

AKBANK T.A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 JUNE 2019 WITH
AUDITOR'S REVIEW REPORT**

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

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of Akbank T.A.Ş. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2019 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for the Qualified Conclusion

As mentioned in Section Five Part II h.4 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 30 June 2019 include a free provision amounting to to TL 650.000 thousand which consist of TL 550.000 thousand provided in prior years and TL 100.000 thousand recognized in current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the financial position of Akbank T.A.Ş. and its consolidated subsidiaries at 30 June 2019 and the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM
Partner

Istanbul, 25 July 2019

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

**THE CONSOLIDATED FINANCIAL REPORT OF
AKBANK T.A.Ş. AS OF 30 JUNE 2019**

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The consolidated financial report for the six-month period, prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

- **Section One** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - INTERIM REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY REPORT

Investments in associates, joint ventures and subsidiaries whose financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Investments in Associates	Joint Ventures
1.	Ak Finansal Kiralama A.Ş.	-	-
2.	Ak Yatırım Menkul Değerler A.Ş.	-	-
3.	Ak Portföy Yönetimi A.Ş.	-	-
4.	Akbank AG	-	-
5.	AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	-

A.R.T.S. Ltd., which is not subsidiary of the Bank but over which the Bank has 100% controlling power, has been included in the consolidation due to the reason that this company is "Structured Entity".

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

25 July 2019

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

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

Name-Surname / Title : Zeynep TERZİOĞLU / Senior Vice President
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	Page
SECTION ONE	
General Information about the Bank	
I. Parent Bank's foundation date, start-up status, history regarding the changes in this status	1
II. Explanation about the Parent Bank's capital structure, shareholders of the Parent Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the Group that the Parent Bank belongs to	1
III. Explanation on the board of directors, members of the audit committee, president and executive vice presidents, if available, shares of the Parent Bank they possess and their areas of responsibility	1
IV. Information on the individual and corporate shareholders having control shares of the Parent Bank	2
V. Information on the Parent Bank's service types and fields of operation	2
VI. A short explanation on the differences between the Communique on Consolidated Financial Statement Reporting and the consolidation procedures required by Turkish Accounting Standards and about institutions that are subject to full consolidation, proportional consolidation, by way of deduction from capital or those that are subject to none	2
VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Parent Bank and its subsidiaries and repayment of debts	2
SECTION TWO	
Consolidated Financial Statements of the Bank	
I. Consolidated Balance sheet	3
II. Consolidated Off Balance Sheet Commitments	5
III. Consolidated Income statement	6
IV. Consolidated Statement of profit or loss and other comprehensive income	7
V. Consolidated Statement of changes in shareholders' equity	8
VI. Consolidated Statement of cash flows	9
SECTION THREE	
Explanations on Accounting Policies	
I. Explanations on basis of presentation	10
II. Explanations on strategy of using financial instruments and explanations on foreign currency transactions	11
III. Explanations on equity investments	11
IV. Explanations on forward transactions, options and derivative instruments	12
V. Explanations on interest income and expense	12
VI. Explanations on fee and commission income and expenses	12
VII. Explanations on financial assets	13
VIII. Explanations on expected credit loss	16
IX. Explanations on offsetting financial instruments	18
X. Explanations on sales and repurchase agreements and securities lending transactions	18
XI. Explanations on assets held for sale and related to discontinued operations (Net)	18
XII. Explanations on goodwill and other intangible assets	18
XIII. Explanations on property and equipment	18
XIV. Explanations on leasing transactions	19
XV. Explanations on provisions and contingent liabilities	19
XVI. Explanations on contingent assets	19
XVII. Explanations on obligations related to employee rights	20
XVIII. Explanations on taxation	21
XIX. Explanations on borrowings	22
XX. Explanations on issuance of share certificates	22
XXI. Explanations on avalized drafts and acceptances	22
XXII. Explanations on government grants	22
XXIII. Explanations on segment reporting	22
XXIV. Profit reserves and profit distribution	23
XXV. Earnings per share	23
XXVI. Related parties	23
XXVII. Cash and cash equivalent assets	23
XXVIII. Reclassifications	23
XXIX. Disclosures of TFRS 16 Leases	24
SECTION FOUR	
Information Related to Financial Position and Risk Management of the Group	
I. Explanations on equity	26
II. Explanations on currency risk	34
III. Explanations on interest rate risk	36
IV. Explanations on position risk of equity securities	38
V. Explanations on liquidity risk management and liquidity coverage ratio	38
VI. Explanations on leverage ratio	44
VII. Explanations on risk management target and policies	45
VIII. Explanations on risk hedge transactions	53
IX. Explanations on business segments	55
SECTION FIVE	
Information and Disclosures Related to Consolidated Financial Statements	
I. Explanations and notes related to consolidated assets	57
II. Explanations and notes related to consolidated liabilities	70
III. Explanations and notes related to consolidated off-balance sheet accounts	77
IV. Explanations and notes related to consolidated income statement	78
V. Explanations and notes related to consolidated statement of cash flows	82
VI. Explanations and notes related to risk group that the group belongs to	83
VII. Explanations and notes related to subsequent events	84
SECTION SIX	
Explanations on Auditor's Review Report	
I. Explanations on Auditor's Review Report	84
II. Explanations on notes prepared by independent auditors	84
SECTION SEVEN	
Explanations on Interim Activity Report	
I. Interim period activity report included chairman of the board of directors and CEO's assessments for the interim activities	85

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

SECTION ONE GENERAL INFORMATION ABOUT THE BANK

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

Akbank T.A.Ş. ("the Bank", "the Parent 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 PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THAT THE PARENT BANK BELONGS TO:

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

The major shareholder of the Parent 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 PARENT BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

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

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

Eyüp Engin, the Chairman of the Board of Inspectors, was appointed as the new member of the Bank's Board of Directors at the Ordinary General Assembly and Head of the Audit Committee dated 25 March 2019, replacing A. Aykut Demiray. On 2 April 2019, the Chairman of the Board of Inspectors was assigned as Savaş Külcü instead of Eyüp Engin by attorney.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

As of 31 May 2019, Emin Tolga Ulutaş who was an Executive Vice President in charge of the Direct Banking Business Unit resigned from his position. The name of the Direct Banking Business Unit is continuing its operations as "Strategy, Digital Banking and Payment Systems Business Unit and as of 3 June 2019, Burcu Civelek Yüce has been appointed as Executive Vice President of Strategy, Digital Banking and Payment Systems.

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

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

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

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

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. via it's branch network. As of 30 June 2019, the Bank has 776 branches dispersed throughout the country and 1 branch operating abroad (31 December 2018: 780 branches and 1 branch operating abroad). As of 30 June 2019, the Bank has 13.018 employees (31 December 2018: 13.367).

The Parent Bank and its subsidiaries, Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but over which the Bank has 100% controlling power due to the reason that this company is a "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group".

As at 30 June 2019, the Group employed 13.406 people (31 December 2018: 13.757).

VI. A SHORT EXPLANATION ON THE DIFFERENCES BETWEEN THE COMMUNIQUE ON CONSOLIDATED FINANCIAL STATEMENT REPORTING AND THE CONSOLIDATION PROCEDURES REQUIRED BY TURKISH ACCOUNTING STANDARDS AND ABOUT INSTITUTIONS THAT ARE SUBJECT TO FULL CONSOLIDATION, PROPORTIONAL CONSOLIDATION, BY WAY OF DEDUCTION FROM CAPITAL OR THOSE THAT ARE SUBJECT TO NONE:

The Bank sees no difference between the Communiqué on Consolidated Financial Reporting and the consolidation procedures required by Turkish Accounting Standards. Information in regards to consolidated subsidiaries and consolidation methods are given in Section III. Note III.

VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF CAPITAL BETWEEN PARENT BANK AND ITS SUBSIDIARIES AND REPAYMENT OF DEBTS:

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

AKBANK T.A.Ş.

I. CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2019 (STATEMENT OF FINANCIAL POSITION)

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

ASSETS	Note (Section Five)	CURRENT PERIOD (30/06/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		48.966.684	86.883.122	135.849.806	46.382.717	77.050.098	123.432.815
1.1 Cash and Cash Equivalents		5.309.730	47.580.343	52.890.073	4.742.816	44.875.030	49.617.846
1.1.1 Cash and Balances with Central Bank	(I-a)	4.649.853	28.141.727	32.791.580	4.725.334	25.388.490	30.113.824
1.1.2 Banks	(I-d)	522.373	19.438.895	19.961.268	12.206	18.947.192	18.959.398
1.1.3 Money Markets		137.636	-	137.636	5.283	539.374	544.657
1.1.4 Expected Loss Provision (-)		132	279	411	7	26	33
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	79.458	7.124.543	7.204.001	41.355	6.827.669	6.869.024
1.2.1 Government Debt Securities		11.489	-	11.489	10.113	-	10.113
1.2.2 Equity Instruments		5.360	196.940	202.300	13.223	137.461	150.684
1.2.3 Other Financial Assets		62.609	6.927.603	6.990.212	18.019	6.690.208	6.708.227
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-e)	26.394.312	27.129.913	53.524.225	24.621.916	19.718.126	44.340.042
1.3.1 Government Debt Securities		25.822.862	14.751.675	40.574.537	23.928.005	12.574.559	36.502.564
1.3.2 Equity Instruments		15.777	607	16.384	13.013	607	13.620
1.3.3 Other Financial Assets		555.673	12.377.631	12.933.304	680.898	7.142.960	7.823.858
1.4 Derivative Financial Assets	(I-c, I-I)	17.183.184	5.048.323	22.231.507	16.976.630	5.629.273	22.605.903
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		13.984.219	5.000.540	18.984.759	15.240.691	5.375.604	20.616.295
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3.198.965	47.783	3.246.748	1.735.939	253.669	1.989.608
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		130.763.953	97.133.283	227.897.236	127.799.798	91.661.834	219.461.632
2.1 Loans	(I-f)	131.900.850	89.459.075	221.559.925	127.299.268	82.014.178	209.313.446
2.2 Lease Receivables	(I-k)	1.830.356	4.109.737	5.940.093	1.885.058	4.530.478	6.415.536
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(I-g)	6.256.543	4.893.467	11.150.010	5.942.844	6.320.637	12.263.481
2.4.1 Government Debt Securities		6.256.543	2.483.674	8.740.217	5.942.844	3.811.339	9.754.183
2.4.2 Other Financial Assets		-	2.409.793	2.409.793	-	2.509.298	2.509.298
2.5 Expected Credit Loss (-)		9.223.796	1.528.996	10.752.792	7.327.372	1.203.459	8.530.831
III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-o)	269.866	-	269.866	264.384	-	264.384
3.1 Held for Sale Purpose		269.866	-	269.866	264.384	-	264.384
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		5.521	-	5.521	5.521	-	5.521
4.1 Investments in Associates (Net)	(I-h)	5.521	-	5.521	5.521	-	5.521
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		5.521	-	5.521	5.521	-	5.521
4.2 Subsidiaries (Net)	(I-i)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	(I-j)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		4.387.112	55.067	4.442.179	3.951.289	7.763	3.959.052
VI. INTANGIBLE ASSETS (Net)		630.913	4.879	635.792	640.599	5.594	646.193
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		630.913	4.879	635.792	640.599	5.594	646.193
VII. INVESTMENT PROPERTY (Net)	(I-m)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		5.589	9.428	15.017	274.086	31.948	306.034
IX. DEFERRED TAX ASSET	(I-n)	92.569	26.594	119.163	102.264	41.544	143.808
X. OTHER ASSETS (Net)	(I-p)	3.135.536	3.456.435	6.591.971	2.781.989	3.680.182	6.462.171
TOTAL ASSETS		188.257.743	187.568.808	375.826.551	182.202.647	172.478.963	354.681.610

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

AKBANK T.A.S.

I. CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2019 (STATEMENT OF FINANCIAL POSITION)

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

LIABILITIES	Note (Section Five)	CURRENT PERIOD (30/06/2019)			PRIOR PERIOD (31/12/2018)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	81.363.663	148.139.182	229.502.845	81.384.628	127.245.272	208.629.900
II. FUNDS BORROWED	(II-c)	366.316	35.833.203	36.199.519	756.713	42.893.170	43.649.883
III. MONEY MARKETS		909.978	10.465.126	11.375.104	3.918.298	10.356.718	14.275.016
IV. SECURITIES ISSUED (Net)	(II-d)	9.359.332	8.412.817	17.772.149	4.854.728	8.216.719	13.071.447
4.1 Bills		7.007.914	-	7.007.914	2.847.485	-	2.847.485
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.351.418	8.412.817	10.764.235	2.007.243	8.216.719	10.223.962
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(II-b, II-g)	9.686.836	1.724.104	11.410.940	11.323.624	1.501.379	12.825.003
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		9.103.245	1.675.866	10.779.111	10.678.666	1.501.379	12.180.045
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		583.591	48.238	631.829	644.958	-	644.958
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(II-f)	567.000	49.031	616.031	-	-	-
X. PROVISIONS	(II-h)	1.322.552	170.519	1.493.071	1.080.235	262.149	1.342.384
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		377.757	497	378.254	324.504	745	325.249
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		944.795	170.022	1.114.817	755.731	261.404	1.017.135
XI. CURRENT TAX LIABILITY	(II-i)	704.881	45.836	750.717	465.431	65.112	530.543
XII. DEFERRED TAX LIABILITY		690.665	118.764	809.629	283.695	128.970	412.665
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-j)	-	5.208.937	5.208.937	-	4.784.477	4.784.477
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	5.208.937	5.208.937	-	4.784.477	4.784.477
XV. OTHER LIABILITIES		6.317.152	5.029.273	11.346.425	7.784.203	3.589.048	11.373.251
XVI. SHAREHOLDERS' EQUITY	(II-k)	50.970.600	(1.629.416)	49.341.184	44.778.283	(991.242)	43.787.041
16.1 Paid-in capital		5.200.000	-	5.200.000	4.000.000	-	4.000.000
16.2 Capital Reserves		5.320.613	-	5.320.613	3.607.551	-	3.607.551
16.2.1 Share Premium		3.505.742	-	3.505.742	1.700.000	-	1.700.000
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.814.871	-	1.814.871	1.907.551	-	1.907.551
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.078.842	6.055	2.084.897	2.094.642	6.055	2.100.697
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		359.657	(1.635.471)	(1.275.814)	(267.437)	(997.297)	(1.264.734)
16.5 Profit Reserves		34.576.406	-	34.576.406	28.961.397	-	28.961.397
16.5.1 Legal Reserves		1.626.891	-	1.626.891	1.621.374	-	1.621.374
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		32.684.032	-	32.684.032	27.075.472	-	27.075.472
16.5.4 Other Profit Reserves		265.483	-	265.483	264.551	-	264.551
16.6 Income or (Loss)		3.434.929	-	3.434.929	6.382.004	-	6.382.004
16.6.1 Prior Periods' Income or (Loss)		767.926	-	767.926	672.838	-	672.838
16.6.2 Current Period Income or (Loss)		2.667.003	-	2.667.003	5.709.166	-	5.709.166
16.7 Minority Interest		153	-	153	126	-	126
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		162.259.175	213.567.376	375.826.551	156.629.838	198.051.772	354.681.610

