

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2016 TOGETHER WITH
AUDIT REPORT**

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

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

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

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Akbank T.A.Ş. ("the Bank") as at December 31, 2016, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the unconsolidated financial statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statement in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and BRSA Accounting and Reporting Legislation which includes the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Independent Auditor's responsibility

Our responsibility is to express an opinion on the unconsolidated financial statements based on our audit. We conducted our audit in accordance with communiqué "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated April 2, 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the unconsolidated financial statements 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. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2016 include a general reserve for possible risks amounting to TL 200.000 thousands which is carried forward from 2014 by the Bank management for possible results of the circumstances which may arise from possible changes in the economy and market conditions.

Qualified Opinion

In our opinion, except for the effect of the matter referred in the preceding paragraph on the unconsolidated financial statements, the accompanying unconsolidated financial statements presents fairly, in all material respects, the financial position of Akbank T.A.Ş. ("the Bank") as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with BRSA Accounting and Reporting Legislation.

Reports on arising from other regulatory requirements:

In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2016 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English:

As explained in detail in Note I.b. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, 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.

Güney Bağimsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst&Young Global Limited

Metin Canoğulları, , SMMM
Partner

İstanbul, 31 January 2017

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
AKBANK T.A.Ş. AS OF
31 DECEMBER 2016**

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

- **Section One** - GENERAL INFORMATION ABOUT THE BANK
- **Section Two** - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- **Section Five** - EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDIT REPORT

The accompanying audited unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and the related appendices and interpretations on these, and are independently audited.

31 January 2017

Suzan SABANCI DİNÇER Chairman of the Board of Directors	Hayri ÇULHACI Head of the Audit Committee	Ş.Yaman TÖRÜNER Member of the Audit Committee	S. Hakan BİNBAŞGİL CEO	K. Atıl ÖZÜS Executive Vice President	Türker TUNALI Senior Vice President
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Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname / Title : Türker TUNALI / Senior Vice President
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AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

SECTION ONE
GENERAL INFORMATION ABOUT THE BANK

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

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

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

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depositary Receipts ("ADRs"). As of 31 December 2016, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2015: 51%).

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

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

Title	Name	Responsibility	Education
Chairman:	Suzan SABANCI DİNÇER	Chairman and Executive Board Member	Graduate
Honorary Chairman,		Honorary Chairman,	
Board Member, Consultant:	Erol SABANCI	Board Member and Consultant	Undergraduate
Board of Directors:	Hayri ÇULHACI	Vice Chairman and Executive Board Member	Graduate
	Cem MENGİ	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	A. Aykut DEMİRAY	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	Can PAKER	Board Member	PhD
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
President and CEO:	S. Hakan BİNBAŞGİL	CEO	Graduate
Head of Internal Audit:	Eyüp ENGİN	Head of Internal Audit	Undergraduate
Executive Vice Presidents:	A. Fuat AYLA	Credit Allocation	Undergraduate
	K. Atıl ÖZUS	Financial Coordination	Undergraduate
	Kerim ROTA	Treasury	Graduate
	C. Kaan GÜR	Commercial Banking	Undergraduate
	Turgut GÜNEY	Technology and Operation	Graduate
	Bülent OĞUZ	SME Banking	Graduate
	H.Burcu CİVELEK YÜCE	Human Resources and Strategy	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	A.Özer İSFENDİYAROĞLU	Consumer Banking	Graduate
	Levent ÇELEBİOĞLU	Corporate, Investment and Private Banking	Undergraduate
	Emin Tolga ULUTAŞ	Direct Banking	Graduate
Internal Audit Committee:	Hayri ÇULHACI	Head of the Audit Committee	Graduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of the above individuals are insignificant in the Bank.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

As of 1 July 2016, Private Banking Operations are separated from Consumer and Private Banking and incorporated into Corporate and Investment Banking business unit. With the related change, the new names of the business units have become "Consumer Banking" and "Corporate-Investment and Private Banking" respectively.

As of 19 September 2016, Emin Tolga Ulutaş has been assigned as Executive Vice President responsible of Direct Banking Unit instead of Orkun Oğuz who had resigned from his position on 19 July 2016.

İlker Altıntaş will be assigned as Executive Vice President responsible of Technology and Operation Unit instead of Turgut Güney who has resigned from his position on 31 January 2017, after obtaining necessary legal permissions.

IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:

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

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

The Bank's core business activities include consumer banking, commercial banking, SME banking, corporate-investment and private banking, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş and AvivaSA Emeklilik ve Hayat A.Ş. As of 31 December 2016, the Bank has 840 branches dispersed throughout the country and 1 branch operating abroad (31 December 2015: 901 branches and 1 branch operating abroad). As of 31 December 2016 the Bank employed 13.843 people (31 December 2015: 14.050).

AKBANK T.A.Ş.
I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	(I-a)	5.363.602	29.648.670	35.012.272	2.165.780	23.307.643	25.473.423
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(I-b)	4.315.883	3.409.828	7.725.711	818.288	1.909.624	2.727.912
2.1 Trading Financial Assets		4.315.883	3.409.828	7.725.711	818.288	1.909.624	2.727.912
2.1.1 Government Debt Securities		-	-	-	1.548	107	1.655
2.1.2 Equity Securities		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		4.315.883	3.409.828	7.725.711	806.782	1.909.517	2.716.299
2.1.4 Other Marketable Securities		-	-	-	9.958	-	9.958
2.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Equity Securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(I-c)	454.303	9.518.506	9.972.809	1.556.559	6.301.738	7.858.297
IV. MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	18.145.273	14.378.191	32.523.464	19.586.578	21.873.129	41.459.707
5.1 Equity Securities		12.671	54.505	67.176	12.671	115.958	128.629
5.2 Government Debt Securities		17.912.731	11.328.132	29.240.863	19.376.723	15.929.478	35.306.201
5.3 Other Marketable Securities		219.871	2.995.554	3.215.425	197.184	5.827.693	6.024.877
VI. LOANS and RECEIVABLES	(I-e)	107.163.212	54.664.696	161.827.908	92.888.955	48.874.528	141.763.483
6.1 Loans and Receivables		107.008.242	54.664.696	161.672.938	92.741.642	48.874.528	141.616.170
6.1.1 Loans to Bank's Risk Group	(VII)	3.732.856	1.210.614	4.943.470	2.603.899	1.383.311	3.987.210
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		103.275.386	53.454.082	156.729.468	90.137.743	47.491.217	137.628.960
6.2 Loans under Follow-up		4.267.191	-	4.267.191	3.373.323	-	3.373.323
6.3 Specific Provisions (-)		4.112.221	-	4.112.221	3.226.010	-	3.226.010
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY SECURITIES (Net)	(I-f)	5.485.414	12.491.268	17.976.682	5.184.561	5.503.681	10.688.242
8.1 Government Debt Securities		5.485.414	9.976.303	15.461.717	5.184.561	5.503.681	10.688.242
8.2 Other Marketable Securities		-	2.514.965	2.514.965	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(I-g)	3.923	-	3.923	3.923	-	3.923
9.1 Associates Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		3.923	-	3.923	3.923	-	3.923
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-Financial Investments in Associates		3.923	-	3.923	3.923	-	3.923
X. SUBSIDIARIES (Net)	(I-h)	347.316	1.178.625	1.525.941	347.316	1.003.425	1.350.741
10.1 Financial Subsidiaries		347.316	1.178.625	1.525.941	347.316	1.003.425	1.350.741
10.2 Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)		-	-	-	-	-	-
11.1 Joint Ventures Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	(I-i)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-j)	682.966	123.770	806.736	648.858	-	648.858
13.1 Fair Value Hedge		682.966	29.432	712.398	648.858	-	648.858
13.2 Cash Flow Hedge		-	94.338	94.338	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-k)	873.437	1.765	875.202	788.655	1.746	790.401
XV. INTANGIBLE ASSETS (Net)	(I-l)	356.672	-	356.672	220.664	-	220.664
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		356.672	-	356.672	220.664	-	220.664
XVI. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
XVII. TAX ASSET		-	14.295	14.295	132.508	13.676	146.184
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset	(I-n)	-	14.295	14.295	132.508	13.676	146.184
XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	42.343	-	42.343	179.537	-	179.537
18.1 Held for Sale Purpose		42.343	-	42.343	179.537	-	179.537
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-p)	980.616	1.371.896	2.352.512	929.214	568.402	1.497.616
TOTAL ASSETS		144.214.960	126.801.510	271.016.470	125.451.396	109.357.592	234.808.988

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

AKBANK T.A.Ş.
I. UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	84.354.336	74.523.856	158.878.192	68.696.386	70.246.111	138.942.497
1.1 Deposits of Bank's Risk Group	(VII)	2.955.265	2.263.798	5.219.063	2.552.668	2.182.629	4.735.297
1.2 Other		81.399.071	72.260.058	153.659.129	66.143.718	68.063.482	134.207.200
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	3.641.574	872.234	4.513.808	479.349	967.525	1.446.874
III. FUNDS BORROWED	(II-c)	177.224	29.889.712	30.066.936	193.130	23.520.208	23.713.338
IV. MONEY MARKETS		5.453.900	19.929.117	25.383.017	6.169.189	16.659.919	22.829.108
4.1 Funds from Interbank Money Market		950.449	-	950.449	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		55.199	-	55.199	-	-	-
4.3 Funds Provided Under Repurchase Agreements		4.448.252	19.929.117	24.377.369	6.169.189	16.659.919	22.829.108
V. SECURITIES ISSUED (Net)	(II-d)	1.705.594	8.911.900	10.617.494	3.182.038	8.084.029	11.266.067
5.1 Bills		484.661	-	484.661	1.545.846	892.932	2.438.778
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		1.220.933	8.911.900	10.132.833	1.636.192	7.191.097	8.827.289
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		3.855.099	1.321.275	5.176.374	3.508.887	952.862	4.461.749
VIII. OTHER LIABILITIES	(II-e)	1.241.240	158.756	1.399.996	1.350.110	118.766	1.468.876
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	28.321	-	28.321	63.970	-	63.970
10.1 Financial Lease Payables		37.714	-	37.714	82.124	-	82.124
10.2 Operating Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		9.393	-	9.393	18.154	-	18.154
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	-	98.645	98.645	-	157.528	157.528
11.1 Fair Value Hedge		-	98.645	98.645	-	157.528	157.528
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(II-h)	2.638.139	877.986	3.516.125	2.471.640	694.086	3.165.726
12.1 General Loan Loss Provisions		2.051.475	872.050	2.923.525	1.856.322	688.380	2.544.702
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		219.388	-	219.388	187.178	-	187.178
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		367.276	5.936	373.212	428.140	5.706	433.846
XIII. TAX LIABILITY	(II-i)	668.162	14.818	682.980	593.181	10.897	604.078
13.1 Current Tax Liability		543.319	14.818	558.137	593.181	10.897	604.078
13.2 Deferred Tax Liability		124.843	-	124.843	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(II-j)	31.172.981	(518.399)	30.654.582	27.199.518	(510.341)	26.689.177
16.1 Paid-in capital		4.000.000	-	4.000.000	4.000.000	-	4.000.000
16.2 Capital Reserves		2.482.918	(518.399)	1.964.519	2.438.167	(510.341)	1.927.826
16.2.1 Share Premium		1.700.000	-	1.700.000	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(587.935)	(569.830)	(1.157.765)	(627.540)	(485.221)	(1.112.761)
16.2.4 Property and Equipment Revaluation Differences		47.106	-	47.106	47.106	-	47.106
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Investment Properties Revaluation Differences		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		4.895	-	4.895	4.895	-	4.895
16.2.8 Hedging Funds (Effective portion)		(15.532)	51.431	35.899	(35.257)	(25.120)	(60.377)
16.2.9 Value Increase of Assets Held for Sale		-	-	-	-	-	-
16.2.10 Other Capital Reserves		1.334.384	-	1.334.384	1.348.963	-	1.348.963
16.3 Profit Reserves		20.161.351	-	20.161.351	17.766.503	-	17.766.503
16.3.1 Legal Reserves		1.322.027	-	1.322.027	1.282.027	-	1.282.027
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		18.718.299	-	18.718.299	16.372.097	-	16.372.097
16.3.4 Other Profit Reserves		121.025	-	121.025	112.379	-	112.379
16.4 Income or (Loss)		4.528.712	-	4.528.712	2.994.848	-	2.994.848
16.4.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Period Income or (Loss)		4.528.712	-	4.528.712	2.994.848	-	2.994.848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		134.936.570	136.079.900	271.016.470	113.907.398	120.901.590	234.808.988

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

AKBANK T.A.Ş.**II. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016**

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	PRIOR PERIOD
		(Section Five)	(01/01-31/12/2016)	(01/01-31/12/2015)
I.	INTEREST INCOME	(III-a)	18.018.311	15.104.804
1.1	Interest on Loans	(III-a-1)	14.537.886	11.991.681
1.2	Interest on Reserve Requirements		222.852	58.992
1.3	Interest on Banks	(III-a-2)	81.577	50.154
1.4	Interest on Money Market Transactions		22.936	93.883
1.5	Interest on Marketable Securities Portfolio	(III-a-3)	3.122.563	2.879.319
1.5.1	Trading Financial Assets		25	275
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		2.484.574	2.291.006
1.5.4	Held- to- maturity Investments		637.964	588.038
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		30.497	30.775
II.	INTEREST EXPENSE	(III-b)	10.071.770	7.909.944
2.1	Interest on Deposits	(III-b-4)	7.877.903	5.979.397
2.2	Interest on Funds Borrowed	(III-b-1)	518.091	401.517
2.3	Interest Expense on Money Market Transactions		976.047	812.641
2.4	Interest on Securities Issued	(III-b-3)	660.434	681.358
2.5	Other Interest Expenses		39.295	35.031
III.	NET INTEREST INCOME (I - II)		7.946.541	7.194.860
IV.	NET FEES AND COMMISSIONS INCOME		2.397.947	2.354.254
4.1	Fees and Commissions Received		2.931.626	2.821.774
4.1.1	Non-cash Loans		202.042	179.395
4.1.2	Other		2.729.584	2.642.379
4.2	Fees and Commissions Paid		533.679	467.520
4.2.1	Non-cash Loans		975	868
4.2.2	Other		532.704	466.652
V.	DIVIDEND INCOME	(III-c)	21.478	13.337
VI.	TRADING INCOME/(LOSS) (Net)	(III-d)	947.449	54.812
6.1	Trading Gains / (Losses) on Securities		156.720	211.903
6.2	Gains / (Losses) on Derivative Financial Transactions		1.089.735	(529.940)
6.3	Foreign Exchange Gains / (Losses)		(299.006)	372.849
VII.	OTHER OPERATING INCOME	(III-e)	879.996	603.839
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		12.193.411	10.221.102
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(III-f)	2.215.920	2.179.616
X.	OTHER OPERATING EXPENSES (-)	(III-g)	4.279.941	4.213.815
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		5.697.550	3.827.671
XII.	EXCESS AMOUNT RECORDED AS			
	INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)		5.697.550	3.827.671
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(III-i)	1.168.838	832.823
16.1	Current Tax Provision		921.532	806.798
16.2	Deferred Tax Provision		247.306	26.025
XVII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)		4.528.712	2.994.848
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-current Assets Held for Sale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
18.3	Income from Other Discontinued Operations		-	-
XIX.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-current Assets Held for Sale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Expenses for Other Discontinued Operations		-	-
XX.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)	(III-k)	4.528.712	2.994.848
Earnings per share (in full TL)			0,01132	0,00749

