

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 31 DECEMBER 2020 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 2020, unconsolidated income statement, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows 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 2020, 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 as at 31 December 2020 include a free provision amounting to TL 1.150.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 500.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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.

***Impairment of loans in accordance with TFRS 9***

The Bank has total provision for impairment of TL 16.516.411 thousands in respect to loans of TL 253.318.528 thousands which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2020. Explanations and notes related to provision for impairment of loans are presented section III part VII-e, section III part VIII, section IV part II-h, section IV part II-l, section IV part II-j, section IV part X-c, section V part I-f and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2020.

The Bank recognizes 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. TFRS 9 is a 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 requires 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. As of 31 December 2020, the impacts of COVID-19 global pandemic have increased the importance of the estimations and assumptions used by the Bank management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.

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 appropriateness of classification of loans as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the 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 estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. 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 on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macro-economic expectations that include the impacts of COVID-19.

We have carried loan review on a selected sample of loans with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, 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, for non-performing loans and other significant loans that are subject to individual assessment based on the Bank policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Bank management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.

We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Bank with respect to loan and related impairment provision.

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**Key Audit Matters**

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

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**Valuation of Pension Fund Obligations**

The Bank has booked provision amounting to TL 126.263 thousand for Pension Fund Liabilities in the accompanying unconsolidated financial statements as at 31 December 2020. Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b and section V part II-h in the accompanying unconsolidated financial statements.

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). The President of the Republic of Turkey is 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 consulting firm 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 consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.

Through use of actuarial specialists, 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.

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#### **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's 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 2020 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, 2 February 2021

**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 2020**

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

The unconsolidated financial report, 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 reviewed.

2 February 2021

Suzan SABANCI DİNÇER	Eyüp ENGİN	Ş.Yaman TÖRÜNER	S. Hakan BİNBAŞGİL	Türker TUNALI	Seda BAĞIRKAN
Chairman of the	Head of the	Member of the	CEO	Executive Vice	Manager
Board of Directors	Audit Committee	Audit		President	
		Committee			

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

Name-Surname / Title : Seda BAĞIRKAN / Manager  
Phone No : (0 212) 385 55 55  
Fax No : (0 212) 325 12 31

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## AKBANK T.A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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

#### SECTION ONE GENERAL INFORMATION ABOUT THE BANK

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depositary Receipts ("ADRs"). As of 31 December 2020, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2019: 51%).

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

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

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

The shares of individuals above are insignificant in the Bank.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	2.119.027	%40,75	2.119.027	-

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

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. As of 31 December 2020, the Bank has 714 branches dispersed throughout the country and 1 branch operating abroad (31 December 2019: 770 branches and 1 branch operating abroad).

As of 31 December 2020, the Bank the Bank has 12.459 employees (31 December 2019: 12.750).

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

None.

SECTION TWO  
UNCONSOLIDATED FINANCIAL STATEMENTS

**AKBANK T.A.S.**

**I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 (STATEMENT OF FINANCIAL POSITION)**

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>46.162.992</b>	<b>96.196.853</b>	<b>142.359.845</b>	<b>50.399.066</b>	<b>84.383.650</b>	<b>134.782.716</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4.892.544</b>	<b>52.719.140</b>	<b>57.611.684</b>	<b>2.494.673</b>	<b>43.995.536</b>	<b>46.490.209</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	4.398.630	43.277.684	47.676.314	2.243.224	27.650.693	29.893.917
1.1.2 Banks	(I-d)	5.749	9.441.668	9.447.417	251.462	16.345.284	16.596.746
1.1.3 Money Markets		488.179	-	488.179	-	-	-
1.1.4 Expected Loss Provision (-)		14	212	226	13	441	454
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>1.108.586</b>	<b>7.912.516</b>	<b>9.021.102</b>	<b>170.989</b>	<b>7.069.120</b>	<b>7.240.109</b>
1.2.1 Government Debt Securities		12.612	167.331	179.943	170.486	92.378	262.864
1.2.2 Equity Instruments		-	158.714	158.714	-	220.294	220.294
1.2.3 Other Financial Assets		1.095.974	7.586.471	8.682.445	503	6.756.448	6.756.951
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-e)</b>	<b>23.665.110</b>	<b>29.417.692</b>	<b>53.082.702</b>	<b>36.087.714</b>	<b>28.554.393</b>	<b>64.642.107</b>
1.3.1 Government Debt Securities		23.067.781	21.352.442	44.420.223	35.534.282	16.168.796	51.703.078
1.3.2 Equity Instruments		15.610	607	16.217	15.610	607	16.217
1.3.3 Other Financial Assets		581.719	8.064.543	8.646.262	537.822	12.384.990	12.922.812
<b>1.5 Derivative Financial Assets</b>	<b>(I-c, I-I)</b>	<b>16.496.752</b>	<b>6.147.605</b>	<b>22.644.357</b>	<b>11.645.690</b>	<b>4.764.601</b>	<b>16.410.291</b>
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		11.758.273	6.147.605	17.905.878	9.551.895	4.731.384	14.283.279
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		4.738.479	-	4.738.479	2.093.795	33.217	2.127.012
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>204.406.636</b>	<b>74.269.325</b>	<b>278.674.961</b>	<b>143.880.604</b>	<b>63.238.520</b>	<b>207.119.124</b>
<b>2.1 Loans</b>	<b>(I-f)</b>	<b>183.882.588</b>	<b>69.435.940</b>	<b>253.318.528</b>	<b>142.634.804</b>	<b>61.199.371</b>	<b>203.834.175</b>
<b>2.2 Lease Receivables</b>	<b>(I-k)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(I-g)</b>	<b>34.523.108</b>	<b>7.361.951</b>	<b>41.885.059</b>	<b>11.814.099</b>	<b>3.760.759</b>	<b>15.574.858</b>
Government Debt Securities		34.523.108	6.693.715	41.216.823	11.479.840	2.379.418	13.859.258
Other Financial Assets		-	668.236	668.236	334.259	1.381.341	1.715.600
<b>2.5 Expected Credit Loss (-)</b>		<b>14.000.060</b>	<b>2.528.566</b>	<b>16.528.626</b>	<b>10.568.299</b>	<b>1.721.610</b>	<b>12.289.909</b>
<b>III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-r)</b>	<b>173.416</b>	<b>-</b>	<b>173.416</b>	<b>636.017</b>	<b>-</b>	<b>636.017</b>
3.1 Held for Sale Purpose		173.416	-	173.416	636.017	-	636.017
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>2.094.996</b>	<b>7.525.427</b>	<b>9.620.423</b>	<b>1.625.290</b>	<b>5.111.016</b>	<b>6.736.306</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-h)</b>	<b>14.795</b>	<b>-</b>	<b>14.795</b>	<b>5.521</b>	<b>-</b>	<b>5.521</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		14.795	-	14.795	5.521	-	5.521
<b>4.2 Subsidiaries (Net)</b>	<b>(I-l)</b>	<b>2.080.201</b>	<b>7.525.427</b>	<b>9.605.628</b>	<b>1.619.769</b>	<b>5.111.016</b>	<b>6.730.785</b>
4.2.1 Unconsolidated Financial Subsidiaries		2.080.201	7.525.427	9.605.628	1.619.769	5.111.016	6.730.785
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-j)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	<b>(I-m)</b>	<b>5.938.700</b>	<b>17.800</b>	<b>5.956.500</b>	<b>4.857.006</b>	<b>6.976</b>	<b>4.863.982</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-n)</b>	<b>1.168.363</b>	<b>9</b>	<b>1.168.372</b>	<b>933.963</b>	<b>16</b>	<b>933.979</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.168.363	9	1.168.372	933.963	16	933.979
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-o)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-p)</b>	<b>88.226</b>	<b>-</b>	<b>88.226</b>	<b>-</b>	<b>2.438</b>	<b>2.438</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-s)</b>	<b>2.701.666</b>	<b>5.357.392</b>	<b>8.059.058</b>	<b>1.842.217</b>	<b>3.584.333</b>	<b>5.426.550</b>
<b>TOTAL ASSETS</b>		<b>262.733.995</b>	<b>183.366.806</b>	<b>446.100.801</b>	<b>204.174.163</b>	<b>156.326.949</b>	<b>360.501.112</b>

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

**AKBANK T.A.S.****I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 (STATEMENT OF FINANCIAL POSITION)**

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>108.487.593</b>	<b>160.082.602</b>	<b>268.570.195</b>	<b>96.271.886</b>	<b>127.782.641</b>	<b>224.054.527</b>
<b>II. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>257.770</b>	<b>36.006.231</b>	<b>36.264.001</b>	<b>302.890</b>	<b>31.068.206</b>	<b>31.371.096</b>
<b>III. MONEY MARKETS</b>		<b>3.600.713</b>	<b>15.407.153</b>	<b>19.007.866</b>	<b>612.415</b>	<b>8.199.349</b>	<b>8.811.764</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>7.564.687</b>	<b>11.593.289</b>	<b>19.157.976</b>	<b>4.905.531</b>	<b>8.612.669</b>	<b>13.518.200</b>
4.1 Bills		5.125.237	-	5.125.237	2.372.587	-	2.372.587
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.439.450	11.593.289	14.032.739	2.532.944	8.612.669	11.145.613
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b, II-g)</b>	<b>11.232.111</b>	<b>3.784.919</b>	<b>15.017.030</b>	<b>7.203.320</b>	<b>1.655.523</b>	<b>8.858.843</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		10.888.507	3.449.654	14.338.161	6.355.281	1.602.458	7.957.739
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		343.604	335.265	678.869	848.039	53.065	901.104
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	<b>(II-f)</b>	<b>505.660</b>	-	<b>505.660</b>	<b>574.553</b>	-	<b>574.553</b>
<b>X. PROVISIONS</b>	<b>(II-h)</b>	<b>2.361.273</b>	<b>55.589</b>	<b>2.416.862</b>	<b>1.362.723</b>	<b>168.354</b>	<b>1.531.077</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		535.221	-	535.221	434.942	-	434.942
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.826.052	55.589	1.881.641	927.781	168.354	1.096.135
<b>XI. CURRENT TAX LIABILITY</b>	<b>(II-i)</b>	<b>1.477.891</b>	<b>93.789</b>	<b>1.571.680</b>	<b>735.341</b>	<b>23.651</b>	<b>758.992</b>
<b>XII. DEFERRED TAX LIABILITY</b>		-	<b>16.161</b>	<b>16.161</b>	<b>704.309</b>	-	<b>704.309</b>
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(II-l)</b>	-	<b>6.718.414</b>	<b>6.718.414</b>	-	<b>5.381.534</b>	<b>5.381.534</b>
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	6.718.414	6.718.414	-	5.381.534	5.381.534
<b>XV. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>8.067.980</b>	<b>5.867.983</b>	<b>13.935.963</b>	<b>6.917.863</b>	<b>3.635.927</b>	<b>10.553.790</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>63.786.711</b>	<b>(867.718)</b>	<b>62.918.993</b>	<b>54.116.424</b>	<b>266.003</b>	<b>54.382.427</b>
16.1 Paid-in capital		5.200.000	-	5.200.000	5.200.000	-	5.200.000
16.2 Capital Reserves		5.400.628	-	5.400.628	5.400.628	-	5.400.628
16.2.1 Share Premium		3.505.742	-	3.505.742	3.505.742	-	3.505.742
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.894.886	-	1.894.886	1.894.886	-	1.894.886
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		3.470.625	852.351	4.322.976	2.884.029	831.140	3.715.169
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		4.093.628	(1.720.069)	2.373.559	1.289.985	(565.137)	724.848
16.5 Profit Reserves		39.354.663	-	39.354.663	33.924.314	-	33.924.314
16.5.1 Legal Reserves		1.772.027	-	1.772.027	1.532.027	-	1.532.027
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		37.306.183	-	37.306.183	32.128.715	-	32.128.715
16.5.4 Other Profit Reserves		276.453	-	276.453	263.572	-	263.572
16.6 Income or (Loss)		6.267.167	-	6.267.167	5.417.468	-	5.417.468
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		6.267.167	-	6.267.167	5.417.468	-	5.417.468
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>207.342.389</b>	<b>238.758.412</b>	<b>446.100.801</b>	<b>173.707.255</b>	<b>186.793.857</b>	<b>360.501.112</b>

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

**AKBANK T.A.Ş.**  
**II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020**  
(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>220.683.948</b>	<b>501.071.252</b>	<b>721.755.200</b>	<b>160.597.907</b>	<b>479.564.186</b>	<b>640.162.093</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-a-2, 3)</b>	<b>24.904.256</b>	<b>27.330.766</b>	<b>52.235.022</b>	<b>19.912.014</b>	<b>23.535.399</b>	<b>43.447.413</b>
1.1 Letters of Guarantee		21.260.165	16.215.511	37.475.676	16.956.203	14.167.206	31.123.409
1.1.1 Guarantees Subject to State Tender Law		340.040	1.654.714	1.994.754	282.800	1.422.854	1.705.654
1.1.2 Guarantees Given for Foreign Trade Operations		-	1.908.879	1.908.879	-	2.221.818	2.221.818
1.1.3 Other Letters of Guarantee		20.920.125	12.651.918	33.572.043	16.673.403	10.522.534	27.195.937
1.2 Bank Acceptances		-	47.814	47.814	-	50.678	50.678
1.2.1 Import Letter of Acceptance		-	47.814	47.814	-	50.678	50.678
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		7.931	4.597.968	4.605.899	8.409	4.358.456	4.366.865
1.3.1 Documentary Letters of Credit		7.931	3.583.529	3.591.460	8.409	3.685.663	3.694.072
1.3.2 Other Letters of Credit		-	1.014.439	1.014.439	-	672.793	672.793
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	19.269	19.269	-	14.790	14.790
1.8 Other Guarantees		156.440	6.439.006	6.595.446	5.990	4.931.215	4.937.205
1.9 Other Collaterals		3.479.720	11.198	3.490.918	2.941.412	13.054	2.954.466
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>51.032.165</b>	<b>17.014.857</b>	<b>68.047.022</b>	<b>43.532.774</b>	<b>23.710.713</b>	<b>67.243.487</b>
2.1 Irrevocable Commitments		50.214.657	17.014.857	67.229.514	42.539.957	23.710.713	66.250.670
2.1.1 Asset Purchase Commitments		2.918.552	4.989.558	7.908.110	3.512.234	11.250.734	14.762.968
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		9.086.285	1.068.075	10.154.360	8.228.762	1.423.408	9.652.170
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.730.978	-	2.730.978	2.632.311	-	2.632.311
2.1.8 Tax and Fund Liabilities from Export Commitments		4.702	-	4.702	4.430	-	4.430
2.1.9 Commitments for Credit Card Limits		29.118.196	-	29.118.196	23.193.073	-	23.193.073
2.1.10 Commitments for Credit Cards and Banking Services Promotions		130.470	-	130.470	94.381	-	94.381
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		6.225.474	10.957.224	17.182.698	4.874.766	11.036.571	15.911.337
2.2 Revocable Commitments		817.508	-	817.508	992.817	-	992.817
2.2.1 Revocable Loan Granting Commitments		817.508	-	817.508	992.817	-	992.817
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>144.747.527</b>	<b>456.725.629</b>	<b>601.473.156</b>	<b>97.153.119</b>	<b>432.318.074</b>	<b>529.471.193</b>
3.1 Hedging Derivative Financial Instruments		20.931.023	63.575.943	84.506.966	13.674.935	50.919.357	64.594.292
3.1.1 Fair Value Hedges		4.338.828	25.429.801	29.768.629	4.122.135	22.626.912	26.749.047
3.1.2 Cash Flow Hedges		16.592.195	38.146.142	54.738.337	9.552.800	28.292.445	37.845.245
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		123.816.504	393.149.686	516.966.190	83.478.184	381.398.717	464.876.901
3.2.1 Forward Foreign Currency Buy/Sell Transactions		7.430.425	12.905.210	20.335.635	6.344.720	14.293.529	20.638.249
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.721.463	3.713.210	10.434.673	5.802.042	4.831.696	10.633.738
3.2.1.2 Forward Foreign Currency Transactions-Sell		708.962	9.192.000	9.900.962	542.678	9.461.833	10.004.511
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		110.509.281	319.678.319	430.187.600	72.288.056	317.407.670	389.695.726
3.2.2.1 Foreign Currency Swap-Buy		14.224.154	105.618.937	119.843.091	22.894.573	93.779.012	116.673.585
3.2.2.2 Foreign Currency Swap-Sell		61.106.357	76.325.072	137.431.429	47.063.483	72.653.394	119.716.877
3.2.2.3 Interest Rate Swap-Buy		17.589.385	68.867.155	86.456.540	1.165.000	75.487.632	76.652.632
3.2.2.4 Interest Rate Swap-Sell		17.589.385	68.867.155	86.456.540	1.165.000	75.487.632	76.652.632
3.2.3 Foreign Currency, Interest Rate and Securities Options		2.919.220	23.477.844	26.397.064	4.668.517	27.522.912	32.191.429
3.2.3.1 Foreign Currency Options-Buy		1.146.399	3.242.182	4.388.581	1.934.397	3.443.224	5.377.621
3.2.3.2 Foreign Currency Options-Sell		1.772.821	2.481.696	4.254.517	2.734.120	2.804.616	5.538.736
3.2.3.3 Interest Rate Options-Buy		-	8.876.983	8.876.983	-	10.637.536	10.637.536
3.2.3.4 Interest Rate Options-Sell		-	8.876.983	8.876.983	-	10.637.536	10.637.536
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		2.845.954	2.639.110	5.485.064	85.946	85.005	170.951
3.2.4.1 Foreign Currency Futures-Buy		312.150	2.344.916	2.657.066	85.946	-	85.946
3.2.4.2 Foreign Currency Futures-Sell		2.533.804	294.194	2.827.998	-	85.005	85.005
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		111.624	34.449.203	34.560.827	90.945	22.089.601	22.180.546
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>929.689.537</b>	<b>437.684.523</b>	<b>1.367.374.060</b>	<b>856.292.085</b>	<b>337.560.592</b>	<b>1.193.852.677</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>55.727.406</b>	<b>41.179.943</b>	<b>96.907.349</b>	<b>47.522.044</b>	<b>24.508.688</b>	<b>72.030.732</b>
4.1 Customer Fund and Portfolio Balances		11.866.024	2.573.098	14.439.122	9.483.940	1.309.375	10.793.315
4.2 Investment Securities Held in Custody		3.980.205	9.387.822	13.368.027	3.496.688	2.996.399	6.493.087
4.3 Cheques Received for Collection		32.938.939	4.977.006	37.915.945	28.123.634	3.036.679	31.160.313
4.4 Commercial Notes Received for Collection		6.634.533	4.697.709	11.332.242	6.116.849	3.118.920	9.235.769
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		307.705	20.024.308	20.332.013	300.933	14.047.315	14.348.248
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>238.975.119</b>	<b>125.345.622</b>	<b>364.320.741</b>	<b>208.267.187</b>	<b>102.985.636</b>	<b>311.252.823</b>
5.1 Marketable Securities		430.796	2.246.129	2.676.925	785.963	1.137.538	1.923.501
5.2 Guarantee Notes		652.787	695.879	1.348.666	652.116	574.500	1.226.616
5.3 Commodity		178.400	170.170	348.570	-	135.780	135.780
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		182.485.731	97.605.054	280.090.785	165.999.748	81.577.712	247.577.460
5.6 Other Pledged Items		55.227.405	24.628.390	79.855.795	40.829.360	19.560.106	60.389.466
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>634.987.012</b>	<b>271.158.958</b>	<b>906.145.970</b>	<b>600.502.854</b>	<b>210.066.268</b>	<b>810.569.122</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.150.373.485</b>	<b>938.755.775</b>	<b>2.089.129.260</b>	<b>1.016.889.992</b>	<b>817.124.778</b>	<b>1.834.014.770</b>

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

**AKBANK T.A.Ş.****III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020**

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	PRIOR PERIOD
		(Section Five)	(01/01-31/12/2020)	(01/01-31/12/2019)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>33.456.476</b>	<b>34.508.262</b>
1.1	Interest on Loans	(IV-a-1)	23.229.974	26.851.805
1.2	Interest on Reserve Requirements		96.440	364.578
1.3	Interest on Banks	(IV-a-2)	283.530	667.215
1.4	Interest on Money Market Transactions		542.863	212.788
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	9.266.768	6.306.863
1.5.1	Fair Value Through Profit or Loss		15.133	1.058
1.5.2	Fair Value Through Other Comprehensive Income		5.365.876	5.033.578
1.5.3	Measured at Amortised Cost		3.885.759	1.272.227
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		36.901	105.013
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>13.925.781</b>	<b>18.795.325</b>
2.1	Interest on Deposits	(IV-b-4)	8.913.962	14.294.413
2.2	Interest on Funds Borrowed	(IV-b-1)	1.037.241	1.495.389
2.3	Interest Expense on Money Market Transactions		1.639.318	953.070
2.4	Interest on Securities Issued	(IV-b-3)	1.907.768	1.949.413
2.5	Interest on Leases		88.567	92.719
2.6	Other Interest Expenses		338.925	10.321
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>19.530.695</b>	<b>15.712.937</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>3.865.536</b>	<b>4.634.359</b>
4.1	Fees and Commissions Received		4.897.270	5.954.761
4.1.1	Non-cash Loans		439.666	568.149
4.1.2	Other		4.457.604	5.386.612
4.2	Fees and Commissions Paid (-)		1.031.734	1.320.402
4.2.1	Non-cash Loans		4.422	3.605
4.2.2	Other		1.027.312	1.316.797
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(IV-c)</b>	<b>4.763</b>	<b>6.509</b>
<b>VI.</b>	<b>TRADING INCOME /(LOSS) (Net)</b>	<b>(IV-d)</b>	<b>(618.777)</b>	<b>(709.511)</b>
6.1	Trading Gains / (Losses) on Securities		403.345	278.136
6.2	Gains / (Losses) on Derivative Financial Transactions		(4.067.523)	1.513.909
6.3	Foreign Exchange Gains / (Losses)		3.045.401	(2.501.556)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-e)</b>	<b>1.373.338</b>	<b>818.844</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>24.155.555</b>	<b>20.463.138</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(IV-f)</b>	<b>6.860.487</b>	<b>6.661.947</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>		<b>2.619.366</b>	<b>1.091.259</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>2.843.740</b>	<b>2.589.571</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-g)</b>	<b>4.842.876</b>	<b>3.959.397</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>6.989.086</b>	<b>6.160.964</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>956.126</b>	<b>640.370</b>
<b>XVI.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(IV-h)</b>	<b>7.945.212</b>	<b>6.801.334</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(IV-I)</b>	<b>1.678.045</b>	<b>1.383.866</b>
18.1	Current Tax Provision		2.061.984	1.609.738
18.2	Deferred Tax Expense Effect (+)		1.013.470	583.474
18.3	Deferred Tax Income Effect (-)		1.397.409	809.346
<b>XVIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(IV-J)</b>	<b>6.267.167</b>	<b>5.417.468</b>
<b>XIX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
<b>XX.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
<b>XXI.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>	<b>(IV-h)</b>	<b>-</b>	<b>-</b>
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(IV-I)</b>	<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIII.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXII)</b>	<b>(IV-J)</b>	<b>-</b>	<b>-</b>
<b>XXIV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>(IV-k)</b>	<b>6.267.167</b>	<b>5.417.468</b>
Earning/(Loss) per share (in TL full)			0,01205	0,01082

