	**DEFERRED TAX LIABILITY**		**283.695**	**-**	**283.695**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		**-**	**-**	**-**
13.1	Held for Sale Purpose		-	-	-
13.2	Related to Discontinued Operations		-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(II-j)**	**-**	**4.784.477**	**4.784.477**
14.1	Loans		-	-	-
14.2	Other Debt Instruments		-	4.784.477	4.784.477
XV.	**OTHER LIABILITIES**		**7.461.507**	**3.190.060**	**10.651.567**
XVI.	**SHAREHOLDERS' EQUITY**	**(II-k)**	**42.910.657**	**898.432**	**43.809.089**
16.1	Paid-in capital		4.000.000	-	4.000.000
16.2	Capital Reserves		3.686.298	-	3.686.298
16.2.1	Share Premium		1.700.000	-	1.700.000
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Other Capital Reserves		1.986.298	-	1.986.298
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		1.328.679	2.212.351	3.541.030
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(27.703)	(1.313.919)	(1.341.622)
16.5	Profit Reserves		28.233.739	-	28.233.739
16.5.1	Legal Reserves		1.532.027	-	1.532.027
16.5.2	Status Reserves		-	-	-
16.5.3	Extraordinary Reserves		26.439.072	-	26.439.072
16.5.4	Other Profit Reserves		262.640	-	262.640
16.6	Income or (Loss)		5.689.644	-	5.689.644
16.6.1	Prior Periods' Income or (Loss)		-	-	-
16.6.2	Current Period Income or (Loss)		5.689.644	-	5.689.644
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**153.415.147**	**174.226.978**	**327.642.125**

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

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

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II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2018

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

		Note (Section Five)	CURRENT PERIOD (31/12/2018) TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)			**216.635.098**	**509.765.510**	**726.400.608**
I.	**GUARANTEES AND WARRANTIES**	**(III-2, 3)**	**22.150.509**	**31.187.047**	**53.337.556**
1,1	Letters of Guarantee		19.272.359	15.784.791	35.057.150
1.1.1	Guarantees Subject to State Tender Law		404.937	2.056.174	2.461.111
1.1.2	Guarantees Given for Foreign Trade Operations		-	2.835.700	2.835.700
1.1.3	Other Letters of Guarantee		18.867.422	10.892.917	29.760.339
1.2	Bank Acceptances		-	2.740.341	2.740.341
1.2.1	Import Letter of Acceptance		-	2.740.341	2.740.341
1.2.2	Other Bank Acceptances		-	-	-
1.3	Letters of Credit		47.035	6.515.924	6.562.959
1.3.1	Documentary Letters of Credit		47.035	5.817.762	5.864.797
1.3.2	Other Letters of Credit		-	698.162	698.162
1.4	Prefinancing Given as Guarantee		-	-	-
1.5	Endorsements		-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-
1.5.2	Other Endorsements		-	-	-
1.6	Purchase Guarantees for Securities Issued		-	-	-
1.7	Factoring Guarantees		-	24.353	24.353
1.8	Other Guarantees		32.845	6.113.927	6.146.772
1.9	Other Collaterals		2.798.270	7.711	2.805.981
II.	**COMMITMENTS**	**(III-1)**	**42.241.467**	**22.317.747**	**64.559.214**
2.1	Irrevocable Commitments		41.404.186	22.317.747	63.721.933
2.1.1	Asset Purchase Commitments		6.589.831	8.568.468	15.158.299
2.1.2	Deposit Purchase and Sales Commitments		-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-
2.1.4	Loan Granting Commitments		8.203.743	3.133.344	11.337.087
2.1.5	Securities Issue Brokerage Commitments		-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-
2.1.7	Commitments for Cheque Payments		2.514.769	-	2.514.769
2.1.8	Tax and Fund Liabilities from Export Commitments		3.693	-	3.693
2.1.9	Commitments for Credit Card Limits		19.788.847	-	19.788.847
2.1.10	Commitments for Credit Cards and Banking Services Promotions		82.378	-	82.378
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-
2.1.13	Other Irrevocable Commitments		4.220.925	10.615.935	14.836.860
2.2	Revocable Commitments		837.281	-	837.281
2.2.1	Revocable Loan Granting Commitments		837.281	-	837.281
2.2.2	Other Revocable Commitments		-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**152.243.122**	**456.260.716**	**608.503.838**
3.1	Hedging Derivative Financial Instruments		16.237.238	45.826.317	62.063.555
3.1.1	Fair Value Hedges		4.768.063	16.399.974	21.168.037
3.1.2	Cash Flow Hedges		11.469.175	29.426.343	40.895.518
3.1.3	Foreign Net Investment Hedges		-	-	-
3.2	Trading Derivative Financial Instruments		136.005.884	410.434.399	546.440.283
3.2.1	Forward Foreign Currency Buy/Sell Transactions		10.443.845	17.807.630	28.251.475
3.2.1.1	Forward Foreign Currency Transactions-Buy		6.988.529	7.632.814	14.621.343
3.2.1.2	Forward Foreign Currency Transactions-Sell		3.455.316	10.174.816	13.630.132
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		97.935.885	319.716.819	417.652.704
3.2.2.1	Foreign Currency Swap-Buy		37.673.866	102.692.502	140.366.368
3.2.2.2	Foreign Currency Swap-Sell		57.508.699	82.085.637	139.594.336
3.2.2.3	Interest Rate Swap-Buy		1.376.660	67.469.340	68.846.000
3.2.2.4	Interest Rate Swap-Sell		1.376.660	67.469.340	68.846.000
3.2.3	Foreign Currency, Interest Rate and Securities Options		27.559.961	47.939.566	75.499.527
3.2.3.1	Foreign Currency Options-Buy		12.676.191	15.377.034	28.053.225
3.2.3.2	Foreign Currency Options-Sell		14.883.770	13.150.254	28.034.024
3.2.3.3	Interest Rate Options-Buy		-	9.706.139	9.706.139
3.2.3.4	Interest Rate Options-Sell		-	9.706.139	9.706.139
3.2.3.5	Securities Options-Buy		-	-	-
3.2.3.6	Securities Options-Sell		-	-	-
3.2.4	Foreign Currency Futures		-	-	-
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		66.193	24.970.384	25.036.577
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			**816.015.391**	**301.573.528**	**1.117.588.919**
IV.	**ITEMS HELD IN CUSTODY**		**39.434.419**	**19.655.922**	**59.090.341**
4.1	Customer Fund and Portfolio Balances		3.954.484	-	3.954.484
4.2	Investment Securities Held in Custody		2.682.104	2.062.528	4.744.632
4.3	Cheques Received for Collection		26.095.801	2.704.389	28.800.190
4.4	Commercial Notes Received for Collection		6.151.125	3.550.546	9.701.671
4.5	Other Assets Received for Collection		-	-	-
4.6	Assets Received for Public Offering		-	-	-
4.7	Other Items Under Custody		550.905	11.338.459	11.889.364
4.8	Custodians		-	-	-
V.	**PLEDGES RECEIVED**		**202.070.108**	**82.992.237**	**285.062.345**
5.1	Marketable Securities		805.358	1.368.190	2.173.548
5.2	Guarantee Notes		763.134	565.924	1.329.058
5.3	Commodity		113.226	7.890	121.116
5.4	Warranty		-	-	-
5.5	Immovables		164.735.077	62.749.122	227.484.199
5.6	Other Pledged Items		35.653.313	18.301.111	53.954.424
5.7	Pledged Items-Depository		-	-	-
VI.	**ACCEPTED BILL, GUARANTEES AND WARRANTEES**		**574.510.864**	**198.925.369**	**773.436.233**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**1.032.650.489**	**811.339.038**	**1.843.989.527**

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

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

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

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

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AKBANK T.A.Ş.
III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2018
(Amounts are expressed in thousands of Turkish Lira (TL).)

	INCOME AND EXPENSE ITEMS	Note (Section Five)	CURRENT PERIOD (01/01-31/12/2018)
I.	**INTEREST INCOME**	(IV-a)	**33.588.997**
1.1	Interest on Loans	(IV-a-1)	25.242.030
1.2	Interest on Reserve Requirements		472.136
1.3	Interest on Banks	(IV-a-2)	696.817
1.4	Interest on Money Market Transactions		225.202
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	6.901.394
1.5.1	Fair Value Through Profit or Loss		-
1.5.2	Fair Value Through Other Comprehensive Income		5.506.934
1.5.3	Measured at Amortised Cost		1.394.460
1.6	Financial Lease Income		-
1.7	Other Interest Income		51.418
II.	**INTEREST EXPENSE (-)**	(IV-b)	**19.022.869**
2.1	Interest on Deposits	(IV-b-4)	14.504.876
2.2	Interest on Funds Borrowed	(IV-b-1)	1.499.445
2.3	Interest Expense on Money Market Transactions		1.561.507
2.4	Interest on Securities Issued	(IV-b-3)	1.377.885
2.5	Other Interest Expenses		79.156
III.	**NET INTEREST INCOME (I - II)**		**14.566.128**
IV.	**NET FEES AND COMMISSIONS INCOME**		**3.450.047**
4.1	Fees and Commissions Received		4.475.751
4.1.1	Non-cash Loans		407.054
4.1.2	Other		4.068.697
4.2	Fees and Commissions Paid		1.025.704
4.2.1	Non-cash Loans		1.825
4.2.2	Other		1.023.879
V.	**PERSONNEL EXPENSE (-)**		**2.123.197**
VI	**DIVIDEND INCOME**		**4.601**
VII.	**TRADING INCOME /(LOSS) (Net)**	(IV-c)	**(335.589)**
7.1	Trading Gains / (Losses) on Securities		(1.105.607)
7.2	Gains / (Losses) on Derivative Financial Transactions		5.051.575
7.3	Foreign Exchange Gains / (Losses)		(4.281.557)
VIII.	**OTHER OPERATING INCOME**	(IV-d)	**985.899**
IX.	**GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)**		**16.547.889**
X.	**EXPECTED CREDIT LOSS (-)**	(IV-e)	**6.470.543**
XI.	**OTHER OPERATING EXPENSES (-)**	(IV-f)	**3.406.449**
XII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**		**6.670.897**
XIII.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**
XIV.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**304.959**
XV.	**INCOME/(LOSS) ON NET MONETARY POSITION**		**-**
XVI.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)**		**6.975.856**
XVII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	(IV-g)	**1.286.212**
17.1	Current Tax Provision		818.761
17.2	Deferred Tax Income Effect (+)		967.998
17.3	Deferred Tax Expense Effect (-)		500.547
XVIII.	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)**		**5.689.644**
XIX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**
19.1	Income from Non-current Assets Held for Sale		-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-
19.3	Income from Other Discontinued Operations		-
XX.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		**-**
20.1	Expenses for Non-current Assets Held for Sale		-
20.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-
20.3	Expenses for Other Discontinued Operations		-
XXI.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)**		**-**
XXII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**
22.1	Current Tax Provision		-
22.2	Deferred Tax Expense Effect (+)		-
22.3	Deferred Tax Income Effect (-)		-
XXIII.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)**		**-**
XXIV.	**NET INCOME/(LOSS) (XVIII+XXIII)**	(IV-h)	**5.689.644**
	Earning/(Loss) per share (in TL full)		0,01422

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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)	PRIOR PERIOD (01/01-31/12/2017)
I.	**INTEREST INCOME**	**(IV-a)**	**23.094.726**
1.1	Interest on Loans	**(IV-a-1)**	18.423.884
1.2	Interest on Reserve Requirements		256.456
1.3	Interest on Banks	**(IV-a-2)**	222.614
1.4	Interest on Money Market Transactions		31.249
1.5	Interest on Marketable Securities Portfolio	**(IV-a-3)**	4.148.615
1.5.1	Trading Financial Assets		-
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-
1.5.3	Available-for-sale Financial Assets		3.065.952
1.5.4	Held- to- maturity Investments		1.082.663
1.6	Financial Lease Income		-
1.7	Other Interest Income		11.908
II.	**INTEREST EXPENSE**	**(IV-b)**	**12.549.749**
2.1	Interest on Deposits	**(IV-b-4)**	10.136.612
2.2	Interest on Funds Borrowed	**(IV-b-1)**	763.725
2.3	Interest Expense on Money Market Transactions		727.582
2.4	Interest on Securities Issued	**(IV-b-3)**	877.811
2.5	Other Interest Expenses		44.019
III.	**NET INTEREST INCOME (I - II)**		**10.544.977**
IV.	**NET FEES AND COMMISSIONS INCOME**		**2.744.763**
4.1	Fees and Commissions Received		3.442.031
4.1.1	Non-cash Loans		262.281
4.1.2	Other		3.179.750
4.2	Fees and Commissions Paid		697.268
4.2.1	Non-cash Loans		1.338
4.2.2	Other		695.930
V.	**DIVIDEND INCOME**		**1.822**
VI.	**TRADING INCOME /(LOSS) (Net)**	**(IV-c)**	**(427.734)**
6.1	Trading Gains / (Losses) on Securities		192.292
6.2	Gains / (Losses) on Derivative Financial Transactions		(938.962)
6.3	Foreign Exchange Gains / (Losses)		318.936
VII.	**OTHER OPERATING INCOME**	**(IV-d)**	**1.262.507**
VIII.	**TOTAL OPERATING INCOME (III+IV+V+VI+VII)**		**14.126.335**
IX.	**PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)**	**(IV-e)**	**2.313.232**
X.	**OTHER OPERATING EXPENSES (-)**	**(IV-f)**	**4.661.609**
XI.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**		**7.151.494**
XII.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**
XIII.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**365.117**
XIV.	**INCOME/(LOSS) ON NET MONETARY POSITION**		**-**
XV.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)**		**7.516.611**
XVI.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(IV-g)**	**1.477.542**
16.1	Current Tax Provision		1.436.074
16.2	Deferred Tax Provision		41.468
XVII.	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)**		**6.039.069**
XVIII.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**
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		-
XIX.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		**-**
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		-
XX.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)**		**-**
XXI.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**
21.1	Current Tax Provision		-
21.2	Deferred Tax Provision		-
XXII.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**		**-**
XXIII.	**NET INCOME/(LOSS) (XVII+XXII)**	**(IV-h)**	**6.039.069**
	Earning/(Loss) per share (in TL full)		0,01510

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

AKBANK T.A.Ş.
IV. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018
(Amounts are expressed in thousands of Turkish Lira (TL).)

		CURRENT PERIOD (31/12/2018)
I.	**CURRENT PERIOD INCOME/LOSS**	**5.689.644**
II.	**OTHER COMPREHENSIVE INCOME**	**(1.201.290)**
2.1	**Not Reclassified Through Profit or Loss**	**392.840**
2.1.1	Property and Equipment Revaluation Increase/Decrease	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	6.579
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	387.708
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.447)
2.2	**Reclassified Through Profit or Loss**	**(1.594.130)**
2.2.1	Foreign Currency Translation Differences	789.507
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(2.878.494)
2.2.3	Cash Flow Hedge Income/Loss	315.637
2.2.4	Foreign Net Investment Hedge Income/Loss	(493.088)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Lossess	
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	672.308
XII.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**4.488.354**

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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).)

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

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

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

AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

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

							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
		Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
	CURRENT PERIOD (31/12/2018)															
I.	**Prior Period End Balance**		4.000.000	1.700.000	-	1.405.892	2.348.962	(114.043)	1.113.024	835.299	(777.134)	83.374	23.790.063	-	6.039.069	40.424.506
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	580.406	-	-	(58.324)	-	110.969	-	-	-	-	633.051
III.	**Adjusted Beginning Balance (I+II)**		4.000.000	1.700.000	-	1.986.298	2.348.962	(114.043)	1.054.700	835.299	(666.165)	83.374	23.790.063	-	6.039.069	41.057.557
IV.	Total Comprehensive Income		-	-	-	-		5.132	387.708	789.507	(2.245.225)	(138.412)	-		5.689.644	4.488.354
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-		-	-
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-		-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-		-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-		-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-		-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	(141.429)	-	-	-	-	-	4.607		-	(136.822)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	4.439.069	-	(6.039.069)	(1.600.000)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-		(1.600.000)	(1.600.000)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.439.069		(4.439.069)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-		-	-
	Period-End Balance (I+II+III+...+XVI+XVII+XVIII)		**4.000.000**	**1.700.000**	**-**	**1.986.298**	**2.207.533**	**(108.911)**	**1.442.408**	**1.624.806**	**(2.911.390)**	**(55.038)**	**28.233.739**	**-**	**5.689.644**	**43.809.089**

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

AKBANK T.A.Ş.

V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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
	PRIOR PERIOD (**) (31/12/2017)																	
I.	Begining 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
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		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
																		-
	Changes in the period																	**-**
IV.	Increase/Decrease due to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	601.438	-	-	-	-	601.438
VI.	Hedging transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	47.474	-	47.474
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	47.474	-	47.474
6.2	Foreign Net Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	2.301.856	-	-	-	2.301.856
VIII.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	1.545	-	-	1.545
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		-	-	-	-	-	-	-	(42.534)	(291.743)	-	291.743	-	-	-	-	(42.534)
XIX.	Current Year Income or (Loss)		-	-	-	-	-	-	-	-	6.039.069	-	-	-	-	-	-	6.039.069
XX.	Profit Distribution		-	-	-	-	70.000	-	3.418.827	139.885	(4.528.712)	-	-	-	-	-	-	(900.000)
20.1	Dividends paid		-	-	-	-	-	-		-	(900.000)	-	-	-	-	-	-	(900.000)
20.2	Transfers to Reserves		-	-	-	-	70.000		3.418.827	139.885	(3.628.712)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+V+......+XVIII+XIX+XX)		**4.000.000**	**1.405.892**	**1.700.000**	**-**	**1.392.027**	**-**	**22.137.126**	**146.868**	**6.039.069**	**-**	**1.164.749**	**2.348.962**	**6.440**	**83.373**	**-**	**40.424.506**

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

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

(**) Section Three part I-b.

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

AKBANK T.A.Ş.
VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2018
(Amounts are expressed in thousands of Turkish Lira (TL)).