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

AKBANK T.A.Ş.
III. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2016

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

	Note (Section Five)	CURRENT PERIOD (31/12/2016)			PRIOR PERIOD (31/12/2015)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		148.198.416	356.810.685	505.009.101	97.042.850	225.281.018	322.323.868
I. GUARANTEES AND WARRANTIES	(IV-a-2, 3)	15.989.523	24.636.039	40.625.562	13.762.203	18.913.025	32.675.228
1.1 Letters of Guarantee		13.734.506	13.518.180	27.252.686	11.862.428	10.764.100	22.626.528
1.1.1 Guarantees Subject to State Tender Law		388.011	2.543.143	2.931.154	489.460	1.799.894	2.289.354
1.1.2 Guarantees Given for Foreign Trade Operations		-	3.211.347	3.211.347	-	4.114.385	4.114.385
1.1.3 Other Letters of Guarantee		13.346.495	7.763.690	21.110.185	11.372.968	4.849.821	16.222.789
1.2 Bank Acceptances		-	3.583.229	3.583.229	-	933.230	933.230
1.2.1 Import Letter of Acceptance		-	3.583.229	3.583.229	-	933.230	933.230
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		260	5.188.592	5.188.852	396	5.326.265	5.326.661
1.3.1 Documentary Letters of Credit		260	4.678.632	4.678.892	396	4.846.143	4.846.539
1.3.2 Other Letters of Credit		-	509.960	509.960	-	480.122	480.122
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		-	18.849	18.849	-	22.866	22.866
1.8 Other Guarantees		38.726	2.307.609	2.346.335	115.520	1.852.899	1.968.419
1.9 Other Collaterals		2.216.031	19.580	2.235.611	1.783.859	13.665	1.797.524
II. COMMITMENTS	(IV-a-1)	41.217.553	20.503.104	61.720.657	35.082.215	12.341.070	47.423.285
2.1 Irrevocable Commitments		40.690.428	20.503.104	61.193.532	34.577.080	12.341.070	46.918.150
2.1.1 Asset Purchase Commitments		7.444.452	9.261.461	16.705.913	2.190.531	2.963.600	5.154.131
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		6.195.974	3.847.183	10.043.157	5.643.211	4.333.444	9.976.655
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		6.200.426	-	6.200.426	5.764.751	-	5.764.751
2.1.8 Tax and Fund Liabilities from Export Commitments		4.526	-	4.526	2.956	-	2.956
2.1.9 Commitments for Credit Card Limits		17.397.602	-	17.397.602	17.672.898	-	17.672.898
2.1.10 Commitments for Credit Cards and Banking Services Promotions		121.979	-	121.979	95.366	-	95.366
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		3.325.469	7.394.460	10.719.929	3.207.367	5.044.026	8.251.393
2.2 Revocable Commitments		527.125	-	527.125	505.135	-	505.135
2.2.1 Revocable Loan Granting Commitments		527.125	-	527.125	505.135	-	505.135
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(IV-b)	90.991.340	311.671.542	402.662.882	48.198.432	194.026.923	242.225.355
3.1 Hedging Derivative Financial Instruments		2.497.225	20.737.803	23.235.028	1.228.638	11.197.395	12.426.033
3.1.1 Fair Value Hedges		2.497.225	15.779.465	18.276.690	1.228.638	11.197.395	12.426.033
3.1.2 Cash Flow Hedges		-	4.958.338	4.958.338	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		88.494.115	290.933.739	379.427.854	46.969.794	182.829.528	229.799.322
3.2.1 Forward Foreign Currency Buy/Sell Transactions		9.200.025	16.578.421	25.778.446	6.128.480	8.958.219	15.086.699
3.2.1.1 Forward Foreign Currency Transactions-Buy		3.360.716	9.502.584	12.863.300	2.647.607	4.845.645	7.493.252
3.2.1.2 Forward Foreign Currency Transactions-Sell		5.839.309	7.075.837	12.915.146	3.480.873	4.112.574	7.593.447
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		68.389.888	186.469.839	254.859.727	29.738.415	104.406.055	134.144.470
3.2.2.1 Foreign Currency Swap-Buy		35.669.987	50.455.860	86.125.847	11.246.658	28.538.905	39.785.563
3.2.2.2 Foreign Currency Swap-Sell		29.811.701	54.958.787	84.770.488	15.671.757	20.415.368	36.087.125
3.2.2.3 Interest Rate Swap-Buy		1.454.100	40.527.596	41.981.696	1.410.000	27.725.891	29.135.891
3.2.2.4 Interest Rate Swap-Sell		1.454.100	40.527.596	41.981.696	1.410.000	27.725.891	29.135.891
3.2.3 Foreign Currency, Interest Rate and Securities Options		10.848.869	75.616.092	86.464.961	10.274.802	58.882.918	69.157.720
3.2.3.1 Foreign Currency Options-Buy		5.594.038	8.759.955	14.353.993	4.938.312	7.023.471	11.961.783
3.2.3.2 Foreign Currency Options-Sell		5.254.831	9.273.601	14.528.432	5.336.490	6.753.791	12.090.281
3.2.3.3 Interest Rate Options-Buy		-	28.791.268	28.791.268	-	22.552.828	22.552.828
3.2.3.4 Interest Rate Options-Sell		-	28.791.268	28.791.268	-	22.552.828	22.552.828
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		55.333	12.269.387	12.324.720	828.097	10.582.336	11.410.433
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		719.670.016	192.951.797	912.621.813	611.006.886	159.670.572	770.677.458
IV. ITEMS HELD IN CUSTODY		26.200.935	9.892.470	36.093.405	26.860.299	11.806.667	38.666.966
4.1 Customer Fund and Portfolio Balances		3.505.508	-	3.505.508	2.820.657	-	2.820.657
4.2 Investment Securities Held in Custody		1.746.620	1.126.900	2.873.520	5.230.194	818.636	6.048.830
4.3 Cheques Received for Collection		16.330.556	1.218.160	17.548.716	14.928.116	876.770	15.804.886
4.4 Commercial Notes Received for Collection		4.135.405	1.799.253	5.934.658	3.395.579	1.454.631	4.850.210
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		482.846	5.748.157	6.231.003	485.753	8.656.630	9.142.383
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		260.667.394	66.081.116	326.748.510	201.367.218	48.499.397	249.866.615
5.1 Marketable Securities		126.605.044	514.939	127.119.983	93.300.273	443.023	93.743.296
5.2 Guarantee Notes		947.082	510.214	1.457.296	737.605	408.356	1.145.961
5.3 Commodity		-	21.485	21.485	-	34.884	34.884
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		99.608.760	49.047.015	148.655.775	78.442.536	35.614.821	114.057.357
5.6 Other Pledged Items		33.506.508	15.987.463	49.493.971	28.886.804	11.998.313	40.885.117
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		432.801.687	116.978.211	549.779.898	382.779.369	99.364.508	482.143.877
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		867.868.432	549.762.482	1.417.630.914	708.049.736	384.951.590	1.093.001.326

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

AKBANK T.A.Ş.**IV. UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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

INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY		CURRENT PERIOD (31/12/2016)	PRIOR PERIOD (31/12/2015)
I.	ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE- FOR- SALE FINANCIAL ASSETS	(56.255)	(1.023.676)
II.	PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	TRANSLATION DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)	120.345	27.588
VI.	PROFIT/LOSS FROM FOREIGN NET INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	(18.224)	(63.783)
IX.	TAX RELATED TO VALUATION DIFFERENCES	(9.173)	211.974
X.	NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	36.693	(847.897)
XI.	CURRENT PERIOD INCOME / LOSS	4.528.712	2.994.848
11.1	Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)	(31.285)	16.286
11.2	Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3	Part of Foreign Net Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	(33.389)	(22.070)
11.4	Other	4.593.386	3.000.632
XII.	TOTAL INCOME / LOSS ACCOUNTED FOR THE PERIOD (X±XI)	4.565.405	2.146.951

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 2016

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

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital(*)	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Valuation Differences	Property & Equipment Revaluation Differences	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Transactions	Val. Chan. in Prop. and Eq. HFS Purp./ Disc. Opr.	Total Shareholders' Equity	
PRIOR PERIOD (31/12/2015)																		
I.	Beginning Balance	4,000,000	1,405,892	1,700,000	-	1,245,067	-	13,823,484	101,971	3,159,678	-	[293,820]	47,106	4,895	[82,447]	-	25,111,826	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)	(II-I)	4,000,000	1,405,892	1,700,000	-	1,245,067	-	13,823,484	101,971	3,159,678	-	[293,820]	47,106	4,895	[82,447]	-	25,111,826
Changes in the period																		
IV.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	[818,941]	-	-	-	-	[818,941]	
VI.	Hedging transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	22,070	-	22,070	
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	22,070	-	22,070	
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Effects of changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.	Other	-	-	-	-	-	-	-	[51,026]	-	-	-	-	-	-	-	[51,026]	
XIX.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	2,994,848	-	-	-	-	-	-	2,994,848	
XX.	Profit Distribution	-	-	-	-	36,960	-	2,548,613	4,505	[3,159,678]	-	-	-	-	-	-	[569,600]	
20.1	Dividends paid	-	-	-	-	-	-	-	-	[569,600]	-	-	-	-	-	-	[569,600]	
20.2	Transfers to Reserves	-	-	-	-	36,960	-	2,548,613	4,505	[2,590,078]	-	-	-	-	-	-	-	
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance (III+IV+V+.....+XVIII+XIX+XX)		4,000,000	1,405,892	1,700,000	-	1,282,027	-	16,372,097	55,450	2,994,848	-	[1,112,761]	47,106	4,895	[60,377]	-	26,689,177	
CURRENT PERIOD (31/12/2016)																		
I.	Prior Period End Balance	4,000,000	1,405,892	1,700,000	-	1,282,027	-	16,372,097	55,450	2,994,848	-	[1,112,761]	47,106	4,895	[60,377]	-	26,689,177	
Changes in the period																		
II.	Increase/Decrease due to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Marketable Securities Valuation Differences	(II-I)	-	-	-	-	-	-	-	-	-	[45,004]	-	-	-	-	[45,004]	
IV.	Hedging transactions	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	96,276	-	96,276	
4.1	Cash flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	96,276	-	96,276	
4.2	Foreign Net Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Intangible Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Translation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Effects of changes in equity of investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Other	-	-	-	-	-	-	-	[14,579]	-	-	-	-	-	-	-	[14,579]	
XVII.	Current Year Income or (Loss)	-	-	-	-	-	-	-	-	4,528,712	-	-	-	-	-	-	4,528,712	
XVIII.	Profit Distribution	(V-a)	-	-	-	-	-	2,346,202	8,646	[2,994,848]	-	-	-	-	-	-	[600,000]	
18.1	Dividends paid	-	-	-	-	-	-	-	-	[600,000]	-	-	-	-	-	-	[600,000]	
18.2	Transfers to Reserves	-	-	-	-	-	-	2,346,202	8,646	[2,394,848]	-	-	-	-	-	-	-	
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance (I+II+III+.....+XVI+XVII+XVIII)		4,000,000	1,405,892	1,700,000	-	1,322,027	-	18,718,299	49,517	4,528,712	-	[1,157,765]	47,106	4,895	35,899	-	30,654,582	

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

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

AKBANK T.A.Ş.**VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016**

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

	Note (Section Five)	CURRENT PERIOD (31/12/2016)	PRIOR PERIOD (31/12/2015)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities	522.521	1.984.609
1.1.1	Interest received	16.758.709	14.405.094
1.1.2	Interest paid	(9.880.601)	(7.868.389)
1.1.3	Dividend received	21.478	13.337
1.1.4	Fees and commissions received	2.935.663	2.773.653
1.1.5	Other income	(982.519)	(1.238.322)
1.1.6	Collections from previously written-off loans and other receivables	767.018	674.604
1.1.7	Payments to personnel and service suppliers	(3.888.915)	(3.819.188)
1.1.8	Taxes paid	(1.422.062)	(737.563)
1.1.9	Other	(3.786.250)	(2.218.617)
	(VI-b)		
1.2	Changes in operating assets and liabilities	3.052.395	2.648.183
1.2.1	Net decrease in trading securities	11.240	(6.400)
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets	-	-
1.2.3	Net (increase) / decrease in due from banks and other financial institutions	4.617.729	3.563
1.2.4	Net (increase) / decrease in loans	(20.877.935)	(17.295.051)
1.2.5	Net (increase) / decrease in other assets	(9.999.265)	(4.412.051)
1.2.6	Net increase / (decrease) in bank deposits	(6.057.147)	(676.357)
1.2.7	Net increase / (decrease) in other deposits	25.838.789	26.177.136
1.2.8	Net increase / (decrease) in funds borrowed	7.353.253	2.714.662
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	2.165.731	(3.857.319)
	(VI-b)		
I.	Net cash provided from banking operations	3.574.916	4.632.792
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	2.568.078	(5.158.215)
2.1	Cash paid for acquisition of investments, associates and subsidiaries	-	(358.121)
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3	Purchases of property and equipment	(419.047)	(118.152)
2.4	Disposals of property and equipment	179.411	20.363
2.5	Cash paid for purchase of investments available-for-sale	(7.385.523)	(26.094.762)
2.6	Cash obtained from sale of investments available-for-sale	10.581.491	20.331.322
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	130.051	1.112.446
2.9	Other	(518.305)	(51.311)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	(1.316.745)	1.087.802
3.1	Cash obtained from funds borrowed and securities issued	5.453.771	13.674.071
3.2	Cash used for repayment of funds borrowed and securities issued	(6.114.131)	(11.936.377)
3.3	Issued equity instruments	-	-
3.4	Dividends paid	(600.000)	(569.600)
3.5	Payments for finance leases	(56.385)	(80.292)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	1.435.203	781.802
V.	Net increase in cash and cash equivalents (I+II+III+IV)	6.261.452	1.344.181
VI.	Cash and cash equivalents at beginning of the period	6.152.472	4.808.291
VII.	Cash and cash equivalents at end of the period	12.413.924	6.152.472
	(VI-a)		
	(VI-a)		

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 (31/12/2016)	PRIOR PERIOD (31/12/2015)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	5.699.265	3.827.671
1.2 TAXES AND DUTIES PAYABLE	1.170.553	832.823
1.2.1 Corporate Tax (Income Tax)	923.247	806.798
1.2.2 Income Withholding Tax	-	-
1.2.3 Other taxes and duties	247.306	26.025
A. NET INCOME FOR THE YEAR (1.1-1.2)	4.528.712	2.994.848
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	4.528.712	2.994.848
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	200.000
1.6.1 To Owners of Ordinary Shares	-	200.000
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	400.000
1.9.1 To Owners of Ordinary Shares	-	400.000
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	40.000
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	2.346.202
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	8.646
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (*)		
3.1 TO OWNERS OF ORDINARY SHARES	0,011	0,007
3.2 TO OWNERS OF ORDINARY SHARES (%)	1,1	0,7
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	0,002
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	0,2
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 2016

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

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

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

The amendments of TAS and TFRS, effectiveness date is 1 January 2016, have no material impact on the Bank's accounting policies, financial position and performance. The amendments of TAS and TFRS will be effective as of 1 January 2018, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank has started works in order to comply with TFRS 9 Financial Instruments Standard.

b. Explanation for convenience translation into English:

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

c. Accounting policies and valuation principles applied in the presentation of unconsolidated financial statements:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, and are consistent with the accounting policies applied in the annual financial statements of the year ended 31 December 2015. The aforementioned accounting policies and valuation principles are explained in Notes II to XXVIII below.

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

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

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

As of 31 December 2016, foreign currency denominated balances are translated into TL using the exchange rates of TL 3,5000 TL 3,6897 and TL 2,9861 for USD, EURO and Yen respectively.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Separate Financial Statements" ("TAS 27") in the unconsolidated financial statements and measured in the financial statements with their costs. Dividends are recognized in the income statement when the right to receive the dividend is obtained.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS AND DERIVATIVE INSTRUMENTS:

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

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

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

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Trading derivative financial assets" or "Hedging derivative financial assets"; if the fair value difference is negative, it is recorded to "Trading derivative financial liabilities" or "Hedging derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained Note VIII of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

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

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

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

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest method" 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", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of the investment.

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

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

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

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

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

b. Financial assets available-for-sale:

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

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

c. Loans and Receivables:

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

AKBANK T.A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

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

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

d. Held-to-maturity financial assets:

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

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

The Bank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

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

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

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

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

The Bank has no securities lending transactions.

XI. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS:

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 "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, no.26333.

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Bank has no goodwill.

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

Intangibles are amortized over three to five 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.

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
Machinery, furniture, fixtures and vehicles	5 years

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

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

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

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XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

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

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

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS:

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

Obligations related to employment termination and vacation rights are accounted for 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, article No.20. The financial statements of the Pension Fund have been audited as of year ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

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

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

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

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

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

With respect to that, according to the technical balance sheet report as at 31 December 2016 prepared considering the related articles of the New Law regarding the transferrable benefit obligations for the non-transferrable social benefits and payments which are included in the articles of association, the Fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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

XVIII. EXPLANATIONS ON TAXATION:

a. Current tax:

In Turkey, corporate tax rate is 20%. Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses, tax-exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

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

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

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b. Deferred tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

Deferred tax 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 using the "Effective interest method".

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

There is no share certificate issuance in 2016.

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 2016 and 31 December 2015, 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 segment is presented in Note XII of Section Four.

XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:

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

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

The Ordinary General Assembly Meeting of the Bank was held on 28 March 2016. In the Ordinary General Assembly, it was decided to distribute a TL 600.000 cash dividend over the TL 2.994.848 net income from 2015 operations to the Bank's shareholders. It was also resolved in the General Assembly to transfer TL 8.646 to special funds account under other capital reserves, to allocate TL 40.000 as legal and TL 2.346.202 as extraordinary reserves.

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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 period concerned.

	Current Period 31 December 2016	Prior Period 31 December 2015
Net Profit for the Year	4.528.712	2.994.848
Average Number of Issued Common Shares (Thousand)	400.000.000	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,01132	0,00749

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 2016 (2015: (-)).

XXVI. RELATED PARTIES:

Parties defined in Article 49 of the Banking Law No.5411, Bank's senior management and Board Members are deemed as related parties. Transactions regarding 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:

In order to be consistent with the presentation of financial statements dated 31 December 2016, there are certain reclassifications made on income statement and cash flow statement of 31 December 2015.