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 2020**

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

	CURRENT PERIOD (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>6.267.167</b>	<b>5.417.468</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>2.269.225</b>	<b>2.240.548</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>620.514</b>	<b>174.078</b>
2.1.1 Property and Equipment Revaluation Increase/Decrease	912.544	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(66.027)	(88.706)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(146.668)	243.269
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(79.335)	19.515
<b>2.2 Reclassified Through Profit or Loss</b>	<b>1.648.711</b>	<b>2.066.470</b>
2.2.1 Foreign Currency Translation Differences	2.156.330	255.024
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	323.122	3.842.412
2.2.3 Cash Flow Hedge Income/Loss	549.270	(1.321.165)
2.2.4 Foreign Net Investment Hedge Income/Loss	(1.464.540)	(198.880)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	84.529	(510.921)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8.536.392</b>	<b>7.658.016</b>

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

**AKBANK T.A.Ş.**
**V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020**

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

		Accumulated Other Comprehensive Income or Expense Not Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)					Accumulated Other Comprehensive Income or Expense Reclassified through Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)					Prior Period Profit or (Loss)			Current Period Profit or (Loss)		Total Shareholders' Equity
	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Property and Equipment	Accumulated Revaluation Increase/Decrease of nt Gain/Loss of Defined Benefit Plan	Accumulated Remeasureme nt Gain/Loss 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	Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)			
CURRENT PERIOD (31/12/2020)																	
I.																	
II.																	
2.1																	
2.2																	
III.																	
IV.																	
V.																	
VI.																	
VII.																	
VIII.																	
IX.																	
X.																	
XI.																	
11.1	(V-a)																
11.2																	
11.3																	
Period-End Balance (I+II+III+...+X+XI)		5,200.000	3,505.742	-	1,894.886	3,016.534	(232.567)	1,539.009	4,036.160	342.100	(2,004.701)	39,354.663	-	6,267.167	62,918.993		

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



**AKBANK T.A.Ş.**
**V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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

						Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Accumulated Other Comprehensive Income or Expense Reclassified through Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Differences	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity	
	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves										
PRIOR PERIOD (31/12/2019)															
I.	Prior Period End Balance	4.000.000	1.700.000	-	1.986.298	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.809.089
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	(91.412)	-	-	-	-	-	-	-	-	-	(91.412)
III.	Adjusted Beginning Balance (I+II)	4.000.000	1.700.000	-	1.894.886	2.207.533	(108.911)	1.442.408	1.624.806	(2.911.390)	(55.038)	28.233.739	-	5.689.644	43.717.677
IV.	Total Comprehensive Income	-	-	-	-	-	(69.191)	243.269	255.024	2.997.081	(1.185.635)	-	-	5.417.468	7.658.016
V.	Capital Increase by Cash	1.200.000	1.805.742	-	-	-	-	-	-	-	-	-	-	-	3.005.742
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	-	61	-	-	-	-	-	931	-	-	992
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	5.689.644	-	(5.689.644)	-
11.1	Dividends paid	(V-a)	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	5.689.644	-	(5.689.644)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (I+II+III+...+X+XI)		5.200.000	3.505.742	-	1.894.886	2.207.594	(178.102)	1.685.677	1.879.830	85.691	(1.240.673)	33.924.314	-	5.417.468	54.382.427

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 2020**

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

	Note (Section Five)	CURRENT PERIOD (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		14.492.466	13.304.741
1.1.1		31.076.246	29.530.019
1.1.2		(13.818.748)	(19.396.760)
1.1.3		4.763	3.747
1.1.4		4.925.112	5.898.799
1.1.5		(2.332.995)	2.213.821
1.1.6		2.075.902	1.762.278
1.1.7		(3.061.119)	(2.808.592)
1.1.8		(1.828.024)	(1.386.665)
1.1.9	(VI-b)	(2.548.671)	(2.511.906)
1.2		(18.240.094)	1.175.538
1.2.1		(3.403.051)	(404.180)
1.2.2		(236.528)	593.035
1.2.3		(51.831.608)	(19.692.589)
1.2.4		(24.959.978)	109.541
1.2.5		5.268.489	(274.810)
1.2.6		39.227.668	36.578.843
1.2.7		-	-
1.2.8		4.903.955	(8.321.114)
1.2.9		-	-
1.2.10	(VI-b)	12.790.959	(7.413.188)
I.		(3.747.628)	14.480.279
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II.		(11.068.205)	(23.616.873)
2.1		(35.000)	(139.981)
2.2		-	-
2.3		(1.120.513)	(1.220.779)
2.4		47.664	22.779
2.5		(19.392.955)	(30.331.630)
2.6		31.196.936	9.540.856
2.7		(25.884.971)	(5.397.163)
2.8		4.774.521	3.214.762
2.9		(653.887)	694.283
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III.		6.673.200	4.696.789
3.1		34.705.168	32.641.782
3.2		(27.755.375)	(30.681.560)
3.3		-	3.005.742
3.4		-	-
3.5		(276.593)	(269.175)
3.6		-	-
IV.	(VI-b)	2.837.780	2.795.591
V.		(5.304.853)	(1.644.214)
VI.	(VI-a)	15.835.984	17.480.198
VII.	(VI-a)	10.531.131	15.835.984

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 (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	7.945.212	6.801.334
1.2 TAXES AND DUTIES PAYABLE	1.678.045	1.383.866
1.2.1 Corporate Tax (Income Tax)	2.061.984	1.609.738
1.2.2 Income Withholding Tax	-	-
1.2.3 Other taxes and duties	(383.939)	(225.872)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>6.267.167</b>	<b>5.417.468</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	(225.872)
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>6.267.167</b>	<b>5.191.596</b>
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	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
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 (-)	-	-
<b>III. EARNINGS PER SHARE (*)</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,012	0,011
3.2 TO OWNERS OF ORDINARY SHARES ( % )	1,2	1,1
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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**SECTION THREE**  
**EXPLANATIONS ON ACCOUNTING POLICIES**

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

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

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

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

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

The COVID-19 pandemic caused serious effects on health systems and the global economy as the virus spread to the world in the first quarter of 2020. Widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has many citizens' health and safety measures, as well as to ensure that companies and regulators to support the households in these challenging circumstances, fiscal and monetary actions have been implemented. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. On the other hand, estimations and assumptions used to reflect COVID-19 impacts on 31 December 2020 financial statements of the Bank are explained in the relevant footnotes.

Due to COVID-19, the Bank has been given the opportunity to postpone the principal, interest and installment payments of its individual and corporate customers if they request, and the postponement within this scope has been applied and the postponement opportunity was extended until 30 June 2021. The Bank has evaluated the risks of postponed loans on an individual and portfolio basis and those risks have been taken into account in the provision calculations.

**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.

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

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/TFRS (together "BRSA Accounting and Financial Reporting Legislation") put into force by Public Oversight.

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

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

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

As of 31 December 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 7,4194 and TL 9,1164 for USD and EURO respectively.

**III. EXPLANATIONS ON EQUITY INVESTMENTS:**

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

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

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

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

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

The Bank classifies its derivative instruments as "Derivative Financial Assets and Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" in accordance with "TFRS 9 Financial Instruments" (TFRS 9).

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair

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Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 31 December 2020, the Bank has no embeded derivatives [31 December 2019: None].

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

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

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

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

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

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

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

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

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

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

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

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

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

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

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

"Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Bank reviewed the valuation of financial assets and liabilities at fair value through profit / loss and as of the reporting date, there are no changes that would require any adjustments in fair value measurement as of 31 December 2020, due to the negative effects of the COVID-19 pandemic.

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

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

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

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

During initial recognition the Bank can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss. The Bank reviewed the valuation of financial assets and liabilities at fair value through other comprehensive income and as of the reporting date, there are no changes that would require any adjustments in fair value measurement as of 31 December 2020, due to the negative effects of the COVID-19 pandemic.

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**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".

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

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

**e. Loans**

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

1. Loans measured at amortised cost:

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

*Stage 1:*

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

*Stage 2:*

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



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*Stage 3:*

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

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

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

In certain circumstances cases, restructuring or altering the contractual cash flows of a financial instrument may result in the disposal of the existing financial asset in accordance with 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.

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

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

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

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

However, with the decision of BRSA dated 23 March 2020 and numbered 8970, the entry limit for close monitoring due to the delay day has been moved from the 30th delay day to the 90th delay day as of 17 March 2020. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended until 30 June 2021. Although the Bank applies the aforementioned regulation of BRSA for the classification of loans, lifetime expected loss provision is reserved for loans with a delay of 30-90 days. The regulation change in question does not include loans with a delay of 90 days before 17 March 2020.

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.

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**Definition of Default:**

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

1.Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days.

However, due to COVID-19, the "more than 90 days delay" condition used in the definition of default in accordance with the related legislation of BRSA started to be applied as "more than 180 days delay" as of 17 March 2020. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended until 30 June 2021.

With the aforementioned classification changes, the Bank allocates provisions for loans with a delay of 90-180 days in accordance with the requirements of TFRS 9 according to its own risk policies and models, which also evaluate the borrower's conditions.

2. Subjective Default Definition: It means the determination that the debt will not be paid. If it is determined that the borrower cannot fulfill its debts related to the loan, regardless of whether there is a balance in delay or the number of days of delay, the debtor is considered in default.

**Write-off Policy:**

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

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

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

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

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

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

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

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

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

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

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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

In addition, in the calculation of Expected Credit Loss in accordance with TFRS 9, certain part of commercial and corporate loans are subject to individual assessment on a customer basis due to internal policies. This calculation is made by discounting the expected cash flows from the customer or the collateral sales to their present value with the effective interest rate.

The Bank reflected the possible effects of COVID-19 on its cash flow estimates in the calculation of the Expected Credit Loss provision for the loans it is subject to individual assessment, taking into account the reasonable and relevant information available. Sectoral risks are also considered within the scope of individual assessment.

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 indicator of these estimation models are the Gross Domestic Product (GDP) growth rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

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

- There has been no change in the assumptions in estimation techniques. The macroeconomic model used in the process has been re-developed. The parameter estimates used in the macroeconomic model were updated.
- Model risk parameters and macroeconomic estimation models have been updated with recent data
- The expected credit loss calculation is made by considering 3 different scenarios the best, the worst, and the base.

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 macroeconomic variables and the provision figures change when prospective estimations are revised.

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

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

In prospective expectations, 3 scenarios are being used as the base, the worst and the best. Final provisions are calculated by weighting on the possibilities given to the scenarios. Within the scope of the effects of COVID-19's Expected Credit Loss (ECL) calculations, the macro-economic model used in the process as of December 31, 2020 has been re-developed and the macroeconomic data used in the model has been updated in line with the most up-to-date estimates of the Economic Research Unit. The weight of the bad scenario was increased by decreasing the weight of the base scenario from 3 scenarios. As of December 31, 2020, cash flows expected to affect the effects of COVID-19 in loans evaluated individually have been updated and taken into account.

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

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

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

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

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

As of 31 December 2020, the Bank has marketable securities amounting to TL 618.534 (31 December 2019: TL 474.457).

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

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

The Bank has no discontinued operations.

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

The Bank has no goodwill.

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

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

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

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

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

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

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

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

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability.

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

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

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

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

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**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 December 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

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and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published on the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

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

The Bank has made provision in the financial statements for the all technical deficit amounted TL 126.263 (31 December 2019: TL 38.125) determined by the report prepared by an actuary registered in the actuaries register. This amount has been classified as other provision item.

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

In Turkey, corporate tax rate is 20%. Corporate tax rate will be applied as 22% for a period of three years in 2018, 2019 and 2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The corporate tax rate is applied to tax base which is calculated by adding certain non deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

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

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

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

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

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

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

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

**b. Deferred Tax:**

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. The Bank calculated its deferred tax assets or liabilities over 20%, which is the tax rate that will be valid as of 2021, as of 31 December 2020 within the scope of TAS 12 and according to the tax law in force.

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

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

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

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

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

There is no share certificate issuance in 2020.

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

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 31 December 2020 and 31 December 2019, there is no government grant for the Bank.

**XXIII. EXPLANATIONS ON SEGMENT REPORTING:**

An operating segment is a component of an entity:

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

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

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

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

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

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



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**XXV. EARNINGS PER SHARE:**

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Net Profit for the Period	6.267.167	5.417.468
Average Number of Issued Common Shares (Thousand)	520.000.000	500.602.740
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,01205</b>	<b>0,01082</b>

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

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

**XXVI. RELATED PARTIES:**

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

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

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

**XXVIII. RECLASSIFICATIONS:**

The Bank made some classifications on cash flow statement dated 31 December 2019 to be in compliance with the presentation of financial statements dated 31 December 2020.

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

**TFRS 16 "Leases" Standard**

**Bank – lessee :**

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

*Right of use assets:*

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

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

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

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

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*The Lease Obligations:*

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

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

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

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

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

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

	31 December 2020	31 December 2019
Real estate	706.655	767.786
<b>Total right of use asset</b>	<b>706.655</b>	<b>767.786</b>

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

	31 December 2020	31 December 2019
Real estate	314.165	308.558
<b>Total right of use asset depreciation expense</b>	<b>314.165</b>	<b>308.558</b>

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 119.098 has been paid in the relevant period.

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

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

**I. EXPLANATIONS ON EQUITY:**

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Additionally, calculated according to BRSA regulations dated 8 December 2020, numbered 9312. Based on recent regulation changes;

1) In calculating the amount subject to credit risk, the foreign exchange, which may be used the simple arithmetic average of the CBRT's purchase foreign exchange rates for the 252 weekdays before cut-off date, can be used while calculating the valued amounts in foreign currency.

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

As of 31 December 2020, taking into consideration the above-mentioned regulations, the current period equity of the Bank has been calculated as TL 73.158.466 (31 December 2019: TL 62.933.513), and the capital adequacy ratio is 21,84% (31 December 2019: 20,97%). This ratio is above the minimum ratio required by the legislation.

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

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.094.886	
Share issue premiums	3.505.742	
Reserves	39.354.663	
Gains recognized in equity as per TAS	8.921.677	
Profit	6.267.167	
Current Period Profit	6.267.167	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	12.126	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>65.156.261</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	194	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.188.772	
Improvement costs for operating leasing	44.135	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	951.808	951.808
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>2.184.909</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>62.971.352</b>	

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	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>62.971.352</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	6.604.755	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.582.817	
<b>Tier II Capital Before Deductions</b>	<b>10.187.572</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>10.187.572</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>73.158.924</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	458	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	73.158.466	
Total Risk Weighted Amounts	334.925.491	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	18,80%	
Tier 1 Capital Adequacy Ratio (%)	18,80%	
Capital Adequacy Ratio (%)	21,84%	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,07%	
c) Systemic significant bank buffer ratio (**) (%)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	10,80%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	72.065	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	6.151.472	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.582.817	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.094.886	
Share issue premiums	3.505.742	
Reserves	33.924.314	
Gains recognized in equity as per TAS	5.852.352	
Profit	5.417.468	
Current Period Profit	5.417.468	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	6.440	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>55.801.202</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	717.837	
Improvement costs for operating leasing	40.431	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	760.999	760.999
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>1.519.353</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>54.281.849</b>	

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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>54.281.849</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.325.313	
<b>Tier II Capital Before Deductions</b>	<b>8.653.313</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>8.653.313</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>62.935.162</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	1.649	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deducted Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	



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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014(*)
<b>TOTAL CAPITAL</b>		
Total Capital	62.933.513	
Total Risk Weighted Amounts	300.070.001	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	18,09%	
Tier 1 Capital Adequacy Ratio (%)	18,09%	
Capital Adequacy Ratio (%)	20,97%	
<b>BUFFERS</b>		
Bank specific total Common Equity Tier 1 Capital Ratio	2,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific counter-cyclical buffer requirement (%)	0,07%	
c) Systemic significant bank buffer ratio (**) (%)	0,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	10,09%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(701.871)	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.384.835	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.325.313	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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

**Current Period  
31 December 2020**

<b>Details on Subordinated Liabilities:</b>	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	3.709 million TL (in full TL amount)
Nominal value of instrument	3.709 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 3.709 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

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**Current Period  
31 December 2020**

<b>Details on Subordinated Liabilities:</b>	
Issuer	AKBANK T.A.Ş.
Identifier(s) [CUSIP, ISIN vb.]	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.963 million TL (in full TL amount)
Nominal value of instrument	2.963 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 2.963 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.

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

**II. EXPLANATIONS ON 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.

<b>Risk Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount</b>
Conditional and unconditional receivables from central governments and Central Banks	128.058.583	128.447.156
Conditional and unconditional receivables from regional or local governments	172.173	87.201
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	402.669	375.886
Conditional and unconditional receivables from multilateral development banks	-	140.644
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	76.902.166	80.765.189
Conditional and unconditional receivables from corporates	198.842.107	176.694.102
Conditional and unconditional receivables from retail portfolios	119.683.674	108.941.474
Conditional and unconditional receivables secured by mortgages	19.325.782	20.222.517
Past due receivables	6.523.806	6.201.024
Receivables defined under high risk category by BRSA	634.643	456.351
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	1.643.066	658.442
Equity security investments	9.953.989	8.512.441
Other receivables	13.168.654	11.699.366
<b>Total</b>	<b>575.311.312</b>	<b>543.201.793</b>

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

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- b. Control limits exist on forward transaction and option agreements and other positions that are held in terms of similar other agreements. Credit risk born out of these types of instruments is managed together with market risk.
- c. The risks of the forward, option and other similar type agreements are followed regularly and as deemed necessary based on the credit risk, the risks are tried to be minimized.
- d. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk. Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

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

- 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 6,8% (31 December 2019: 7,3%).

- f. 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 38% and 46% respectively. (31 December 2019: 37% and 44%).
- 2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 60% and 73%. (31 December 2019: 60% 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 21% and 27% respectively. (31 December 2018: 21% and 26%)
- g. The Bank provided a general expected credit loss provision (Stage 1 and Stage 2) amounting to TL 5.717.627 (31 December 2019 : TL 3.933.745).

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

Current Period- 31.12.2020	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss
<b>Loans</b>	<b>187.467.975</b>	<b>13.715.058</b>	<b>43.313.101</b>	<b>1.571.173</b>	<b>22.537.452</b>	<b>1.230.180</b>	<b>253.318.528</b>	<b>16.516.411</b>
Stage 1	149.835.422	919.572	39.431.268	211.707	20.426.242	282.995	209.692.932	1.414.274
Stage 2	22.596.096	3.891.094	2.482.738	232.741	1.234.179	179.518	26.313.013	4.303.353
Stage 3	15.036.457	8.904.392	1.399.095	1.126.725	877.031	767.667	17.312.583	10.798.784
<b>Financial Assets</b>	<b>106.230.398</b>	<b>239.621</b>	-	-	-	-	<b>106.230.398</b>	<b>239.621</b>
<b>Other</b>	<b>14.934.728</b>	<b>69.369</b>	-	-	-	-	<b>14.934.728</b>	<b>69.369</b>
<b>Non-Cash Loans</b>	<b>52.235.022</b>	<b>492.436</b>	-	-	-	-	<b>52.235.022</b>	<b>492.436</b>
Stage 1 and 2	51.295.924	124.855	-	-	-	-	51.295.924	124.855
Stage 3	939.098	367.581	-	-	-	-	939.098	367.581
<b>Total</b>	<b>360.868.123</b>	<b>14.516.484</b>	<b>43.313.101</b>	<b>1.571.173</b>	<b>22.537.452</b>	<b>1.230.180</b>	<b>426.718.676</b>	<b>17.317.837</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
<b>Opening (31 December 2019)</b>	<b>578.360</b>	<b>3.355.385</b>	<b>8.346.836</b>
Additions (*)	802.130	2.006.208	648.158
Disposal (**)	(267.716)	(983.877)	(532.567)
Effect of change in foreign exchange	51.689	401.719	-
<b>Stage 1 and 2 movement</b>			
Loans classified under Stage 1 in two periods (Model effect)	233.705	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	35.276	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(39.101)	255.147	-
Loans classified under Stage 2 in two periods (Model effect)	-	405.454	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(75.660)	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	37.438	(104.712)	-
<b>Stage 3 movement</b>			
Transfers from Stage 1 to Stage 3	(17.507)	-	696.080
Transfers from Stage 2 to Stage 3	-	(418.467)	2.002.839
Loans classified under Stage 2 in two periods (Change in balance and model effect)	-	-	348.169
Write-offs	-	(537.844)	(710.731)
Sold Portfolio effect	-	-	-
<b>Closing (31 December 2020)</b>	<b>1.414.274</b>	<b>4.303.353</b>	<b>10.798.784</b>

(\*) Loans which are not included in the loan portfolio as of 31 December 2019 and included in the loan portfolio and calculated provisions as of 31 December 2020.

