

2017 Sustainability Report



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Suzan Sabancı Dinçer
CHAIRMAN

Suzan Sabancı Dinçer





MESSAGE FROM THE CHAIRMAN

IN 2017, WE CONTINUED TO UTILIZE THE DYNAMISM OF OUR YOUNG PEOPLE IN ENTREPRENEURIAL ACTIVITIES AND SOCIAL RESPONSIBILITY PROJECTS AND CARRIED OUT IMPORTANT INITIATIVES FOR THE FUTURE OF OUR COUNTRY.



Esteemed Stakeholders,

I would like to share with you my joy of continuing to roll out products and services that create value for the lives of our stakeholders in 2017 as part of our continuous improvement philosophy. The Bank, which will celebrate its 70th anniversary in 2018, took steps last year that will move its corporate organization into the future. As we worked toward our financial profitability and operational excellence targets in 2017, we proved once again that we are a corporate citizen that creates value for all of its stakeholders through the corporate social responsibility activities we have carried out.

“AKBANK: BEST BANK IN TURKEY”

We solidified our strong brand reputation by winning the “Best Bank in Turkey” award for the eighth time in 2017 at the Euromoney Excellence Awards, one of the most high-profile competitions in the global banking industry. Believing that being the best bank requires supporting innovative start-ups that will contribute to Turkey’s sustainable development and taking heed of the expectations and suggestions of young people, the Bank continued to undertake successful initiatives in this area last year.

WE ARE BEHIND THE YOUTH AND “YOUNG ENTREPRENEURS”...

Akbank, the bank of the youth and young entrepreneurs, got together with young people in Istanbul, Ankara, Izmir and Eskişehir as part of the Case Campus Project that it has been carrying out under the motto of “March toward your dreams on the path of entrepreneurs” since 2016. The number of young entrepreneurs who got acquainted with the true stories of Turkey’s leading entrepreneurs in light of an innovative approach reached 305 as of year-end 2017 under this program that aims to change the Turkish entrepreneurship system radically. Participants launched 45 different start-up businesses as part of the program participated by students from 75 universities in Turkey.

**— WE SOLIDIFIED
OUR STRONG BRAND
REPUTATION BY
WINNING THE “BEST
BANK IN TURKEY”
AWARD FOR THE
EIGHTH TIME.**

Thirty of these startups were provided with mentoring support while 262 internship and job opportunities were offered at the conclusion of the program.

The “Good State of the City” Project, launched with the purpose of channeling the energy of young people to social good-oriented projects, was carried out with the participation of 1,000 university students and in partnership with five civil society organizations in 2017. As a result of the strong cooperation between Akbank and civil society organizations, 30 social responsibility projects were implemented in 26 different cities including Istanbul in a wide range of areas from painting school buildings to helping homeless children under the guardianship of the state. We hosted the young participants of our social responsibility projects at the most sought-after concerts in the Akbank Jazz Festival.

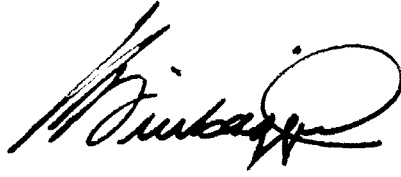
Akbank Thinking Club, envisioned to create value for the future of Turkey with the youth, hosted creative projects in 2017 on the “What Do Millennials Expect from a Bank?” theme. The projects developed by millennials, who will be the heaviest users of banking products and services in the next 10 years, provided a strong perspective for the Bank’s future business process design efforts.

On behalf of our Board of Directors, I would like to thank all stakeholders for continuing to support the sustainability initiatives of Akbank, a bank with robust institutional foundations, in 2017.

Yours sincerely,

SUZAN SABANCI DİNÇER
Chairman


Hakan Binbařgil
AKBANK CEO





MESSAGE FROM THE CEO

AS PART OF ITS NEXT GENERATION BANKING APPROACH, AKBANK SUCCESSFULLY IMPLEMENTED THE MULTI-FACETED BRANCH TRANSFORMATION PROJECT IN 2017.



Esteemed Stakeholders,

We took some major steps to solidify the strong ties between our deep-rooted history and our future plans during this past year. In light of our sustainability approach, we managed all business processes effectively in keeping with common goals and raised our total assets to TL 342 billion, up 16 percent on the previous year. Posting net profit of TL 6 billion at the end of 2017, the Bank continued to create value for the savings of its shareholders. In addition to financial and operational accomplishments, the Bank closely followed the new trends in the global banking industry and reinforced its product and service systems infrastructure with an innovation-oriented approach. On top of supporting Turkey's economic development, Akbank also continued to implement important projects in our priority corporate social responsibility areas -culture & art, entrepreneurship and education- this year.

ROBUST FINANCING SUPPORT FOR TURKEY'S SUSTAINABLE DEVELOPMENT...

In line with its goal of contributing to Turkey's sustainable development process, Akbank successfully continued its efforts to tap international markets for low-cost funding facilities in 2017. To this end, Akbank secured a low-cost USD 1.2 billion syndicated loan in March 2017 and bolstered its financing facilities for various customer groups. Eight different banks from China, India, Italy, Saudi Arabia, United Arab Emirates, Austria and Japan participated in the oversubscribed USD 1.2 billion syndication deal as creditor banks, proving our strong brand reputation in international markets yet again.

An active participant in the digital transformation process in the banking industry, Akbank added one million new customers through internet banking in 2017. The value-added products and services we rolled out through Akbank Direkt provided a major convenience for the lives of our customers while lowering the Bank's costs significantly. Executing 96 percent of its transactions on digital channels, the Bank aims to continue pioneering the Turkish banking industry's digital transformation.

— AKBANK WILL CONTINUE ALONG THE SUSTAINABILITY JOURNEY THAT IT HAS BEEN ON FOR 70 YEARS -BACK ED BY ITS ROBUST CAPITAL STRUCTURE AND DEEP-ROOTED CORPORATE CULTURE- WITH THE SAME DETERMINATION AND ENTHUSIASM IN THE PERIOD AHEAD.

ESTABLISHING THE INFRASTRUCTURE FOR THE “FUTURE OF BANKING”

Investing in Turkey’s future uninterruptedly, Akbank is able to leverage its robust financial position to invest large sums in the future. In 2017, we broke ground for the Akbank Data and Life Center that was designed to ensure uninterrupted service to customers where the Bank’s entire technology infrastructure will be housed and all operations will be monitored 24/7 using the latest technology. The Akbank Data and Life Center, where we will conduct our high-tech operations and organize social activities for the benefit of our employees, conforms to our human-centered, technology-driven banking vision.

BUILDING THE AKBANK OF TOMORROW

We are continuing to prepare and invest in a very strong way with the vision of being the pioneer bank that will move Turkey forward into the future. To this end, we continued to successfully implement innovative projects that will improve our service model in 2017. We redesigned our branches as venues more effectively rendering specialized value-added financial services. Initiatives kicked off at five pilot branches in 2017 as part of this process aimed at completely transforming the traditional branch banking concept, from

making business processes leaner to updating screen designs. We project that this transformation process, which will be carried out at all branches in phases in the period ahead, will result in a major change in vision for the Bank as well as our employees, customers and all other stakeholders. We will continue to create value for Turkey’s sustainable development.

CONTINUING TO GENERATE VALUE FOR TURKEY’S SUSTAINABLE DEVELOPMENT


Akbank will continue along the sustainability journey that it has been on for 70 years -back ed by its robust capital structure and deep-rooted corporate culture- with the same determination and enthusiasm in the period ahead. I would like to thank all Akbank’s stakeholders for supporting our operations during the 2017 leg of this journey.

Yours sincerely,

HAKAN BİNBAŞGİL
Akbank CEO

AKBANK AND THE JOURNEY OF SUSTAINABILITY - A TIMELINE

**AKBANK
SECURED A
USD 1.2 BILLION
SYNDICATED
LOAN IN 2017
IN AN EFFORT
TO SUPPORT
TURKEY'S REAL
SECTOR.**



CORPORATE DEVELOPMENT OF AKBANK

1948

- Established in the city of Adana to finance cotton producers in the region.

1950

- First branch in Istanbul opened in Sirkeci.

1954

- Akbank Head Office moved to Istanbul.

1963

- Automation of all banking operations.

1964

- First representative office opened in Frankfurt, Germany for bank transfers of Turkish workers.

1981

- All banking operations computerized and online transactions started.

1990

- Akbank shares offered to the public.

1996

- AkSecurities established.
- Investor Relations Group established to manage relations with shareholders.

1998

- With a secondary public offering, Akbank shares started trading in international markets as an American Depository Receipt (ADR).
- Akbank Representative Office in Frankfurt transformed into a branch.

1999

- Akbank Internet Banking started.

2000

- Ak-Portfolio Management and Private Banking Business Units established.
- Akbank Malta branch opened.

2001

- Akbank N.V. established in the Netherlands.
- Akbank Call Center started operations.

2005

- Akbank became the first to repurchase its founders' shares.
- AkLease incorporated.

2009

- Akbank International Advisory Board established.
- Akbank (Dubai) Limited as the first Turkish bank established in Dubai International Finance Center.

**— AKBANK
CONTINUED TO OFFER
SOLUTIONS THAT
ADDRESS CUSTOMER
NEEDS EXCLUSIVELY
THROUGH THE
MOBILE CHANNEL
-FROM LOANS FOR
MAKING THE LIVES
OF SMES EASIER
TO OFFERINGS FOR
MEMBER MERCHANTS.**

2010

- Akbank Banking Center put into service with a capacity of approximately 5,000 people.

2011

- Send Money and Pay Mobile- the first service of its kind in Europe- facilitated customers' access to financial services.

2012

- The "Akbank Direkt" brand that combines the Internet and Mobile Banking services launched.
- Akbank N.V. in the Netherlands ceased operations and merged with our 100% subsidiary in Germany: Akbank AG.

2014

- Akbank was chosen as one of only 15 companies to be included in the BIST Sustainability Index within Borsa Istanbul.

2015

- The Akbank 2014 Sustainability Report is prepared in accordance with the GRI G4 "Comprehensive" Reporting Principles.
- The first version of the Investor Relations app, which launched in January 2016, was completed for the iOS operating system in December 2015.

2016

- The Akbank Investor Relations website and sustainability website became available for stakeholder access.

2017

- Akbank continued to offer solutions that address customer needs exclusively through the mobile channel -from loans for making the lives of SMEs easier to offerings for member merchants.
- Akbank secured a USD 1.2 billion syndicated loan in 2017 in an effort to support Turkey's real sector.
- Akbank began using block chain technology in overseas money transfers.

AKBANK AND THE JOURNEY OF SUSTAINABILITY - A TIMELINE

AKBANK BEGAN OPERATIONS AT AKBANK LAB TO START THE FUTURE OF BANKING FROM TODAY.



TIMELINE OF AKBANK'S SUSTAINABLE INITIATIVES

2000

- Akbank Information Technologies obtained ISO 9001 Quality Certification.

2003

- Became the first bank to publicly declare its dividend policy.
- Became the first bank to announce Corporate Governance Principles in the annual report.

2004

- Became the first bank to publish Corporate Governance Principles on its website.

2005

- Became the sponsor of the "Make a Wish" foundation, established to fulfill the wishes of children aged 3-18, fighting against life-threatening diseases.

2007

- Became the first Turkish bank to sign the UN Global Compact.
- Started cooperation with Endeavor -an international non-governmental organization aimed at contributing to economic development by supporting active entrepreneurs in developing countries.
- Akbank Customer Complaint Management System obtained ISO 10002 Quality Certification.
- Supported entrepreneurs with its "Ideas Paving the Way to Business" program.

2008

- Established "Akbank Thinking Club" with the aim of thinking together with the youth and co-creating values for the future of Turkey.

2009

- Corporate Governance and Social Responsibility Committee (CGSRC) established under the Board of Directors.
- Women's Development Center "BİZ," established by KAGİDER (Women Entrepreneurs Association of Turkey) with the aim of helping women improves their individual productivity, opened with Akbank as the main sponsor.

2010

- Became the first Turkish bank to publish UN Global Compact Communication on Progress Report.
- Drew attention to environmental transparency by supporting the implementation of the Carbon Disclosure Project (CDP) in Turkey.
- Became the first Turkish deposit bank to publish a Sustainability Report in accordance with GRI standards.
- Became the first and only Turkish institution to be included in CDP 2010-Global 500 reporting and received scores that carry the Bank to the "World Sector Leaders" category.
- Akbank Energy-Friendly Loan was launched.
- A loan pool with favorable terms launched for entrepreneurs selected by Endeavor Turkey.
- Supported the "Before They Disappear" project implemented in Turkey in coordination with the Regional Environment Center (REC) with the aim of drawing attention to regions at risk due to climate change.

2010 and 2011

- Signed the Cancun and Durban Communiqués prepared prior to the United Nations 2010 and 2011 Climate Change Summits.

2011

- Akbank Volunteers System launched.
- Akbank supported the Global Student Entrepreneurs Awards.
- Akbank employees started to attend sustainability trainings.

2012

- Became one of first companies in the world to sign the “Carbon Price Communiqué” prepared by The Prince of Wales’s Corporate Leaders Group on Climate Change (CLG) to draw attention to the need to develop a clear and transparent pricing policy for carbon emissions.
- To combat the savings deficit, which is an important barrier against the development of Turkey, Akbank initiated a social responsibility program named “Savings Campaign” to complement its banking products and services.

2013

- Akbank consolidated its services for artisans under the “Craftsmen Fraternity” concept. The “Pay When You Can Loan,” the first product unveiled under this concept, provided artisans with the flexibility of making loan payments according to their income streams.

2014

- Under the “Craftsmen Fraternity” concept, Akbank continued to deliver exclusive products and services for craftsmen customers. These special offerings include Axxess SME, “Pay as You Wish

Craftsmen,” complimentary tablet in return for POS turnover commitment, TESK (Confederation of Turkish Tradesmen and Craftsmen) cooperation agreement, Craftsmen Internship, and Craftsmen Festival.

- Akbank launched the “Akbank Academy of Family Businesses,” a joint venture with Sabancı University’s Executive Development Unit (EDU) geared toward family members who own or are employed at family businesses. This effort aims to enhance the competitiveness of businesses, help them establish a healthy growth trajectory, and support their sustainability and institutionalization efforts.

2015

- Akbank became a signatory to the Pledge for Action, which allows non-party stakeholders to welcome the Paris Agreement on climate change and commit to implement the new roadmap circulated at the COP21 Conference of Parties in Paris.
- Under the “Young Volunteers” initiative, Akbank carried out more than 30 volunteering projects in wide-ranging issues, from shore clean-up and education to animal rights and health, in 26 provinces with the participation of university students.
- Akbank launched the CaseCampus project in partnership with Endeavor for young people who aspire to become entrepreneurs.
- Akbank initiated efforts to establish the Center of Excellence in Finance (CEF), an important initiative in the education field, as a joint venture with Sabancı University.

2016

- Akbank conducted the “Keys to Sustainable Success for Family-Owned Businesses” study in conjunction with Sabancı University, Deloitte, and the Family Business Association of Turkey (TAİDER).
- The CaseCampus Program, a joint venture of Akbank and Endeavor launched for young people who want to start their own businesses, celebrated its first graduates.
- Akbank and Endeavor launched the Smartstartup Cities Initiative to foster the entrepreneurship ecosystem in Ankara and Izmir.
- The Center of Excellence in Finance (CEF), a significant venture in the education-training space, commenced operation as a partnership of Akbank and Sabancı University.
- The “Young Volunteers” project expanded its scope in 2016 thanks to a new partnership with a civil society organization and a larger number of university student participants.

2017

- Akbank began operations at Akbank LAB to start the Future of Banking from today.
- Akbank broke ground for the Akbank Data and Life Center that will house operations and social activities.
- Akbank launched the “Branch Transformation Project” geared toward strengthening its service infrastructure.

AKBANK AND THE JOURNEY OF SUSTAINABILITY - A TIMELINE

**AKBANK
CHILDREN'S
THEATRE,
CELEBRATING
ITS 45TH
ANNIVERSARY,
BEGAN STAGING
"GORILLA," A
PLAY WRITTEN
BY ANTHONY
BROWNE AND
ADAPTED TO
THE STAGE
BY RACHEL
BARNETT, IN
PARTNERSHIP
WITH THE
LONDON POLKA
THEATER.**



TIMELINE OF AKBANK'S CULTURE & ART INITIATIVES

1972

- Akbank Children's Theatre started performances.

1991

- Akbank Jazz Festival started with the aim of creating a well-established musical culture in Turkey, by bringing the world's most famous jazz performers to mass audiences.

1993

- Akbank Art Center established.

1998-2000

- Ottoman Calligraphy Exhibition "Golden Letters," containing numerous valuable works, exhibited in New York's Metropolitan Museum of Art, Los Angeles County Museum of Art, and Paris's Louvre with the sponsorship of Akbank.

2003

- Akbank Art Center was restructured towards modern arts and accelerated the artistic dynamics of our country by drawing attention to the local and international qualities of the arts with its exhibitions.

2003-2007

- Became the sponsor of Rock'n Coke Festival where world-famous rock stars meet the youth.

2004

- Akbank Short Film Festival was initiated.
- Akbank started to support the International Istanbul Film Festival and later became the main supporter.

2006

- Rodin's works were exhibited at Sakıp Sabancı Museum with support from Akbank.

2007

- As sponsor of the modern and contemporary arts event "Contemporary Istanbul," Akbank contributed to the realization of Turkey's most important contemporary arts fair.