		Note (Section Five)	CURRENT PERIOD (31/12/2018)
A.	**CASH FLOWS FROM BANKING OPERATIONS**		
1.1	Operating Profit before changes in operating assets and liabilities		6.311.610
1.1.1	Interest received		27.999.682
1.1.2	Interest paid		(18.569.345)
1.1.3	Dividend received		1.789
1.1.4	Fees and commissions received		4.479.655
1.1.5	Other income		104.190
1.1.6	Collections from previously written-off loans and other receivables		1.834.700
1.1.7	Payments to personnel and service suppliers		(2.340.208)
1.1.8	Taxes paid		(208.122)
1.1.9	Other		(6.990.731)
1.2	Changes in operating assets and liabilities		(7.521.041)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		(143.111)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		(572.936)
1.2.3	Net (increase) / decrease in loans		(620.240)
1.2.4	Net (increase) / decrease in other assets		(7.130.822)
1.2.5	Net increase / (decrease) in bank deposits		(5.511.414)
1.2.6	Net increase / (decrease) in other deposits		8.586.740
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-
1.2.8	Net increase / (decrease) in funds borrowed		9.980.005
1.2.9	Net increase / (decrease) in payables		-
1.2.10	Net increase / (decrease) in other liabilities		(12.109.263)
I.	Net cash provided from banking operations		(1.209.431)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
II.	Net cash provided from investing activities		3.933.041
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(62.000)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-
2.3	Purchases of property and equipment		(1.570.997)
2.4	Disposals of property and equipment		975.474
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(11.916.127)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		12.403.113
2.7	Purchase of Financial Assets Measured at Amortised Cost		1.654.189
2.8	Sale of Financial Assets Measured at Amortised Cost		2.449.389
2.9	Other		-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
III.	Net cash provided from financing activities		(411.491)
3.1	Cash obtained from funds borrowed and securities issued		23.421.961
3.2	Cash used for repayment of funds borrowed and securities issued		(22.214.304)
3.3	Issued equity instruments		-
3.4	Dividends paid		(1.600.000)
3.5	Payments for finance leases		(19.148)
3.6	Other		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		4.232.846
V.	Net increase in cash and cash equivalents (I+II+III+IV)		6.544.965
VI.	Cash and cash equivalents at beginning of the period	(V)	10.935.232
VII.	Cash and cash equivalents at end of the period	(V)	17.480.197

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

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

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

		Note (Section Five)	PRIOR PERIOD (31/12/2017)
A.	**CASH FLOWS FROM BANKING OPERATIONS**		
1.1	Operating Profit before changes in operating assets and liabilities		8.844.747
1.1.1	Interest received		21.042.634
1.1.2	Interest paid		(12.411.188)
1.1.3	Dividend received		1.822
1.1.4	Fees and commissions received		3.547.888
1.1.5	Other income		851.707
1.1.6	Collections from previously written-off loans and other receivables		967.336
1.1.7	Payments to personnel and service suppliers		(2.058.406)
1.1.8	Taxes paid		(1.126.334)
1.1.9	Other		(1.970.712)
1.2	Changes in operating assets and liabilities		(6.617.378)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		-
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-
1.2.3	Net (increase) / decrease in loans		3.680.188
1.2.4	Net (increase) / decrease in other assets		(29.482.769)
1.2.5	Net increase / (decrease) in bank deposits		(7.848.197)
1.2.6	Net increase / (decrease) in other deposits		6.454.150
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		19.484.661
1.2.8	Net increase / (decrease) in funds borrowed		(1.420.011)
1.2.9	Net increase / (decrease) in payables		-
1.2.10	Net increase / (decrease) in other liabilities		2.514.600
I.	Net cash provided from banking operations		2.227.369
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
II.	Net cash provided from investing activities		(8.592.422)
2.1	Cash paid for acquisition of investments, associates and subsidiaries		(6.455)
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-
2.3	Purchases of property and equipment		(473.075)
2.4	Disposals of property and equipment		47.429
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(17.020.195)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		10.092.518
2.7	Purchase of Financial Assets Measured at Amortised Cost		(226)
2.8	Sale of Financial Assets Measured at Amortised Cost		765.997
2.9	Other		(1.998.415)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
III.	Net cash provided from financing activities		4.200.919
3.1	Cash obtained from funds borrowed and securities issued		11.368.375
3.2	Cash used for repayment of funds borrowed and securities issued		(6.245.034)
3.3	Issued equity instruments		-
3.4	Dividends paid		(900.000)
3.5	Payments for finance leases		(22.422)
3.6	Other		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		685.442
V.	Net increase in cash and cash equivalents (I+II+III+IV)		(1.478.692)
VI.	Cash and cash equivalents at beginning of the period	**(V)**	12.413.924
VII.	Cash and cash equivalents at end of the period	**(V)**	10.935.232

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

(*) Section Three part I-b.

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

AKBANK T.A.Ş.
VII. PROFIT APPROPRIATION STATEMENT
(Amounts are expressed in thousands of Turkish Lira (TL)).

		CURRENT PERIOD (31/12/2018)
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**	
1.1	CURRENT YEAR INCOME	6.975.856
1.2	TAXES AND DUTIES PAYABLE	1.286.212
1.2.1	Corporate Tax (Income Tax)	818.761
1.2.2	Income Withholding Tax	
1.2.3	Other taxes and duties	467.451
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**5.689.644**
1.3	PRIOR YEAR LOSSES (-)	-
1.4	FIRST LEGAL RESERVES (-)	-
1.5	OTHER STATUTORY RESERVES (-)	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**5.689.644**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1	To Owners of Ordinary Shares	-
1.6.2	To Owners of Privileged Shares	-
1.6.3	To Owners of Preferred Shares	-
1.6.4	To Profit Sharing Bonds	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-
1.7	DIVIDENDS TO PERSONNEL (-)	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1	To Owners of Ordinary Shares	-
1.9.2	To Owners of Privileged Shares	-
1.9.3	To Owners of Preferred Shares	-
1.9.4	To Profit Sharing Bonds	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-
1.10	SECOND LEGAL RESERVES (-)	-
1.11	STATUTORY RESERVES (-)	-
1.12	EXTRAORDINARY RESERVES	-
1.13	OTHER RESERVES	-
1.14	SPECIAL FUNDS	-
II.	**DISTRIBUTION OF RESERVES**	
2.1	APPROPRIATED RESERVES	-
2.2	SECOND LEGAL RESERVES (-)	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-
2.3.1	To Owners of Ordinary Shares	-
2.3.2	To Owners of Privileged Shares	-
2.3.3	To Owners of Preferred Shares	-
2.3.4	To Profit Sharing Bonds	-
2.3.5	To Holders of Profit and (Loss) Sharing Certificates	-
2.4	DIVIDENDS TO PERSONNEL (-)	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
III.	**EARNINGS PER SHARE (*)**	
3.1	TO OWNERS OF ORDINARY SHARES	0,015
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,5
3.3	TO OWNERS OF PRIVILEGED SHARES	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-
IV.	**DIVIDEND PER SHARE**	
4.1	TO OWNERS OF ORDINARY SHARES	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-

(*) 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.

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)).

		PRIOR PERIOD (31/12/2017)
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**	
1.1	CURRENT YEAR INCOME	7.516.611
1.2	TAXES AND DUTIES PAYABLE	1.477.542
1.2.1	Corporate Tax (Income Tax)	1.436.074
1.2.2	Income Withholding Tax	-
1.2.3	Other taxes and duties	41.468
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**6.039.069**
1.3	PRIOR YEAR LOSSES (-)	-
1.4	FIRST LEGAL RESERVES (-)	-
1.5	OTHER STATUTORY RESERVES (-)	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**6.039.069**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	200.000
1.6.1	To Owners of Ordinary Shares	200.000
1.6.2	To Owners of Privileged Shares	-
1.6.3	To Owners of Preferred Shares	-
1.6.4	To Profit Sharing Bonds	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-
1.7	DIVIDENDS TO PERSONNEL (-)	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	1.400.000
1.9.1	To Owners of Ordinary Shares	1.400.000
1.9.2	To Owners of Privileged Shares	-
1.9.3	To Owners of Preferred Shares	-
1.9.4	To Profit Sharing Bonds	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-
1.10	SECOND LEGAL RESERVES (-)	140.000
1.11	STATUTORY RESERVES (-)	-
1.12	EXTRAORDINARY RESERVES	4.291.946
1.13	OTHER RESERVES	-
1.14	SPECIAL FUNDS	7.123
II.	**DISTRIBUTION OF RESERVES**	
2.1	APPROPRIATED RESERVES	-
2.2	SECOND LEGAL RESERVES (-)	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-
2.3.1	To Owners of Ordinary Shares	-
2.3.2	To Owners of Privileged Shares	-
2.3.3	To Owners of Preferred Shares	-
2.3.4	To Profit Sharing Bonds	-
2.3.5	To Holders of Profit and (Loss) Sharing Certificates	-
2.4	DIVIDENDS TO PERSONNEL (-)	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
III.	**EARNINGS PER SHARE (*)**	
3.1	TO OWNERS OF ORDINARY SHARES	0,015
3.2	TO OWNERS OF ORDINARY SHARES (%)	1,5
3.3	TO OWNERS OF PRIVILEGED SHARES	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-
IV.	**DIVIDEND PER SHARE**	
4.1	TO OWNERS OF ORDINARY SHARES	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-

(*) 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.

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 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.

Explanations on IFRS 16 Leases Standard:

The "IFRS 16 Leases" standard was published in the official gazette dated 16 April 2018 and numbered 29826 for the period beginning after 31 December 2018. In this standard, the difference between the operating lease and the finance lease has been eliminated, and the lease transactions will be presented by the lessor as the financial liability for the asset (the right to use) and the lease payment.

The Bank has started to work on compliance with the TFRS 16 Leases Standard effective from 1 January 2019 which is still in progress as of 31 December 2018. The Bank does not expect a significant impact in its financials with the adaptation of TFRS 16 at 1 January 2019.

The Bank will apply this standard on January 1, 2019, which is the mandatory date of implementation. The Bank plans to use simplified transition implementation and not to change comparable figures for the year before the first application.

b. Explanation for convenience translation to English:

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

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

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

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

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

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

As of 31 December 2018, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,2600 and TL 6,0182 for USD and EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS OPTIONS AND DERIVATIVE INSTRUMENTS:

The 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. If the underlying contract is closely related to the embedded derivative, the embedded derivative is accounted for in accordance with the standard which the underlying contract is based on without any separation from the contract.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

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

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

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

b. Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

c. Financial Assets Measured at Amortized Cost:

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

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

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

d. Derivative Financial Assets:

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

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

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

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

e. Loans

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

<u>1. Loans measured at amortised cost:</u>

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

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

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

Definition of Default:

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

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days. If the debt is delayed by 90 days, it is not considered as a default. The situation of default is valid after 91th days.

2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Write-off Policy:

According to the Bank's financial asset is completely write-off from the Bank financial statement. If there is a process that the financial asset has reached its default status and does not have any expectation that it will be recovered.

Partial write-off means that its is agreed that a financial asset will be repaid by the debtor at a certain rate and the amount remaining after the payment of such amount is deducted from the financial statements.

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

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

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

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

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

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk.

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

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

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period. However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

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

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

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

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

The ECL calculations are reviewed once a year. After the last review during the reporting period;

- There is no update in the assumptions in the estimation techniques.

- Model risk parameters and macroeconomic estimation models have been updated with recent data.

- Expected Credit Loss calculation has practiced with using multi-scenario structure by using updated macroeconomic model scenarios

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

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

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

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

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

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

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

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)".

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.

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

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

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

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

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

b. Retirement Rights:

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

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

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

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

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the ''Social Insurance and General Health Insurance Law no. 5510'' published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published in the Official Gazette no. 28987 dated 30 April 2014.The Council of Ministers has been authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "president".

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

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

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

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

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

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

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

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

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

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

b. Deferred Tax:

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

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

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

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

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

XIX. EXPLANATIONS ON BORROWINGS:

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2018.

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 2018 and 31 December 2017, there is no government grant for the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

a. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and,

c. for which discrete financial information is available.

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

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

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

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

XXV. EARNINGS PER SHARE:

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

	Current Period 31 December 2018
Net Profit for the Year	5.689.644
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	**0,01422**

	Prior Period 31 December 2017
Net Profit for the Year	6.039.069
Average Number of Issued Common Shares (Thousand)	400.000.000
Earnings Per Share (Amounts presented as full TL)	**0,01510**

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

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

XXVI. RELATED PARTIES:

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

XXVII. CASH AND CASH EQUIVALENT ASSETS:

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

XXVIII. RECLASSIFICATIONS:

The prior period financial statements have been restated in order to be consistent with the presentation of financial statements dated 31 December 2018.

XXIX. DISCLOSURES OF TFRS 9 FINANCIAL INSTRUMENTS:

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

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

Classification and measurement of financial assets

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

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

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

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

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

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

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

Significant increase in credit risk:

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

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

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

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

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

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

a. Classification and measurement of financial assets:

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

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

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

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

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

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

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

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

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

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

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

4. Reclassification of categorised items without a change in measurement

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

(i) Previously classified as "available-for-sale" and as of 1 January 2018 classified as "Fair Value Through Other Comprehensive Income".

(ii) Previously classified as held-to-maturity and as of 1 January 2018 classified as "measured at amortized cost".

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

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

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

(*) As of 31 December 2017 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no: 29918. The Bank's provision ratios are over these minimum ratios. Surplus provision amount of TL 1.4 billion (full TL amount) over the minimum provision ratios is included in the "Other" line on the table above.
(**) Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Fair Value Through Other Comprehensive Income, Receivables from Banks and Receivables from Money Markets.
(***) Before TFRS 9, the expected credit loss for stage 1 and 2 non-cash loans is classified "12. General Provision" and expected credit loss for stage 3 non-cash loans is classified "12.5. Other Provisions" under liabilities. In accordance with TFRS 9, the expected loss provisions for the 1st, 2nd and 3rd stage non-cash loans are in the "10.4 Other Provisions" column in the liabilities.

Effects on equity with TFRS 9 transition:

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Available-for-sale financial assets:

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

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

c. Loans and Receivables:

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

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

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

d. Held-to-maturity financial assets:

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

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

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

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 2018, the current period equity of the Bank has been calculated as TL 50.058.868 (31 December 2017: TL 44.403.105), the capital adequacy ratio is 18,16% (31 December 2017: 17,03%). This ratio is above the minimum ratio required by the legislation.

a. Information about total capital items:

	Current Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.986.298	
Share issue premiums	1.700.000	
Reserves	28.233.739	
Gains recognized in equity as per TAS	5.268.307	
Profit	5.689.644	
Current Period Profit	5.689.644	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
Common Equity Tier 1 Capital Before Deductions	**46.884.428**	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	3.404.909	
Improvement costs for operating leasing	32.437	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	548.673	473.714
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	**3.986.314**	
Total Common Equity Tier 1 Capital	**42.898.114**	

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

	Current Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	**-**	
Total Additional Tier I Capital	**-**	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**42.898.114**	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.404.678	
Tier II Capital Before Deductions	**7.164.262**	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	**7.164.262**	
Total Capital (The sum of Tier I Capital and Tier II Capital)	**50.062.376**	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	3.508	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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

	Current Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	50.058.868	
Total risk weighted amounts	275.675.906	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	15,56%	
Tier 1 Capital Adequacy Ratio	15,56%	
Capital Adequacy Ratio	18,16%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	1,93%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,05%	
c) Systemic significant bank buffer ratio (**)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,56%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(260.285)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.799.798	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used(***)	2.430.262	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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

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

	Prior Period 31 December 2017	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
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	
Common Equity Tier 1 Capital Before Deductions	**40.455.175**	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	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	-	
Total Deductions From Common Equity Tier 1 Capital	**486.130**	
Total Common Equity Tier 1 Capital	**39.969.045**	

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

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

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

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

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

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

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

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

	Current Period 31 December 2018
Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.630 million TL (in full TL amount)
Nominal value of instrument	2.630 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.630 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of '' Own fund regulation ''	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of '' Own fund regulation''	The instrument is not in compliant with article numbered 7.

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

	Current Period 31 December 2018
Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.104 million TL (in full TL amount)
Nominal value of instrument	2.104 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.104 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of '' Own fund regulation ''	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of '' Own fund regulation''	The instrument is not in compliant with article numbered 7.

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

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

II. EXPLANATIONS ON 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 X-c-4-a of Section Four

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	77.375.753	83.200.753
Conditional and unconditional receivables from regional or local governments	26.833	24.897
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	15.754	44.878
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	84.425.692	94.105.291
Conditional and unconditional receivables from corporates	165.358.574	175.358.868
Conditional and unconditional receivables from retail portfolios	86.588.749	92.442.639
Conditional and unconditional receivables secured by mortgages	28.216.164	26.327.690
Past due receivables	3.277.986	1.541.736
Receivables defined under high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	458.683	336.248
Equity security investments	5.462.209	5.091.462
Other receivables	9.216.778	8.863.992
Total	**460.423.175**	**487.338.454**

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

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

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 regulary 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.

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 4,1% (31 December 2017: 2,3%).

f. 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 37% and 44% respectively. (31 December 2017: 32% and 39%).