(\*\*) Loans which are included in the loan portfolio and calculated provisions as of 31 December 2019 but which are not included in the loan portfolio as of 31 December 2020.

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

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Opening (31 December 2019)</b>	<b>158.862.898</b>	<b>30.114.197</b>	<b>14.857.080</b>	<b>203.834.175</b>
Additions	80.004.900	3.859.763	1.824.578	85.689.241
Disposals	(38.918.937)	(5.389.959)	(1.820.065)	(46.128.961)
Sold portfolio	-	-	-	-
Write-offs	-	(537.844)	(710.731)	(1.248.575)
Transfers to Stage 1	2.822.896	(2.822.896)	-	-
Transfers to Stage 2	(2.050.500)	2.050.500	-	-
Transfers to Stage 3	(724.068)	(2.437.653)	3.161.721	-
Foreign exchange effect	9.695.743	1.476.905	-	11.172.648
<b>Closing (31 December 2020)</b>	<b>209.692.932</b>	<b>26.313.013</b>	<b>17.312.583</b>	<b>253.318.528</b>

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

<b>Current Period - 31 December 2020</b>	<b>Financial Assets at Fair Value Through P&amp;L</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Financial Assets Measured at Amortised Cost</b>	<b>Total</b>
<b>Moody's Rating</b>				
Aaa	-	2.164.729	-	<b>2.164.729</b>
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	-	-	-
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	19.470	1.323	-	<b>20.793</b>
B1, B2, B3	241.458	50.425.498	41.885.059	<b>92.552.015</b>
C and lower than C	3.941	-	-	<b>3.941</b>
NR	-	69.655	-	<b>69.655</b>
<b>Total</b>	<b>264.869</b>	<b>52.661.205</b>	<b>41.885.059</b>	<b>94.811.133</b>

<b>Prior Period - 31 December 2019</b>	<b>Financial Assets at Fair Value Through P&amp;L</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Financial Assets Measured at Amortised Cost</b>	<b>Total</b>
<b>Moody's Rating</b>				
Aaa	170.485	2.319.297	334.259	<b>2.824.041</b>
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	-	-	-	-
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	125.408	61.997.320	15.240.599	<b>77.363.327</b>
<b>Total</b>	<b>295.893</b>	<b>64.316.617</b>	<b>15.574.858</b>	<b>80.187.368</b>

## AKBANK T.A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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

#### I. Profile on significant risks in significant regions:

Current Period	Risk Categories ( * )																	
31 December 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	124.315.378	172.165	341.255	-	-	10.223.372	163.936.809	76.528.763	18.528.733	6.159.371	295.314	-	-	-	1.620.832	347.755	13.168.654	415.638.401
European Union Countries	281.014	-	-	-	-	23.740.297	8.606.592	25.072	11.473	364.411	-	-	-	-	-	607	-	33.029.466
OECD Countries(**)	-	-	-	-	-	4.794.334	-	1.265	1.270	-	-	-	-	-	-	-	-	4.796.869
Off- Shore Regions	-	-	-	-	-	17.870	-	33	113	-	-	-	-	-	-	-	-	18.016
USA, Canada	2.049.943	-	-	-	-	5.342.990	521	2.914	1.095	3	-	-	-	-	-	-	-	7.397.466
Other Countries	487.425	-	-	-	-	648.982	453.566	15.047	217.774	20	-	-	-	-	-	-	-	1.822.814
Investment and associates, subsidiaries and joint ventures	922.703	-	-	-	-	12.143.317	8.726.138	65.411	-	-	-	-	-	-	-	9.605.627	-	31.463.196
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	128.056.463	172.165	341.255	-	-	56.911.162	181.723.626	76.638.505	18.760.458	6.523.805	295.314	-	-	-	1.620.832	9.953.989	13.168.654	494.166.228
Prior Period	Risk Categories ( * )																	
31 December 2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	91.571.228	46.956	40.896	-	-	14.699.478	135.050.020	61.571.724	18.274.516	6.143.345	121.833	-	-	-	309.776	241.426	10.316.599	338.387.797
European Union Countries	292.107	-	-	125.617	-	17.961.219	7.387.677	20.510	16.018	366.875	-	-	-	-	-	607	-	26.170.630
OECD Countries(**)	-	-	-	-	-	1.236.537	13.336	1.903	2.048	-	-	-	-	-	-	-	-	1.253.824
Off- Shore Regions	-	-	-	-	-	195.389	35.709	57	171	-	-	-	-	-	-	-	-	231.326
USA, Canada	2.321.359	-	-	-	-	8.311.142	435	2.665	986	1	-	-	-	-	-	-	-	10.636.588
Other Countries	-	-	-	182.402	-	766.566	650.227	8.979	3.529	23	-	-	-	-	-	-	-	1.611.726
Investment and associates, subsidiaries and joint ventures	2.094	-	26.802	-	-	10.549.918	8.252.491	106.701	-	-	-	-	-	-	-	6.746.146	-	25.684.152
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	94.186.788	46.956	67.698	308.019	-	53.720.249	151.389.895	61.712.539	18.297.268	6.510.244	121.833	-	-	-	309.776	6.988.179	10.316.599	403.976.043

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

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

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

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



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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

Current Period	Risk Classifications (*)																			
31 December 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	-	-	2	-	-	-	49.044	281.612	115.311	4.811	93	-	-	-	-	-	-	450.619	254	450.873
Farming and raising livestock	-	-	2	-	-	-	19.113	208.155	82.970	3.451	27	-	-	-	-	-	-	313.705	13	313.718
Forestry	-	-	-	-	-	-	24.459	70.857	30.110	1.358	59	-	-	-	-	-	-	126.602	241	126.843
Fishing	-	-	-	-	-	-	5.472	2.600	2.231	2	7	-	-	-	-	-	-	10.312	-	10.312
Manufacturing	-	-	105.291	-	-	-	69.864.789	5.689.319	3.349.694	1.298.415	22.545	-	-	-	-	-	-	80.048.902	281.151	80.330.053
Mining	-	-	-	-	-	-	2.489.420	144.623	108.615	277.276	554	-	-	-	-	-	-	3.019.367	1.121	3.020.488
Production	-	-	105.291	-	-	-	44.102.850	5.433.266	2.973.738	536.748	9.029	-	-	-	-	-	-	52.890.264	270.658	53.160.922
Electricity, Gas, Water	-	-	-	-	-	-	23.272.519	111.430	267.341	484.391	12.962	-	-	-	-	-	-	24.139.271	9.372	24.148.643
Construction	-	-	102	-	-	-	22.394.725	2.001.528	1.756.443	1.981.026	244.541	-	-	-	-	-	-	28.335.729	42.636	28.378.365
Services	1.068.440	167.935	181.789	-	-	56.553.597	80.752.459	16.998.666	6.497.395	2.721.241	25.321	-	-	-	-	9.622.669	-	174.421.826	167.686	174.589.512
Wholesale and Retail Trade	-	-	43.597	-	-	-	25.935.392	13.500.388	3.522.827	687.364	18.995	-	-	-	-	-	-	43.602.556	106.007	43.708.563
Hotel, Food, Beverage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	57	-	-	-	6.105.734	893.635	849.471	388.223	1.033	-	-	-	-	-	-	8.200.466	37.687	8.238.153
Transportation and Telecommunication	1.031	-	7.929	-	-	-	17.785.408	1.217.631	494.793	35.371	968	-	-	-	-	-	-	19.528.073	15.058	19.543.131
Financial Institutions	1.067.359	-	-	-	-	56.553.597	24.421.222	52.729	736.813	473.303	671	-	-	-	-	9.622.669	-	92.927.564	799	92.928.363
Real Estate and Lending Services	-	-	131	-	-	-	3.444.141	138.442	328.853	1.052.500	1.595	-	-	-	-	-	-	4.962.151	3.511	4.965.662
Self employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service	-	-	1.282	-	-	-	692.495	209.010	49.178	881	19	-	-	-	-	-	-	952.858	7	952.865
Education Service	24	-	60.372	-	-	-	245.806	242.812	169.694	43.754	459	-	-	-	-	-	-	762.908	13	762.921
Health and social	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	26	167.935	68.421	-	-	-	2.122.261	744.019	345.766	39.845	1.581	-	-	-	-	-	-	3.485.250	4.604	3.489.854
Other	126.988.023	4.230	54.071	-	-	357.565	8.662.609	51.667.380	7.041.615	518.312	2.814	-	-	-	1.620.832	331.320	13.168.654	210.372.833	44.592	210.417.425
Total	128.056.463	172.165	341.255	-	-	56.911.162	181.723.626	76.638.505	18.760.458	6.523.805	295.314	-	-	-	1.620.832	9.953.989	13.168.654	493.629.909	536.319	494.166.228

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

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

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Prior Period	Risk Classifications (*)																	TL	FC	Total
31 December 2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	-	-	-	-	-	-	55.624	291.381	76.017	12.521	101	-	-	-	-	-	-	435.604	40	<b>435.644</b>
Farming and raising livestock	-	-	-	-	-	-	27.201	212.557	52.540	9.246	27	-	-	-	-	-	-	301.531	40	<b>301.571</b>
Forestry	-	-	-	-	-	-	28.274	75.001	22.375	3.265	67	-	-	-	-	-	-	128.982	-	<b>128.982</b>
Fishing	-	-	-	-	-	-	149	3.823	1.102	10	7	-	-	-	-	-	-	5.091	-	<b>5.091</b>
Manufacturing	-	-	-	-	-	-	48.780.825	5.905.182	2.997.518	1.413.443	14.431	-	-	-	-	-	-	58.609.961	501.438	<b>59.111.399</b>
Mining	-	-	-	-	-	-	1.554.184	187.701	100.491	301.965	246	-	-	-	-	-	-	2.136.642	7.945	<b>2.144.587</b>
Production	-	-	-	-	-	-	27.767.365	5.606.591	2.824.952	618.519	7.596	-	-	-	-	-	-	36.345.453	479.570	<b>36.825.023</b>
Electricity, Gas, Water	-	-	-	-	-	-	19.459.276	110.890	72.075	492.959	6.589	-	-	-	-	-	-	20.127.866	13.923	<b>20.141.789</b>
Construction	-	-	63	-	-	-	24.785.377	2.073.890	2.228.573	2.140.426	75.727	-	-	-	-	-	-	31.241.403	62.653	<b>31.304.056</b>
Services	1.145	46.956	18.057	308.019	-	53.558.792	70.392.971	15.655.321	6.236.244	2.260.538	28.591	-	-	-	-	6.755.629	-	155.047.855	214.408	<b>155.262.263</b>
Wholesale and Retail Trade	-	-	83	-	-	-	19.634.115	12.576.900	3.825.132	1.115.233	23.779	-	-	-	-	-	-	37.028.378	146.864	<b>37.175.242</b>
Hotel, Food, Beverage Services	-	-	-	-	-	-	3.509.563	830.378	1.093.099	360.592	930	-	-	-	-	-	-	5.742.444	52.118	<b>5.794.562</b>
Transportation and Financial Institutions	1.123	-	-	-	-	-	12.049.037	1.042.438	369.762	55.996	1.094	-	-	-	-	-	-	13.506.381	13.069	<b>13.519.450</b>
Real Estate and Lending Services	-	-	-	308.019	-	53.558.792	26.211.352	55.243	38.880	474.731	691	-	-	-	-	6.753.805	-	87.401.313	200	<b>87.401.513</b>
Self employment Service	-	-	-	-	-	-	6.442.888	93.139	395.312	147.240	46	-	-	-	-	-	-	7.078.614	11	<b>7.078.625</b>
Education Service	-	-	276	-	-	-	623.835	139.393	30.847	718	18	-	-	-	-	-	-	794.896	191	<b>795.087</b>
Health and social Services	22	-	551	-	-	-	307.040	239.567	155.596	68.367	411	-	-	-	-	-	-	771.487	67	<b>771.554</b>
Other	-	46.956	17.147	-	-	-	1.615.141	678.263	327.616	37.661	1.622	-	-	-	-	1.824	-	2.724.342	1.888	<b>2.726.230</b>
<b>Total</b>	<b>94.185.643</b>	<b>46.956</b>	<b>67.698</b>	<b>308.019</b>	<b>-</b>	<b>53.720.249</b>	<b>151.389.895</b>	<b>61.712.539</b>	<b>18.297.268</b>	<b>6.510.244</b>	<b>121.833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309.776</b>	<b>6.988.179</b>	<b>10.316.599</b>	<b>403.150.276</b>	<b>825.767</b>	<b>403.976.043</b>

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

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

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

31 December 2020 Risk Categories	Time to Maturity					Unallocated
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional receivables from central governments and Central Banks	6.361.370	42.510.331	9.855.076	9.124.514	60.205.172	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	172.165	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	17.861	69.818	114.177	23.326	116.073	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	19.433.364	4.724.088	6.341.621	2.167.573	24.244.516	-
Conditional and unconditional receivables from corporates	10.619.332	15.296.660	23.948.591	35.129.173	96.729.870	-
Conditional and unconditional receivables from retail portfolios	1.132.656	1.742.436	25.077.849	7.073.343	41.612.221	-
Conditional and unconditional receivables secured by mortgages	454.469	499.248	1.184.619	2.091.568	14.530.554	-
Past due receivables	-	-	-	-	-	6.523.805
Receivables defined under high risk category by BRSA	5.952	4.294	98.305	17.233	169.530	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	524.858	1.095.974	-	-	-	-
Equity security investments	9.953.989	-	-	-	-	-
Other Receivables	-	-	-	-	-	13.168.654
<b>Total</b>	<b>48.503.851</b>	<b>65.942.849</b>	<b>66.620.238</b>	<b>55.626.730</b>	<b>237.780.101</b>	<b>19.692.459</b>

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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**o. 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
<b>Ratings of long-term credits</b>	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
<b>Ratings of short-term credits</b>	1	F1+ and F1
	2	F2
	3	F3
	4	F3 below
	5	---
	6	---
<b>Long-term securitization position ratings</b>	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and below
<b>Short-term securitization position ratings</b>	1	F1+ and F1
	2	F2
	3	F3
	Others	F3 below
<b>Matchings regarding collective investment institutes</b>	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

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**p. Risk amounts according to risk weights:**

31 December 2020	0%	%2	%4(*)	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
<b>Risk Weights</b>														
Amount Before														
Credit Risk														
Mitigation	134.047.075	76.476	545.760	-	27.254.855	-	40.131.100	86.308.627	204.286.212	1.516.123	-	-	-	458
Amount After														
Credit Risk														
Mitigation	134.216.542	76.476	545.760	-	21.640.229	8.143.128	38.472.408	73.777.874	196.342.071	1.513.863	-	-	-	458

(\*) In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

**q. Miscellaneous information regarding important sectors or counterparty type (\*\*):**

31 December 2020 Sectors/Counterparties	Loans (*)		Provisions (*)
	Impaired Receivables		Expected Credit Loss Provisions
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)	
Agricultural	28.406	25.388	23.632
Farming and raising livestock	26.685	20.476	19.735
Forestry	1.568	4.894	3.868
Fishing	153	18	29
Manufacturing	4.847.978	2.997.713	2.858.469
Mining	42.262	500.789	232.350
Production	1.980.163	1.586.791	1.361.623
Electricity, Gas, Water	2.825.553	910.133	1.264.496
Construction	5.883.354	7.370.928	5.113.955
Services	2.698.959	4.502.864	3.222.008
Wholesale and Retail Trade	1.460.524	2.474.994	1.999.058
Hotel, Food, Beverage Services	434.362	498.501	192.186
Transportation and			
Telecommunication	219.255	132.200	126.042
Financial Institutions	2.501	1.089.989	616.912
Real Estate and Lending Service	50.344	90.116	91.743
Self Employment Service	13.329	4.124	5.473
Education Service	71.342	114.804	81.589
Health and social services	447.302	98.136	109.005
Other	12.854.316	2.415.690	3.884.073
<b>Total</b>	<b>26.313.013</b>	<b>17.312.583</b>	<b>15.102.137</b>

(\*) Breakdown of cash loans

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

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

31 December 2020	Opening Balance	Provisions recognised during the period	Provision reversal	Other measurements (*)	Closing Balance
Stage 3 Provisions	8.346.836	3.817.119	(2.075.902)	710.731	10.798.784
Stage 1 and 2 Provisions	3.933.745	1.246.038	-	537.844	5.717.627

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

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

<b>31 December 2020</b>			
<b>Country of ultimate risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	247.689.062	7.616.386	255.305.448
Ireland	6.558.407	-	6.558.407
Holland	833.234	-	833.234
Germany	715.351	-	715.351
Russian Federation	654.781	-	654.781
Great Britain	428.237	-	428.237
Croatia	210.109	-	210.109
Singapore	26.538	-	26.538
Marshall Islands	25.451	-	25.451
France	12.427	-	12.427
Other	25.212	-	25.212

**III. EXPLANATIONS ON CURRENCY RISK**

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

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

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

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 7,4194	TL 9,1164
1.Day bid rate	TL 7,4194	TL 9,1164
2.Day bid rate	TL 7,3405	TL 9,0079
3.Day bid rate	TL 7,4063	TL 9,0697
4.Day bid rate	TL 7,4738	TL 9,1370
5.Day bid rate	TL 7,5517	TL 9,2037

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 7,7138

EURO : TL 9,3887

As of 31 December 2019;

	<b>USD</b>	<b>EURO</b>
Balance Sheet Evaluation Rate	TL 5,9200	TL 6,6397

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### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

[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 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 2020	EURO	USD	Other FC	Total
<b>Assets</b>				
Cash and Balances with Central Bank (*)	17.494.669	23.266.568	2.516.447	<b>43.277.684</b>
Banks	748.286	7.376.712	1.316.670	<b>9.441.668</b>
Financial Assets at Fair Value through Profit or Loss	70.541	7.841.975	-	<b>7.912.516</b>
Money Markets	-	-	-	<b>-</b>
Financial Assets at Fair Value Through Other Comprehensive Income	3.240.065	24.591.011	1.586.516	<b>29.417.592</b>
Loans and Lease Receivables (**)	41.689.271	28.263.078	38.139	<b>69.990.488</b>
Investments in Associates, Subsidiaries and Joint Ventures	7.525.427	-	-	<b>7.525.427</b>
Other financial assets measured at amortised cost	1.231.959	6.129.992	-	<b>7.361.951</b>
Hedging Derivative Financial Assets	-	-	12.998	<b>12.998</b>
Tangible Assets (Net)	-	17.800	-	<b>17.800</b>
Intangible Assets (Net)	-	9	-	<b>9</b>
Other Assets (***)	2.467.780	6.419.027	4.059	<b>8.890.866</b>
<b>Total Assets</b>	<b>74.467.998</b>	<b>103.906.172</b>	<b>5.474.829</b>	<b>183.848.999</b>
<b>Liabilities</b>				
Bank Deposits (****)	1.490.266	6.420.070	2.404.235	<b>10.314.571</b>
Foreign Currency Deposits (****)	43.547.941	84.439.862	21.780.228	<b>149.768.031</b>
Money Markets	-	15.407.153	-	<b>15.407.153</b>
Borrowings	7.674.016	28.332.215	-	<b>36.006.231</b>
Securities Issued (Net) (*****)	92.203	18.219.500	-	<b>18.311.703</b>
Miscellaneous Payables	2.716.035	2.814.684	123.050	<b>5.653.769</b>
Hedging Derivative Financial Liabilities	156.928	858.092	-	<b>1.015.020</b>
Other Liabilities	1.707.918	1.435.085	6.649	<b>3.149.652</b>
<b>Total Liabilities</b>	<b>57.385.307</b>	<b>157.926.661</b>	<b>24.314.162</b>	<b>239.626.130</b>
<b>Net on Balance Sheet Position</b>	<b>17.082.691</b>	<b>(54.020.489)</b>	<b>(18.839.333)</b>	<b>(55.777.131)</b>
<b>Net off-Balance Sheet Position (*****)</b>	<b>(19.735.604)</b>	<b>61.874.240</b>	<b>18.839.063</b>	<b>60.977.699</b>
Financial Derivative Assets	24.101.396	109.802.491	21.198.412	<b>155.102.299</b>
Financial Derivative Liabilities	43.837.000	47.928.251	2.359.349	<b>94.124.600</b>
<b>Non-cash Loans</b>	<b>14.116.871</b>	<b>12.712.145</b>	<b>501.750</b>	<b>27.330.766</b>
<b>Prior Period - 31 December 2019</b>				
Total Assets	58.660.493	93.659.574	4.862.717	<b>157.182.784</b>
Total Liabilities	51.687.857	124.974.355	9.865.642	<b>186.527.854</b>
<b>Net on-Balance Sheet Position</b>	<b>6.972.636</b>	<b>(31.314.781)</b>	<b>(5.002.925)</b>	<b>(29.345.070)</b>
<b>Net off-Balance Sheet Position (*****)</b>	<b>(4.202.223)</b>	<b>31.635.898</b>	<b>4.974.513</b>	<b>32.408.188</b>
Financial Derivative Assets	35.152.740	85.357.790	7.202.967	<b>127.713.497</b>
Financial Derivative Liabilities	39.354.963	53.721.892	2.228.454	<b>95.305.309</b>
<b>Non-cash Loans</b>	<b>11.695.617</b>	<b>11.330.391</b>	<b>509.391</b>	<b>23.535.399</b>

[\*] Of the Cash Equivalents and Central Bank and Other FC, TL 2.173.647 (31 December 2019: TL 1.224.161) are precious metal deposit account in demand.

[\*\*] The foreign currency indexed loans balance in the Turkish Lira accounts is TL 554.548 (31 December 2019: TL 936.478).

[\*\*\*] Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 9.785 (31 December 2019: TL 17.794). Prepaid assets amounted TL 62.570 (31 December 2019: TL 62.849) is excluded in the financial statements.

[\*\*\*\*] Of the foreign currency deposits TL 17.561.462 (31 December 2019: TL 4.491.847) and Bank Deposits Other FC of the TL 22.911 (31 December 2019: TL 3.314) are precious metal deposit account in demand.