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

I. EXPLANATIONS ON EQUITY:

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

As of 31 December 2016, the Bank's total capital has been calculated as TL 32.855.651, the Capital adequacy ratio is 14,30 %. As of 31 December 2015, the Bank's total capital amounted to TL 28.954.803, Capital adequacy ratio was 14,58 % calculated pursuant to former regulations. This ratio is well above the minimum ratio required by the legislation.

a. Information about total capital items:

	Current Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892	
Share issue premiums	1.700.000	
Reserves	20.161.351	
Gains recognized in equity as per TAS	47.106	
Profit	4.528.712	
Current Period Profit	4.528.712	
Prior Period Profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	4.895	
Common Equity Tier 1 Capital Before Deductions	31.847.956	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	28.760	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.229.273	
Improvement costs for operating leasing	27.261	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	189.841	316.401
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	1.475.135	
Total Common Equity Tier 1 Capital	30.372.821	

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
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	Current Period 31 December 2016	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	126.560	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	30.246.261	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.620.234	-
Tier II Capital Before Deductions	2.620.234	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2.620.234	
Total Capital (The sum of Tier I Capital and Tier II Capital)	32.866.495	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	19	-
Other items to be defined by the BRSA (-)	10.825	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not 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 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 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 2016	Amounts related to treatment before 1/1/2014(*)
TOTAL CAPITAL		
Total Capital	32.855.651	
Total risk weighted amounts	229.746.122	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	13,22%	
Tier 1 Capital Adequacy Ratio	13,17%	
Capital Adequacy Ratio	14,30%	
BUFFERS		
Bank specific total common equity tier 1 capital ratio	5,51%	
Capital conservation buffer requirement	0,63%	
Bank specific counter-cyclical buffer requirement	0,39%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	5,22%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	442.437	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	2.923.525	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.620.234	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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	Prior Period 31 December 2015 (*)
COMMON EQUITY TIER I CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.405.892
Share premium	1.700.000
Share cancellation profits	-
Reserves	17.766.503
Gains recognized in equity as per TAS	47.106
Profit	2.994.848
Current Period Profit	2.994.848
Prior Period Profit	-
Provisions for Possible Risks	200.000
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	4.895
Common Equity Before Deductions	28.119.244
Deductions from Common Equity	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	1.169.690
Leasehold improvements(-)	34.857
Goodwill or other intangible assets and deferred tax liability related to these items (-)	78.249
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own Common Equity (-)	-
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 in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Common Equity	1.282.796
Total Common Equity Tier I Capital	26.836.448
ADDITIONAL TIER I CAPITAL	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Debt instruments and premiums deemed suitable by BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
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 and Tier II Capital 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 (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
DEDUCTIONS FROM TIER I CAPITAL	
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	117.374
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Total Tier I Capital	26.719.074

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	Prior Period 31 December 2015(*)
TIER II CAPITAL	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	-
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	2.255.984
Tier II Capital Before Deductions	2.255.984
DEDUCTIONS FROM TIER II CAPITAL	
Direct and indirect investments of the Bank in its own Tier II Capital (-)	-
Portion of the total of net long positions of investments made in Common 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 and Tier II Capital 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 (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	2.255.984
CAPITAL BEFORE DEDUCTIONS	28.975.058
Deductions from Capital	
Loans granted contrary to the 50th and 51th Article of the Law (-)	-
Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date(-)	75
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-)	-
Amounts to be deducted from equity as per the 2nd Clause of Article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	171
Other items to be defined by the BRSA (-)	20.009
Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital 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 not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
TOTAL CAPITAL	28.954.803
Amounts below the Excess Limits as per the Deduction Principles	
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	342.155

(*) Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period column has been calculated pursuant to former regulation.

b. Information about instruments that will be included in total capital calculation: None.

c. The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from the general provision. In the calculation of Total Capital, general provision up to %1,25 credit risk is taken into consideration as Tier II Capital. Besides, losses that are subject to deductions from Common Equity Tier I and reflected to Equity in line with the TAS, are determined by excluding the losses related to cash flow hedge transactions. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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II. EXPLANATIONS ON CREDIT RISK:

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

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

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

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

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

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount
Conditional and unconditional receivables from central governments and Central Banks	79.703.240	79.409.045
Conditional and unconditional receivables from regional or local governments	250	250
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	57.897	69.810
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	85.021.466	65.705.558
Conditional and unconditional receivables from corporates	136.695.258	126.754.218
Conditional and unconditional receivables from retail portfolios	78.849.280	69.800.101
Conditional and unconditional receivables secured by mortgages	21.164.804	19.722.220
Past due receivables	154.970	147.770
Receivables defined under high risk category by BRSA	235	2.199.119
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	460.876	883.203
Equity security investments	1.597.040	1.204.028
Other receivables	3.645.626	4.165.915
Total	407.350.942	370.061.237

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

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

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

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

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

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

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

As seen in the Bank's balance sheet, the ratio of loans under follow-up to total loans is as low as 2,6% (31 December 2015: 2,3%).

f. 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 33% and 40% respectively. (31 December 2015: 30% and 37%).

2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 66% and 77%. (31 December 2015: 59% and 68%)

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 22% and 28% respectively. (31 December 2015: 17% and 22%)

g. The Bank provided a general loan loss provision amounting to TL 2.923.525 (31 December 2015: TL 2.544.702).

h. Information on loan types and provisions:

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

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

Prior Period - 31 December 2015	Commercial Loans	Consumer Loans	Credit Cards	Total
Standard Loans	98.162.314	26.821.142	11.723.535	136.706.991
Close Monitoring Loans	2.249.269	1.853.129	806.781	4.909.179
Loans Under Follow-up	1.016.088	1.184.274	1.172.961	3.373.323
Specific Provision (-)	868.775	1.184.274	1.172.961	3.226.010
Total	100.558.896	28.674.271	12.530.316	141.763.483

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

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

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

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2015	600.077	685.612	893.140	2.178.829
Transferred during the period	585.733	787.671	650.058	2.023.462
Collection	(182.014)	(230.670)	(221.620)	(634.304)
Write-off(*)	(135.021)	(58.339)	(148.617)	(341.977)
31 December 2015	868.775	1.184.274	1.172.961	3.226.010

(*) TL 248,5 million in full TL amount of the Bank's non-performing loan portfolio has been sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 40,3 million in full TL amount. Specific provision previously allocated for this amount, is shown under "Write-off" in the above table.

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

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

Prior Period - 31 December 2015	Trading Financial Assets (Net)	Available-for-Sale Financial Assets (Net)	Held-to-Maturity Securities (Net)	Total
Moody's Rating				
Aaa	-	-	-	-
A1, A2, A3	-	-	-	-
Baa1, Baa2, Baa3	1.655	40.959.285	10.688.242	51.649.182
Ba1	-	101.166	-	101.166
Ba2	-	-	-	-
Total	1.655	41.060.451	10.688.242	51.750.348

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k. Profile on significant risks in significant regions:

Current Period		Risk Categories (*)																
31 December 2016	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	79.508.445	50	46.010	-	-	10.422.893	109.567.986	50.265.610	20.687.819	154.970	-	-	-	-	460.842	70.938	3.645.626	274.831.189
European Union Countries	178.286	-	7	-	-	34.760.220	4.903.811	14.864	12.089	-	-	-	-	-	-	161	-	39.869.438
OECD Countries(**)	-	-	-	-	-	1.746.977	275.923	2.289	2.261	-	-	-	-	-	-	-	-	2.027.450
Off- Shore Regions	-	-	-	-	-	167.679	55.244	310	309	-	-	-	-	-	-	-	-	223.542
USA, Canada	-	-	-	-	-	3.368.413	95.689	3.455	2.781	-	-	-	-	-	-	-	-	3.470.338
Other Countries	-	-	24	-	-	645.996	710.730	10.468	3.312	-	-	-	-	-	-	-	-	1.370.530
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	6.969.586	737.068	-	-	-	-	-	-	-	-	1.525.941	-	9.232.595
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	79.686.731	50	46.041	-	-	58.081.764	116.346.451	50.296.996	20.708.571	154.970	-	-	-	-	460.842	1.597.040	3.645.626	331.025.082

Prior Period		Risk Categories (*)																
31 December 2015	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16(****)	17	Total
Domestic	76.063.029	48	27.007	-	-	15.030.834	87.821.882	33.338.424	20.620.877	147.314	13.507.875	-	-	-	278.802	-	3.914.879	250.750.971
European Union Countries	168.608	-	258	-	-	23.031.210	3.321.951	17.964	341.906	-	7.021	-	-	-	-	-	161	26.889.079
OECD Countries(**)	-	-	-	-	-	1.495.571	204.431	2.744	2.258	-	1.078	-	-	-	-	-	-	1.706.082
Off- Shore Regions	-	-	-	-	-	579.036	3.061	514	264	-	104	-	-	-	-	-	-	582.979
USA, Canada	-	-	-	-	-	1.809.676	114.616	4.304	3.398	-	1.238	-	-	-	-	-	-	1.933.232
Other Countries	-	-	25	-	-	597.857	796.226	16.184	4.023	-	2.381	-	-	-	-	-	-	1.416.696
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	4.279.974	-	-	-	-	-	-	-	-	-	-	1.349.741	5.629.715
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	76.231.637	48	27.290	-	-	46.824.158	92.262.167	33.380.134	20.972.726	147.314	13.519.697	-	-	-	278.802	-	5.264.781	288.908.754

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

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

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

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

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

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I. Risk Profile according to sectors and counterparties:

31 December 2016	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
Agricultural	1	-	5	-	-	-	43.939	209.853	47.007	-	-	-	-	-	-	-	-	299.627	1.178	300.805
Farming and raising livestock	1	-	5	-	-	-	32.428	124.662	30.559	-	-	-	-	-	-	-	-	187.640	15	187.655
Forestry	-	-	-	-	-	-	11.130	83.756	16.290	-	-	-	-	-	-	-	-	110.013	1.163	111.176
Fishing	-	-	-	-	-	-	381	1.435	158	-	-	-	-	-	-	-	-	1.974	-	1.974
Manufacturing	10	-	411	-	-	-	38.791.695	4.635.038	2.884.987	-	-	-	-	-	-	-	-	21.994.322	24.317.819	46.312.141
Mining	-	-	0	-	-	-	1.511.807	129.945	106.877	-	-	-	-	-	-	-	-	355.274	1.393.355	1.748.629
Production	10	-	408	-	-	-	21.674.595	4.433.403	2.748.772	-	-	-	-	-	-	-	-	17.211.246	11.645.942	28.857.188
Electricity, Gas, Water	-	-	3	-	-	-	15.605.293	71.690	29.338	-	-	-	-	-	-	-	-	4.427.802	11.278.522	15.706.324
Construction	-	-	65	-	-	-	17.986.852	1.956.358	2.109.801	-	-	-	-	-	-	-	-	10.966.112	11.086.964	22.053.076
Services	1.964	38	27.011	-	-	51.442.321	52.652.350	14.520.868	6.141.853	154.970	-	-	-	-	71.867	1.586.828	-	47.631.991	78.968.079	126.600.070
Wholesale and Retail Trade	54	10	1.367	-	-	-	16.833.244	11.597.043	4.338.139	-	-	-	-	-	-	-	-	27.137.142	5.632.715	32.769.857
Hotel,Food,Beverage																				
Services	2	-	30	-	-	-	3.219.022	602.607	669.366	154.970	-	-	-	-	-	-	-	1.925.039	2.720.958	4.645.997
Transportation and Telecommunication	1.749	-	9	-	-	-	8.538.580	1.167.970	236.078	-	-	-	-	-	-	-	-	2.160.325	7.784.061	9.944.386
Financial Institutions	3	3	20	-	-	51.440.868	19.223.523	23.969	121.780	-	-	-	-	-	71.867	1.585.004	-	12.893.847	59.573.190	72.467.037
Real Estate and Lending																				
Services	-	-	15	-	-	-	2.563.966	92.673	130.558	-	-	-	-	-	-	-	-	654.135	2.133.077	2.787.212
Self employment Service	-	-	26	-	-	-	555.765	139.503	35.665	-	-	-	-	-	-	-	-	221.606	509.353	730.959
Education Service	118	-	1.525	-	-	-	180.907	133.306	140.613	-	-	-	-	-	-	-	-	397.832	58.637	456.469
Health and social Services	38	25	24.019	-	-	1.453	1.537.343	763.797	469.654	-	-	-	-	-	-	1.824	-	2.242.065	556.088	2.798.153
Other	79.684.756	12	18.549	-	-	6.639.443	6.871.615	28.974.879	9.524.923	-	-	-	-	-	388.975	10.212	3.645.626	73.951.145	61.807.845	135.758.990
Total	79.686.731	50	46.041	-	-	58.081.764	116.346.451	50.296.996	20.708.571	154.970	-	-	-	-	460.842	1.597.040	3.645.626	154.843.197	176.181.885	331.025.082

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

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

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

31 December 2015	Risk Classifications (*)																	TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16(**)	17			
Agricultural	1	-	3	-	-	-	58.973	174.704	56.587	-	12.801	-	-	-	-	-	-	301.630	1.439	303.069
Farming and raising livestock	1	-	3	-	-	-	45.201	105.570	34.637	-	11.434	-	-	-	-	-	-	196.846	-	196.846
Forestry	-	-	-	-	-	-	13.251	67.965	21.524	-	1.151	-	-	-	-	-	-	102.452	1.439	103.891
Fishing	-	-	-	-	-	-	521	1.169	426	-	216	-	-	-	-	-	-	2.332	-	2.332
Manufacturing	13	-	318	-	-	-	34.050.162	3.072.747	2.342.893	-	46.936	-	-	-	-	-	-	18.502.324	21.010.745	39.513.069
Mining	-	-	-	-	-	-	1.439.519	72.617	66.763	-	555	-	-	-	-	-	-	372.030	1.207.424	1.579.454
Production	13	-	315	-	-	-	20.801.240	2.961.800	2.224.301	-	45.851	-	-	-	-	-	-	14.851.201	11.182.319	26.033.520
Electricity, Gas, Water	-	-	3	-	-	-	11.809.403	38.330	51.829	-	530	-	-	-	-	-	-	3.279.093	8.621.002	11.900.095
Construction	-	-	855	-	-	-	11.573.480	892.909	2.463.080	-	10.997	-	-	-	-	-	-	7.268.994	7.672.327	14.941.321
Services	3.365	37	16.139	-	-	42.993.740	40.848.262	10.505.948	6.804.967	147.314	250.662	-	-	-	-	-	1.357.874	41.666.430	61.261.878	102.928.308
Wholesale and Retail Trade	52	9	98	-	-	86.548	16.517.028	8.264.452	5.134.642	-	160.540	-	-	-	-	-	-	24.483.961	5.679.408	30.163.369
Hotel,Food,Beverage																				
Services	133	-	29	-	-	-	2.275.358	386.813	595.961	147.314	13.225	-	-	-	-	-	-	1.525.814	1.893.019	3.418.833
Transportation and																				
Telecommunication	3.058	-	7	-	-	-	6.328.832	955.487	310.184	-	18.160	-	-	-	-	-	-	2.061.464	5.554.264	7.615.728
Financial Institutions	3	3	352	-	-	42.904.080	12.080.984	10.255	82.765	-	1.332	-	-	-	-	-	1.356.050	10.495.890	45.939.934	56.435.824
Real Estate and Lending																				
Services	-	-	14	-	-	-	1.442.924	55.938	133.723	-	4.153	-	-	-	-	-	-	463.131	1.173.621	1.636.752
Self employment Service	-	-	48	-	-	-	497.379	122.997	51.164	-	14.195	-	-	-	-	-	-	236.167	449.616	685.783
Education Service	96	-	1.892	-	-	-	194.720	83.782	116.340	-	2.737	-	-	-	-	-	-	360.453	39.114	399.567
Health and social Services	23	25	13.699	-	-	3.112	1.511.037	626.224	380.188	-	36.320	-	-	-	-	-	1.824	2.039.550	532.902	2.572.452
Other	76.228.258	11	9.975	-	-	3.830.418	5.731.290	18.733.826	9.305.199	-	13.198.301	-	-	-	278.802	-	3.906.907	101.916.965	29.306.022	131.222.987
Total	76.231.637	48	27.290	-	-	46.824.158	92.262.167	33.380.134	20.972.726	147.314	13.519.697	-	-	-	278.802	-	5.264.781	169.656.343	119.252.411	288.908.754

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

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

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

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m. Term distribution of risks with term structure:

31 December 2016 Risk Categories	Time to Maturity					Total
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional receivables from central governments and Central Banks	3.781.589	33.158.436	2.054	1.014.665	41.729.987	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	50	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	14.869	2.276	2.770	3.921	22.205	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	14.388.915	1.242.723	4.349.809	5.031.818	33.068.499	-
Conditional and unconditional receivables from corporates	5.905.525	5.874.891	14.238.085	21.068.396	69.259.554	-
Conditional and unconditional receivables from retail portfolios	971.446	1.752.394	15.077.059	6.864.483	25.631.614	-
Conditional and unconditional receivables secured by mortgages	187.640	533.907	1.145.446	2.264.201	16.577.377	-
Past due receivables	-	-	-	-	-	154.970
Receivables defined under high risk category by BRSA	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	460.834	-	-	-	8	-
Equity security investments	-	-	-	-	-	1.597.040
Other Receivables	-	-	-	-	-	3.645.626
Total	25.710.818	42.564.627	34.815.223	36.247.484	186.289.294	5.397.636

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

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. Countries' credit note is considered all risk class of receivables from central governments and Central Banks. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. As of 6 November 2012, Fitch Ratings has increased Turkey's long-term foreign currency credit note from BB+ to BBB-. After the increase, the ratings of Fitch are also used for foreign currency bonds issued by Turkish Treasury and other foreign currency risks that are related to the Turkish central management. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

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

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Risk amounts according to risk weights:

31 December 2016	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
Risk Weights												
Amount Before												
Credit Risk												
Mitigation	31.703.768	-	13.020.707	-	99.618.704	63.240.417	123.436.363	5.123	-	-	-	10.844
Amount After Credit												
Risk Mitigation	28.151.738	-	11.510.194	11.200.302	89.160.826	49.938.617	117.211.638	5.123	-	-	-	10.844

o. Miscellaneous information regarding important sectors or counterparty type:

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

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

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

Loans(*)				
31 December 2016				
Sectors/Counterparties	Impaired Receivables	Past Due Receivables	Impairment	Specific Provisions
Agricultural	11.276	3.136	74	11.276
Farming and raising livestock	9.971	1.503	33	9.971
Forestry	1.246	1.633	41	1.246
Fishing	59	-	-	59
Manufacturing	381.020	1.252.536	42.547	381.020
Mining	26.672	4.927	115	26.672
Production	346.738	162.848	5.673	346.738
Electricity, Gas, Water	7.610	1.084.761	36.759	7.610
Construction	144.750	207.805	5.507	144.750
Services	1.278.472	484.598	13.246	1.123.502
Wholesale and Retail Trade	874.098	310.816	8.755	874.098
Hotel, Food, Beverage Services	264.419	60.787	1.591	109.449
Transportation and Telecommunication	63.888	38.507	1.203	63.888
Financial Institutions	2.444	32.512	763	2.444
Real Estate and Lending Service	2.940	1.945	39	2.940
Self Employment Service	4.820	243	6	4.820
Education Service	29.379	909	23	29.379
Health and social services	36.484	38.879	866	36.484
Other	2.451.673	1.159.992	99.056	2.451.673
Total	4.267.191	3.108.067	160.430	4.112.221

(*) Breakdown of cash loans

p. Information related to impairment and loan loss provisions:

31 December 2016	Opening Balance	Provisions provided during the period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions	3.226.010	2.081.371	(725.575)	(469.585)	4.112.221
General Provisions	2.544.702	378.823	-	-	2.923.525

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

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

31 December 2016			
Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	154.930.966	3.062.246	157.993.212
Ireland	2.991.613	45.233	3.036.846
Holland	1.172.439	6.196	1.178.635
Great Britain	227.213	188.366	415.579
Russian Federation	395.098	-	395.098
Luxemburg	392.978	1.550	394.528
France	5.979	243.505	249.484
USA	8.226	163.150	171.376
Croatia	98.877	-	98.877
Egypt	76.221	-	76.221
Other	187.527	27.669	215.196

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 Board, taking into account the recommendations by the ERC, sets a limit for the size of a foreign exchange exposure, which is closely monitored by ALCO.