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

AKBANK T.A.Ş.
III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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

INCOME AND EXPENSE ITEMS		Note	CURRENT PERIOD	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD
		(Section Five)	(01/01-30/06/2019)	(01/04-30/06/2019)	(01/01-30/06/2018)	(01/04-30/06/2018)
I.	INTEREST INCOME	(IV-a)	18.724.075	9.525.630	15.203.471	8.045.005
1.1	Interest on Loans	(IV-a-1)	14.530.653	7.354.189	12.041.485	6.299.605
1.2	Interest on Reserve Requirements		252.067	131.704	199.781	107.605
1.3	Interest on Banks	(IV-a-2)	479.073	284.246	307.516	213.931
1.4	Interest on Money Market Transactions		74.519	74.000	103.522	62.082
1.5	Interest on Marketable Securities Portfolio	(IV-a-3)	3.045.674	1.499.658	2.289.944	1.218.623
1.5.1	Fair Value Through Profit or Loss		1.693	953	2.614	1.404
1.5.2	Fair Value Through Other Comprehensive Income		2.462.881	1.231.121	1.837.896	1.014.125
1.5.3	Measured at Amortised Cost		581.100	267.584	449.434	203.094
1.6	Financial Lease Interest Income		243.742	120.605	241.213	132.456
1.7	Other Interest Income		98.347	61.228	20.010	10.703
II.	INTEREST EXPENSE (-)	(IV-b)	11.014.035	5.481.198	7.991.560	4.155.860
2.1	Interest on Deposits	(IV-b-4)	7.975.169	3.945.004	6.071.125	3.107.148
2.2	Interest on Funds Borrowed	(IV-b-1)	916.015	448.877	649.218	391.454
2.3	Interest Expense on Money Market Transactions		794.128	344.052	474.195	235.078
2.4	Interest on Securities Issued	(IV-b-3)	1.182.882	689.830	735.602	386.833
2.5	Interest on Leases		46.513	22.990	-	-
2.6	Other Interest Expenses		99.328	30.445	61.420	35.347
III.	NET INTEREST INCOME (I - II)		7.710.040	4.044.432	7.211.911	3.889.145
IV.	NET FEES AND COMMISSIONS INCOME		2.403.167	1.210.357	1.736.759	926.495
4.1	Fees and Commissions Received		3.044.813	1.542.830	2.168.192	1.155.977
4.1.1	Non-cash Loans		304.821	159.719	157.513	83.366
4.1.2	Other		2.739.992	1.383.111	2.010.679	1.072.611
4.2	Fees and Commissions Paid (-)		641.646	332.473	431.433	229.482
4.2.1	Non-cash Loans		304	163	211	98
4.2.2	Other		641.342	332.310	431.222	229.384
V.	DIVIDEND INCOME		5.526	1.533	4.829	3.163
VI.	TRADING INCOME / (LOSS) (Net)	(IV-c)	(197.971)	(398.503)	(272.437)	(75.220)
6.1	Trading Gains / (Losses) on Securities		78.761	14.467	(9.815)	(17.159)
6.2	Gains / (Losses) on Derivative Financial Transactions		2.648.419	36.618	1.597.873	900.704
6.3	Foreign Exchange Gains / (Losses)		(2.925.151)	(449.588)	(1.860.495)	(958.765)
VII.	OTHER OPERATING INCOME	(IV-d)	386.669	161.077	721.602	417.552
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		10.307.431	5.018.896	9.402.664	5.161.135
IX.	EXPECTED CREDIT LOSS (-)	(IV-e)	2.735.025	1.470.199	2.497.743	1.794.378
X.	OTHER PROVISION EXPENSES (-)		748.613	253.749	382	382
XI.	PERSONNEL EXPENSE (-)		1.377.503	697.852	1.092.535	525.483
XII.	OTHER OPERATING EXPENSES (-)	(IV-f)	1.990.769	991.483	1.650.192	855.457
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		3.455.521	1.605.613	4.161.812	1.985.435
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)		3.455.521	1.605.613	4.161.812	1.985.435
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(IV-h)	788.509	346.341	882.230	399.718
18.1	Current Tax Provision		470.329	422.830	666.802	356.932
18.2	Deferred Tax Income Effect (+)		953.337	(104.878)	913.798	592.647
18.3	Deferred Tax Expense Effect (-)		635.157	(28.389)	698.370	549.861
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(IV-i)	2.667.012	1.259.272	3.279.582	1.585.717
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Non-current Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Expenses for Other Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET INCOME/(LOSS) (XIX+XXIV)	(IV-i)	2.667.012	1.259.272	3.279.582	1.585.717
25.1	Income/(Loss) from the Group	(IV-g)	2.667.003	1.259.267	3.279.576	1.585.716
25.2	Income/(Loss) from Minority Interest		9	5	6	1
Earning/(Loss) per share (in TL full)			0,00555	0,00242	0,00820	0,00396

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

AKBANK T.A.Ş.**IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019**

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

	CURRENT PERIOD	PRIOR PERIOD
	(30/06/2019)	(30/06/2018)
I. CURRENT PERIOD INCOME/LOSS	2.667.012	3.279.582
II. OTHER COMPREHENSIVE INCOME	(25.948)	(884.674)
2.1 Not Reclassified Through Profit or Loss	(14.868)	(425)
2.1.1 Property and Equipment Revaluation Increase/Decrease	1.276	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(20.338)	(545)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	4.194	120
2.2 Reclassified Through Profit or Loss	(11.080)	(884.249)
2.2.1 Foreign Currency Translation Differences	362.483	537.777
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(92.752)	(2.386.526)
2.2.3 Cash Flow Hedge Income/Loss	(224.927)	818.200
2.2.4 Foreign Net Investment Hedge Income/Loss	(161.248)	(254.784)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	105.364	401.084
III. TOTAL COMPREHENSIVE INCOME (I+II)	2.641.064	2.394.908

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

AKBANK T.A.S.
V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2019
(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)			Total Equity Except from Minority Interest			Total Shareholders' Equity
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Minority Interest	Minority Interest		
PRIOR PERIOD																		
(30/06/2018)																		
I.	Prior Period End Balance	4,000,000	1,700,000	-	1,405,892	2,348,962	(116,153)	3,895	1,287,933	(770,120)	(476,604)	24,456,460	752,895	6,020,273	40,613,433	139	40,613,572	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	501,659	-	-	-	-	110,969	-	-	-	-	612,628	-	612,628	
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects of the Changes in Accounting Policies	-	-	-	501,659	-	-	-	-	110,969	-	-	-	-	612,628	-	612,628	
III.	Adjusted Beginning Balance (I+II)	4,000,000	1,700,000	-	1,907,551	2,348,962	(116,153)	3,895	1,287,933	(659,151)	(476,604)	24,456,460	752,895	6,020,273	41,226,061	139	41,226,200	
IV.	Total Comprehensive Income	-	-	-	-	-	(425)	-	537,777	(1,861,490)	439,464	-	3,279,576	2,394,902	6	2,394,908		
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes	-	-	-	-	[141,429]	-	-	-	-	-	84,663	(80,056)	(136,822)	-	(136,822)		
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	4,420,273	-	(1,600,000)	(1,600,000)	-	(1,600,000)	
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(1,600,000)	(1,600,000)	-	(1,600,000)	
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	4,420,273	-	(4,420,273)	-	-		
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period-End Balance (I+II+...+X+XI)		4,000,000	1,700,000	-	1,907,551	2,207,533	(116,578)	3,895	1,825,710	(2,520,641)	(37,140)	28,961,396	672,839	3,279,576	41,884,141	145	41,884,286	

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)			Total Equity Except from Minority Interest			Total Shareholders' Equity
		Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Minority Interest	Minority Interest		
CURRENT PERIOD																		
(30/06/2019)																		
I.	Prior Period End Balance	4,000,000	1,700,000	-	1,907,551	2,207,533	(110,731)	3,895	2,329,472	(2,979,278)	(614,928)	28,961,397	672,838	5,709,166	43,786,915	126	43,787,041	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	(92,680)	-	-	-	-	-	-	-	-	-	(92,680)	-	(92,680)	
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effects of the Changes in Accounting Policies	-	-	-	(92,680)	-	-	-	-	-	-	-	-	-	(92,680)	-	(92,680)	
III.	Adjusted Beginning Balance (I+II)	4,000,000	1,700,000	-	1,814,871	2,207,533	(110,731)	3,895	2,329,472	(2,979,278)	(614,928)	28,961,397	672,838	5,709,166	43,694,235	126	43,694,361	
IV.	Total Comprehensive Income	-	-	-	-	995	(15,864)	-	362,483	(72,346)	(301,216)	-	2,667,003	2,641,054	9	2,641,063		
V.	Capital Increase by Cash	1,200,000	1,805,742	-	-	-	-	-	-	-	-	-	-	-	3,005,742	18	3,005,760	
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes	-	-	-	-	(931)	-	-	-	-	-	(94,157)	95,088	-	-	-	-	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	5,709,166	-	(5,709,166)	-	-		
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(5,709,166)	-	-		
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	5,709,166	-	(5,709,166)	-	-		
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period-End Balance (I+II+...+X+XI)		5,200,000	3,505,742	-	1,814,871	2,207,597	(126,595)	3,895	2,691,955	(3,051,624)	(916,144)	34,676,406	767,926	2,667,003	49,341,031	153	49,341,184	

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

AKBANK T.A.Ş.**VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019**

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

	Note (Section Five)	CURRENT PERIOD (30/06/2019)	PRIOR PERIOD (30/06/2018)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities	7.670.594	7.016.439
1.1.1	Interest received	16.712.427	15.167.524
1.1.2	Interest paid	(10.994.447)	(7.757.755)
1.1.3	Dividend received	2.764	3.231
1.1.4	Fees and commissions received	3.019.684	2.181.112
1.1.5	Other income	1.399.114	(945.285)
1.1.6	Collections from previously written-off loans and other receivables	681.634	1.076.940
1.1.7	Cash Payments to personnel and service suppliers	(1.486.556)	(1.203.307)
1.1.8	Taxes paid	(109.867)	(91.570)
1.1.9	Other	(1.554.159)	(1.414.451)
1.2	Changes in operating assets and liabilities	(11.164.939)	(816.835)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(592.067)	(113.819)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	(160.330)	4.885.206
1.2.3	Net (increase) / decrease in loans	(12.328.077)	(15.158.514)
1.2.4	Net (increase) / decrease in other assets	(1.908.779)	(17.710.347)
1.2.5	Net increase / (decrease) in bank deposits	(1.104.624)	3.086.959
1.2.6	Net increase / (decrease) in other deposits	22.084.286	13.201.894
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	(6.914.253)	10.901.922
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(10.241.095)	89.864
I.	Net cash provided from banking operations	(3.494.345)	6.199.604
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(6.809.805)	(1.178.275)
2.1	Cash paid for acquisition of investments, associates and subsidiaries	-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries	-	-
2.3	Purchases of property and equipment	98.420	(318.540)
2.4	Disposals of property and equipment	10.158	35.548
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(11.551.159)	(5.772.304)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	2.890.820	2.661.814
2.7	Purchase of Financial Assets Measured at Amortised Cost	(8.075)	-
2.8	Sale of Financial Assets Measured at Amortised Cost	1.868.640	2.217.749
2.9	Other	(118.609)	(2.542)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	7.960.326	(532.575)
3.1	Cash obtained from funds borrowed and securities issued	20.383.620	12.888.236
3.2	Cash used for repayment of funds borrowed and securities issued	(15.294.286)	(11.820.811)
3.3	Issued equity instruments	3.005.742	-
3.4	Dividends paid	-	(1.600.000)
3.5	Payments for finance leases	(134.750)	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	2.265.729	1.083.712
V.	Net increase in cash and cash equivalents (I+II+III+IV)	(78.095)	5.572.466
VI.	Cash and cash equivalents at beginning of the period	(V-a) 18.432.454	12.697.466
VII.	Cash and cash equivalents at end of the period	(V-a) 18.354.359	18.269.932

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

**SECTION THREE
EXPLANATIONS ON ACCOUNTING POLICIES**

I. EXPLANATIONS ON BASIS OF PRESENTATION:

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

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

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

b. Explanation for convenience translation to English:

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

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

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

d. Items Subject to different accounting policies in the preparation of consolidated financial statements:

There are no items subject to different accounting policies in the preparation of these consolidated financial statements.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Assets and liabilities of foreign subsidiaries are translated into Turkish lira using the foreign exchange rates prevailing at the balance sheet date, income and expenses of foreign subsidiaries are translated into Turkish Lira at the average exchange rates and all resulting exchange differences are accounted in the shareholders' equity under "Other profit reserves".

As of 30 June 2019, foreign currency denominated balances are translated into TL using the exchange rates of TL 5,7300 and TL 6,5221 for USD, EURO respectively.

III. EXPLANATIONS ON EQUITY INVESTMENTS:

Consolidated financial statements are prepared in accordance with the "Turkish Financial Reporting Standard for Consolidated Financial Statements" ("TFRS 10") and "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette no.26340 dated 8 November 2006.

Consolidation principles for subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group and presented separately in the Group's income. Minority interests are presented in the consolidated balance sheet, in the shareholders' equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but the Bank has 100% control power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

Ak Portföy Yönetimi A.Ş. was established on 28 June 2000 in order to manage A and B type mutual funds of Akbank T.A.Ş., B Type variable fund of Ak Yatırım Menkul Değerler A.Ş. and pension funds of AvivaSa Emeklilik and Hayat A.Ş. and Groupama. Portfolios of retail customers are also managed.

Akbank AG operates in Germany, providing corporate, consumer and private banking services.

Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş., 100% owned by the Bank, has been established on 19 February 2018 to provide payment services and electronic money issuance under the Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions registered in the trade registry.

A.R.T.S. Ltd. is a "Structured Entity" which was established in November 1999 for the purpose of supplying long-term financing.

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

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

Classification and measurement of financial assets

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

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

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

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

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

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

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

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

b. Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

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

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

c. Financial Assets Measured at Amortised Cost:

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

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

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

d. Derivative Financial Assets:

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

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

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

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes are disclosed in the footnote numbered VIII of Section Four. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model. When inactive market conditions exist, observable inputs used in the determination of fair values are adjusted using appropriate assumptions and considering the volume and level of activity in the markets.

e. Loans

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

1. Loans measured at amortised cost:

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

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

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

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

Significant increase in credit risk:

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

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

- Past due date is 30 or more
- Restructuring of loans
- If the loan classified as under follow-up

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

- Assessment of significant increase in the probability of impairment based on rating notes.

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

Definition of Default:

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

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days. If the debt is delayed by 90 days, it is not considered as a default. The situation of default is valid after 91th days.
2. Subjective Default Definition: It means that it is determined the debt will not be paid off. If the borrower deemed to be unable to fulfill the debt obligations, borrower should be considered as defaulted whether there is a overdue payment or number of days.