2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 65% and 80%. (31 December 2017: 61% and 74%)

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 23% and 29% respectively. (31 December 2017: 21% and 27%)

g. The Bank provided a general excpected credit loss provision (Stage 1 and Stage 2) amounting to TL 3.799.798 (31 December 2017: TL 2.654.011).

h. Information on loan types and expected credit loss provisions:

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Current Period-31.12.2018	**Balance**	**Excpected Credit Loss**	**Balance**	**Excpected Credit Loss**	**Balance**	**Excpected Credit Loss**	**Balance**	**Excpected Credit Loss**
Loans	**147.212.581**	**5.537.450**	**30.310.657**	**1.476.364**	**15.543.270**	**928.150**	**193.066.508**	**7.941.964**
Stage 1	111.001.153	352.523	25.569.867	179.790	13.096.826	105.190	149.667.846	637.503
Stage 2	23.637.816	2.257.273	3.572.225	336.290	1.659.792	148.050	28.869.833	2.741.613
Stage 3	5.883.404	2.927.654	1.168.565	960.284	786.652	674.910	7.838.621	4.562.848
Financial assets at FVPL	6.690.208	-	-	-	-	-	6.690.208	-
Financial Assets	**73.178.347**	**33.291**	**-**	**-**	**-**	**-**	**73.178.347**	**33.291**
Other	**14.475.064**	**59.393**	**-**	**-**	**-**	**-**	**14.475.064**	**59.393**
Non-Cash Loans	**53.337.557**	**378.740**	**-**	**-**	**-**	**-**	**53.337.556**	**378.740**
Stage 1 and 2	53.157.125	327.999	-	-	-	-	53.157.125	327.999
Stage 3	180.431	50.741	-	-	-	-	180.431	50.741
Total	**288.203.548**	**6.008.874**	**30.310.657**	**1.476.364**	**15.543.270**	**928.150**	**334.057.475**	**8.413.388**

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

i. Information on the expected credit loss of loans: (***)

	Stage 1	Stage 2	Stage 3
Opening (1 January 2018)	**660.603**	**2.490.197**	**3.728.644**
Additions (*)	305.713	1.245.250	2.734.051
Disposal (**)	(181.950)	(208.775)	(186.605)
Effect of change in foreign exchange	33.180	28.751	-
Stage 1 and 2 movement			
Loans classified under Stage 1 in two periods (Parameter effect)	29.939	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	(109.292)	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(106.912)	485.415	-
Loans classified under Stage 2 in two periods (Parameter effect)	-	489.749	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(74.292)	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	16.305	(118.020)	-
Stage 3 movement			
Transfers from Stage 1 to Stage 3	(10.083)	-	165.482
Transfers from Stage 2 to Stage 3	-	(24.412)	186.599
Loans classified under Stage 2 in two periods (Change in balance effect)	-	-	(873.592)
Write-offs (****)	-	(1.572.250)	-
Sold Portfolio effect	-	-	(1.191.731)
Closing (31 December 2018)	**637.503**	**2.741.613**	**4.562.848**

(*) Loans which are not included in the loan portfolio as of 1 January 2018 and included in the credit portfolio and calculated provisions as of 31 December 2018

(**) Loans which are included in the credit portfolio and calculated provisions as of 1 January 2018 but which are not included in the loan portfolio as of 31 December 2018.

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals

(****) Within the acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral, the Bank has been write-off the provisions related to cash loan exposure amounted TL 1.598 millon allocated in previous years and TL 1.671 million allocated in current year from Stage 2 provisions. At the same time, the Bank has been transferred TL 3.269 million of related cash loan from stage 2 to stage 3 and subsequently write off TL 3.269 millon.

j. Information on movement of loans (**):

	Stage 1	Stage 2	Stage 3	Total
Opening (1 January 2018)	**175.018.782**	**15.337.567**	**4.532.711**	**194.889.060**
Additions	27.697.330	4.406.505	1.308.237	33.412.072
Disposals	(49.881.774)	(7.459.088)	(636.180)	(57.977.042)
Sold portfolio	-	-	(1.218.371)	(1.218.371)
Write-offs	-	-	(3.279.933)	(3.279.933)
Transfers to Stage 1	1.843.142	(1.843.142)	-	-
Transfers to Stage 2	(18.439.332)	18.439.332	-	-
Transfers to Stage 3	(2.449.258)	(4.682.899)	7.132.157	-
Foreign exchange effect	15.878.956	4.671.558	-	20.550.514
Closing	**149.667.846**	**28.869.833**	**7.838.621**	**186.376.300**

(*) Wihin the scope of acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral, the Bank has transferred cash loan risk amounted TL 3.269 millon from "Loans and receviables under follow up" to "Non-performing Loans" and subsequently write off TL 3.269 millon.

(**) Loans classifed at Fair Value Through Profit or Loss are not included.

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

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

Current Period - 31 December 2018	Financial Assets at Fair Value Through P&L (Net)	Financial Assets at Fair Value Through Other Comprehensive Income (Net)	Financial Assets Measured at Amortised Cost (Net)	Total
Moody's Rating				
Aaa	-	-	-	**-**
A1, A2, A3	-	-	-	**-**
Baa1, Baa2, Baa3	-	-	-	**-**
Ba1	-	840	-	**840**
Ba2	-	484	-	**484**
Ba3	-	37.161.069	9.754.326	**46.915.395**
B1, B2, B3	-	4.960.073	2.509.155	**7.469.228**
Total	**-**	**42.122.467**	**12.263.481**	**54.385.948**

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

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

n. Profile on significant risks in significant regions:

Current Period	Risk Categories (*)																	
31 December 2018	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Domestic	76.949.745	26.833	10.949	-	-	12.884.517	124.831.371	55.459.737	27.395.994	2.758.130	-	-	-	-	458.683	18.369	9.216.778	**310.011.106**
European Union Countries	388.749	-	-	-	-	20.981.857	6.397.193	20.618	11.903	519.818	-	-	-	-	-	607	-	**28.320.745**
OECD Countries(**)	-	-	-	-	-	3.530.073	24.590	1.853	3.047	5	-	-	-	-	-	-	-	**3.559.568**
Off- Shore Regions	-	-	-	-	-	117.626	-	86	228	-	-	-	-	-	-	-	-	**117.940**
USA, Canada	-	-	-	-	-	9.477.127	336.350	2.861	1.464	9	-	-	-	-	-	-	-	**9.817.810**
Other Countries	-	-	-	-	-	664.063	849.481	9.270	5.044	24	-	-	-	-	-	-	-	**1.527.882**
Investment and associates, subsidiaries and joint ventures	36.045	-	-	-	-	9.534.064	11.255.069	47.242	-	-	-	-	-	-	-	5.443.234	-	**26.315.654**
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total	**77.374.539**	**26.833**	**10.949**	**-**	**-**	**57.189.327**	**143.694.054**	**55.541.667**	**27.417.680**	**3.277.986**	**-**	**-**	**-**	**-**	**458.683**	**5.462.209**	**9.216.778**	**379.670.705**

Prior Period	Risk Categories (*)																	
31 December 2017	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
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	**320.960.688**
European Union Countries	238.047	-	8	-	-	39.972.466	4.890.055	20.990	171.352	-	-	-	-	-	-	161	-	**45.293.079**
OECD Countries(**)	-	-	-	-	-	1.630.303	190.258	2.204	2.054	-	-	-	-	-	-	-	-	**1.824.819**
Off- Shore Regions	-	-	-	-	-	134.290	134.190	187	266	-	-	-	-	-	-	-	-	**268.933**
USA, Canada	-	-	-	-	-	2.915.551	95.488	3.839	2.196	-	-	-	-	-	-	-	-	**3.017.074**
Other Countries	1.544.270	-	-	-	-	845.181	696.541	11.215	5.293	-	-	-	-	-	-	-	-	**3.102.500**
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	41.105	692.326	-	-	-	-	-	-	-	-	4.133.098	-	**4.866.529**
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total	**88.712.356**	**55**	**17.220**	**-**	**-**	**55.379.774**	**141.781.478**	**57.439.115**	**24.292.944**	**152.619**	**-**	**-**	**-**	**-**	**278.032**	**4.234.896**	**7.045.133**	**379.333.622**

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

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

o. Risk Profile according to sectors and counterparties:

Current Period	Risk Classifications (*)																			
31 December 2018	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agricultural	-	-	-	-	-	-	43.725	305.395	80.214	3.985	-	-	-	-	-	-	-	421.421	11.898	**433.319**
Farming and raising livestock	-	-	-	-	-	-	29.786	220.086	59.031	2.812	-	-	-	-	-	-	-	311.596	119	**311.715**
Forestry	-	-	-	-	-	-	2.247	81.484	20.330	1.155	-	-	-	-	-	-	-	104.889	327	**105.216**
Fishing	-	-	-	-	-	-	11.692	3.825	853	18	-	-	-	-	-	-	-	4.936	11.452	**16.388**
Manufacturing	-	-	105	-	-	-	49.829.140	5.217.197	3.764.681	728.105	-	-	-	-	-	-	-	27.592.753	31.946.475	**59.539.228**
Mining	-	-	-	-	-	-	1.891.408	177.317	124.645	4.106	-	-	-	-	-	-	-	770.658	1.426.818	**2.197.476**
Production	-	-	105	-	-	-	29.171.236	4.909.748	3.488.272	279.590	-	-	-	-	-	-	-	21.200.579	16.648.372	**37.848.951**
Electricity, Gas, Water	-	-	-	-	-	-	18.766.496	130.132	151.764	444.409	-	-	-	-	-	-	-	5.621.516	13.871.285	**19.492.801**
Construction	-	-	-	-	-	-	25.843.910	2.592.153	3.967.062	427.263	-	-	-	-	-	-	-	16.693.889	16.136.499	**32.830.388**
Services	1.142	26.833	3.109	-	-	57.186.227	61.452.235	15.612.086	11.192.281	1.640.197	-	-	-	-	-	5.449.954	-	71.925.306	80.638.758	**152.564.064**
Wholesale and Retail Trade	-	-	86	-	-	-	19.046.877	12.623.710	4.548.214	633.237	-	-	-	-	-	-	-	30.843.224	6.008.900	**36.852.124**
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.569.950	666.634	1.757.253	276.561	-	-	-	-	-	-	-	3.610.290	2.660.108	**6.270.398**
Transportation and Telecommunication	1.123	-	-	-	-	-	10.338.488	1.123.025	255.169	45.894	-	-	-	-	-	-	-	2.195.551	9.568.148	**11.763.699**
Financial Institutions	-	-	-	-	-	57.186.214	21.062.447	37.238	3.696.818	526.883	-	-	-	-	-	5.448.130	-	30.999.221	56.958.509	**87.957.730**
Real Estate and Lending Services	-	-	-	-	-	-	5.242.827	97.499	250.625	63.633	-	-	-	-	-	-	-	1.115.004	4.539.580	**5.654.584**
Self employment Service	-	-	168	-	-	-	675.867	120.492	128.713	905	-	-	-	-	-	-	-	375.876	550.269	**926.145**
Education Service	18	-	864	-	-	-	260.522	232.330	231.679	54.601	-	-	-	-	-	-	-	681.741	98.273	**780.014**
Health and social Services	1	26.833	1.991	-	-	13	1.255.257	711.158	323.810	38.483	-	-	-	-	-	1.824	-	2.104.399	254.971	**2.359.370**
Other	77.373.397	-	7.735	-	-	3.100	6.525.044	31.814.836	8.413.442	478.436	-	-	-	-	458.683	12.255	9.216.778	90.570.064	43.733.642	**134.303.706**
Total	**77.374.539**	**26.833**	**10.949**	**-**	**-**	**57.189.327**	**143.694.054**	**55.541.667**	**27.417.680**	**3.277.986**	**-**	**-**	**-**	**-**	**458.683**	**5.462.209**	**9.216.778**	**207.203.433**	**172.467.272**	**379.670.705**

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

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

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

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

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

p. Term distribution of risks with term structure:

31 December 2018	Time to Maturity					
Risk Categories	**1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Total**
Conditional and unconditional receivables from central governments and Central Banks	3.788.846	28.712.492	2.714.916	1.569.610	40.588.675	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	26.833	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	3.379	322	1.381	235	5.632	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	23.353.060	1.989.245	2.554.945	6.202.546	23.089.531	-
Conditional and unconditional receivables from corporates	7.487.174	11.253.720	12.019.241	26.227.429	86.706.490	-
Conditional and unconditional receivables from retail portfolios	1.181.176	1.777.918	16.619.883	6.022.201	29.940.489	-
Conditional and unconditional receivables secured by mortgages	496.703	728.052	1.175.528	2.909.950	22.107.446	-
Past due receivables	-	-	-	-	-	3.277.986
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	452.558	6.125	-	-	-	-
Equity security investments	5.462.209	-	-	-	-	-
Other Receivables	-	-	-	-	-	9.216.778
Total	**42.225.105**	**44.467.874**	**35.085.894**	**42.931.971**	**202.465.096**	**12.494.764**

r. 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.

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

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

Risk amounts according to risk weights:

31 December 2018	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights												
Amount Before Credit Risk Mitigation	66.259.968	-	25.793.799	-	24.600.298	67.590.483	194.096.515	1.329.641	-	-	-	3.508
Amount After Credit Risk Mitigation	71.675.396	-	23.958.453	11.266.221	26.528.137	50.692.912	180.625.289	1.329.641	-	-	-	3.508

s. Miscellaneous information regarding important sectors or counterparty type:

31 December 2018 Sectors/Counterparties	Loans (*)		Provisions(*)
	Impaired Receivables		
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)	Expected Credit Loss Provisions
Agricultural	72.949	11.781	13.886
Farming and raising livestock	65.361	8.549	10.964
Forestry	6.851	3.060	2.749
Fishing	737	172	173
Manufacturing	4.588.462	1.650.303	1.657.571
Mining	415.911	31.584	103.417
Production	2.347.073	837.649	770.116
Electricity, Gas, Water	1.825.478	781.070	784.038
Construction	6.865.057	942.587	1.099.722
Services	10.905.261	3.162.657	2.406.154
Wholesale and Retail Trade	2.984.750	1.731.592	1.376.666
Hotel, Food, Beverage Services	655.463	352.695	169.600
Transportation and Telecommunication	346.176	114.479	102.309
Financial Institutions	6.409.506	607.349	427.129
Real Estate and Lending Service	55.985	144.627	85.074
Self Employment Service	29.969	4.632	5.952
Education Service	93.050	104.043	55.431
Health and social services	330.362	103.240	183.993
Other	6.438.105	2.071.293	2.127.128
Total	**28.869.834**	**7.838.621**	**7.304.461**

(*) Breakdown of cash loans
(**) Loans classifed at Fair Value Through Profit or Loss are not included.

t. Information related to impairment and loan loss provisions:

31 December 2018	Opening Balance (Book value before TFRS 9) 31 December 2017	Remeasurements	Opening Balance (Book value efter TFRS 9) 1 January 2018	Provisions recognised during the period	Provision reversal	Other measurements (*)	Closing Balance
Specific Provisions (Stage 3)	4.380.092	(651.448)	3.728.644	7.196.600	(1.779.199)	(4.583.197)	4.562.848
General Loan Loss Provisions (Stage 1 and 2)	2.500.414	650.386	3.150.800	228.316	-	-	3.379.116

(*) Consists of write-offs and sold portfolio from non-performing loans.

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

u. Risk involved in counter-cyclical capital buffer calculation:

	31 December 2018		
Country of ultimate risk	**Private sector credit exposures in banking book**	**Risk Weighted Equivalent trading book**	**Total**
Turkey	184.462.306	10.082.868	194.545.174
Ireland	5.414.094	-	5.414.094
Holland	1.703.616	-	1.703.616
Great Britain	455.188	-	455.188
Russian Federation	323.068	-	323.068
Luxemburg	161.222	-	161.222
France	132.000	-	132.000
USA	42.206	-	42.206
Croatia	26.146	-	26.146
Egypt	24.964	-	24.964
Other	79.092	-	79.092

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:

	USD	**EURO**
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182
1.Day bid rate	TL 5,2609	TL 6,0280
2.Day bid rate	TL 5,2609	TL 6,0280
3.Day bid rate	TL 5,2609	TL 6,0280
4.Day bid rate	TL 5,2889	TL 6,0245
5.Day bid rate	TL 5,2832	TL 6,0185

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

USD : TL 5,3045
EURO : TL 6,0400

As of 31 December 2017;

	USD	**EURO**
Balance Sheet Evaluation Rate	TL 3,7400	TL 4,4773

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

Information related to Bank's Currency Risk:

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

Current Period – 31 December 2018	**EURO**	**USD**	**Other FC**	**Total**
Assets				
Cash Equivalents and Central Bank (**)	9.326.071	12.382.346	3.680.043	**25.388.460**
Banks	2.846.666	13.201.611	1.489.768	**17.538.045**
Financial Assets at Fair Value through Profit or Loss (Net)	-	137.461	-	**137.461**
Interbank Money Market Placements	-	539.374	-	**539.374**
Available-for-sale Financial Assets (Net)	4.599.441	12.529.315	623.000	**17.751.756**
Loans (*****)	33.289.984	36.560.021	41.218	**69.891.223**
Investments in Associates, Subsidiaries and Joint Ventures	4.248.193	-	-	**4.248.193**
Held-to-maturity Investments (Net)	951.598	5.369.039	-	**6.320.637**
Hedging Derivative Financial Assets	-	295.237	68.271	**363.508**
Tangible Assets (Net)	-	7.039	-	**7.039**
Intangible Assets (Net)	-	24	-	**24**
Other Assets (****)	2.196.202	6.430.690	7.183	**8.634.075**
Total Assets	**57.458.155**	**87.452.157**	**5.909.483**	**150.819.795**
Liabilities				
Bank Deposits (**)	1.996.134	1.789.292	1.916.139	**5.701.565**
Foreign Currency Deposits (**)	25.571.919	70.827.128	4.829.624	**101.228.671**
Funds from Interbank Money Market	305.335	8.904.355	-	**9.209.690**
Borrowings	8.080.363	30.995.556	-	**39.075.919**
Marketable Securities Issued (Net) (***)	60.868	12.805.970	120.004	**12.986.841**
Miscellaneous Payables	2.180.492	813.158	2.428	**2.996.078**
Hedging Derivative Financial Liabilities	-	41.041	-	**41.041**
Other Liabilities	909.304	1.109.299	70.138	**2.088.741**
Total Liabilities	**39.104.415**	**127.285.799**	**6.938.332**	**173.328.546**
Net on Balance Sheet Position	**18.353.740**	**(39.833.642)**	**(1.028.849)**	**(22.508.751)**
Net off-Balance Sheet Position (*)	**(16.122.157)**	**39.852.964**	**804.793**	**24.535.600**
Financial Derivative Assets	31.450.484	107.136.471	3.339.712	**141.926.667**
Financial Derivative Liabilities	47.572.641	67.283.507	2.534.919	**117.391.067**
Non-cash Loans	**14.405.397**	**16.299.783**	**481.867**	**31.187.047**
Prior Period - 31 December 2017				
Total Assets	44.938.495	85.007.185	6.149.914	**136.095.594**
Total Liabilities	41.929.742	111.253.802	4.466.972	**157.650.516**
Net on-Balance Sheet Position	**3.008.753**	**(26.246.617)**	**1.682.942**	**(21.554.922)**
Net off-Balance Sheet Position (*)	**(2.733.764)**	**27.283.553**	**(1.697.625)**	**22.852.164**
Financial Derivative Assets	31.885.922	71.667.162	3.143.152	**106.696.236**
Financial Derivative Liabilities	34.619.686	44.383.609	4.840.777	**83.844.072**
Non-cash Loans	**12.348.460**	**18.170.729**	**402.773**	**30.921.962**

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

(**) Of the Cash Equivalents and Central Bank and Other FC, TL 3.490.205 (31 December 2017: TL 5.220.523) of the foreign currency deposits TL 2.484.399 (31 December 2017: TL 1.451.430) and Bank Deposits Other FC of the TL 1.892 (31 December 2017: TL 1.426) are precious metal deposit account in demand.