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

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

	USD	EURO	Yen
Balance Sheet Evaluation Rate	TL 3,5000	TL 3,6897	TL 2,9861
1.Day bid rate	TL 3,5318	TL 3,6939	TL 3,0264
2.Day bid rate	TL 3,5329	TL 3,6901	TL 2,9961
3.Day bid rate	TL 3,5135	TL 3,6711	TL 2,9883
4.Day bid rate	TL 3,5041	TL 3,6639	TL 2,9852
5.Day bid rate	TL 3,5077	TL 3,6647	TL 2,9809

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

USD : TL 3,5000
EURO : TL 3,6897
Yen : TL 2,9861

As of 31 December 2015;

	USD	EURO	Yen
Balance Sheet Evaluation Rate	TL 2,8800	TL 3,1422	TL 2,3864

Information related to Bank's Currency Risk: (Thousands of TL)

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

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Current Period – 31 December 2016	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank(**)	7.286.140	21.549.162	813.368	29.648.670
Banks	1.076.478	8.352.336	89.692	9.518.506
Financial Assets at Fair Value through Profit or Loss (Net)	1.030.724	2.291.036	88.068	3.409.828
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	1.815.830	12.048.423	513.938	14.378.191
Loans	24.818.441	33.725.790	113.113	58.657.344
Investments in Associates, Subsidiaries and Joint Ventures	1.176.382	2.243	-	1.178.625
Held-to-maturity Investments (Net)	2.879.047	9.612.221	-	12.491.268
Hedging Derivative Financial Assets	1	123.769	-	123.770
Tangible Assets (Net)	-	1.765	-	1.765
Intangible Assets (Net)	-	-	-	-
Other Assets	454.162	867.477	332	1.321.971
Total Assets	40.537.205	88.574.222	1.618.511	130.729.938
Liabilities				
Bank Deposits	1.470.481	2.818.244	567.830	4.856.555
Foreign Currency Deposits (**)	25.276.681	41.463.290	2.927.330	69.667.301
Funds from Interbank Money Market	545.990	19.383.127	-	19.929.117
Borrowings	8.898.425	20.988.054	3.233	29.889.712
Marketable Securities Issued (Net)	37.318	8.735.326	139.256	8.911.900
Miscellaneous Payables	752.695	566.861	1.719	1.321.275
Hedging Derivative Financial Liabilities	-	98.645	-	98.645
Other Liabilities	321.881	720.964	8.899	1.051.744
Total Liabilities	37.303.471	94.774.511	3.648.267	135.726.249
Net on Balance Sheet Position	3.233.734	(6.200.289)	(2.029.756)	(4.996.311)
Net off-Balance Sheet Position (*)	(2.687.918)	4.999.481	2.144.310	4.455.873
Financial Derivative Assets	21.397.571	54.203.308	3.079.893	78.680.772
Financial Derivative Liabilities	24.085.489	49.203.827	935.583	74.224.899
Non-cash Loans	9.562.256	14.782.516	291.267	24.636.039
Prior Period - 31 December 2015				
Total Assets	31.249.901	75.804.964	3.810.134	110.864.999
Total Liabilities	27.290.590	89.261.006	3.046.902	119.598.498
Net on-Balance Sheet Position	3.959.311	(13.456.042)	763.232	(8.733.499)
Net off-Balance Sheet Position (*)	(3.450.268)	12.766.362	(789.661)	8.526.433
Financial Derivative Assets	9.053.600	35.435.549	2.303.294	46.792.443
Financial Derivative Liabilities	12.503.868	22.669.187	3.092.955	38.266.010
Non-cash Loans	5.847.197	12.799.680	266.148	18.913.025

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

(**) Of the Cash Equivalents and Central Bank and Other FC, TL 739.794 (31 December 2015: TL 3.663.362) and of the foreign currency deposits, TL 1.166.647 (31 December 2015: TL 777.277) is precious metal deposit account in demand.

Currency risk sensitivity analysis:

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

Change in exchange rate	Effect on Profit/Loss(*)	
	Current period 31 December 2016	Prior period 31 December 2015
(+)10 %	(4.650)	(39.952)
(-)10 %	4.650	39.952

(*) Presents amounts before Tax.

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

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

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

Current Period – 31 December 2016	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	27.670.460	-	-	-	-	7.341.812	35.012.272
Banks	3.320.415	571.855	35.765	-	-	6.044.774	9.972.809
Financial Assets at Fair Value Through Profit or Loss (Net)	1.459.253	3.216.600	1.802.374	850.397	397.087	-	7.725.711
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-sale Financial Assets (Net)	2.592.261	3.712.896	9.651.135	10.721.232	5.566.520	279.420	32.523.464
Loans	45.494.431	21.824.471	41.674.855	43.804.453	8.874.728	154.970	161.827.908
Held-to-maturity Investments (Net)	2.280.482	576.857	1.787.966	11.961.634	1.369.743	-	17.976.682
Other Assets	662.871	968.683	290.697	127.611	59.587	3.868.175	5.977.624
Total Assets	83.480.173	30.871.362	55.242.792	67.465.327	16.267.665	17.689.151	271.016.470
Liabilities							
Bank Deposits	3.922.023	1.307.816	364.344	-	-	904.180	6.498.363
Other Deposits	91.285.140	22.071.520	10.630.662	53.806	5	28.338.696	152.379.829
Funds from Interbank Money Market	9.719.293	10.813.635	4.850.089	-	-	-	25.383.017
Miscellaneous Payables	120.167	281.232	593.932	209.928	70.024	3.901.091	5.176.374
Marketable Securities Issued (Net)	728.952	107.070	1.719.718	4.676.309	3.385.445	-	10.617.494
Borrowings	1.673.637	26.037.038	2.073.191	238.079	44.991	-	30.066.936
Other Liabilities (*)	476.698	1.066.373	2.187.460	873.466	248.271	36.042.189	40.894.457
Total Liabilities	107.925.910	61.684.684	22.419.396	6.051.588	3.748.736	69.186.156	271.016.470
Balance Sheet Long Position	-	-	32.823.396	61.413.739	12.518.929	-	106.756.064
Balance Sheet Short Position	(24.445.737)	(30.813.322)	-	-	-	(51.497.005)	(106.756.064)
Off-balance Sheet Long Position	1.269.977	2.241.279	368.851	-	28.298	-	3.908.405
Off-balance Sheet Short Position	-	-	-	(10.451)	-	-	(10.451)
Total Position	(23.175.760)	(28.572.043)	33.192.247	61.403.288	12.547.227	(51.497.005)	3.897.954

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

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Prior Period – 31 December 2015	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	19.599.410	-	-	-	-	5.874.013	25.473.423
Banks	3.698.219	191.506	-	-	-	3.968.572	7.858.297
Financial Assets at Fair Value Through Profit or Loss (Net)	179.170	1.350.303	774.675	197.008	216.798	9.958	2.727.912
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-sale Financial Assets (Net)	2.903.315	3.705.008	8.352.835	18.376.879	7.722.413	399.257	41.459.707
Loans	37.200.002	21.160.972	42.506.898	34.813.342	5.934.956	147.313	141.763.483
Held-to-maturity Investments (Net)	2.129.916	538.768	1.146.443	6.873.115	-	-	10.688.242
Other Assets	591.641	473.360	119.129	30.340	33.392	3.590.062	4.837.924
Total Assets	66.301.673	27.419.917	52.899.980	60.290.684	13.907.559	13.989.175	234.808.988
Liabilities							
Bank Deposits	7.472.066	4.583.593	267.238	-	-	236.324	12.559.221
Other Deposits	82.092.545	17.729.095	5.298.189	77.550	-	21.185.897	126.383.276
Funds from Interbank Money Market	8.866.054	1.059.181	867.723	9.827.032	2.209.118	-	22.829.108
Miscellaneous Payables	156.794	125.523	245.043	75.900	96.075	3.762.414	4.461.749
Marketable Securities Issued (Net)	254.629	1.438.940	1.216.418	5.627.328	2.728.752	-	11.266.067
Borrowings	1.893.697	17.603.514	3.583.627	437.904	194.596	-	23.713.338
Other Liabilities	373.348	363.401	639.679	287.369	198.837	31.733.595	33.596.229
Total Liabilities	101.109.133	42.903.247	12.117.917	16.333.083	5.427.378	56.918.230	234.808.988
Balance Sheet Long Position	-	-	40.782.063	43.957.601	8.480.181	-	93.219.845
Balance Sheet Short Position	(34.807.460)	(15.483.330)	-	-	-	(42.929.055)	(93.219.845)
Off-balance Sheet Long Position	74.491	5.623.748	4.436.880	-	-	-	10.135.119
Off-balance Sheet Short Position	-	-	-	(3.845.898)	(4.221.706)	-	(8.067.604)
Total Position	(34.732.969)	(9.859.582)	45.218.943	40.111.703	4.258.475	(42.929.055)	2.067.515

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

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

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Prior Period – 31 December 2015	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	0,49	-	5,81
Banks	0,10	0,40	-	10,99
Financial Assets at Fair Value Through Profit or Loss (Net)	3,26	-	-	10,38
Interbank Money Market Placements	-	-	-	-
Available-for-sale Financial Assets (Net)	2,70	3,81	-	9,94
Loans	3,76	4,59	3,36	12,91
Held-to-maturity Investments (Net)	3,69	3,83	-	10,13
Liabilities				
Bank Deposits	0,49	1,03	-	9,53
Other Deposits	1,19	1,83	0,06	9,09
Funds from Interbank Money Market	-	1,53	-	7,60
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	1,57	4,54	-	10,01
Borrowings	0,78	1,84	-	6,09

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

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

e) Information on liquidity risk mitigation techniques:

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

f) Information on the use of stress tests:

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

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

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

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Liquidity Coverage Ratio:

Current Period– 31.12.2016		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			44.376.988	27.652.200
CASH OUTFLOWS					
2	Retail and Customers Deposits	94.382.070	39.012.077	8.466.264	3.901.208
3	Stable deposits	19.438.849	-	971.942	-
4	Less stable deposits	74.943.221	39.012.077	7.494.322	3.901.208
5	Unsecured Funding other than Retail and Small Business Customers Deposits	58.699.017	32.084.318	29.673.005	16.772.542
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	56.067.477	31.603.658	28.071.179	16.295.258
8	Other Unsecured Funding	2.631.540	480.660	1.601.826	477.284
9	Secured funding	-	-	13.837	13.837
10	Other Cash Outflows	34.469.390	22.598.408	31.620.308	19.923.401
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	31.306.655	19.627.637	31.306.655	19.627.637
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	3.162.735	2.970.771	313.653	295.764
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	617.340	-	30.867	-
15	Other irrevocable or conditionally revocable commitments	52.002.144	15.882.912	2.600.108	794.146
16	TOTAL CASH OUTFLOWS			72.404.389	41.405.134
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	13.460.963	5.669.836	9.021.552	4.825.151
19	Other contractual cash inflows	29.120.268	21.982.918	29.119.145	21.982.493
20	TOTAL CASH INFLOWS	42.581.231	27.652.754	38.140.697	26.807.644
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			44.376.988	27.652.200
22	TOTAL NET CASH OUTFLOWS			34.263.692	15.049.889
23	Liquidity Coverage Ratio (%)			129,65	190,13

(*) 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– 31.12.2015		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
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			39.075.798	28.147.442
CASH OUTFLOWS					
2	Retail and Customers Deposits	84.667.785	36.160.534	7.258.157	3.290.666
3	Stable deposits	24.172.428	6.507.755	1.208.621	325.388
4	Less stable deposits	60.495.357	29.652.779	6.049.536	2.965.278
5	Unsecured Funding other than Retail and Small Business Customers Deposits	50.834.195	33.482.966	26.998.296	18.926.937
6	Operational deposits	2.923.611	1.239.002	730.903	309.750
7	Non-Operational Deposits	45.068.983	31.473.777	24.358.235	17.847.000
8	Other Unsecured Funding	2.841.601	770.187	1.909.158	770.187
9	Secured funding	-	-	59.085	59.085
10	Other Cash Outflows	22.922.795	15.100.157	20.981.325	13.336.247
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	20.767.288	13.141.003	20.767.288	13.141.003
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	2.155.507	1.959.154	214.037	195.244
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	535.432	-	26.772	-
15	Other irrevocable or conditionally revocable commitments	48.284.608	12.904.839	2.414.230	645.242
16	TOTAL CASH OUTFLOWS	-	-	57.737.865	36.258.177
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	13.580.456	6.761.056	9.400.624	5.918.534
19	Other contractual cash inflows	19.268.088	15.675.657	19.268.088	15.675.657
20	TOTAL CASH INFLOWS	32.848.544	22.436.713	28.668.712	21.594.191
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			39.075.798	28.147.442
22	TOTAL NET CASH OUTFLOWS			29.069.153	14.663.986
23	Liquidity Coverage Ratio (%)			134,79	193,91

(*) 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 124% 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 65% and securities issued by Undersecretariat of the Treasury by 32%. Funding sources are mainly distributed between individual and retail deposits by 59%, corporate deposits by 28%, borrowings from banks by 5% and collateralized borrowings such as repurchase agreements by 4%.