Write-off Policy:

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSS:

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

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

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

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

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

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

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

The ECL calculations are reviewed once a year, there is no update during the reporting period.

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

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

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

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

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

The Group has securities lending transactions amounting TL 637.158 as of 30 June 2019 (31 December 2018: TL 335.021).

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

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

The Group has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

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

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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 any impairment in value of the leased asset, an impairment loss 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.

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

The Group performs financial leasing operations as a "Lessor" through Ak Finansal Kiralama A.Ş. which is a consolidated subsidiary. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:

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

Provisions are recognized when the Group 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 Group; 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 in the Group, the asset and the related income are recognized in the financial statements in which the change occurs.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Employment termination benefits and vacation rights:

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

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

b. Retirement Rights:

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

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

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

The consolidated affiliates do not have the above mentioned retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other defined contribution plans.

XVIII. EXPLANATIONS ON TAXATION:

a. Current Tax:

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

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

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

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

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

Information on taxation in foreign associates are given below:

Akbank AG (Germany)

German-resident corporations (i.e. corporations with legal or business centers located in Germany) are subject to corporate taxation in Germany over their total income. Regardless of any profit distribution corporate tax is levied at 15% over total income. Effective corporate tax rate is 15,825% since an additional solidarity tax of 5,5% is applied over the calculated corporate tax. In addition to that, trade income tax at an approximate rate of 16% is levied by the local city governance. Accordingly, the total tax burden including all types of tax (corporate tax, solidarity tax and trade income tax) is approximately 32%.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

b. Deferred Tax:

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

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

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

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

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

XIX. EXPLANATIONS ON BORROWINGS:

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

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

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

Within this scope,

- The total of funds earned were TL 3.005.741.611.22 (full TL) and TL 2.996.306.795,62 (full TL) of this amount results from using right of purchasing amounting TL 2.5 for each stock with a nominal value of TL 1 with the usage period of right of purchasing new stocks between 3 January 2019 and 17 January 2019, and TL 9.434.815,60 (full TL) results from the sales of the stock, which were left after using the right of purchasing new stocks, at the primary market of Borsa İstanbul A.Ş.

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

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING:

An operating segment is a component of an entity:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

- b. whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- c. for which discrete financial information is available.

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

XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION:

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

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

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

XXV. EARNINGS PER SHARE:

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

	Current Period 30 June 2019	Prior Period 30 June 2018
Net Profit for the Period of the Group	2.667.003	3.279.576
Average Number of Issued Common Shares (Thousand)	480.883.978	400.000.000
Earnings Per Share (Amounts presented as full TL)	0,00555	0,00820

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

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

XXVI. RELATED PARTIES:

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

XXVII. CASH AND CASH EQUIVALENT ASSETS:

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

XXVIII. RECLASSIFICATIONS:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

XXIX. DISCLOSURES OF TFRS 16 LEASES:

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

TFRS 16 "Leases" Standard

Group – lessee :

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

Right of use assets:

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

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

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

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

The Lease Obligations:

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

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

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

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

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

First Transition to TFRS 16 Leasing Standard

"TFRS 16 Leasing" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Group applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the said transition on the equities were classified under "Other Capital Reserves" in expense equities amounting TL 118.848 Within this scope, deferred tax asset amounting TL 26.168 was reflected in the financial figures as of 1 January 2019 and classified under "Other Capital Reserves" in equities. The Bank re-arranged the comparable amounts for the previous year by using the retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

	30 June 2019	1 January 2019
Real estate	854.370	811.017
Total right of use assets	854.370	811.017

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

	30 June 2019	1 January 2019
Real estate	351.282	315.566
Total right of use assets depreciation	351.282	315.566

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 52.119 has been paid in the relevant period.

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

	1 January 2019
Operational leasing commitments	1.233.152
- Contracts that are excluded from the scope of TFRS 16 (-)	113.106
Low value leases (-)	113.106
Total leasing liability	1.120.046
Discounted lease liabilities (1 January 2019)	660.638

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

I. EXPLANATIONS ON EQUITY:

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

As of 30 June 2019, the current period equity of the Group has been calculated as TL 57.348.114 (31 December 2018: TL 50.233.673), the capital adequacy ratio is 17,71% (31 December 2018: 16,77%). This ratio is above the minimum ratio required by the legislation.

a. Information about total consolidated capital items:

	Current Period 30 June 2019	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	7.014.872	
Share issue premiums	3.505.742	
Reserves	34.576.406	
Gains recognized in equity as per TAS	4.899.550	
Profit	3.434.929	
Current Period Profit	2.667.003	
Prior Period Profit	767.926	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	153	
Common Equity Tier 1 Capital Before Deductions	53.435.547	
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	4.219	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	4.248.392	
Improvement costs for operating leasing	29.671	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	560.299	560.299
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	4.842.581	
Total Common Equity Tier 1 Capital	48.592.966	

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

	Current Period 30 June 2019	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)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
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 Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	48.592.966	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.157.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.600.674	
Tier II Capital Before Deductions	8.757.674	
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	8.757.674	
Total Capital (The sum of Tier I Capital and Tier II Capital)	57.350.640	
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	226	
Other items to be defined by the BRSA (-)	2.300	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

	Current Period 30 June 2019	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	57.348.114	
Total risk weighted amounts	323.884.185	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	15,00%	
Tier 1 Capital Adequacy Ratio	15,00%	
Capital Adequacy Ratio	17,71%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	4,57%	
a) Bank specific total common equity tier 1 capital ratio	2,50%	
b) Capital conservation buffer requirement	0,07%	
c) Systemic significant bank buffer ratio	2,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,00%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated 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 Consolidated 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	(690.466)	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	5.045.833	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.600.674	
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.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	5.907.551	
Share issue premiums	1.700.000	
Reserves	28.961.397	
Gains recognized in equity as per TAS	4.537.005	
Profit	6.382.004	
Current Period Profit	5.709.166	
Prior Period Profit	672.838	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	126	
Common Equity Tier 1 Capital Before Deductions	47.491.978	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	295	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	4.034.408	
Improvement costs for operating leasing	33.984	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	570.758	570.758
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	4.639.445	
Total Common Equity Tier 1 Capital	42.852.533	

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
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 Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	42.852.533	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.734.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.650.648	
Tier II Capital Before Deductions	7.384.648	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	7.384.648	
Total Capital (The sum of Tier I Capital and Tier II Capital)	50.237.181	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	3.508	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components		
The Sum of net long positions of investments (the portion which exceeds the 10 % of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

	Prior Period 31 December 2018	Amounts related to treatment before 1/1/2014 (*)
TOTAL CAPITAL		
Total Capital	50.233.673	
Total risk weighted amounts	299.614.763	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	14,30%	
Tier 1 Capital Adequacy Ratio	14,30%	
Capital Adequacy Ratio	16,77%	
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	3,43%	
a) Bank specific total common equity tier 1 capital ratio	1,88%	
b) Capital conservation buffer requirement	0,05%	
c) Systemic significant bank buffer ratio	1,50%	
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	6,30%	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated 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 Consolidated 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	143.808	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.040.886	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2.650.648	
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.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

**Current Period
30 June 2019**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles of Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.865 million TL (in full TL amount)
Nominal value of instrument	2.865 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day (Maturity date: 16 March 2027)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 2.865 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

**Current Period
 30 June 2019**

Details on Subordinated Liabilities:	
Issuer	AKBANK T.A.Ş
Identifier(s) (CUSIP, ISIN vb.)	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.292 million TL (in full TL amount)
Nominal value of instrument	2.292 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.292 million TL (in full TL amount)
Subsequent call dates, if applicable	-
Coupon/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

II. EXPLANATIONS ON CURRENCY RISK

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure. Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

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

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,7300	TL 6,5221
1.Day bid rate	TL 5,7300	TL 6,5221
2.Day bid rate	TL 5,7665	TL 6,5571
3.Day bid rate	TL 5,7630	TL 6,5476
4.Day bid rate	TL 5,7904	TL 6,5935
5.Day bid rate	TL 5,7444	TL 6,5409

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

USD : TL 5,8138
EURO : TL 6,5539

As of 31 December 2018;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,2600	TL 6,0182

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Information related to Group's Currency Risk:

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

Current Period – 30 June 2019	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank (**)	9.785.685	14.800.856	3.555.186	28.141.727
Banks	5.637.442	9.858.190	3.943.263	19.438.895
Financial Assets at Fair Value through Profit or Loss (Net)	-	7.124.543	-	7.124.543
Interbank Money Market Placements	-	-	-	-
Financial Assets measured at other comprehensive income (Net)	5.478.684	20.935.191	716.038	27.129.913
Loans (****)	55.635.202	39.860.920	52.990	95.549.112
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost (Net)	66.943	4.826.524	-	4.893.467
Hedging Derivative Financial Assets	46.179	53.640	23.975	123.794
Tangible Assets (Net)	48.060	7.007	-	55.067
Intangible Assets (Net)	4.859	20	-	4.879
Other Assets (****)	1.651.562	4.885.461	4.829	6.541.852
Total Assets	78.354.616	102.352.352	8.296.281	189.003.249
Liabilities				
Bank Deposits (**)	2.429.771	1.697.864	2.295.201	6.422.836
Foreign Currency Deposits (**)	49.631.333	86.158.801	5.926.212	141.716.346
Funds from Interbank Money Market	1.493.992	8.971.134	-	10.465.126
Borrowings	9.174.895	26.658.308	-	35.833.203
Marketable Securities Issued (Net) (***)	65.965	13.502.534	53.256	13.621.755
Miscellaneous Payables	3.140.489	1.475.509	29.309	4.645.307
Hedging Derivative Financial Liabilities	-	221.916	-	221.916
Other Liabilities	1.169.711	972.448	128.144	2.270.303
Total Liabilities	67.106.156	139.658.514	8.432.122	215.196.792
Net on Balance Sheet Position	11.248.460	(37.306.162)	(135.841)	(26.193.543)
Net off-Balance Sheet Position (*)	(8.750.140)	36.969.965	22.746	28.242.571
Financial Derivative Assets	43.393.859	104.921.841	2.030.687	150.346.387
Financial Derivative Liabilities	52.143.999	67.951.876	2.007.941	122.103.816
Non-cash Loans	12.943.936	13.618.851	556.893	27.119.680
Prior Period - 31 December 2018				
Total Assets	72.825.804	96.596.689	5.912.155	175.334.648
Total Liabilities	57.159.165	134.910.552	6.973.297	199.043.014
Net on-Balance Sheet Position	15.666.639	(38.313.863)	(1.061.142)	(23.708.366)
Net off-Balance Sheet Position (*)	(13.231.094)	38.120.115	831.974	25.720.995
Financial Derivative Assets	33.384.001	107.101.730	3.366.893	143.852.624
Financial Derivative Liabilities	46.615.095	68.981.615	2.534.919	118.131.629
Non-cash Loans	13.863.804	16.296.526	513.021	30.673.351

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

(**) Of the Cash Equivalents and Central Bank and Other FC, TL 3.373.153 (31 December 2018: TL 3.490.205) of the foreign currency deposits TL 3.060.149 (31 December 2018: TL 2.484.399) and Bank Deposits Other FC of the TL 3.127 (31 December 2018: TL 1.892) are precious metal deposit account in demand.

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

(****) Derivative financial assets and expected credit losses are classified under other assets. Expected loss provision amount of foreign currency indexed loans balance is TL 269.946 (31 December 2018: TL 120.518). Prepaid expenses in the financial statement amounting to TL 75.913 (31 December 2018 TL 86.577) is excluded.

(*****) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 1.780.300 (31 December 2018: TL 3.062.779). Included lease receivables.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

III. EXPLANATIONS ON INTEREST RATE RISK:

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the 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 Group 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 – 30 June 2019	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	17.087.338	-	-	-	-	15.704.242	32.791.580
Banks	5.794.004	752.859	-	-	-	13.414.405	19.961.268
Financial Assets at Fair Value Through Profit or Loss (Net)	8.109	7.604	6.940.329	-	-	247.959	7.204.001
Interbank Money Market Placements	18.295	47.296	72.045	-	-	-	137.636
Financial Assets at measured Fair Value							
Other Comprehensive Income (Net)	4.807.019	3.632.801	18.518.957	16.970.039	9.234.332	361.077	53.524.225
Loans (***)	67.783.692	24.128.643	56.555.925	59.838.596	8.196.040	10.997.122	227.500.018
Financial Assets measured at amortised cost (Net)	3.430.637	854.022	3.340.358	2.335.151	1.189.842	-	11.150.010
Other Assets (****)	6.285.217	8.538.524	7.608.349	2.026.727	2.241.749	(3.142.753)	23.557.813
Total Assets	105.214.311	37.961.749	93.035.963	81.170.513	20.861.963	37.582.052	375.826.551
Liabilities							
Bank Deposits	3.635.140	1.317.713	452.508	-	-	1.533.967	6.939.328
Other Deposits	140.055.840	20.862.831	9.374.248	5.723.652	503.622	46.043.324	222.563.517
Funds from Interbank Money Market	3.516.871	4.886.646	2.971.587	-	-	-	11.375.104
Miscellaneous Payables	1.334.559	1.635.546	1.235.237	252.302	-	5.415.934	9.873.578
Marketable Securities Issued (Net) (*)	4.398.017	2.814.865	3.637.967	4.225.718	7.904.519	-	22.981.086
Borrowings	8.230.844	19.425.836	7.237.934	1.156.202	148.703	-	36.199.519
Other Liabilities (**)	3.290.698	4.961.902	3.812.053	961.581	516.561	52.351.624	65.894.419
Total Liabilities	164.461.969	55.905.339	28.721.534	12.319.455	9.073.405	105.344.849	375.826.551
Balance Sheet Long Position	-	-	64.314.429	68.851.058	11.788.558	-	144.954.045
Balance Sheet Short Position	(59.247.658)	(17.943.590)	-	-	-	(67.762.797)	(144.954.045)
Off-balance Sheet Long Position	6.779.387	14.553.157	-	1.242.646	2.085.720	-	24.660.910
Off-balance Sheet Short Position	-	11.160	(12.240.540)	(64.694)	-	-	(12.294.074)
Total Position	(52.468.271)	(3.379.273)	52.073.889	70.029.010	13.874.278	(67.762.797)	12.366.836