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

(****)Trading derivative financial assets are classified under other assets and prepaid assets amounted TL 86.577 (31 December 2017: TL 67.506) is excluded in the financial statements.

(*****) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 3.062.779 (31 December 2017: TL 4.511.626) and and includes provision amount of TL 120.518.

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

Currency risk sensitivity analysis:

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

	Effect on Profit/Loss(*)
Change in exchange rate	**Current Period 31 December 2018**
(+) 10%	(13.240)
(-) 10%	13.240

(*) Presents amounts before Tax..

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

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

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

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

Current Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	14.451.277	-	-	-	-	15.662.515	**30.113.792**
Banks	6.075.151	685.932	300.997	-	-	10.939.905	**18.001.985**
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-	-	143.587	**143.587**
Interbank Money Market Placements	539.374	-	-	-	-	-	**539.374**
Available-for-sale Financial Assets (Net)	3.678.380	4.887.321	13.359.043	13.580.275	6.617.448	251.040	**42.373.507**
Loans(***)	55.087.838	21.142.152	47.565.777	53.797.444	7.634.676	(103.343)	**185.124.544**
Held-to-maturity Investments (Net)	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	**12.263.481**
Other Assets (****)	6.104.539	10.197.376	5.470.269	2.639.713	2.176.093	12.493.865	**39.081.855**
Total Assets	**88.422.665**	**38.397.772**	**70.916.152**	**72.985.451**	**17.532.516**	**39.387.569**	**327.642.125**
Liabilities							
Bank Deposits	4.705.106	860.447	406.303	-	-	1.477.434	**7.449.290**
Other Deposits	109.552.447	22.853.750	10.806.988	54.868	12	37.673.698	**180.941.763**
Funds from Interbank Money Market	6.282.201	4.659.775	2.120.223	-	-	-	**13.062.199**
Miscellaneous Payables	760.770	1.263.581	730.525	186.714	4231,714439	4.459.366	**7.405.188**
Marketable Securities Issued (Net) (*)	513.813	1.840.646	466.547	6.802.095	7.313.382	-	**16.936.483**
Borrowings	5.189.460	27.458.373	6.896.462	171.731	11.139	-	**39.727.165**
Other Liabilities (**)	3.363.061	5.593.390	3.404.785	953.110	18.968	48.786.723	**62.120.037**
Total Liabilities	**130.366.858**	**64.529.962**	**24.831.833**	**8.168.518**	**7.347.733**	**92.397.221**	**327.642.125**
Balance Sheet Long Position	-	-	46.084.319	64.816.933	10.184.783	-	**121.086.035**
Balance Sheet Short Position	(41.944.193)	(26.132.190)	-	-	-	(53.009.652)	**(121.086.035)**
Off-balance Sheet Long Position	9.508.780	12.014.068	-	1.746.729	1.699.121	-	**24.968.698**
Off-balance Sheet Short Position	-	-	(11.680.714)	-	-	-	**(11.680.714)**
Total Position	**(32.435.413)**	**(14.118.122)**	**34.403.605**	**66.563.662**	**11.883.904**	**(53.009.652)**	**13.287.984**

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(**) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.
(***) Non-performing loans net-off related provision for expected loss of stage 3 loans an expected losses for stage 1 and stage 2 are presented in "non-interest bearing" column. Despite the fact that interest accrued is accounted for non-performing loans since 1 January 2018, these amounts are included in "non-interest bearing" in the lack of other relevant column.
(****) Trading derivative financial assets are classified under other assets.

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

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

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(**) Shareholders' equity is presented under "Other liabilities" item in "Non-interest bearing".

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

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

Current Period – 31 December 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	0,42	2,34	-	24,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	2,27	-	-
Available-for-sale Financial Assets (Net)	2,55	4,60	3,09	20,97
Loans	4,72	7,87	9,06	18,70
Held-to-maturity Investments (Net)	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (**)	0,21	3,34	-	22,55
Other Deposits (**)	1,00	3,44	0,01	17,20
Funds from Interbank Money Market	2,39	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	18,62
Borrowings	2,89	5,64	-	11,59

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(**) Demand deposit balances are included in average interest rate calculation.

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

Prior Period – 31 December 2017	EURO	USD	Yen	TL
Assets				
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
Liabilities				
Bank Deposits (**)	0,54	1,93	-	10,81
Other Deposits (**)	1,19	2,76	0,04	10,51
Funds from Interbank Money Market	1,92	2,46	-	12,44
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)(*)	4,00	5,58	1,29	12,54
Borrowings	1,04	3,27	-	6,71

(*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(**) Demand deposit balances are included in average interest rate calculation.

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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.

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.

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

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.

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

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

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

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	Prior Period – 31.12.2017	**TL+FC**	**FC**	**TL+FC**	**FC**
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	High quality liquid assets	#	#	56.413.734	34.310.197
	CASH OUTFLOWS				
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
16	**TOTAL CASH OUTFLOWS**			**94.946.147**	**51.330.532**
	CASH INFLOWS				
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
20	**TOTAL CASH INFLOWS**	**57.451.206**	**40.215.495**	**52.883.298**	**39.541.985**
				Upper limit applied amounts	
21	**TOTAL HQLA STOCK**			**56.413.734**	**34.310.197**
22	**TOTAL NET CASH OUTFLOWS**			**42.062.849**	**13.651.341**
23	**Liquidity Coverage Ratio (%)**			**134,41**	**255,67**

(*) 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 180% during the period and remain at a quite higher level that the legal lower limit.

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 46% and securities issued by Undersecreteriat of the Treasury by 48%. Funding sources are mainly distributed between individual and retail deposits by 62%, corporate deposits by 28%, and borrowings from banks by 4% and collateralized borrowings such as repurchase agreements by 4%.

Cash outflow amounting to TL 5,797 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.

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

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

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

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

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 31 December 2018	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank	18.742.242	11.232.472	139.078	-	-	-	-	**30.113.792**
Banks	10.939.905	6.075.151	685.932	300.997	-	-	-	**18.001.985**
Financial Assets at Fair Value Through Profit or Loss (Net)	143.587	-	-	-	-	-	-	**143.587**
Interbank Money Market Placements	-	539.374	-	-	-	-	-	**539.374**
Available-for-sale Financial Assets (Net)	251.040	2.940	1.219.806	3.706.662	27.690.627	9.502.432	-	**42.373.507**
Loans (*****)	-	35.366.453	21.848.892	39.577.279	65.117.391	23.317.872	(103.343)	**185.124.544**
Held-to-maturity Investments (Net)	-	-	678.442	2.840.029	7.640.711	1.104.299	-	**12.263.481**
Other Assets (*)	80.448	2.647.566	1.088.152	3.529.138	12.848.462	7.979.614	10.908.475	**39.081.855**
Total Assets	**30.157.222**	**55.863.956**	**25.660.302**	**49.954.105**	**113.297.191**	**41.904.217**	**10.805.132**	**327.642.125**
Liabilities								
Bank Deposits	1.477.434	4.705.106	860.447	406.303	-	-	-	**7.449.290**
Other Deposits	37.673.697	109.552.447	22.853.750	10.806.988	54.869	12	-	**180.941.763**
Borrowings	-	806.461	2.890.451	19.149.886	11.111.032	5.769.335	-	**39.727.165**
Funds from Interbank Money Market	-	3.852.508	477.256	1.434.554	5.435.790	1.862.091	-	**13.062.199**
Marketable Securities Issued (Net) (**)	-	513.812	1.840.646	466.547	6.802.096	7.313.382	-	**16.936.483**
Miscellaneous Payables	-	380.635	348.566	474.823	1.157.968	583.830	4.459.366	**7.405.188**
Other Liabilities (***)	-	4.934.389	2.004.293	2.433.952	6.370.130	2.568.184	43.809.089	**62.120.037**
Total Liabilities	**39.151.131**	**124.745.358**	**31.275.409**	**35.173.053**	**30.931.885**	**18.096.834**	**48.268.455**	**327.642.125**
Net Liquidity Excess/ (Gap)	**(8.993.909)**	**(68.881.402)**	**(5.615.107)**	**14.781.052**	**82.365.306**	**23.807.383**	**(37.463.323)**	**-**
Net Off-balance sheet Position	**-**	**73.346**	**(1.322.979)**	**378.942**	**8.484.122**	**5.674.553**	**-**	**13.287.984**
Financial Derivative Assets	-	72.069.893	34.473.264	45.284.995	100.845.307	65.710.763	-	**318.384.222**
Financial Derivative Liabilities	-	71.996.547	35.796.243	44.906.053	92.361.185	60.036.210	-	**305.096.238**
Non-cash Loans (****)	**-**	**4.242.599**	**5.288.100**	**16.489.306**	**5.188.166**	**22.129.385**	**-**	**53.337.556**
Prior Period - 31 December 2017								
Total Assets	18.169.933	53.024.496	28.629.327	45.804.160	120.547.886	40.955.157	8.899.909	**316.030.868**
Total Liabilities	34.908.272	131.585.341	36.628.258	26.130.067	34.421.080	11.933.344	40.424.506	**316.030.868**
Net Liquidity Gap	**(16.738.339)**	**(78.560.845)**	**(7.998.931)**	**19.674.093**	**86.126.806**	**29.021.813**	**(31.524.597)**	**-**
Net Off-balance sheet Position	**-**	**(395.318)**	**(377.879)**	**(50.929)**	**2.580.772**	**868.314**	**-**	**2.624.960**
Financial Derivative Assets	-	42.880.047	22.233.835	39.598.037	100.930.037	38.856.309	-	**244.498.265**
Financial Derivative Liabilities	-	43.275.365	22.611.714	39.648.966	98.349.265	37.987.995	-	**241.873.305**
Non-cash Loans (****)	**-**	**3.445.776**	**5.372.593**	**17.889.047**	**5.779.653**	**20.114.109**	-	**52.601.178**

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

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

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

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

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

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

Breakdown of liabilities due to their remaining contractual maturities:

Current Period - 31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	156.062.209	21.884.822	11.858.623	71.083	13	**189.876.750**
Funds borrowed from other financial institutions	910.096	3.121.590	18.738.970	14.722.072	6.077.360	**43.570.088**
Funds from interbank money market	3.875.769	528.167	1.643.042	5.876.437	2.077.886	**14.001.301**
Marketable Securities Issued (Net)	511.523	1.997.344	1.058.604	14.146.698	2.880.523	**20.594.692**

Prior Period - 31 December 2017	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	151.600.400	23.656.611	10.479.738	82.475	16	**185.819.240**
Funds borrowed from other financial institutions	468.389	6.417.418	10.439.813	9.956.980	4.159.807	**31.442.407**
Funds from interbank money market	6.676.609	1.847.044	3.236.516	15.176.936	1.688.923	**28.626.028**
Marketable Securities Issued (Net)	1.259.080	4.723.179	970.463	5.832.363	3.461.090	**16.246.175**

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period - 31 December 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	68.081.776	57.377.916	49.536.435	50.281.971	6.755.663
- Outflow	(61.098.552)	(52.829.804)	(59.930.379)	(48.013.822)	(6.584.737)
Interest rate derivatives:					
- Inflow	61.529	183.594	901.960	2.343.810	1.115.964
- Outflow	(75.433)	(184.524)	(867.651)	(2.201.565)	(1.028.432)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	25.513	113.065	5.367.326	8.792.627	5.741.823
- Outflow	(50.097)	(545.377)	(4.720.895)	(7.728.482)	(6.325.470)
Interest rate derivatives:					
- Inflow	34.067	194.215	596.537	1.648.309	443.294
- Outflow	(9.489)	(116.505)	(552.176)	(1.806.111)	(680.984)
Total Inflow	**68.202.885**	**57.868.789**	**56.402.258**	**63.066.717**	**14.056.744**
Total Outflow	**(61.233.571)**	**(53.676.209)**	**(66.071.101)**	**(59.749.980)**	**(14.619.623)**

Prior Period - 31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
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)
Derivatives held for hedging					
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)
Total Inflow	**38.545.617**	**19.499.213**	**36.466.884**	**45.723.049**	**7.322.336**
Total Outflow	**(35.035.849)**	**(19.766.678)**	**(36.347.439)**	**(43.859.445)**	**(6.853.605)**

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

VII. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 31 December 2018, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 9,37% (31 December 2017: 8,83%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

b. Disclosure of Leverage ratio template:

#		Current Period 31 December 2018 (*)
	Balance sheet Assets	
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	317.742.753
2	(Assets deducted from Core capital)	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	317.742.753
#	**Derivative financial assets and credit derivatives**	
4	Cost of replenishment for derivative financial assets and credit derivatives	16.039.665
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.898.308
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	20.937.973
#	**Financing transactions secured by marketable security or commodity**	
7	Risk amount of financing transactions secured by marketable security or commodity	3.296.687
8	Risk amount arising from intermediary transactions	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	3.296.687
#	**Off-balance sheet transactions**	
10	Gross notional amount of off-balance sheet transactions	132.769.389
11	(Correction amount due to multiplication with credit conversion rates)	(1.189.952)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	131.579.437
	Capital and total risk	
13	Core Capital	44.231.597
14	Total risk amount(sum of lines 3, 6, 9 and 12)	473.556.850
	Leverage ratio	
15	Leverage ratio	9,37

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

(*) Three months average values.

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

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

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

The fair values of financial assets measured at amortised cost 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.

	Carrying Value	Fair Value
	Current Period 31 December 2018	**Current Period 31 December 2018**
Financial Assets	**258.302.891**	**248.746.694**
Interbank Money Market Placements	539.374	537.746
Banks	18.001.985	17.988.838
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	42.373.507	42.373.507
Financial Assets Measured at Amortised Cost (Net)	12.263.481	11.858.083
Loans	185.124.544	175.988.520
Financial Liabilities	**250.921.791**	**249.776.110**
Bank Deposits	7.449.290	7.439.337
Other Deposits	180.941.763	181.064.826
Borrowings	39.727.165	38.897.661
Marketable Securities Issued (Net)	12.152.006	11.722.721
Miscellaneous Payables	10.651.567	10.651.565

	Carrying Value	Fair Value
	Prior Period 31 December 2017	**Current Period 31 December 2017**
Financial Assets	**259.867.509**	**256.723.544**
Interbank Money Market Placements	1.552.161	1.551.010
Banks	8.116.779	8.110.019
Available-for-Sale Financial Assets (Net)	40.806.570	40.806.570
Held-to-Maturity Investments (Net)	18.883.032	19.082.300
Loans	190.508.967	187.173.645
Financial Liabilities	**234.346.575**	**233.990.536**
Bank Deposits	12.959.941	12.950.100
Other Deposits	171.944.508	171.895.026
Borrowings	13.853.149	29.180.324
Marketable Securities Issued (Net)	13.853.149	14.047.889
Miscellaneous Payables	5.917.197	5.917.197

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

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.

a) Quoted market prices (non-adjusted) (1st level).

b) 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).

c) 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 2018	**1st Level**	**2nd Level**	**3rd Level**	**Total**
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	-	-	-	-
- Share Certificates	137.461	-	-	137.461
- Other Financial Assets	6.126	-	-	6.126
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	36.502.564	-	-	36.502.564
- Share Certificates	-	-	-	-
- Other Financial Assets	4.671.110	1.186.378	-	5.857.488
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.371	20.679.029	-	20.680.400
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	1.989.608	-	1.989.608
Loans (*)	-	169.298.312	6.690.208	175.988.520
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	9.411.205	-	-	9.411.205
- Other Financial Assets	2.446.878	-	-	2.446.878
Total Assets	**53.176.715**	**193.153.327**	**6.690.208**	**253.020.250**
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	248	12.311.248	-	12.311.496
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	644.958	-	644.958
Deposits	-	188.504.163	-	188.504.163
Funds Borrowed	-	38.897.661	-	38.897.661
Funds from Interbank Money Market	-	12.195.466	-	12.195.466
Securities Issued (Net)	-	16.722.168	-	16.722.168
Total Liabilities	**248**	**269.275.664**	**-**	**269.275.912**

(*) Fair value of the loans classified under level III, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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

Prior 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
- OtherMarketable 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
Total Assets	**59.655.296**	**196.806.570**	-	**256.461.866**
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
Total Liabilities	**186**	**260.015.599**	-	**260.015.785**

(*) Fair value of the loans classified under level III, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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.

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 Presidency 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.