Cash outflow amounting to TL 2.191 million (in full TL amount) is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

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

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

	Current Period - 31.12.2016		Prior Period - 31.12.2015	
	TL+FC	FC	TL+FC	FC
Lowest	124,85	141,77	124,69	165,77
Week	09.12.2016	28.10.2016	11.12.2015	02.10.2015
Highest	134,91	232,87	146,73	225,84
Week	25.11.2016	16.12.2016	16.10.2015	16.10.2015

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period - 31 December 2016	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank	13.255.660	21.684.117	72.495	-	-	-	-	35.012.272
Banks	6.044.774	3.320.415	571.855	35.765	-	-	-	9.972.809
Financial Assets at Fair Value Through Profit or Loss (Net)	-	460.322	351.782	1.549.318	2.883.571	2.480.718	-	7.725.711
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-sale Financial Assets (Net)	279.420	2.611	170.378	1.903.119	17.649.179	12.518.757	-	32.523.464
Loans	-	22.465.761	23.621.766	35.090.090	58.967.343	21.527.978	154.970	161.827.908
Held-to-maturity Investments (Net)	-	-	-	684.598	14.763.517	2.528.567	-	17.976.682
Other Assets	242.344	631.187	69.422	232.491	1.159.205	466.794	3.176.181	5.977.624
Total Assets	19.822.198	48.564.413	24.857.698	39.495.381	95.422.815	39.522.814	3.331.151	271.016.470
Liabilities								
Bank Deposits	904.180	3.922.023	1.307.816	364.344	-	-	-	6.498.363
Other Deposits	28.338.696	91.285.140	22.071.520	10.630.662	53.806	5	-	152.379.829
Borrowings	-	351.132	5.791.825	9.221.665	9.811.943	4.890.371	-	30.066.936
Funds from Interbank Money Market	-	6.156.824	277.636	3.657.997	12.131.588	3.158.972	-	25.383.017
Marketable Securities Issued (Net)	-	690.628	107.070	1.719.718	4.714.633	3.385.445	-	10.617.494
Miscellaneous Payables	-	3.961.792	191.920	484.608	309.614	228.440	-	5.176.374
Other Liabilities (**)	-	1.557.908	871.583	2.208.698	4.709.325	892.361	30.654.582	40.894.457
Total Liabilities	29.242.876	107.925.447	30.619.370	28.287.692	31.730.909	12.555.594	30.654.582	271.016.470
Net Liquidity Excess/ (Gap)	(9.420.678)	(59.361.034)	(5.761.672)	11.207.689	63.691.906	26.967.220	(27.323.431)	-
Net Off-balance sheet Position	-	201.527	(513.645)	562.108	2.315.237	1.332.727	-	3.897.954
Financial Derivative Assets	-	18.665.124	22.403.033	44.107.596	82.832.084	35.272.581	-	203.280.418
Financial Derivative Liabilities	-	18.463.597	22.916.678	43.545.488	80.516.847	33.939.854	-	199.382.464
Non-cash Loans (***)	-	2.171.329	4.213.866	13.596.581	3.808.002	16.835.784	-	40.625.562
Prior Period - 31 December 2015								
Total Assets	10.215.142	44.649.634	20.906.097	32.755.285	82.145.430	41.183.353	2.954.047	234.808.988
Total Liabilities	21.422.221	105.025.396	30.761.179	17.958.765	24.490.971	8.461.279	26.689.177	234.808.988
Net Liquidity Gap	(11.207.079)	(60.375.762)	(9.855.082)	14.796.520	57.654.459	32.722.074	(23.735.130)	-
Net Off-balance sheet Position	-	(279.338)	(32.944)	584.854	888.143	906.800	-	2.067.515
Financial Derivative Assets	-	22.774.933	12.850.101	21.663.588	21.363.944	43.493.869	-	122.146.435
Financial Derivative Liabilities	-	23.054.271	12.883.045	21.078.734	20.475.801	42.587.069	-	120.078.920
Non-cash Loans (***)	-	2.065.353	3.044.373	7.805.574	4.395.002	15.364.926	-	32.675.228

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

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

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

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Breakdown of liabilities due to their remaining contractual maturities:

Current Period - 31 December 2016	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	124.526.470	23.535.956	11.282.175	64.180	13	159.408.794
Funds borrowed from other financial institutions	356.924	5.933.922	9.612.076	11.323.402	5.311.036	32.537.360
Funds from interbank money market	6.181.570	330.862	3.940.518	12.857.764	3.335.945	26.646.659
Marketable Securities Issued (Net)	698.747	139.411	1.995.935	5.821.295	3.844.774	12.500.162

Prior Period - 31 December 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Liabilities						
Deposits	111.556.569	22.476.917	5.691.052	92.997	-	139.817.535
Funds borrowed from other financial institutions	828.158	5.541.785	9.740.139	6.048.807	2.960.753	25.119.642
Funds from interbank money market	8.888.724	1.091.227	942.155	10.634.293	2.409.030	23.965.429
Marketable Securities Issued (Net)	291.026	1.553.261	1.573.609	6.736.033	3.123.350	13.277.279

Breakdown of derivative instruments due to their remaining contractual maturities:

Current Period - 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	23.080.242	28.044.405	40.592.269	35.933.435	7.331.679
- Outflow	(22.143.294)	(27.278.946)	(40.259.576)	(34.810.360)	(6.574.162)
Interest rate derivatives:					
- Inflow	12.516	106.766	421.875	1.801.993	968.872
- Outflow	(8.102)	(99.474)	(393.605)	(1.653.698)	(876.187)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	4.321	3.317	29.464	3.450.987	-
- Outflow	(27.886)	(53.304)	(163.148)	(3.359.903)	-
Interest rate derivatives:					
- Inflow	1.744	28.421	76.920	546.199	228.568
- Outflow	(6.420)	(49.212)	(114.891)	(534.249)	(210.855)
Total Inflow	23.098.823	28.182.909	41.120.528	41.732.614	8.529.119
Total Outflow	(22.185.702)	(27.480.936)	(40.931.220)	(40.358.210)	(7.661.204)

Prior Period - 31 December 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
Derivatives held for trading					
Foreign exchange derivatives:					
- Inflow	21.739.166	9.474.013	19.145.176	8.793.947	2.265.430
- Outflow	(20.981.686)	(8.638.373)	(17.612.868)	(9.569.301)	(3.452.684)
Interest rate derivatives:					
- Inflow	7.210	91.814	541.519	1.761.425	864.766
- Outflow	(6.736)	(110.352)	(558.351)	(1.722.752)	(804.165)
Derivatives held for hedging					
Foreign exchange derivatives:					
- Inflow	2.706	1.063	10.549	1.260.326	651.433
- Outflow	(17.936)	-	(78.691)	(1.168.094)	(422.920)
Interest rate derivatives:					
- Inflow	12.554	45.028	194.398	1.014.945	446.512
- Outflow	(17.292)	(66.692)	(250.531)	(1.126.186)	(477.654)
Total Inflow	21.761.636	9.611.918	19.891.642	12.830.643	4.228.141
Total Outflow	(21.023.650)	(8.815.417)	(18.500.441)	(13.586.333)	(5.157.423)

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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 2016, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8,21% (31 December 2015: 8,27%). This ratio is above minimum ratio which is 3%. Leverage ratio is almost on the same level in the current and prior period.

b. Disclosure of Leverage ratio template:

	Current Period 31 December 2016 (*)	Prior Period 31 December 2015(*)
Balance sheet Assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	256.291.887	230.426.568
2 [Assets deducted from Core capital]	[99.187]	[116.954]
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	256.192.700	230.309.614
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	7.076.012	2.567.124
5 Potential credit risk amount of derivative financial assets and credit derivatives	3.978.805	1.677.057
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	11.054.817	4.244.181
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity	2.715.734	2.473.969
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	2.715.734	2.473.969
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	97.124.440	83.896.331
11 [Correction amount due to multiplication with credit conversion rates]	[505.547]	[462.772]
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	96.618.893	83.433.559
Capital and total risk		
13 Core Capital	30.101.691	26.491.856
14 Total risk amount (sum of lines 3, 6, 9 and 12)	366.582.144	320.461.323
Leverage ratio		
15 Leverage ratio	8,21	8,27

(*) Three months average values

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

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

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

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

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

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

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

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	Carrying Value		Fair Value	
	Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016	Prior Period 31 December 2015
Financial Assets	222.300.863	201.769.729	223.614.369	202.485.746
Interbank Money Market Placements	-	-	-	-
Banks	9.972.809	7.858.297	9.970.442	7.858.297
Available-for-Sale Financial Assets (Net)	32.523.464	41.459.707	32.523.464	41.459.707
Held-to-Maturity Investments (Net)	17.976.682	10.688.242	17.931.986	10.840.922
Loans	161.827.908	141.763.483	163.188.477	142.326.820
Financial Liabilities	204.738.996	178.383.651	203.834.412	177.850.149
Bank Deposits	6.498.363	12.559.221	6.495.072	12.568.145
Other Deposits	152.379.829	126.383.276	152.404.481	126.245.652
Borrowings	30.066.936	23.713.338	29.123.857	23.460.916
Marketable Securities Issued (Net)	10.617.494	11.266.067	10.634.628	11.113.687
Miscellaneous Payables	5.176.374	4.461.749	5.176.374	4.461.749

b. Fair value hierarchy:

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

Aforesaid fair value hierarchy is determined as follows.

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

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

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

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Prior Period - 31 December 2015	1st Level	2nd Level	3rd Level	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	1.655	-	-	1.655
- Share Certificates	-	-	-	-
- Trading Derivative Financial Assets	-	2.716.299	-	2.716.299
- Other Marketable Securities	9.958	-	-	9.958
Available-For-Sale Financial Assets				
- Government Debt Securities	35.306.201	-	-	35.306.201
- Share Certificates	-	115.958	-	115.958
- Other Marketable Securities	5.779.354	245.523	-	6.024.877
Hedging Derivative Financial Assets	-	648.858	-	648.858
Loans	-	142.326.820	-	142.326.820
Held to Maturity Investments (Net)				
- Government Debt Securities	10.840.922	-	-	10.840.922
- Other Marketable Securities	-	-	-	-
Total Assets	51.938.090	146.053.458	-	197.991.548
Trading Derivative Financial Liabilities	-	1.446.874	-	1.446.874
Hedging Derivative Financial Liabilities	-	157.528	-	157.528
Deposits	-	138.813.797	-	138.813.797
Funds Borrowed	-	23.460.916	-	23.460.916
Funds from Interbank Money Market	-	22.776.177	-	22.776.177
Securities Issued (Net)	-	11.113.687	-	11.113.687
Total Liabilities	-	197.768.979	-	197.768.979

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

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

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

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

X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

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

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

1. The Bank's risk management approach:

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

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

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

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

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

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

2. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016
1 Credit risk (excluding counterparty credit risk) (CCR)	196.399.409	177.990.073	15.711.953
2 Standardised approach (SA)	196.399.409	177.990.073	15.711.953
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	13.006.972	4.310.626	1.040.558
5 Standardised approach for counterparty credit risk (SA-CCR)	13.006.972	4.310.626	1.040.558
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 (*)	212.244	-	16.979
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	75	171	6
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	3.621.138	1.952.322	289.691
17 Standardised approach (SA)	3.621.138	1.952.322	289.691
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	16.506.284	14.295.945	1.320.503
20 Basic Indicator Approach	16.506.284	14.295.945	1.320.503
21 Standart Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	229.746.122	198.549.137	18.379.690

(*) Amounts related to Collective Investment Companies (CIY) have been first included in the calculation in accordance with the regulation of "Measurement and Assessment Evaluation of Capital Adequacy for Banks" effectiveness date is 31 March 2016. Accordingly period amounts are not presented

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b. Linkages between financial statements and regulatory exposures:

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

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

(*) Unconsolidated financial statements of Bank are stated.

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

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

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

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

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

a) Differences between accounting and regulatory exposure amounts

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

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

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

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

c. Credit risk explanations:

1. General qualitative information about credit risk:

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

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target

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segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

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

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

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

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

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

2. Credit quality of assets:

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

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

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

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

- Definitions of overdue and provision allocated receivables are presented in Note II-o of Section Four:
- 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 2016.

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

d) Definitions of restructured receivables:

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

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

Breakdown by geographical area:

31 December 2016	
Domestic	156.356.902
European Union Countries	4.771.616
OECD Countries (*)	2.075
Off-Shore Banking Regions	2
USA, Canada	5.635
Other	536.708
Total	161.672.938

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

Breakdown by sector

31 December 2016	
Agricultural	162.329
Farming and raising livestock	84.875
Forestry	77.099
Fishing	355
Manufacturing	35.705.685
Mining	1.584.514
Production	20.820.393
Electricity, Gas, Water	13.300.778
Construction	18.947.430
Services	57.867.537
Wholesale and Retail Trade	23.070.094
Hotel, Food, Beverage Services	3.888.003
Transportation and	7.914.134
Telecommunication	
Financial Institutions	18.691.210
Real Estate and Lending Services	1.365.815
Self employment Service	564.786
Education Service	387.134
Health and social Services	1.986.361
Other	48.989.957
Total	161.672.938

Breakdown by outstanding maturity:

31 December 2016	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
Loans	22.465.761	23.621.766	35.090.090	58.967.343	21.527.978	161.672.938

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

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Breakdown by geographical area:

31 December 2016	Loans Under Follow-up	Provisions
Domestic	4.266.137	4.111.167
European Union Countries	649	649
OECD Countries (*)	-	-
Off-Shore Banking Regions	3	3
USA, Canada	81	81
Other	321	321
Total	4.267.191	4.112.221

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

Breakdown by sector:

31 December 2016	Loans Under Follow-up	Provisions
Agricultural	11.276	11.276
Farming and raising livestock	9.971	9.971
Forestry	1.246	1.246
Fishing	59	59
Manufacturing	381.020	381.020
Mining	26.672	26.672
Production	346.738	346.738
Electricity, Gas, Water	7.610	7.610
Construction	144.750	144.750
Services	1.278.472	1.123.502
Wholesale and Retail Trade	874.098	874.098
Hotel, Food, Beverage Services	264.419	109.449
Transportation and Telecommunication	63.888	63.888
Financial Institutions	2.444	2.444
Real Estate and Lending Services	2.940	2.940
Self employment Service	4.820	4.820
Education Service	29.379	29.379
Health and social Services	36.484	36.484
Other	2.451.673	2.451.673
Total	4.267.191	4.112.221

As of 31 December 2016, Non Performing Loans written-off from Asset amounting to TL 469.585.

g) Aging analysis for overdue receivables:

	Total
30-60 days overdue	2.367.824
60-90 days overdue	740.243
Total	3.108.067

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

Restructured Receivables	31 December 2016
Loans restructured from Standard Loans and Other Receivables	2.742.877
Loans restructured from Loans under Follow-up and Other Receivables	3.026.531
Loans restructured from Non-Performing Loans	177.871

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

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

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

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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:

Current Period 31.12.2016		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	139.246.769	20.082.822	17.508.016	249.186	242.042	-	-
2	Debt Securities	50.165.779	-	-	-	-	-	-
3	Total	189.412.548	20.082.822	17.508.016	249.186	242.042	-	-
4	Of which defaulted	4.465.348	-	-	-	-	-	-

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

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

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

Current Period - 31.12.2016		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	76.062.018	3.641.222	76.062.018	72.683	25.386.083	12,4%
2	Exposures to regional governments or local authorities	-	250	-	50	25	0,0%
3	Exposures to public sector entities	36.007	21.890	36.006	5.947	41.953	0,0%
4	Exposures to multilateral development banks	-	-	-	-	-	0,0%
5	Exposures to international organisations	-	-	-	-	-	0,0%
6	Exposures to institutions	17.487.358	67.534.108	17.487.358	21.930.526	16.498.554	8,0%
7	Exposures to corporates	93.797.798	42.897.460	93.745.169	21.572.155	112.207.650	54,6%
8	Retail exposures	46.326.371	32.522.909	46.142.581	3.796.036	37.453.963	18,2%
9	Exposures secured by residential property	11.138.435	172.492	11.132.846	67.456	3.920.106	1,9%
10	Exposures secured by commercial real estate	8.944.111	909.766	8.944.069	558.569	6.154.894	3,0%
11	Past-due loans	154.970	-	154.970	-	154.970	0,1%
12	Higher-risk categories by the Agency Board	-	235	-	-	-	0,0%
13	Exposures in the form of covered bonds	-	-	-	-	-	0,0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	212.244	248.632	212.244	15.089	227.332	0,1%
16	Other assets	3.645.626	-	3.645.626	-	1.833.274	0,9%
17	Investments in equities	1.597.040	-	1.597.040	-	1.597.040	0,8%
18	Total	259.401.978	147.948.964	259.159.927	48.018.511	205.475.843	100,0%

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

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

(*)Secured by real estate

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

d. Counterparty Credit Risk (CCR) Explanations:

1. Qualitative disclosure related to counterparty credit risk:

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

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

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

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

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

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

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the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

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

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

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

To avoid the general counter trend risk;

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

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

To avoid the risk of specific counter trend risk;

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

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

There are no triggering factors for the actions taken under the CCR to grant additional collateral due to the decline in the credibility of the Bank.

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
Current Period - 31.12.2016							
1	Standardised Approach (for derivatives)	8.317.863	4.160.055	-	1,4	12.477.919	7.445.180
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	3.126.379	1.419.010
5	VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	3.126.379	1.419.010
6	Total						8.864.190

(*) Effective Expected Positive Exposure

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3. Credit valuation adjustment (CVA) capital charge:

	Current Period - 31.12.2016	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	12.477.919	4.137.494
4	Total subject to the CVA capital charge	12.477.919	4.137.494

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

Current Period - 31.12.2016										Total credit exposure*
Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others		
Regulatory portfolio										
Claims from central governments and central banks	50.214	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	1.289	-	-	-	1.289
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	1.977.399	9.963.895	-	2.612	-	-	-	5.380.039
Corporates	110.355	-	9	9.953	-	3.430.748	-	-	-	3.435.726
Retail portfolios	-	-	-	-	42.742	-	-	-	-	32.057
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	15.079	-	-	-	15.079
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-	-
Total	160.569	-	1.977.408	9.973.848	42.742	3.449.728	-	-	-	8.864.190

(*)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.

6. Credit derivatives exposures:

Current Period - 31.12.2016	Protection bought	Protection sold
Nominal		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	6.635.216	4.931.513
Credit options	-	-
Other credit derivatives	-	-
Total notionals	6.635.216	4.931.513
Fair values		
Positive fair value (asset)	1.643.573	1.643.573
Negative fair value (liability)	-	-

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7. Exposures to central counterparties (CCP):

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

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

f. Explanations on market risk:

1. Qualitative disclosure requirements related to market risk:

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

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

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

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2. Standardised approach:

	RWA
Outright products	
1 Interest rate risk (general and specific)	1.954.074
2 Equity risk (general and specific)	-
3 Foreign exchange risk	1.608.601
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	58.463
7 Scenario approach	-
8 Securitisation	-
9 Total	3.621.138

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 July 1, 2012, is used in the operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2016 is calculated once a year by using the gross income of the Bank in 2013, 2014 and 2015.