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Prior Period – 31 December 2018	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	14.451.277	-	-	-	-	15.662.547	30.113.824
Banks	5.669.725	691.374	-	-	-	12.598.299	18.959.398
Financial Assets at Fair Value Through Profit or Loss (Net)	7.759	4.134	10.113	-	-	156.810	178.816
Interbank Money Market Placements	544.657	-	-	-	-	-	544.657
Financial Assets at Fair Value Other Comprehensive Income (Net)	3.678.381	4.880.167	13.649.466	15.263.375	6.617.448	251.205	44.340.042
Loans (***)	58.270.975	25.574.235	58.416.662	63.467.197	7.843.859	363.816	213.936.744
Financial Assets measured at amortised cost (Net)	2.486.106	1.484.991	4.220.066	2.968.019	1.104.299	-	12.263.481
Other Assets(****)	6.154.935	10.223.954	5.407.231	2.593.071	2.392.992	7.572.465	34.344.648
Total Assets	91.263.814	42.858.855	81.703.538	84.291.662	17.958.598	36.605.142	354.681.610
Liabilities							
Bank Deposits	4.793.806	1.364.602	406.303	-	-	1.486.674	8.051.385
Other Deposits	113.941.371	24.915.246	18.030.445	5.511.751	535.332	37.644.369	200.578.514
Funds from Interbank Money Market	6.411.083	4.890.617	2.529.534	443.782	-	-	14.275.016
Miscellaneous Payables	1.144.009	1.264.025	730.525	186.714	4.232	4.679.675	8.009.180
Marketable Securities Issued (Net) (*)	764.991	2.408.787	566.668	6.802.096	7.313.382	-	17.855.924
Borrowings	6.007.889	28.133.604	8.091.870	1.220.030	196.490	-	43.649.883
Other Liabilities (**)	3.295.363	5.533.259	3.363.956	991.854	90.491	48.986.785	62.261.708
Total Liabilities	136.358.512	68.510.140	33.719.301	15.156.227	8.139.927	92.797.503	354.681.610
Balance Sheet Long Position	-	-	47.984.237	64.816.933	10.184.783	-	126.938.343
Balance Sheet Short Position	(45.094.697)	(25.651.285)	-	-	-	(56.192.361)	(126.938.343)
Off-balance Sheet Long Position	9.526.754	12.226.615	-	1.712.968	1.699.121	-	25.165.458
Off-balance Sheet Short Position	-	-	(11.734.925)	-	-	-	(11.734.925)
Total Position	(35.567.943)	(13.424.670)	36.249.312	70.848.403	11.517.792	(56.192.361)	13.430.533

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

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

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

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

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

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

Current Period – 30 June 2019	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	0,99	2,62	-	23,00
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	14,17
Interbank Money Market Placements	-	-	-	24,44
Financial Assets at Fair Value Other Comprehensive Income (Net)	2,70	4,91	3,09	15,29
Loans	4,34	7,30	7,50	19,72
Financial Assets measured at amortised cost (Net)	3,59	5,14	-	17,25
Liabilities				
Bank Deposits (**)	0,14	2,67	-	8,11
Other Deposits (**)	0,67	2,65	0,02	16,80
Funds from Interbank Money Market	0,40	3,14	-	23,12
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,68	1,29	21,40
Borrowings	2,05	4,52	-	19,91

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Prior Period – 31 December 2018	EURO	USD	Yen	TL
Assets				
Cash Equivalents and Central Bank	-	2,00	-	13,00
Banks	0,22	2,35	-	23,83
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	13,22
Interbank Money Market Placements	-	2,27	-	23,64
Financial Assets at Fair Value Other Comprehensive Income (Net)	2,38	4,55	3,09	20,97
Loans	4,28	7,26	9,06	18,41
Financial Assets measured at amortised cost (Net)	3,58	4,89	-	26,70
Liabilities				
Bank Deposits (**)	0,26	3,51	-	22,55
Other Deposits (**)	0,90	3,42	0,01	17,18
Funds from Interbank Money Market	0,15	3,19	-	23,80
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net) (*)	4,00	5,63	1,29	19,42
Borrowings	2,32	4,57	-	14,04

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

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

IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:

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

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

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

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

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

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

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

The different categories of defined limits are;

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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 deposits, 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Liquidity Coverage Ratio:

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
Current Period – 30 June 2019					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			69.677.571	43.970.328
CASH OUTFLOWS					
2	Retail and Customers Deposits	142.317.736	82.752.540	13.184.150	8.275.254
3	Stable deposits	20.952.473	-	1.047.624	-
4	Less stable deposits	121.365.263	82.752.540	12.136.526	8.275.254
5	Unsecured Funding other than Retail and Small Business Customers Deposits	82.660.563	55.487.040	45.776.577	30.622.459
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	70.779.160	49.772.440	35.142.435	24.908.028
8	Other Unsecured Funding	11.881.403	5.714.600	10.634.142	5.714.431
9	Secured funding	-	-	34.100	34.100
10	Other Cash Outflows	91.203.705	60.098.613	80.060.460	49.714.137
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	78.817.303	48.562.713	78.817.303	48.562.713
12	Debts related to the structured financial products	10.169	-	10.169	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	12.376.233	11.535.900	1.232.988	1.151.424
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	869.540	-	43.477	-
15	Other irrevocable or conditionally revocable commitments	57.660.760	12.794.853	2.883.038	639.743
16	TOTAL CASH OUTFLOWS			141.981.802	89.285.693
CASH INFLOWS					
17	Secured Lending Transactions	524.050	524.050	-	-
18	Unsecured Lending Transactions	33.919.528	20.710.649	26.248.968	18.832.081
19	Other contractual cash inflows	75.249.057	51.484.976	75.248.459	51.484.930
20	TOTAL CASH INFLOWS	109.692.635	72.719.675	101.497.427	70.317.011
				Upper limit applied amounts	
21	TOTAL HQLA STOCK			69.677.571	43.970.328
22	TOTAL NET CASH OUTFLOWS			40.484.375	22.480.024
23	Liquidity Coverage Ratio (%)			173,09	195,57

(*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Prior Period – 31 December 2018	Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 High quality liquid assets			62.115.029	41.023.489
CASH OUTFLOWS				
2 Retail and Customers Deposits	135.961.243	70.812.253	12.528.138	7.081.225
3 Stable deposits	21.359.720	-	1.067.986	-
4 Less stable deposits	114.601.523	70.812.253	11.460.152	7.081.225
5 Unsecured Funding other than Retail and Small Business Customers Deposits	76.724.402	54.574.871	38.672.168	26.678.979
6 Operational deposits	-	-	-	-
7 Non-Operational Deposits	73.644.112	54.302.703	36.742.368	26.408.105
8 Other Unsecured Funding	3.080.290	272.168	1.929.800	270.874
9 Secured funding	-	-	55.501	55.501
10 Other Cash Outflows	62.457.150	40.461.061	52.748.041	31.451.064
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	51.674.570	30.452.091	51.674.570	30.452.091
12 Debts related to the structured financial products Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
13 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	10.782.580	10.008.970	1.073.471	998.973
14 Other irrevocable or conditionally revocable commitments	775.027	-	38.751	-
15 Other irrevocable or conditionally revocable commitments	62.153.153	17.346.360	3.107.658	867.318
16 TOTAL CASH OUTFLOWS			107.150.257	66.134.087
CASH INFLOWS				
17 Secured Lending Transactions	3.774.025	3.774.025	-	-
18 Unsecured Lending Transactions	41.387.759	28.394.466	33.782.118	26.630.775
19 Other contractual cash inflows	45.640.815	29.873.356	45.637.514	29.873.279
20 TOTAL CASH INFLOWS	90.802.599	62.041.847	79.419.632	56.504.054
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			62.115.029	41.023.489
22 TOTAL NET CASH OUTFLOWS			28.967.779	16.533.522
23 Liquidity Coverage Ratio (%)			216,23	248,58

(*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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 155% 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 45% and securities issued by Treasury of Republic of Turkey by 43%. Funding sources are mainly distributed between individual and retail deposits by 62%, corporate deposits by 26%, borrowings from banks by 4% and collateralized borrowings such as repurchase agreements by 2%.

Cash outflow amounting to TL 1.387 million is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last two years.

Akbank AG, part of the consolidation group and has an effect on liquidity coverage ratio in respect of its size, is subject to legal liquidity ratio projected by regulatory authority situated in its business location. In respect of its long term deposit insurance and borrowing structure which is hard to withdraw before maturity because of legal regulations, consolidated liquidity coverage ratio is higher than unconsolidated ratio.

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

Current Period - 30.06.2019

	TL+FC	FC
April	155,28	204,69
May	185,13	191,92
June	178,85	190,10

Prior Period - 31.12.2018

	TL+FC	FC
October	205,37	246,10
November	245,86	274,78
December	197,45	224,87

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Breakdown of assets and liabilities according to their outstanding maturities:

Current Period – 30 June 2019	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	19.376.243	13.283.634	131.703	-	-	-	-	32.791.580
Banks	13.414.404	5.794.004	752.860	-	-	-	-	19.961.268
Financial Assets at Fair Value Through Profit or Loss (Net)	247.957	202	-	6.938.707	17.135	-	-	7.204.001
Interbank Money Market Placements	-	18.295	100.304	19.037	-	-	-	137.636
Financial Assets measured at other comprehensive income (Net)	361.077	197.800	127.995	11.262.030	30.216.739	11.358.584	-	53.524.225
Loans (****)	365.958	47.123.449	26.396.892	45.279.591	73.062.740	24.640.224	10.631.164	227.500.018
Financial Assets measured at amortised cost (Net)	-	798.236	-	2.441.692	6.720.240	1.189.842	-	11.150.010
Other Assets (*)	1.388.817	787.137	1.081.868	4.233.951	11.811.582	8.410.258	(4.155.800)	23.557.813
Total Assets	35.154.456	68.002.757	28.591.622	70.175.008	121.828.436	45.598.908	6.475.364	375.826.551
Liabilities								
Bank Deposits	1.533.968	3.635.141	1.317.712	452.507	-	-	-	6.939.328
Other Deposits	49.730.035	136.362.725	20.834.811	9.374.681	5.757.643	503.622	-	222.563.517
Borrowings	-	663.302	1.027.618	15.070.354	14.455.779	4.982.466	-	36.199.519
Funds from Interbank Money Market	-	1.107.959	1.019.567	3.440.567	3.775.480	2.031.531	-	11.375.104
Marketable Securities Issued (Net) (**)	-	4.398.017	2.814.865	3.637.967	4.225.718	7.904.519	-	22.981.086
Miscellaneous Payables	700.061	553.478	296.140	587.880	1.852.391	1.054.982	4.828.646	9.873.578
Other Liabilities (***)	451.641	1.130.578	1.019.017	1.977.737	5.549.413	3.414.409	52.351.624	65.894.419
Total Liabilities	52.415.705	147.851.200	28.329.730	34.541.693	35.616.424	19.891.529	57.180.270	375.826.551
Net Liquidity Excess/ (Gap)	(17.261.249)	(79.848.443)	261.892	35.633.315	86.212.012	25.707.379	(50.704.906)	-
Net Off-balance sheet Position	-	(86.046)	(215.293)	2.827.483	5.503.806	4.336.886	-	12.366.836
Financial Derivative Assets	-	87.912.576	32.062.870	41.771.775	96.594.548	73.226.770	-	331.568.539
Financial Derivative Liabilities	-	87.998.622	32.278.163	38.944.292	91.090.742	68.889.884	-	319.201.703
Non-cash Loans (****)	-	2.597.516	4.255.444	17.327.391	3.709.400	20.525.554	-	48.415.305
Prior Period - 31 December 2018								
Total Assets	32.514.274	57.967.946	27.870.057	60.347.221	128.102.097	42.260.891	5.619.124	354.681.610
Total Liabilities	42.327.806	131.577.083	34.759.169	43.587.819	39.780.479	18.862.213	43.787.041	354.681.610
Net Liquidity Excess/ (Gap)	(9.813.532)	(73.609.137)	(6.889.112)	16.759.402	88.321.618	23.398.678	(38.167.917)	-
Net Off-balance sheet Position	-	77.620	(1.315.703)	333.174	8.660.889	5.674.553	-	13.430.533
Financial Derivative Assets	-	72.096.655	34.606.470	46.684.420	101.972.261	65.710.763	-	321.070.569
Financial Derivative Liabilities	-	72.019.035	35.922.173	46.351.246	93.311.372	60.036.210	-	307.640.036
Non-cash Loans (****)	-	4.239.932	5.288.100	16.267.385	4.944.533	22.055.421	-	52.795.371

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

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

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

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

(*****) Included lease receivables. The non-performing loans is presented "Unallocatable" column.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

VI. EXPLANATIONS ON LEVERAGE RATIO:

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

As of 30 June 2019, leverage ratio of the Group calculated from the arithmetic average of the last 3 months is 9,38% (31 December 2018: 9,03%). This ratio is above the minimum ratio which is 3%. The leverage ratio is almost on the same level in the current and prior period.

b. Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS :

	Current Period 30 June 2019 (**)	Current Period 31 December 2018 (**)
1 Total assets in the consolidated financial statements prepared in accordance with TAS (*)	384.573.908	371.069.543
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(143.000)	(106.333)
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	5.847.995	5.052.237
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(15.089.623)	(18.663.166)
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.174.197)	(1.655.423)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	132.169.807	136.053.411
7 Total Risk	507.471.467	491.750.269

(*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(**) The arithmetic average of the last 3 months in the related periods.

c. Disclosure of Leverage ratio template :

	Current Period 30 June 2019 (*)	Current Period 31 December 2018 (*)
Balance sheet Assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	359.317.103	345.914.898
2 (Assets deducted from Core capital)	-	-
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	359.317.103	345.914.898
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	17.199.013	16.077.472
5 Potential credit risk amount of derivative financial assets and credit derivatives	5.847.995	5.052.237
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	23.047.008	21.129.709
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity	3.217.042	3.552.867
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	3.217.042	3.552.867
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	123.064.511	122.808.218
11 (Correction amount due to multiplication with credit conversion rates)	(1.174.197)	(1.655.423)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	121.890.314	121.152.795
Capital and total risk		
13 Core Capital	47.546.965	44.224.046
14 Total risk amount (sum of lines 3, 6, 9 and 12)	507.471.467	491.750.269
Leverage ratio		
15 Leverage ratio	9,38	9,03

(*) Three months average values.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

VII. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:

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

a. Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 30 June 2019	Prior Period 31 December 2018	Current Period 30 June 2019
1 Credit risk (excluding counterparty credit risk) (CCR)	265.248.315	248.816.671	21.219.865
2 Standardized approach (SA)	265.248.315	248.816.671	21.219.865
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	22.533.799	22.807.044	1.802.704
5 Standardized approach for counterparty credit risk (SA-CCR)	22.533.799	22.807.044	1.802.704
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	271.806	237.585	21.745
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	6.937.599	5.087.744	555.008
17 Standardized approach (SA)	6.937.599	5.087.744	555.008
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	28.892.666	22.665.719	2.311.413
20 Basic Indicator Approach	28.892.666	22.665.719	2.311.413
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	323.884.185	299.614.763	25.910.735

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

b. Credit Risk Explanations:

1. Credit quality of assets:

	Current Period – 30 June 2019	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	10.631.163	216.868.854	10.724.659	216.775.357
2	Debt Securities	-	71.342.087	66.832	71.275.254
3	Off-balance sheet exposures	319.137	117.857.265	373.205	117.803.197
4	Total	10.950.300	406.068.206	11.164.698	405.853.808

	Prior Period – 31 December	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	8.439.028	213.980.162	8.482.446	213.936.744
2	Debt Securities	-	56.374.324	48.385	56.325.939
3	Off-balance sheet exposures	258.445	105.646.122	388.224	105.516.343
4	Total	8.697.473	376.000.608	8.919.055	375.779.026