2008

- With the sponsorship of Akbank, art fans had the opportunity to see the works of Salvador Dali - one of the most important artists of the surrealism movement - at Sakıp Sabancı Museum. The exhibition was the largest Salvador Dali exhibition outside Spain.
- Akbank Children's Theatre boarded Hürriyet Newspaper's "Human Rights Train" to once again carry the excitement and beauty of theatre to 45 cities in Turkey.
- Rock legend Metallica came to Turkey with the sponsorship of Akbank and 37,000 fans had the opportunity to watch the band live on stage.

2009

- Latin Rock legend Carlos Santana gave a concert in Istanbul with the sponsorship of Wings.

— AI WEIWEI, ONE OF THE MOST FAMOUS REPRESENTATIVES OF CONTEMPORARY ART, MET WITH ARTS ENTHUSIASTS FOR THE FIRST TIME IN TURKEY WITH THE “AI WEIWEI ON PORCELAIN” EXHIBIT THANKS TO THE COOPERATION BETWEEN AKBANK AND SAKIP SABANCI MUSEUM.

2010

- Around 75,000 people participated in the Sonisphere Festival that brought world-famous heavy metal bands with the sponsorship of our exi26 brand.

2011

- Akbank became the prominent supporter of the Turkish National Youth Philharmonic Orchestra.
- Akbank sponsored the “Cirque Du Soleil-Saltimbanco” show.

2012

- Akbank Children’s Theatre celebrated its 40th anniversary by performing the first musical version of the Oscar-winning animation “Shrek” in Turkish.

2013

- As part of its 65th anniversary festivities, Akbank sponsored the first comprehensive exhibition in Turkey of the leading international artist Anish Kapoor.

2014

- Akbank Children’s Theatre reached 6,500 elementary school children during an Anatolia Tour that spanned six provinces with a new play, “Family Tree,” which communicates the importance of savings.

2015

- Akbank partnered with Sakıp Sabancı Museum to bring the “Zero: Countdown to the Future” exhibition to arts enthusiasts in Turkey.
- The “Louise Bourgeois: Larger than Life” exhibit, featuring works of one of the most influential artists of the 20th century, was presented to Turkish art lovers with the support of Akbank.

2016

- Akbank Children’s Theatre began to stage Jules Verne’s world children’s literature classic “Around the World in 80 Days,” theatrically adapted by Toby Hulse and co-directed by Owen Clavert-Lyons and Lerzan Pamir. The play was staged 22 times by the end of December.

2017

- Ai Weiwei, one of the most famous representatives of contemporary art, met with arts enthusiasts for the first time in Turkey with the “Ai Weiwei on Porcelain” Exhibit thanks to the cooperation between Akbank and Sakıp Sabancı Museum.
- Akbank Children’s Theatre, celebrating its 45th anniversary, began staging “Gorilla,” a play written by Anthony Browne and adapted to the stage by Rachel Barnett, in partnership with the London Polka Theatre.

AKBANK



About Akbank

AKBANK IN BRIEF

Number of Employees
13,884

Number of Customers
16.6 Million

Number of Branches*
801

Number of ATMs
4,400

Number of Credit Cards
6.6 Million

Number of Debit Cards
8.3 Million

Number of POS
510 thousand

* Excluding subsidiaries.

** Malta Branch is included.



THE INNOVATIVE POWER OF TURKISH BANKING...

Akbank, getting ready to celebrate its 70th anniversary in 2018, has recorded countless accomplishments that are of major significance for the Turkish economy's sustainable development journey throughout its corporate history. The Bank provides Consumer Banking, Commercial Banking, SME Banking, Corporate Banking, Private Banking, Foreign Currency Exchange, Money Markets, Securities (Treasury Transactions) and International Banking services as well as non-banking financial services and capital markets and investment services via its subsidiaries at international standards in accordance with shared corporate goals. Akbank enjoyed the pride of continuing to render an unprecedented banking experience to its customers in 2017.

THE FUTURE OF BANKING CONCEPT

Introducing its customers to the future of banking from today thanks to its steadily growing business volume and customer base as well as its access to low-cost overseas resources, Akbank continued to attain sustainable financial and operational results in 2017 and solidified the confidence of its stakeholders. Boasting a strong and extensive service infrastructure consisting of 800 domestic branches, nearly 14,000-strong human resources, and approximately 4,400 ATMs as of year-end 2017, Akbank conducts its operations through 22 regional directorates across Turkey coordinated by its Head Office in Istanbul.

SUSTAINABLE FINANCIAL PERFORMANCE, OPERATIONAL EXCELLENCE...

Akbank boasts more than 15 million consumer banking customers, over 1.1 million commercial banking and a broad client base with nearly 6.5 thousand corporate banking clients. The Bank focuses on meeting all customer demands and expectations through its physical branches as well as Alternative Distribution Channels, such as internet banking and telephone banking. Akbank posted net profit of TL 6 billion at the end of 2017, up 24 percent compared to the previous year, while expanding its consolidated assets by 16 percent to TL 342 billion thanks to its steadily growing business volume the Bank ensured the sustainability of stakeholder confidence with a 15.8 percent capital adequacy ratio.

ABOUT AKBANK

AKBANK'S CORPORATE BUILDING BLOCKS: VISION AND MISSION

VISION

Becoming the Bank that moves Turkey forward into the future.

MISSION

Creating significant, long-lasting value for our stakeholders with innovative financial solutions and reliability.

STRONG FOUNDATIONS

- Strong domestic controlling ownership structure,
- Highly-qualified human capital,
- Turkey's most valuable bank brand,
- Long-term strategic management with successful implementations,
- 800 branches across Turkey and high-tech distribution channels,
- The innovative power of Turkey with countless firsts in the sector,
- A stable and extensive broad funding base,
- High return on equity and strong asset quality with a focus on sustainability,
- Robust capital structure with a capital adequacy ratio of 15.8%,
- Superior asset quality as well as a low non-performing loans ratio of 2.1%,
- High level of efficiency with an operational costs/assets ratio of 1.6%.

LONG TERM STRATEGIC GOALS

- Achieve long-term sustainable return on equity of at least 15-17% and create high value for all our stakeholders,
- Be a leader in the Turkish banking sector in terms of key market shares,
- Be the best bank in Turkey in terms of customer experience and satisfaction,
- Be the most valuable bank in Turkey.

SUSTAINABLE FINANCIAL RESULTS

**— AKBANK
CONTINUED TO
CLOSELY FOLLOW
THE NEW TRENDS
IN THE BANKING
INDUSTRY AND
DEVELOP PRODUCTS
AND SERVICES IN
LINE WITH CUSTOMER
NEEDS AND
EXPECTATIONS.**

Boasting a far-reaching network of 800 branches serving at superior quality standards, Akbank continued to distinguish itself in 2017 with diversified products and services for various customer segments.

STEADILY EXPANDING CUSTOMER BASE

Organizing its operations under the Corporate and Investment Banking, Commercial Banking, SME Banking, Private Banking and Wealth Management and Consumer Banking core business lines, Akbank continued to closely follow the new trends in the banking industry and develop products and services in line with customer needs and expectations.

KEY FINANCIAL INDICATORS

Akbank's key consolidated financial indicators for the last three years are presented in the table below:

Key Consolidated Financial Indicators (TL million)	2015	2016	2017
Total Assets	252,467	294,501	341,610
Loans	153,466	178,893	209,478
Deposits	149,470	173,968	201,456
Funds Borrowed	26,177	32,304	33,627
Shareholders' Equity	28,015	32,492	40,614
Net Profit	3,229	4,854	6,020
Return on Equity (ROE)	12.1%	16.0%	16.2%
Capital Adequacy Ratio (CAR)	14.5%	14.2%	15.8%
Market Capitalization (USD million)			10,446

LOANS

A breakdown of loans made by Akbank to clients by customer segment and currency denomination is presented in the table below:

Loans	2016	2017
Corporate TL Loans (TL million)	20,131	26,267
Corporate Foreign Currency Loans (USD million)	13,763	13,030
Commercial TL Loans (TL million)	31,186	42,559
Commercial Foreign Currency Loans (USD million)	7,346	8,238
Other Commercial TL Loans (TL million)	13,744	17,531
Consumer (TL million)	29,384	32,125
Credit Cards (TL million)	10,566	11,456

SUSTAINABLE FINANCIAL RESULTS

CONSIDERING ITS OPERATIONS TO BE A VALUE CHAIN LINKED WITH STAKEHOLDER CONTRIBUTION, AKBANK GENERATED TL 6,442 MILLION IN ECONOMIC VALUE IN 2017, UP 2.4 PERCENT COMPARED TO THE PREVIOUS YEAR.

TOTAL VALUE ADDED GENERATED WITH STAKEHOLDER SUPPORT

Considering its operations to be a value chain linked with stakeholder contributions, Akbank generated TL 6,442 million in economic value in 2017, up 2.4 percent compared to previous year. Payments made by the Bank to employees, community investments, the government, investors and suppliers as well as the distribution of the economic value generated by Akbank in cooperation with various stakeholder groups are presented in the table below:

Economic Value Generated and Distributed (TL million)	2015	2016	2017
Direct Economic Value Generated	19,212	23,436	27,695
a) Revenues	19,212	23,436	27,695
Economic Value Distributed	14,580	17,148	21,253
b) Operating costs	2,496	2,467	2,716
c) Employee wages and other benefits	1,671	1,799	1,969
d) Payments to providers of capital	9,303	11,613	14,719
e) Payments to the government	1,096	1,252	1,834
f) Community investments	13	16	16
Economic Value Retained	4,632	6,289	6,422

- a) Gross revenue in the Bank's income statement is taken into consideration (interest income, fees and commissions collected, dividend income, commercial profit-loss and other income).
- b) Covers all operating costs of the Bank, excluding employee expenses.
- c) Covers employee wages, bonuses, and all payments made to the government on behalf of employees.
- d) Covers dividends distributed to investors and all interest expenses of the Bank in the given year.
- e) Covers all taxes paid to the government.
- f) Covers donations to charities and expenses for various culture-arts events.

Note 1: Provisions for non-performing loans are not included in the calculation of the Economic Value Retained.

Note 2: This table is based on Akbank's consolidated financial statements. Therefore, these figures also include consolidated subsidiaries.

CONFIDENTIAL SUBSIDIARY STRUCTURE

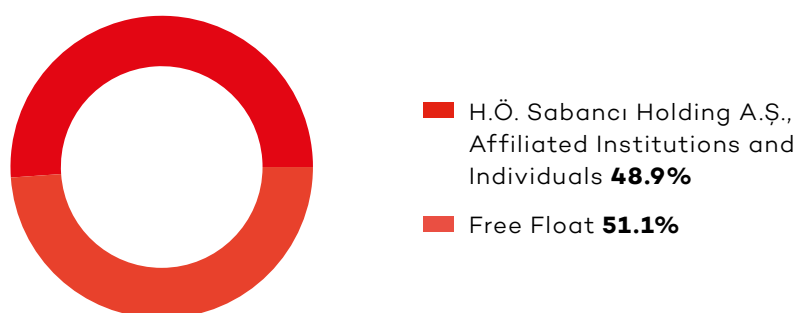
— AKBANK IS FOCUSED ON DESIGNING THE FUTURE OF BANKING BACKED BY ITS ROBUST SHAREHOLDING STRUCTURE.

Akbank was founded on January 30, 1948 as a private-capital commercial bank. It is one of the most successful banks in the same area in Turkey today. Back in 2011, Akbank stock traded on Borsa Istanbul (BIST) with a free float ratio of 31%. Citigroup Inc. announced its decision to focus on its core business activities and exit minority interests in other companies due to ongoing capital planning initiatives. Citigroup finalized the sale of its stake in Akbank – corresponding to 9.9% of the Bank’s share capital – to a large number of potential buyers that were predetermined via an accelerated equity offering in March 2015. Prior, Citigroup Inc. had divested a

stake corresponding to 10.1% of Akbank’s share capital in May 2012. After these Citigroup share sales, Akbank’s free float ratio stands at 51.1%.

Information regarding Akbank’s operations and detailed financial performance in 2017 can be found in the Akbank 2017 Annual Report located at the following address: <http://www.akbank.com/yatirimci-iliskileri/yatirim-bilgileri/sayfalar/faaliyet-raporu.aspx>

Akbank’s Level 1 American Depository Receipts are traded on the OTC market in the USA in 2017. Our shareholder structure as of December 31, 2017 is shown in the pie chart below.



OUR SUBSIDIARIES*

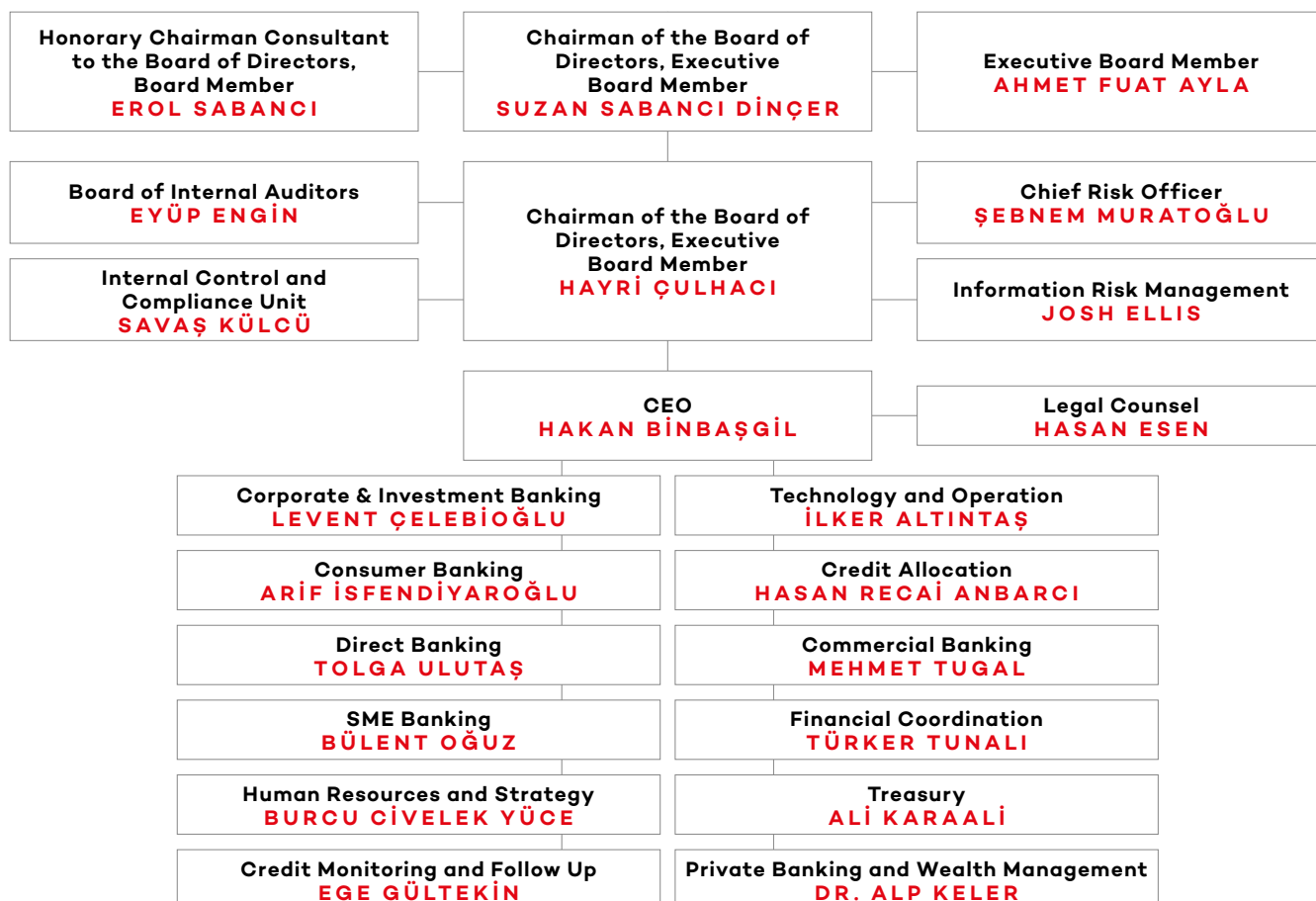
Akbank’s direct and indirect subsidiaries and our shares as of December 31, 2017 are presented below:

Direct and Indirect Subsidiaries	Area of Operations	Share (%)	Country of Operations
Akbank AG	Banking	100.00	Germany
AkLease	Financial Leasing	99.99	Turkey
AkSecurities	Stock Exchange Brokerage Services	100.00	Turkey
AkAsset Management	Portfolio Management	100.00	Turkey

* Akbank (Dubai) Limited, a wholly-owned subsidiary of Akbank, was officially dissolved on December 5, 2017.

AKBANK'S COMPETENCY-ORIENTED ORGANIZATIONAL PLAN

The Bank's latest organizational chart is presented below. There are 12 Executive Vice Presidents reporting to the CEO. The Board of Internal Auditors, Internal Control and Compliance Unit, and the Risk Management and Information Risk Management Department report directly to the Bank's Board of Directors.



AMENDMENTS TO THE ORGANIZATIONAL STRUCTURE

Turgut Güney, who resigned from his duties as Executive Vice President – Technology and Operation as of January 31, 2017, was replaced by İlker Altıntaş.

Cem Mengi resigned from his duties as Executive Member of the Bank's Board of Directors on July 12, 2017. On the same date, Cem Mengi was replaced by Ahmet Fuat Ayla, then serving as the Bank's Executive Vice President – Credit Allocation, subject to shareholder approval at the earliest General Assembly meeting. Hasan Recai Anbarcı was appointed to the Executive Vice President – Credit Allocation position that was vacated by Ahmet Fuat Ayla.