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

	31.12.2013	31.12.2014	31.12.2015	Total/Positive GI year number	Ratio (%)	Total
Gross income	8.171.218	8.572.601	9.666.236	3	15	1.320.503
Amount subject to Operational Risk [Amount*12,5]						16.506.284

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)	3.458.941	10,53%
TL	500	(3.664.563)	(11,16%)
USD	(200)	(601.963)	(1,83%)
USD	200	574.913	1,75%
EURO	(200)	46.469	0,14%
EURO	200	(251.243)	(0,76%)
Total (for negative shocks)		2.903.447	8,84%
Total (for positive shocks)		(3.340.893)	(10,17%)

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XI. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

The Bank hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Hedging reserves" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

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

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

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

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

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

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

As of 31 December 2016, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet are summarized in the following table:

	Current Period 31.12.2016			Prior Period 31.12.2015		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	2.497.225	682.966	-	1.228.638	648.858	-
-FC	20.737.803	123.770	98.645	11.197.395	-	157.528
Total	23.235.028	806.736	98.645	12.426.033	648.858	157.528

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1. Explanations on Fair Value Hedge:

Current Period: 31.12.2016

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

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

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

Prion Period: 31.12.2015

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC available-for-sale financial assets	Interest rate risk	(175.849)	170.936	(4.913)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	236.846	(233.961)	2.885
Cross-currency swap	Fixed interest rate TL available-for-sale financial assets, FC borrowings	Interest rate and currency risk	312.135	(307.153)	4.982

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

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

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

As of 31 December 2016 fair value hedge transactions have been determined as effective.

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

- As of 31 December 2016, 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 12.845 [31 December 2015: TL 7.972]

2. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV	Net gain/(loss) recognized in OCI during the period	Net gain(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities		
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	94.338	-	78.608	(9.850)

As of 31 December 2016 cash flow hedge transactions have been determined as 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 with the information related discontinuous transactions are given below:

- As of 31 December 2016, 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 (43.584) (31 December 2015: TL (75.471)).

XII. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

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

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. The Treasury Unit also serves in fundamental areas such as providing long-term funding opportunities, creating funding facility at lower prices that fully reflect country risk, diversifying funding resources and creating a base of international investors for that purpose.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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

Information on business segments as of 31 December 2016 and 31 December 2015 presented in the following tables include changes mentioned in Section One, Note III. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 31 December 2016					
Operating Income	4.248.437	5.976.327	1.074.902	872.267	12.171.933
Profit from Operating Activities	1.574.410	3.843.123	850.302	(591.763)	5.676.072
Income from Subsidiaries	-	-	-	21.478	21.478
Profit before Tax	1.574.410	3.843.123	850.302	(570.285)	5.697.550
Corporate Tax	-	-	-	(1.168.838)	(1.168.838)
Minority Shares	-	-	-	-	-
Net Profit for the Period	1.574.410	3.843.123	850.302	(1.739.123)	4.528.712
Segment Assets	50.388.066	130.338.728	78.035.997	-	258.762.791
Investments in Associates	-	-	-	-	1.529.864
Undistributed Assets	-	-	-	-	10.723.815
Total Assets	-	-	-	-	271.016.470
Segment Liabilities	83.888.360	74.548.153	73.883.113	-	232.319.626
Undistributed Liabilities	-	-	-	-	8.042.262
Shareholders' Equity	-	-	-	-	30.654.582
Total Liabilities	-	-	-	-	271.016.470
Other Segment Items					
Capital Investment	-	-	-	439.784	439.784
Amortization	(28.773)	(22.036)	-	(164.116)	(214.925)
Non-cash Other Income-Expense	(543.165)	(840.898)	(109.719)	(723.476)	(2.217.258)

	Consumer Banking	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period – 31 December 2015					
Operating Income	3.613.160	4.880.440	815.122	899.043	10.207.765
Profit from Operating Activities	419.377	3.363.195	741.997	(710.235)	3.814.334
Income from Subsidiaries	-	-	-	13.337	13.337
Profit before Tax	419.377	3.363.195	741.997	(696.898)	3.827.671
Corporate Tax	-	-	-	(832.823)	(832.823)
Minority Shares	-	-	-	-	-
Net Profit for the Period	419.377	3.363.195	741.997	(1.529.721)	2.994.848
Segment Assets	47.424.063	108.311.938	72.433.551	-	228.169.552
Investments in Associates	-	-	-	-	1.354.664
Undistributed Assets	-	-	-	-	5.284.772
Total Assets	-	-	-	-	234.808.988
Segment Liabilities	71.703.121	67.518.120	61.671.659	-	200.892.900
Undistributed Liabilities	-	-	-	-	7.226.911
Shareholders' Equity	-	-	-	-	26.689.177
Total Liabilities	-	-	-	-	234.808.988
Other Segment Items					
Capital Investment	-	-	-	152.983	152.983
Amortization	(39.983)	(24.404)	(389)	(158.563)	(223.339)
Non-cash Other Income-Expense	(957.911)	(494.606)	(40.977)	(686.121)	(2.179.615)

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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:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Cash/Foreign Currency	1.135.289	559.565	935.450	448.444
The CBRT	4.228.312	28.943.471	1.230.328	22.776.999
Other(*)	1	145.634	2	82.200
Total	5.363.602	29.648.670	2.165.780	23.307.643

(*) As of 31 December 2016, precious metal account amounts to TL 4.947 (31 December 2015: TL 56.414).

2. Information related to the account of the CBRT:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Account	1.530	-	1.830	-
Time Unrestricted Account	-	5.173.596	-	853.816
Time Restricted Account	-	-	-	-
Reserve Requirement	4.226.782	23.769.875	1.228.498	21.923.183
Total	4.228.312	28.943.471	1.230.328	22.776.999

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. CBRT started paying interest on reserve balances held in USD starting from May 2015 and held in TL starting from November 2014.

The reserve rates for TL liabilities vary between 4% and 10,5% for TL deposits and other liabilities according to their maturities as of 31 December 2016 (31 December 2015: 5% and 11,5% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 4,5% and 24,5% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2016 (31 December 2015: 5% and 25% for all foreign currency liabilities).

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

1. As of 31 December 2016, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2015: TL (-)) or given as collateral/blocked (31 December 2015 TL (-)).

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Forward Transactions	471.979	-	198.176	-
Swap Transactions	3.816.920	3.174.223	607.710	1.688.199
Futures Transactions	-	-	-	-
Options	26.984	235.605	896	221.318
Other	-	-	-	-
Total	4.315.883	3.409.828	806.782	1.909.517

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c. Information on banks account:

1. Information on banks account:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Banks	454.303	9.518.506	1.556.559	6.301.738
Domestic	147.485	2.502.619	1.556.559	1.830.694
Foreign	306.818	7.015.887	-	4.471.044
Head Quarters and Branches Abroad	-	-	-	-
Total	454.303	9.518.506	1.556.559	6.301.738

2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount (**)	
	Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016	Prior Period 31 December 2015
European Union Countries	1.604.802	534.582	5.136.317	3.144.498
USA, Canada	566.740	778.086	-	-
OECD Countries (*)	9.974	9.996	-	-
Off-Shore Banking Regions	17	-	15	-
Other	4.738	3.882	102	-
Total	2.186.271	1.326.546	5.136.434	3.144.498

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

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

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

1. As of 31 December 2016, available-for-sale financial assets subject to repurchase agreements amount to TL 15.149.322 (31 December 2015: TL 19.184.557); and those given as collateral/blocked amounting to TL 1.234.185 (31 December 2015: TL 1.103.520).

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Debt Securities	33.347.272	42.098.674
Quoted to Stock Exchange	33.179.565	41.853.151
Not Quoted to Stock Exchange	167.707	245.523
Share Certificates	67.176	128.629
Quoted to Stock Exchange	-	-
Not Quoted to Stock Exchange	67.176	128.629
Impairment Provision [-]	890.984	767.596
Total	32.523.464	41.459.707

e. Information related to loans:

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	245	-	82
Corporate Shareholders	-	245	-	82
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	4.529.001	900.355	3.367.840	1.447.220
Loans Granted to Employees	105.759	-	99.195	-
Total	4.634.760	900.600	3.467.035	1.447.302

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

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Other Changes	Loans and Other Receivables (Total)	Loans and Receivables with Revised Contract Terms	Other Changes
		Extension of Repayment Plan	Other Changes		Extension of Repayment Plan	Other Changes
Non-specialized Loans	155.654.955	2.742.877	-	6.017.983	3.026.531	-
Business Loans	17.631.781	362.411	-	2.015.195	1.089.972	-
Export Loans	5.195.388	70.000	-	11.111	8.110	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	5.057.676	6.451	-	973	-	-
Consumer Loans	27.894.782	528.858	-	1.536.885	902.019	-
Credit Cards	12.128.729	411.000	-	690.487	514.387	-
Other	87.746.599	1.364.157	-	1.763.332	512.043	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	155.654.955	2.742.877	-	6.017.983	3.026.531	-

The Bank has a cash loan exposure of USD 1.5 billion related with the acquisition finance of a telecommunication company within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. Negotiations on restructuring of the loan have started among the telecommunication company's shareholders, creditor banks and related public authorities, which may also include a change in the shareholder structure of the Company and it is expected that negotiations will produce a positive outcome. Respective loan is classified under "Standard loans and other receivables" as of 31 December 2016.

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of Extension		
Extended by 1 or 2 times	2.631.740	2.526.412
Extended by 3,4 or 5 times	110.731	476.406
Extended by more than 5 times	406	23.713
Total	2.742.877	3.026.531

	Standard loans and other receivables	Loans and other receivables under close monitoring
Extension periods		
0 - 6 Months	258.704	955.035
6 - 12 Months	162.063	209.102
1 - 2 Years	634.135	551.321
2 - 5 Years	1.046.975	954.342
5 Years and over	641.000	356.731
Total	2.742.877	3.026.531

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3. Breakdown of loans according to their maturities:

	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	42.789.170	727.923	1.427.952	838.858
Non-Specialized Loans	42.789.170	727.923	1.427.952	838.858
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	112.865.785	2.014.954	4.590.031	2.187.673
Non-Specialized Loans	112.865.785	2.014.954	4.590.031	2.187.673
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	155.654.955	2.742.877	6.017.983	3.026.531

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

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

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Prior Period – 31.12.2015	Short-term	Medium and Long-term	Total
Consumer Loans-TL	116.139	27.719.566	27.835.705
Mortgage Loans	1.485	13.428.250	13.429.735
Automotive Loans	725	538.497	539.222
Consumer Loans	113.929	13.752.819	13.866.748
Other	-	-	-
Consumer Loans- Indexed to FC	-	16.613	16.613
Mortgage Loans	-	15.454	15.454
Automotive Loans	-	-	-
Consumer Loans	-	1.159	1.159
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	10.011.944	831.329	10.843.273
With Installment	4.269.698	831.329	5.101.027
Without Installment	5.742.246	-	5.742.246
Consumer Credit Cards-FC	15.969	-	15.969
With Installment	5.457	-	5.457
Without Installment	10.512	-	10.512
Personnel Loans-TL	1.225	58.407	59.632
Mortgage Loans	-	1.730	1.730
Automotive Loans	-	167	167
Consumer Loans	1.225	56.510	57.735
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	39.312	69	39.381
With Installment	15.348	69	15.417
Without Installment	23.964	-	23.964
Personnel Credit Cards-FC	182	-	182
With Installment	79	-	79
Without Installment	103	-	103
Credit Deposit Account-TL (Real Person)	762.321	-	762.321
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	10.947.092	28.625.984	39.573.076

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

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

Prior Period – 31.12.2015	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	167.589	6.257.337	6.424.926
Mortgage Loans	2.477	25.413	27.890
Automotive Loans	5.309	12.919	18.228
Consumer Loans	159.803	6.219.005	6.378.808
Other	-	-	-
FC Indexed Commercial Installment Loans	4.138	127.182	131.320
Mortgage Loans	-	3.954	3.954
Automotive Loans	330	4.479	4.809
Consumer Loans	3.808	118.749	122.557
Other	-	-	-
Commercial Installment Loans-FC	1.431	133.731	135.162
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.431	133.731	135.162
Other	-	-	-
Corporate Credit Cards-TL	1.629.075	899	1.629.974
With Installment	698.710	899	699.609
Without Installment	930.365	-	930.365
Corporate Credit Cards-FC	1.537	-	1.537
With Installment	17	-	17
Without Installment	1.520	-	1.520
Credit Deposit Account-TL (Legal Person)	733.897	-	733.897
Credit Deposit Account-FC (Legal person)	-	-	-
Total	2.537.667	6.519.149	9.056.816

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6. Loans according to types of borrowers:

	Current Period 31 December 2016	Prior Period 31 December 2015
Public	1.100.572	1.199.186
Private	160.572.366	140.416.984
Total	161.672.938	141.616.170

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Domestic Loans	156.357.208	138.207.438
Foreign Loans	5.315.730	3.408.732
Total	161.672.938	141.616.170

8. Loans granted to investments in associates and subsidiaries:

	Current Period 31 December 2016	Prior Period 31 December 2015
Direct Loans Granted to Investments in Associates and Subsidiaries	414.469	619.370
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
Total	414.469	619.370

9. Specific provisions accounted for loans:

	Current Period 31 December 2016	Prior Period 31 December 2015
Loans and Other Receivables with Limited Collectibility	587.401	448.339
Loans and Other Receivables with Doubtful Collectibility	815.140	869.262
Uncollectible Loans and Receivables	2.709.680	1.908.409
Total	4.112.221	3.226.010

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

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period: 31 December 2016			
(Gross Amounts Before Specific Provisions)	38.292	63.415	76.164
Restructured Loans and Other Receivables	36.475	62.859	74.909
Rescheduled Loans and Other Receivables	1.817	556	1.255
Prior Period: 31 December 2015			
(Gross Amounts Before Specific Provisions)	35.103	55.654	56.366
Restructured Loans and Other Receivables	34.624	55.457	52.131
Rescheduled Loans and Other Receivables	479	197	4.235

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance: 31 December 2015	448.339	869.262	2.055.722
Additions (+)	2.040.955	11.313	29.103
Transfers from Other Categories of Non-Performing Loans (+)	-	1.703.484	1.535.442
Transfers to Other Categories of Non-Performing Loans (-)	1.703.484	1.535.442	-
Collections (-)	196.557	228.801	292.560
Write-offs (-) (*)	1.852	4.676	463.057
Corporate and Commercial Loans	358	2.484	104.251
Consumer Loans	1.213	1.404	115.422
Credit Cards	281	788	243.384
Other	-	-	-
Balance at the End of the Period	587.401	815.140	2.864.650
Specific Provisions (-)	587.401	815.140	2.709.680
Net Balance at Balance Sheet (**)	-	-	154.970

(*) The Bank has sold non-performing loan portfolio, for which 100% provision was provided and which is worth TL 450,1 million (in full TL amount), for an amount of TL 49,1 million (in full TL amount) to Güven Varlık Yönetimi A.Ş.

(**) The bank has allocated 100% specific provision amounting to TL 51 million (in full TL amount) after taking the collaterals into consideration for one of its commercial loans amounting to TL 206 million (in full TL amount).

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period: 31 December 2016			
Balance at the End of the Period	54.196	56.434	245.869
Specific Provision (-)	54.196	56.434	114.793
Net Balance on Balance Sheet	-	-	131.076
Prior Period: 31 December 2015			
Balance at the End of the Period	14.731	10.469	224.180
Specific Provision (-)	14.731	10.469	93.568
Net Balance at Balance Sheet	-	-	130.612

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

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

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
Current Period (Net): 31 December 2016			
Loans granted to corporate entities and real persons (Gross)	587.401	815.140	2.864.650
Specific Provision Amount (-)	587.401	815.140	2.709.680
Loans granted to corporate entities and real persons (Net)	-	-	154.970
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
Prior Period (Net): 31 December 2015			
Loans granted to corporate entities and real persons (Gross)	448.339	869.262	2.055.722
Specific Provision Amount (-)	448.339	869.262	1.908.409
Loans granted to corporate entities and real persons (Net)	-	-	147.313
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

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

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

12. Information on the write-off policy:

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

f. Held-to-maturity investments:

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Given as collateral/blocked	113.540	2.122.032	133.439	1.903.784
Subject to repurchase agreements	3.625.467	7.110.699	2.918.515	3.011.127
Total	3.739.007	9.232.731	3.051.954	4.914.911

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Government Bonds	13.091.052	9.654.515
Treasury Bills	-	-
Other Government Debt Securities	2.370.665	1.033.727
Total	15.461.717	10.688.242

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3. Information on held-to-maturity investments:

	Current Period 31 December 2016	Prior Period 31 December 2015
Debt Securities	18.150.475	10.761.282
Quoted to Stock Exchange	18.150.475	10.761.282
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	173.793	73.040
Total	17.976.682	10.688.242

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Balance at the Beginning of the Period	10.688.242	10.799.905
Foreign Currency Differences on Monetary Assets	1.269.337	864.389
Purchases During Year (*)	5.882.032	-
Disposals Through Sales and Redemptions	130.051	1.112.446
Impairment Provision (-)	100.753	63.740
Change in Amortized Cost	367.875	200.134
Balance at the End of the Period	17.976.682	10.688.242

(*) Due to the change of intention, The Bank has classified its Government Debt Securities with the notional amount EUR 96.359 thousand and USD 1.591.672 thousand from Available For Sale Financial Assets portfolio to Held to Maturity Securities portfolio in the current year. As of classification date, the book value which reflects the fair value of the related securities are EUR 98.531 thousand and USD1.650.112 thousand respectively and these amounts are accepted as the new costs of related securities. The Marketable Securities Valuation Differences of classified securities are amortized throughout the remaining term of held to maturity investments by using effective interest rate method.

g. Information on investments in associates (Net):

1. Information about investments in associates:

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

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

The financial figures of Bankalararası Kart Merkezi A.Ş stated below have been obtained from the financial statements dated 31 December 2016 and Kredi Kayıt Bürosu A.Ş.obtained from 30 September 2016.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	80.262	39.897	50.024	1.068	-	10.403	3.869	-
2	185.448	129.647	135.578	2.817	90	16.458	26.782	-

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3. Movement schedule of investments in associates:

	Current Period 31 December 2016	Prior Period 31 December 2015
Balance at the Beginning of the Period	3.923	3.923
Movements During the Period		
Additions	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
(Impairment)	-	-
Balance at the End of the Period	3.923	3.923
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

h. Information related to subsidiaries (Net):

1. Information on shareholders' equity of subsidiaries:

The amounts below are obtained from the 31 December 2016 financial data which were subject to the regulations of the related companies.