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

	Current Period 30 June 2019	Prior Period 31 December 2018
1 Defaulted loans and debt securities at end of the previous reporting period	8.697.474	5.141.300
2 Loans and debt securities that have defaulted since the last reporting period	2.938.364	10.048.233
3 Returned to non-defaulted status	12.519	26.936
4 Amounts written off	3.905	4.583.202
5 Other changes	669.115	1.881.922
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	10.950.300	8.697.473

3. Credit risk mitigation techniques – overview:

Current Period – 30 June 2019	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
2	Debt Securities	71.275.254	-	-	-	-	-
3	Total	280.632.212	7.418.399	6.265.239	9.381.368	8.160.605	-
4	Of which defaulted	10.950.300	-	-	-	-	-

Prior Period – 31 December 2018	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
2	Debt Securities	56.325.939	-	-	-	-	-
3	Total	262.638.007	7.624.676	5.704.796	9.910.626	8.818.566	-
4	Of which defaulted	8.697.474	-	-	-	-	-

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

4. Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects:

Current Period - 30.06.2019	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density		
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	
	Asset classes						
1	Exposures to central governments or central banks	84.077.863	8.105	92.136.043	64.027	17.668.566	19,16%
2	Exposures to regional governments or local authorities	35.862	-	35.862	-	17.931	50,00%
3	Exposures to public sector entities	26.081	53.213	25.939	4.870	30.809	100,00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	37.149.094	57.372.304	37.149.094	18.038.820	28.752.235	52,10%
7	Exposures to corporates	145.098.317	53.865.150	136.518.583	34.379.793	168.562.136	98,63%
8	Retail exposures	51.684.781	37.789.182	46.642.598	4.666.402	38.481.750	75,00%
9	Exposures secured by residential property	9.834.254	439.933	9.815.192	189.784	3.501.742	35,00%
10	Exposures secured by commercial real estate	13.611.730	1.443.817	13.528.600	968.838	10.569.761	72,91%
11	Past-due loans	4.358.476	-	4.358.476	-	4.464.743	102,44%
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)	317.465	-	317.465	-	317.465	100,00%
16	Other assets	11.707.925	-	11.707.926	-	8.469.166	72,34%
17	Investments in equities	218.838	-	218.838	-	218.838	100,00%
18	Total	358.120.687	150.971.704	352.454.616	58.312.534	281.055.142	68,42%

Prior Period - 31.12.2018	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density		
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	
	Asset classes						
1	Exposures to central governments or central banks	75.742.406	3.425.166	84.432.566	149.220	16.719.246	%19,77
2	Exposures to regional governments or local authorities	26.833	-	26.833	-	13.416	%50,00
3	Exposures to public sector entities	5.600	10.154	5.306	2.066	7.372	%100,00
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	34.531.326	42.274.292	34.531.326	17.769.900	26.508.607	%50,68
7	Exposures to corporates	133.788.589	58.341.580	124.926.153	36.318.389	157.977.461	%97,97
8	Retail exposures	51.506.981	35.527.485	46.927.084	4.199.363	38.344.835	%75,00
9	Exposures secured by residential property	11.077.380	481.147	11.059.476	206.744	3.943.177	%35,00
10	Exposures secured by commercial real estate	15.118.612	1.539.025	14.947.670	997.960	11.535.900	%72,35
11	Past-due loans	3.560.340	-	3.560.340	-	3.715.515	%104,36
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	243.711	214.972	243.711	4.472	248.183	%100,00
16	Other assets	9.746.187	-	9.746.187	-	6.066.111	%62,24
17	Investments in equities	19.135	-	19.135	-	19.135	%100,00
18	Total	335.367.100	141.813.821	330.425.787	59.648.114	265.098.968	%67,96

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

Current Period - 30.06.2019											
Asset classes / Risk weight	0%	10%	20%	35%	50 %	75%	100%	150%	200%	Other risk weights	Total risk amount
1 Exposures to central governments or central banks	73.086.580	-	390.979	-	2.264.281	-	16.458.230	-	-	-	92.200.070
2 Exposures to regional governments or local authorities	-	-	-	-	35.862	-	-	-	-	-	35.862
3 Exposures to public sector entities	-	-	-	-	-	-	30.809	-	-	-	30.809
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	24.386.449	-	13.853.039	-	16.948.426	-	-	-	55.187.914
7 Exposures to corporates	257.280	-	386.926	-	3.705.172	-	166.382.665	166.333	-	-	170.898.376
8 Retail exposures	-	-	-	-	-	51.309.000	-	-	-	-	51.309.000
9 Exposures secured by residential property	-	-	-	10.004.977	-	-	-	-	-	-	10.004.977
10 Exposures secured by commercial real estate	-	-	-	-	7.855.353	-	6.642.084	-	-	-	14.497.437
11 Past-due loans	-	-	-	-	1.490.479	-	1.164.984	1.703.013	-	-	4.358.476
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)	-	-	-	-	-	-	317.465	-	-	-	317.465
16 Investments in equities	-	-	-	-	-	-	218.838	-	-	-	218.838
17 Other assets	3.232.609	-	7.688	-	-	-	8.467.628	-	-	-	11.707.925
18 Total	76.576.468	-	25.172.043	10.004.977	29.204.188	51.309.000	216.631.128	1.869.346	-	-	410.767.150
Prior Period - 31.12.2018											
Asset classes / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weights	Total risk amount
1 Exposures to central governments or central banks	67.569.712	-	366.035	-	-	-	16.646.039	-	-	-	84.581.785
2 Exposures to regional governments or local authorities	-	-	-	-	26.833	-	-	-	-	-	26.833
3 Exposures to public sector entities	-	-	-	-	-	-	7.372	-	-	-	7.372
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	202.080	-	23.212.856	-	14.040.507	-	14.845.783	-	-	-	52.301.226
7 Exposures to corporates	1.314.832	-	83.905	-	3.770.253	-	156.075.553	-	-	-	161.244.543
8 Retail exposures	-	-	-	-	-	51.126.447	-	-	-	-	51.126.447
9 Exposures secured by residential property	-	-	-	11.266.221	-	-	-	-	-	-	11.266.221
10 Exposures secured by commercial real estate	-	-	-	-	8.819.460	-	7.126.170	-	-	-	15.945.630
11 Past-due loans	-	-	-	-	1.069.647	-	1.110.693	1.379.999	-	-	3.560.340
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	248.183	-	-	-	248.183
16 Investments in equities	-	-	-	-	-	-	19.135	-	-	-	19.135
17 Other assets	3.680.072	-	5	-	-	-	6.066.110	-	-	-	9.746.187
18 Total	72.766.696	-	23.662.801	11.266.221	27.726.700	51.126.447	202.145.039	1.379.999	-	-	390.073.902

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Counterparty Credit Risk (CCR) Explanations:

1. 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 - 30.06.2019							
1	Standardised Approach (for derivatives)	15.455.811	5.409.588		1,4	20.865.398	14.299.606
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)					2.722.828	1.235.415
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					2.722.828	1.235.415
6	Total						15.535.021

(*) Effective Expected Positive Exposure

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
Prior Period - 31.12.2018							
1	Standardised Approach (for derivatives)	14.611.271	5.320.025		1,4	19.931.296	14.524.323
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)					3.367.180	1.520.377
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					3.367.180	1.520.377
6	Total						16.044.700

(*) Effective Expected Positive Exposure

2. Credit valuation adjustment (CVA) capital charge:

	Current Period - 30.06.2019		Prior Period - 31.12.2018	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3xmultiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3xmultiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	21.362.475	6.949.784	19.931.297	6.739.551
4 Total subject to the CVA capital charge	21.362.475	6.949.784	19.931.297	6.739.551

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

3. Standardised approach of CCR exposures by regulatory portfolio and risk weights:

Current Period - 30.06.2019

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Claims from central governments and central banks	-	-	-	-	-	5.730	-	-	5.730
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	527	-	-	527
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	4.352.609	9.101.958	-	37.562	-	-	5.459.063
Corporates	-	-	-	444	-	10.009.725	-	-	10.009.947
Retail portfolios	-	-	-	-	79.671	-	-	-	59.754
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	-	-	4.352.609	9.102.402	79.671	10.053.544	-	-	15.535.021

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

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

Prior Period - 31.12.2018

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio									
Claims from central governments and central banks	76.180	-	-	-	-	1.994	-	-	1.994
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	112	-	-	112
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.746.064	9.934.757	-	2.558	-	-	5.519.149
Corporates	-	-	-	444	-	10.479.324	-	-	10.479.546
Retail portfolios	-	-	-	-	52.570	-	-	-	39.427
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	4.472	-	-	4.472
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
Total	76.180	-	2.746.064	9.935.201	52.570	10.488.460	-	-	16.044.700

(*) 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.

4. 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

5. Credit derivatives exposures:

	Current Period - 30.06.2019		Prior Period - 31.12.2018	
	Protection bought	Protection sold	Protection bought	Protection sold
Nominal				
Single-name credit default swaps	1.959.660	28.650	5.917.500	26.300
Index credit default swaps	-	-	-	-
Total return swaps	10.766.906	7.897.595	10.369.466	7.603.757
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total notionals	12.726.566	7.926.245	16.286.966	7.630.057
Fair values				
Positive fair value (asset)	2.882.213	2.692.326	3.283.145	2.606.104
Negative fair value (liability)	-	-	-	-

6. Exposures to central counterparties (CCP):

	Current Period - 30.06.2019		Prior Period - 31.12.2018	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		48.994		22.790
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which				
3 (i) OTC Derivatives	497.077	19.652	572.078	22.772
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	-	-	-	-
10 Unfunded default fund contributions	29.342	29.342	7.655	18
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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

f. Market Risk Explanations:

Standardised approach:

	Current Period	Prior Period
	30.06.2019	31.12.2018
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	2.661.769	2.644.038
2 Equity risk (general and specific)	14.438	29.800
3 Foreign exchange risk	4.260.042	2.381.081
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	1.350	32.825
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	6.937.599	5.087.744

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

VIII. EXPLANATIONS ON HEDGE TRANSACTIONS:

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

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

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

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

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

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

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement.

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

	Current Period 30 June 2019			Prior Period 31 December 2018		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest Rate and Cross Currency Swaps						
-TL	14.398.198	7.652.729	594.374	16.237.237	4.693.776	647.569
-FC	52.946.454	123.794	221.916	45.937.007	364.658	41.041
Total	67.344.652	7.776.523	816.290	62.174.244	5.058.434	688.610

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

1. Explanations on Accounting Net Investment Hedge:

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

2. Explanations on Fair Value Hedge:

Current Period – 30 June 2019

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(264.592)	252.136	(12.456)
Cross-currency swap	Fixed interest rate TL financial assets at other comprehensive income,	Interest rate and currency risk	(26.909)	(25.280)	(1.629)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC Borrowings	Interest rate and currency risk	2.982.086	(2.961.948)	20.138
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC Borrowings	Interest rate and currency risk	(16.621)	16.621	-
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	6	(8)	(2)

(*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

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

Prior Period - 31 December 2018

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(43.581)	33.893	(9.688)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	2.632.655	(2.658.615)	(25.960)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	9.438	(9.438)	-
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	93	(95)	(2)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	22.074	(22.686)	(612)

(*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

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

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

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

- As of 30 June 2019, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 5.746 (31 December 2018: TL 7.263).

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

3. Explanations on Cash Flow Hedge:

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	(455)	-	(197.908)	45.951	(5.031)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	3.359.571	64.973	(334.821)	(239.971)	(29.011)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	131.783	337.104	234.995	(8.537)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	806	355.000	25.612	14.544	(5.439)

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

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

- As of 30 June 2019, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 807 (31 December 2018: TL (6.113)).

IX. EXPLANATIONS ON BUSINESS SEGMENTS:

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

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

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

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management.

Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network. Information on business segments as of 30 June 2019 and 31 December 2018 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

	Retail Banking (**)	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Current Period – 30 June 2019					
Operating Income	4.833.106	3.742.278	(15.652)	1.742.173	10.301.905
Profit from Operating Activities	1.474.313	1.098.261	(203.864)	1.081.285	3.449.995
Income from Subsidiaries	-	-	-	5.526	5.526
Profit before Tax	1.474.313	1.098.261	(203.864)	1.086.811	3.455.521
Tax Expense	-	-	-	(788.509)	(788.509)
Minority Shares	-	-	-	9	9
Net Profit for the Period	1.474.313	1.098.261	(203.864)	298.310	2.667.012
Segment Assets	72.809.145	166.576.765	114.050.014	8.200.118	361.636.042
Investments in Associates.	-	-	-	5.521	5.521
Undistributed Assets	-	-	-	14.184.988	14.184.988
Total Assets					375.826.551
Segment Liabilities	143.581.821	80.598.318	81.445.764	8.163.376	313.789.279
Undistributed Liabilities	-	-	-	12.696.088	12.696.088
Shareholders' Equity	-	-	-	49.341.184	49.341.184
Total Liabilities					375.826.551
Other Segment Items					
Capital Investment	-	-	-	192.796	192.796
Amortization	(61.946)	(11.511)	(118)	(181.089)	(254.664)
Non-cash Other Income-Expense	(761.746)	(2.264.284)	(114.127)	(349.978)	(3.490.135)

	Retail Banking (**)	Commercial Banking, SME Banking, Corporate-Investment and Private Banking	Treasury	Other and Unallocated	Bank's Total Activities
Prior Period – 31 December 2018 (*)					
Operating Income	4.194.006	2.681.489	396.018	2.126.322	9.397.835
Profit from Operating Activities	1.692.942	1.835.078	242.100	386.863	4.156.983
Income from Subsidiaries	-	-	-	4.829	4.829
Profit before Tax	1.692.942	1.835.078	242.100	391.692	4.161.812
Corporate Tax	-	-	-	(882.230)	(882.230)
Minority Shares	-	-	-	(6)	(6)
Net Profit for the Period	1.692.942	1.835.078	242.100	(490.544)	3.279.576
Segment Assets	71.535.564	155.414.381	106.291.403	7.093.603	340.334.951
Investments in Associates.	-	-	-	5.521	5.521
Undistributed Assets	-	-	-	14.341.141	14.341.141
Total Assets					354.681.610
Segment Liabilities	131.439.325	70.722.739	89.927.997	6.902.026	298.992.087
Undistributed Liabilities	-	-	-	11.902.485	11.902.485
Shareholders' Equity	-	-	-	43.787.041	43.787.041
Total Liabilities					354.681.610
Other Segment Items					
Capital Investment	-	-	-	318.540	318.540
Amortization	(13.678)	(11.221)	(65)	(144.335)	(169.299)
Non-cash Other Income-Expense	(160.688)	(1.950.539)	(23.373)	(370.389)	(2.504.989)

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	1.521.400	1.651.752	1.796.419	1.826.133
The CBRT (*)	3.128.453	26.422.830	2.928.915	23.504.830
Other (**)	-	67.145	-	57.527
Total	4.649.853	28.141.727	4.725.334	25.388.490

(*) Precious metal account amounting to TL 3.313.696 are included in FC (31 December 2018: TL 3.432.683).