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

2. Overview of RWA:

		Risk Weighted Amount	Minimum capital requirement
		Current Period 31 December 2018	**Current Period 31 December 2018**
1	Credit risk (excluding counterparty credit risk) (CCR)	226.613.119	18.129.049
2	Standardized approach (SA)	226.613.119	18.129.049
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	22.406.964	1.792.557
5	Standardized approach for counterparty credit risk (SA-CCR)	22.406.964	1.792.557
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	237.585	19.007
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-
11	Settlement risk	-	-
12	Securitization positions in banking accounts	-	-
13	IRB ratings-based approach (RBA)	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-
16	Market risk	5.071.915	405.753
17	Standardized approach (SA)	5.071.915	405.753
18	Internal model approaches (IMM)	-	-
19	Operational Risk	21.346.323	1.707.706
20	Basic Indicator Approach	21.346.323	1.707.706
21	Standard Approach	-	-
22	Advanced measurement approach		
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24	Floor adjustment	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**275.675.906**	**22.054.072**

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

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

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

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	#
Current Period - 31.12.2018	**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**
Assets						
Cash and balances at central bank	30.113.792	30.113.792	-	-	-	-
Banks	18.001.985	18.001.985	-	-	-	-
Receivables from money markets	539.374	539.374	-	-	-	-
Financial assets at fair value through P&L	143.587	143.587	-	-	-	
Financial assets at fair value through other comprehensive income (net)	42.373.507	42.192.471	-	-	180.741	295
Financial assets measured at amortised cost (net)	12.263.481	12.263.481	-	-	-	-
Derivative financial assets	22.670.008		22.670.008		6.342.908	-
Loans (net)	185.124.544	185.121.036	-	-	-	3.508
Non-current assets and disposal groups classified as held for sale (net)	90.305	90.305	-	-	-	-
Investments in associates (net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (net)	5.452.141	5.452.141	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	3.948.417	3.915.980	-	-	-	32.437
Intangible assets (net)	624.243	-	-	-	-	624.243
Investment properties (net)	-	-	-	-	-	-
Tax assets	262.217	262.217	-	-	-	-
Deferred tax assets	23.410	23.410	-	-	-	-
Other assets	6.005.592	6.005.592	-	-	-	-
Total assets	**327.642.124**	**304.130.892**	**22.670.008**	**-**	**6.523.649**	**660.483**
Liabilities						
Deposits	188.391.053	-	-	-	-	188.391.053
Loans	39.727.165	-	-	-	-	39.727.165
Debt to money markets	13.062.199	-	13.062.199	-	-	13.062.199
Debt securities in issue	12.152.006	-	-	-	-	12.152.006
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	12.956.454	-	12.956.454		3.469.022	12.956.454
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	25.048	-	-	-	-	25.048
Provisions	1.294.978	-	-	-	-	1.294.978
Tax liability	504.394	-	-	-	-	504.394
Deferred tax liability	283.695	-	-	-	-	283.695
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	4.784.477	-	-	-	-	4.784.477
Other liabilities	10.651.565	-	-	-	-	10.651.565
Equity	43.809.090	-	-	-	-	43.809.090
Total liabilities	**327.642.124**	**-**	**26.018.653**	**-**	**3.469.022**	**327.642.124**

(*) 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

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

#	#	#		Carrying values of items		#
Prior Period - 31.12.2017	**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**
Assets						
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	-	-	-	-
Total assets	**316.030.868**	**302.070.322**	**9.412.361**	**-**	**7.371.600**	**516.538**
Liabilities						
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
Total liabilities	**316.030.868**	**-**	**32.878.204**	**-**	**2.450.482**	**316.030.868**

(*) 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

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

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

	Current Period - 31.12.2018	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation**	**326.981.641**	**304.130.892**	**-**	**22.670.008**	**6.523.649**
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	26.018.653	(3.469.022)
3	Total net amount under regulatory scope of consolidation	**326.981.641**	**304.130.892**	**-**	**48.688.661**	**3.054.628**
4	Off-balance sheet amounts	424.882.542	36.612.060	-	-	-
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		5.306.509	-	-	-
8	Differences due to prudential filters		-	-	-	2.017.287
9	Differences due to risk reduction		(2.981.492)	-	(25.680.584)	-
10	**Exposure amounts considered for regulatory**		**343.067.969**	**-**	**23.008.077**	**5.071.915**

(*)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.

	Prior Period - 31.12.2017	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation**	**315.514.330**	**302.070.322**	**-**	**9.412.361**	**7.371.600**
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	**315.514.330**	**302.070.322**	**-**	**42.290.565**	**4.921.118**
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)	-
10	**Exposure amounts considered for regulatory**		**333.485.241**	**-**	**18.400.135**	**4.646.251**

(*)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 bet ween 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":

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 Presidency 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. İt 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.

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

2. Credit quality of assets:

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

#		Gross carrying values of (according to TAS)			
	Prior Period 31.12.2017#	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairements**	**Net values**
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 explosures	180.677	111.191.040	131.983	111.239.734
4	**Total**	**4.713.388**	**360.861.128**	**7.075.163**	**358.499.353**

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

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

		Prior Period 31 December 2017
1	**Defaulted loans and debt securities at end of the previous reporting period**	**4.465.348**
2	Loans and debt securities that have defaulted since the last reporting period	1.897.129
3	Returned to non-defaulted status	68.363
4	Amounts written off	727.153
5	Other changes	853.573
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions**	**4.713.388**

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

a) Definitions of overdue and provision allocated receivables are presented below:

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".

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 2018.

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

c) Definitions of the methods used when determining the provision amount, are presented in Note VII-c of SectionThree.

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 enchance 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:

Breakdown by geographical area:

	Current Period 31.12.2018
Domestic	179.001.249
European Union Countries	5.637.163
OECD Countries (*)	4.404
Off-Shore Banking Regions	-
USA, Canada	24.550
Other	560.521
Total	**185.227.887**

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

	Prior Period 31.12.2017
Domestic	184.912.055
European Union Countries	4.915.168
OECD Countries (*)	3.710
Off-Shore Banking Regions	-
USA, Canada	23.505
Other	501.910
Total	**190.356.348**

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

Breakdown by sector

	Current Period 31.12.2018
Agricultural	293.227
Farming and raising livestock	215.889
Forestry	69.567
Fishing	7.771
Manufacturing	40.762.014
Mining	1.799.420
Production	23.240.616
Electricity, Gas, Water	15.721.978
Construction	29.147.206
Services	63.361.759
Wholesale and Retail Trade	24.022.734
Hotel,Food,Beverage Services	4.539.682
Transportation and Telecommunication	9.450.488
Financial Institutions	22.303.280
Real Estate and Lending Services	266.968
Self employment Service	700.741
Education Service	646.936
Health and social Services	1.430.930
Other	51.663.681
Total	**185.227.887**

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

	Prior Period 31.12.2017
Agricultural	369.981
Farming and raising livestock	251.972
Forestry	106.340
Fishing	11.669
Manufacturing	40.280.727
Mining	1.033.545
Production	25.106.013
Electricity, Gas, Water	14.141.169
Construction	25.950.568
Services	70.963.794
Wholesale and Retail Trade	28.828.149
Hotel,Food,Beverage Services	4.345.953
Transportation and Telecommunication	9.477.783
Financial Institutions	24.138.559
Real Estate and Lending Services	519.587
Self employment Service	573.440
Education Service	624.867
Health and social Services	2.455.456
Other	52.791.278
Total	**190.356.348**

Breakdown by outstanding maturity:

Current Period 31.12.2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	35.366.453	21.848.892	39.577.279	65.117.392	23.317.871	**185.227.887**

Prior Period 31.12.2017	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	25.190.270	23.787.817	40.663.720	77.428.346	23.286.195	**190.356.348**

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-31.12.2018	
	Loans Under Follow-up	Provisions
Domestic	7.255.168	4.486.916
European Union Countries	583.164	75.672
OECD Countries (*)	-	-
Off-Shore Banking Regions	30	28
USA, Canada	164	146
Other	95	86
Total	**7.838.621**	**4.562.848**

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

	Prior Period-31.12.2017	
	Loans Under Follow-up	Provisions
Domestic	4.531.507	4.378.888
European Union Countries	669	669
OECD Countries (*)	-	-
Off-Shore Banking Regions	30	30
USA, Canada	119	119
Other	386	386
Total	**4.532.711**	**4.380.092**

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

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

Breakdown by sector:

	Current Period-31.12.2018	
	Loans Under Follow-up	**Provisions**
Agricultural	11.781	7.767
Farming and raising livestock	8.549	5.714
Forestry	3.060	1.899
Fishing	172	154
Manufacturing	1.650.303	911.347
Mining	31.584	27.478
Production	837.649	557.990
Electricity, Gas, Water	781.070	325.879
Construction	942.587	515.273
Services	3.162.657	1.534.905
Wholesale and Retail Trade	1.731.592	1.098.623
Hotel,Food,Beverage Services	352.695	76.042
Transportation and Telecommunication	114.479	68.556
Financial Institutions	607.349	92.797
Real Estate and Lending Services	144.627	81.011
Self employment Service	4.632	3.689
Education Service	104.043	49.439
Health and social Services	103.240	64.748
Other	2.071.293	1.593.556
Total	**7.838.621**	**4.562.848**

	Prior Period-31.12.2017	
	Loans Under Follow-up	**Provisions**
Agricultural	12.380	12.380
Farming and raising livestock	9.253	9.253
Forestry	2.397	2.397
Fishing	730	730
Manufacturing	579.096	579.096
Mining	33.009	33.009
Production	532.043	532.043
Electricity, Gas, Water	14.044	14.044
Construction	248.548	248.548
Services	1.497.661	1.345.042
Wholesale and Retail Trade	1.055.767	1.055.767
Hotel,Food,Beverage Services	273.096	120.477
Transportation and Telecommunication	61.036	61.036
Financial Institutions	13.579	13.579
Real Estate and Lending Services	5.923	5.923
Self employment Service	4.556	4.556
Education Service	33.656	33.656
Health and social Services	50.048	50.048
Other	2.195.026	2.195.026
Total	**4.532.711**	**4.380.092**

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

g) Aging analysis for overdue receivables::

	Current Period 31.12.2018
30-60 days overdue	3.939.002
60-90 days overdue	1.522.542
Total	**5.461.544**

	Prior Period 31.12.2017
30-60 days overdue	879.773
60-90 days overdue	572.404
Total	**1.452.177**

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

Restructured Receivables	**Current Period 31.12.2018**
Loans restructured from Standard Loans and Other Receivables	4.453.627
Loans restructured from Loans underFollow-up and Other Receivables	12.113.776
Loans restructured from Non-Performing Loans	252.881

Restructured Receivables	**Prior Period 31.12.2017**
Loans restructured from Standard Loans and Other Receivables	3.888.691
Loans restructured from Loans underFollow-up and Other Receivables	3.155.715
Loans restructured from Non-Performing Loans	142.062

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) 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.

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

5. Credit risk mitigation techniques – overview:

Current Period 31.12.2018		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	1812.440.771	3.683.773	1.633.274	9.910.626	8.818.566	-	-
2	Debt Securities	54.352.683	-	-	-	-	-	-
3	**Total**	**235.793.454**	**3.683.773**	**1.633.274**	**9.910.626**	**8.818.566**	**-**	**-**
4	Of which defaulted	8.097.066	-	-	-	-	-	-

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

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 - 31.12.2018	**Exposures before credit conversion factor and CRM**		**Exposures post-credit conversion factor and CRM**		**RWA and RWA density**	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Exposures to central governments or central banks	73.950.587	3.425.166	82.640.747	149.220	16.719.246	20,19%
2	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	50,00%
3	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	31.212.428	53.213.263	31.212.428	17.279.457	23.012.356	47,46%
7	Exposures to corporates	106.630.637	58.727.937	101.860.561	36.789.511	134.723.138	97,17%
8	Retail exposures	51.076.840	35.511.909	46.502.203	4.190.708	38.019.683	75,00%
9	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	35,00%
10	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	72,35%
11	Past-due loans	3.277.986	-	3.277.986	-	3.416.959	104,24%
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)	243.711	214.972	243.711	4.472	248.183	100,00%
16	Other assets	9.216.778	-	9.216.778	-	5.536.732	60,07%
17	Investments in equities	5.462.209	-	5.462.209	-	5.462.209	100,00%
18	**Total**	**307.299.601**	**153.123.573**	**306.455.908**	**59.620.138**	**242.638.371**	**66,28%**

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

	Prior Period - 31.12.2017	**Exposures before credit conversion factor and CRM**		**Exposures post-credit conversion factor and CRM**		**RWA and RWA density**	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
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%
18	**Total**	**302.070.323**	**156.123.117**	**301.061.008**	**50.824.369**	**233.636.575**	**66,40%**

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

	Current Period - 31.12.2018 Assett classes / Risk weight	**0%**	**10%**	**20%**	**35%**	**50% (*)**	**75%**	**100%**	**150%**	**200%**	**Other risk weights**	**Total risk amount (**)**
1	Exposures to central governments or central banks	65.777.893	-	366.035	-	-	-	16.646.039	-	-	-	82.789.967
2	Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	26.833
3	Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	7.372
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	228.628	-	23.508.508	-	12.888.191	-	11.866.558	-	-	-	48.491.885
7	Exposures to corporates	1.988.832	-	83.905	-	3.741.956	-	132.835.379	-	-	-	138.650.072
8	Retail exposures	-	-	-	-	-	50.692.911	-	-	-	-	50.692.911
9	Exposures secured by residential property	-	-	-	11.266.220	-	-	-	-	-	-	11.266.220
10	Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	15.945.630
11	Past-due loans	-	-	-	-	1.051.695	-	896.650	1.329.641	-	-	3.277.986
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	248.183	-	-	-	248.183
16	Investments in equities	-	-	-	-	-	-	5.462.209	-	-	-	5.462.209
17	Other assets	3.680.042	-	5	-	-	-	5.536.731	-	-	-	9.216.778
18	**Total**	**71.675.395**	**-**	**23.958.453**	**11.266.220**	**26.528.135**	**50.692.911**	**180.625.291**	**1.329.641**	**-**	**-**	**366.076.046**

(*)Secured by real estate

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

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

	Prior Period -31.12.2017 **Assett classes/ Risk weight**	**0%**	**10%**	**20%**	**35%**	**50% (*)**	**75%**	**100%**	**150%**	**200%**	**Other risk weights**	**Total risk amount (**)**
1	Exposures to central governments or central banks	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
18	**Total**	**62.373.878**	**-**	**11.592.639**	**-**	**18.609.538**	**69.846.453**	**189.462.870**	**-**	**-**	**-**	**351.885.377**

(*)Secured by real estate

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

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 fron banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined seperately 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 reviewd 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.

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

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 CCR 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

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:

#	Current Period - 31.12.2018	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1	Standardised Approach (for derivatives)	14.558.995	5.274.323	-	1,4	19.833.318	14.363.501
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	3.174.759	1.424.166
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	3.174.759	1.424.166
6	**Total**						**15.787.667**

(*) Effective Expected Positive Exposure

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

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

(*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

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

		Prior Period - 31.12.2017	
		Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	10.999.259	4.091.182
4	**Total subject to the CVA capital charge**	**10.999.259**	**4.091.182**

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

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

Current Period - 31.12.2018

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

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.
(**)Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

Prior Period - 31.12.2017

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit
Regulatory portfolio									
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**	-	-	-	-	-	-	-	-	-
Total	**217.265**	**-**	**1.618.513**	**11.154.289**	**20.698**	**5.389.370**	**-**	**-**	**11.305.740**

(*) 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.

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

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.

6. Credit derivatives exposures:

Current Period - 31.12.2018	**Protection bought**	**Protection sold**
Nominal		
Single-name credit default swaps	5.917.500	26.300
Index credit default swaps	-	-
Total return swaps	10.369.466	7.603.757
Credit options	-	-
Other credit derivatives	-	-
Total notionals	**16.286.966**	**7.630.057**
Fair values		
Positive fair value (asset)	3.283.145	2.606.104
Negative fair value (liability)	-	-

Prior Period - 31.12.2017	**Protection bought**	**Protection sold**
Nominal		
Single-name credit default swaps	-	18.700
Index credit default swaps	-	-
Total return swaps	6.127.434	4.541.941
Credit options	-	-
Other credit derivatives	-	-
Total notionals	**6.127.434**	**4.560.641**
Fair values		
Positive fair value (asset)	1.581.610	1.581.610
Negative fair value (liability)	-	-

7. Exposures to central counterparties (CCP):

	Current Period – 31.12.2018	**Exposure at default (post-CRM)**	**RWA**
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**22.777**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	571.403	22.759
3	(i) OTC Derivatives	571.403	22.759
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin		
9	Pre-funded default fund contributions	7.655	18
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**	**-**	**-**
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	-	-

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

	Prior Period - 31.12.2017	**Exposure at default (post-CRM)**	**RWA**
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**7.633**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	193.899	7.618
3	(i) OTC Derivatives	193.899	7.618
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
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**	**-**	**-**
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.

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 2018, 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.

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

2. Standardised approach:

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

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

#	#	Prior Period 31.12.2017 RWA
	Outright products	
1	Interest rate risk (general and specific)	2.782.725
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1.783.014
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	80.513
7	Scenario approach	-
8	Securitisation	-
9	**Total**	**4.646.252**

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 2018 is calculated once a year by using the gross income of the Bank in 2015, 2016 and 2017.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	31.12.2015	31.12.2016	31.12.2017	Total/Positive GI year number	Ratio (%)	Total
Gross income	9.667.545	11.216.375	13.270.197	3	15	1.707.706
Amount subject to Operational Risk (Amount*12,5)						21.346.323

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.

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

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.

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)	2.611.360	%5,22
TL	500	(2.936.618)	(%5,87)
USD	(200)	(292.189)	(%0,58)
USD	200	286.062	%0,57
EURO	(200)	112.940	%0,23
EURO	200	(635.156)	(%1,27)
Total (for negative shocks)		**2.432.111**	**%4,86**
Total (for positive shocks)		**(3.285.712)**	**(%6,56)**

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

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

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

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

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

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

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

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

As of 31 December 2018, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

		Current Period 31.12.2018	
	Notional Amount	**Assets**	**Liabilities**
Interest Rate and Cross Currency Swaps			
-TL	16.237.238	4.693.776	647.569
-FC	45.826.317	363.508	41.041
Total	**62.063.555**	**5.057.284**	**688.610**

		Prior Period 31.12.2017	
	Notional Amount	**Assets**	**Liabilities**
Interest Rate and Cross Currency Swaps			
-TL	2.497.225	973.630	-
-FC	26.913.498	161.224	74.911
Total	**29.410.723**	**1.134.854**	**74.911**

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

1. Explanations on Net Investment Risk:

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

2. Explanations on Fair Value Hedge:

Current Period: 31.12.2018

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

(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.
(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains / (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

Prior Period: 31.12.2017

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

(*) Includes fair value differences arising from changes in foreign exchange rates for the hedge transactions having risk exposure of both interest rate and foreign currency.
(**) Represents the cumulative amounts booked under "Gains / (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

As of 31 December 2018 fair value hedge transactions have been proven to be effective.