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

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

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**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):**

<b>Current Period – 31 December 2020</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash and Balances with Central Bank	2.627.708	-	-	-	-	45.048.606	<b>47.676.314</b>
Banks	28.193	1.118.376	-	-	-	8.300.848	<b>9.447.417</b>
Financial assets at fair value through profit or loss (Net)	16.394	15.941	7.419.431	107.610	48.403	1.413.323	<b>9.021.102</b>
Money Markets	488.179	-	-	-	-	-	<b>488.179</b>
Financial Assets at Fair Value Through Other Comprehensive Income	9.376.431	5.255.819	9.554.501	20.728.748	7.745.706	421.497	<b>53.082.702</b>
Loans and Lease Receivables (*)	72.080.962	32.526.297	63.908.093	61.011.874	6.478.719	17.312.583	<b>253.318.528</b>
Other financial assets measured at amortised cost	8.835.555	2.287.297	19.059.289	10.526.018	1.176.900	-	<b>41.885.059</b>
Other Assets (**)	6.799.749	10.758.941	7.280.940	3.795.512	121.224	2.425.134	<b>31.181.500</b>
<b>Total Assets</b>	<b>100.253.171</b>	<b>51.962.671</b>	<b>107.222.254</b>	<b>96.169.762</b>	<b>15.570.952</b>	<b>74.921.991</b>	<b>446.100.801</b>
<b>Liabilities</b>							
Bank Deposits	7.803.740	3.655.093	704.937	-	-	270.288	<b>12.434.058</b>
Other Deposits	133.682.524	29.901.216	5.910.732	143.988	11	86.497.666	<b>256.136.137</b>
Money Markets	9.590.949	6.685.969	2.730.948	-	-	-	<b>19.007.866</b>
Miscellaneous Payables	1.518.708	2.333.374	1.247.428	227.435	-	5.961.440	<b>11.288.385</b>
Securities Issued (Net) (***)	3.007.308	2.523.783	958.428	8.996.764	10.390.107	-	<b>25.876.390</b>
Borrowings	12.780.120	20.576.247	2.860.313	47.321	-	-	<b>36.264.001</b>
Other Liabilities (****)	4.411.172	6.593.891	3.923.841	860.490	386.026	68.918.544	<b>85.093.964</b>
<b>Total Liabilities</b>	<b>172.794.521</b>	<b>72.269.573</b>	<b>18.336.627</b>	<b>10.275.998</b>	<b>10.776.144</b>	<b>161.647.938</b>	<b>446.100.801</b>
Balance Sheet Long Position	-	-	88.885.627	85.893.764	4.794.808	-	<b>179.574.199</b>
Balance Sheet Short Position	[72.541.350]	[20.306.902]	-	-	-	[86.725.947]	<b>[179.574.199]</b>
Off-balance Sheet Long Position	3.834.541	10.980.855	-	2.865.359	64.337	-	<b>17.745.092</b>
Off-balance Sheet Short Position	-	-	[8.568.613]	-	-	-	<b>[8.568.613]</b>
<b>Total Position</b>	<b>[68.706.809]</b>	<b>[9.326.047]</b>	<b>80.317.014</b>	<b>88.759.123</b>	<b>4.859.145</b>	<b>[86.725.947]</b>	<b>9.176.479</b>

(\*) Non-performing loans are presented in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

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

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

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



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

(\*) Non-performing loans are presented in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

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

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

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

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

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

Current Period – 31 December 2020	EURO	USD	Yen	TL
<b>Assets</b>				
Cash and Balances with Central Bank	-	-	-	12,00
Banks	-	0,35	-	-
Financial Assets at Fair Value Through Profit or Loss (Net)	3,36	5,80	-	13,75
Money Markets	-	-	-	18,02
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	3,02	5,08	3,09	12,81
Loans and Lease Receivables	4,45	5,59	7,69	13,24
Other financial assets measured at amortised cost	1,70	5,86	-	12,18
<b>Liabilities</b>				
Bank Deposits (*)	0,77	1,83	-	16,30
Other Deposits (*)	0,28	1,26	0,47	12,07
Money Markets	-	1,14	-	16,46
Miscellaneous Payables	-	0,09	-	-
Securities Issued (Net) (**)	4,00	6,22	-	10,19
Borrowings	1,78	2,36	-	10,72

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

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

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

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

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

**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 the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>Current Period – 31.12.2020</b>					
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			89.061.012	49.693.315
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	192.468.766	112.728.242	17.744.159	11.272.824
3	Stable deposits	30.054.343	-	1.502.717	-
4	Less stable deposits	162.414.423	112.728.242	16.241.442	11.272.824
5	Unsecured Funding other than Retail and Small Business Customers Deposits	91.354.155	61.560.132	50.205.152	34.649.465
6	Operational deposits				
7	Non-Operational Deposits	80.545.785	55.031.343	40.784.584	28.120.923
8	Other Unsecured Funding	10.808.370	6.528.789	9.420.568	6.528.542
9	Secured funding	-	-	1.118.241	1.118.241
10	Other Cash Outflows	21.967.578	25.026.844	12.435.894	16.889.617
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	11.387.034	16.003.280	11.387.034	16.003.280
12	Debts related to the structured financial products	11.238	-	11.238	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.569.306	9.023.564	1.037.622	886.337
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	939.000	-	46.950	-
15	Other irrevocable or conditionally revocable commitments	68.244.696	15.418.281	3.412.235	770.914
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>84.962.631</b>	<b>64.701.061</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	3.272.515	-	-	-
18	Unsecured Lending Transactions	43.821.255	16.852.144	36.333.365	15.548.548
19	Other contractual cash inflows	6.792.498	28.021.975	6.786.732	28.020.896
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>53.886.268</b>	<b>44.874.119</b>	<b>43.120.097</b>	<b>43.569.444</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>89.061.012</b>	<b>49.693.315</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>41.842.534</b>	<b>21.131.617</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>212,85</b>	<b>235,16</b>

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

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Prior Period – 31.12.2019		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			78.871.351	36.994.257
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	148.574.144	80.759.264	13.484.808	8.075.926
3	Stable deposits	27.452.122	-	1.372.606	-
4	Less stable deposits	121.122.022	80.759.264	12.112.202	8.075.926
5	Unsecured Funding other than Retail and Small Business Customers Deposits	78.674.112	49.981.150	41.660.832	26.802.191
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	70.275.142	45.964.848	34.547.992	22.786.173
8	Other Unsecured Funding	8.398.970	4.016.302	7.112.840	4.016.018
9	Secured funding	-	-	504.452	504.452
10	Other Cash Outflows	85.563.903	53.290.693	76.402.345	44.735.234
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	75.377.691	43.786.831	75.377.691	43.786.831
12	Debts related to the structured financial products	10.980	-	10.980	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.175.232	9.503.862	1.013.674	948.403
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.003.538	-	50.177	-
15	Other irrevocable or conditionally revocable commitments	56.282.290	10.549.964	2.814.115	527.498
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>134.916.729</b>	<b>80.645.301</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	994.368	352.830	-	-
18	Unsecured Lending Transactions	28.057.223	12.455.922	20.971.133	11.643.168
19	Other contractual cash inflows	71.575.077	53.064.819	71.574.708	53.064.794
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>100.626.668</b>	<b>65.873.571</b>	<b>92.545.841</b>	<b>64.707.962</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>78.871.351</b>	<b>36.994.257</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>42.370.888</b>	<b>20.260.773</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>186,92</b>	<b>183,29</b>

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

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

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 182% during the period and remain at a quite higher level than the legal lower limit.

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

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 44% and securities issued by Undersecretariat of the Treasury by 50%. Funding sources are mainly distributed between individual and retail deposits by 64%, corporate deposits by 22%, and borrowings from banks by 4% and collateralized borrowings such as repurchase agreements by 6%.

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Cash outflow amounting to TL 1.910 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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

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

	<b>Current Period – 31.12.2020</b>	
	<b>TL+FC</b>	<b>FC</b>
Lowest	182,41	193,44
Week	2.10.2020	2.10.2020
Highest	239,54	321,99
Week	13.11.2020	20.11.2020

  

	<b>Prior Period – 31.12.2019</b>	
	<b>TL+FC</b>	<b>FC</b>
Lowest	172,33	152,05
Week	4.10.2019	13.12.2019
Highest	207,73	208,93
Week	20.12.2019	18.10.2019

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

Current Period – 31 December 2020	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated	Total
<b>Assets</b>								
Cash and Balances with Central Bank	24.841.241	22.771.977	63.096	-	-	-	-	<b>47.676.314</b>
Banks	8.300.848	28.193	1.118.376	-	-	-	-	<b>9.447.417</b>
Financial Assets at Fair Value Through Profit or Loss (Net)	1.413.323	16.394	15.941	7.418.924	108.117	48.403	-	<b>9.021.102</b>
Money Markets	-	488.179	-	-	-	-	-	<b>488.179</b>
Financial Assets at Fair Value Through Other Comprehensive Income	421.497	3.100.740	1.248.810	3.984.333	35.329.008	8.998.314	-	<b>53.082.702</b>
Loans and Lease Receivables (****)	-	53.580.284	25.199.714	58.896.931	75.220.281	23.108.735	17.312.583	<b>253.318.528</b>
Other financial assets measured at amortised cost	-	-	1.309.410	15.434.265	18.779.766	6.361.618	-	<b>41.885.059</b>
Other Assets (*)	-	1.314.151	3.565.714	5.712.041	11.138.189	7.026.271	2.425.134	<b>31.181.500</b>
<b>Total Assets</b>	<b>34.976.909</b>	<b>81.299.918</b>	<b>32.521.061</b>	<b>91.446.494</b>	<b>140.575.361</b>	<b>45.543.341</b>	<b>19.737.717</b>	<b>446.100.801</b>
<b>Liabilities</b>								
Bank Deposits	270.288	7.803.740	3.655.093	704.937	-	-	-	<b>12.434.058</b>
Other Deposits	86.497.666	133.682.524	29.901.216	5.910.732	143.988	11	-	<b>256.136.137</b>
Borrowings	-	177.048	1.836.406	18.817.986	14.283.006	1.149.555	-	<b>36.264.001</b>
Money Markets	-	7.364.111	2.018.215	2.302.403	5.131.565	2.191.572	-	<b>19.007.866</b>
Securities Issued (Net) (**)	-	3.007.308	2.523.783	958.428	8.996.764	10.390.107	-	<b>25.876.390</b>
Miscellaneous Payables	-	794.685	867.172	395.793	2.275.550	993.745	5.961.440	<b>11.288.385</b>
Other Liabilities (***)	535.221	4.364.949	2.460.565	1.523.021	6.634.270	3.187.462	66.388.476	<b>85.093.964</b>
<b>Total Liabilities</b>	<b>87.303.175</b>	<b>157.194.365</b>	<b>43.262.450</b>	<b>30.613.300</b>	<b>37.465.143</b>	<b>17.912.452</b>	<b>72.349.916</b>	<b>446.100.801</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(52.326.266)</b>	<b>(75.894.447)</b>	<b>(10.741.389)</b>	<b>60.833.194</b>	<b>103.110.218</b>	<b>27.630.889</b>	<b>(52.612.199)</b>	<b>-</b>
<b>Net off-balance sheet position</b>	<b>-</b>	<b>(1.464.684)</b>	<b>(41.099)</b>	<b>3.162.138</b>	<b>4.265.286</b>	<b>3.254.838</b>	<b>-</b>	<b>9.176.479</b>
Financial Derivative Assets	-	68.216.815	53.217.303	46.123.576	85.894.557	55.720.412	-	<b>309.172.663</b>
Financial Derivative Liabilities	-	69.681.499	53.258.402	42.961.438	81.629.271	52.465.574	-	<b>299.996.184</b>
<b>Non-cash loans (****)</b>	<b>-</b>	<b>1.696.520</b>	<b>1.095.192</b>	<b>11.703.494</b>	<b>13.254.924</b>	<b>24.484.892</b>	<b>-</b>	<b>52.235.022</b>
<b>Prior Period - 31 December 2019</b>								
Total Assets	29.329.474	66.382.770	24.621.990	60.045.178	124.166.928	38.646.677	17.308.095	<b>360.501.112</b>
Total Liabilities	50.054.230	143.169.458	37.166.936	22.716.866	28.752.584	16.582.779	62.058.259	<b>360.501.112</b>
<b>Net Liquidity Gap</b>	<b>(20.724.756)</b>	<b>(76.786.688)</b>	<b>(12.544.946)</b>	<b>37.328.312</b>	<b>95.414.344</b>	<b>22.063.898</b>	<b>(44.750.164)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>443.279</b>	<b>518.593</b>	<b>226.870</b>	<b>5.843.566</b>	<b>2.846.529</b>	<b>-</b>	<b>9.878.837</b>
Financial Derivative Assets	-	56.730.752	27.319.181	43.838.394	92.859.957	56.042.115	-	<b>276.790.399</b>
Financial Derivative Liabilities	-	56.287.473	26.800.588	43.611.524	87.016.391	53.195.586	-	<b>266.911.562</b>
<b>Non-cash Loans (****)</b>	<b>-</b>	<b>2.453.295</b>	<b>193.530</b>	<b>6.944.422</b>	<b>12.452.299</b>	<b>21.403.867</b>	<b>-</b>	<b>43.447.413</b>

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

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

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

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

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

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

<b>Current Period - 31 December 2020</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Liabilities</b>						
Deposits	228.757.298	33.847.186	6.723.868	162.679	-	<b>269.491.031</b>
Funds borrowed from other financial institutions	204.492	1.998.962	19.276.988	15.144.240	1.219.691	<b>37.844.373</b>
Funds from interbank money market	7.396.108	2.028.196	2.347.112	5.188.278	2.279.832	<b>19.239.526</b>
Marketable Securities Issued (Net)	3.059.690	2.692.083	1.825.237	13.258.152	11.517.157	<b>32.352.319</b>

<b>Prior Period - 31 December 2019</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Liabilities</b>						
Deposits	195.989.603	22.158.415	6.380.719	24.166	-	<b>224.552.903</b>
Funds borrowed from other financial institutions	150.864	2.783.066	13.739.547	13.508.496	3.739.573	<b>33.921.546</b>
Funds from interbank money market	1.061.990	26.686	1.879.297	4.455.719	1.877.196	<b>9.300.888</b>
Marketable Securities Issued (Net)	4.486.959	1.359.497	673.624	6.451.999	9.075.598	<b>22.047.677</b>

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

<b>Current Period - 31 December 2020</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 Years and Over</b>
<b>Derivatives held for trading</b>					
Foreign exchange derivatives:					
- Inflow	62.779.722	50.400.866	27.499.864	27.759.904	5.040.329
- Outflow	(68.419.948)	(60.513.521)	(28.607.698)	(27.196.689)	(4.746.128)
Interest rate derivatives:					
- Inflow	152.797	553.036	1.069.659	1.895.247	907.310
- Outflow	(136.947)	(577.404)	(979.849)	(1.689.109)	(814.875)
<b>Derivatives held for hedging</b>					
Foreign exchange derivatives:					
- Inflow	2.306.351	3.907.725	4.524.790	4.922.960	8.231.710
- Outflow	(2.221.126)	(2.676.210)	(3.107.033)	(5.641.826)	(6.923.534)
Interest rate derivatives:					
- Inflow	104.736	253.873	650.751	1.678.808	745.341
- Outflow	(119.149)	(347.027)	(962.843)	(2.417.487)	(1.009.045)
<b>Total Inflow</b>	<b>65.343.606</b>	<b>55.115.500</b>	<b>33.745.064</b>	<b>36.256.919</b>	<b>14.924.690</b>
<b>Total Outflow</b>	<b>(70.897.170)</b>	<b>(64.114.162)</b>	<b>(33.657.423)</b>	<b>(36.945.111)</b>	<b>(13.493.582)</b>
<b>Prior Period - 31 December 2019</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 Years and Over</b>
<b>Derivatives held for trading</b>					
Foreign exchange derivatives:					
- Inflow	54.507.035	43.609.273	34.202.837	39.690.336	4.701.584
- Outflow	(54.413.827)	(41.780.092)	(39.152.616)	(39.911.194)	(4.522.722)
Interest rate derivatives:					
- Inflow	13.350	184.020	744.423	1.590.614	674.261
- Outflow	(16.355)	(200.312)	(675.235)	(1.472.925)	(619.052)
<b>Derivatives held for hedging</b>					
Foreign exchange derivatives:					
- Inflow	1.060.768	1.652.945	1.219.583	10.321.428	6.065.938
- Outflow	(470.411)	(1.506.372)	(1.626.145)	(8.640.972)	(6.010.963)
Interest rate derivatives:					
- Inflow	21.023	133.207	350.280	956.429	330.113
- Outflow	(10.739)	(155.873)	(543.982)	(1.460.833)	(606.411)
<b>Total Inflow</b>	<b>55.602.176</b>	<b>45.579.445</b>	<b>36.517.123</b>	<b>52.558.807</b>	<b>11.771.896</b>
<b>Total Outflow</b>	<b>(54.911.332)</b>	<b>(43.642.649)</b>	<b>(41.997.978)</b>	<b>(51.485.924)</b>	<b>(11.759.148)</b>



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**VII. EXPLANATIONS ON LEVERAGE RATIO:**

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

As of 31 December 2020, the leverage ratio of the Bank calculated from 3 months average amounts is 10,44% (31 December 2019: 11,08%). This ratio is above the minimum ratio which is 3%.

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

		<b>Current Period</b> <b>31 December 2020 (*)</b>	<b>Prior Period</b> <b>31 December 2019 (*)</b>
	<b>Balance sheet Assets</b>		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	438.312.076	342.271.786
2	(Assets deducted from Core capital)	-	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	438.312.076	342.271.786
	<b>Derivative financial assets and credit derivatives</b>		
4	Cost of replenishment for derivative financial assets and credit derivatives	15.205.466	12.596.877
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.762.358	4.879.314
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	19.967.824	17.476.191
	<b>Financing transactions secured by marketable security or commodity</b>		
7	Risk amount of financing transactions secured by marketable security or commodity	6.025.857	1.559.964
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	6.025.857	1.559.964
	<b>Off-balance sheet transactions</b>		
10	Gross notional amount of off-balance sheet transactions	125.087.328	122.150.500
11	(Correction amount due to multiplication with credit conversion rates)	(807.197)	(886.628)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	124.280.131	121.263.872
	<b>Capital and total risk</b>		
13	Core Capital	61.386.632	53.421.955
14	Total risk amount (sum of lines 3, 6, 9 and 12)	588.585.888	482.571.813
	<b>Leverage ratio</b>		
15	Leverage ratio	10,44	11,08

(\*) Three months average values.

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

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

The fair values of 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 2020	Prior Period 31 December 2019	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Financial Assets</b>	<b>358.221.885</b>	<b>300.647.886</b>	<b>372.991.417</b>	<b>305.745.175</b>
Money Markets	488.179	-	487.951	-
Banks	9.447.417	16.596.746	9.447.895	16.573.613
Financial Assets at Fair Value Through Other Comprehensive Income	53.082.702	64.642.107	53.082.702	64.642.107
Other Financial Assets Measured at Amortised Cost	41.885.059	15.574.858	41.963.675	15.786.054
Loans	253.318.528	203.834.175	268.009.194	208.743.401
<b>Financial Liabilities</b>	<b>341.998.971</b>	<b>282.751.375</b>	<b>346.469.719</b>	<b>282.936.936</b>
Bank Deposits	12.434.058	7.161.925	12.449.177	7.156.449
Other Deposits	256.136.137	216.892.602	256.123.549	216.957.038
Borrowings	36.264.001	31.371.096	39.156.383	30.873.454
Securities Issued (Net)	25.876.390	18.899.734	27.452.225	19.523.977
Miscellaneous Payables	11.288.385	8.426.018	11.288.385	8.426.018

**b. Fair value hierarchy:**

IFRS 13 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

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

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

<b>Current Period - 31 December 2020</b>	<b>1st Level</b>	<b>2nd Level</b>	<b>3rd Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	179.943	-	-	179.943
- Share Certificates	158.714	-	-	158.714
- Other Financial Assets (*)	244.918	1.094.617	7.342.910	8.682.445
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	44.420.223	-	-	44.420.223
- Share Certificates	-	-	-	-
- Other Financial Assets	6.690.220	1.956.042	-	8.646.262
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.897	17.903.981	-	17.905.878
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	4.738.479	-	4.738.479
Loans	-	268.009.194	-	268.009.194
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	41.456.409	-	-	41.456.409
- Other Financial Assets	507.266	-	-	507.266
<b>Total Assets</b>	<b>93.659.590</b>	<b>293.702.313</b>	<b>7.342.910</b>	<b>394.704.813</b>
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	54	14.338.107	-	14.338.161
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	678.869	-	678.869
Deposits	-	268.572.726	-	268.572.726
Funds Borrowed	-	39.156.383	-	39.156.383
Money Markets	-	19.150.008	-	19.150.008
Securities Issued (Net)	-	27.452.225	-	27.452.225
<b>Total Liabilities</b>	<b>54</b>	<b>369.348.318</b>	<b>-</b>	<b>369.348.372</b>

(\*) Fair value of the financial assets at fair value through profit or loss classified under third level, 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.

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<b>Prior Period - 31 December 2019</b>	<b>1st Level</b>	<b>2nd Level</b>	<b>3rd Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	262.864	-	-	262.864
- Share Certificates	220.294	-	-	220.294
- Other Financial Assets	33.532	-	6.723.419	6.756.951
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	51.703.078	-	-	51.703.078
- Share Certificates	-	-	-	-
- Other Financial Assets	11.020.651	1.902.161	-	12.922.812
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	774	14.282.505	-	14.283.279
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2.127.012	-	2.127.012
Loans (*)	-	208.743.401	-	208.743.401
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	14.030.740	-	-	14.030.740
- Other Financial Assets	1.755.313	-	-	1.755.313
<b>Total Assets</b>	<b>79.027.246</b>	<b>227.055.079</b>	<b>6.723.419</b>	<b>312.805.744</b>
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	311	7.957.428	-	7.957.739
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	901.104	-	901.104
Deposits	-	224.113.486	-	224.113.486
Funds Borrowed	-	30.873.454	-	30.873.454
Money Markets	-	8.046.234	-	8.046.234
Securities Issued (Net)	-	19.523.977	-	19.523.977
<b>Total Liabilities</b>	<b>311</b>	<b>291.415.683</b>	<b>-</b>	<b>291.415.994</b>

(\*) Fair value of the loans classified under third level, has been determined based on results of valuation work that include various valuation techniques. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan. Loan balances have shown with their net balances.