(**) Precious metal account amounting to TL 59.457 are included in FC (31 December 2018: TL 57.522).

2. Information related to the account of the CBRT:

	Current Period 30 June 2018		Prior Period 31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6.313	-	124	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	3.122.140	26.422.830	2.928.791	23.504.830
Total	3.128.453	26.422.830	2.928.915	23.504.830

3. Explanation on reserve requirements:

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

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

b. Financial Assets at Fair Value Through Profit or Loss

As of 30 June 2019, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.753 (31 December 2018: TL 10.599); and there are no financial assets subject to repo transactions (31 December 2018: None).

Other Financial Assets:

In the previous period, syndicated loans previously granted to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, the transfer of 192.500.000.000 of Group A shares which consist of 55% of Türk Telekom's issued capital and are pledged in favor of the creditors in order to establish the collateral of the loans to Levent Yapılandırma Yönetimi A.Ş. which was established as a special purpose company, where all of the creditors were directly or indirectly shared was completed on 21 December 2018. The Bank participated in LYY with a share of 35.56% in receivables from OTAŞ. Within the scope of the acquisition of Türk Telekom shares by LYY and within the framework of the related agreements, the total amount of the loan granted to LYY by the Bank for the acquisition of shares, which are the guarantee of OTAŞ loans, is TL 6.928 million and has been classified under "Financial Assets At Fair Value Through Profit And Loss" as "Other Financial Assets" in the financial statements. As of 30 June 2019, the fair values are based on the results of an independent valuation firm. In this valuation, fair value is determined by considering the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). The related loan is followed as Level 3 within the scope of IFRS 13 Fair Value Standard.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

The potential changes in the fundamental assumptions used in the valuation will affect the carrying value of the loan. The maturity of this loan is 1 year and can be extended. Within the framework of the signed agreements on this loan, a part of the loan granted to LYY is estimated to be converted from loan to capital and added to LYY's capital in the following period. Türk Telekom shares which are transferred to LYY and subject to loan consists of the collateral of the loan granted to LYY. The main objective of LYY is to transfer these Turk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible.

c. Trading derivative financial assets:

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	469.851	-	1.004.135	-
Swap Transactions	9.031.979	4.817.865	11.211.063	4.810.361
Futures Transactions	-	-	-	-
Options	28.625	106.664	67.656	454.254
Other	-	-	-	-
Total	9.530.455	4.924.529	12.282.854	5.264.615

[*] Excluding hedging derivatives financial assets.

d. Information on banks account and foreign banks:

Information on banks account:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	522.062	1.140.642	9.099	664.819
Foreign	311	18.298.253	3.107	18.282.373
Head Quarters and Branches Abroad	-	-	-	-
Total	522.373	19.438.895	12.206	18.947.192

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

1. As of 30 June 2019, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 9.314.740 (31 December 2018: TL 12.114.655); and those given as collateral/blocked amounting to TL 10.195.208 (31 December 2018: TL 8.854.043).

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Debt Securities	55.965.970	46.920.338
Quoted at Stock Exchange (*)	52.285.017	45.524.169
Unquoted at Stock Exchange	3.680.953	1.396.169
Share Certificates	16.384	13.620
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.384	13.620
Impairment Provision (-)	2.458.129	2.593.916
Total	53.524.225	44.340.042

[*] Investment funds are included.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

f. Information related to loans:

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	1.440
Corporate Shareholders	-	97	-	1.440
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	6.928.628	1.189.872	5.476.437	1.073.121
Loans Granted to Employees	121.028	-	114.675	-
Total	7.049.656	1.189.969	5.591.112	1.074.561

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

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

Current Period – 30 June 2019	Loans and other receivables under follow up			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non-specialized Loans				
Loans given to enterprises	30.749.725	1.951.859	18.796	1.883.651
Export Loans	14.895.439	259.758	9.926	234.586
Import Loans	2.223.344	-	-	-
Loans Given to Financial Sector	12.945.276	355	-	-
Consumer Loans	24.417.800	2.170.080	1.143.911	36.390
Credit Cards	13.138.181	891.102	676.605	-
Other	86.517.696	7.249.596	667.616	14.787.163
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	184.887.461	12.522.750	2.516.854	16.941.790

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

Expected Credit Loss Stage I and Stage II	Current Period 30 June 2019		Prior Period 31 December 2018	
	Standard Loans	Loans under Follow-up	Standard Loans	Loans under Follow-up
12 Month Expected Credit Losses	711.558	-	737.932	-
Significant Increase in Credit Risk	-	3.739.845	-	2.863.613
Total	711.558	3.739.845	737.932	2.863.613

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

Current Period- 30.06.2019	Short-term	Medium and Long-term	Total
Consumer Loans-TL	458.908	25.859.171	26.318.079
Mortgage Loans	1.148	9.686.334	9.687.482
Automotive Loans	621	104.289	104.910
Consumer Loans	457.139	16.068.548	16.525.687
Other	-	-	-
Consumer Loans- Indexed to FC	-	1.180	1.180
Mortgage Loans	-	1.180	1.180
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards-TL	11.541.626	611.132	12.152.758
With Installment	3.756.231	609.887	4.366.118
Without Installment	7.785.395	1.245	7.786.640
Consumer Credit Cards-FC	14.650	-	14.650
With Installment	-	-	-
Without Installment	14.650	-	14.650
Personnel Loans-TL	3.099	61.596	64.695
Mortgage Loans	-	2.978	2.978
Automotive Loans	-	27	27
Consumer Loans	3.099	58.591	61.690
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	55.937	28	55.965
With Installment	19.817	28	19.845
Without Installment	36.120	-	36.120
Personnel Credit Cards-FC	368	-	368
With Installment	-	-	-
Without Installment	368	-	368
Credit Deposit Account-TL (Real Person)	1.384.227	-	1.384.227
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	13.458.815	26.533.107	39.991.922

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

Current Period – 30.06.2019	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	621.899	14.465.342	15.087.241
Mortgage Loans	784	7.085	7.869
Automotive Loans	13.930	47	13.977
Consumer Loans	607.185	14.458.210	15.065.395
Other	-	-	-
FC Indexed Commercial Installment Loans	-	189.083	189.083
Mortgage Loans	-	754	754
Automotive Loans	-	-	-
Consumer Loans	-	188.329	188.329
Other	-	-	-
Commercial Installment Loans-FC	16.339	271.398	287.737
Mortgage Loans	-	-	-
Automotive Loans	561	-	561
Consumer Loans	15.778	271.398	287.176
Other	-	-	-
Corporate Credit Cards-TL	2.477.065	1.175	2.478.240
With Installment	701.920	1.138	703.058
Without Installment	1.775.145	37	1.775.182
Corporate Credit Cards-FC	3.907	-	3.907
With Installment	-	-	-
Without Installment	3.907	-	3.907
Credit Deposit Account-TL (Legal Person)	1.054.834	-	1.054.834
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.174.044	14.926.998	19.101.042
Prior Period – 31.12.2018	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	1.013.895	12.614.322	13.628.217
Mortgage Loans	5.555	8.397	13.952
Automotive Loans	38.764	66	38.830
Consumer Loans	969.576	12.605.859	13.575.435
Other	-	-	-
FC Indexed Commercial Installment Loans	4.555	353.390	357.945
Mortgage Loans	-	1.019	1.019
Automotive Loans	-	-	-
Consumer Loans	4.555	352.371	356.926
Other	-	-	-
Commercial Installment Loans-FC	8.487	199.661	208.148
Mortgage Loans	-	-	-
Automotive Loans	3.515	-	3.515
Consumer Loans	4.972	199.661	204.633
Other	-	-	-
Corporate Credit Cards-TL	2.693.636	50	2.693.686
With Installment	795.746	43	795.789
Without Installment	1.897.890	7	1.897.897
Corporate Credit Cards-FC	2.752	-	2.752
With Installment	-	-	-
Without Installment	2.752	-	2.752
Credit Deposit Account-TL (Legal Person)	1.159.752	-	1.159.752
Credit Deposit Account-FC (Legal person)	-	-	-
Total	4.883.077	13.167.423	18.050.500

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Domestic Loans	217.265.877	206.437.542
Foreign Loans	10.234.141	9.291.440
Total	227.500.018	215.728.982

(*) Included leasing receivables.

6. Loans granted to investments in associates and subsidiaries: None.

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Loans and Other Receivables with Limited Collectibility	525.488	724.871
Loans and Other Receivables with Doubtful Collectibility	1.459.095	1.226.217
Uncollectible Loans and Receivables	4.288.673	2.929.813
Total	6.273.256	4.880.901

(*) Included leasing receivables.

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

8. (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: 30 June 2019			
(Gross Amounts Before Specific Provisions)	72.483	230.380	120.946
Rescheduled Loans and Other Receivables	72.483	230.380	120.946
Prior Period: 31 December 2018			
(Gross Amounts Before Specific Provisions)	37.886	108.383	106.612
Rescheduled Loans and Other Receivables	37.886	108.383	106.612

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

	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
Prior Period End Balance: 31 December 2018	1.681.186	2.853.788	3.904.054
Additions (+)	2.391.148	384.856	101.670
Transfers from Other Categories of Non-Performing Loans (+)	-	2.842.766	2.901.049
Transfers to Other Categories of Non-Performing Loans (-)	2.842.766	2.901.049	-
Collections (-)	206.407	231.849	243.378
Write-offs (-)	1.055	1.181	1.669
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	1.022.106	2.947.331	6.661.726
Specific Provisions (-)	525.488	1.459.095	4.288.673
Net Balance at Balance Sheet	496.618	1.488.236	2.373.053

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

8. (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: 30 June 2019			
Balance at the End of the Period	54.749	313.952	2.732.930
Specific Provision (-)	32.631	137.610	1.166.406
Net Balance on Balance Sheet	22.118	176.342	1.566.524
Prior Period: 31 December 2018			
Balance at the End of the Period	239.210	1.583.409	533.704
Specific Provision (-)	87.114	532.960	279.665
Net Balance at Balance Sheet	152.096	1.050.449	254.039

In Parent Bank, non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net): 30 June 2019			
Loans granted to corporate entities and real persons (Gross)	1.022.106	2.947.331	6.661.726
Specific Provision Amount (-)	525.488	1.459.095	4.288.673
Loans granted to corporate entities and real persons (Net)	496.618	1.488.236	2.373.053
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 2018			
Loans granted to corporate entities and real persons (Gross)	1.681.186	2.853.788	3.904.054
Specific Provision Amount (-)	724.871	1.226.217	2.929.813
Loans granted to corporate entities and real persons (Net)	956.315	1.627.571	974.241
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

(*)Included leasing receivables.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

8. (v) 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. (*)

	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: 30 June 2019			
Interest accruals and valuation differences	104.744	411.367	726.462
Provision (-)	61.277	240.055	374.631
Prior Period: 31 December 2018			
Interest accruals and valuation differences	163.127	361.402	139.094
Provision (-)	84.613	168.980	105.678

(*)Included leasing receivables.

g. Financial Assets Measured at Amortised Cost

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

	Current Period		Prior Period	
	30 June 2019		31 December 2018	
	TL	FC	TL	FC
Given as collateral/blocked	-	637.374	-	659.977
Subject to repurchase agreements	207.493	2.008.259	151.531	2.482.866
Total	207.493	2.645.633	151.531	3.142.843

2. Information about Government debt securities:

	Current Period		Prior Period	
	30 June 2019		31 December 2018	
Government debt	7.986.556		9.062.489	
Treasury bonds	-		-	
Other government debts	753.661		691.694	
Total	8.740.217		9.754.183	

3. Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	30 June 2019		31 December 2018	
Debt Securities	11.184.863		12.328.066	
Quoted at stock exchange	11.184.863		12.328.066	
Not quoted at stock exchange	-		-	
Impairment (-)	34.853		64.585	
Total	11.150.010		12.263.481	

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

4. The movement of financial assets at amortised costs:

	Current Period 30 June 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	12.263.481	18.883.032
Foreign Currency Differences on Monetary Assets	389.949	1.683.147
Purchases During Year	8.075	1.654.189
Disposals Through Sales and Redemptions (*)	(1.868.640)	(10.713.907)
Impairment Provision (-)	29.733	184.506
Change in Amortised Cost	327.412	572.514
Balance at the End of the Period	11.150.010	12.263.481

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

h. Information on investments in associates (Net):

1. Non-consolidated associates:

1 (i). Reasons for being out of consolidation for non-consolidated associates: In accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks they have been left out of the scope of consolidation.

1 (ii). Information about non-consolidated 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

1 (iii). Main financial figures of associates, in the order of the above table.

The financial figures stated below have been obtained from the financial statements date 31 March 2019.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio		Fair Value	
					Current Period Profit/ Loss	Prior Period Profit/Loss		
1	120.754	73.908	66.746	1.049	-	8.943	4.564	-
2	338.309	209.618	212.921	2.610	-	12.147	12.874	-

1 (iv). Movement schedule for non-consolidated subsidiaries:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

2. Consolidated subsidiaries within the current period: None.

i. Information on subsidiaries (Net):

1. Information related to shareholders' equity of major subsidiaries:

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

	Ak Finansal Kiralama A.Ş.	Ak Yatırım Menkul Değerler A.Ş.	Ak Portföy Yönetimi A.Ş.	Akbank AG	AkÖde A.Ş.
Paid in Capital	360.007	96.802	10.534	740.648	12.000
Share Premium	-	-	-	-	-
Reserves	494.060	66.116	18.234	3.897.700	(14)
Gains recognized in equity as per TAS	-	[1.626]	[150]	-	-
Profit/Loss	52.426	295.932	72.009	183.358	(4.255)
- Net Current Period Profit	52.426	62.078	29.178	183.358	(1.163)
- Prior Year Profit/Loss	-	233.854	42.831	-	(3.092)
Development Cost of Operating Lease (-)	26	993	-	274	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.133	12.479	106	4.748	-
Total Common Equity	905.334	443.752	100.521	4.816.684	7.731
Total Additional Tier I Capital	-	-	-	-	-
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
Total Tier I Capital	905.334	443.752	100.521	4.816.684	7.731
Tier II Capital	135.430	293	2	35.904	-
CAPITAL	1.040.764	444.045	100.523	4.852.588	7.731
Deductions from Capital	-	-	-	-	-
TOTAL CAPITAL	1.040.764	444.045	100.523	4.852.588	7.731

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

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.349.750	905.035	158.549	262.476	-	52.426	40.444	-
2	2.290.376	458.106	22.321	245.781	(348)	62.078	57.639	-
3	116.664	100.627	5.213	8.564	-	29.178	17.756	-
4	32.287.935	4.821.706	52.919	676.732	47.910	183.358	110.870	-
5	8.540	7.731	1.092	885	-	(1.163)	(1.043)	-

Though not being the subsidiary of the Bank, A.R.T.S Ltd. which was established in November 1999 respectively in connection with rising long-term financing, is included in the full scope of consolidation as "Structured Entity" due to the 100% control of this entity by the Group.