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

- As of 31 December 2018, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 7.263 (31 December 2017: TL 15.256).

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

3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	253.669	-	191.663	46.141	499
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	1.735.670	48.976	129.136	(368.584)	84.273
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	344.201	198.896	312.291	18.934
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	270	251.782	(216.086)	12.411	(1.567)

As of 31 December 2018 cash flow hedge transactions have been determined as effective.

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

- As of 31 December 2018, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL (5.927) (31 December 2017: TL (18.772)).

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

XXXI. QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES

Explanations on Remuneration Committee

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2018. As a result of the meeting and related evaluations, the committee decided on continuation of existing policies. The main duties and responsibilities of the Remuneration Committee have been determined as follows:

- Reviewing the remuneration policy practices within the framework of the "Regulation on Corporate Governance Principles of Banks" published by the BRSA and keeping the wage management system up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance Committee principles to the Board of Directors as an annual report
- Ensuring the implementation of variable remuneration (bonus) payments within the framework of Corporate Governance Committee principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank.

The general principles of the Bank's remuneration policy apply to all bank employees.

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2018, there are 16 employees that are considered as special employees in the Bank.

Information on the Design and Structure of the Remuneration Process

While determining the Bank's wage structure;

- Internal balance of wages and budgetary opportunities,
- Job description and level of responsibility of employees,
- Individual performance of each employee,
- The overall performance of the team and general performance of the bank,
- Employee competencies,
- Compliance with the Bank's internal and external regulations

are taken into consideration.
Remuneration Policy targeting acquisition, retention, rewarding and motivating human resources to achieve sustainable performance of the bank is structured as follows.

- Complying with the scope and structure of the Bank's operations, strategies, long-term targets and risk management structures,
- Preventing the excessive risk taking and contributing the effective risk management,

Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks
In the remuneration processes, besides the applied risk management credit risk, operational risk, legal risk and reputation risk are taken into consideration . During the determination of bonus payments the risks arising from employees are also taken into consideration. Some portion of the bonus payments of the special employees are paid with non-cash assets indexed to the Bank's share value and some portion is deferred. Written agreements have been made with these employees for the cancellation of deferred payments in certain cases. In the recent year, there has been no change in the methods of assessment of risks in remuneration practices.

Evaluation of the Methods of Associating Premiums with Performance

Return on equity, asset size and other possible risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of bonus payments. The Bank performance is determined as a prerequisite to individual bonus payments.
The bonus budget determined according to the Bank's performance is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income. Profitability, efficiency and risk cost are taken into consideration in the measurement of individual performances.
In determining the premiums of the special employees, the general performance of the Bank is determined as preliminary criteria.

The units within the scope of Internal Systems have independent bonus systems from Bank's performance system hence their budgets are separately managed. All decisions regarding the wage and bonus processes of these units are agreed at the Board of Directors level.

XII. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

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

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

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

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

	Retail Banking (*)	Commercial Banking, Corporate-Investment, Private Banking and Wealth Management	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 31 December 2018					
Operating Income	10.958.696	2.904.806	1.284.898	5.115.653	20.264.053
Profit from Operating Activities	5.380.007	(920.588)	1.005.889	1.200.988	6.666.296
Income from Subsidiaries	-	-	-	4.601	4.601
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	304.959	304.959
Profit before Tax	5.380.007	(920.588)	1.005.889	1.510.548	6.975.856
Corporate Tax	-			(1.286.212)	(1.286.212)
Minority Shares	-	-	-	-	-
Net Profit for the Period	5.380.007	(920.588)	1.005.889	224.336	5.689.644
Segment Assets	71.535.564	132.521.609	103.342.019	-	307.399.192
Investments in Associates	-	-	-	5.457.662	5.457.662
Undistributed Assets	-	-	-	14.785.271	14.785.271
Total Assets					327.642.125
Segment Liabilities	124.653.231	57.955.297	88.464.828	-	271.073.356
Undistributed Liabilities	-	-	-	12.759.680	12.759.680
Shareholders' Equity	-	-	-	43.809.089	43.809.089
Total Liabilities					327.642.125
Other Segment Items					
Capital Investment	-	-	-	1.040.588	1.040.588
Amortization	(64.103)	7.284	3.934	(298.383)	(351.268)
Non-cash Other Income-Expense	(1.934.346)	(5.520.239)	(72.131)	(552.328)	(8.079.044)

(*) As of 22 November 2018, Retail Banking and SME Banking Business Units have been merged and Retail Banking Business Unit started to operate.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period – 31 December 2017					
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	4.137.021
Undistributed Assets	-	-	-	12.732.430	12.732.430
Total Assets					316.030.868
Segment Liabilities	94.762.137	85.190.850	85.734.750	-	265.687.737
Undistributed Liabilities	-	-	-	9.918.625	9.918.625
Shareholders' Equity	-	-	-	40.424.506	40.424.506
Total Liabilities					316.030.868
Other Segment Items					
Capital Investment	-	-	-	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)

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

SECTION FIVE
INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	Current Period 31 December 2018	
	TL	**FC**
Cash/Foreign Currency	1.796.417	1.826.103
The CBRT (*)	2.928.915	23.504.830
Other (**)	-	57.527
Total	**4.725.332**	**25.388.460**

(*) Precious metal account amounting to TL 3.432.683 are included in FC.
(**) Precious metal account amounting to TL 57.522 are included in FC.

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

(*) Precious metal account amounting to TL 5.118.058 are included in FC.
(**) Precious metal account amounting to TL 102.465 are included in FC.

2. Information related to the account of the CBRT:

	Current Period 31 December 2018	
	TL	**FC**
Unrestricted Demand Deposits	124	-
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	-
Reserve Requirement	2.928.791	23.504.830
Total	**2.928.915**	**23.504.830**

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

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

3. Explanation on reserve requirements:

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

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

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

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

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

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

	Current Period 31 December 2018	
	TL	**FC**
Forward Transactions	1.004.135	-
Swap Transactions	11.441.676	4.645.436
Futures Transactions	-	-
Options	67.222	454.254
Other	-	-
Total	**12.513.033**	**5.099.690**

(*)Excluding hedging derivatives financial assets.

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

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

d. Information on banks and foreign banks:

1. Information on banks account:

	Current Period 31 December 2018	
	TL	**FC**
Banks		
Domestic	207	601.823
Foreign	463.733	16.936.222
Head Quarters and Branches Abroad	-	-
Total	**463.940**	**17.538.045**

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

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

	Unrestricted Amount	Restricted Amount (**)
	Current Period 31 December 2018	**Current Period 31 December 2018**
European Union Countries	7.038.537	4.387.506
USA, Canada	5.329.591	615.389
OECD Countries (*)	16.399	-
Off-Shore Banking Regions	-	-
Other	12.533	-
Total	**12.397.060**	**5.002.895**

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

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

	Unrestricted Amount	Restricted Amount (**)
	Prior Period 31 December 2017	**Prior Period 31 December 2017**
European Union Countries	1.517.919	4.071.661
USA, Canada	589.738	431.048
OECD Countries (*)	12.789	-
Off-Shore Banking Regions	-	-
Other	6.317	8.160
Total	**2.126.763**	**4.510.869**

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

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

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

1. As of 31 December 2018, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 11.515.081 (31 December 2017: TL 18.926.124); and those given as collateral/blocked amounting to TL 8.421.116 (31 December 2017: TL 2.586.927).

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

	Current Period 31 December 2018
Debt Securities	44.953.968
Quoted at Stock Exchange (*)	43.557.799
Unquoted at Stock Exchange	1.396.169
Share Certificates	13.455
Quoted at Stock Exchange	-
Unquoted at Stock Exchange	13.455
Impairment Provision (-)	2.593.916
Total	**42.373.507**

(*) Investment funds are included.

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

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

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

(*) Investment funds are included.

f. Information related to loans:

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

	Current Period 31 December 2018	
	Cash	**Non-cash**
Direct Loans Granted to Shareholders	-	1.440
Corporate Shareholders	-	1.440
Real Person Shareholders	-	-
Indirect Loans Granted to Shareholders	5.281.095	1.073.121
Loans Granted to Employees	114.675	-
Total	**5.395.770**	**1.074.561**

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

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

(i). Loans at amortised cost (*):

##	##	Loans under follow-up		
Current Period – 31 December			**Restructured Loans**	
Cash Loans	**Standard Loans**	**Loans not subejct to restructuring**	**Loans with revised contract terms**	**Refinance**
Non-specialized Loans				
Loans given to enterprises	16.246.160	2.236.888	118	1.949.139
Export Loans	8.453.632	428.060	438	174.775
Import Loans	-	-	-	-
Loans Given to Financial Sector	7.725.859	396	-	-
Consumer Loans	25.569.867	2.596.310	871.206	104.709
Credit Cards	13.096.826	979.253	-	680.539
Other	78.575.502	11.796.488	113	7.051.401
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**149.667.846**	**18.037.395**	**871.875**	**9.960.563**

(*) The balances of loans at fair value profit or loss has not been included.

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

(ii). Loans at fair value through profit or loss:

For the restructuring of the syndacation loan extended to Ojer Telekominasyon A.Ş (OTAŞ), which is the main shareholder of Türk Telekom, an agreement has been made between all creditors including the Bank. As per the agreed structure, 1.925.000.000 Class A Shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities are taken over on 21 December 2018 by a special purpose vehicle Levent Yapılandırma Yönetimi A.Ş. ("LYY") owned directly or indirectly by the creditors. The Bank participated in LYY with a share of 35,56% for its share in receivables from OTAŞ. With in the scope of the acquisition of Türk Telekom shares by LYY and related agreements, the amount of credit extended to LYY by the Bank for the acquisition of shares, which are the guarantee of OTAŞ loans, is 1.272 millon USD (6.990 million TL) as of 31 December 2018. This loan has been reclassified as "Loans" under "Fair Value through Profit or Loss". The maturity of related loan is 1 year and it can be extended. As stated in agreements for mentioned loan, it is foreseen that a part of the loan given to LYY shall be transferred from loans to capital and added to LYY capital in the following period. The shares of Türk Telekom, are pledged for this loan and constitute the guarantee of the loan granted to LYY. The main purpose of LYY is transferring the shares of Türk Telekom to an expert investor by providing to necessary conditions as soon as possible.

Current Period-31 December 2018

Expected Credit Loss Stage I and Stage II	Standard Loans	Loans under Follow-up
12 Month Expected Credit Losses	637.503	-
Significant Increase in Credit Risk	-	2.741.613
Total	**637.503**	**2.741.613**

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

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

Current Period - 31 December 2018

Number of Extension	Standard loans and other receivables	Loans and other receivables under Follow-up
Extended by 1 or 2 times	4.340.357	11.794.837
Extended by 3,4 or 5 times	102.708	307.458
Extended by more than 5 times	10.562	11.481
Total	**4.453.627**	**12.113.776**

Extension periods	Standard loans and other receivables	Loans and other receivables under Follow-up
0 - 6 Months	1.480.655	1.630.709
6 - 12 Months	318.467	4.763.560
1 - 2 Years	646.836	986.675
2 - 5 Years	1.009.323	3.010.485
5 Years and over	998.346	1.722.347
Total	**4.453.627**	**12.113.776**

3. Breakdown of loans according to their maturities (*)

		Loans Under Follow-Up	
	Standard Loans	**Non-restructured**	**Restructured or rescheduled**
Short-term Loans	42.509.818	3.553.407	1.439.770
Medium and Long-Term Loans	107.158.028	14.483.988	9.392.668
Total	**149.667.846**	**18.037.395**	**10.832.438**

(*) The balances of loans at fair value profit or loss has not been included.

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

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

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

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

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

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

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

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

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

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

6. Loans according to types of borrowers:

	Current Period 31 December 2018
Public	956.112
Private	184.271.775
Total	**185.227.887**

	Prior Period 31 December 2017
Public	763.867
Private	189.592.481
Total	**190.356.348**

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

	Current Period 31 December 2018
Domestic Loans	179.001.152
Foreign Loans	6.226.735
Total	**185.227.887**

	Prior Period 31 December 2017
Domestic Loans	184.926.408
Foreign Loans	5.429.940
Total	**190.356.348**

8. Loans granted to investments in associates and subsidiaries:

	Current Period 31 December 2018
Direct Loans Granted to Investments in Associates and Subsidiaries	291.767
Indirect Loans Granted to Investments in Associates and Subsidiaries	-
Total	**291.767**

	Prior Period 31 December 2017
Direct Loans Granted to Investments in Associates and Subsidiaries	346.273
Indirect Loans Granted to Investments in Associates and Subsidiaries	-
Total	**346.273**

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

	Current Period 31 December 2018
Loans and Other Receivables with Limited Collectibility	724.871
Loans and Other Receivables with Doubtful Collectibility	1.226.217
Uncollectible Loans and Receivables	2.611.760
Total	**4.562.848**

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

(ii) Specific provisions accounted for loans:

	Prior Period 31 December 2017
Loans and Other Receivables with Limited Collectibility	579.034
Loans and Other Receivables with Doubtful Collectibility	650.121
Uncollectible Loans and Receivables	3.150.937
Total	**4.380.092**

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

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

	III. Group	**IV. Group**	**V. Group**
	Loans with Limited Collectibility	**Loans with Doubtful Collectibility**	**Uncollectible Loans**
Current Period: 31 December 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612
Prior Period: 31 December 2017			
(Gross Amounts Before Specific Provisions)	31.483	39.558	71.021
Rescheduled Loans and Other Receivables	31.483	39.558	71.021

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

	III. Group	**IV. Group**	**V. Group**
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivables**
Prior Period End Balance: 31 December 2017	**579.034**	**650.121**	**3.303.556**
Additions (+)	9.002.953	428.596	151.865
Transfers from Other Categories of Non-Performing Loans (+)	-	3.901.728	1.485.064
Transfers to Other Categories of Non-Performing Loans (-)	3.901.728	1.485.064	-
Collections (-) (*)	727.622	638.986	412.592
Write-offs (-) (**)	3.271.451	2.607	5.875
Sold Portfolio	-	-	1.218.371
Corporate and Commercial Loans	-	-	299.572
Consumer Loans	-	-	409.406
Credit Cards	-	-	509.393
Other	-	-	-
Balance at the End of the Period	**1.681.186**	**2.853.788**	**3.303.647**
Specific Provisions (-)	724.871	1.226.217	2.611.760
Net Balance at Balance Sheet	**956.315**	**1.627.571**	**691.887**

(*) TL 774 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 36 million (in full TL amount) to 3 companies Efes Varlık Yönetim A.Ş., Hayat Varlık Yönetimi A.Ş. and Final Varlık Yönetimi A.Ş. TL 446 million (in full TL principal amount) portion of the Bank's non-performing loan portfolio has been sold at a price of TL 19.4 million (in full TL amount) to 3 companies Arsan Varlık Yönetim A.Ş., İstanbul Varlık Yönetimi A.Ş. and Sümerl Varlık Yönetimi A.Ş.
(**) Within the scope of acquisition finance of Türk Telekomunikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral, the Bank has been transferred cash loan risk amounted TL 3.269 millon from "Loans and receviables under follow up" to "Non-performing Loans" and subsequently write off TL 3.269 millon. The related transferred and write-off amounts are included in "Additions" and "Write-off" lines.

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 31 December 2018			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
Net Balance on Balance Sheet	152.096	1.050.449	254.039
Prior Period: 31 December 2017			
Balance at the End of the Period	17.562	28.123	405.791
Specific Provision (-)	17.562	28.123	277.527
Net Balance at Balance Sheet	-	-	128.264

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net): 31 December 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.303.647
Specific Provision Amount (-)	724.871	1.226.217	2.611.760
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	691.887
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2017			
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)	-	-	-

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

	III. Group	IV. Group	V. Group
Current Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	119.378
Provision (-)	84.613	168.980	88.875
Prior Period: 31 December 2017			
Interest accruals and valuation differences	-	-	-
Provision (-)	-	-	-

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

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.

g. Financial assets measured at amortised cost:

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

(i). Financial assets measured at amortised cost

	Current Period 31 December 2018	
	TL	**FC**
Given as collateral/blocked	-	659.977
Subject to repurchase agreements	151.531	2.482.866
Total	**151.531**	**3.142.843**

(ii). Held-to-maturity:

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

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

(i) Financial assets measured at amortised cost

	Current Period 31 December 2018
Government Bonds	9.062.489
Treasury Bills	-
Other Government Debt Securities	691.694
Total	**9.754.183**

(ii) Financial assets held-to-maturity

	Prior Period 31 December 2017
Government Bonds	13.596.948
Treasury Bills	-
Other Government Debt Securities	2.546.431
Total	**16.143.379**

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

	Current Period 31 December 2018
Debt Securities	12.328.067
Quoted at Stock Exchange	12.328.067
Unquoted at Stock Exchange	-
Impairment Provision (-)	64.586
Total	**12.263.481**

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

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

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

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

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

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

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

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

h. Information on investments in associates (Net):

1. Information about investments in associates:

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

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

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

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

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

3. Movement schedule of investments in associates:

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

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

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

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

i. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

The following amounts have been obtained from the financial statements as of 31 December 2018 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	235.007	96.802	10.534	740.648	12.000
Share Premium	-	-	-	-	-
Reserves	575.244	61.081	18.310	3.274.431	-
Gains recognized in equity as per TAS	-	(1.671)	(151)	-	-
Profit/Loss	(81.083)	240.253	42.831	233.114	(3.092)
- Net Current Period Profit	(81.083)	113.732	42.277	233.114	(3.092)
- Prior Year Profit/Loss	-	126.521	554	-	-
Development Cost of Operating Lease (-)	28	1.231	-	289	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.658	14.156	119	5.421	-
Total Common Equity	**727.482**	**381.078**	**71.405**	**4.242.483**	**8.908**
Total Additional Tier I Capital	**-**	**-**	**-**	**-**	**-**
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
Total Tier I Capital	**727.482**	**381.078**	**71.405**	**4.242.483**	**8.908**
Tier II Capital	**142.841**	**301**	**5**	**37.271**	**-**
CAPITAL	**870.323**	**381.379**	**71.410**	**4.279.754**	**8.908**
Deductions from Capital	**-**	**-**	**-**	**-**	**-**
TOTAL CAPITAL	**870.323**	**381.379**	**71.410**	**4.279.754**	**8.908**

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

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

3. Information on subsidiaries:

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

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

4. The financial figures have been obtained from the financial statements as at 31 December 2018 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	6.721.084	727.160	177.306	543.528	-	(81.083)	56.786	-
2	731.135	396.465	20.175	254.561	(1.258)	113.732	55.812	-
3	84.886	71.524	2.121	10.498	-	42.277	33.818	-
4	27.317.608	4.248.193	6.294	1.203.250	68.241	233.114	218.727	-
5	10.063	8.908	768	376	-	(3.092)	-	-

5. Movement schedule of subsidiaries:

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

(*) Amounts refers to TL 12.000 that the Bank pays for the establishment capital of AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., and the capital increase of Ak Yatırım Menkul Değerler by TL 50.000 which are wholly owned subsidiaries of the Bank.
(**)Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

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

(*) Amounts arises from the capital of Ak Portföy Yönetimi A.Ş is increased by TL 8.000 including TL 6.455 in cash and TL 1.545 from internal sources.
(**) The amount represents the liquidation of Akbank (Dubai) Limited which is 100% subsidiary of the Bank.
(***) Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

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

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

Subsidiaries	Current Period 31 December 2018
Banks	4.248.193
Insurance Companies	-
Factoring Companies	-
Leasing Companies	727.051
Finance Companies	-
Other Financial Subsidiaries	476.897

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

7. Subsidiaries quoted to a stock exchange: None.

j. Information on joint ventures: None

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

l. Information on the Hedging Derivative Financial Assets:

	Current Period 31 December 2018	
	TP	**YP**
Fair Value Hedge	2.957.837	109.839
Cash Flow Hedge	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-
Total	**4.693.776**	**363.508**

	Prior Period d 31 December 2017	
	TP	**YP**
Fair Value Hedge	973.630	29.776
Cash Flow Hedge	-	131.448
Net Investment Hedge in a foreign operation	-	-
Total	**973.630**	**161.224**

m. 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.