As explained in the note of VII-b of the Third Section, share certificates classified as financial assets at fair value through other comprehensive income 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.

The movement of financial assets in Level 3 is presented below:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Balances at Beginning of Period</b>	<b>6.723.419</b>	<b>6.690.208</b>
Purchases During the Period	-	-
Disposals Through Sale/Redemptions	-	-
Valuation Effect (*)	619.491	759.654
Transfers	-	(726.443)
<b>Balances at the End of Period</b>	<b>7.342.910</b>	<b>6.723.419</b>

(\*) As explained in the footnotes I-b and I-r of Section Five, mentioned increase in value is evaluated together with the decrease in value of 477.249 TL in the current period in the assets of LYY Telekomünikasyon A.Ş.

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**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:**

**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, 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.

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

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

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2. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 December 2020	Prior Period 31 December 2019	Current Period 31 December 2020
1 Credit risk (excluding counterparty credit risk) (CCR)	265.269.441	249.073.962	21.221.555
2 Standardized approach (SA)	265.269.441	249.073.962	21.221.555
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	20.950.677	16.641.838	1.676.054
5 Standardized approach for counterparty credit risk (SA-CCR)	20.950.677	16.641.838	1.676.054
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	405.280	309.273	32.422
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	15.803.823	6.775.331	1.264.306
17 Standardized approach (SA)	15.803.823	6.775.331	1.264.306
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	32.496.270	27.269.597	2.599.702
20 Basic Indicator Approach	32.496.270	27.269.597	2.599.702
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>334.925.491</b>	<b>300.070.001</b>	<b>26.794.039</b>

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[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					
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
<b>Current Period - 31.12.2020</b>						
<b>Assets</b>						
Cash and balances at central bank	47.676.314	47.676.314	-	-	-	-
Banks	9.447.191	9.447.191	-	-	-	-
Receivables from money markets	488.179	488.179	-	-	-	-
Financial assets at fair value through P&L	9.021.102	8.756.233	-	-	264.869	-
Financial assets at fair value through other comprehensive income	53.082.702	53.082.508	-	-	-	194
Derivative financial assets	22.644.357	-	22.644.357	-	3.367.761	-
Loans (net)	236.802.117	236.801.659	-	-	-	458
Lease Receivables (net)	-	-	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	41.872.844	41.872.844	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	173.416	173.416	-	-	-	-
Investments in associates (net)	14.795	14.795	-	-	-	-
Investments in subsidiaries (net)	9.605.628	9.605.628	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	5.956.500	5.912.365	-	-	-	44.135
Intangible assets (net)	1.168.372	-	-	-	-	1.168.372
Investment properties (net)	-	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Deferred tax assets	88.226	88.226	-	-	-	-
Other assets	8.059.058	8.059.058	-	-	-	-
<b>Total assets</b>	<b>446.100.801</b>	<b>421.978.416</b>	<b>22.644.357</b>	<b>-</b>	<b>3.632.630</b>	<b>1.213.159</b>
<b>Liabilities</b>						
Deposits	268.570.195	-	-	-	-	268.570.195
Loans	36.264.001	-	-	-	-	36.264.001
Debt to money markets	19.007.866	-	19.007.866	-	-	-
Debt securities in issue	19.157.976	-	-	-	-	19.157.976
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	15.017.030	-	15.017.030	-	2.736.377	-
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	505.660	-	-	-	-	505.660
Provisions	2.416.862	-	-	-	-	2.416.862
Tax liability	1.571.680	-	-	-	-	1.571.680
Deferred tax liability	16.161	-	-	-	-	16.161
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	6.718.414	-	-	-	-	6.718.414
Other liabilities	13.935.963	-	-	-	-	13.935.963
Equity	62.918.993	-	-	-	-	62.918.993
<b>Total liabilities</b>	<b>446.100.801</b>	<b>-</b>	<b>34.024.896</b>	<b>-</b>	<b>2.736.377</b>	<b>412.075.905</b>

(\*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(\*\*) 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.

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

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

Prior Period - 31.12.2019	Carrying values of items					
	Carrying values as reported in published financial statements (*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and balances at central bank	29.893.917	29.893.917	-	-	-	-
Banks	16.596.292	16.596.292	-	-	-	-
Receivables from money markets	-	-	-	-	-	-
Financial assets at fair value through P&L	7.240.109	6.943.419	-	-	296.690	-
Financial assets at fair value through other comprehensive income	64.642.107	64.642.021	-	-	-	86
Derivative financial assets	16.410.291	-	16.410.291	-	3.636.926	-
Loans (net)	191.553.594	191.551.945	-	-	-	1.649
Lease Receivables (net)	-	-	-	-	-	-
Factoring Receivables (net)	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	15.565.530	15.565.530	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	636.017	636.017	-	-	-	-
Investments in associates (net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (net)	6.730.785	6.730.785	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	4.863.982	4.823.551	-	-	-	40.431
Intangible assets (net)	933.979	-	-	-	-	933.979
Investment properties (net)	-	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Deferred tax assets	2.438	2.438	-	-	-	-
Other assets	5.426.550	5.426.550	-	-	-	-
<b>Total assets</b>	<b>360.501.112</b>	<b>342.817.986</b>	<b>16.410.291</b>	<b>-</b>	<b>3.933.616</b>	<b>976.145</b>
<b>Liabilities</b>						
Deposits	224.054.527	-	-	-	-	224.054.527
Loans	31.371.096	-	-	-	-	31.371.096
Debt to money markets	8.811.764	-	8.811.764	-	-	8.811.764
Debt securities in issue	13.518.200	-	-	-	-	13.518.200
Funds	-	-	-	-	-	-
Financial liabilities at fair value through P&L	-	-	-	-	-	-
Derivative financial liabilities	8.858.843	-	8.858.843	-	3.225.422	8.858.843
Factoring debts	-	-	-	-	-	-
Debts from leasing transactions	574.553	-	-	-	-	574.553
Provisions	1.531.077	-	-	-	-	1.531.077
Tax liability	758.992	-	-	-	-	758.992
Deferred tax liability	704.309	-	-	-	-	704.309
Liabilities included in disposal groups classified as held for sale (net)	-	-	-	-	-	-
Subordinated debts	5.381.534	-	-	-	-	5.381.534
Other liabilities	10.553.790	-	-	-	-	10.553.790
Equity	54.382.427	-	-	-	-	54.382.427
<b>Total liabilities</b>	<b>360.501.112</b>	<b>-</b>	<b>17.670.607</b>	<b>-</b>	<b>3.225.422</b>	<b>360.501.112</b>

(\*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

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



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

		Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
<b>Current Period - 31.12.2020</b>		<b>Total</b>			
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>444.887.642</b>	<b>421.978.416</b>	-	<b>22.644.357</b>	<b>3.632.630</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	34.024.896	-	-	34.024.896	2.736.377
3 Total net amount under regulatory scope of consolidation	<b>410.862.746</b>	<b>421.978.416</b>	-	<b>56.669.253</b>	<b>896.253</b>
4 Off-balance sheet amounts	416.572.509	35.555.834	-	-	-
5 Differences in valuations		-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7 Differences due to consideration of provisions		-	-	-	-
8 Differences due to prudential filters		-	-	-	14.907.570
9 Differences due to risk reduction		[9.964.211]		[29.510.941]	-
<b>10 Exposure amounts considered for regulatory purposes</b>		<b>447.570.039</b>	-	<b>27.158.312</b>	<b>15.803.823</b>

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

		Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework k(*)
<b>Prior Period - 31.12.2019</b>		<b>Total</b>			
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>359.524.967</b>	<b>342.817.986</b>	-	<b>16.410.291</b>	<b>3.933.616</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	17.670.607	3.225.422
3 Total net amount under regulatory scope of consolidation	<b>359.524.967</b>	<b>342.817.986</b>	-	<b>34.080.898</b>	<b>7.159.038</b>
4 Off-balance sheet amounts	377.058.995	30.712.212	-	-	-
5 Differences in valuations		-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7 Differences due to consideration of provisions		8.412.429	-	-	-
8 Differences due to prudential filters		-	-	-	[383.707]
9 Differences due to risk reduction		[4.753.987]		[16.590.519]	-
<b>10 Exposure amounts considered for regulatory purposes</b>		<b>377.188.640</b>	-	<b>17.490.379</b>	<b>6.775.331</b>

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

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

a) Differences between accounting and regulatory exposure amounts

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

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

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

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 TFRS 13. 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. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

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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.

2. Credit quality of assets:

		<b>Gross carrying values of (according to TAS)</b>		<b>Allowances/ impairments</b>	<b>Net values</b>
<b>Current Period - 31.12.2020</b>		<b>Defaulted exposures</b>	<b>Non-defaulted exposures</b>		
1	Loans	17.312.583	236.005.945	16.516.411	236.802.117
2	Debt Securities	-	102.312.677	56.920	102.255.757
3	Off-balance sheet exposures	939.098	118.525.438	500.379	118.964.157
<b>4</b>	<b>Total</b>	<b>18.251.681</b>	<b>456.844.060</b>	<b>17.073.710</b>	<b>458.022.031</b>

  

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

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>15.115.586</b>	<b>8.097.066</b>
Loans and debt securities that have defaulted since the last reporting period	5.922.727	10.503.539
Returned to non-defaulted status	77.266	24.193
Amounts written off	710.731	1.755.640
Other changes	1.998.635	1.705.186
<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions</b>	<b>18.251.681</b>	<b>15.115.586</b>

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 loans. Impaired consumer loans are evaluated on account basis and commercial loans on customer basis.

The Bank calculates expected credit loss for overdue 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:

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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 2020.

- c) About the delay of more than 180 days in the definition of default due to COVID-19:

In accordance with the BRSA Decision due to COVID-19, the "delay more than 90 days" condition, which is used in the definition of default in order to classify loans, has been implemented as "delay more than 180 days" as of 17 March 2020. This application will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312.

With the aforementioned classification changes, the Bank allocates provisions for loans with a delay of 90-180 days in accordance with TFRS 9 requirements, according to its own risk policies and models, which also evaluate the borrower's conditions.

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

- e) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enhance customer's ability to repay the loan. Besides, 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.

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

Breakdown by geographical area:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>
Domestic	228.799.873	182.910.135
European Union Countries	6.746.988	5.628.672
OECD Countries (*)	2.126	3.386
Off-Shore Banking Regions	324	-
USA, Canada	2.964	2.472
Other	453.670	432.430
<b>Total</b>	<b>236.005.945</b>	<b>188.977.095</b>

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

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Breakdown by sector:

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
Agricultural	279.628	263.225
Farming and raising livestock	204.867	181.652
Forestry	67.262	78.221
Fishing	7.499	3.352
Manufacturing	63.553.400	42.557.754
Mining	2.439.711	1.546.784
Production	39.695.286	24.701.130
Electricity, Gas, Water	21.418.403	16.309.840
Construction	27.827.561	29.916.673
Services	59.981.150	49.834.766
Wholesale and Retail Trade	30.198.571	25.177.866
Hotel,Food,Beverage Services	6.767.820	4.093.195
Transportation and Telecommunication	8.182.469	4.366.481
Financial Institutions	10.996.385	12.882.063
Real Estate and Lending Services	423.520	483.730
Self employment Service	565.613	530.682
Education Service	644.710	629.549
Health and social Services	2.202.062	1.671.200
Other	84.364.206	66.404.677
<b>Total</b>	<b>236.005.945</b>	<b>188.977.095</b>

Breakdown by outstanding maturity:

<b>Current Period - 31.12.2020</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
Loans	53.580.284	25.199.714	58.896.931	75.220.281	23.108.735	<b>236.005.945</b>

<b>Prior Period - 31.12.2019</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
Loans	47.707.426	21.266.437	33.380.638	65.182.311	21.440.283	<b>188.977.095</b>

g) 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:

	<b>Current Period - 31.12.2020</b>		<b>Prior Period - 31.12.2019</b>	
	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>
Domestic	16.465.989	10.316.612	14.134.481	7.991.135
European Union Countries	846.413	482.004	722.400	355.524
OECD Countries (*)	-	-	-	-
Off-Shore Banking Regions	30	30	30	29
USA, Canada	40	39	39	39
Other	111	99	130	109
<b>Total</b>	<b>17.312.583</b>	<b>10.798.784</b>	<b>14.857.080</b>	<b>8.346.836</b>

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

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Breakdown by sector:

	<b>Current Period- 31.12.2020</b>		<b>Prior Period - 31.12.2019</b>	
	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>
Agricultural	25.388	20.718	33.783	21.262
Farming and raising livestock	20.476	17.163	26.011	16.765
Forestry	4.894	3.539	7.698	4.433
Fishing	18	16	74	64
Manufacturing	2.997.713	1.706.392	2.780.458	1.367.017
Mining	500.789	223.519	420.559	118.595
Production	1.586.791	1.056.438	1.502.867	884.349
Electricity, Gas, Water	910.133	426.435	857.032	364.073
Construction	7.370.928	4.311.039	4.708.895	2.421.621
Services	4.502.864	2.836.648	4.687.589	2.564.664
Wholesale and Retail Trade	2.474.994	1.781.333	2.779.322	1.663.965
Hotel,Food,Beverage Services	498.501	120.263	449.266	88.674
Transportation and Telecommunication	132.200	97.564	145.985	89.989
Financial Institutions	1.089.989	616.692	997.002	522.271
Real Estate and Lending Services	90.116	87.829	99.131	89.629
Self employment Service	4.124	3.265	4.391	3.673
Education Service	114.804	71.065	115.569	47.202
Health and social Services	98.136	58.637	96.923	59.261
Other	2.415.690	1.923.987	2.646.355	1.972.272
<b>Total</b>	<b>17.312.583</b>	<b>10.798.784</b>	<b>14.857.080</b>	<b>8.346.836</b>

h) Aging analysis for overdue receivables (\*):

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
30-60 days overdue	590.377	1.202.049
60-90 days overdue	337.011	1.394.265
More than 90 days overdue	1.071.450	-
<b>Total</b>	<b>1.998.838</b>	<b>2.596.314</b>

(\*) Within the scope of the decisions taken by the BRSA, the delay period foreseen for classification in the Second Group due to delay days has been moved from the 30th delay day to the 90th delay day, and the delay period for classification as non-performing loans has been moved from the 90th delay day to the end of the 180th day. The relevant issue will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312.

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

<b>Restructured Receivables</b>	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
Loans restructured from Loans under Follow-up and Other Receivables	18.993.798	17.737.321
Loans restructured from Non-Performing Loans	2.374.750	749.792

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.

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j) Credit risk mitigation techniques:

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

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

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

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

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

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

5. Credit risk mitigation techniques – overview:

		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
<b>Current Period - 31.12.2020</b>								
1	Loans	232.722.958	4.079.159	2.227.568	3.798.864	3.040.211	-	-
2	Debt Securities	102.255.757	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>334.978.715</b>	<b>4.079.159</b>	<b>2.227.568</b>	<b>3.798.864</b>	<b>3.040.211</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	18.251.681	-	-	-	-	-	-

		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
<b>Prior Period - 31.12.2019</b>								
1	Loans	188.729.079	2.824.515	1.450.932	4.223.971	3.254.282	-	-
2	Debt Securities	86.846.310	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>275.575.389</b>	<b>2.824.515</b>	<b>1.450.932</b>	<b>4.223.971</b>	<b>3.254.282</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	15.115.586	-	-	-	-	-	-

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.

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

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

Current Period - 31.12.2020		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	124.160.679	3.897.904	127.223.761	1.002.169	602.133	%0,47
2	Exposures to regional governments or local authorities	172.157	16	172.157	8	86.083	%50,00
3	Exposures to public sector entities	290.124	112.545	284.605	42.512	327.117	%100,00
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	21.343.611	55.558.555	21.338.315	21.232.467	14.986.645	%35,20
7	Exposures to corporates	147.007.179	51.834.928	145.057.451	34.568.991	173.539.865	%96,61
8	Retail exposures	71.851.552	47.832.122	69.257.435	4.520.439	55.333.406	%75,00
9	Exposures secured by residential property	8.035.345	265.748	8.029.452	113.675	2.850.095	%35,00
10	Exposures secured by commercial real estate	9.672.736	1.351.953	9.539.042	935.821	7.085.104	%67,64
11	Past-due loans	6.523.806	-	6.523.806	-	5.709.544	%87,52
12	Higher-risk categories by the Agency Board	-	634.643	-	293.057	342.736	%116,95
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)	1.465.529	177.537	1.465.529	5.011	1.470.540	%100,00
16	Other assets	13.168.654	-	13.168.654	-	8.096.717	%61,48
17	Investments in equities	9.953.989	-	9.953.989	-	9.953.989	%100,00
18	<b>Total</b>	<b>413.645.361</b>	<b>161.665.951</b>	<b>412.014.196</b>	<b>62.714.150</b>	<b>280.383.974</b>	<b>%59,06</b>

Prior Period - 31.12.2019		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	93.879.245	308.794	97.166.640	7.362	18.880.934	%19,43
2	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	%50,00
3	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	%100,00
4	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	32.305.576	48.615.035	32.305.576	13.743.906	23.886.860	%51,87
7	Exposures to corporates	122.067.679	44.941.125	120.934.615	29.197.468	145.032.696	%96,60
8	Retail exposures	56.885.229	40.402.371	54.643.744	4.519.115	44.372.144	%75,00
9	Exposures secured by residential property	8.096.458	317.711	8.090.022	133.739	2.878.316	%35,00
10	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	%65,02
11	Past-due loans	6.510.244	-	5.788.591	-	4.790.239	%82,75
12	Higher-risk categories by the Agency Board	-	297.191	-	121.440	171.601	%141,31
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	309.776	-	309.776	-	309.776	%100,00
16	Other assets	10.316.599	-	10.316.599	-	6.964.430	%67,51
17	Investments in equities	6.988.179	-	6.988.179	-	6.988.179	%100,00
18	<b>Total</b>	<b>346.823.663</b>	<b>136.273.576</b>	<b>345.938.648</b>	<b>48.740.371</b>	<b>260.859.385</b>	<b>%66,09</b>



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

	<b>Current Period - 31.12.2020</b>										<b>Other</b>	<b>Total risk</b>
	<b>Asset classes / Risk weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>risk</b>	<b>amount (*)</b>
1	Exposures to central governments or central banks	126.800.109	-	281.014	-	-	-	522.571	-	-	622.236	128.225.930
2	Exposures to regional governments or local authorities	-	-	-	-	172.165	-	-	-	-	-	172.165
3	Exposures to public sector entities	-	-	-	-	-	-	327.117	-	-	-	327.117
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	386.679	-	20.485.689	-	21.617.815	-	80.599	-	-	-	42.570.782
7	Exposures to corporates	1.957.839	-	873.497	-	6.859.880	-	169.935.226	-	-	-	179.626.442
8	Retail exposures	-	-	-	-	-	73.777.874	-	-	-	-	73.777.874
9	Exposures secured by residential property	-	-	-	8.143.127	-	-	-	-	-	-	8.143.127
10	Exposures secured by commercial real estate	-	-	-	-	6.779.517	-	3.695.346	-	-	-	10.474.863
11	Past-due loans	-	-	-	-	2.970.810	-	2.210.710	1.342.286	-	-	6.523.806
12	Higher-risk categories by the Agency Board	-	-	-	-	72.219	-	49.261	171.577	-	-	293.057
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)	-	-	-	-	-	-	1.470.540	-	-	-	1.470.540
16	Investments in equities	-	-	-	-	-	-	9.953.989	-	-	-	9.953.989
17	Other assets	5.071.914	-	29	-	-	-	8.096.711	-	-	-	13.168.654
<b>18</b>	<b>Total</b>	<b>134.216.541</b>	<b>-</b>	<b>21.640.229</b>	<b>8.143.127</b>	<b>38.472.406</b>	<b>73.777.874</b>	<b>196.342.070</b>	<b>1.513.863</b>	<b>-</b>	<b>622.236</b>	<b>474.728.346</b>

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

	<b>Prior Period - 31.12.2019</b>										<b>Other</b>	<b>Total risk</b>
	<b>Asset classes / Risk weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>risk</b>	<b>amount (*)</b>
1	Exposures to central governments or central banks	76.870.228	-	289.669	-	2.321.359	-	17.661.053	-	-	31.693	97.174.002
2	Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956
3	Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946
4	Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	30.709	-	19.969.201	-	12.368.873	-	13.624.930	55.769	-	-	46.049.482
7	Exposures to corporates	1.740.401	-	1.062.556	-	3.982.041	-	142.809.301	-	-	537.784	150.132.083
8	Retail exposures	-	-	-	-	-	59.162.859	-	-	-	-	59.162.859
9	Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761
10	Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326
11	Past-due loans	-	-	-	-	2.686.235	-	2.412.825	689.531	-	-	5.788.591
12	Higher-risk categories by the Agency Board	-	-	-	-	996	-	19.127	101.317	-	-	121.440
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	309.776	-	-	-	309.776
16	Investments in equities	-	-	-	-	-	-	6.988.179	-	-	-	6.988.179
17	Other assets	3.352.158	-	14	-	-	-	6.964.427	-	-	-	10.316.599
<b>18</b>	<b>Total</b>	<b>82.301.515</b>	<b>-</b>	<b>21.321.440</b>	<b>8.223.761</b>	<b>28.399.541</b>	<b>59.162.859</b>	<b>193.853.809</b>	<b>846.617</b>	<b>-</b>	<b>569.477</b>	<b>394.679.019</b>

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

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

1. Qualitative disclosure related to counterparty credit risk:

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

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

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

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

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

The counterparty credit risk limits for financial institutions are also determined separately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of dweterioration 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.