5. Movement schedule for consolidated subsidiaries:

	Current Period 30 June 2019	Prior Period 31 December 2018
Balance at the Beginning of the Period	5.452.141	4.133.098
Movements During the Period		
Additions (*)	125.000	62.000
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	325.877	304.959
Sales/Liquidation	-	-
Revaluation Increase (**)	390.051	952.084
Revaluation/Impairment	-	-
Increase/decrease due to foreign exchange valuation of foreign subsidiaries	-	-
Balance at the End of the Period	6.293.069	5.452.141
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) These amounts arise from the capital increase of Ak Finansal Kiralama A.Ş. which is 99.99% subsidiary of the Bank by TL 125,000 for the current period, and for the prior period, TL 12,000 that was paid by the Bank for AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. which is a wholly-owned subsidiary of the Bank as founding capital and the capital increase Ak Yatırım Menkul Değerler A.Ş. which is a wholly-owned subsidiary of the Bank by TL 50,000.

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

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

Subsidiaries	Current Period 30 June 2019	Prior Period 31 December 2018
Banks	4.821.706	4.248.193
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	904.899	727.051
Finance Companies	-	-
Other Financial Subsidiaries	566.464	476.897

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

7. Subsidiaries quoted to a stock exchange: None.

j. **Information on joint ventures:** None.

k. **Information on finance lease receivables (Net):**

	Current Period 30 June 2019		Prior Period 31 December 2018	
	Gross	Net	Gross	Net
2019	2.415.663	2.126.910	2.480.090	2.178.794
2020	1.476.454	1.271.650	1.568.621	1.341.508
2021 and following years	2.148.542	1.929.124	2.563.373	2.294.827
Total	6.040.659	5.327.684	6.612.084	5.815.129

l. **Information on the hedging derivative financial assets:**

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	4.453.764	76.011	2.957.837	110.989
Cash Flow Hedge	3.198.965	47.783	1.735.939	253.669
Net Investment Hedge in a foreign operation	-	-	-	-
Total	7.652.729	123.794	4.693.776	364.658

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

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

As of 30 June 2019, foreign currency deferred tax asset of the Group is TL 119.163 (31 December 2018: TL 143.808). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, 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 in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVIII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Cost	269.941	264.463
Accumulated Depreciation (-)	75	79
Net Book Value	269.866	264.384

	Current Period 30 June 2019	Prior Period 31 December 2018
Opening Balance Net Book Value	264.384	133.515
Additions (*)	34.756	180.171
Disposals (-), net	29.274	49.220
Impairment (-)	-	82
Depreciation (-)	-	-
Closing Net Book Value	269.866	264.384

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

p. **Information on other assets:**

Other assets amounting to TL 6.591.971 (31 December 2018: TL 6.462.174) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits:

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

1 (i). Current Period – 30 June 2019:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	8.223.484	8.675.121	34.873.737	348.896	493.467	1.154.949	17.183	53.786.837
Foreign Currency Deposits	30.116.909	14.877.162	69.018.060	3.081.574	4.479.063	17.079.472	1.661	138.653.901
Residents in Turkey	25.184.515	14.646.094	63.436.939	2.045.918	1.626.425	3.487.343	1.505	110.428.739
Residents Abroad	4.932.394	231.068	5.581.121	1.035.656	2.852.638	13.592.129	156	28.225.162
Public Sector Deposits	471.712	14.214	30.402	2.126	194	423	-	519.071
Commercial Deposits	7.870.242	5.843.863	8.745.697	64.392	192.784	384.010	-	23.100.988
Other Institutions Deposits	243.575	403.446	2.564.656	99.956	128.951	1.987	-	3.442.571
Precious metals Deposits	2.804.114	-	1.525	-	212.278	42.232	-	3.060.149
Interbank Deposits	1.534.364	79.890	4.026.793	500.150	782.362	15.769	-	6.939.328
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	13.104	29.759	15.911	-	661.306	4.700	-	724.780
Foreign Banks	371.270	50.131	4.010.882	500.150	121.056	11.069	-	5.064.558
Participation Banks	1.149.990	-	-	-	-	-	-	1.149.990
Other	-	-	-	-	-	-	-	-
Total	51.264.400	29.893.696	119.260.870	4.097.094	6.289.099	18.678.842	18.844	229.502.845

1 (ii). Prior period – 31 December 2018:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months – 1 Year	1 Year and Over	Deposits Cumulative	Total
Saving Deposits	6.822.980	6.345.091	36.807.411	1.723.512	3.056.761	1.092.246	20.081	55.868.082
Foreign Currency Deposits	23.465.232	14.864.820	54.167.714	2.668.885	7.938.266	15.349.849	1.782	118.456.548
Residents in Turkey	19.626.445	14.444.683	50.220.130	1.518.271	1.709.742	2.829.814	1.623	90.350.708
Residents Abroad	3.838.787	420.137	3.947.584	1.150.614	6.228.524	12.520.035	159	28.105.840
Public Sector Deposits	1.071.679	18.189	24.832	2.937	175	410	-	1.118.222
Commercial Deposits	6.762.192	5.773.856	6.509.480	244.718	153.281	333.052	-	19.776.579
Other Institutions Deposits	250.105	469.459	1.277.232	10.479	629.880	237.530	-	2.874.685
Precious metals Deposits	2.274.974	1.274	-	4.647	185.632	17.872	-	2.484.399
Interbank Deposits	1.487.220	1.476.252	4.329.783	301.072	457.058	-	-	8.051.385
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	9.795	1.438.343	345.038	6.275	342.171	-	-	2.141.622
Foreign Banks	123.202	37.909	3.984.745	294.797	114.887	-	-	4.555.540
Participation Banks	1.354.223	-	-	-	-	-	-	1.354.223
Other	-	-	-	-	-	-	-	-
Total	42.134.382	28.948.941	103.116.452	4.956.250	12.421.053	17.030.959	21.863	208.629.900

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund: The deposit amounts of the consolidated subsidiaries located abroad are subject to local insurance regulations and are not included in the table below.

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 30 June 2019	Prior Period 31 December 2018	Current Period 30 June 2019	Prior Period 31 December 2018
Saving Deposits	23.097.838	23.246.737	30.688.384	32.618.885
Foreign Currency Saving Deposits	13.142.393	10.341.024	58.925.286	50.682.638
Other Deposits in the Form of Saving Deposits	1.420.158	1.256.207	1.391.303	1.034.751
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Foreign Branches' Deposits and other accounts	82	375
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.597.910	1.208.455
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

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

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Forward Transactions	158.096	-	344.315	-
Swap Transactions	8.933.366	1.252.311	10.328.830	853.826
Futures Transactions	-	-	-	-
Options	1.000	249.877	2.910	606.512
Other	-	-	-	-
Total	9.092.462	1.502.188	10.676.055	1.460.338

(*). Excluding hedge transactions.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

c. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	311.111	1.145.774	279.606	1.268.471
From Foreign Banks, Institutions and Funds	55.205	34.687.429	477.107	41.624.699
Total	366.316	35.833.203	756.713	42.893.170

2. Information on maturity structure of borrowings:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Short-term	290.826	495.969	253.087	1.223.517
Medium and Long-term	75.490	35.337.234	503.626	41.669.653
Total	366.316	35.833.203	756.713	42.893.170

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

3. The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group 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 Group.

d. Information on securities issued (Net):

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Bank bills	7.007.914	-	2.847.485	-
Bonds	2.351.418	8.412.817	2.007.243	8.216.719
Total	9.359.332	8.412.817	4.854.728	8.216.719

e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 1.472.848 under "Other Liabilities" (31 December 2018: TL 3.364.074) and do not exceed 10% of the total balance sheet.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

f. Information on financial leasing agreements:

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

Liabilities incurred due to financial leasing agreements:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	Gross	Net	Gross	Net
Less Than 1 Year	146.818	61.801	-	-
Between 1-4 Years	378.038	179.494	-	-
More Than 4 Years	559.042	374.736	-	-
Total	1.083.898	616.031	-	-

g. Information on the hedging derivative financial liabilities:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge	10.783	173.678	2.611	41.041
Cash Flow Hedge	583.591	48.238	644.958	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	594.374	221.916	647.569	41.041

h. Information on provisions:

1. (i) Information on reserves for employee rights:

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

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

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

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

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

	Current Period 30 June 2019	Prior Period 31 December 2018
Prior Period Closing Balance	215.202	209.829
Recognized as an Expense During the Period	43.563	69.921
Actuarial Loss / (Gain)	20.338	(6.951)
Paid During the Period	(36.954)	(57.597)
Balance at the End of the Period	242.149	215.202

As of 30 June 2019, the Group has allocated vacation liability amounting to TL 136.105 (31 December 2018: TL 110.046).

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

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

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

Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 365.516 as of 30 June 2019 (31 December 2018: TL 378.740).

4. Information on other provisions:

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

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

4 (ii). The Group has provision for credit cards and banking services promotion activities amounting to TL 47.052 (31 December 2018: TL 50.044).

i. Explanations on tax liability:

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 30 June 2019, the corporate tax liability after the deduction of temporary taxes paid is TL 215.710 (31 December 2018: TL 8.037). The current tax asset is TL 15.017 as of 30 June 2019 (31 December 2018: TL 306.034).

1 (i). Information on taxes payable:

	Current Period 30 June 2019	Prior Period 31 December 2018
Corporate Taxes Payable	215.710	8.037
Taxation on Marketable Securities	241.532	165.369
Property Tax	2.640	1.983
Banking Insurance Transaction Tax (BITT)	166.658	198.927
Foreign Exchange Transaction Tax	5.967	-
Value Added Tax Payable	16.100	24.042
Other	89.657	125.982
Total	738.264	524.340

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

1 (ii). Information on premium payables:

	Current Period 30 June 2019	Prior Period 31 December 2018
Social Security Premiums – Employee	2.797	1.162
Social Security Premiums – Employer	606	257
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	3.067	1.525
Unemployment Insurance – Employer	5.677	2.873
Other	300	380
Total	12.453	6.203

2. Information on deferred tax liability:

As of 30 June 2019, Turkish Lira deferred tax liability of the Group amounts to TL 809.629 (31 December 2018: TL 412.665). An explanation about the net deferred tax asset is given in Note I-n of Section Five.

j. Information on subordinated loan:

	Current Period 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
Debt Instruments subject to common equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 equity	-	5.208.937	-	4.784.477
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	5.208.937	-	4.784.477
Total	-	5.208.937	-	4.784.477

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

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period 30 June 2019	Prior Period 31 December 2018
Common Stock	5.200.000	4.000.000
Preferred Stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Share Capital	5.200.000	10.000.000

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

Date	Amount	Cash	Profit reserves subject to increase	Capital reserves subject to increase
28 February 2019	1.200.000	1.200.000	-	-

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

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

The Group 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 Group 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 30 June 2019		Prior Period 31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(1.909.031)	(1.181.294)	(1.769.593)	(1.209.685)
Foreign Currency Differences	-	-	-	-
Total	(1.909.031)	(1.181.294)	(1.769.593)	(1.209.685)

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments: TL 31.827.315 asset purchase commitments (31 December 2018: TL 15.158.299), TL 20.569.411 commitments for credit card limits (31 December 2018: TL 19.788.847) and TL 2.864.776 commitments for cheque books (31 December 2018: TL 2.514.769).

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

The Group 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
	30 June 2019	31 December 2018
Bank Acceptance Loans	226.167	2.740.341
Letters of Credit	6.222.296	6.532.762
Other Guarantees and Warranties	8.528.091	8.579.625
Total	14.976.554	17.852.728

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

	Current Period	Prior Period
	30 June 2019	31 December 2018
Revocable Letters of Guarantee	1.063.601	1.015.501
Irrevocable Letters of Guarantee	18.919.871	20.344.230
Letters of Guarantee Given in Advance	2.088.786	2.723.574
Guarantees Given to Customs	1.959.203	2.096.019
Other Letters of Guarantee	9.407.290	8.763.319
Total	33.438.751	34.942.643

3. Information on non-cash loans:

Total amount of non-cash loans:

	Current Period	Prior Period
	30 June 2019	31 December 2018
Non-cash Loans Given against Cash Loans	10.951.954	10.507.618
With Original Maturity of 1 Year or Less Than 1 Year	5.758.004	5.190.839
With Original Maturity of More Than 1 Year	5.193.950	5.316.779
Other Non-cash Loans	37.463.351	42.287.753
Total	48.415.305	52.795.371

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
Short-term Loans	5.348.119	385.321	4.129.063	95.155
Medium and Long-term Loans	5.850.295	2.359.522	5.683.402	1.934.544
Interest on Loans Under Follow-Up	587.396	-	199.321	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	11.785.810	2.744.843	10.011.786	2.029.699

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

2. Information on interest income on banks:

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
From the CBRT	-	-	195.271	-
From Domestic Banks	86.538	175.690	22.146	10.519
From Foreign Banks	8.089	208.756	1.701	77.879
From Headquarters and Branches Abroad	-	-	-	-
Total	94.627	384.446	219.118	88.398

3. Information on interest income on marketable securities:

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	1.693	-	2.614	-
Financial Assets at Fair Value through Other Comprehensive Income	1.902.102	560.779	1.419.273	418.623
Financial Assets Measured at Amortised Cost	455.792	125.309	275.163	174.271
Total	2.359.587	686.088	1.697.050	592.894

As stated in note VI of Section Three, 6-month real coupon rates remaining constant throughout the maturity, government bonds with 5-10 years maturity and CPI index in the fair value through other comprehensive income of the Bank is included in the securities portfolio, which are reflected at other comprehensive income and are valued at amortized cost. As stated in Investor's Guide on CPI-Indexed Government Bonds published by Undersecretariat of Treasury, the reference indices used in the calculation of actual coupon payment amounts is based on CPI of two months ago. The Bank sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. As of 30 June 2019, the valuation of these securities is based on 12,00% annual inflation forecast. If the valuation of these CPI-indexed securities was made according to the reference index valid for 30 June 2019, the revaluation differences of financial assets within the equity of the Bank would increase 431 million (full TL amount), the net profit for the period would be 2.09% million TL (full TL amount) with a decrease of 571 million TL (full TL amount).

4. Information on interest income received from associates and subsidiaries: None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

b. Information on interest expense:

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

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
Banks	47.720	760.855	31.561	566.733
The CBRT	-	-	-	-
Domestic Banks	26.605	28.895	11.427	10.503
Foreign Banks	21.115	731.960	20.134	556.230
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	107.440	-	50.924
Total	47.720	868.295	31.561	617.657

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

2.Information on interest expense given to associates and subsidiaries: None.