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

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2017				
Cost	3.064.583	1.282.602	46.101	4.393.286
Accumulated Depreciation(-)	115.663	861.185	-	976.848
Net Book Value	**2.948.920**	**421.417**	**46.101**	**3.416.438**
Current Period End: 31 December 2018				
Net Book Value at the Beginning of the Period	2.948.920	421.417	46.101	3.416.438
Additions	23.900	380.882	313.680	718.462
Investment Properties Revaulation differences	-	-	-	-
Transferred	11.986	-	(11.986)	-
Disposals (-), net	4.404	772	-	5.176
Depreciation (-)	27.207	154.529	-	181.736
Impairment	429	-	-	429
Cost at Period End	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation at Period End (-)	138.749	954.721	-	1.093.470
Closing Net Book Value	**2.953.624**	**646.998**	**347.795**	**3.948.417**

As of 31 December 2018, net book value of the tangible fixed assets obtained by financial leasing is TL 42.100

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2016				
Cost	845.082	1.138.811	2.383	1.986.276
Accumulated Depreciation(-)	336.058	775.016	-	1.111.074
Net Book Value	**509.024**	**363.795**	**2.383**	**875.202**
Current Period End: 31 December 2017				
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 Revaulation 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
Closing Net Book Value	**2.948.920**	**421.417**	**46.101**	**3.416.438**

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

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

n. Information on intangible assets:

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

	Current Period 31 December 2018
Cost	1.344.288
Accumulated Amortization (-)	720.045
Net Book Value	**624.243**

	Prior Period 31 December 2017
Cost	1.022.162
Accumulated Amortization (-)	550.512
Net Book Value	**471.650**

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

	Current Period 31 December 2018
Opening Balance Net Book Value	**471.650**
Additions	322.126
Disposals (-), net	-
Depreciation (-)	169.533
Closing Net Book Value	**624.243**

	Prior Period 31 December 2017
Opening Balance Net Book Value	**356.672**
Additions	234.322
Disposals (-), net	-
Depreciation (-)	119.344
Closing Net Book Value	**471.650**

o. Information on the investment properties: None.

p. Information on deferred tax asset:

As of 31 December 2018, the Bank has TL 23.410 deferred tax asset (31 December 2017: None). 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.

	Accumulated temporary differences	**Deferred tax assets/(liabilities))**
Current Period - 31 December 2018		
Employee benefits	311.510	68.532
Expected Credit Loss Provisons (Stage 1-2)	3.799.336	836.514
Other	289.095	63.600
Differences between book value and tax base of property, plant and equipment	(740.506)	(162.911)
Differences between book value and tax base of financial assets	(3.509.077)	(765.191)
Investment Properties Revaulation differences	(2.461.256)	(300.829)
Deferred Tax Asset/(Liabilities) Net		**(260.285)**

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

	Accumulated temporary differences	Deferred tax assets/(liabilities))
Prior Period - 31 December 2017		
Employee benefits	290.127	65.857
Other	305.769	61.927
Differences between book value and tax base of property, plant and equipment	(584.033)	(22.011)
Differences between book value and tax base of financial assets	(1.180.504)	(225.979)
Investment Properties Revaulation differences	(2.465.549)	(162.883)
Deferred Tax Asset/(Liabilities) Net		**(383.089)**

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

	Current Period 31 December 2018
Cost	90.384
Accumulated Depreciation (-)	79
Net Book Value	**90.305**

	Current Period 31 December 2018
Opening Balance Net Book Value	**57.520**
Additions (*)	70.412
Disposals (-), net	37.545
İmpairment (-)	82
Depreciation (-)	-
Closing Net Book Value	**90.305**

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

	Prior Period 31 December 2017
Cost	57.687
Accumulated Depreciation (-)	167
Net Book Value	**57.520**

	Prior Period 31 December 2017
Opening Balance Net Book Value	42.343
Additions	53.020
Disposals (-), net	37.683
İmpairment (-)	160
Depreciation (-)	-
Closing Net Book Value	**57.520**

r. Information on other assets:

Other assets amounting to TL 6.038.884 (31 December 2017: TL 3.296.128) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

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

1 (i). Current Period – 31 December 2018:

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

1 (ii). Prior 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	**57.704.550**
Foreign Currency Deposits	14.213.272	20.401.859	33.793.676	2.139.009	5.715.390	2.902.640	1.760	**79.167.606**
Residents in Turkey	13.491.870	19.567.456	31.542.596	1.169.908	996.303	1.221.898	1.559	**67.991.590**
Residents Abroad	721.402	834.403	2.251.080	969.101	4.719.087	1.680.742	201	**11.176.016**
Public Sector Deposits	309.841	16.456	11.269	3.526	184	175	-	**341.451**
Commercial Deposits	9.232.735	7.603.171	11.902.838	242.478	802.779	283.133	-	**30.067.134**
Other Institutions Deposits	236.190	234.207	2.501.398	22.089	65.272	153.181	-	**3.212.337**
Precious metals Deposits	1.332.683	-	3.320	-	115.427	-	-	**1.451.430**
Interbank Deposits	1.163.106	3.869.188	5.910.179	1.424.671	561.893	30.904	-	**12.959.941**
The CBRT	-	-	-	-	-	-	-	**-**
Domestic Banks	16.512	3.594.148	192.524	6.134	-	-	-	**3.809.318**
Foreign Banks	352.114	275.040	5.717.655	1.418.537	561.893	30.904	-	**8.356.143**
Participation Banks	794.480	-	-	-	-	-	-	**794.480**
Other	-	-	-	-	-	-	-	**-**
Total	**34.908.272**	**47.597.764**	**86.123.913**	**4.324.029**	**7.907.235**	**4.007.849**	**35.387**	**184.904.449**

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

2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance	Exceeding the Limit of Deposit Insurance
	Current Period 31 December 2018	**Current Period 31 December 2018**
Saving Deposits	23.246.737	32.618.885
Foreign Currency Saving Deposits	10.341.024	50.682.638
Other Deposits in the Form of Saving Deposits	1.256.207	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-

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

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

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

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

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

b. Information on trading derivative financial liabilities:

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

	Current Period 31 December 2018	
	TL	**FC**
Forward Transactions	344.315	-
Swap Transactions	10.338.317	975.810
Futures Transactions	-	-
Options	2.892	606.511
Other	-	-
Total	**10.685.524**	**1.582.321**

(*) Excluding hedge transactions

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

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2018	
	TL	**FC**
Borrowings from the CBRT	-	-
From Domestic Banks and Institutions	253.088	375.142
From Foreign Banks, Institutions and Funds	398.158	38.700.777
Total	**651.246**	**39.075.919**

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

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

2. Information on maturity structure of borrowings

	Current Period 31 December 2018	
	TL	**FC**
Short-term	253.088	1.515.561
Medium and Long-term	398.158	37.560.358
Total	**651.246**	**39.075.919**

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

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

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

d. Information on securities issued (Net):

	Current Period 31 December 2018	
	TL	**FC**
Bank bills	2.042.561	-
Bonds	1.907.081	8.202.364
Total	**3.949.642**	**8.202.364**

	Prior Period 31 December 2017	
	TL	**FC**
Bank bills	3.783.736	-
Bonds	2.328.773	7.740.640
Total	**6.112.509**	**7.740.640**

e. Information on other foreign liabilities:

Other foreign liabilities listed in "Other Liabilities" amounting to TL 3.246.378 (31 December 2017: TL 1.101.637) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements:

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

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

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2018	
	Gross	**Net**
Less Than 1 Year	29.392	25.048
Between 1-4 Years	-	-
More Than 4 Years	-	-
Total	**29.392**	**25.048**

	Prior Period 31 December 2017	
	Gross	**Net**
Less Than 1 Year	7.504	5.899
Between 1-4 Years	-	-
More Than 4 Years	-	-
Total	**7.504**	**5.899**

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2018	
	TL	**FC**
Fair Value Hedge	2.611	41.041
Cash Flow Hedge	644.958	-
Net Investment Hedge in a foreign operation	-	-
Total	**647.569**	**41.041**

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

h. Information on provisions:

1. Information on reserves for employee rights:

Balance Sheet Obligations for:	**Current Period 31 December 2018**
- Post-employment benefits (pension and medical)	-
- Reserve for employment termination benefits	208.632
- Reserve for unused vacation	102.878
Total	**311.510**

Balance Sheet Obligations for:	**Prior Period 31 December 2017**
- Post-employment benefits (pension and medical)	-
- Reserve for employment termination benefits	204.276
- Reserve for unused vacation	85.851
Total	**290.127**

As explained in Note 1(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.

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

Income Statement Charge for:	Current Period 31 December 2017
- Post-employment benefits (pension and medical)	(232.880)
- Reserve for employment termination benefits	(68.105)
- Reserve for unused vacation	(17.026)
Total	**(318.011)**

Income Statement Charge for:	Prior Period 31 December 2017
- Post-employment benefits (pension and medical)	(204.575)
- Reserve for employment termination benefits	(45.215)
- Reserve for unused vacation	(8.228)
Total	**(258.018)**

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 232.880 (31 December 2017: TL 204.575) during the year has been included in employee costs under operating expenses.

1. (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:

	Current Period 31 December 2018
Discount Rate (%)	5,73
Rate for the Probability of Retirement (%)	94,45

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

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 6.017,60 (1 January 2018: TL 5.001,76) effective from 1 July 2019 has been taken into consideration in calculating the reserve for employee termination benefits.

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

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

	Current Period 31 December 2018
Prior Period Closing Balance	**204.276**
Recognized as an Expense During the Period	68.105
Actuarial Loss / (Gain)	(6.579)
Paid During the Period	(57.171)
Balance at the End of the Period	**208.631**

As of 31 December 2018, the Bank has allocated vacation liability amounting to TL 102.878

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

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

1. (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 2018, the surplus of the Fund amounts to TL 6.194 (31 December 2017: TL 342.485).

	Current Period 31 December 2018
Total Obligations	(5.784.979)
Cash value of future contributions	4.163.438
Total Transfer Obligations to SSI	**(1.621.541)**
Past service obligation	(167.755)
Total Transfer to SSI and Other Obligations	**(1.789.296)**
Fair value of assets	(1.795.490)
Surplus	**6.194**

	Prior Period 31 December 2017
Total Liabilities	(4.979.328)
Cash value of future contributions	3.817.272
Total Transfer Obligations to SSI	**(1.162.056)**
Past service obligation	(182.305)
Total Transfer to SSI and Other Obligations	**(1.344.361)**
Fair value of assets	1.551.402
Surplus	**207.041**

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

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:

Discount rate	**Current Period 31 December 2018**
- Pension benefits transferrable to SSI	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%
- Other non-transferrable benefits	5,73%

Discount rate	**Prior Period 31 December 2017**
- Pension benefits transferrable to SSI	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%
- Other non-transferrable benefits	4,21%

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:

	Current Period 31 December 2018
Prior period end	**1.551.402**
Actual return on plan assets	338.869
Employer contributions	232.880
Employee contributions	199.473
Benefits paid	(527.133)
Period end	**1.795.491**

	Prior Period 31 December 2017
Prior period end	**1.394.112**
Actual return on plan assets	238.028
Employer contributions	204.575
Employee contributions	174.371
Benefits paid	(459.684)
Period end	**1.551.402**

Plan assets are comprised as follows:

	Current Period 31 December 2018	
Bank placements	1.160.797	65%
Property and equipment	17.975	1%
Marketable securities and share certificates	358.510	20%
Other	258.209	14%
Period end	**1.795.491**	**100%**

	Prior Period 31 December 2017	
Bank placements	977.331	63%
Property and equipment	18.242	1%
Marketable securities and share certificates	397.520	26%
Other	158.309	10%
Period end	**1.551.402**	**100%**

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

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

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

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 December 2018 is amounting to TL 50.740 (31 December 2017: TL 67.754).

4 Information on other provisions:

4 (i). Information on free provision for possible risks: TL 550.000 (31 December 2017: TL 700.000).

A portion of free provision amounting to TL 250.000 thousand has been reversed, during the period ended 30 June 2018. Out of free provision of TL 100.000 thousand has been recognised in current period, TL 500.000 thousand had been recognised in year of 2017 and TL 200.000 thousand had been recognised in prior periods by the Bank management considering the possible effects of the circumstances that may arise from the changes in the economy and market conditions. The amount of free provision in the accompanying financial statements is TL 550.000 thousand as of 31 December 2018.

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 50.044 (31 December 2017: TL 69.284).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVII of Section Three. As of 31 December 2018, The Bank has no corporate tax liability after the deduction of temporary taxes (31 December 2017: TL 814.395). As of 31 December 2018 current tax asset is TL 262.217. (31 December 2017: None).

1 (i). Information on taxes payable:

	Current Period 31 December 2018
Corporate Taxes Payable	-
Taxation on Marketable Securities	165.369
Property Tax	1.983
Banking Insurance Transaction Tax (BITT)	196.929
Foreign Exchange Transaction Tax	-
Value Added Tax Payable	13.657
Other	121.816
Total	**499.754**

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

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

1 (ii). Information on premium payables:

	Current Period 31 December 2018
Social Security Premiums – Employee	-
Social Security Premiums – Employer	1
Bank Social Aid Pension Fund Premium- Employee	3
Bank Social Aid Pension Fund Premium – Employer	3
Pension Fund Membership Fees and Provisions – Employee	-
Pension Fund Membership Fees and Provisions – Employer	-
Unemployment Insurance – Employee	1.423
Unemployment Insurance – Employer	2.847
Other	363
Total	**4.640**

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

2. Information on deferred tax liability:

As of 31 December 2018, Turkish Lira deferred tax liability of the Bank amounts to TL 283.695 (31 December 2017: TL 392.164). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan:

	Current Period 31 December 2018	
	TL	**FC**
To be included in the calculation of additional capital borrowing instruments	-	-
Subordinated loans	-	-
Subordinated debt instruments	-	-
Debt instruments to be included in contribution capital calculation	-	4.784.477
Subordinated loans		-
Subordinated debt instruments	-	4.784.477
Total	**-**	**4.784.477**

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

	Prior Period 31 December 2017	
	TL	**FC**
From Domestic Banks	-	-
From Other Domestic Institutions	-	-
From Foreign Banks	-	1.900.999
From Other Foreign Institutions	-	-
Total	**-**	**1.900.999**

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 31 December 2018
Common Stock	4.000.000
Preferred Stock	-

	Prior Period 31 December 2017
Common Stock	4.000.000
Preferred Stock	-

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

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.

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

   The Bank has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Bank continues to its operations with strong shareholders' equity.
7. Information on privileges given to shares representing the capital: None.

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

8. Information on marketable securities value increase fund:

	Current Period 31 December 2018	
	TL	**FC**
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	854.478	581.490
Valuation Difference	(1.769.593)	(1.141.797)
Foreign Currency Differences	-	1.624.806
Total	**(915.115)**	**1.064.499**

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

(*) 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.

(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 15.158.299 asset purchase commitments (31 December 2017: TL 10.596.665), TL 19.788.847 commitments for credit card limits (31 December 2017: TL 18.431.137), TL 2.514.769 commitments for cheque books (31 December 2017: TL 6.679.928).