Kaan Gür, who resigned from his duties as Executive Vice President – Commercial Banking as of September 15, 2017, was replaced by Mehmet Hakan Tugal.

Atıl Özus, who resigned from his duties as Executive Vice President – CFO as of October 17, 2017, was replaced by Türker Tunalı.

Kerim Rota, who resigned from his duties as Executive Vice President – Treasury as of December 5, 2017, was replaced by Ali Batu Karaali.

Private Banking activities, conducted by the Corporate-Investment and Private Banking Department, and Investment Services functions, conducted by the Consumer Banking Department, began to be carried out under the Private Banking and Wealth Management Department that was newly established on January 2, 2018. Alp Keler was appointed Executive Vice President – Private Banking and Wealth Management.

Akbank (Dubai) Limited, a wholly-owned subsidiary of Akbank, was officially dissolved on December 5, 2017.

SERVICE QUALITY CROWNED WITH AWARDS

— AKBANK’S DIVERSIFIED PRODUCTS AND SERVICES WERE DEEMED WORTHY OF AWARDS IN A NUMBER OF LOCAL AND INTERNATIONAL PLATFORMS IN 2017.

BRAND FINANCE

- Most Valuable Banking Brand in Turkey

EUROMONEY

- “Best Bank in Turkey” Award
- “Best Private Banking Overall in Turkey” Award

THE BANKER

- “Best Private Banking Overall in Turkey” Award

GLOBAL FINANCE

- “Best Bank in Turkey” Award
- “Best Exchange Supplier in Turkey” Award

EMEA FINANCE

- “Best Bank in Turkey” Award
- Best Securitization Deal in the EMEA Region
- Best Solar Energy Project Financing

WORLD FINANCE

- Best Bank in Turkey

GLOBAL CAPITAL

- Borrowing Deal of the Year in Turkey

MASTERCARD

- “Best Customer Value of the Year” Award

STEVIE INTERNATIONAL BUSINESS AWARDS

- 1 Gold, 2 Silver, 3 Bronze awards

PUBLIC RELATIONS ASSOCIATION OF TURKEY (TÜHİD) GOLD COMPASS AWARDS

- 4 awards

CRYSTAL APPLE AWARDS

- 2 Crystal Apple, 1 Silver, 1 Bronze awards

MIX AWARDS

- Silver award

MMA SMARTIES

- 1 Gold, 1 Silver awards

SOCIAL MEDIA AWARDS

- 1 Silver, 3 Bronze awards



About the Report

OUR APPROACH TO REPORTING

— THE AKBANK 2017 SUSTAINABILITY REPORT WAS DESIGNED WITH A MORE READER-FRIENDLY LAYOUT AND WAS MADE AVAILABLE TO EVERYONE IN A TRANSPARENT FASHION ON AKBANK'S CORPORATE WEBSITE.

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Known for its pioneering position in the Turkish banking industry as well as its prestigious standing in global finance circles, Akbank aims to bring reference practices in the sustainability area to the attention of stakeholders within its sphere of influence through the annual sustainability reports that it has been publishing since 2009. Posting sustainable financial and operational results backed by its strong corporate culture that has left its mark on the Turkish banking industry, the Bank continued to uphold its environmental and social responsibilities under all circumstances during 2017. Under this approach, the Bank presents the sustainability-related initiatives it has undertaken between January 1, 2017 and December 31, 2017 to its stakeholders in this 2017 Sustainability Report.

A REPORTING APPROACH THAT RESPECTS STAKEHOLDER PRIORITIES

Steadily raising its reporting quality with the sense of obligation from being the first bank in the Turkish banking industry to publish a sustainability report in accordance with the GRI standards, Akbank has prepared its annual sustainability reports in accordance with Global Reporting Initiative (GRI) G4 "Comprehensive" Reporting Option since 2014. The Report's content and scope are based on the Bank's primary business areas and corporate goals.

ACCESSIBLE TO EVERYONE ON THE INTERNET

The Akbank 2017 Sustainability Report details the wide-ranging sustainability initiatives of the Bank, from its reference corporate governance practices and efforts to ensure the sustainability of its human resources competence, to mitigating the environmental impact of its operations and social investments. The Akbank 2017 Sustainability Report was designed with a more reader-friendly layout and was made available to everyone in a transparent fashion on Akbank's corporate website in order for stakeholders to effectively benefit from these practices.

SCOPE AND FRAMEWORK OF THE REPORT

AKBANK SUPPORTS THE SUSTAINABLE DEVELOPMENT GOALS (SDG) THAT WERE ADOPTED WITH A UNANIMOUS VOTE OF THE UN'S 193 MEMBER STATES ON SEPTEMBER 25, 2015.



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Publishing sustainability reports in accordance with GRI standards for nine years, Akbank has been gradually improving its social, environmental and economic sustainability performance. The Bank demonstrated its competence in sustainability reporting by preparing its 2017 Sustainability Report in the GRI G4 Comprehensive format. The GRI Index located at the end of the report serves as a guide to facilitate access of the Bank's stakeholders to social, environmental and economic sustainability practices in the most convenient manner.

INITIATIVE UNDER GRI STANDARDS

The Akbank 2017 Sustainability Report was prepared based on the Global Reporting Initiative (GRI) guidelines booklets that can be reached at the address below.

<https://www.globalreporting.org/standards/>

CONSIDERATION FOR WOMEN'S EMPOWERMENT PRINCIPLES (WEPS)

A supporter of the United Nations' 2030 Agenda for Sustainable Development, Akbank prepared its 2017 Sustainability Report with reference to the United Nations Global Compact (UNGC) and the Women's Empowerment Principles (WEPS). The UNGC Index regarding the 10 principles under four headings (human rights, labor, environment, anti-corruption) and the Women's Empowerment Principles (WEPS) Progress Report GRI Content Relationship Index, located at the end of the Report, serve as a guide to reach the Bank's initiatives within this scope.

AKBANK SUPPORTS UN SUSTAINABLE DEVELOPMENT GOALS...

Akbank supports the Sustainable Development Goals (SDG) that were adopted with a unanimous vote of the UN's 193 member states on September 25, 2015. Consisting of 17 goals that will guide the UN's initiatives until 2030, SDG is focused on eliminating of poverty, combating inequality and upholding environmental protection goals. Centering all its activities on sustainability principles, Akbank prepared its 2017 Sustainability Report with reference to the 17 sustainable development goals. The relationship between the related sections and the Sustainable Development Goals was highlighted with SDG icons throughout the Report.

REPORT SCOPE AND BOUNDARY

— IMPORTANT AND PRIORITY MATTERS RELATED TO THE BANK'S CORPORATE STRATEGIES IN ADDITION TO MAJOR ISSUES WITHIN AKBANK'S STAKEHOLDER DIALOGUE WERE ASSESSED AS PART OF THE PROCESS TO SET THE CONTENT FOR THE AKBANK 2017 SUSTAINABILITY REPORT.

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Akbank's 2017 Sustainability Report focuses on operations of Akbank T.A.Ş. in Turkey. While the figures in the "Our Distinctive Employees" section of the Report are inclusive of Akbank's Malta Branch personnel, the Report's scope does not include the impacts stemming from the Bank's overseas operations, joint ventures or suppliers. Generated and distributed economic value tables that include financial statements reflect consolidated figures.

SCOPE OF REPORT FOCUSED ON AKBANK'S PRIMARY DOMESTIC OPERATIONS

The Akbank 2017 Sustainability Report covers the operations of the Bank's Head Office in Istanbul between January 1 and December 31 as well as 800 Akbank branches all around Turkey. Akbank minimizes risks stemming from geographic and operational diversity by standardizing all its business processes in accordance with legal requirements as well as international banking standards.

In this Report, the phrases "Akbank T.A.Ş.," "Akbank," "our Bank," "the Bank," "We/us" all mean Akbank T.A.Ş. unless stated otherwise.

TRANSPARENCY AND ACCOUNTABILITY

Shaping all its business processes in line with the principles of transparency and accountability, Akbank utilized the Global Reporting Initiative's "G4 Sustainability Reporting Framework," the most widely used reporting standard in sustainability reporting, during the content development process of its 2017 Sustainability Report.

ENRICHING REPORT CONTENT THROUGH STAKEHOLDER DIALOGUE

Important and priority matters related to the Bank's corporate strategies in addition to major issues within Akbank's stakeholder dialogue were assessed as part of the process to set the content for the Akbank 2017 Sustainability Report. The Bank attained significant levels of increased value-added in terms of business processes thanks to stakeholder dialogue. Detailed information on selection of material issues and stakeholder dialogue is available in the "3. Our Approach to Sustainability" section of the Report. Prepared with the contribution from almost all units of the Bank, the final version of this Report has been approved by the Corporate Governance Committee of Akbank.



**Our Approach to
Sustainability**

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

— IN ORDER TO REALIZE ITS SUSTAINABILITY VISION, AKBANK AIMS TO SUCCESSFULLY MANAGE SIGNIFICANT AND MATERIAL ENVIRONMENTAL, SOCIAL, ETHICAL, AND ECONOMIC RISKS AND OPPORTUNITIES UNDER ITS OPERATIONS.

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Akbank strives to leverage its annual sustainability reports prepared in accordance with GRI guidelines to further expand its existing ties with its stakeholders. The Bank aims to impart the sustainability culture among its stakeholders through its annual sustainability reporting process.

OUR SUSTAINABILITY VISION

Our sustainability vision is to become the leader in Turkey and one of the leading institutions in the world.

OUR SUSTAINABILITY STRATEGY

In order for Akbank to realize its sustainability vision, we aim to successfully manage significant and material environmental, social, ethical, and economic risks and opportunities. By performing a materiality analysis, we identified the material issues in which our stakeholders expect good performance from the Bank and that are required for the Bank to succeed. We created a sustainability strategy by identifying related risks and opportunities and started to implement this strategy.

FIRST PRIORITY: CONTRIBUTING TO TURKEY'S SUSTAINABLE GROWTH

Akbank aims to further bolster the value-added it generates for the Turkish economy and its stakeholder community through its sustainability vision realized with its strong financial foundations and deep-rooted corporate culture.

Akbank's other goals in light of its sustainability strategy are as follows:

- Supporting ethical and secure banking principles,
- Offering products and services that increase social welfare,
- Minimizing the environmental risks from its operations,
- Improving the corporate capability in line with the sustainability strategy.

A HOLISTIC SUSTAINABILITY APPROACH FOCUSING ON VALUE CHAIN PRODUCTION

The Corporate Governance Committee (CGC), which reports to the Board of Directors, is the highest executive body for sustainability activities. The Committee organizes and oversees the efforts of all business units within the Bank in terms of focusing on shared sustainability goals. Akbank's International Advisory Board, comprised of experts who have well-respected accomplishments in their respective fields, also adds value to the Bank's sustainability vision. (The International Advisory Board is discussed in more detail in Risk Management and Legal Compliance at Akbank.)

KEY ROLES IN DIFFERENT FIELDS

The Corporate Governance Committee, which plays a key role in Akbank operations, is responsible for ensuring compliance with Akbank's Corporate Management Principles; monitoring the operations of the Investor Relations and Sustainability Department; determining, conforming accordance of and evaluating ethical values; creating a transparent system to identify, evaluate and train suitable candidates for the Board of Directors; and working on related policies and strategies.



OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

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AKBANK 2017 SUSTAINABILITY REPORT TOPICS PRIORITIZATION STUDY

Impact on Akbank	High		Effective Risk Management and Internal Control Compliance with Anti-Bribery and Corruption Policies Ethical Banking Environmental and Social Risk Management in Lending	Sustainable Profitability and Growth Corporate Governance Reducing Carbon Emissions Secure Banking Customer Satisfaction
	Middle	Employee Volunteering Environmentally-friendly Products and Services Sponsorship	Career Development and Training Employee Awareness Stakeholder Dialogue Equal Opportunity Innovative Products and Services Facilitating Access to Financial Services Sustainability in the Supply Chain	Employee Satisfaction Employee and Human Rights
	Low			
		Low	Middle	High
		Priorities for Stakeholders		

In order to function properly, the Chairman and the majority of the members of the Committee are independent Board Members.

The Committee was established in 2009 with the name “Corporate Governance and Social Responsibility Committee” (CGSRC). In early 2012, the “remuneration” task was also given to the Committee and thus its name was changed to “Corporate Governance, Remuneration and Social Responsibility Committee” (CGRSRO). In early 2013, “nominating candidates” was included in the Committee’s tasks and thus the name was updated as “Corporate Governance Committee” (CGC).

The Committee meets at least twice a year. Among the items in the 2017 agenda was the analysis of the Bank’s current position in terms of sustainability,

assessment of future steps, climate change strategies and action plan, entrepreneurship, training and social responsibility projects as community investments.

SUSTAINABILITY TEAM: IMPLEMENTATION ARM OF THE REPORTING PROCESS

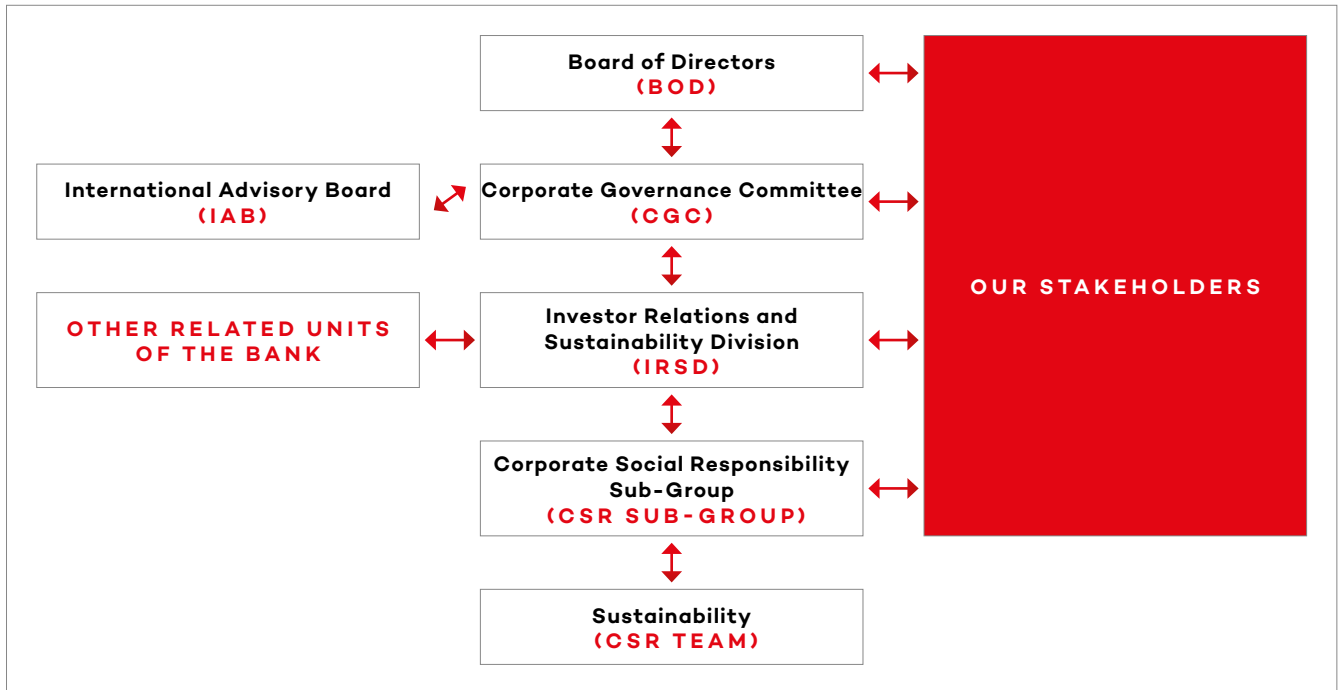
A Sustainability (Corporate Social Responsibility) Team composed of representatives from most of the business units in Akbank and operating under the leadership of the CSR Sub-Group performs the sustainability reporting process that feeds Akbank’s annually issued Sustainability Report. Operating under the Investor Relations and Sustainability Department, the Sustainability Team conducted the prioritization analysis above to set the content of the Akbank 2017 Sustainability Report

by taking into consideration the feedback from the Bank’s business units as well as stakeholder expectations.

FIRST PRIORITY: SUSTAINABLE PROFITABILITY

The Topics Prioritization Study carried out by the Akbank Corporate Social Responsibility Sub-Group, in keeping with stakeholder opinions, identified the topics of Corporate Governance, Sustainable Profitability and Growth, Reduction of Carbon Emissions, Secure Banking, and Customer Satisfaction as those with the highest priority both for Akbank and the Bank’s stakeholders. As a result of this effort, the sections “Corporate Governance at Akbank,” “Value Added to Customers,” “Our Distinctive Employees,” “Our Operations and the Environment,” and “Our

AKBANK'S SUSTAINABILITY MANAGEMENT MODEL



Approach to Sustainability” were added to the 2017 Sustainability Report. The priority-setting study revealed that “Effective Risk Management and Internal Control,” “Compliance with Anti-Bribery and Corruption Policy,” “Ethical Banking,” “Employee and Human Rights,” “Environmental and Social Risk Management in Lending,” “Sponsorship,” and “Employee Satisfaction” as second tier priorities for both Akbank and its stakeholders. As a result, we focused on the Bank’s related initiatives and added the “Risk Management and Legal Compliance” and “Our Community Investment” sections to the 2016 Sustainability Report. In addition to the sustainability reporting is the prioritization of topics study as a guide for internal corporate sustainability initiatives.

SUSTAINABILITY AWARENESS AMONG EMPLOYEES

Seeing its employees among the most important stakeholders in realizing its sustainability vision, Akbank develops special sustainability trainings for its employees through internal communication channels.