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	Akbank (Dubai) Limited
Paid in Capital	235.007	46.802	4.079	740.648	2.243
Share Premium	-	-	-	-	-
Reserves	453.950	59.231	11.366	1.236.746	13.717
Gains recognized in equity as per TAS	-	(1.603)	3	-	-
Profit/Loss	113.988	92.559	27.729	161.093	13.619
- Net Current Period Profit	113.988	31.633	27.358	161.093	(3.010)
- Prior Year Profit/Loss	-	60.926	371	-	16.629
Development Cost of Operating Lease (-)	48	1.355	-	199	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	983	1.059	122	516	-
Total Common Equity	801.914	194.575	43.055	2.137.772	29.579
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	655	706	81	344	-
Total Tier I Capital	801.259	193.869	42.974	2.137.428	29.579
Tier II Capital	25.361	-	-	-	-
CAPITAL	826.620	193.869	42.974	2.137.428	29.579
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	826.620	193.869	42.974	2.137.428	29.579

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

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

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

(*) As of 27 December 2016 The Board of Directors of the Bank decided to wind up Akbank (Dubai) Limited and open a representative office in same location. Operations related to processes started to be carried out by the competent authorities.

4. The financial figures have been obtained from the financial statements as at 31 December 2016 prepared in accordance with local regulations.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	5.445.932	802.940	34.035	350.622	292	113.988	89.530	-
2	870.208	196.989	6.165	95.851	30.405	31.633	26.942	-
3	53.006	43.177	1.039	3.705	-	27.358	22.909	-
4	20.448.007	2.138.487	1.612	572.358	65.542	161.093	148.039	-
5	32.168	29.579	7	-	-	[3.010]	3.697	-

5. Movement schedule of subsidiaries:

	Current Period 31 December 2016	Prior Period 31 December 2015
Balance at the Beginning of the Period	1.350.741	907.230
Movements During the Period		
Additions (*)	-	358.121
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries (**)	175.200	85.390
Balance at the End of the Period	1.525.941	1.350.741
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) Additions in the prior period include share capital increases of Ak Finansal Kiralama A.Ş. and Akbank AG amounting to TL 60.000 and EUR 100 Million.

(**) The amount represents the value changes within the scope of fair value hedge as described in Section Four, Note VIII.

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

Subsidiaries	Current Period 31 December 2016	Prior Period 31 December 2015
Banks	1.176.382	1.001.182
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	281.065	281.065
Finance Companies	-	-
Other Financial Subsidiaries	68.494	68.494

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7. Subsidiaries quoted on a stock exchange: None.

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

j. Information on the Hedging Derivative Financial Assets:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	682.966	29.432	648.858	-
Cash Flow Hedge	-	94.338	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	682.966	123.770	648.858	-

k. Information on property and equipment:

	Immovables	Other Tangible Fixed Assets	Construction in Progress	Total
Prior Period End: 31 December 2015				
Cost	843.356	976.094	1.656	1.821.106
Accumulated Depreciation(-)	324.221	706.484	-	1.030.705
Net Book Value	519.135	269.610	1.656	790.401
Current Period End: 31 December 2016				
Net Book Value at the Beginning of the Period	519.135	269.610	1.656	790.401
Additions	10.751	202.332	5.663	218.746
Transferred	4.936	-	(4.936)	-
Disposals (-), net	4.922	791	-	5.713
Depreciation (-)	20.876	107.356	-	128.232
Impairment	-	-	-	-
Cost at Period End	845.082	1.138.811	2.383	1.986.276
Accumulated Depreciation at Period End (-)	336.058	775.016	-	1.111.074
Closing Net Book Value	509.024	363.795	2.383	875.202
Prior Period End: 31 December 2014				
Cost	852.681	976.853	2.495	1.832.029
Accumulated Depreciation(-)	308.482	663.359	-	971.841
Net Book Value	544.199	313.494	2.495	860.188
Current Period End: 31 December 2015				
Net Book Value at the Beginning of the Period	544.199	313.494	2.495	860.188
Additions	6.084	69.135	5.467	80.686
Transferred	6.306	-	(6.306)	-
Disposals (-), net	7.165	1.363	-	8.528
Depreciation (-)	30.289	111.656	-	141.945
Impairment	-	-	-	-
Cost at Period End	843.356	976.094	1.656	1.821.106
Accumulated Depreciation at Period End (-)	324.221	706.484	-	1.030.705
Closing Net Book Value	519.135	269.610	1.656	790.401

As of 31 December 2016, net book value of the tangible fixed assets obtained by financial leasing is TL 129.597 (31 December 2015: TL 176.489).

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l. Information on intangible assets:

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Cost	787.840	566.839
Accumulated Amortization (-)	431.168	346.175
Net Book Value	356.672	220.664

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Opening Balance Net Book Value	220.664	226.864
Additions	221.038	71.894
Disposals (-), net	-	-
Depreciation (-)	85.030	78.094
Closing Net Book Value	356.672	220.664

m. Information on the investment properties: None.

n. Information on deferred tax asset:

As of 31 December 2016, foreign currency deferred tax asset of the Bank is TL 14.295 (31 December 2015: TL 146.184). 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 2016	31 December 2015	31 December 2016	31 December 2015
Employee benefits	219.388	187.178	43.878	37.436
Differences between fair value and book value of financial assets	1.712.167	1.213.128	343.033	242.626
Other	277.630	310.470	55.525	62.093
Deferred tax asset			442.436	342.155
Differences between book value and tax base of property, plant and equipment	246.191	123.540	49.238	(24.708)
Differences between book value and tax base of financial assets	2.519.043	943.163	503.746	(171.263)
Deferred tax liability			552.984	(195.971)
Deferred tax asset/(liability), net			(110.548)	146.184

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Cost	43.135	182.908
Accumulated Depreciation (-)	792	3.371
Net Book Value	42.343	179.537

	Current Period 31 December 2016	Prior Period 31 December 2015
Opening Balance Net Book Value	179.537	158.294
Additions	38.167	35.975
Disposals (-), net	173.698	11.432
Depreciation (-)	1.663	3.300
Closing Net Book Value	42.343	179.537

p. Information on other assets:

Other assets amount to TL 2.352.512 (31 December 2015: TL 1.497.616) 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 2016:

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

1 (ii). Prior period - 31 December 2015:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	5.854.541	11.048.811	25.059.860	533.204	423.784	607.126	88.074	43.615.400
Foreign Currency Deposits	8.452.937	16.571.058	25.993.027	1.323.926	3.465.462	2.412.005	4.156	58.222.571
Residents in Turkey	8.069.255	16.050.961	24.533.777	1.076.617	798.916	1.217.504	4.064	51.751.094
Residents Abroad	383.682	520.097	1.459.250	247.309	2.666.546	1.194.501	92	6.471.477
Public Sector Deposits	827.355	9.616	38.014	10.414	1.593	2.313	-	889.305
Commercial Deposits	5.129.170	6.232.593	7.131.302	251.371	396.604	251.309	-	19.392.349
Other Institutions Deposits	200.889	480.886	2.227.357	192.340	171.088	213.814	-	3.486.374
Gold Vault	721.005	4.502	22.633	23.092	6.045	-	-	777.277
Interbank Deposits	236.324	1.503.563	3.823.180	6.710.203	217.182	68.769	-	12.559.221
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	8.620	162.141	9.014	-	-	-	-	179.775
Foreign Banks	187.454	1.341.422	3.814.166	6.710.203	217.182	68.769	-	12.339.196
Participation Banks	40.250	-	-	-	-	-	-	40.250
Other	-	-	-	-	-	-	-	-
Total	21.422.221	35.851.029	64.295.373	9.044.550	4.681.758	3.555.336	92.230	138.942.497

2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 31 December 2016	Prior Period 31 December 2015	Current Period 31 December 2016	Prior Period 31 December 2015
Saving Deposits	22.883.007	21.092.387	27.066.065	22.523.013
Foreign Currency Saving Deposits	7.498.797	7.409.503	32.274.350	26.265.420
Other Deposits in the Form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Foreign Branches' Deposits and other accounts	-	-
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	1.249.200	926.599
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Forward Transactions	409.197	-	249.438	-
Swap Transactions	3.220.123	594.716	229.908	709.626
Futures Transactions	-	-	-	-
Options	12.254	277.518	3	257.899
Other	-	-	-	-
Total	3.641.574	872.234	479.349	967.525

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	177.224	285.261	176.604	106.101
From Foreign Banks, Institutions and Funds	-	29.604.451	16.526	23.414.107
Total	177.224	29.889.712	193.130	23.520.208

2. Information on maturity structure of borrowings:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Short-term	175.931	1.800.256	176.604	2.697.280
Medium and Long-term	1.293	28.089.456	16.526	20.822.928
Total	177.224	29.889.712	193.130	23.520.208

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

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d. Information on securities issued (Net):

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Bank bills	484.661	-	1.545.846	892.932
Bonds	1.220.933	8.911.900	1.636.192	7.191.097
Total	1.705.594	8.911.900	3.182.038	8.084.029

e. Information on other foreign liabilities:

Other foreign liabilities amount to TL 1.399.996 (31 December 2015: TL 1.468.876) and do not exceed 10% of the total balance sheet.

f. Information on financial leasing agreements:

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

Liabilities incurred due to financial leasing agreements:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	Gross	Net	Gross	Net
Less Than 1 Year	30.351	22.547	67.104	51.860
Between 1-4 Years	7.363	5.774	15.020	12.110
More Than 4 Years	-	-	-	-
Total	37.714	28.321	82.124	63.970

g. Information on the hedging derivative financial liabilities:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Fair Value Hedge	-	98.645	-	157.528
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	-	98.645	-	157.528

h. Information on provisions:

1. Information on general provisions:

	Current Period 31 December 2016	Prior Period 31 December 2015
General Provisions	2.923.525	2.544.702
Provisions for Group I. Loans and Receivables	2.334.545	2.065.397
- Additional Provision for loans with extended payment period	111.423	70.085
Provisions for Group II. Loans and Receivables	317.165	305.259
- Additional Provision for loans with extended payment period	77.996	62.876
Provisions for Non-cash Loans	132.523	108.853
Other	139.292	65.193

As of 31 December 2016 the Bank has booked general provision by considering minimum provision rates in accordance with "Amendment of Regulation on Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" published in the Official Gazette dated 14 December 2016, no.29918. The Bank's provision ratios are over these minimum ratios. If the minimum provision ratios stated in the Regulation had been applied, the general provision amount in the financial statements would be lower by TL 1,8 billion (full TL amount).

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2. Information on reserves for employee rights:

	Current Period	Prior Period
Balance Sheet Obligations for:	31 December 2016	31 December 2015
- Post-employment benefits (pension and medical)	-	-
- Reserve for employment termination benefits	141.764	122.202
- Reserve for unused vacation	77.624	64.976
Total	219.388	187.178

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

	Current Period	Prior Period
Income Statement Charge for:	31 December 2016	31 December 2015
- Post-employment benefits (pension and medical)	(175.248)	(154.457)
- Reserve for employment termination benefits	(48.737)	(60.909)
- Reserve for unused vacation	(12.648)	(6.549)
Total	(236.633)	(221.915)

The charge for the post-employment benefits represents the cash payments, which represent the employer's contribution determined by the Social Security Law no: 506 and additional 2% contribution of the employer. The employer's contribution amounting to TL 175.248 (31 December 2015: TL 154.457) during the year has been included in employee costs under operating expenses.

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

Under the 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 amount payable consists of one month's salary limited to a maximum of TL 4.297,21 (in full TL amount) (31 December 2015: TL 3.828.37 (in full TL amount)) for each year of service. This liability is legally not funded and there is no funding requirement.

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Discount Rate (%)	3,64	4,17
Rate for the Probability of Retirement (%)	94,07	93,88

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 4.426,16 (1 January 2016: TL 4.092.53) effective from 1 July 2016 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:

	Current Period	Prior Period
	31 December 2016	31 December 2015
Prior Period Closing Balance	122.202	66.018
Recognized as an Expense During the Period	48.737	60.909
Actuarial Loss / (Gain)	18.224	63.783
Paid During the Period	(47.399)	(68.508)
Balance at the End of the Period	141.764	122.202

As of 31 December 2016, the Bank has allocated vacation liability amounting to TL 77.624 (31 December 2015: TL 64.976).

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2 (ii). Post-employment benefits:

The Bank's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Accordingly, as of 31 December 2016, the surplus of the Fund, including the obligation for other non-transferable benefits of TL 317.383 (31 December 2015: TL 275.785) amounts to TL 209.173 (31 December 2015: TL 302.564).

	Current Period 31 December 2016	Prior Period 31 December 2015
Present value of funded obligations	(1.184.939)	(986.395)
- Pension benefits transferrable to SSI	(1.635.774)	(1.377.543)
- Post-employment medical benefits transferrable to SSI	768.218	666.933
- Other non-transferable benefits	(317.383)	(275.785)
Fair value of plan assets	1.394.112	1.288.959
Surplus	209.173	302.564

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

The principal actuarial assumptions used were as follows:

Discount rate	Current Period 31 December 2016	Prior Period 31 December 2015
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferable benefits	4,49%	4,27%

Mortality rate

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

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Prior period end	1.288.959	1.205.692
Actual return on plan assets	198.804	166.008
Employer contributions	175.248	154.457
Employee contributions	149.708	132.086
Benefits paid	(418.607)	(369.284)
Period end	1.394.112	1.288.959

Plan assets are comprised as follows:

	Current Period 31 December 2016		Prior Period 31 December 2015	
Bank placements	999.280	72%	938.789	73%
Property and equipment	19.135	1%	18.739	1%
Marketable securities and share certificates	279.076	20%	240.010	19%
Other	96.621	7%	91.421	7%
Period end	1.394.112	100%	1.288.959	100%

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

As of 31 December 2016, the provision related to foreign currency differences of foreign indexed loans amounts to TL 1.741 [31 December 2015: TL 23.811], which is offset with the balance of foreign currency indexed loans in these financial statements.

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 December 2016 is amounting to TL 73.086 [31 December 2015: TL 83.868].

5. Information on other provisions:

5 (i). Information on general reserves for possible risks: TL 200.000 [31 December 2015: TL 200.000].

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

The Bank has provisions for credit cards and banking services promotion activities amounting to TL 89.968 [31 December 2015: TL 139.240].

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 2016, the corporate tax liability after the deduction of temporary taxes paid is TL 272.795 [31 December 2015: TL 361.173].

1 (i). Information on taxes payable:

	Current Period 31 December 2016	Prior Period 31 December 2015
Corporate Taxes Payable	272.795	361.173
Taxation on Marketable Securities	112.225	96.179
Property Tax	1.798	1.706
Banking Insurance Transaction Tax (BITT)	103.922	89.428
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.664	4.201
Other	55.055	48.543
Total	552.459	601.230

1 (ii). Information on premium payables:

	Current Period 31 December 2016	Prior Period 31 December 2015
Social Security Premiums – Employee	4	6
Social Security Premiums – Employer	13	19
Bank Social Aid Pension Fund Premium- Employee	97	9
Bank Social Aid Pension Fund Premium – Employer	134	11
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	1.808	923
Unemployment Insurance – Employer	3.617	1.845
Other	5	35
Total	5.678	2.848

2. Information on deferred tax liability:

As of 31 December 2016, Turkish Lira deferred tax liability of the Bank is TL 124.843 [31 December 2015: (-) TL]. An explanation about the net deferred tax asset is given in Note I-l of Section Five.