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
-

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

2. Analysis of counterparty credit risk exposure by approach:

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
<b>Current Period - 31.12.2020</b>							
1	Standardised Approach (for derivatives)	14.957.247	4.899.221	-	1,4	19.856.468	12.151.473
	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
2	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	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	-	-	-	-	6.679.608	2.534.421
5	settlement time, Marketable Security transactions with credit	-	-	-	-	6.679.608	2.534.421
<b>6</b>	<b>Total</b>						<b>14.685.894</b>

(\*) Effective Expected Positive Exposure

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
<b>Prior Period - 31.12.2019</b>							
1	Standardised Approach (for derivatives)	11.466.931	4.574.336	-	1,4	15.966.340	10.728.429
	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
2	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	1.524.037	727.857
5	settlement time, Marketable Security transactions with credit	-	-	-	-	1.524.037	727.857
<b>6</b>	<b>Total</b>						<b>11.456.286</b>

(\*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

	<b>Current Period - 31.12.2020</b>		<b>Prior Period - 31.12.2019</b>	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	19.856.468	6.241.423	16.504.125	5.165.689
<b>4 Total subject to the CVA capital charge</b>	<b>19.856.468</b>	<b>6.241.423</b>	<b>16.504.125</b>	<b>5.165.689</b>

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

<b>Current Period - 31.12.2020</b>									
<b>Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit</b>
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	377.881	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	11	-	-	11
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	7.414.343	10.973.233	-	41.907	-	-	7.011.392
Corporates	37.238	-	-	1.132	-	7.619.692	-	-	7.620.258
Retail portfolios	-	-	-	-	65.629	-	-	-	49.222
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	-	-	-	-	-	5.011	-	-	5.011
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>415.119</b>	<b>-</b>	<b>7.414.343</b>	<b>10.974.365</b>	<b>65.629</b>	<b>7.666.621</b>	<b>-</b>	<b>-</b>	<b>14.685.894</b>

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

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

<b>Prior Period - 31.12.2019</b>									
<b>Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit</b>
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.277.140	8.184.318	-	120.618	-	-	4.668.205
Corporates	88.613	-	-	58	-	6.676.710	-	-	6.676.739
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>92.737</b>	<b>-</b>	<b>2.277.140</b>	<b>8.184.376</b>	<b>109.825</b>	<b>6.826.302</b>	<b>-</b>	<b>-</b>	<b>11.456.286</b>

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

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

5. Composition of collateral for CCR exposure:

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

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6. Credit derivatives exposures:

	Current Period- 31.12.2020		Prior Period - 31.12.2019	
	Protection bought	Protection sold	Protection bought	Protection sold
<b>Nominal</b>				
Single-name credit default swaps	1.276.137	22.258	1.018.240	29.600
Index credit default swaps	-	-	-	-
Total return swaps	-	7.842.346	-	7.633.926
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total notionals</b>	<b>1.276.137</b>	<b>7.864.604</b>	<b>1.018.240</b>	<b>7.663.526</b>
<b>Fair values</b>				
Positive fair value (asset)	72.533	2.855.790	71.879	2.704.586
Negative fair value (liability)	-	-	-	[34]

7. Exposures to central counterparties (CCP):

		Current Period - 31.12.2020		Prior Period - 31.12.2019	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
<b>1</b>	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		<b>56.548</b>		<b>21.132</b>
	Exposures for trades at QCCPs				
2	(excluding initial margin and default fund contributions); of which	622.236	23.360	537.785	19.864
3	(i) OTC Derivatives	622.236	23.360	537.785	19.864
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product				
	ting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin				
9	Pre-funded default fund contributions	33.188	33.188	31.693	1.268
10	Unfunded default fund contributions	-	-	-	-
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>	-	-	-	-
	Exposures for trades at non-QCCPs				
12	(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				
	ting 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.

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**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 2020, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
	<b>RWA</b>	<b>RWA</b>
<b>Outright products</b>		
1 Interest rate risk (general and specific)	2.235.808	2.385.200
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	13.525.315	4.316.356
4 Commodity risk	-	-
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	42.700	73.775
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>15.803.823</b>	<b>6.775.331</b>

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

**g. Explanations on operational risk:**

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of 31 March 2016 is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2020 is calculated once a year by using the gross income of the Bank in 2017, 2018 and 2019.

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.

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	31.12.2017	31.12.2018	31.12.2019	Total/Positive GI year number	Ratio (%)	Total
Gross income	13.270.197	19.144.784	19.579.051	3	15	2.599.702
Amount subject to Operational Risk (Amount*12,5)						32.496.270

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

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

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

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

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

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)	3.585.598	%4,94
TL	500	(4.080.166)	%(5,63)
USD	(200)	203.257	%0,28
USD	200	(191.056)	%(0,26)
EURO	(200)	-	%0,00
EURO	200	321.624	%0,44
<b>Total (for negative shocks)</b>		<b>3.788.855</b>	<b>%5,22</b>
<b>Total (for positive shocks)</b>		<b>(3.949.598)</b>	<b>%(5,45)</b>

**XI. EXPLANATIONS ON HEDGE TRANSACTIONS:**

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

The Bank hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate 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.

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

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

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

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

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

The Bank also applies net investment risk hedging in order to hedge its foreign currency risk from its investments abroad. The effective part of the fair value change of the hedging instrument in the hedging transaction in question was accounted in the "Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss" account under equity.

Within the scope of the Major Indicative Interest Rates Reform, reference interest rates will be converted as of the beginning of 2021, and new alternative interest rates will be used instead of the current benchmark interest rates, especially Libor. In addition to floating rate assets such as securities indexed to benchmark interest rates and loans, Banks' financial statements include liabilities such as securities issued, borrowed loans and derivative transactions, and off-balance sheet instruments. With the regulations published in September 2019 and December 2020 regarding the implementation of the aforementioned reform, early implementation of the amendments was permitted, while temporary exemption was given to the applications related to the determination of cash flows of hedge accounting and the termination of transactions. A working group was established to evaluate the impact of the interest rate reform on the financial statements and to adapt to reform. Reform changes have not been implemented early and developments are followed by the working group.

The average remaining maturity of the floating-rate USD Libor-Indexed borrowings directly affected by the interest rate reform is 4,3 years and the remaining amount is USD 988.393. Foreign currency interest swap transactions were made to hedge the cash flow risk of the aforementioned borrowing and subject to hedge accounting. There is no hedge accounting transaction terminated under the published exceptions.

As of 31 December 2020, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

	Current Period 31 December 2020			Prior Period 31 December 2019		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	20.931.023	7.956.205	424.660	13.674.935	5.166.090	919.269
-FC	63.575.943	12.998	1.015.020	50.919.357	184.595	244.871
<b>Total</b>	<b>84.506.966</b>	<b>7.969.203</b>	<b>1.439.680</b>	<b>64.594.292</b>	<b>5.350.685</b>	<b>1.164.140</b>



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**1. Explanations on Accounting Net Investment Hedge:**

The Bank has been using hedge against fair value strategy to hedge against foreign currency risk born of EUR 787 million (31 December 2019: EUR 320 million) which represents share premiums and paid-in-capital of Akbank AG, one of its subsidiaries. EUR 787 million of syndication loans used by the Group have been classified as "hedge instruments."

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

**Current Period: 31.12.2020**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(534.522)	487.716	(46.806)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	16.031	(16.419)	(388)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(67.317)	63.459	(3.858)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	1.896.556	(1.890.232)	6.324
Interest Rate Swap	Fixed interest rate TL Commercial Loans	Interest rate risk	(4.070)	4.181	111
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(28.992)	28.662	(330)
Interest Rate Swap	Fixed interest rate TL Securities Issued.	Interest rate risk	(64.929)	69.179	4.250

(\*) 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: 31.12.2019**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at fair value through other comprehensive income	Interest rate risk	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(23.858)	23.858	-

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

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

As of 31 December 2020 fair value hedge transactions have been proven to be effective.

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

- As of 31 December 2020, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 695 (31 December 2019: TL 1.566).

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

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	-	332.270	(448.539)	(111.650)	(8.356)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	4.679.051	1.453	(513.439)	(1.145.621)	(616.994)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	-	20.577	29.569	(259)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	59.428	316.367	133.622	(98.875)	(10.634)
Interest Rate Swap	Short term FC deposits	Cash Flow risk due to changes in interest rate of funds	-	2.995	435	(219)	(1.898)
Interest Rate Swap	Floating-rate TL Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow risk due to changes in interest rate of funds	-	25.784	(18.757)	(4.175)	(9.225)

As of 31 December 2020 cash flow hedge transactions have been determined as effective.

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

- As of 31 December 2020, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 28.837 (31 December 2019: TL 10.260).

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**XII. EXPLANATIONS ON 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 2020. As a result of the meeting and related evaluations, the committee decided on updating of the policies in accordance with the existing practices. The main duties and responsibilities of the Remuneration Committee have been determined briefly as follows:

- Overseeing the remuneration processes and practices with the aim of providing an independent and effective remuneration system.
- Reviewing the remuneration policy practices within the framework of the Corporate Governance principles and ensuring that the remuneration management system is up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance principles to the Board of Directors as an annual report
- Reviewing as to whether remuneration policies, processes and practices comply with risk appetite, strategies and long term targets of the Bank
- Ensuring the implementation of premium payments within the framework of Corporate Governance principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank
- Ensuring the preparation of the decisions regarding the remuneration, particularly the decisions about the remuneration of qualified employees, submitted to the approval of the Board of Directors; the regular observation of compliance and effectiveness of the remuneration policies with the risk appetite and targets of the bank; providing support and opinion to the Board of Directors with regard to the establishment and supervising of the operations of the remuneration system; overseeing the remuneration of the senior management of the units within the scope of Internal Systems

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 2020, there are 21 employees that are considered as qualified 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 legislation

are taken into consideration.

Structured the Remuneration Policy for gaining, keeping, rewarding and motivating human resources are necessary for sustainable success to the bank is created 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

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**Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks:**

In the remuneration processes, credit risk, operational risk, legal risk and reputation risk are taken into consideration with the applied risk management. The risks arising from employees during the determination of premiums are also taken into consideration. Some portion of the premium payments of the qualified employees are paid with non-cash assets indexed to the Bank's share value and some portion of them is postponed. In certain cases, written agreements have been made with these employees for the cancellation of deferred payments. In the recent year, there has been no change in the methods of handling risks in remuneration practices.

**Evaluation of the Methods of Associating Premiums with Performance**

Performance and risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of premiums. The premium budget is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income.

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

**XIII. EXPLANATIONS ON BUSINESS SEGMENTS:**

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

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

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

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

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

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

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

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	<b>Retail Banking</b>	<b>Commercial Banking, Corporate-Investment, Private Banking and Wealth Management</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Current Period - 31 December 2020</b>					
Operating Income	9.972.781	6.353.753	6.665.113	1.159.145	24.150.792
Profit from Operating Activities	2.562.968	(21.792)	6.261.267	(1.818.120)	6.984.323
Income from Subsidiaries	-	-	-	4.763	4.763
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	956.126	956.126
Profit before Tax	2.562.968	(21.792)	6.261.267	(857.231)	7.945.212
Corporate Tax	-	-	-	(1.678.045)	(1.678.045)
Net Profit for the Period	2.562.968	(21.792)	6.261.267	(2.535.276)	6.267.167
Segment Assets	101.012.305	174.161.605	140.545.806	-	415.719.716
Investments in Associates	-	-	-	9.620.423	9.620.423
Undistributed Assets	-	-	-	20.760.662	20.760.662
Total Assets					446.100.801
Segment Liabilities	180.896.443	82.206.790	101.632.251	-	364.735.484
Undistributed Liabilities	-	-	-	18.446.324	18.446.324
Shareholders' Equity	-	-	-	62.918.993	62.918.993
Total Liabilities					446.100.801

	<b>Retail Banking</b>	<b>Commercial Banking, Corporate-Investment, Private Banking and Wealth Management</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Bank's Total Activities</b>
<b>Prior Period - 31 December 2019</b>					
Operating Income	9.643.218	6.715.031	3.087.099	1.011.281	20.456.629
Profit from Operating Activities	3.317.164	657.854	2.709.894	(530.457)	6.154.455
Income from Subsidiaries	-	-	-	6.509	6.509
Income/(loss) from investments in subsidiaries consolidated based on equity method	-	-	-	640.370	640.370
Profit before Tax	3.317.164	657.854	2.709.894	116.422	6.801.334
Corporate Tax	-	-	-	(1.383.866)	(1.383.866)
Net Profit for the Period	3.317.164	657.854	2.709.894	(1.267.444)	5.417.468
Segment Assets	78.687.822	140.181.290	119.395.316	-	338.264.428
Investments in Associates	-	-	-	6.736.306	6.736.306
Undistributed Assets	-	-	-	15.500.378	15.500.378
Total Assets					360.501.112
Segment Liabilities	148.360.737	69.572.454	74.062.774	-	291.995.965
Undistributed Liabilities	-	-	-	14.122.720	14.122.720
Shareholders' Equity	-	-	-	54.382.427	54.382.427
Total Liabilities					360.501.112

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

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

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

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash/Foreign Currency	1.770.526	3.165.678	1.510.065	1.772.119
The CBRT (*)	2.628.104	39.976.266	733.159	25.808.586
Other (**)	-	135.740	-	69.988
<b>Total</b>	<b>4.398.630</b>	<b>43.277.684</b>	<b>2.243.224</b>	<b>27.650.693</b>

(\*) Precious metal account amounting to TL 2.037.937 are included in FC. (31 December 2019: TL 1.154.187)

(\*\*) Precious metal account amounting to TL 135.710 are included in FC. (31 December 2019: TL 69.974)

2. Information related to the account of the CBRT:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	433	-	6.753	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	2.627.671	39.976.266	726.406	25.808.586
<b>Total</b>	<b>2.628.104</b>	<b>39.976.266</b>	<b>733.159</b>	<b>25.808.586</b>

3. Explanation on reserve requirements:

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

The required rates for the required reserves established in the CBRT are between 1% and 6% according to the maturity structure in Turkish currency (31 December 2019: between 1% and 7%); in foreign currency, it is between 5% and 22% depending on the maturity structure (31 December 2019: between 5% and 21%) as of 31 December 2020.

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

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

Other Financial Assets:

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

Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 December 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial statements under the line "Assets for Sale and Discontinued Operations". As of 31 December 2020, the value of the part pursued as loan is TL 8.968.855 (31 December 2019: TL 6.723.419), and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value impairment accounted for the total amount turned into credit and capital is TL

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3.042.035 (31 December 2019: TL 938.822) and the amount of TL 1.416.090 (31 December 2019: TL 938.822) of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and TL 1.625.945 (31 December 2019: None) is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets at Fair Value through Profit Loss".

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

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

TL 1.094.566 of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Portföy Yönetimi A.Ş. and the fund is followed at its fair value and the related valuation differences are recognized in profit or loss.

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

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

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	414.145	-	211.931	-
Swap Transactions	8.088.603	6.020.278	11.366.037	6.291.620
Futures Transactions	-	-	-	-
Options	37.799	114.329	41.046	101.772
Other	-	-	-	-
<b>Total</b>	<b>8.540.547</b>	<b>6.134.607</b>	<b>11.619.014</b>	<b>6.393.392</b>

(\*) Excluding hedging derivatives financial assets.

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

1. Information on banks account:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	5.749	28.868	371	799.261
Foreign	-	9.412.800	251.091	15.546.023
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>5.749</b>	<b>9.441.668</b>	<b>251.462</b>	<b>16.345.284</b>

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2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period 31 December 2020	Prior Period 31 December 2019	Current Period 31 December 2020	Prior Period 31 December 2019
European Union Countries	2.542.944	7.102.860	4.024.040	3.626.936
USA, Canada	2.437.968	4.627.643	-	-
OECD Countries (*)	36.172	65.098	-	-
Off-Shore Banking Regions	183	168	318.735	289.803
Other	52.758	84.606	-	-
<b>Total</b>	<b>5.070.025</b>	<b>11.880.375</b>	<b>4.342.775</b>	<b>3.916.739</b>

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

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

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

- As of 31 December 2020, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 16.984.050 (31 December 2019: TL 7.479.313); and those given as collateral/blocked amounting to TL 17.595.922 (31 December 2019: 16.700.959).

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

	Current Period 31 December 2020	Prior Period 31 December 2019
Debt Securities	53.730.544	65.544.278
Quoted at Stock Exchange (*)	51.774.324	63.642.115
Unquoted at Stock Exchange	1.956.220	1.902.163
Share Certificates	16.217	16.217
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.217	16.217
Impairment Provision (-)	664.059	918.388
<b>Total</b>	<b>53.082.702</b>	<b>64.642.107</b>

(\*) Investment funds are included.

**f. Information related to loans:**

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

	Current Period 31 December 2020		Prior Period 31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	97
Corporate Shareholders	-	97	-	97
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.514.006	2.175.254	6.444.515	1.048.264
Loans Granted to Employees	152.213	-	132.254	-
<b>Total</b>	<b>7.666.219</b>	<b>2.175.351</b>	<b>6.576.769</b>	<b>1.048.361</b>



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

		<b>Loans under follow-up</b>		
<b>Current Period - 31 December 2020</b>		<b>Restructured Loans</b>		
<b>Cash Loans</b>	<b>Standard Loans</b>	<b>Loans not subject to restructuring</b>	<b>Loans with revised contract terms</b>	<b>Refinance</b>
Non-specialized Loans				
Loans given to enterprises	23.831.045	2.587.692	83.617	2.684.201
Export Loans	16.337.845	217.270	1.422	25.348
Import Loans	-	-	-	-
Loans Given to Financial Sector	11.252.384	91	-	2.625
Consumer Loans	39.431.268	1.525.868	619.419	337.451
Credit Cards	20.426.242	618.484	615.695	-
Other	98.414.148	2.299.396	2.014.156	12.680.278
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>209.692.932</b>	<b>7.248.801</b>	<b>3.334.309</b>	<b>15.729.903</b>

		<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>	
<b>Expected Credit Loss Stage I and Stage II</b>	<b>Standard Loans</b>	<b>Loans under Follow-up</b>	<b>Standard Loans</b>	<b>Loans under Follow-up</b>
12 Month Expected Credit Losses	1.414.274	-	578.360	-
Significant Increase in Credit Risk	-	4.303.353	-	3.355.385
<b>Total</b>	<b>1.414.274</b>	<b>4.303.353</b>	<b>578.360</b>	<b>3.355.385</b>

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

<b>Loans Under Follow-Up</b>			
	<b>Standard Loans</b>	<b>Non-restructured</b>	<b>Restructured or rescheduled</b>
Short-term Loans	77.725.109	1.968.290	847.811
Medium and Long-Term Loans	131.967.823	5.280.511	18.216.401
<b>Total</b>	<b>209.692.932</b>	<b>7.248.801</b>	<b>19.064.212</b>

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

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

<b>Current Period - 31.12.2020</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>1.248.879</b>	<b>38.839.207</b>	<b>40.088.086</b>
Mortgage Loans	3.455	9.578.655	9.582.110
Automotive Loans	14.541	214.523	229.064
Consumer Loans	1.230.883	29.046.029	30.276.912
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>610</b>	<b>610</b>
Mortgage Loans	-	610	610
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>17.738.135</b>	<b>611.742</b>	<b>18.349.877</b>
With Installment	5.973.122	609.846	6.582.968
Without Installment	11.765.013	1.896	11.766.909
<b>Consumer Credit Cards-FC</b>	<b>7.496</b>	<b>-</b>	<b>7.496</b>
With Installment	-	-	-
Without Installment	7.496	-	7.496
<b>Personnel Loans-TL</b>	<b>6.912</b>	<b>83.923</b>	<b>90.835</b>
Mortgage Loans	-	3.209	3.209
Automotive Loans	-	78	78
Consumer Loans	6.912	80.636	87.548
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>61.063</b>	<b>198</b>	<b>61.261</b>
With Installment	20.703	198	20.901
Without Installment	40.360	-	40.360
<b>Personnel Credit Cards-FC</b>	<b>117</b>	<b>-</b>	<b>117</b>
With Installment	-	-	-
Without Installment	117	-	117
<b>Credit Deposit Account - TL (Real Person)</b>	<b>1.734.475</b>	<b>-</b>	<b>1.734.475</b>
<b>Credit Deposit Account - FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>20.797.077</b>	<b>39.535.680</b>	<b>60.332.757</b>

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

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

<b>Current Period - 31.12.2020</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>3.609.665</b>	<b>11.901.365</b>	<b>15.511.030</b>
Mortgage Loans	1.572	6.755	8.327
Automotive Loans	99.845	569	100.414
Consumer Loans	3.508.248	11.894.041	15.402.289
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>-</b>	<b>39.952</b>	<b>39.952</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	39.952	39.952
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>12.771</b>	<b>505.040</b>	<b>517.811</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	12.771	505.040	517.811
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>3.206.720</b>	<b>33.257</b>	<b>3.239.977</b>
With Installment	1.358.425	33.162	1.391.587
Without Installment	1.848.295	95	1.848.390
<b>Corporate Credit Cards-FC</b>	<b>1.693</b>	<b>-</b>	<b>1.693</b>
With Installment	-	-	-
Without Installment	1.693	-	1.693
<b>Credit Deposit Account - TL (Legal Person)</b>	<b>934.652</b>	<b>-</b>	<b>934.652</b>
<b>Credit Deposit Account - FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7.765.501</b>	<b>12.479.614</b>	<b>20.245.115</b>

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

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6. Loans according to types of borrowers:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Public	3.713.311	2.503.803
Private	249.605.217	201.330.372
<b>Total</b>	<b>253.318.528</b>	<b>203.834.175</b>

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Domestic Loans	245.260.489	197.042.913
Foreign Loans	8.058.039	6.791.262
<b>Total</b>	<b>253.318.528</b>	<b>203.834.175</b>

8. Loans granted to investments in associates and subsidiaries:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Direct Loans Granted to Investments in Associates and Subsidiaries	903.971	727.217
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
<b>Total</b>	<b>903.971</b>	<b>727.217</b>

9. Credit-Impaired Losses Stage III Provisions:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Loans with Limited Collectibility	1.226.937	2.109.995
Loans with Doubtful Collectibility	622.402	2.054.098
Uncollectible Loans	8.949.445	4.182.743
<b>Total</b>	<b>10.798.784</b>	<b>8.346.836</b>