SUSTAINABILITY TRAINING IN LIGHT OF THE UN GLOBAL COMPACT

Akbank develops sustainability trainings for its employees based on the UN Global Compact. As part of this effort, 5,940 Akbank employees were administered sustainability basic training between 2012 and 2017. The “Corporate Social Responsibility” section of the Bank’s corporate

portal presents up-to-date information in a number of areas, from Akbank’s sustainability approach to corporate social responsibility projects.

COMMITMENT FROM OUR SUPPLIERS IN LINE WITH THE GLOBAL COMPACT...

Boasting an extensive supplier network due to its steadily growing business volume, Akbank encourages its suppliers to operate in compliance with the United Nations Global Compact. Nearly 50 percent of the companies within the Bank’s supplier portfolio committed to comply with Akbank’s principles and policies, including the United Nations Global Compact, while conducting their operations.

OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

OUR SUSTAINABILITY COMMITMENT

Commitment Topic	Assesment of 2017	Our Commitments
Financial Performance		
Sustainable profitability and growth	Standing out with a diversified product portfolio and a broad-based customer portfolio, Akbank continued to post sustainable financial and operational results in 2017.	Akbank strives to diversify its product portfolio in light of customer needs and expectations and ensure the sustainability of its financial and operational success.
Sustainability Management		
Duties and Responsibilities	We officially included related responsibilities into the job definitions of Sustainability Team leader and its members. The Bank took the necessary steps to include sustainability in the performance evaluation criteria of team members.	Akbank aims to develop plans of action that will inform the sustainability strategy under the coordination of the Investor Relations and Sustainability Department.
Sustainability in the Supply Chain	Akbank continued to encourage its supplier firms to comply with Akbank principles and policies as well as the UN Global Compact in 2017.	Akbank plans to secure from all the Bank's suppliers declarations of commitment to comply with Akbank's Code of Ethics and sustainability policies.
Employee Awareness	Akbank continued to deliver Sustainability Approach Awareness Training to its employees via the custom-designed classroom sustainability training course.	Akbank set it as a priority to leverage advances in education and training technologies to deliver more comprehensive and creative sustainability training to stakeholders.
Dialogue with Stakeholders	Akbank maintains fresh stakeholder dialogue via a large number of platforms. These include Live Broadcasts; Akbank For You Meetings; Agricultural Fairs; Breakfast with the CEO events; Motivational Activities for Employees; Exclusive Events for the Customer in Various Segments; Corporate TVs; Bank of Mobile Activities; Volunteer Initiatives; Customer Satisfaction Surveys; Akbank Branches; Akbank Call Center; Contact Us Website; Social Media (1.5 Million Followers in Total); Customer Relationship Manager (CRM) Activities in Various Segments; Leaders' Summit; E-Mail Notifications; Customer Business Development Meetings; Akbank Analyst and Investor Days; SME Informational Meetings; Akbank Art Center Events; Media, Advertising and Promotional Campaigns; Workshops; among other events. Akbank aims to increase stakeholder engagement and further improve operational efficiency.	Akbank sees it as a core priority to increase stakeholder engagement and further improve operational efficiency.
Corporate Governance, Risk Management and Legal Compliance		
Transparent corporate management	The Investor Relations and Sustainability Division, in conjunction with the Bank's senior executives, participated in a total of 17 investor conferences in Turkey and abroad in 2017 and met with nearly 220 international investor funds and two rating agencies.	Embracing the principle of developing mutual trust-based relations with shareholders as well as current and potential investors, Akbank intends to continue carrying out its corporate governance on the basis of accountability.
Information security	Akbank continued to administer special training sessions to raise information security literacy among employees in 2017.	Akbank will continue to undertake investments and dedicated training initiatives geared to information security in the period ahead.
Our Customers		
Customer satisfaction	Akbank strives to deliver excellent service quality at every point of contact with the customer. To this end, the Bank focuses on listening to, understanding and empathizing with the customer and generating quick, personalized solutions. Leveraging the experience it has gained while serving customers, the Bank constantly improves itself and strives for the better in pursuit of developing products and services that will make a difference. Thanks to the changes made to the Bank's customer satisfaction systems and processes, the average time of resolution, tracked on the basis of each individual customer, was reduced from three days to two days. Meanwhile, service quality compliance increased from 60% to 90% and the rate of resolution at the first point of contact jumped from 65% to 90%.	Akbank plans to continue improving its products and services in pursuit of unconditional customer satisfaction.
Environment-friendly products and services	Akbank signed an agreement with the International Finance Corporation ("IFC") in October 2017 to secure a TL 536 million credit facility as part of the Mortgage-Backed Security ("MBS") issuance program. Akbank is also using this facility to originate mortgage loans to environment-friendly homes possessing Green Building certification.	Akbank aims to contribute to environmental sustainability by extending loans to energy conservation and renewable energy projects.
Environmental and social risk management in loans	Akbank's Loan Appraisal Supervisors are charged with effectively managing risk in the Bank's lending processes, including environmental risks.	Akbank intends to raise the environmental and social risk management awareness among all employees involved in lending processes.
Innovative products and services to facilitate access to financial services	Akbank continued to boost its customer acquisition pace through the Internet and Mobile channels thanks to Akbank Direkt in 2017.	The Bank aims to continue using an innovative approach and maintaining a competitive edge in technology.

Commitment Topic	Assesment of 2017	Our Commitments
Our Employees		
Employee Engagement	The Bank continued to carry out initiatives to ensure the sustainability of employee engagement in 2017. Akbank is keenly aware of the relationship between happy employees and high corporate performance. The Bank believes in increasing loyalty through awareness of employees' feelings and opinions, their expectations, staff priorities regarding human resources and management policies, and their areas of satisfaction and dissatisfaction.	The Bank will continue to take steps to render employee loyalty sustainable in 2018.
Training	Akbank employees attended a total of 554,913 hours of training in 2017, corresponding to nine business days of training per employee.	Conducting its business activities in line with the principle of continuous improvement, Akbank aims to contribute to the personal and professional development of the Bank's employees via internal training programs in 2017.
Equal opportunity	In the evaluation conducted based on 22 criteria under the Equal Opportunity Model Project, Akbank received FEM certification. In addition, the Bank became signatory to the Women's Empowerment Principles (WEPs), a private sector venture by the United Nations that aims to empower women to take part in all sectors and all aspects of economic activity. Akbank strives to ensure the sustainability of operational efficiency by providing an equal opportunity-based professional environment for Bank personnel.	Akbank will continue to stand out among the competition in terms of business productivity, by providing a work environment based on equal opportunities to its employees.
Environmental Impacts of Our Operations		
Our environmental impact	Akbank continued to successfully undertake initiatives to minimize the environmental impact of its operations in 2017.	Akbank plans to minimize the environmental impact and natural resource utilization of its operations in the coming period.
Carbon emissions	Akbank continued to attain major reductions in carbon emissions from its operations in 2017 owing to the energy efficiency projects it has implemented.	Akbank plans to continue actively supporting initiatives to combat climate change in the coming year.
Investing in Communities		
Community investment through sponsorships	Monochrome, Contemporary Artists Prize Exhibition, and the Incident of Art exhibitions were presented to Turkish arts enthusiasts at Akbank Art Center in 2016. In addition, as part of "Young Volunteers" project, 500 young people participated in volunteer activities in 2016; subsequently, they were afforded the opportunity to attend the Imany Concert at the Jazz Festival. Akbank, which positions itself as an exemplary corporate citizen, plans to continue lending sponsorship support to qualified projects in education, youth, entrepreneurialism, culture-art and environment in the next period. Launched as a joint venture of Akbank and Sabancı University, the Center of Excellence in Finance (CEF) commenced operation in 2017 by conducting various conferences, training programs, seminars and research reports. As part of the CaseCampus Program launched in conjunction with Endeavor, the Bank convened young people who chose entrepreneurship as a career path and organized conferences and training sessions in Istanbul and in Izmir. Akbank also partnered with Endeavor in 2016 and launched the "Smartstartup Cities" Program in Ankara and in Izmir.	In the corporate social responsibility areas that we prioritize, we will continue to design projects creating added value, together with our primary stakeholders.
Community investment through employee volunteering	Under the "Akbank Volunteers" system, the Bank carried out volunteering projects in every corner of Turkey with the support of Volunteer Leaders from across the country.	The Bank aims to encourage its employees to participate in social projects on a voluntary basis in the upcoming period.

STAKEHOLDER ENGAGEMENT

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Believing that stakeholder dialogue will boost its value-added creation, Akbank's stakeholder map includes all companies and organizations that are impacted by its operations, products or services and that directly or indirectly influence the Bank's performance. The dialogue mechanism that allows Akbank's management and shareholders to communicate continuously is based on the principles of transparency, accountability and regular information disclosure.

Examples of the Bank's dialogues with key stakeholders are presented in the table below:

Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
Shareholders, Investors, Analysts		
General Assembly Meetings and Minutes, Face-to-Face and E-Dialogue (Meetings and Conferences in Turkey and Abroad, Presentations and Briefings via Webcast and E-mail), Public Disclosure Platform, Annual Report, "e-Manage: Corporate Governance and Investor Relations Portal" of the Central Registry Agency, Capital Markets Board of Turkey (CMB) Corporate Governance Principles Compliance Report Press Releases, Investor Presentations	The dialogue mechanism that was developed to ensure continuous communication between the Bank management and shareholders is based upon the principles of transparency, accountability, and regular information disclosure.	Akbank's Corporate Social Responsibility Sub-Group within the Investor Relations and Sustainability Department informs investors on the Bank's environmental, social and economic sustainability performance both in writing and verbally.
Employees		
Quarterly live TV broadcasts by the Bank's CEO, live broadcast of "New Generation Akbank Meetings," Breakfast with the CEO events, Akbank Volunteers Program, Employee Satisfaction Survey, Corporate Performance System, Meetings (e.g. Regional Directorates and Customer Relationship Management Performance Reviews, Leaders' Summit, Leaders of the Future Meeting, Management Trainee Cocktail Party, Cocktail Party with New Managers, Award Ceremonies Brainstorming Sessions), Coaching System, Corporate Portal "For Us," Suggestion System, BANKSİS (Union of Bank and Insurance Employees), Akbank Retirement Fund, Ethics Line, E-Bulletins, E-mails, Corporate TVs	Akbank is aware that high motivation and satisfaction levels among its employees are determinant in ensuring long-standing business performance. The Bank takes heed of regularly eliciting its employees' opinions and expectations and tries to bring related practices to life. Akbank established effective channels of communication to ensure effective internal communication.	Messages of the senior management and the Bank's quarterly performance results are communicated first-hand to employees via the quarterly-held live TV broadcast by the CEO, an initiative that started in 2012. This project aims to keep internal synergy dynamic, improve bilateral communication, and increase all employees' motivation to reach common goals. Participants from various departments of the Bank are provided the opportunity to exchange opinions with Akbank's CEO at monthly Breakfast with the CEO meetings. As part of the Akbank Volunteers program, volunteer leaders across the entire country carry out social responsibility projects that create value for the locations they live and work in.
Customers		
Akbank For You Meetings; Agricultural Fairs; Exclusive Events for Direct Deposit Customers and One-to-One Segment Clients; Iftar Dinners for SME and Agriculture Banking Customers; SME Export Academy Seminars; Akbank Academy of Family Businesses; Investor Seminars for One-to-One Segment Clients; Exclusive Events for Corporate Banking Clients, Exclusive Events and Sponsorships for Technology Enthusiast Customers; Customer Satisfaction Surveys; Akbank Branches; Akbank Call Center; Contact Us Website; Social Media (2.9 Million Followers in Total); E-Mail Notifications; Customer Business Development Meetings; SME Informational Meetings; www.kobilersizininicin.com Website; Akbank Art Center Events; Media, Advertising and Promotional Campaigns; E-Mail Messages; and Corporate TVs	Customer satisfaction is Akbank's first priority. Opinions and expectations of customers guide the Bank in developing products and services. In order to sustain customer satisfaction, Akbank implements numerous practices: information security, responsible marketing communications, innovative and environmentally friendly products, and supporting customers in business development.	Akbank is in constant contact with customers via 26 different Akbank accounts in social media. Our agents, specially trained for this media and offering services 24/7, respond to more than 7 thousand comments monthly, offer solutions to complaints, and record the suggestions.

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Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
International Financial Institutions		
One-to-One and Joint Meetings, Audits, Negotiations, Reports, Presentations	Loans that Akbank secures from international financial institutions such as IFC, EBRD, and EIB to be lent out to customers mostly carry the conditions of being environment-friendly and supporting development. Akbank establishes dialogues with these institutions with the aim of building management systems to monitor environmental and social performances of its customers pursuant to the conditions attached to these loans.	A process was initiated for establishing Environmental and Social Management Systems to be implemented in SME loans under the securitization transaction amounting to USD 250 million, which was performed with the International Finance Corporation (IFC). With this system, Akbank adapts its SME loan processes to the environmental and social standards defined by IFC. Thus, Akbank carries its pioneering activities in the field of sustainability even further.
Public Authority and Regulators		
Public-Private Sector Cooperation Workshop, Meetings, Forums and Conferences, Various Working Groups, Verbal and Written Notifications, Declarations, Press Releases, Compliance Reports	Akbank is committed to thoroughly complying with all related laws and regulations in all its activities. Akbank participates in forums, conferences and working groups with the aim of closely following the agenda, identifying trends, and developing and adapting its products and services in line with expectations of customers and legislators in a timely manner. In addition, the Bank closely monitors developments related to the banking industry and presents its opinions on legislation amendments to related authorities.	The Declaration of Sustainability Banking was signed in 2017.
Suppliers		
Supplier Identification Forms, Meetings, Akbank Code of Ethics	Akbank expects its cooperating suppliers to act in accordance with the Bank's principles and values. The Bank also supports their development through continuous information transfer.	Akbank has informed the companies in its supplier portfolio of Akbank Ethical Principles and Sustainability Policies, and around 50% of these companies have committed to acting in compliance with Akbank's Principles and Policies.
University Students		
Activities Organized and Supported Directly by Akbank, CaseCampus Entrepreneurship Program, Akbank Thinking Club, Information Meetings, Youth Banking, Campus Branches, Brochures and Promotion Campaigns	Caring about university students' requests, opinions, and expectations, Akbank continuously improves its investments in support of their education and development. Akbank cooperates with student clubs to support university students in entering the business world and to further introduce Akbank to those who will graduate soon.	The CaseCampus Program, launched jointly with Endeavor Turkey for university students who dream of starting their own business, celebrated its first graduates in 2016. During the program, interview simulations were conducted at Boğaziçi University. These mock interviews with young people were performed as if they were part of an actual recruiting process; subsequently, feedback was provided to the participants. Certification programs were administered at the Center of Excellence in Finance (CEF) for high school and university students who are contemplating careers in the finance industry.
Local Community		
Activities Akbank Organizes and Participates in (e.g. "Akbank for You Meetings"), National Sponsorship, Volunteer Activities, Culture & Art Activities, Press Releases	Akbank strives to support numerous activities that offer social benefits and to reach local communities in areas where it operates.	The Bank held "Akbank for You Meetings" in 19 cities and shared the economic developments world wide and in Turkey, met with local authorities to hear local problems and find solutions, and exchanged opinions. Akbank volunteers across the nation carry out social responsibility projects that create value for the locations they live and work in. The Bank sponsored local organizations such as the Adana Orange Blossoms Festival, Milas Olive Harvest Festival and Gaziantep Children's Festival.
Non-Governmental Organizations		
Cooperation in Social Engagement Practices, Sponsorships, Meetings, Conferences, Study Groups	Akbank pays attention to improving cooperation with non-governmental organizations, being in continuous communication with them, taking their opinions and expectations about its activities into consideration.	While developing its social investment projects, the Bank cooperates with non-governmental organizations. Akbank invites representatives of NGOs to its events and receives their opinions on related issues. In addition, Akbank participates in the working groups of the non-governmental organizations and provides input.
Media		
Press Conferences, Press Releases, Daily Economic Bulletins	Akbank aims to maintain continuous dialogue with national and international media, to inform them promptly and accurately through press releases, and to share opinions with opinion leaders at press conferences.	Akbank senior management and relevant managers regularly meet with prominent figures of the media community and exchange opinions at press conferences organized to discuss industry trends and the Bank's products and services.

STAKEHOLDER ENGAGEMENT

AKBANK SUPPORTS NOT ONLY PROFESSIONAL ORGANIZATIONS IN ITS BUSINESS LINE, BUT ALSO LOCAL AND INTERNATIONAL INITIATIVES AND PROFESSIONAL GROUPS WITH ACTIVITIES TOWARDS THE ENVIRONMENT AND SOCIETY.