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

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

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

	Current Period 31 December 2018
Bank Acceptance Loans	2.740.341
Letters of Credit	6.562.959
Other Guarantees and Warranties	8.977.106
Total	**18.280.406**

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

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

	Current Period 31 December 2018
Revocable Letters of Guarantee	1.015.501
Irrevocable Letters of Guarantee	20.344.230
Letters of Guarantee Given in Advance	2.723.574
Guarantees Given to Customs	2.094.996
Other Letters of Guarantee	8.878.849
Total	**35.057.150**

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

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

3. Information on non-cash loans:

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

	Current Period 31 December 2018
Non-cash Loans Given against Cash Loans	10.507.617
With Original Maturity of 1 Year or Less Than 1 Year	5.190.839
With Original Maturity of More Than 1 Year	5.316.778
Other Non-cash Loans	42.829.939
Total	**53.337.556**

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

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

	Current Period 31 December 2018			
	TL	**(%)**	**FC**	**(%)**
Agricultural	23.433	0,11	6.801	0,02
Farming and Raising Livestock	1.020	0,00	-	-
Forestry	21.678	0,10	-	-
Fishing	735	0,00	6.801	0,02
Manufacturing	4.725.707	21,33	12.685.872	40,68
Mining	60.568	0,27	164.438	0,53
Production	3.412.643	15,41	11.151.343	35,76
Electric, Gas and Water	1.252.496	5,65	1.370.091	4,39
Construction	3.380.984	15,26	4.735.272	15,18
Services	13.301.520	60,05	10.925.029	35,03
Wholesale and Retail Trade	8.235.314	37,18	6.491.677	20,82
Hotel, Food and Beverage Services	130.842	0,59	130.856	0,42
Transportation and Telecommunication	448.191	2,02	446.583	1,43
Financial Institutions	4.222.399	19,06	3.646.654	11,69
Real Estate and Leasing Services	20.016	0,09	40.439	0,13
Self-Employment Services	20.135	0,09	4.620	0,01
Education Services	28.564	0,13	8.553	0,03
Health and Social Services	196.059	0,89	155.647	0,50
Other	718.865	3,25	2.834.073	9,09
Total	**22.150.509**	**100,00**	**31.187.047**	**100,00**

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

			Prior Period 31 December 2017	
	TL	**(%)**	**FC**	**(%)**
Agricultural	21.092	0,09	4.087	0,01
Farming and Raising Livestock	2.708	0,01	-	-
Forestry	18.315	0,08	4.087	0,01
Fishing	69	-	-	-
Manufacturing	4.996.328	23,05	10.156.107	32,84
Mining	70.864	0,33	207.204	0,67
Production	3.840.158	17,71	9.029.452	29,20
Electric, Gas and Water	1.085.306	5,01	919.451	2,97
Construction	3.435.621	15,85	3.070.140	9,93
Services	12.287.679	56,68	12.143.399	39,28
Wholesale and Retail Trade	7.380.034	34,04	7.723.986	24,98
Hotel, Food and Beverage Services	125.106	0,58	113.685	0,37
Transportation and Telecommunication	416.071	1,92	424.623	1,37
Financial Institutions	4.028.333	18,58	3.721.885	12,04
Real Estate and Leasing Services	7.489	0,03	28.207	0,09
Self-Employment Services	20.890	0,10	5.078	0,02
Education Services	32.167	0,15	15.056	0,05
Health and Social Services	277.589	1,28	110.879	0,36
Other	938.496	4,33	5.548.229	17,94
Total	**21.679.216**	**100,00**	**30.921.962**	**100,00**

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

	Group I		**Group II**	
	TL	**FC**	**TL**	**FC**
Non-Cash Loans	**20.782.880**	**30.046.328**	**1.367.629**	**1.140.719**
Letters of Guarantee	17.944.449	14.734.983	1.327.910	1.049.808
Bank Acceptances	-	2.740.341	-	-
Letters of Credit	47.035	6.426.633	-	89.291
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	24.353	-	-
Other Commitments and Contingencies	2.791.396	6.120.018	39.719	1.620

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

b. Information on derivative transactions:

	Current Period 31 December 2018
Types of Trading Transactions	
Foreign Currency Related Derivative Transactions (I)	364.299.428
FC Trading Forward Transactions	28.251.475
Trading Swap Transactions	279.960.704
Futures Transactions	-
Trading Option Transactions	56.087.249
Interest Related Derivative Transactions (II)	157.104.278
Forward Interest Rate Agreements	-
Interest Rate Swaps	137.692.000
Interest Rate Options	19.412.278
Interest Rate Futures	-
Other Trading Derivative Transactions (III)	25.036.577
A. Total Trading Derivative Transactions (I+II+III)	546.440.283
Types of Hedging Transactions	
Fair Value Hedges	21.168.037
Cash Flow Hedges	40.895.518
Foreign Currency Investment Hedges	-
B. Total Hedging Related Derivatives	62.063.555
Total Derivative Transactions (A+B)	**608.503.838**

	Prior Period 31 December 2017
Types of Trading Transactions	
Foreign Currency Related Derivative Transactions (I)	288.447.344
FC Trading Forward Transactions	30.187.903
Trading Swap Transactions	218.488.182
Futures Transactions	-
Trading Option Transactions	39.771.259
Interest Related Derivative Transactions (II)	153.664.448
Forward Interest Rate Agreements	-
Interest Rate Swaps	92.830.124
Interest Rate Options	60.834.324
Interest Rate Futures	-
Other Trading Derivative Transactions (III)	14.849.056
A. Total Trading Derivative Transactions (I+II+III)	456.960.848
Types of Hedging Transactions	
Fair Value Hedges	15.057.711
Cash Flow Hedges	14.353.012
Foreign Currency Investment Hedges	-
B. Total Hedging Related Derivatives	29.410.723
Total Derivative Transactions (A+B)	**486.371.571**

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

As of 31 December 2018, tha Bank has credit default swap of TL 5.943.800 (31 December 2017: None).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 52.249 (31 December 2017: TL 60.831) 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.

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

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

	Current Period 31 December 2018	
	TL	FC
Short-term Loans	9.331.145	244.314
Medium and Long-term Loans	11.122.865	3.906.326
Interest on Loans Under Follow-Up	637.380	-
Premiums Received from the Resource Utilization Support Fund	-	-
Total	**21.091.390**	**4.150.640**

	Prior Period 31 December 2017	
	TL	FC
Short-term Loans	5.383.202	92.002
Medium and Long-term Loans	10.097.958	2.814.898
Interest on Loans Under Follow-Up	35.824	-
Premiums Received from the Resource Utilization Support Fund	-	-
Total	**15.516.984**	**2.906.900**

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

2. Information on interest income on banks:

	Current Period 31 December 2018	
	TL	FC
From the CBRT	222.229	1.673
From Domestic Banks	60.621	18.550
From Foreign Banks	44.477	349.267
From Headquarters and Branches Abroad	-	-
Total	**327.327**	**369.490**

	Prior Period 31 December 2017	
	TL	FC
From the CBRT	111.157	1.458
From Domestic Banks	19.509	15.608
From Foreign Banks	5.779	69.103
From Headquarters and Branches Abroad	-	-
Total	**136.445**	**86.169**

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

3. Information on interest income on marketable securities:

	Current Period 31 December 2018	
	TL	FC
From Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	4.669.923	837.011
Financial Assets Measured at Amortised Cost	1.100.786	293.674
Total	**5.770.709**	**1.130.685**

	Prior Period 31 December 2017	
	TL	FC
From Trading Financial Assets	-	-
From Financial Assets at Fair Value through Profit or Loss	-	-
From Available-for-sale Financial Assets	2.421.860	644.092
From Held-to-Maturity Investments	643.676	438.987
Total	**3.065.536**	**1.083.079**

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

	Current Period 31 December 2018
Interests Received From Investments in Associates and Subsidiaries	38.840

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

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

b. Information on interest expense:

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

	Current Period 31 December 2018	
	TL	**FC**
Banks	62.052	1.295.977
The CBRT	-	-
Domestic Banks	17.240	8.073
Foreign Banks	44.812	1.287.904
Headquarters and Branches Abroad	-	-
Other Institutions	-	141.416
Total	**62.052**	**1.437.393**

	Prior Period 31 December 2017	
	TL	**FC**
Banks	13.470	676.557
The CBRT	-	-
Domestic Banks	12.685	4.538
Foreign Banks	785	672.019
Headquarters and Branches Abroad	-	-
Other Institutions	-	73.698
Total	**13.470**	**750.255**

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

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

	Current Period 31 December 2018
To Associates and Subsidiaries	63.688

	Prior Period 31 December 2017
To Associates and Subsidiaries	72.597

3. Information on interest expense given to securities issued:

	Current Period 31 December 2018	
	TL	**FC**
Interest expense on securities issued	700.228	677.657

	Prior Period 31 December 2017	
	TL	**FC**
Interest expense on securities issued	349.524	528.287

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

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

		Time Deposits					
Current Period- 31.12.2018	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**1 Year and Over**	**Total**
TL							
Bank Deposits	18.990	231.687	37.747	8.159	4.149	-	**300.732**
Saving Deposits	-	1.441.959	5.843.666	119.559	151.457	95.007	**7.651.648**
Public Sector Deposits	-	6.022	2.890	273	8	45	**9.238**
Commercial Deposits	-	1.016.865	1.730.627	72.544	49.464	71.300	**2.940.800**
Other Deposits	4	65.553	276.323	23.291	27.653	35.143	**427.967**
Total	**18.994**	**2.762.086**	**7.891.253**	**223.826**	**232.731**	**201.495**	**11.330.385**
FC							
Foreign Currency Deposits	-	521.289	2.057.057	90.111	252.711	58.574	**2.979.742**
Bank Deposits	567	32.337	130.564	16.835	11.653	313	**192.269**
Precious Metals Deposits	-	1	180	23	1.636	640	**2.480**
Total	**567**	**553.627**	**2.187.801**	**106.969**	**266.000**	**59.527**	**3.174.491**
Grand Total	**19.561**	**3.315.713**	**10.079.054**	**330.795**	**498.731**	**261.022**	**14.504.876**

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

c. Information on dividend income:

	Current Period 31 December 2018
From Financial Assets at Fair Value Through Profit or Loss	-
From Financial Assets at Fair Value Through Other Comprehensive Income	1.755
Other	2.846
Total	**4.601**

	Prior Period 31 December 2017
From Trading Financial Assets	-
From Financial Assets at Fair Value Through Profit or Loss	-
From Available-for-Sale Financial Assets	345
Other	1.477
Total	**1.822**

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

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

	Current Period 31 December 2017
Profit	**1.442.795.172**
Income From Capital Market Transactions	542.691
Income From Derivative Financial Transactions (*)	30.432.004
Foreign Exchange Gains	1.411.820.477
Loss (-)	**1.443.130.761**
Loss from Capital Market Transactions	1.648.297
Loss from Derivative Financial Transactions (*)	25.380.430
Foreign Exchange Loss	1.416.102.034
Total (Net)	**(335.589)**

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 2.809.149.

	Prior Period 31 December 2017
Profit	**603.197.823**
Income From Capital Market Transactions	417.772
Income From Derivative Financial Transactions (*)	13.644.861
Foreign Exchange Gains	589.135.190
Loss (-)	**603.625.557**
Loss from Capital Market Transactions	225.480
Loss from Derivative Financial Transactions (*)	14.583.823
Foreign Exchange Loss	588.816.254
Total (Net)	**(427.734)**

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL (160.886).

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.

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

e. (i) Expected provision expenses:

	Current Period 31 December 2018
Expected Credit Loss	6.367.623
12 month expected credit loss (stage 1)	135.542
Significant increase in credit risk (stage 2)	347.115
Non-performing loans (stage 3)	5.884.966
Marketable Securities Impairment Expense	382
Financial Assets at Fair Value through Profit or Loss	-
Available-for-sale Financial Assets	
Financial Assets at Fair Value Through Other Comprehensive Income	382
Investments in Associates, Subsidiaries Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	102.538
Total	**6.470.543**

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

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

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

g. Information related to other operating expenses:

	Current Period 31 December 2018
Personnel Expenses(*)	2.123.197
Reserve for Employee Termination Benefits	10.936
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	-
Depreciation Expenses of Fixed Assets	181.736
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	169.533
Impairment Expenses of Equity Participations for which Equity Method is Applied	-
Impairment Expenses of Assets Held for Resale	82
Depreciation Expenses of Assets Held for Resale	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	2.413.939
Operational Leasing Expenses	230.043
Maintenance Expenses	60.102
Advertisement Expenses	120.903
Other Expenses	2.002.891
Loss on Sales of Assets	413
Other (*)	629.810
Total	**5.529.646**

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

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

	Prior Period 31 December 2017
Personnel Expenses	1.859.304
Reserve for Employee Termination Benefits	9.343
Bank Social Aid Fund Deficit Provision	-
Impairment Expenses of Fixed Assets	1.473
Depreciation Expenses of Fixed Assets	151.847
Impairment Expenses of Intangible Assets	-
Goodwill Impairment Expenses	-
Amortization Expenses of Intangible Assets	119.344
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	-
Impairment Expenses of Fixed Assets Held for Sale	-
Other Operating Expenses	1.936.038
Operational Leasing Expenses	197.515
Maintenance Expenses	30.829
Advertisement Expenses	135.836
Other Expenses	1.571.858
Loss on Sales of Assets	731
Other	583.369
Total	**4.661.609**

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 14.566.128, net fees and commission income amounting to TL 3.450.047 and the amount of other operating expense is TL 5.529.646.

The Bank has no discontinued operations.

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

As of 31 December 20187, the Bank has a current tax expense of TL 818.761, deferred tax expense of TL 967.998 and deferred tax income of TL 500.547.

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 5.689.644 (31 December 2017: 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.

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

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 2018, 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 7.263 (31 December 2017: TL (15.886)).

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

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income 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.

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

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalents:

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

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

1. Current Period – 31 December 2018

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

	Current Period 31 December 2018
Cash	**4.266.470**
Cash, Foreign Currency and Other	2.205.222
Demand Deposits in Banks (*)	2.061.248
Cash Equivalents	**6.668.762**
Interbank Money Market Placements	1.544.270
Time Deposits in Banks	5.117.991
Marketable Securities	6.501
Total Cash and Cash Equivalents	**10.935.232**

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

	Current Period 31 December 2018
Cash	**10.245.590**
Cash, Foreign Currency and Other	3.622.525
Demand Deposits in Banks (*)	6.623.065
Cash Equivalents	**7.234.609**
Interbank Money Market Placements	537.746
Time Deposits in Banks	6.689.000
Marketable Securities	7.862
Total Cash and Cash Equivalents	**17.480.199**

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

2. Prior Period- 31 December 2017

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

	Prior Period 31 December 2017
Cash	**3.323.769**
Cash, Foreign Currency and Other	1.835.542
Demand Deposits in Banks (*)	1.488.227
Cash Equivalents	**9.090.155**
Interbank Money Market Placements	-
Time Deposits in Banks	9.043.415
Marketable Securities	46.740
Total Cash and Cash Equivalents	**12.413.924**

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

	Prior Period 31 December 2017
Cash	**4.266.470**
Cash, Foreign Currency and Other	2.205.222
Demand Deposits in Banks (*)	2.061.248
Cash Equivalents	**6.668.762**
Interbank Money Market Placements	1.544.270
Time Deposits in Banks	5.117.991
Marketable Securities	6.501
Total Cash and Cash Equivalents	**10.935.232**

(*) The restricted demand accounts are not included.

b. 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 (6.990.731) (31 December 2017: TL (1.970.712) TL) 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 (12.109.263) (31 December 2017: TL 2.514.600 TL) 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 4.232.846 (31 December 2017: TL 685.422).

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

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 2018:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	346.273	274.819	5.560.592	923.699	-	-
Balance at the End of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Interest and Commission Income Received	38.840	202	512.592	7.893	651	42

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

2. Prior 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						
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	-	-

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Current Period 31.12.2018	Current Period 31.12.2018	Current Period 31.12.2018
Balance at the Beginning of the Period	836.532	3.074.694	2.311.399
Balance at the End of the Period	417.786	5.011.285	1.228.947
Interest expense on Deposits	63.688	506.095	108.540

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures	Direct and Indirect Shareholders of the Bank	Other Real and Legal Persons that have been included in the Risk Group
	Prior Period 31.12.2017	Prior Period 31.12.2017	Prior Period 31.12.2017
Balance at the Beginning of the Period	730.658	2.172.759	2.315.646
Balance at the End of the Period	836.532	3.074.694	2.311.399
Interest expense on Deposits	72.597	216.544	188.295

(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 31.12.2018	**Current Period 31.12.2018**	**Current Period 31.12.2018**
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	3.501.130	13.638.708	-
Balance at the End of the Period	3.860.965	10.451.000	-
Total income/loss	15.592	42.206	-
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 2018, the net exposure for investments in associates and subsidiaries is TL 184.140. For direct and indirect shareholders of the Bank TL (303.581).

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**
	Prior Period 31.12.2017	**Prior Period 31.12.2017**	**Prior Period 31.12.2017**
Transactions at Fair Value Through Profit or Loss			
Beginning of the Period	2.477.406	10.110.973	-
Balance at the End of the Period	3.501.130	13.638.708	-
Total income/loss	(9.050)	(35.253)	-
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. For direct and indirect shareholders of the Bank TL (153.254).

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

As of 31 December 2018 benefits provided to the Bank's key management amounting to TL 51.555 (31 December 2017: TL 31.815).

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

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	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branches	780	13.354			
Foreign Representation Office	-	-	-		
Foreign Branch	-	-	-	-	-
Off-shore Banking Region Branches	1	13	Malta	47.749.451	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2018, the Bank has opened 2 domestic branches and closed up 22 domestic branches.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX
OTHER EXPLANATIONS

I. OTHER EXPLANATIONS

The application to Capital Markets Board for increasing the Akbank's paid-in-capital by TL 1.200.000.000 (full amount of TL) from TL 4.000.000.000 (full amount of TL) to TL 5.200.000.000 (full amount of TL) has been approved by the board in the meeting dated 27.12.2018 numbered 65/1535. Related approval has been publicly announced in the Board Weekly Bulletin numbered 2018/59.

- Within the framework of our bank's capital increase via rights issue of TL 2,5 for each share with nominal value of TL 1 between 03.01.2019 – 17.01.2019; a total fund inflow amounting to TL 3.005.741.611,22 (full TL amount) has been received, consisting of TL 2.996.306.795,62 (full TL amount) received during the period of exercising the pre-emptive rights to purchase new shares and TL 9.434.815,60 (full TL amount) received during the sale of remaining shares at the Primary Market of Borsa Istanbul on 22 January 2019.
- Applications have been made to the Capital Markets Board and the Banking Regulation and Supervision Agency for necessary approvals regarding the completion of the capital increase.
- Following the related approvals, capital increase process will be finalized by executing registering and announcement procedures.

SECTION SEVEN
EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the period ended 31 December 2018 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 31 January 2019 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.