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

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

	<b>III. Group Loans with Limited Collectibility</b>	<b>IV. Group Loans with Doubtful Collectibility</b>	<b>V. Group Uncollectible Loans</b>
<b>Current Period: 31 December 2020</b>			
(Gross Amounts Before Specific Provisions)	30	103.154	2.101.152
Rescheduled Loans and Other Receivables	30	103.154	2.101.152
<b>Prior Period: 31 December 2019</b>			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with</b>	<b>Loans with</b>	<b>Uncollectible Loans</b>
	<b>Limited Collectibility</b>	<b>Doubtful Collectibility</b>	
<b>Prior Period End Balance: 31 December 2019</b>	<b>3.878.210</b>	<b>4.057.692</b>	<b>6.921.178</b>
Additions (+)	3.597.886	1.149.095	495.155
Transfers from Other Categories of Non-Performing Loans (+)	-	5.140.279	8.982.106
Transfers to Other Categories of Non-Performing Loans (-)	5.140.279	8.982.106	-
Collections (-)	113.959	415.108	1.546.835
Write-offs (-) (*)	513	5.080	705.138
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>2.221.345</b>	<b>944.772</b>	<b>14.146.466</b>
Specific Provisions (-)	1.226.937	622.402	8.949.445
<b>Net Balance at Balance Sheet</b>	<b>994.408</b>	<b>322.370</b>	<b>5.197.021</b>

(\*) In current period, the amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 27 November 2019 and numbered 30961 is 692.841 TL and its effect on the NPL ratio is 25 basis point (31 December 2019: TL1.119.998 and its effect on the NPL ratio is 51 basis point).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with</b>	<b>Loans with</b>	<b>Uncollectible Loans</b>
	<b>Limited Collectibility</b>	<b>Doubtful Collectibility</b>	
<b>Current Period: 31 December 2020</b>			
Balance at the End of the Period	2.043.398	154.266	4.178.610
Specific Provision (-)	1.102.493	92.004	2.106.340
Net Balance on Balance Sheet	940.905	62.262	2.072.270
<b>Prior Period: 31 December 2019</b>			
Balance at the End of the Period	233.478	1.205.378	2.406.060
Specific Provision (-)	77.439	454.769	1.084.871
<b>Net Balance at Balance Sheet</b>	<b>156.039</b>	<b>750.609</b>	<b>1.321.189</b>

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

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

	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
<b>Current Period (Net): 31 December 2020</b>			
Loans granted to corporate entities and real persons (Gross)	2.221.345	944.772	14.146.466
Specific Provision Amount (-)	1.226.937	622.402	8.949.445
Loans granted to corporate entities and real persons (Net)	994.408	322.370	5.197.021
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
<b>Prior Period (Net): 31 December 2019</b>			
Loans granted to corporate entities and real persons (Gross)	3.878.210	4.057.692	6.921.178
Specific Provision Amount (-)	2.109.995	2.054.098	4.182.743
Loans granted to corporate entities and real persons (Net)	1.768.215	2.003.594	2.738.435
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
<b>Current Period: 31 December 2020</b>			
Interest accruals and valuation differences	101.483	128.971	2.910.057
Provision (-)	55.746	81.547	1.734.054
<b>Prior Period: 31 December 2019</b>			
Interest accruals and valuation differences	240.638	601.068	1.269.183
Provision (-)	126.357	342.227	755.419

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:

The general policy of the Bank in the deletion of NPLs from assets is that the receivables that are documented that the collection is not possible during the legal follow-up process and that are classified under the 5th group and do not have reasonable expectations regarding their recovery and 100% of all fraud and fraud-related follow-up accounts with a provision ratio. Legal proceedings are tracked from where they left off for the follow-up accounts that are not recorded in the legal proceedings.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

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

	<b>Current Period 31 December 2020</b>		<b>Prior Period 31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	7.470.796	1.216.927	352.296	-
Subject to repurchase agreements	1.693.302	4.547.790	145.327	1.229.269
<b>Total</b>	<b>9.164.098</b>	<b>5.764.717</b>	<b>497.623</b>	<b>1.229.269</b>

2. Information on government debt securities:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Government Bonds	40.239.483	13.080.081
Treasury Bills	-	-
Other Government Debt Securities	977.340	779.177
<b>Total</b>	<b>41.216.823</b>	<b>13.859.258</b>

3. Information on financial assets measured at amortised cost:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Debt Securities	41.923.581	15.602.379
Quoted at Stock Exchange	41.923.581	15.602.379
Unquoted at Stock Exchange	-	-
Impairment Provision (-)	38.522	27.521
<b>Total</b>	<b>41.885.059</b>	<b>15.574.858</b>

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Balance at the Beginning of the Period	15.574.858	12.263.481
Foreign Currency Differences on Monetary Assets	4.715.654	414.623
Purchases During Year	25.884.971	5.397.163
Disposals Through Sales and Redemptions	(4.774.521)	(3.214.762)
Impairment Provision	(11.001)	37.065
Change in Amortized Cost	495.098	677.288
<b>Balance at the End of the Period</b>	<b>41.885.059</b>	<b>15.574.858</b>



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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

1. Information about investments in associates:

	<b>Title</b>	<b>Address (City / Country)</b>	<b>Bank's share percentage- If different voting percentage (%)</b>	<b>Bank's risk group share percentage (%)</b>
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	4,89	4,89
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09
3	JCR Avrasya Derecelendirme A.Ş.	Istanbul/Turkey	2,86	2,86
4	Birleşik İpotek Finansmanı A.Ş.	Istanbul/Turkey	8,33	8,33

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

The financial figures stated below have been obtained from the financial statements date 30 September 2020.

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	272.800	217.454	85.961	6.083	-	35.413	28.503	-
2	411.660	265.464	254.612	5.882	-	48.549	26.579	-
3	31.238	25.827	971	666	-	6.146	2.082	-

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

3. Movement schedule of investments in associates:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Balance at the Beginning of the Period	5.521	5.521
Movements During the Period		
Purchases (*)	3.588	-
Bonus Shares and Contributions to Capital	5.686	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	14.795	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) The mentioned amounts arise from the Bank's association to JCR Avrasya Derecelendirme A.Ş. to 2.755 TL for a share of 2.86% and TL 833 for a share of 8.33% to Birleşik İpotek Finansmanı A.Ş.

## AKBANK T.A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

[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 2020 prepared in accordance with legislation in which companies are subject to.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	360.007	96.802	10.534	740.648	62.000
Share Premium	-	-	-	-	-
Reserves	589.209	76.251	24.157	6.375.622	(14)
Gains recognized in equity as per TAS	-	(3.393)	(405)	-	(109)
Profit/Loss	154.966	612.089	154.107	409.157	(54.981)
- Net Current Period Profit	154.966	321.502	110.882	409.157	(35.437)
- Prior Year Profit/Loss	-	290.587	43.225	-	(19.544)
Development Cost of Operating Lease (-)	66	951	-	930	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.637	14.623	314	5.113	-
<b>Total Common Equity</b>	<b>1.102.479</b>	<b>766.175</b>	<b>188.079</b>	<b>7.519.384</b>	<b>6.896</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
<b>Total Tier I Capital</b>	<b>1.102.479</b>	<b>766.175</b>	<b>188.079</b>	<b>7.519.384</b>	<b>6.896</b>
<b>Tier II Capital</b>	<b>78.164</b>	<b>140</b>	<b>1</b>	<b>70.279</b>	<b>-</b>
<b>CAPITAL</b>	<b>1.180.643</b>	<b>766.315</b>	<b>188.080</b>	<b>7.589.663</b>	<b>6.896</b>
<b>Deductions from Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>1.180.643</b>	<b>766.315</b>	<b>188.080</b>	<b>7.589.663</b>	<b>6.896</b>

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

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

##### 3. Information on subsidiaries:

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

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

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

The financial figures have been obtained from the financial statements as at 31 December 2020 prepared in accordance with local regulations.

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	6.675.797	1.103.328	80.085	453.284	2.112	154.966	95.149	-
2	2.900.330	781.749	23.567	144.238	20.178	321.502	128.174	-
3	217.887	188.393	4.649	2.935	-	110.882	65.994	-
4	34.455.043	7.525.427	41.980	995.670	227.152	409.157	364.203	-
5	20.460	6.896	970	1.285	-	(35.437)	(12.255)	-

5. Movement schedule of subsidiaries:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Balance at the Beginning of the Period	6.730.785	5.452.141
Movements During the Period		
Additions (*)	35.000	139.981
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	956.126	640.370
Sales/Liquidation	-	-
Revaluation Increase (**)	1.883.717	498.293
Revaluation/Impairment	-	-
Balance at the End of the Period	9.605.628	6.730.785
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*)The mentioned amounts are increased by 35.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş., which is the 100% subsidiary of the Bank for the current period; increased by 125.000 TL for the capital of Ak Finansal Kiralama A.Ş. which is the 99,99% subsidiary of the Bank for the previous period; increased by 15.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş. which is the 100% subsidiary of the Bank for the previous period.

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

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

<b>Subsidiaries</b>	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Banks	7.525.427	5.111.016
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	1.103.162	947.751
Finance Companies	-	-
Other Financial Subsidiaries	977.039	672.018

7. Subsidiaries quoted to a stock exchange: None.

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

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

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge	3.217.726	12.998	3.072.295	151.377
Cash Flow Hedge	4.738.479	-	2.093.795	33.217
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>7.956.205</b>	<b>12.998</b>	<b>5.166.090</b>	<b>184.594</b>

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

The Bank revalued its immovables classified as property and equipment within the scope of "TAS 16 Property, Plant and Equipment" in the current period. The revaluation difference in the amount of TL 912.544, which as a result of the evaluations made by the expertise firms authorized by the CMB and the BRSA, is presented in the "investment properties revaluation differences" item in the table below.

	<b>Immovables(*)</b>	<b>Other Tangible Fixed Assets</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Prior Period End: 31 December 2019</b>				
Cost	4.317.812	2.136.545	7.069	6.461.426
Accumulated Depreciation (-)	476.530	1.120.914	-	1.597.444
<b>Net Book Value</b>	<b>3.841.282</b>	<b>1.015.631</b>	<b>7.069</b>	<b>4.863.982</b>
<b>Current Period End: 31 December 2020</b>				
Net Book Value at the Beginning of the Period	3.841.282	1.015.631	7.069	4.863.982
Additions	125.237	592.616	25.322	743.175
Investment Properties Revaluation differences	912.544	-	-	912.544
Transferred	22.167	-	22.167	-
Disposals (-), net	98.690	1.012	-	99.702
Depreciation (-)	124.676	326.901	-	451.577
Impairment	(11.922)	-	-	(11.922)
Cost at Period End	5.107.146	2.689.411	10.224	7.806.781
Accumulated Depreciation at Period End (-)	441.204	1.409.077	-	1.850.281
<b>Closing Net Book Value</b>	<b>4.665.942</b>	<b>1.280.334</b>	<b>10.224</b>	<b>5.956.500</b>

(\*) Immovables includes the asset usage rights of the real estates rented under the "TFRS 16 Leases" Standard. As of 31 December 2020, asset usage rights are TL 702.655, and accumulated depreciation amount is TL 314.165.

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

	<b>Immovables(*)</b>	<b>Other Tangible Fixed Assets</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Prior Period End: 31 December 2018</b>				
Cost	3.092.373	1.601.719	347.795	5.041.887
Accumulated Depreciation (-)	138.749	954.721	-	1.093.470
<b>Net Book Value</b>	<b>2.953.624</b>	<b>646.998</b>	<b>347.795</b>	<b>3.948.417</b>
<b>Current Period End: 31 December 2019</b>				
Net Book Value at the Beginning of the Period	2.953.624	646.998	347.795	3.948.417
<b>TFRS 16 Transition Effect</b>				
Cost	740.988	-	-	740.988
Accumulated Depreciation (-)	290.240	-	-	290.240
Additions	164.381	584.896	81.576	830.853
Investment Properties Revaluation differences	-	-	-	-
Transferred	422.302	-	(422.302)	-
Disposals (-), net	40.098	750	-	40.848
Depreciation (-)	109.675	215.513	-	325.188
Impairment	-	-	-	-
Cost at Period End	4.317.812	2.136.545	7.069	6.461.426
Accumulated Depreciation at Period End (-)	476.530	1.120.914	-	1.597.444
<b>Closing Net Book Value</b>	<b>3.841.282</b>	<b>1.015.631</b>	<b>7.069</b>	<b>4.863.982</b>

(\*) Immovables includes the asset usage rights of the real estates rented under the "TFRS 16 Leases" Standard. As of 31 December 2019, asset usage rights are TL 767.786, and accumulated depreciation amount is TL 308.558.

**n. Information on intangible assets:**

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Cost	1.866.403	1.423.037
Accumulated Amortization (-)	698.031	489.058
<b>Net Book Value</b>	<b>1.168.372</b>	<b>933.979</b>

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Opening Balance Net Book Value</b>	<b>933.979</b>	<b>624.243</b>
Additions	442.367	493.127
Disposals (-), net	229	118
Depreciation (-)	207.745	183.273
<b>Closing Net Book Value</b>	<b>1.168.372</b>	<b>933.979</b>

- o. Information on the investment properties:** None (31 December 2019: None).

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

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

As of 31 December 2020, the Bank has deferred tax asset TL 88.226 (31 December 2019: TL 2.438). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values and tax values of fixed assets, financial assets and liabilities and provision for employee rights.

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

	Accumulated temporary differences		Deferred tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Employee benefits	535.221	434.942	107.044	95.687
Stage 1 and 2 loans provisions	6.151.474	4.384.835	1.230.295	964.664
Differences between book value and tax base of property, plant and equipment	(1.512.325)	(1.058.181)	(302.465)	(232.800)
Differences between book value and tax base of financial assets	(6.717.149)	(6.985.720)	(1.338.150)	(1.519.478)
Investment Properties Revaluation differences	(3.359.193)	(2.460.656)	(389.766)	(300.168)
Other	3.825.535	1.319.199	765.107	290.224
<b>Deferred Tax Asset/(Liabilities) Net</b>			<b>72.065</b>	<b>(701.871)</b>

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

	Current Period 31 December 2020	Prior Period 31 December 2019
Cost	173.420	636.090
Accumulated Depreciation (-)	4	73
<b>Net Book Value</b>	<b>173.416</b>	<b>636.017</b>

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Opening Balance Net Book Value</b>	<b>636.017</b>	<b>90.305</b>
Additions (*)	184.488	1.519.564
Disposals (-), net	150.201	34.985
Impairment (-)	496.888	938.867
Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>173.416</b>	<b>636.017</b>

(\*) The Bank's share in the capital of LYY Telekomünikasyon A.Ş. has increased from TRY 18 to TRY 1.416.090 in the previous period. This amount is shown in the line "Additions" in the table above. The Bank's total provision for impairment of assets held for sale is TL 1.416.090 and TL 477.268 of the current period is shown in the "Impairment (-)" line. As explained in Note I-b of Section Five, the impairment of LYY Telekomünikasyon A.Ş. net worth has increased.

**s. Information on other assets:**

Other assets amounting to TL 8.059.058 (31 December 2019: TL 5.426.550) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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

**a. Information on deposits:**

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

1 (i). Current Period – 31 December 2020:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	12.219.977	12.032.234	44.242.941	435.333	316.374	485.258	8.061	<b>69.740.178</b>
Foreign Currency Deposits	45.149.118	15.113.211	65.671.747	989.182	2.200.279	3.082.082	950	<b>132.206.569</b>
Residents in Turkey	42.678.240	14.927.292	62.017.174	867.748	1.568.788	1.333.681	950	<b>123.393.873</b>
Residents Abroad	2.470.878	185.919	3.654.573	121.434	631.491	1.748.401	-	<b>8.812.696</b>
Public Sector Deposits	1.041.580	12.763	35.227	3.617	644	520	-	<b>1.094.351</b>
Commercial Deposits	11.144.849	9.691.771	10.910.581	146.130	73.147	215.941	-	<b>32.182.419</b>
Other Institutions Deposits	352.519	474.871	2.466.462	36.556	19.203	1547	-	<b>3.351.158</b>
Precious metals Deposits	16.589.623	10.417	142.711	13.185	710.877	94.649	-	<b>17.561.462</b>
Interbank Deposits	270.288	765.271	9.989.449	715.540	692.597	913	-	<b>12.434.058</b>
The CBRT	-	-	-	-	-	-	-	<b>-</b>
Domestic Banks	15.922	455.984	135.598	173372	684.219	-	-	<b>1.465.095</b>
Foreign Banks	218.335	309.287	9.853.851	542.168	8.378	913	-	<b>10.932.932</b>
Participation Banks	36.031	-	-	-	-	-	-	<b>36.031</b>
Other	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>86.767.954</b>	<b>38.100.538</b>	<b>133.459.118</b>	<b>2.339.543</b>	<b>4.013.121</b>	<b>3.880.910</b>	<b>9.011</b>	<b>268.570.195</b>

1 (ii). Prior period – 31 December 2019:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	10.127.048	10.183.799	41.122.113	182.618	262.221	531.691	12.977	<b>62.422.467</b>
Foreign Currency Deposits	23.853.639	13.620.278	72.689.822	1.976.053	1.398.287	3.965.590	1.154	<b>117.504.823</b>
Residents in Turkey	22.388.628	13.463.878	69.046.946	1.838.378	900.541	2.387.611	1.102	<b>110.027.084</b>
Residents Abroad	1.465.011	156.400	3.642.876	137.675	497.746	1.577.979	52	<b>7.477.739</b>
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	<b>1.183.421</b>
Commercial Deposits	8.529.451	8.303.694	10.753.261	229.160	83.142	58.392	-	<b>27.957.100</b>
Other Institutions Deposits	272.526	829.067	2.177.831	46.465	6.085	971	-	<b>3.332.945</b>
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	<b>4.491.847</b>
Interbank Deposits	1.547.408	480.512	4.436.295	430.526	254.539	12.644	-	<b>7.161.924</b>
The CBRT	-	-	-	-	-	-	-	<b>-</b>
Domestic Banks	11.470	19.373	200.551	332.045	173.450	-	-	<b>736.889</b>
Foreign Banks	238.602	461.139	4.235.744	98.481	81.089	12.644	-	<b>5.127.699</b>
Participation Banks	1.297.336	-	-	-	-	-	-	<b>1.297.336</b>
Other	-	-	-	-	-	-	-	<b>-</b>
<b>Total</b>	<b>49.619.288</b>	<b>33.431.629</b>	<b>131.210.733</b>	<b>2.868.193</b>	<b>2.272.978</b>	<b>4.637.575</b>	<b>14.131</b>	<b>224.054.527</b>

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2. Information on saving deposits insurance:

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

	<b>Under the Guarantee of Deposit Insurance</b>		<b>Exceeding the Limit of Deposit Insurance</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Saving Deposits	30.216.189	30.875.550	39.523.989	30.609.809
Foreign Currency Saving Deposits	18.887.429	16.110.198	68.523.730	56.626.928
Other Deposits in the Form of Saving Deposits	7.892.207	2.373.387	8.201.705	1.807.082
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Foreign Branches' Deposits and other accounts	24	18
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.855.160	1.625.947
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

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

Table of derivative financial liabilities (\*):

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	230.712	-	143.501	-
Swap Transactions	10.571.107	2.611.967	6.134.864	1.316.141
Futures Transactions	-	-	-	-
Options	5.632	157.932	5.686	94.511
Other	-	-	-	-
<b>Total</b>	<b>10.807.451</b>	<b>2.769.899</b>	<b>6.284.051</b>	<b>1.410.652</b>

(\*) Excluding hedge transactions.



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**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	257.770	959.258	302.890	801.659
From Foreign Banks, Institutions and Funds	-	35.046.973	-	30.266.547
<b>Total</b>	<b>257.770</b>	<b>36.006.231</b>	<b>302.890</b>	<b>31.068.206</b>

2. Information on maturity structure of borrowings:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term	256.221	705.426	302.890	641.868
Medium and Long-term	1.549	35.300.805	-	30.426.338
<b>Total</b>	<b>257.770</b>	<b>36.006.231</b>	<b>302.890</b>	<b>31.068.206</b>

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

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

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Bank bills	5.125.237	-	2.372.587	-
Bonds	2.439.450	11.593.289	2.532.944	8.612.669
<b>Total</b>	<b>7.564.687</b>	<b>11.593.289</b>	<b>4.905.531</b>	<b>8.612.669</b>

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

Other foreign liabilities listed in "Other Liabilities" amounting to TL 2.647.576 (31 December 2019: TL 2.127.772) and do not exceed 10% of the total balance sheet.

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

With the "IFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees.

Liabilities incurred due to financial leasing agreements:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less Than 1 Year	139.106	63.254	150.140	63.805
Between 1-4 Years	351.706	183.042	388.038	188.559
More Than 4 Years	384.311	259.364	490.565	322.189
<b>Total</b>	<b>875.123</b>	<b>505.660</b>	<b>1.028.743</b>	<b>574.553</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge	81.056	679.755	71.230	191.806
Cash Flow Hedge	343.604	335.265	848.039	53.065
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>424.660</b>	<b>1.015.020</b>	<b>919.269</b>	<b>244.871</b>

**h. Information on provisions:**

1. Information on reserves for employee rights:

<b>Balance Sheet Obligations for:</b>	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
- Reserve for employment termination benefits	416.588	316.980
- Reserve for unused vacation	118.633	117.962
<b>Total</b>	<b>535.221</b>	<b>434.942</b>

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.

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Discount Rate (%)	3,64	3,97
Rate for the Probability of Retirement (%)	95,52	95,13

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

The amount of TL 7.638,96 (full TL) (1 January 2020: TL 6.730,15 (full TL)) effective from 1 January 2021 has been taken into consideration in calculating the reserve for employee termination benefits.

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Prior Period Closing Balance</b>	<b>316.980</b>	<b>208.631</b>
Recognized as an Expense During the Period	75.183	84.344
Actuarial Loss / (Gain)	66.027	88.706
Paid During the Period	(41.602)	(64.701)
<b>Balance at the End of the Period</b>	<b>416.588</b>	<b>316.980</b>

As of 31 December 2020, the Bank has allocated vacation liability amounting to TL 118.633 (31 December 2019: TL 117.962).