MEMBERSHIPS IN ASSOCIATIONS AND UNIONS, SIGNED INITIATIVES

Positioning itself as an exemplary corporate citizen, Akbank promotes sustainable development by supporting not only professional organizations in its business line, but also local and international initiatives and professional groups with activities towards the environment and society. Our memberships in associations and unions, as well as the local and global initiatives we signed within the framework of sustainability are listed below:

- European Association of Communication Directorates (EACD)
- European Union Green Banking in the Mediterranean Project
- Interbank Card Center (BKM)
- United Nations Global Compact (UNGC)
- Cancun and Durban Communiqués drawn prior to the Conference of the Parties to the United Nations Framework Convention on Climate Change to make a call of action to governments from the private sector
- Endeavor Assessment (Support for Active Entrepreneurs)
- Turkish Ethics and Reputation Society (TEID)
- Financial Literacy and Inclusion Association (FODER)
- The Prince of Wales's Corporate Leaders Group on Climate Change (CLG)
- Interactive Advertising Bureau (IAB Turkey)
- Association of Advertisers
- Istanbul Foundation for Culture and Arts (İKSV)
- Borsa Istanbul Stock Exchange Sustainability Index (ISESI) Project
- Carbon Disclosure Project (CDP)
- TÜYİD Investor Relations Association
- Credit Cards Registry Office (KKB)
- Association of Corporate Communicators (KİD)
- Climate Platform and Turkish Leaders Group on Climate Change established by REC and TÜSİAD
- Advertising Self-Regulatory Board (RÖK)
- Association of Advertisers (RVD)
- Private Sector Volunteers Association (OSGD)
- The Banks Association of Turkey (TBB)
- Study Group of Sector's Role on Sustainable Growth of The Banks Association of Turkey
- Public Relations Association of Turkey (TUHİD)
- Corporate Governance Association of Turkey (TKYD)
- Turkish Industry and Business Association (TÜSİAD)
- Turkish Industry and Business Association (TÜSİAD) Sustainable Development Task Force
- Visa Colorful Horizons
- The European Association of Communication Directors (EACD)
- Women's Empowerment Principles – WEPs

CONTRIBUTING TO PUBLIC POLICY WITH OUR CORPORATE CITIZENSHIP PERSPECTIVE

Positioning itself as an active corporate citizen, Akbank makes a point of participating in forums, conferences and workshops for the development of public policy in its business line with both speakers and listeners, to share its deep-rooted experience and expertise. In addition, the Bank provides sponsorship support to events that correspond to its corporate policy.

Composed of the most competent finance professionals in Turkey, Akbank’s Senior Management attends President and Cabinet level meetings regarding such issues as the country’s economy and financial affairs as part of the Bank’s leader communications. A unique example of Akbank’s contributions to public policy and a well-known figure on a global scale is the initiative of Ms. Suzan Sabancı Dinçer, Chairman of the Board of Directors of Akbank, as a Member of the Board of Trustees of Chatham House, in promoting Turkey’s economic and strategic role internationally through this platform.

CLIMATE CHANGE MANAGEMENT UNDER CORPORATE GOVERNANCE COMMITTEE GUIDANCE

Closely monitoring international strategies to combat global climate change at the UN level, Akbank’s climate change solution strategies are formulated by the Corporate Governance Committee, which directly reports to the Board of Directors. In addition, the International Advisory Board contributes to the Bank’s vision while the Investor Relations and Sustainability Department ensures coordination and management of the issue within the Bank. Other departments such as Architectural Works and Personnel Management are responsible for collecting data, including energy consumption and implementation of energy saving practices.

RISK AND OPPORTUNITY ORIENTED ASSESSMENT APPROACH

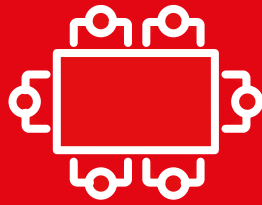
Climate change, which is caused by increasing levels of greenhouse gas emissions in the earth’s atmosphere, poses major risks for societies today. Heat waves of increasing frequency and intensity, floods, droughts, and extreme weather conditions due to climate change have the potential to have negative impacts on industries such as forestry, fishing, agriculture, healthcare, tourism, and construction, among others. Climate change

laws, rules and regulations that have been enacted or are likely to be put into effect in Turkey and its trading partners pose the risk of legal non-compliance and extra investment costs to fight climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as those in the transportation and aviation industries will be impacted by the aforementioned laws and regulations.

PROACTIVE RISK MANAGEMENT APPROACH

Akbank continually updates its risk management approach in the face of the adverse impacts of climate change on human activities. By embracing a proactive approach to risk management, the Bank strives to effectively manage climate change-based risks and turn threats into opportunities.

Akbank closely monitors changes in laws and regulations related to energy efficiency and renewable energy, which gain in prominence in Turkey by the day, with its specialized staff, and carries out comprehensive compliance efforts. In addition, Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. The Bank also measures the carbon emissions stemming from its operations and business travel, and undertakes initiatives to minimize these emissions.



Corporate Governance at Akbank

CORPORATE GOVERNANCE AT AKBANK

**— WITH ITS
VISIONARY
MANAGEMENT
APPROACH, AKBANK
HAS ALSO PIONEERED
INNOVATIVE
CORPORATE
GOVERNANCE
PRACTICES IN THE
BANKING SECTOR.**

Akbank works towards its goal of full compliance with the corporate governance principles, efficiently managing the risks and opportunities in its business processes through its professional corporate governance approach.

- Relations with Shareholders
- Public Disclosure and Transparency Policy
- Duties, Responsibilities, and Authorities of the Board of Directors
- Relations with Stakeholders

**VISIONARY APPROACH IN
CORPORATE GOVERNANCE**

With its visionary management approach, Akbank has also pioneered innovative corporate governance practices in the banking sector. The Bank's major innovative practices in corporate governance are as follows:

In Turkey, Akbank is the first bank to:

- Publicly announce its dividend policy (2003).
- Announce its Corporate Governance Principles in its annual report (2003).
- Announce its Corporate Governance Principles on its website (2004).
- Buy back its founders' shares (2005).
- Sign the United Nations Global Compact (2007).
- Publish the UN Global Compact Communication on Progress Report (2010).
- Pioneer in Supporting the Implementation of the Carbon Disclosure Project (CDP) in Turkey (2010).

- Publish a Sustainability Report in Accordance with GRI Standards (2010).
- Participate in the Carbon Disclosure Project (CDP) Global 500 Reporting (2010).

Akbank is committed to abiding by the Corporate Governance Principles as set forth by the Banking Law, Capital Markets Board, and Turkish Commercial Code. Akbank is in compliance with the mandatory provisions of the Corporate Governance Principles as published by the Capital Markets Board in Official Gazette No. 28871 dated January 3, 2014.

**TOP PRIORITY: CREATING
SHAREHOLDER VALUE**

Enjoying a prestigious position in the eyes of investors with its successful stock performance on Borsa Istanbul, Akbank complies fully with legal procedures, in order to offer high returns to its shareholders and investors, and with its strong sense of responsibility as a public company. In the upcoming period, Akbank aims to make its prestigious position in capital markets sustainable.



CORPORATE GOVERNANCE AT AKBANK

AKBANK COMPLIES FULLY WITH LEGAL PROCEDURES, IN ORDER TO OFFER HIGH RETURNS TO ITS SHAREHOLDERS AND INVESTORS, AND WITH ITS STRONG SENSE OF RESPONSIBILITY AS A PUBLIC COMPANY



MANAGEMENT OF SHAREHOLDER RELATIONS

In 1996, Akbank established the Investor Relations Group to manage relations with existing and potential shareholders through an institutional perspective. From this date on, the Investor Relations and Sustainability Department conducted activities to make Akbank's corporate reputation sustainable and adopted the principle of responding to all questions - outside of commercial secrets - in line with the principle of equality. The Department, which assumes a key role in the communication between the Bank's Senior Management and shareholders, fulfilled all of its duties in 2017. Another department that is responsible for overseeing shareholders' rights at Akbank is the Financial Coordination and International Reporting Division.

EFFECTIVE INFORMATION DISCLOSURE PROCESSES FOR SHAREHOLDERS

The Investor Relations and Sustainability Department is responsible for presenting the Bank's performance and strategies accurately and transparently to existing and potential investors. IRSD also plays an active role in facilitating protection and use of shareholders' rights - especially the rights of getting information and examining the data. The Department informs investors on environmental, social and economic sustainability.

STRONG TIES TO THE INTERNATIONAL INVESTMENT COMMUNITY

In 2017, the Investor Relations and Sustainability Department attended a total of 23 domestic and foreign investor conferences together with executive management of Akbank and had meetings with approximately 220 international investment funds and two rating institutions. Also, more than 500 questions posed by investors and analysts via telephone and e-mails were answered.

Information on the General Assembly meetings is announced- in the Turkish Trade Registry Gazette, in a national newspaper, on the corporate website, at the Public Disclosure Platform www.kap.gov.tr, e-Governance Corporate Governance and Coordination and International Reporting on the Central Registry Agency www.mkk.com.tr, and on the e-GEM Electronic General Assembly System- at least three weeks before the event. The Annual Report is submitted to the shareholders through our Bank's website, at the Shareholder Transactions Subdivision, as well as at the Ankara and Adana Branches three weeks before the General Assembly. In addition, matters stipulated in Article 1.3.1 of the Capital Markets Board Corporate Governance Principles are disclosed to the shareholders on the Bank's website correspondingly with the announcement for the General Assembly Meeting of Shareholders.

— THE BOARD OF DIRECTORS IS AUTHORIZED AND RESPONSIBLE FOR INFORMING THE PUBLIC, AS WELL AS MONITORING, SUPERVISING, AND IMPROVING THE PUBLIC DISCLOSURE POLICY.

According to the Akbank Articles of Association, shareholders may assign another shareholder as a representative with a right to vote. Shareholders may exercise their right to vote either in person or through another person or shareholder at General Assemblies. Media outlets are permitted to attend and cover the Bank's General Assembly Meetings.

ELECTRONIC GENERAL ASSEMBLY SYSTEM FOR SHAREHOLDER REPRESENTATION AT THE GENERAL ASSEMBLY

General Assemblies are held at Akbank Head Office (Sabancı Center) in a way that increases participation of shareholders, ensures fairness, and allows for participation with a minimum cost for shareholders. Those who have the right to participate in the Bank's General Assembly meetings may also vote via the Electronic General Assembly System.

OUR PUBLIC DISCLOSURE POLICY

Akbank is committed to developing transparent relations based on mutual respect with its stakeholders. Akbank's Public Disclosure Policy was formulated by the Board of Directors within the framework of the Capital Markets Board's Corporate Governance Principles in accordance with capital markets laws and regulations, and then approved and announced to the public on Akbank's website. The Board of Directors is authorized and responsible for informing the public, as well as monitoring, supervising, and improving the public disclosure policy.

The Financial Coordination and International Reporting Department, Investor Relations and Sustainability Department, and the Corporate Communication Department, which collectively serve as the Shareholder Relations Unit under the Financial Coordination business unit, are assigned to oversee and monitor all issues pertaining to public disclosures.

INFORMATION CHANNELS RUNNING ON STATE-OF-THE-ART INFRASTRUCTURE

The Akbank Website, material disclosures, Akbank branches, Call Center, Akbank IR Apps (iOS, Android) social media (Twitter, Facebook), media, advertising and promotion campaigns, Annual Report and Sustainability Report are the most important platforms to inform the Bank's shareholders. In addition, the e-MANAGE: Corporate Governance and Investor Relations Portal of the Central Registry Agency are also utilized in disseminating information to stakeholders.

AKBANK BOARD OF DIRECTORS

THE BOARD OF DIRECTORS IS THE HIGHEST DECISION MAKING MECHANISM AT AKBANK.



THE HIGHEST DECISION MAKING BODY

The Akbank Board of Directors, the highest decision making body at Akbank, has three executive and seven non-executive members as of end-2017. The Bank's Chairman is also the Executive Director responsible for all matters. As of end-2017, the Bank has three independent Board Members.

According to the Capital Markets Board's Corporate Governance Principles, Audit Committee Members of banks are considered Independent Members of the Board of Directors. Hayri Çulhacı and Yaman Törüner, Members of the Audit Committee, are Independent Members. The other Independent Member of the Bank's Board of Directors is Aydın Günter, who satisfies all the independence criteria of the Capital Markets Board and who was ratified for a one-year term by the shareholders at the Ordinary General Assembly Meeting in March 2017. The report of the Corporate Governance Committee dated January 19, 2017 stating that Aydın Günter satisfies all the independence criteria was submitted to the Board of Directors; the Board of Directors resolved to refer Aykut Demiray to the Capital Markets Board as an Independent Board Member nominee. The terms of

the Members of the Board of Directors who were elected in March 2017 will expire in March 2018. All Members of the Board of Directors attend meetings unless excused.

There is a secretariat for informing and communicating with the Members of the Board of Akbank. The Board meets at least 12 times a year. Board Members pay attention to participating in and contributing to every meeting. The Chairman consults other Board Members and the CEO to define the agenda of the meeting. Information and documentation on the agenda are presented to the Members of the Board prior to the meeting.

In order for the Board of Directors to make a resolution, one more than half of its members must attend the meeting. Therefore, all resolutions are made with the majority of members attending the meeting. Negotiations of the Board are routinely recorded by a secretary selected among the members or by someone hired outside the Bank. Minutes must be signed by attendees and if there are opponent members, the reason of opposition to the resolution must be stated in the minutes which must be signed by the voter. Board Members are not entitled to have weighted votes and/or to veto resolutions.

— THE BOARD OF DIRECTORS SETS THE BANK'S STRATEGIC OBJECTIVES, DETERMINES THE HUMAN AND FINANCIAL RESOURCES AKBANK WILL NEED, AND SUPERVISES THE PERFORMANCE OF THE MANAGEMENT TEAM.

ROLES AND RESPONSIBILITIES OF THE BOARD

The core duties of Akbank's Board of Directors include making the strategic decisions that strike the optimal balance between risk, growth and return, and pursuing a rational and cautious risk management approach that safeguards the long-term interests of the corporate organization that it represents.

KEY ACTOR SETTING STRATEGIC TARGETS: THE BOARD OF DIRECTORS

The Board of Directors sets the Bank's strategic objectives, determines the human and financial resources Akbank will need, and supervises the performance of the management team. The Board of Directors oversees compliance of the Bank's activities with laws and regulations, the Articles of Association, internal regulations and policies.

The Board of Directors operates in a transparent, accountable, fair, and responsible manner. The Board plays an active role in maintaining efficient communication between the Bank and shareholders as well as in resolving potential disputes.

DUTIES AND RESPONSIBILITIES DETERMINED BY THE ARTICLES OF ASSOCIATION

The Board of Directors approves Akbank's annual budget and strategic plan, closely monitors actual comparisons with the budget, receives information

on deviations, and reviews the resolutions made. If there are any significant deviations in macroeconomic conditions compared to the budget estimates, the budget is revised and resubmitted to the Board of Directors for approval. The Board monitors strategic goals, budget targets and actual figures on a daily, weekly or monthly basis, depending on the nature of the issue. In addition to the hard copy reports it receives, the Board of Directors has access to the Bank's financial statements, various financial and non-financial indicators on the basis of customer, branch, business unit, and the overall Bank through the Management Information System.

The Bank's administrative structure and organization is detailed in the third section of the Articles of Association. This section explains roles and capacities of the Board Members and other executives: Roles and responsibilities of the Board of Directors are subject to the provisions of the Turkish Commercial Code and Banking Law as well as to the provisions of the Articles of Association.

BOARD OF DIRECTORS COMMITTEE STRUCTURE

In Akbank's Board of Directors, there are various committees for different tasks. In addition to such committees, the Board of Internal Auditors, Internal Control and Compliance Division, Risk Management Department and Information Risk Management Department directly report to the Board of Directors in 2017.

AKBANK BOARD OF DIRECTORS

THE BOARD OF DIRECTORS APPROVES AKBANK'S ANNUAL BUDGET AND STRATEGIC PLAN, CLOSELY MONITORS ACTUALS IN COMPARISON TO THE BUDGET, RECEIVES INFORMATION ON DEVIATIONS, AND REVIEWS THE ADOPTED RESOLUTIONS.



SURVEILLANCE BODY FOR INTERNAL SYSTEMS: AUDIT COMMITTEE

The Audit Committee helps the Board in the performance of supervision and oversight functions; in addition, it oversees the functioning and adequacy of the internal systems as well as the accounting and reporting systems. The Committee convenes at least four times a year.

MONITORING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance and Social Responsibility Committee was established in 2009 with the aim of monitoring compliance with corporate governance principles and supervising the implementation of corporate social responsibility activities, Social Responsibility. In 2013, the "nomination" task was also given to the Committee and its name was changed to the Corporate Governance Committee. The Committee is responsible for ensuring, monitoring and communicating compliance with Akbank's Corporate Management Principles; monitoring the operations of the Investor Relations and Sustainability Department; creating a transparent system to identify, evaluate and train suitable

candidates for the Board of Directors; and working on related policies and strategies. Members of the Remuneration Committee are responsible for monitoring, auditing, and reporting remuneration operations on behalf of the Board of Directors. The Committee convenes at least twice a year. The chairman and majority of the members of the Committee are Independent Board Members.

ULTIMATE DECISION MAKER IN CREDIT ALLOCATION: CREDIT COMMITTEE

The Credit Committee is a loan assignment resolution center that examines loan offers which have passed loan processes of the General Directorate in terms of compliance with legal regulations, banking principles, the Bank's goals and loan policies.

EXECUTIVE RISK COMMITTEE: THE RISK MANAGEMENT BODY

The Executive Risk Committee (ERC) is responsible for creating risk policies, identifying methods to measure and manage risks, setting and monitoring suitable risk limits. All risk policies are put down in writing and integrated into the long-term overall strategy of the Bank. The Risk Committee convenes at least four times each year.

— AKBANK HAS ESTABLISHED THE 12-STRONG AKBANK ADVISORY BOARD IN ORDER TO MONITOR GLOBAL AND LOCAL ECONOMIC DEVELOPMENTS.

ASSET-LIABILITY COMMITTEE: THE AUTHORITY THAT SHAPES THE BANK'S FUNDING STRATEGIES

The Asset-Liability Committee (ALC) is chaired by the CEO and is responsible for daily liquidity and cash management. ALC meets at least twice a week to discuss the latest developments in the economy and the markets. It is also responsible for devising investment, pricing, and funding strategies.