3.Information on interest expense given to securities issued:

	Current Period 30 June 2019		Prior Period 30 June 2018	
	TL	FC	TL	FC
Interest expense on securities issued	795.794	387.088	436.020	299.582

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period – 30.06.2019	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	18.251	71.000	25.419	229	1.574	1.538	118.011
Saving Deposits	-	527.008	3.408.662	77.432	273.547	109.218	4.395.867
Public Sector Deposits	-	1.616	2.565	78	5	26	4.290
Commercial Deposits	-	709.204	862.218	6.055	15.614	30.766	1.623.857
Other Deposits	2	35.522	217.024	4.131	63.513	11.255	331.447
Total	18.253	1.344.350	4.515.888	87.925	354.253	152.803	6.473.472
FC							
Foreign Currency Deposits	7.585	187.092	983.116	31.347	75.873	138.610	1.423.623
Bank Deposits	238	1.475	61.252	4.263	9.227	119	76.574
Precious Metals Deposits	-	1	28	-	1.147	324	1.500
Total	7.823	188.568	1.044.396	35.610	86.247	139.053	1.501.697
Grand Total	26.076	1.532.918	5.560.284	123.535	440.500	291.856	7.975.169

Prior Period – 30.06.2018	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	3.257	93.321	19.603	3.308	673	-	120.162
Saving Deposits	-	859.359	2.128.045	31.429	40.231	36.585	3.095.649
Public Sector Deposits	-	4.431	1.362	50	4	18	5.865
Commercial Deposits	-	491.503	797.603	33.916	32.876	29.504	1.385.402
Other Deposits	2	29.801	92.374	14.667	9.230	18.039	164.113
Total	3.259	1.478.415	3.038.987	83.370	83.014	84.146	4.771.191
FC							
Foreign Currency Deposits	5.001	250.746	686.427	43.554	132.826	85.154	1.203.708
Bank Deposits	92	30.204	53.113	6.528	4.914	313	95.164
Precious Metals Deposits	-	-	128	-	679	255	1.062
Total	5.093	280.950	739.668	50.082	138.419	85.722	1.299.934
Grand Total	8.352	1.759.365	3.778.655	133.452	221.433	169.868	6.071.125

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

	Current Period	Prior Period
	30 June 2019	30 June 2018
Profit	537.012.638	438.150.897
Income From Capital Market Transactions	206.385	279.777
Income From Derivative Financial Transactions (*)	20.288.783	15.539.745
Foreign Exchange Gains	516.517.470	422.331.375
Loss (-)	537.210.609	438.423.334
Loss from Capital Market Transactions	127.624	289.592
Loss from Derivative Financial Transactions (*)	17.640.364	13.941.872
Foreign Exchange Loss	519.442.621	424.191.870
Total (Net)	(197.971)	(272.437)

(*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 2.708.704 (30 June 2018: TL (1.793.680)).

As The TL yield curves used in the valuation of derivative transactions as of 30 June 2019 do not reflect the market conditions, necessary adjustments have been made for the determination of fair values of the related derivatives.

d. Explanations on other operating income:

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

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

f. (i) Expected provision expense:

	Current Period	Prior Period
	30 June 2019	30 June 2018
Expected Credit Loss	2.735.025	2.497.743
12 month expected credit loss (stage 1)	120.261	95.252
Significant increase in credit risk (stage 2)	909.603	1.187.240
Non-performing loans (stage 3)	1.705.161	1.215.251
Marketable Securities Impairment Expense	-	382
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	382
Investments in Associates and Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	748.613	-
Total	3.483.638	2.498.125

(*)Includes provisions for impairment losses on financial assets at fair value through profit or loss and free provision allocated in the current year.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

f. Information related to other operating expenses:

	Current Period	Prior Period
	30 June 2019	30 June 2018
Reserve for Employee Termination Benefits	6.497	6.864
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	148.979	87.664
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	105.277	81.635
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	81
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.360.843	1.156.613
Leasing Expenses on TFRS 16 Exceptions (*)	51.745	109.606
Maintenance Expenses	34.995	20.296
Advertisement Expenses	56.171	62.661
Other Expenses (**)	1.217.932	964.050
Loss on Sales of Assets	39	146
Other (***)	369.134	317.189
Total	1.990.769	1.650.192

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

(**) The amount of 1.217.932 (30 June 2018: TL 964.050) shown in the other expenses line consists of TL 400.910 (30 June 2018: TL 353.952) promotional application expenses related to credit cards and banking services, TL 234.340 (30 June 2019 TL 200.485) computer usage expenses, TL 93.812 (30 June 2018: TL 86.127) communication expenses and the remaining TL 488.870 (30 June 2018: TL 323.485) other expenses.

(***) Other item consists of savings deposit insurance fund expenses and taxes, duties, fees and funds.

g. Information on income/loss from minority interest:

	Current Period	Prior Period
	30 June 2019	30 June 2018
Income/(loss) from minority interest	9	6

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

As of 30 June 2019, the Group has a current tax expense of TL 470.329 (30 June 2018: TL 666.802), deferred tax expense of TL 953.337 (30 June 2018: TL 913.798) and deferred tax income of TL 635.157 (30 June 2018: TL 698.370).

The Group has no discontinued operations.

i. Explanation on current period net profit and loss of continued and discontinued operations:

Net profit of the Group is TL 2.667.003 (30 June 2018: TL 3.279.576).

The Group has no discontinued operations.

j. 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.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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. (i) Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
	30 June 2019	30 June 2018
Cash	11.904.016	5.790.226
Cash, Foreign Currency and Other	3.622.557	2.205.232
Demand Deposits in Banks (*)	8.281.459	3.584.994
Cash Equivalents	6.528.438	6.907.240
Interbank Money Market Placements	543.010	1.544.455
Time Deposits in Banks	5.977.566	5.356.284
Marketable Securities	7.862	6.501
Total Cash and Cash Equivalents	18.432.454	12.697.466

(*) The restricted demand accounts are not included.

1.(ii) Cash and cash equivalents at the end of period:

	Current Period	Prior Period
	30 June 2019	30 June 2018
Cash	13.028.548	5.589.502
Cash, Foreign Currency and Other	3.180.839	2.759.152
Demand Deposits in Banks (*)	9.847.709	2.830.350
Cash Equivalents	5.325.811	12.680.430
Interbank Money Market Placements	118.065	1.473.285
Time Deposits in Banks	5.193.085	11.176.361
Marketable Securities	14.661	30.784
Total Cash and Cash Equivalents	18.354.359	18.269.932

(*) The restricted demand accounts are not included.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

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

1. Current Period – 30 June 2019:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		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	-	-	5.476.437	1.074.561	10.973	7.684
Balance at the End of the Period	-	-	6.928.628	1.189.969	8.642	7.669
Interest and Commission Income Received	-	-	431.344	4.210	358	45

2. Prior Period – 31 December 2018:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		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	-	-	5.605.978	923.699	-	-
Balance at the End of the Period	-	-	5.476.437	1.074.561	10.973	7.684
Interest and Commission Income Received (*)	-	-	166.073	2.783	103	1

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

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Balance at the Beginning of the Period	-	-	5.011.321	3.074.721	1.228.947	2.311.399
Balance at the End of the Period	-	-	4.311.876	5.011.321	1.315.961	1.228.947
Interest expense on Deposits (*)	-	-	165.375	140.349	70.888	39.250

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	10.451.000	13.638.708	-	-
Balance at the End of the Period	-	-	14.027.236	10.451.000	-	-
Total Income/Loss (*)	-	-	(10.078)	8.633	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss (*)	-	-	-	-	-	-

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

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 30 June 2019, the net exposure for direct and indirect shareholders of the Group is TL (638.952) (30 December 2018: TL (303.581)).

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

As of 30 June 2019 benefits provided to the Group's key management amounting to TL 45.722 (30 June 2018: TL 36.071).

VII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements for the interim period ended 30 June 2019 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 25 July 2019 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

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

Message from the Chairman of the Board:

In the second quarter of 2019; the trade negotiations between the US and China and the Brexit developments continued to affect global markets. Trade uncertainties have led to a slowdown in global economic growth and consequently a decline in inflation expectations, leading to the expansionary policy of the central banks in the developed countries. Additionally; geopolitical developments and US-Iran tension have been other important developments. Constructive negotiations at the G-20 summit held at the end of June led to a positive perception of risk in the markets.

Domestically; thanks to low financial volatility and strong credit activity in the first quarter of 2019, in seasonally and calendar adjusted terms economic growth has shown a recovery. Thus, quarterly GDP growth in 1Q19 was positive. On an annual basis, contraction of GDP decelerated to 2.6%. Private consumption and investment continued to be the main drag on the economic activity. Imports contracted sharply due to low demand and due to increased in export and service income, while net exports made the positive contribution to the GDP growth. Leading indicators for the second quarter suggest that the contraction in economic activity continued albeit at a slower pace.

In the banking sector; while consumer loans displayed a weak course, some momentum loss was observed in loans in the second quarter. Non-performing loan rates rose to 4.2% in May, though still low; with a capital adequacy ratio of 17.1%.

In the second half of the year; global trade uncertainties, Fed and ECB monetary policy steps, Brexit and global geopolitical developments will continue to set the agenda in global markets.

Akbank will continue to support Turkey's growth with its key focus on creating value for all its stakeholders based on its strong foundations. Our greatest resource in this quest: the dedicated efforts of our staff, comprised of the best professionals in the sector and our strong synergy with all our stakeholders. I would like to take this opportunity to offer my sincere gratitude to all our invaluable employees and stakeholders.

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

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

Message from the CEO

We are going through a time of increased importance of global geopolitical and economic developments. Our banking sector has continued to bolster the economy during this period. Akbank continued to support the development of our economy with its trust-based approach to banking and strong capital while retaining its asset quality. We expect the decreasing trend in inflation and the improvement in the interest rate environment to have positive effects on the economy and the credit demand to increase in the future. Our banking sector will continue to contribute strongly to the growth of our country.

In this period, the support we provided to the economy increased to a total of TL 270 billion, with TL 222 billion in cash loans. Our deposits increased by 10% in the first six months of 2019 to TL 230 billion, while our assets reached the level of TL 376 billion. With our strong capital adequacy ratio of 17.7, we continued to consistently support the growth and development of the real sector. Our SME, commercial and corporate loans reached TL 228 billion in this period. Our bank reported a net profit of TL 2 billion 667 million, after TL 789 million tax provisions. Akbank's total provisions for this period remain at 101% of our non-performing loans. We continued to sustain our asset quality in this period; our NPL ratio has remained at 4,5%.

In the efforts to boost the Turkish economy, exports incentives play a special role. Within the capacity of the support we provide to bolster the sustainable growth of the economy, we presented a new support package for our exporters this year. With our expertise and experience in the field of trade finance, as well as our technological infrastructure and quality-based approach to services, we continued to support the exporters of Turkey in international markets. Over 2000 trade firms benefitted from this package, both new and existing customers. This year, we procured our exporters loans of USD 2.3 billion through our bank's export loans, and continued to support them through letters addressed to Eximbank. Moreover, we provided nearly TL 400 million KGF-supported SME Value Loans to hundreds of exports customers. In addition to the facilities we provide to our existing exports customers, we also supported more than 1.500 exporters in the first 6 months of the year. Akbank is doing its part in sustaining the success of our economy in this field.

We are very happy to receive the "World's Best Digital Bank" award from Euromoney. In addition to our strong financials, factors such as our technology investments, our vision of the next generation banking practices and our investments in the banking of the future contributed to receiving this award. This is the first time Euromoney gives "World's Best Digital Bank" award to a bank from an emerging market. I find this very important and we are very proud about this achievement. The banking sector in Turkey is in a very good place in terms of digitalization and the use of technology, compared to many developed economies. As Akbank, we have never compromised our long-term, visionary perspective. We continue to work and invest in these fields to bring new approaches to our sector and to improve our service quality with new technologies. Akbank is now a global brand that exceeds its own borders, and Akbankers' contribution to this success is major. I would like to thank our customers, shareholders and employees for this stable and strong performance.

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

A. INTRODUCTION

1. Changes in the Articles of Association during the period:

There are changes in the Articles of Association during the period.

NEW FORM

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

A- The Bank adopted the authorized capital system in accordance with the provisions of Capital Market Law and implemented the authorized capital system pursuant to the Capital Markets Board's permission No. 116/1376 dated December 2, 1999. The authorized capital of the Bank is TL 10,000,000,000 (ten billion) (full TL) divided into 1,000,000,000,000 (one trillion) registered shares each with a nominal value of 1 Kuruş (full TL).

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

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

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

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

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

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

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

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

Meetings of the Board of Directors: Article: 27 –

The Board of Directors meets as rendered necessary by the business and transactions of the Bank. However, a minimum of one meeting per month is mandatory. Each member may request the Chairman in writing to call a meeting of the Board. The

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

meetings of the Board of Directors take place at the Bank's headquarters. Meeting at another location which is deemed appropriate is permitted with the approval of more than half of the members and due to exceptional reasons.

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

2. Important Issues and Transactions during the period

International Rating Agency Fitch affirmed Akbank's ratings on 21 June 2019.

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

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

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

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

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

B. BANKING SECTOR SECOND QUARTER OVERVIEW

In the the first half of 2019, loan growth in the sector was 6,0% and deposit growth in the funding side was 11,1%.

C. CONSOLIDATED FINANCIAL RESULTS AND SECOND QUARTER OVERVIEW

1. Main Balance Sheet Items (TL Million):

	30.06.2019	31.12.2018
	Consolidated	Consolidated
	Financial Results	Financial Results
Total Asset	375.827	354.682
Loans (including Non-Performing Loans)	221.560	209.313
Deposits	229.503	208.630
Equity	49.341	43.787
Net Income (30.06.2018)	2.667	3.280

AKBANK T.A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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

2. Main Financial Ratios (%):

	30.06.2019	31.12.2018
	Consolidated	Consolidated
	Financial Results	Financial Results
Loan / Total Assets:	59,0	59,0
Deposit / Total Assets:	61,1	58,8
Return on Equity (30.06.2018)	11,4	15,7
Return on Assets (30.06.2018)	1,4	1,9
NPL Ratio (*):	4,5	3,7
Capital Adequacy Ratio:	17,7	16,8
Earnings Per Share (TL) (30.06.2018)	0,00555	0,00820

(*) Excluded lease receivables.

3. Akbank 2Q19 Results Overview:

Akbank reported a gross profit of TL 3.456 million, setting aside TL 789 million of tax provisions, the bank reported a net consolidated profit of TL 2.667 million in the first half of the year. Capital adequacy ratio of the bank has realized at 17,71% by the end of 1H19.

As of June 2019, Akbank's consolidated total asset realized TL 376 billion, cash loans are approximately TL 222 billion and total deposits are approximately TL 230 billion.

Akbank's NPL ratio raised to 4,5%.

4. Bank's Expectations For 2019 :

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

2019 Guidance (%)	
Loan Growth	~10
Deposit Growth	~10
Net Interest Margin (swap adjusted (*))	≥3,5
Net Fees & Commission Growth	>20
Operational Expense Growth	~ CPI
Operational Expense/Income	≤35
Total Cost of Risk	<300 bps
NPL Ratio (**)	<6
Capital Adequacy Ratio	~6
Tier 1	~13,5
Return on Assets	≥1,4
Return on Equity	≥12
2020 and after	
Return on Asset	1,7-1,9%
Return on Equity	15-17%

(*) Including short and long term swap transactions.

(**) Excluding any possible NPL sales.