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%). Based on the actuary reports, as of 31 December 2020, deficit of the Fund amounts to TL 126.263 (31 December 2019: TL 38.125 excess).

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Total Obligations	(7.690.175)	(6.729.229)
Cash value of future contributions	5.601.360	4.895.180
<b>Total Transfer Obligations to SSI</b>	<b>(2.088.815)</b>	<b>(1.834.049)</b>
Past service obligation	(366.677)	(269.546)
<b>Total Transfer to SSI and Other Obligations</b>	<b>(2.455.492)</b>	<b>(2.103.595)</b>
Fair value of assets	2.329.229	2.065.470
<b>Deficit</b>	<b>(126.263)</b>	<b>(38.125)</b>

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

The principal actuarial assumptions used were as follows:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Discount rate</b>		
- Pension benefits transferrable to SSI	%9,80	9,80%
- Post-employment medical benefits transferrable to SSI	%9,80	9,80%
- Other non-transferrable benefits	%3,64	3,97%

**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 19,7 years for men and 25,3 years for women.

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

	<b>Current Period</b> <b>31 December 2020</b>	<b>Prior Period</b> <b>31 December 2019</b>
<b>Prior period end</b>	2.065.470	<b>1.795.491</b>
Actual return on plan assets	227.741	333.700
Employer contributions	432.814	343.326
Employee contributions	284.885	232.839
Benefits paid	(681.681)	(639.886)
<b>Period end</b>	<b>2.329.229</b>	<b>2.065.470</b>

Plan assets are comprised as follows:

	<b>Current Period</b> <b>31 December 2020</b>		<b>Prior Period</b> <b>31 December 2019</b>	
Bank placements	275.016	12%	1.181.437	57%
Property and equipment	16.421	1%	17.495	1%
Marketable securities and share certificates	1.551.810	67%	571.189	28%
Other	485.982	20%	295.349	14%
<b>Period end</b>	<b>2.329.229</b>	<b>%100</b>	<b>2.065.470</b>	<b>100%</b>

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

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

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash: Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 492.437 as of 31 December 2020 (31 December 2019: TL 297.102).

4. Information on other provisions:

4 (i). Information on free provision for possible risks: TL 1.150.000 (31 December 2019: TL 650.000).

The Bank has provided free provision amounting TL 1.150.000 thousand out of which TL 500.000 thousand had been recognized in current period and TL 650.000 thousand had been recognized in prior years. (31 December 2019: TL 650.000).

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 64.932 (31 December 2019: TL 52.721).

**i. Explanations on tax liability:**

1. Explanations on tax liability:

Tax calculations of the Bank are explained in Note XVIII of Section Three. As of 31 December 2020, the remaining tax liability after deducting the taxes paid during the period from corporate tax is TL 1.052.158 (31 December 2019: TL 273.982).

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1 (i). Information on taxes payable:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Taxation on Marketable Securities	162.786	187.962
Banking Insurance Transaction Tax (BITT)	167.322	182.507
Other	162.025	89.368
Foreign Exchange Transaction Tax	9.632	4.875
Value Added Tax Payable	10.597	12.527
Property Tax	1.210	2.383
Corporate Taxes Payable	1.052.158	273.982
<b>Total</b>	<b>1.565.730</b>	<b>753.604</b>

1 (ii). Information on premium payables:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Social Security Premiums – Employee	-	-
Social Security Premiums – Employer	1	1
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.891	1.678
Unemployment Insurance – Employer	3.782	3.355
Other	270	348
<b>Total</b>	<b>5.950</b>	<b>5.388</b>

2. Information on deferred tax liability:

As of 31 December 2020, Turkish Lira deferred tax liability of the Bank amounts to TL 16.161 (31 December 2019: TL 704.309). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

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

	<b>Current Period 31 December 2020</b>		<b>Prior Period 31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
To be included in the calculation of additional capital				
borrowing instruments	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	6.718.414	-	5.381.534
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	6.718.414	-	5.381.534
<b>Total</b>	<b>-</b>	<b>6.718.414</b>	<b>-</b>	<b>5.381.534</b>

[\*] Explanation about the subordinated loans is given in Note I-b of Section Four.

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**k. Information on shareholders' equity:**

1. Presentation of paid-in capital:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Common Stock	5.200.000	5.200.000
Preferred Stock	-	-

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

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

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

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

5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.

6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators;

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

7. Information on privileges given to shares representing the capital: None.

8. Information on marketable securities value increase fund:

	<b>Current Period 31 December 2020</b>		<b>Prior Period 31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures (*)	691.231	835.651	854.152	825.085
Valuation Difference	73.752	223.644	113.916	[83.371]
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>764.983</b>	<b>1.059.295</b>	<b>968.068</b>	<b>741.714</b>

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

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

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

1. Type and amount of irrevocable commitments: TL 7.908.110 asset purchase commitments (31 December 2019: TL 14.762.968), TL 29.118.196 commitments for credit card limits (31 December 2019: TL 23.193.073), TL 2.730.978 commitments for cheque books (31 December 2019: 2.632.311 TL).

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

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

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Bank Acceptance Loans	47.814	50.678
Letters of Credit	4.605.899	4.366.865
Other Guarantees and Warranties	10.105.633	7.906.461
<b>Total</b>	<b>14.759.346</b>	<b>12.324.004</b>

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Revocable Letters of Guarantee	1.961.090	1.081.737
Irrevocable Letters of Guarantee	18.532.178	17.634.443
Letters of Guarantee Given in Advance	1.920.439	1.922.507
Guarantees Given to Customs	3.525.154	2.249.728
Other Letters of Guarantee	11.536.815	8.234.994
<b>Total</b>	<b>37.475.676</b>	<b>31.123.409</b>

3. Information on non-cash loans:

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Non-cash Loans Given against Cash Loans	20.144.761	12.783.000
With Original Maturity of 1 Year or Less Than 1 Year	6.778.686	5.064.000
With Original Maturity of More Than 1 Year	13.366.075	7.719.000
Other Non-cash Loans	32.090.261	30.664.413
<b>Total</b>	<b>52.235.022</b>	<b>43.447.413</b>

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

	Current Period 31 December 2020				Current Period 31 December 2019			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	24.574	0,10	528	-	18.735	0,10	14.336	0,06
Farming and Raising								
Livestock	957	-	-	-	1.394	0,01	14.336	0,06
Forestry	20.841	0,08	528	-	17.302	0,09	-	-
Fishing	2.776	0,01	-	-	39	-	-	-
Manufacturing	4.537.393	18,22	13.807.937	50,52	3.934.128	19,76	10.597.615	45,06
Mining	70.244	0,28	108.785	0,40	77.629	0,39	108.268	0,46
Production	3.391.055	13,62	11.529.436	42,18	2.948.379	14,81	8.727.588	37,11
Electric, Gas and Water	1.076.094	4,32	2.169.716	7,94	908.120	4,56	1.761.759	7,49
Construction	3.594.829	14,43	5.032.730	18,41	2.981.820	14,97	5.116.263	21,76
Services	16.017.986	64,32	6.451.516	23,61	12.238.861	61,46	5.876.277	24,99
Wholesale and Retail Trade	11.346.592	45,56	1.917.137	7,01	8.664.782	43,52	2.213.970	9,41
Hotel, Food and Beverage Services	148.820	0,60	188.219	0,69	122.287	0,61	191.394	0,81
Transportation and Telecommunication	599.461	2,41	1.445.137	5,29	493.055	2,48	782.390	3,33
Financial Institutions	3.552.648	14,27	2.794.076	10,22	2.694.689	13,53	2.487.109	10,58
Real Estate and Leasing								
Services	16.257	0,07	51.571	0,19	17.891	0,09	34.858	0,15
Self-Employment Services	52.050	0,21	2.314	0,01	30.955	0,16	4.297	0,02
Education Services	32.800	0,13	10.671	0,04	24.535	0,12	5.869	0,02
Health and Social Services	269.358	1,08	42.391	0,16	190.667	0,96	156.390	0,66
Other	729.474	2,93	2.038.055	7,46	738.470	3,71	1.930.909	8,13
<b>Total</b>	<b>24.904.256</b>	<b>100,00</b>	<b>27.330.766</b>	<b>100,00</b>	<b>19.912.014</b>	<b>100,00</b>	<b>23.535.400</b>	<b>100,00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>23.896.456</b>	<b>26.289.411</b>	<b>797.146</b>	<b>312.911</b>
Letters of Guarantee	20.270.034	15.266.407	779.481	308.634
Bank Acceptances	-	47.814	-	-
Letters of Credit	7.931	4.505.717	-	4.277
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	19.269	-	-
Other Commitments and Contingencies	3.618.491	6.450.204	17.666	-



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**b. Information on derivative transactions:**

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Types of Trading Transactions</b>		
Foreign Currency Related Derivative Transactions (I)	291.738.317	268.116.019
FC Trading Forward Transactions	20.335.635	20.638.249
Trading Swap Transactions	257.274.520	236.390.462
Futures Transactions	5.485.064	170.951
Trading Option Transactions	8.643.098	10.916.357
Interest Related Derivative Transactions (II)	190.667.046	174.580.336
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	172.913.080	153.305.264
Interest Rate Options	17.753.966	21.275.072
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	34.560.827	22.180.546
A. Total Trading Derivative Transactions (I+II+III)	516.966.190	464.876.901
<b>Types of Hedging Transactions</b>		
Fair Value Hedges	29.768.629	26.749.047
Cash Flow Hedges	54.738.337	37.845.245
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	84.506.966	64.594.292
<b>Total Derivative Transactions (A+B)</b>	<b>601.473.156</b>	<b>529.471.193</b>

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

As of 31 December 2020, the Bank has credit default swap of TL 1.298.395 (31 December 2019: TL 1.047.840).

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

**1. Contingent Liabilities:**

The Bank has accounted a provision amounting to TL 73.847 (31 December 2019: TL 67.183) 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 (31 December 2019: None).

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

The policy is explained on note IX in Section Four.

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

**a. Information on interest income:**

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

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Short-term Loans	7.417.880	720.902	9.281.399	671.360
Medium and Long-term Loans	10.831.583	3.405.207	12.314.718	3.933.849
Interest on Loans Under Follow-Up	854.402	-	650.479	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>19.103.865</b>	<b>4.126.109</b>	<b>22.246.596</b>	<b>4.605.209</b>

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

2. Information on interest income on banks:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
From the CBRT	-	-	467	-
From Domestic Banks	184.405	1.303	238.891	6.658
From Foreign Banks	2.752	95.070	65.752	355.447
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>187.157</b>	<b>96.373</b>	<b>305.110</b>	<b>362.105</b>

3. Information on interest income on marketable securities:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	5.860	9.273	864	193
Financial Assets at Fair Value through Other Comprehensive Income	4.100.731	1.265.145	3.893.628	1.139.951
Financial Assets Measured at Amortised Cost	3.585.511	300.248	1.042.642	229.585
<b>Total</b>	<b>7.692.102</b>	<b>1.574.666</b>	<b>4.937.134</b>	<b>1.369.729</b>

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

	Current Period 31 December 2020	Prior Period 31 December 2019
Interests Received From Investments in Associates and Subsidiaries	64.323	61.468

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**b. Information on interest expense:**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks	27.015	854.225	55.363	1.239.633
The CBRT	-	-	-	-
Domestic Banks	27.015	5.391	41.433	11.670
Foreign Banks	-	848.834	13.930	1.227.963
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	156.001	-	200.393
<b>Total</b>	<b>27.015</b>	<b>1.010.226</b>	<b>55.363</b>	<b>1.440.026</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
To Associates and Subsidiaries	14.938	30.698

3. Information on interest expense given to securities issued:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest expense on securities issued	955.331	952.437	1.172.059	777.354

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

	<b>Time Deposits</b>						<b>Total</b>
	<b>Demand Deposits</b>	<b>Up to 1 Month</b>	<b>Up to 3 Months</b>	<b>Up to 6 Months</b>	<b>Up to 1 Year</b>	<b>1 Year and Over</b>	
<b>Current Period - 31.12.2020</b>							
<b>TL</b>							
Bank Deposits	22.655	123.307	108.158	-	198	-	254.318
Saving Deposits	-	971.202	4.209.217	16.746	22.427	56.223	5.275.815
Public Sector Deposits	-	1.262	2.912	188	31	46	4.439
Commercial Deposits	-	895.816	1.123.712	14.268	5.123	5.703	2.044.622
Other Deposits	-	30.182	250.649	905	386	81	282.203
<b>Total</b>	<b>22.655</b>	<b>2.021.769</b>	<b>5.694.648</b>	<b>32.107</b>	<b>28.165</b>	<b>62.053</b>	<b>7.861.397</b>
<b>FC</b>							
Foreign Currency Deposits	-	172.491	703.461	16.457	10.352	31.682	934.443
Bank Deposits	277	3.119	98.460	4.431	8.640	71	114.998
Precious Metals Deposits	-	77	353	31	1.939	724	3.124
<b>Total</b>	<b>277</b>	<b>175.687</b>	<b>802.274</b>	<b>20.919</b>	<b>20.931</b>	<b>32.477</b>	<b>1.052.565</b>
<b>Grand Total</b>	<b>22.932</b>	<b>2.197.456</b>	<b>6.496.922</b>	<b>53.026</b>	<b>49.096</b>	<b>94.530</b>	<b>8.913.962</b>

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Prior Period - 31.12.2019	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	39.711	95.669	64.182	4.426	2.418	1.865	<b>208.271</b>
Saving Deposits	-	1.053.956	6.438.747	95.906	316.340	200.960	<b>8.105.909</b>
Public Sector Deposits	-	2.888	4.477	344	17	57	<b>7.783</b>
Commercial Deposits	-	1.181.280	1.763.408	21.237	32.761	49.695	<b>3.048.381</b>
Other Deposits	7	67.987	422.790	7.447	64.684	11.408	<b>574.323</b>
<b>Total</b>	<b>39.718</b>	<b>2.401.780</b>	<b>8.693.604</b>	<b>129.360</b>	<b>416.220</b>	<b>263.985</b>	<b>11.944.667</b>
<b>FC</b>							
Foreign Currency Deposits	-	351.043	1.703.220	43.710	64.545	64.587	<b>2.227.105</b>
Bank Deposits	676	2.259	94.149	8.790	13.693	246	<b>119.813</b>
Precious Metals Deposits	-	1	36	-	2.108	683	<b>2.828</b>
<b>Total</b>	<b>676</b>	<b>353.303</b>	<b>1.797.405</b>	<b>52.500</b>	<b>80.346</b>	<b>65.516</b>	<b>2.349.746</b>
<b>Grand Total</b>	<b>40.394</b>	<b>2.755.083</b>	<b>10.491.009</b>	<b>181.860</b>	<b>496.566</b>	<b>329.501</b>	<b>14.294.413</b>

**c. Information on dividend income:**

	Current Period 31 December 2020	Prior Period 31 December 2019
From Financial Assets at Fair Value Through Profit or Loss	1.316	1.106
From Financial Assets at Fair Value Through Other Comprehensive Income	3.212	3.517
Other	235	1.886
<b>Total</b>	<b>4.763</b>	<b>6.509</b>

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

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Profit</b>	<b>1.272.774.530</b>	<b>966.498.131</b>
Income From Capital Market Transactions	618.642	435.262
Income From Derivative Financial Transactions (*)	23.646.658	34.601.436
Foreign Exchange Gains	1.248.509.230	931.461.433
<b>Loss (-)</b>	<b>1.273.393.307</b>	<b>967.207.642</b>
Loss from Capital Market Transactions	215.297	157.126
Loss from Derivative Financial Transactions (*)	27.714.181	33.087.527
Foreign Exchange Loss	1.245.463.829	933.962.989
<b>Total (Net)</b>	<b>(618.777)</b>	<b>(709.511)</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 85.237 (31 December 2019: TL 1.949.944).

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

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

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Expected Credit Loss	6.860.487	6.661.947
12 month expected credit loss (Stage 1)	1.061.417	268.859
Significant increase in credit risk (Stage 2)	1.243.569	316.178
Non-performing loans (Stage 3)	4.555.501	6.076.910
Marketable Securities Impairment Expense	10	28
Financial Assets at Fair Value through Profit or Loss	10	28
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	2.619.356	1.091.231
<b>Total</b>	<b>9.479.853</b>	<b>7.753.206</b>

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

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Reserve for Employee Termination Benefits	33.581	19.643
Bank Social Aid Fund Deficit Provision	88.138	38.125
Impairment Expenses of Fixed Assets	12.594	-
Depreciation Expenses of Fixed Assets	451.577	325.187
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	207.745	183.273
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	19.621	44
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	3.049.690	2.649.252
Leasing Expenses on TFRS 16 Exceptions	119.098	112.417
Maintenance Expenses	50.458	54.844
Advertisement Expenses	144.142	138.693
Other Expenses	2.735.992	2.343.298
Loss on Sales of Assets	5.585	1.293
Other	974.345	742.580
<b>Total</b>	<b>4.842.876</b>	<b>3.959.397</b>

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

The Bank's income before tax consists of net interest income amounting to TL 19.530.695, net fees and commission income amounting to TL 3.865.536 and the amount of other operating and personal expenses are TL 7.686.616.

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

As of 31 December 2020, the Bank has a current tax expense of TL 2.061.984 (31 December 2019: TL 1.609.738), deferred tax expense of TL 1.013.470 (31 December 2019: TL 583.474) and a deferred tax income of TL 1.397.409 (31 December 2019: TL 809.346).

The Bank has no discontinued operations.

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

Net profit of the Bank is TL 6.267.167 (31 December 2019: TL 5.417.468).

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 (31 December 2019: None).

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 (31 December 2019: 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 23 March 2020. In the Ordinary General Assembly, it was decided to TL 240.000 out of TL 5.417.468 which is realized as unconsolidated net profit has been transferred to general legal reserves and remaining TL 5.177.468 has been transferred to 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 XV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2020, 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 695 (31 December 2019: TL (1.566)).

**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.

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Cash</b>	<b>11.741.651</b>	<b>10.245.590</b>
Cash, Foreign Currency and Other	3.282.198	3.622.525
Demand Deposits in Banks (*)	8.459.453	6.623.065
<b>Cash Equivalents</b>	<b>4.094.333</b>	<b>7.234.608</b>
Interbank Money Market Placements	-	537.746
Time Deposits in Banks	3.978.195	6.689.000
Marketable Securities	116.138	7.862
<b>Total Cash and Cash Equivalents</b>	<b>15.835.984</b>	<b>17.480.198</b>

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

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

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Cash</b>	<b>10.012.965</b>	<b>11.741.651</b>
Cash, Foreign Currency and Other	4.936.234	3.282.198
Demand Deposits in Banks (*)	5.076.731	8.459.453
<b>Cash Equivalents</b>	<b>518.166</b>	<b>4.094.333</b>
Interbank Money Market Placements	487.425	-
Time Deposits in Banks	28.194	3.978.195
Marketable Securities	2.547	116.138
<b>Total Cash and Cash Equivalents</b>	<b>10.531.131</b>	<b>15.835.984</b>

(\*) 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 (2.548.671) (31 December 2019: TL (2.511.906) 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 11.234.916 (31 December 2019: TL (8.578.864) TL) consists mainly of changes in funds from repurchase agreements, 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 2.837.780 (31 December 2019: TL 2.795.591).

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

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

1. Current Period – 31 December 2020:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Balance at the End of the Period	903.971	288.551	7.514.006	2.175.351	2.134	1.576
Interest and Commission Income Received	64.323	54	753.728	9.467	475	22

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 10.953.676 as of 31 December 2020 (31 December 2019: TL 11.033.880).

2. Prior Period - 31 December 2019:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Balance at the End of the Period	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Interest and Commission Income Received	61.468	187	844.512	7.291	691	77

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2020	Prior Period 31.12.2019	Current Period 31.12.2020	Prior Period 31.12.2019	Current Period 31.12.2020	Prior Period 31.12.2019
Balance at the Beginning of the Period	569.432	417.786	4.572.838	5.011.285	1.403.075	1.228.947
Balance at the End of the Period	806.713	569.432	5.935.681	4.572.838	618.986	1.403.075
Interest expense on Deposits	14.938	30.698	186.557	280.932	24.658	125.657



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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	2.916.547	3.860.965	11.408.705	10.451.000	-	-
Balance at the End of the Period	3.815.631	2.916.547	10.166.262	11.408.705	-	-
Total Income/Loss	(44.249)	(2.216)	117.896	(8.668)	-	-
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 2020, the net exposure for investments in associates and subsidiaries is TL (294.045) (31 December 2019: TL (822)). For direct and indirect shareholders of the Bank TL (358.416) (31 December 2019: TL (184.042)).

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

As of 31 December 2020 benefits provided to the Bank's key management amounting to TL 61.355 (31 December 2019: TL 47.748).

**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	714	12.446				
Foreign Representation Office	-	-				
Foreign Branch	-	-				
Off-shore Banking Region Branches	1	13	Malta		47.890.441	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

In 2020, the Bank has closed up 56 domestic branches.

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

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

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

Bank's board of directors has approved the General Directorate to be entitled to make all necessary applications to Capital Markets Board, Banking Regulation and Supervision Agency and other regulatory authorities in order to obtain the annual approvals and completion of all legal procedures to issue, up to a total of USD 2 billion (full amount) or its equivalent in any currency including Turkish Lira, bond, and/or subordinated debt and other form of debts, that can be included in the equity calculation, aligned with the Equity Regulation in more than one offering outside of Turkey. In case of contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail.

With the decision of the Bank's board of directors dated 29 January 2021, maintain the current ceiling for registered capital amounted to TL 10.000.000.000 (full amount), extend the effectiveness period of the registered capital ceiling for another five years between 2021-2025, and to propose the attached amendment to the Articles of Association for the approval of our shareholders at the General Assembly provided that the required consents and approvals are obtained from competent authorities.

**SECTION SIX  
OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS**

None.

**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 2020 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 2 February 2021 is presented preceding the unconsolidated financial statements.

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

None.