A COMMITTEE WITH INTERNATIONAL PRESTIGE: ADVISORY BOARD

Akbank has established the 12-strong Akbank Advisory Board in order to monitor global and local economic developments. Chaired by Suzan Sabancı Dinçer, the Advisory Board convened two times in 2017.

RIGHTS OF THE BOARD MEMBERS

Having shaped its activities in line with the goal of full legal compliance, Akbank determines the remuneration policy for Board Members and Senior Management in line with the regulations of the Banking Regulation and Supervision Agency (BRSA) and CMB. According to the Akbank Articles of Association, Members of the Board of Directors are paid a monthly fee or remuneration is fixed by the General Assembly. Salaries paid to board members who assume various prescribed duties at Akbank are determined within the scope of authorization granted by the General Assembly. The Bank's compensation policy complies with the regulations of the Banking Regulation and Supervision Agency (BRSA) and Capital Markets Board (CMB). The compensation policy has been documented in writing, presented to the shareholders at the General Assembly, and presented to the stakeholders on the Bank's website.



**Risk Management and
Legal Compliance**

RISK MANAGEMENT PROCESSES

**— AKBANK
EFFECTIVELY
MANAGES ITS RISKS
BY INTEGRATING
INTERNATIONALLY
ACCEPTED RISK
MANAGEMENT
MODELS AND
REGULATIONS
INTO ITS BUSINESS
PROCESSES.**

In 2017, Akbank successfully fulfilled the Risk Management Function under the responsibility of the Board of Directors. The Board of Directors, which evaluates current developments in collaboration with the Audit Committee and the Senior Risk Committee, played a decisive role in determining the risk categories of the Bank and taking the necessary measures. The Risk Management, Internal Control and Compliance, and Board of Internal Auditors, which report to the Board of Directors, successfully fulfilled their coordination and assessment role, delivering the expected efficiency.

**RISK MANAGEMENT
PROCESS FULLY
SUPPORTED BY
EMPLOYEES**

Akbank employees continued to work with success in line with the risk management policies set by the Board of Directors and legal requirements. The Bank, which shapes its operations in line with its long-term strategy and targets, pursues a multidimensional approach including risk management, legal compliance, and environmental-social impact analyses on key issues such as capital allocation, portfolio/investment preferences, new product and operation decisions.

**INTERNATIONALLY
ACCEPTED RISK
MANAGEMENT
PROCESSES**

Akbank effectively manages its risks by integrating internationally accepted risk management models and regulations into its

business processes. Analyses, calculations, simulations, scenarios, stress tests and other studies conducted as part of risk management have a supporting and decisive role in the strategic decisions taken by the Bank's Board of Directors and Senior Management.

**MULTI-DIMENSIONAL
RISK MANAGEMENT
APPROACH**

The Board of Directors is charged with the primary responsibility of establishing and executing Akbank's Risk Management System. The Board of Directors, with the help of the Audit Committee and the Executive Risk Committee, assess current developments and determine Akbank's risk categories.

The Risk Management, Information Risk Management, Internal Control and Compliance Division and the Board of Internal Auditors units, which report directly to the Board of Directors, perform coordination and assessment functions to ensure the expected efficacy.

MARKET RISKS

Market risks emerging due to fluctuations in foreign exchange rates, interest rates, and market prices of stocks are measured by using internationally-recognized models. Limits are identified for the Bank or Group and compliance with these limits is continuously monitored.



RISK MANAGEMENT PROCESSES

AKBANK EMPLOYEES CONTINUED TO WORK WITH SUCCESS IN LINE WITH THE RISK MANAGEMENT POLICIES SET BY THE BOARD OF DIRECTORS AND LEGAL REQUIREMENTS.



LIQUIDITY RISKS

Akbank has created a liquidity management framework for maintaining required liquidity resources to perform legal liabilities in a timely manner to depositors, creditors and institutions that it has made a commitment to. The Bank protects itself from any negative impacts to be caused by liquidity risks thanks to its widespread deposit base, robust capital structure, and varied foreign borrowing sources. In addition, extra liquidity sources are made available with limits allocated by the Central Bank, BIST Repo Market and the Settlement and Custody Bank as well as the liquid securities portfolio in hand. By being cautious in foreign currency liquidity management, reserves sufficient to fulfill liquidity needs are maintained. Management and monitoring of market and liquidity risks had an increasingly important role in the cautious and farsighted management of the probable negative impacts of the crises and challenges experienced recently in the global economy.

CREDIT RISKS

All banking products with credit risks (such as credit placements and commitments to customers, letters of credit) are managed with assistance from cautious loan policies and procedures in Akbank. In all credit transactions, loan quality (credit worthiness with scorecards), purpose of use, and environmental and social effects are assessed via an internal customer rating system. Sector, customer,

loan type, customer segment-based limits are identified in order to monitor credit risks. However, global developments are closely monitored; accordingly, innovative studies are conducted and model development and validation processes are improved.

OPERATIONAL RISK

Another area considered to be a risk category for Akbank's core activities is operational risk. According to the Bank, the sources for operational risk are overlooking errors and irregularities in the controls for business processes, senior management's or employees' failing to act in accordance with the time and conditions, mistakes and disruptions in information technology systems, and natural disasters. Akbank effectively employs mechanisms such as differentiated and diversified controls, insurance, and limits to manage operational risks, which are related to all risk categories led by legal compliance and reputation risks. The Operational Risk Committee, which was established at the senior management level in 2011, discusses subjects that are of importance from an operational risk perspective and actively monitors the actions taken at its regularly-held meetings.

REPUTATION RISKS

Reputation risk is a significant risk in terms of sustainability. All Akbank employees, notably the Board of Directors, are held responsible for the management of this risk. As part of the management of

this risk, policies and practices were identified (including areas such as full compliance with legislation, establishing and exercising trust-based relationships with stakeholders, efficient and fast solutions to customer complaints) and these have been put down in writing. Akbank Ethical Principles serve as an important guide in this sense.

LEGAL RISKS

Operating flawlessly in terms of compliance with legislation is a fundamental priority for us. For following legislation related to the banking sector and adaptation to developments and changes, various departments work to ensure compliance in the Bank's system infrastructure, business processes, rules, and limits.

NEW PRODUCTS AND SERVICES RISKS

In addition to risks identified for existing products and activities, risks that may arise from development of new products and services are also assessed. Potential financial, operational, legal and reputation risks of newly-developed products or services; methods to be used in measuring and managing these risks; and control mechanisms to be established are identified with contribution from related departments of the Bank.

Since 2011, the New Product and Service Evaluation Committee, comprising managers of all departments involved in product development, decides on the suitability of all product and service in terms of legislation and technical qualifications.

When the Board of Directors approves the extensive risk assessment made by the Committee, necessary actions are taken for risk management.

CLEAN BANKING RISK

Clean Banking Risk is defined as the Bank's and its employees' unfair practices or behaviors that affect customers, stakeholders or markets, and lead to damage to customers, financial penalties or loss of reputation. As part of Clean Banking efforts, Akbank's and its employees' behavior not only complies with applicable legislation but also upholds customers' interests. Clean Banking Principles are important in terms of the better managing of operational and reputational risks, eliminating of possible legal risks and establishing sustainable customer relations.

- **Conformity:** Services or products given or sold to customers, and product/service recommendations should conform to the customer's risk profile, expectations and needs, financial condition, and financial literacy.
- **Disclosure:** Customers should be provided with detailed information on products/services, before, during and after sales; the information thus provided should be comprehensible by customers with a low level of financial literacy.
- **Customer Approval:** In products/services, customer approval documents ought to be clear and understandable; customers' confirmation must be received for unclear issues; necessary screens/

flows should be designed to receive clear approval from the customer for products/services offered through distant channels; voice records and other audit trace records must be kept.

- **Terms and Conditions:** In the contract terms and conditions, customers should be informed in a timely, accurate, complete and transparent manner as regards risks related to products/services, customers' rights and responsibilities should be clearly stated, and there should be no misleading information about the terms and conditions.
- **Pricing:** Setting, declaring and implementing prices according to Bank policies (the Bank may refrain from announcing interest rates for risk premium, profitability and other purposes-except for retail customers); standardization of fee/commission/expense collection and return processes.
- **Discrimination:** There can be no discrimination among customers on the basis of religion, language, race, age, gender, political orientation, and the like and product/service quality cannot change according to these criteria.
- **Market Integrity:** Market integrity and public interest must be held in all transactions performed; transactions jeopardizing competition and market integrity cannot be performed

INFORMATION RISK MANAGEMENT DEPARTMENT

Akbank attaches great importance to protecting customers' and employees' confidential and private information in all its processes. To this end, Akbank invests heavily in information risk management, and related technology and personnel issues. The activities carried out with respect to people, process and technology are given below.

1-PEOPLE

The Information Risk Management Department, established to ensure that information risk is audited directly by the Board of Directors, reports directly to the Board of Directors. Akbank is among a handful of companies to implement this model worldwide, and the only company in the Turkish banking industry to do so.

This model provides a holistic approach to information risk, by separating information risks from information technology risks. Necessary changes have been made to the organization of the Information Risk Management Unit in order to attain the objectives towards this goal, and to uphold the strategy of self-development culture; the organization's members were encouraged to participate in national and international training programs.

Work was undertaken to ensure that employees take precautions against cybercrime, and to enhance the Bank's protection against cyber threats, by providing new products and organizing new training programs for all employees.

2-PROCESS

All technology and banking processes at the Bank have been rendered more information-focused in order to enhance cyber security. Investments in new technologies have increased the diversity of information risk processes, while ensuring the development of IT structures.

3-TECHNOLOGY

Akbank plays a pioneering role in the sector also with its 2017 investments and 2018 investment budget for increasing its in-house cyber security. The Bank places great emphasis on developing technologies preventing information risks. Its efforts in this area are carried out by well-experienced professionals.

OUR ROBUST INTERNAL CONTROL AND AUDIT INFRASTRUCTURE

Akbank has built a robust internal audit practice by swiftly integrating innovative internal control and audit practices from the international banking sector into its business processes. The Bank's sound internal control system is designed to ward preserving its assets, conducting activities in an effective, efficient way and in accordance with legal regulations, and maintaining a reliable and holistic accounting and financial reporting system. The proper functioning of the Bank's internal control and audit infrastructure is led by the Board of Directors. The Audit Committee's function is to aid the Board of Directors in its activities in this arena.

The control environment at Akbank is defined within certain rules and designed to contribute to all business processes.

In line with this understanding, effectiveness of the internal control system is ensured by using certain mechanisms including:

- Identification of functional differences, separation of the functions of marketing and operations,
- Documentation of job definitions and specific responsibilities in the control system of each employee at every level,
- Documentation of all workflows and checkpoints throughout the Bank via Business Process Management (BPM),
- Establishment of information systems that are in compliance with the volume and quality of the Bank's activities,
- Establishment of effective and comprehensive communication channels, hearing suggestions of employees on processes and activities, and implementing them.

INTERNAL CONTROL AND COMPLIANCE DIVISION

— THE CONTROL ENVIRONMENT AT AKBANK IS DEFINED WITHIN CERTAIN RULES AND DESIGNED TO CONTRIBUTE TO ALL BUSINESS PROCESSES.

The Internal Control and Compliance Division, which has an important role in business processes, performs periodic controls in branches and the Head Office Departments to measure the effectiveness and adequacy of internal controls performed during the execution of the Bank's operations and to see whether the internal controls are in conformity with the laws and internal legislation and are performed effectively and efficiently. The Division also works to establish control systems in required areas.

The Division, which has a key role in the Bank's operational, legal and risk management, makes significant contributions to minimizing losses from operational risks, and performing operations effectively and efficiently, in compliance with applicable laws, rules and regulations, and within an effective control environment.

FIVE-PRONGED INTERNAL CONTROL AND LEGAL COMPLIANCE PROCESS

The Internal Control and Compliance Division conducted its operations under five main categories in 2017. As part of Head Office and process controls, the Division executed controls of core banking and Bancassurance functions; performed assessments on control points of designed business flows; and ensured the implementation of measures that comprise the internal control process. These include functional separation of tasks, sharing of authorities and responsibilities, design of systems controls, control of financial reporting systems, integrity and reliability of accounting and reporting systems, and supporting the business units' projects.

As part of compliance controls, the Internal Control and Compliance Division conducted monitoring, oversight and control activities for internalization and implementation of new legal regulations in the banking legislation compliance area in 2017. The Division assessed the Bank's new product/service projects as well as regulatory changes announced for the entire organization from the perspective of the compliance and control systems. The Division also carried out oversight and control tasks regarding compliance with the obligations stipulated in Law No. 5549 on Prevention of Laundering Proceeds of Crime and Financing of Terrorism.

The Internal Control and Compliance Division is also charged with administering and coordinating the audit and regulation relationships in 2017. Under this function, audit processes were coordinated from a single source while the Division played a guiding and effective role in tracking the audit results. In addition, the Division facilitated the coordination, within the Bank, of correspondence with official bodies such as the Banking Regulation and Supervision Agency (BRSA), Central Bank of Turkey (CBT) and the Capital Markets Board (CMB) as well as with industry associations such as the Banks Association of Turkey (BAT) and the Turkish Capital Markets Association (TCMA). The Division made significant contributions to healthy and trustworthy relationships with regulatory and supervisory authorities and entities.

BOARD OF INTERNAL AUDITORS

AKBANK HAS ADOPTED THE HIGHEST ETHICAL PRINCIPLES TO PERPETUATE ITS HIGH BRAND REPUTATION IN TURKISH AND INTERNATIONAL MARKETS.



BOARD OF INTERNAL AUDITORS: COORDINATOR OF INTERNAL AUDIT ACTIVITIES

The Board of Internal Auditors; which is in charge of coordination of all the audits at Akbank, performs risk-oriented internal audits in a way that covers all units, processes and operations and in a planned manner. Examples of the work done by the Board of Internal Auditors include evaluating the compliance of branch transactions with the provisions and liabilities stated in internal and external legislation investigating; analyzing and assessing existing or probable, actual or potential risks resulting from negligence, misconduct, fraud and the like in our branches, units and affiliates; and eliminating risks.

AUDIT MECHANISMS AGAINST RISKS OF IRREGULARITY

The Board of Internal Auditors expends efforts to identify and solve probable irregularity notifications from legal bodies (including those via the Ethics Line), the Bank itself, and our customers. Furthermore, the Board of Internal Auditors monitors the reliability of information systems. Results of the operations by the Board of Internal Auditors and the Internal Control and Compliance Division are regularly monitored and evaluated by the Control Committee and the Board of Directors.

INTERNATIONAL STANDARDS FOR THE PREVENTION OF LAUNDERING CRIME PROCEEDS

Conducting all business processes in line with international banking regulations and domestic legislation, Akbank takes effective measures to prevent the laundering of crime proceeds and the financing of terrorism. In this respect, measures and principles for identifying, grading, monitoring, evaluating and preventing possible risks are implemented in consideration of obligations related to the identification of the customer. The Bank fully complies with the legislation issued by international regulatory authorities (OFAC, EU, UN, among others), and the Internal Control and Compliance Department performs all the necessary controls in this field.

HIGH ETHICAL STANDARDS IN PRODUCT PROMOTION AND MARKETING COMMUNICATION

Akbank operates in line with the principle of full compliance with the law as a necessity of operating in the banking sector, where the promotion and marketing of products and services is strictly regulated. Every employee who communicates with customers, including the Corporate Communications Department, is responsible for compliance of our communication activities with applicable laws and regulations. Attaching great importance to protecting the privacy of customer information, the Bank has embraced high ethical standards in all its product promotion, sales and marketing communications activities, including advertisements and sponsorships. Adopting an open disclosure policy in the promotion of its products and services, the Bank conducts all business processes for customer relationship management in line with this open disclosure policy in order to prevent customers from losing their rights.

BUSINESS CONTINUITY MANAGEMENT IN LINE WITH ISO 22301: 2012

To ensure continuity of critical business processes as well as recovery of the system in case of failure, prevent customer losses, and to maintain its corporate reputation, Akbank continued the Business Continuity Management Program in 2017. The Business Continuity and Emergency Management System in place across the Bank is implemented in line with the ISO 22301: 2012 Social Security Business Continuity Management System standard. The Bank’s Business Continuity Committee, which convenes twice a year, is responsible for monitoring and directing the work carried out under the Business Continuity and Emergency Management System.

ETHICAL BANKING PERSPECTIVE

Akbank has adopted the highest ethical principles to perpetuate its high brand reputation in Turkish and international markets. Special training programs were organized in 2017 to cultivate these ethical principles among all stakeholders in Akbank’s sphere of influence, especially employees. The Bank has focused on cultivating this ethical banking perspective among its employees through internal communication channels such as the corporate website and e-training program.

A STRONG CHANNEL FOR STAKEHOLDER COMMUNICATION: ETHICS HOTLINE

By means of the Call Center 444 25 25 and the e-mail address etik@akbank.com, Akbank stakeholders can quickly report to the Board of Internal Auditors their suspicions of ethical principle violations. If Akbank’s employees believe that there are practices contradicting the Ethical Principles in their units, but choose to refrain from taking actions as being part of the same unit, to solve the problem, they can use our Ethics Line. The existence of the Ethics Line, areas of practice and means to reach the line are announced to all employees regularly via e-mail. Employees may have access to the Ethics Line any time of day via telephone and e-mail. Callers are not required to give their names and if they do, the information is kept confidential.



**Value Added to
Our Customers**

EXCLUSIVE SOLUTIONS FOR OUR CUSTOMERS

— THE BANK CONTINUES TO EXPAND ITS CUSTOMER BASE STEADILY THROUGH ITS WIDESPREAD DOMESTIC BRANCH NETWORK, STRONG TECHNOLOGICAL INFRASTRUCTURE, AND DIVERSIFIED PRODUCT PORTFOLIO.