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j. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period 31 December 2016	Prior Period 31 December 2015
Common Stock	4.000.000	4.000.000
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Share Capital	4.000.000	8.000.000

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(587.935)	(569.830)	(627.540)	(485.221)
Foreign Currency Differences	-	-	-	-
Total	(587.935)	(569.830)	(627.540)	(485.221)

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III. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Short-term Loans	4.726.973	73.922	4.001.298	96.745
Medium and Long-term Loans	7.446.316	2.265.127	5.942.085	1.923.987
Interest on Loans Under Follow-Up	25.548	-	27.565	1
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	12.198.837	2.339.049	9.970.948	2.020.733

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

2. Information on interest income on banks:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
From the CBRT	-	7.051	396	310
From Domestic Banks	37.086	9.415	34.522	3.177
From Foreign Banks	2.172	25.853	79	11.670
From Headquarters and Branches Abroad	-	-	-	-
Total	39.258	42.319	34.997	15.157

3. Information on interest income on marketable securities:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
From Trading Financial Assets	24	1	206	69
From Financial Assets at Fair Value through Profit or Loss	-	-	-	-
From Available-for-sale Financial Assets	1.772.078	712.496	1.561.618	729.388
From Held-to-Maturity Investments	424.649	213.315	418.215	169.823
Total	2.196.751	925.812	1.980.039	899.280

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its available-for sale and held-to-maturity portfolios with semi-annual fixed real coupon rates with a maturity of 5 to 10 years. For the valuation of related securities Bank uses an index, which is calculated by considering estimated inflation rate on balance sheet date. Related inflation rate is updated during the year when necessary. As of 31 December 2016 the valuation index of related securities based on actual coupon rates and the change between reference inflation rate at the issue date and inflation index at the reporting date

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Interests Received From Investments in Associates and Subsidiaries	40.492	47.281

b. Information on interest expense:

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

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Banks	11.466	477.226	15.744	375.093
The CBRT	-	-	-	-
Domestic Banks	11.441	2.235	11.682	1.551
Foreign Banks	25	474.991	4.062	373.542
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	29.399	-	10.680
Total	11.466	506.625	15.744	385.773

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

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

	Current Period 31 December 2016	Prior Period 31 December 2015
To Associates and Subsidiaries	65.840	17.322

3. Information on interest expense given to securities issued:

	Current Period 31 December 2016		Prior Period 31 December 2015	
	TL	FC	TL	FC
Interest expense on securities issued	277.117	383.317	282.964	398.394

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

Current Period 31.12.2016	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	281	64.755	102.791	3.166	2.633	288	173.914
Saving Deposits	-	1.230.503	2.640.043	54.950	55.059	63.006	4.043.561
Public Sector Deposits	-	6.309	4.027	1.446	161	42	11.985
Commercial Deposits	-	722.544	852.084	254.009	197.865	37.721	2.064.223
Other Deposits	4	64.207	242.383	63.284	73.440	20.278	463.596
Total	285	2.088.318	3.841.328	376.855	329.158	121.335	6.757.279
FC							
Foreign Currency Deposits	-	312.616	544.458	86.705	42.486	28.174	1.014.439
Bank Deposits	-	8.167	40.511	43.213	12.771	804	105.466
Precious Metals Deposits	-	-	1	-	500	218	719
Total	-	320.783	584.970	129.918	55.757	29.196	1.120.624
Grand Total	285	2.409.101	4.426.298	506.773	384.915	150.531	7.877.903

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Prior Period 31.12.2015	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	34	22.137	83.777	5.310	2.756	431	114.445
Saving Deposits	-	1.139.410	2.172.407	55.074	42.284	55.563	3.464.738
Public Sector Deposits	-	1.428	4.352	4.251	168	212	10.411
Commercial Deposits	-	631.657	487.840	53.265	44.912	14.536	1.232.210
Other Deposits	3	42.410	144.657	10.436	54.773	20.538	272.817
Total	37	1.837.042	2.893.033	128.336	144.893	91.280	5.094.621
FC							
Foreign Currency Deposits	-	248.267	332.860	39.297	84.058	42.539	747.021
Bank Deposits	-	20.430	48.592	62.958	4.684	500	137.164
Precious Metals Deposits	-	-	13	-	465	113	591
Total	-	268.697	381.465	102.255	89.207	43.152	884.776
Grand Total	37	2.105.739	3.274.498	230.591	234.100	134.432	5.979.397

c. Information on dividend income:

	Current Period 31 December 2016	Prior Period 31 December 2015
From Trading Financial Assets	-	-
From Financial Assets at Fair Value Through Profit or Loss	-	-
From Available-for-Sale Financial Assets	59	509
Other (*)	21.419	12.828
Total	21.478	13.337

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Profit	3.181.808.738	6.878.028.672
Income From Capital Market Transactions	785.522	853.407
Income From Derivative Financial Transactions (*)	10.267.443	5.704.324
Foreign Exchange Gains	3.170.755.773	6.871.470.941
Loss (-)	3.180.861.289	6.877.973.860
Loss from Capital Market Transactions	628.802	641.504
Loss from Derivative Financial Transactions (*)	9.177.708	6.234.264
Foreign Exchange Loss	3.171.054.779	6.871.098.092
Total (Net)	947.449	54.812

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 608.894 (31 December 2015: TL 5.080).

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 the sale from non-performing loans portfolio. In addition, income amounting to TL 181.774 originating from the acquisition of Visa Europe Ltd, of which the Bank is a Shareholder, by Visa Inc., has been reflected to financial statements.

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Specific Provisions for Loans and Other Receivables	1.790.722	1.757.858
III. Group Loans and Receivables	588.940	449.245
IV. Group Loans and Receivables	816.495	870.334
V. Group Loans and Receivables	385.287	438.279
General Provision Expenses	378.823	421.758
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	1	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets	1	-
Investments in Associates, Subsidiaries and Held-to-maturity	-	-
Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	46.374	-
Total	2.215.920	2.179.616

g. Information related to other operating expenses:

	Current Period 31 December 2016	Prior Period 31 December 2015
Personnel Expenses	1.702.143	1.593.719
Reserve for Employee Termination Benefits	1.338	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	128.232	141.945
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	85.030	78.094
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	1.663	3.300
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.710.865	1.592.131
Operational Leasing Expenses	180.230	170.868
Maintenance Expenses	25.475	23.248
Advertisement Expenses	127.825	117.799
Other Expenses	1.377.335	1.280.216
Loss on Sales of Assets	23	328
Other(*)	650.647	804.298
Total	4.279.941	4.213.815

(*) The balance shown in the "other" line includes fees and commissions reimbursements as per the decision of Consumer Arbitration Board, Courts and Offices of Enforcement amounting to TL 92.180 (31 December 2015: TL 217.281). In addition, as a result of the audit performed by Ministry of Customs and Trade in accordance with Consumer Protection Law - No: 6502, an administrative fine amounting to TL 116.254 is notified to the Bank. Part of the related fine amounting to TL 87.191, calculated as a result of 25 % cash allowance according to the Misdemeanor Law - No: 5326 Provisional Article 17/6, is represented in this row.

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

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 7.946.541, net fees and commission income amounting to TL 2.397.947 and the amount of other operating expense is TL 4.279.941.

The Bank has no discontinued operations.

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

As of 31 December 2016, the Bank has a current tax expense of TL 921.532 and deferred tax expense of TL 247.306. The amount of deferred tax income that occurred due to the temporary differences is TL 144.929 and deferred tax expense is TL 398.467; the amounts of deferred tax income occurred due to the closing of temporary differences is TL 23.011 and deferred tax expense is TL 16.779.

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 4.528.712.

The Bank has no discontinued operations.

k. Explanations on current period net profit and loss:

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

l. Other figures on profit and loss statement:

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

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IV. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 16.705.913 asset purchase commitments (31 December 2015: TL 5.154.131). TL 17.397.602 commitments for credit card limits (31 December 2015: TL 17.672.898). TL 6.200.426 commitments for cheque books (31 December 2015: TL 5.764.751)

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

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

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Bank Acceptance Loans	3.583.229	933.230
Letters of Credit	5.188.852	5.326.661
Other Guarantees	4.600.795	3.788.809
Total	13.372.876	10.048.700

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Revocable Letters of Guarantee	984.154	651.210
Irrevocable Letters of Guarantee	13.700.319	12.025.211
Letters of Guarantee Given in Advance	3.179.535	2.681.029
Guarantees Given to Customs	2.634.770	3.012.808
Other Letters of Guarantee	6.753.908	4.256.270
Total	27.252.686	22.626.528

3. Information on non-cash loans:

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

	Current Period	Prior Period
	31 December 2016	31 December 2015
Non-cash Loans Given against Cash Loans	5.574.735	3.379.264
With Original Maturity of 1 Year or Less Than 1 Year	2.778.785	1.582.036
With Original Maturity of More Than 1 Year	2.795.950	1.797.228
Other Non-cash Loans	35.050.827	29.295.964
Total	40.625.562	32.675.228

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

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

	Current Period 31 December 2016				Prior Period 31 December 2015			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	13.071	0,08	2.486	0,01	14.438	0,11	360	-
Farming and Raising								
Livestock	1.812	0,01	-	-	973	0,01	-	-
Forestry	11.257	0,07	2.486	0,01	13.457	0,10	360	-
Fishing	2	0,00	-	-	8	0,00	-	-
Manufacturing	4.265.398	26,68	7.586.757	30,80	5.141.241	37,36	6.693.169	35,39
Mining	91.055	0,57	96.606	0,39	79.290	0,58	81.367	0,43
Production	3.453.922	21,60	6.141.237	24,93	3.758.802	27,31	5.243.795	27,73
Electric, Gas and Water	720.421	4,51	1.348.914	5,48	1.303.149	9,47	1.368.007	7,23
Construction	2.412.743	15,09	2.432.380	9,87	1.720.886	12,50	2.137.690	11,30
Services	8.680.853	54,29	12.181.103	49,44	6.472.976	47,04	9.024.681	47,71
Wholesale and Retail Trade	5.669.264	35,46	6.552.920	26,60	4.909.257	35,67	4.697.020	24,83
Hotel, Food and								
Beverage Services	89.544	0,56	62.510	0,25	55.337	0,40	68.933	0,36
Transportation and								
Telecommunication	323.449	2,02	990.615	4,02	180.641	1,31	193.573	1,02
Financial Institutions	2.359.778	14,76	4.437.295	18,01	1.107.266	8,05	3.948.685	20,88
Real Estate and Leasing								
Services	4.367	0,03	83	0,00	4.967	0,04	33	0,00
Self-Employment Services	7.080	0,04	5.430	0,02	17.778	0,13	8.961	0,05
Education Services	11.917	0,07	2.606	0,01	13.957	0,10	2.272	0,01
Health and Social Services	215.454	1,35	129.644	0,53	183.773	1,34	105.204	0,56
Other	617.458	3,86	2.433.313	9,88	412.662	2,99	1.057.125	5,60
Total	15.989.523	100,00	24.636.039	100,00	13.762.203	100,00	18.913.025	100,00

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

	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	15.764.850	24.464.974	224.673	171.065
Letters of Guarantee	13.511.147	13.359.032	223.359	159.148
Bank Acceptances	-	3.583.229	-	-
Letters of Credit	260	5.176.675	-	11.917
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	18.849	-	-
Other Commitments and Contingencies	2.253.443	2.327.189	1.314	-

4. Mutual Funds :

As of 31 December 2016, the Bank is the founder of 2 mutual funds (31 December 2015: 3 unit) with an unaudited total fund value of TL 134.774 (31 December 2015: TL 214.758). The shares of the mutual funds established in accordance with the Capital Markets Board legislation are kept dematerialized by Istanbul Settlement and Custody Bank, Inc.

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b. Information on derivative transactions:

	Current Period 31 December 2016	Prior Period 31 December 2015
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions (I)	225.557.206	115.011.451
FC Trading Forward Transactions	25.778.446	15.086.699
Trading Swap Transactions	170.896.335	75.872.688
Futures Transactions	-	-
Trading Option Transactions	28.882.425	24.052.064
Interest Related Derivative Transactions (II)	141.545.928	103.377.438
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	83.963.392	58.271.782
Interest Rate Options	57.582.536	45.105.656
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	12.324.720	11.410.433
A. Total Trading Derivative Transactions (I+II+III)	379.427.854	229.799.322
Types of Hedging Transactions		
Fair Value Hedges	18.276.690	12.426.033
Cash Flow Hedges	4.958.338	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	23.235.028	12.426.033
Total Derivative Transactions (A+B)	402.662.882	242.225.355

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

As of 31 December 2016, none (31 December 2015: USD 55 million credit default swaps with 5 years maturity).

d. Explanations on contingent assets and liabilities:

1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 60.058 (31 December 2015: 9.581 TL) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

2. Contingent Assets:

None.

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

The policy is explained on note XIII in Section Four.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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V. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

a. Information on distribution of profit:

The Ordinary General Assembly Meeting of the Bank was held on 26 March 2015. In the Ordinary General Assembly, it was resolved to distribute a TL 600.000 cash dividend over the TL 2.994.848 net unconsolidated income from 2014 operations to the Bank's shareholders, Chairman and Members of the Board of Directors. It was also resolved in the General Assembly to transfer TL 8.646 to special fund account under other reserves, to allocate TL 40.000 as legal and TL 2.346.202 as extraordinary reserves.

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

b. Information on hedge funds:

Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XIV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2016, 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 (-) 34.867 (31 December 2015: TL (-) 60.377).

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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2016

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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:

	Current Period 31 December 2016	Prior Period 31 December 2015
Cash	2.427.096	1.993.013
Cash, Foreign Currency and Other	1.409.682	1.478.793
Demand Deposits in Banks (*)	1.017.414	514.220
Cash Equivalents	3.725.376	2.815.278
Interbank Money Market Placements	-	700.000
Time Deposits in Banks	3.697.688	1.229.762
Marketable Securities	27.688	885.516
Total Cash and Cash Equivalents	6.152.472	4.808.291

(*) The restricted demand accounts are not included.

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

	Current Period 31 December 2016	Prior Period 31 December 2015
Cash	3.323.769	2.427.096
Cash, Foreign Currency and Other	1.835.542	1.409.682
Demand Deposits in Banks (*)	1.488.227	1.017.414
Cash Equivalents	9.090.155	3.725.376
Interbank Money Market Placements	-	-
Time Deposits in Banks	9.043.415	3.697.688
Marketable Securities	46.740	27.688
Total Cash and Cash Equivalents	12.413.924	6.152.472

(*) The restricted demand accounts are not included.

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

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to (-) TL 3.786.250 [31 December 2015: TL (-) 2.218.617] 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 2.165.731 [31 December 2015: TL 3.857.319] consists mainly of changes in miscellaneous payables and other liabilities.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 1.435.203 [31 December 2015: TL 781.802].

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

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

1. Current Period – 31 December 2016:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	619.370	190.178	3.367.840	1.447.302	-	-
Balance at the End of the Period	414.469	254.251	4.529.001	900.600	-	-
Interest and Commission Income Received	40.492	53	369.507	4.256	-	-

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 7.392.590 as of 31 December 2016 (31 December 2015: TL 5.043.561).

2. Prior Period -31 December 2015:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	547.714	210.514	2.458.297	1.986.485	-	-
Balance at the End of the Period	619.370	190.178	3.367.840	1.447.302	-	-
Interest and Commission Income Received	47.281	28	253.257	5.321	-	-

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 31.12.2016	Prior Period 31.12.2015	Current Period 31.12.2016	Prior Period 31.12.2015	Current Period 31.12.2016	Prior Period 31.12.2015
Balance at the Beginning of the Period	451.485	429.208	2.102.609	1.337.103	2.181.203	2.115.511
Balance at the End of the Period	730.658	451.485	2.172.759	2.102.609	2.315.646	2.181.203
Interest on Deposits	65.840	17.322	232.402	194.782	153.684	129.147

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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		Current		Current	
	Period 31.12.2016	Prior Period 31.12.2015	Period 31.12.2016	Prior Period 31.12.2015	Period 31.12.2016	Prior Period 31.12.2015
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	504.268	289.816	3.501.482	2.364.278	-	-
Balance at the End of the Period	2.477.406	504.268	10.110.973	3.501.482	-	-
Total Income/Loss	6.638	(1.745)	27.091	(2.082)	-	-
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 2016, the net exposure for investments in associates and subsidiaries is TL 17.387 [31 December 2015: TL 20.675]. For direct and indirect shareholders of the Bank TL 34.978 [31 December 2015: TL (-) 10.244].

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

As of 31 December 2016 benefits provided to the Bank's key management amount to TL 25.992 [31 December 2015: TL 25.362].

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

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

	Number	Number of Employees		
Domestic Branches	840	13.831		
			Country of Incorporation	
Foreign Representation Office	-	-		
			Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-
Off-shore Banking				
Region Branches	1	12	Malta	38.438.723

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2016, the Bank has opened 2 domestic branches and closed up 63 domestic branches.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

It is decided in the Board of Directors meeting dated 11 January 2017, to increase the upper limit of Banks authorized capital by TL 2.000.000 from TL 8.000.000 to TL 10.000.000 and to extend the allowed duration for upper limit of authorized capital until the end of 2021. Correspondingly, it is decided to make changes in the 9th article of Association and to attain this goal, General Management has been entitled to carry out operations with the competent authorities.

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**SECTION SIX
OTHER EXPLANATIONS**

I. OTHER EXPLANATIONS

None.

**SECTION SEVEN
EXPLANATIONS ON AUDIT REPORT**

I. EXPLANATIONS ON AUDIT REPORT

The unconsolidated financial statements for the period ended 31 December 2016 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The audit report dated 31 January 2017 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.