In 2017, Akbank managed to stay ahead of the competition once again by developing value-added products in line with customer needs and expectations. Keeping an eye on the new dynamics in the real economy as well as the new trends of modern society, the Bank has been able to raise the living standards of its customers and provide unconditional customer satisfaction through its diversified products and services, and strong service infrastructure.

Akbank's core banking services consist of Consumer Banking and Private Banking services for retail customers as well as SME Banking, Commercial Banking and Corporate Banking offered in light of the differentiated needs of SMEs, commercial customers and corporate clients, respectively. In addition, Akbank's International Banking unit provides overseas-based financing to customers. Credit cards for customers in every segment are also an important part of Akbank's banking services. Non-banking financial services and capital markets investment services are provided by Akbank's subsidiaries.

CUSTOMIZED RETAIL BANKING SOLUTIONS

As of end-2017, Akbank has approximately 15.5 million individual customers. The Bank continues to expand its customer base steadily through its widespread domestic branch network, strong technological infrastructure, and diversified product portfolio. The Bank, operates in line with the unconditional customer satisfaction principle, and also consistently continues its product development activities towards different age groups in the field of retail banking.

ALWAYS STANDING BY CORPORATE CUSTOMERS

As of end-2017, Akbank has 6.5 thousand corporate customers. Thanks to the synergy created with the Bank's subsidiaries AkInvestment, Aklease, AkPortfolio Management, Akbank AG/Germany and Akbank AG (Germany), Akbank's corporate banking customers have convenient access to a wide range of financial products and services.


ORIGINAL SOLUTIONS IN COMMERCIAL BANKING

With its deep-rooted expertise in commercial banking, Akbank has managed to become the main bank and solution partner to middle- and large-scale enterprises across Turkey. With its specialized commercial banking staff, the Bank continued to formulate original solutions in areas such as cash management, foreign trade, treasury and project financing in 2017.



EXCLUSIVE SOLUTIONS FOR OUR CUSTOMERS

WITH ITS DEEP-ROOTED EXPERTISE IN COMMERCIAL BANKING, AKBANK HAS MANAGED TO BECOME THE MAIN BANK AND SOLUTION PARTNER TO MIDDLE- AND LARGE-SCALE ENTERPRISES ACROSS TURKEY.



INNOVATIVE PRODUCTS REFLECTING SMES' DYNAMISM

In parallel to the increasing power of SMEs in Turkey's economy, Akbank has been developing innovative products and services in the field of SME Banking. Akbank employs special Customer Representatives for SMEs at its service points across Turkey, and thereby transforms its relationship with SMEs into a value chain.

A DISTINGUISHED PRIVATE BANKING CUSTOMER PORTFOLIO

Offering Private Banking services since 2001, Akbank serves clients in this segment at seven private branches – five in Istanbul and one each in Ankara and Izmir. Akbank has a distinguished customer portfolio in the private banking sector, and comes together with its customers in the private banking category at various events that enrich their social and cultural life.

EXCELLENCE-FOCUSED TELEPHONE BANKING APPROACH

With the 444 25 25 Akbank Telephone Branch and Voice Response System structured in light of the latest technological developments, Akbank continued to offer fast and efficient banking solutions in 2017. Akbank Call Center, which has one of the most sophisticated service infrastructures in the banking sector, goes the extra mile in terms of quick and easy access, with its more than 1,000 employees, who realized close to 70 million customer contacts in 2017.

A BANKING APPROACH THAT COMBINES CASH MANAGEMENT AND FOREIGN TRADE SERVICES

With a business approach that combines cash management and foreign trade services, Akbank Cash Management and Foreign Trade Department continued to deliver financial solutions for the domestic and overseas operations of the Bank's clients in an integrated manner via products and applications designed for the Corporate, Commercial, SME and Consumer segments in 2017.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

— PURSUANT TO AKBANK’S ENVIRONMENTAL AND SOCIAL POLICIES, WE PAY DUE ATTENTION THAT ALL ELEMENTS STATED IN THE UNITED NATIONS GLOBAL COMPACT ARE IMPLEMENTED BY THE CUSTOMERS THAT WE GRANT LOANS TO.

Akbank has attained significant levels of increased value-added in line with its sustainability approach that has been embedded in all the Bank’s business processes. The loans extended by the Bank to clients in the Corporate and Commercial Banking segments undergo an environmental and social risk assessment based on criteria such as the source of the loan. After securing the IFC loan facility in 2016, Akbank set up an Environmental & Social Management System to be implemented for SME loans. The system currently under development at Akbank brings the SME lending processes in line with the environmental and social standards defined by the IFC further advancing Akbank’s pioneering sustainability practices.

their environmental and social effects in a detailed manner. Besides, all loans are evaluated under Akbank Environmental and Social Policies regardless of their amount. It is considered whether commercial credits fall under the “List of activities that will not be credited,” which constitutes a part of the Bank’s environmental and social policy. Furthermore, priority is given to lending to projects that improve environmental conditions, such as renewable energy investments, waste recycling investments, carbon emission reduction, and productivity enhancement investments. In projects whose adverse effects on the environment had not been anticipated in the first place, customers are given support to make improvements.

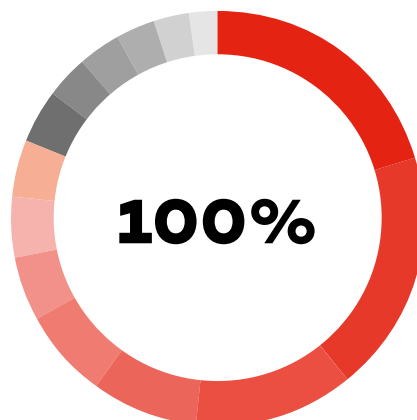
ENVIRONMENTAL AND SOCIAL POLICY PRACTICES

Akbank evaluates project finance credits of USD 50 million and above and other investment credits of USD 75 million and above, regardless of maturity limits, by measuring

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT IN LENDING PROCESSES AND OPERATIONS THAT ARE NOT CREDITED

Pursuant to Akbank’s Environmental and Social Policies, we pay due attention that all elements stated in the United Nations Global Compact

BREAKDOWN BY INDUSTRY



*MIS information.

- Consumer **20.6**
- Other **18.7**
- Construction **12.5**
- Service **8.2**
- Energy **7.2**
- Trade **5.0**
- Automobile **4.6**
- Food **4.5**
- Textiles **4.1**
- Metal **3.4**
- Technology **3.3**
- Tourism **2.9**
- Chemicals **2.8**
- Transportation **2.2**

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

THE BANK DOES NOT FINANCE THE PRODUCTION OR TRADE OF ANY PRODUCT OR SERVICE THAT IS DEEMED ILLEGAL UNDER NATIONAL LEGISLATION AND INTERNATIONAL AGREEMENTS WHICH TURKEY HAS SIGNED.



are implemented by the customers that we grant loans to.

In this respect, as per the national legislation and international agreements which Turkey has signed, the Bank has determined the activities which can be financed without need for environmental and social risk assessment, regardless of any amount limit.

The Bank does not finance the production or trade of any product or service that is deemed illegal under national legislation and international agreements which Turkey has signed. Furthermore, in line with the Bank's social criteria, no credit is extended to businesses that employ child labor or produce weapons of mass destruction and landmines.

The Bank does not extend credits to these activities:

- Production or trade of (banned) asbestos without a documented chain, production or trade of products that deplete the ozone layer (falling under the scope of the Regulation on the Reduction of Materials Depleting the Ozone Layer dated 07.04.2017 and numbered 30031),
- Production or trade of products including PCB (polychlorinated biphenyl) - a group of highly toxic chemicals (products falling under the scope of Article 5 "General Principles" of the Regulation on the Control of the Polychlorinated Biphenyl and

Polychlorinated Terphenyls issued on the Official Gazette dated 27.12.2007 and numbered 26739),

- Fishing activities using explosives and toxic substances, or nets longer than 2.5 km,
- Commercial activities concerning natural life elements and products from rainforests, as banned by CITES,
- Production or trade of radioactive products (except in the purchases of medical equipment, quality control -measurement- equipment, or equipment whose radioactive source is insignificant and/or adequately protected), as well as shipbreaking operations,
- Casinos or accommodation facilities with a casino,
- Activities within areas designated as RAMSAR areas as per the Ramsar Convention on Wetlands of International Importance.

The following criteria are applied in the Environmental and Social Risk Assessment System implemented across Akbank⁽¹⁾:

- New investment projects demanding financing (or credit demands) are classified as high, medium and low risk as a result of an assessment of their potential environmental and social impacts.
- Additional assessment criteria that differ from sector to sector are applied in sectors with high environmental and social risks⁽²⁾.

⁽¹⁾ This system does not apply to loans extended and/or loan relief/restructuring requested prior to the enactment of the Environmental and Social Policies updated with this document.

⁽²⁾ Some sectors identified to pose high environmental and social risks under the evaluation system are as follows: Mining, Manufacturing (machinery, equipment, food, and fisheries), Chemicals (including petrochemicals), Infrastructure & Transport and Energy.

— AKBANK ENVIRONMENTAL AND SOCIAL POLICIES ARE REVIEWED ONCE A YEAR IN RESPONSE TO CHANGING AND DEVELOPING NEEDS, AND SUBMITTED TO THE APPROVAL OF THE BOARD OF DIRECTORS.

- The environmental and social risks arising from the activities currently performed by the company requesting a loan, and the manner in which these risks are managed are also taken into account in this evaluation process. The Bank demands an Environmental and Social Assessment Report to be issued by an independent consultant for all projects and loan requests with high and medium level risk.
- The company requesting loan and/or project financing is also asked to prepare an Environmental and Social Action Plan (List of Environmental and Social Commitments).
- This Environmental and Social Action Plan (List of Environmental and Social Commitments) is also included in the agreement reached with the client.
- Detailed information on measures recommended for managing environmental and social risks in high and medium risk projects is available at the following address:
<https://www.akbank.com/en-us/investor-relations/Pages/sustainability-vision.aspx>

ASSESSMENT UNDER THE RESPONSIBILITY OF THE CREDIT PREAUTHORIZATION COMMITTEE AND LOANS BUSINESS UNIT

The Environmental Impact Assessment Unit, Akbank branches, Corporate and Commercial Business Units, Investment Banking, and the Credits Business Unit are responsible for the evaluation of loans in terms of compliance with the policies and preparation of the required action plans. Loans are approved by the Credit Committee within the Board of Directors or any unit that was appointed for allocation.

Akbank Environmental and Social Policies are reviewed once a year in response to changing and developing needs, and submitted to the approval of the Board of Directors. The Environmental and Social Impact Assessment Team is responsible for assessing and managing the environmental and social impact of projects and other investment activities, from the construction phase to the operation phase, and even the termination phase in certain sectors (such as mining).

In 2017, 23 loan applications were declined due to non-compliance with the environmental and social impact policies.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

WITH THE BUSINESS PARTNERSHIPS THAT WE ESTABLISH WITH INTERNATIONAL FINANCIAL INSTITUTIONS, WE AIM TO CONTINUOUSLY OFFER NEW LOAN OPPORTUNITIES TO OUR CUSTOMERS AND CONTRIBUTE TO ECONOMIC GROWTH IN TURKEY.



THE LOCAL POPULATION'S SENSITIVITIES ARE TAKEN INTO ACCOUNT

Akbank investigates relevant issues such as the project's compliance with EIA and/or Environmental or Social Situation Report and local community reactions to the prospective project as part of the pre-project controls with independent consultants that are expert in their fields. During the project, the main focus shifts to compliance with occupational health and safety standards. Under Akbank Environmental and Social Policies, projects that allow transforming environmental risks into opportunities are given priority. Among these are renewable energy investments, waste recycling investments or those which reduce carbon emissions or improve efficiency.

INTERNATIONAL FINANCING FACILITIES FOR SUSTAINABILITY LENDING

With the business partnerships that we establish with international financial institutions, we aim to continuously offer new loan opportunities to our customers and contribute to economic growth in Turkey. Loans obtained from international financial institutions such as IFC, EBRD, EIB and OPIC are of an environment-friendly nature and generally support sustainable development. In such loans, we require our customers to abide by a variety of social and environmental performance criteria depending on the source of the loan.

In addition, we provide our customers with financing from international sources for affordable loans to be used in energy efficiency and renewable energy projects.

In October 2017, Akbank signed a contract with the International Finance Corporation ("IFC") to raise TL 536 million under the Mortgage Backed Securities Program. The Bank also uses the financing provided under this agreement for housing loans with the environmentally-friendly Green Building Certificate.

AN EXEMPLARY APPLICATION IN TURKISH BANKING: AKBANK SOCIAL & ENVIRONMENTAL MANAGEMENT SYSTEM (SEMS)

Under the loan contract we signed with IFC in 2010, we established the Akbank Social & Environmental Management System (SEMS), which is based upon IFC's social and environmental performance standards. SEMS, a standard-setting reference project in the Turkish banking system, addresses a variety of issues including:

- Environmental and social assessment and management, workforce and labor conditions, prevention and reduction of pollution, health, safety and security of the public at large,
- Protection of biodiversity,
- Sustainable natural resource management and preservation of cultural heritage.

— THE AKBANK SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM AIMS TO ASSESS ALL ENVIRONMENTAL AND SOCIAL RISKS IN THE SME SEGMENT AND TO AVOID THE MATERIALIZATION OF THESE RISKS.

This sustainability-oriented application, launched in partnership with the IFC, was revised in 2016 and expanded further to cover all SME Banking customers of the Bank as part of the Social and Environmental Management System. In addition, Akbank analyzed SME clients' environmental and social risks and made major strides toward raising sustainability awareness among SME customers.

Initiatives under the Akbank Social and Environmental Management System are organized by the SEMS Team; one person each from the SME Banking Business Unit and the Loans Business Unit were appointed as SEMS Officers. Participation in the SEMS teams is provided by the Treasury Business Unit on matters related to funds secured from overseas institutions; by the Legal Department on applications of the Turkish Environmental Laws and potential amendments to the legislation; and by the Human Resources Department on issues concerning the Labor Law and worker safety. The Akbank Social and Environmental Management System aims to assess all environmental and social risks in the SME segment; increase customer awareness and encourage them to take the necessary measures to avoid the materialization of these risks; and prevent any adverse environmental or social impacts.

The Akbank Social and Environmental Management System consists of the following three core elements:

- Equipping employees with prerequisite skills to measure SME customers' environmental risks,
- Furnishing the infrastructure that enables the measurement of environmental and social risks in lending processes,
- Carrying out reporting that enables the measurement and monitoring of risks.

ENVIRONMENTAL AND SOCIAL RISK MEASUREMENT OF SME CUSTOMERS

As part of the SEMS system in 2017, Akbank successfully continued its infrastructure building-related efforts to analyze the environmental and social risks of SME customers and assess these risks objectively within a quantifiable and traceable system. In addition, the Bank plans to move forward in its origination processes with the Risk Analysis Center, which will be activated with the entry of assessments of SME CRMs into the system. This process is quantifiable and assessable after the assignment of a Social and Environmental Risk score to each SME borrower.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

AT AKBANK, THE ENVIRONMENTAL AND SOCIAL RISK SCORE OF CUSTOMERS IS CONSIDERED TO BE THE DETERMINING FACTOR IN THE CREDIT ALLOCATION PROCESS.

Akbank accepts customers' social and environmental risk scores as the deciding factor in lending processes. The Bank does not originate loans to customers in banned industries, the environmental risks of which are deemed to be unmanageable. When originating loans to SME customers in the medium risk category, Akbank assesses the loan applications in conjunction with measures to be taken to minimize the risks and creates an action plan.

The banned industries within the scope of SEMS include:

- Production or trade of any product or service that can be construed as illegal pursuant to national laws, rules and regulations or international treaties,
- Production or trade of any product or service subject to international bans/ embargoes such as products containing pharmaceuticals, pesticides, ODS (ozone depleting substances), PCB (polychlorinated biphenyl – a group of highly toxic chemicals); wildlife areas within the scope of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora); and products connected to species within the scope of CITES,
- Production or trade of weapons and ammunition,
- Production or trade of radioactive substances

(Purchase of medical equipment, quality control equipment, and equipment that is deemed by the IFC as having an immaterial source of radioactivity or being adequately safeguarded do not fall within the scope of this article),

- Production or trade of friable asbestos (Use and purchase of bonded asbestos cement sheets (cladding) containing less than 20% asbestos is not within the scope of this article),
- Trawling (a method of fishing that involves nets longer than 2.5 km),
- Production or activities that involve forced labor⁽³⁾ or child labor⁽⁴⁾,
- Commercial forestry activities in tropical rain forests.

A special limitation was introduced on SME segment clients for financing the below mentioned loans⁽⁵⁾:

In addition, SME segment clients or micro segment clients cannot engage in the following activities:

- Production or trade of alcoholic beverages, except beer and wine,
- Tobacco production or trade,
- Casinos and similar undertakings,
- Production and trade of forest products, other than wood products procured from sustainably managed forests,

⁽³⁾ Forced labor is all work or service that is exacted from any person under threat of a penalty and for which the person has not offered himself or herself voluntarily.

⁽⁴⁾ Child labor refers to the employment of children in any work that exploits children, interferes with their ability to attend regular school, or that is physically, mentally, morally or socially dangerous and harmful.

⁽⁵⁾ This article does not apply to project sponsors whose core business is not related activities. This means that the related activities are not the project sponsor's main field of business but have a role auxiliary to their core business. The sum of projects financed under this article shall not exceed 13% of the total SME and Micro Segment loan portfolio.

— SOME 333 HEAD OFFICE AND 2,997 BRANCH AND REGIONAL OFFICE STAFF MEMBERS WHO PERFORM TASKS IN THE SME LENDING PROCESS COMPLETED ONLINE TRAINING ON THE AKBANK ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM.

- Additional items to be applied in micro segment credits,
- Production, trade, storage or transport of hazardous chemicals in significant quantities, or use of hazardous chemicals at a commercial scale (Hazardous chemicals include gasoline, gas oil or other petroleum products),
- Production or activities carried out in territories belonging to or claimed by indigenous peoples without the fully documented approval of the indigenous peoples.

OUR ENVIRONMENTAL AND SOCIAL CAPABILITIES

As part of its Social and Environmental Management System, Akbank prioritizes equipping its employees with prerequisite skills to measure and monitor SME customers' environmental risks. Akbank prepared training modules in order for each and every employee – from SME CRMs, who are the first point of contact with the Bank in the process of originating loans to SME customers, to all staff members who take part in the entire evaluation process – to better assess the environmental and social risks of customers. Some 333 Head Office and 2,997 branch and regional office staff members who perform tasks in the SME lending process completed online training on the Akbank Environmental and Social Management System.

Akbank plans to embark on the second stage of SEMS training initiatives in 2018. A new online training module is being prepared to equip those personnel who are part of the processes of the online risk measurement and evaluation system to be established under SEMS with the prerequisite capabilities and skills.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

In addition to identifying and preventing environmental and social risks, Akbank is also aware of the importance of managing these risks – in terms of sustainability – as they arise. The IT infrastructure developed by the Bank enables the reporting of all environmental and social risks inherent in SME Banking credit customers as well as measures that are, or plan to be, taken to prevent these risks. The Bank's SEMS staff aims to track all the risks that SME customers bear.

As part of the credit facility agreement with the IFC, Akbank prepares an annual report on the Social and Environmental Management System regarding loan originations to SME customers.

CLIMATE-FRIENDLY LOANS

MAKING SIGNIFICANT CONTRIBUTIONS TO HELP DEVELOP TURKEY'S ENERGY INDUSTRY, AKBANK PAYS CLOSE ATTENTION TO ENVIRONMENTAL IMPACTS IN THE BANK'S PROJECT FINANCING OPERATIONS.



FINANCING SOLUTIONS FOR RENEWABLE ENERGY PROJECTS

Akbank uses the Bank's own resources as well as borrowings from international funding facilities to develop financing solutions for energy efficiency and renewable energy projects, which figure among the most important areas of global sustainability initiatives.

Making significant contributions to help develop Turkey's energy industry, Akbank pays close attention to environmental impacts in the Bank's project financing operations. Conducting its business activities in line with this approach in 2017, the Bank undertook initiatives that became model practices in the industry.

RENEWABLE ENERGY INVESTMENTS TO REDUCE DEPENDENCE ON FOREIGN ENERGY

Dependence on foreign energy plays a significant role in the magnitude of the country's current account deficit, which ranks among Turkey's leading economic problems. As a result, renewable energy investments that will reduce dependence on imported fuels such as natural gas and coal are critically important. Akbank develops unique financing solutions for solar energy and geothermal energy projects, which have recently gained the support of both the public and the government. In response to accelerating investments in

this segment, the Bank plans to develop more attractive financing options in terms of the maturity term and cost of the loan in the coming period.

ENERGY EFFICIENCY LOAN BY OPIC

In an effort to ensure the sustainability of the Bank's support for renewable energy projects, Akbank signed an agreement for a 15-year, USD 175 million credit facility with Overseas Private Investment Corporation (OPIC), the development finance institution of the United States, in October 2014. Through this attractive loan package, Akbank financed customers' energy efficiency investments in addition to machinery and equipment purchases that achieve energy savings of at least 20% as well as renewable energy investments in 2015 and 2017.

ALLOCATION OF MIDS EDD FUNDS FROM EBRD TO RENEWABLE ENERGY PROJECTS

In October 2015 and June 2016, Akbank signed agreements with the EBRD for two loans totaling USD 220 million with a maturity of 12 years, in order to continue its support for renewable energy projects. With this loan package, which offers attractive opportunities for investors, Akbank financed renewable energy investments totaling USD 162 million in 2015-2017. The aim is to continue the allocation of the remaining amount in 2018.

**— AKBANK
FINANCED
RENEWABLE ENERGY
INVESTMENTS
TOTALING
USD 162 MILLION
IN 2015-2017.**

**100% OF ENERGY
PROJECT FINANCING
GOES TO RENEWABLE
ENERGY**

Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,725 million as of December 31, 2017. Meanwhile, the share of renewable energy loans in total energy project loans rose to 81%.

Akbank, one of the biggest supporters of renewable energy projects in Turkey, provided the following financing in 2017:

- USD 44.5 million to the 49 MW Solar Power Plant portfolio project to be established in İzmir and Kahramanmaraş,
- USD 31 million to the 31 MW Solar Power Plant portfolio project to be established in Kütahya and Afyon,
- USD 13 million to the 15 MW Solar Power Plant portfolio project to be established in Urfa and Ankara,
- USD 21 million to the 21 MW Solar Power Plant portfolio project to be established in Gaziantep and Osmaniye,

- USD 25 million to the 11 MW biogas, fertilizer manufacturing facility and power plant to be established in Kırklareli,
- USD 38.65 million to the 35 MW Solar Power Plant portfolio project to be established in Şanlıurfa, İzmir and Ankara,
- USD 54 million to the 70 MW geothermal power plant to be established in Denizli,
- USD 33 million to the 41 MW HEPP project to be established in Antalya,
- USD 11 million to the 9 MW Solar Power Plant portfolio project to be established in Nevşehir.

Renewable energy projects financed by Akbank were projected to generate approximately 12,000 GWh of electricity annually and avoid 6.3 million tons of CO₂ emissions in 2017.

The breakdown of Akbank's existing renewable energy project portfolio is presented in the table below:

	Installed Capacity (MW)
Hydro	3,345
Wind	348
Geothermal	255
Solar	193
Biogas	11
Total	4,152

FINANCING SOLUTIONS FOR INFRASTRUCTURE PROJECTS

AKBANK SHARES ITS DEEP- ROOTED KNOW- HOW IN PROJECT FINANCING WITH CLIENTS AT THE INVESTMENT PLANNING STAGE AND CREATES ROADMAPS FOR STRUCTURING THE FINANCING DEAL.



INNOVATIVE APPROACHES TO PROJECT FINANCING

Akbank has not only provided financing to Turkey's leading infrastructure projects which constitute "greenfield" investments, but also continued its significant refinancing operations in 2017. The Bank has singlehandedly undertaken and successfully managed the EUR 362 million refinancing of Antalya Airport, previously financed by a consortium of 22 banks.

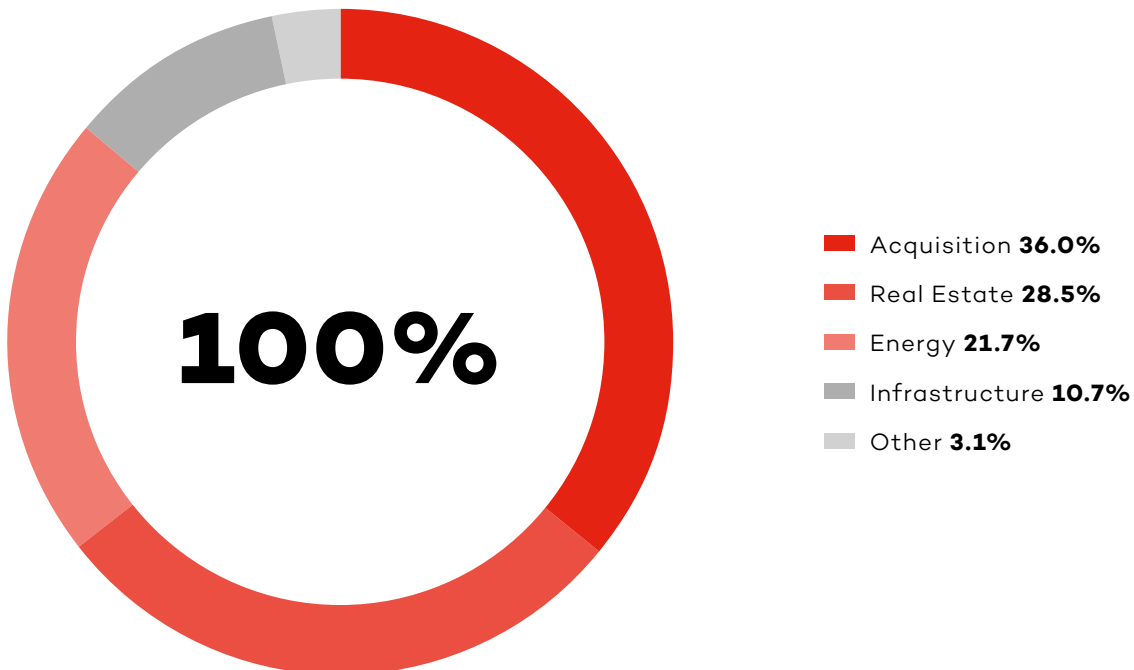
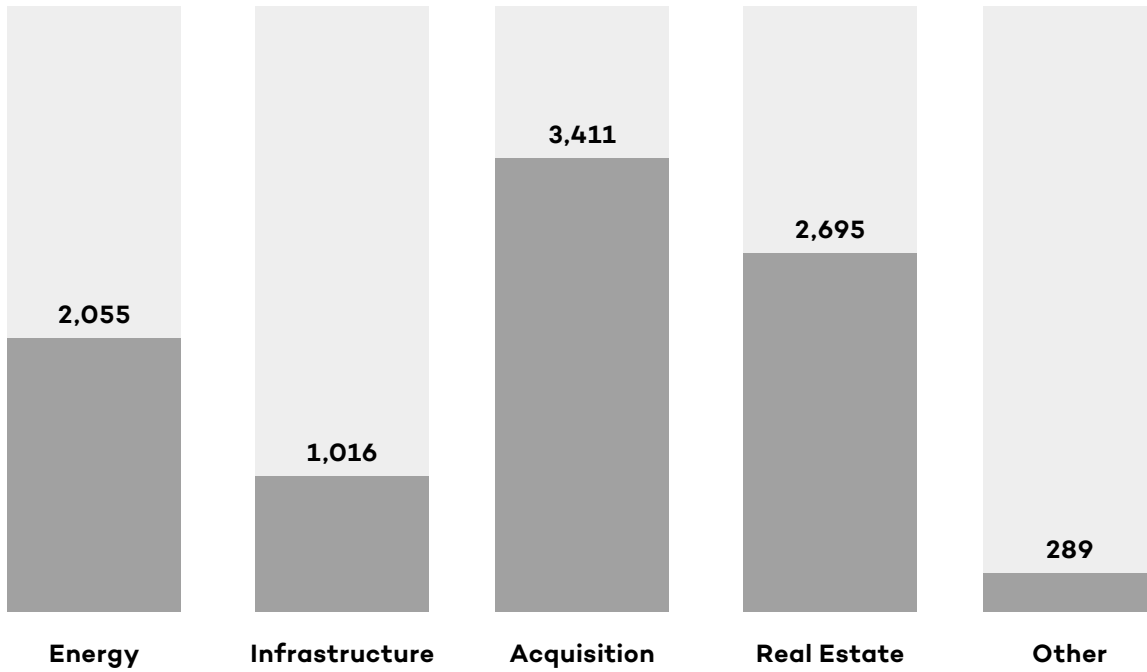
Together with EBRD, in 2017, Akbank became one of the major creditors to the first gold mine project financed by EBRD in Turkey, after a consideration of its technical, environmental and social impact.

DIVERSIFIED LOAN PORTFOLIO

Akbank shares its deep-rooted know-how in project financing with clients at the investment planning stage and creates roadmaps for structuring the financing deal. During this process, by cooperating with local and international banks as well as multilateral financial institutions such as IFC, EBRD, and EIB, the Bank strives to create the financing structure that offers the greatest value-added to all parties, and especially to our customers.

Successfully executing its annual plans and attaining its corporate goals thanks to a diversified loan portfolio composition, the Bank boasts one of the lowest non-performing loan ratios in the industry. Akbank originates loans to the energy, infrastructure, real estate, and telecommunication, transportation, and petrochemicals industries in order to maintain a balanced and diversified credit portfolio.

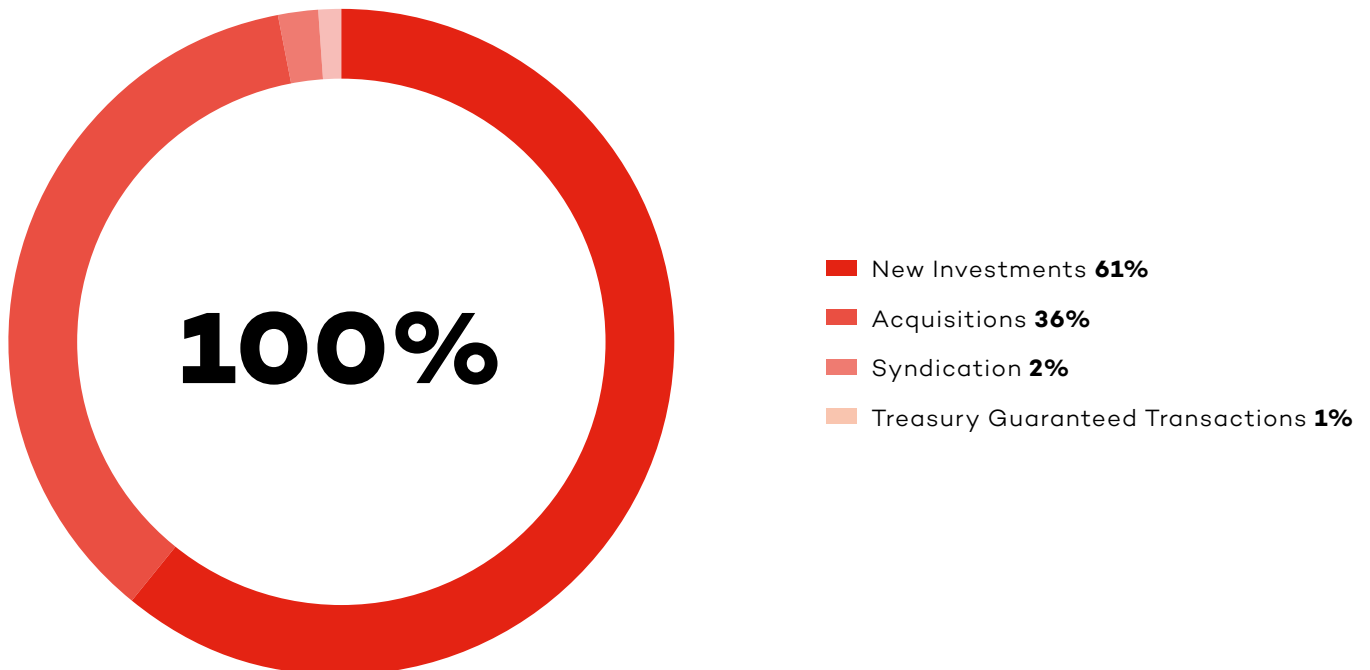
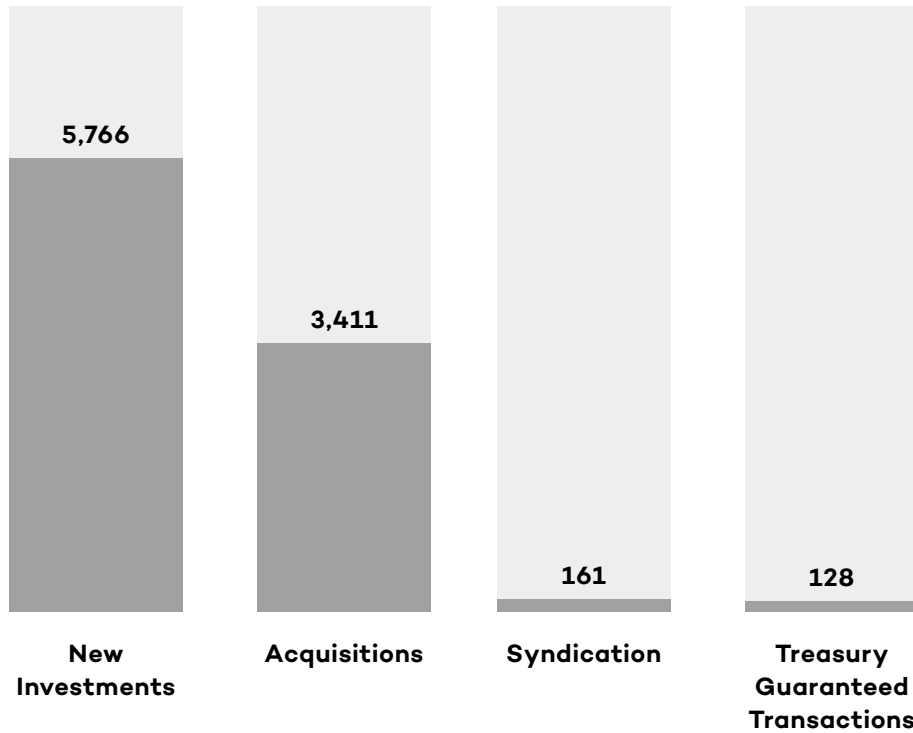
PROJECT FINANCING LOANS BY INDUSTRY (USD MILLION)



VALUE ADDED TO OUR CUSTOMERS

FINANCING SOLUTIONS FOR
INFRASTRUCTURE PROJECTS

PROJECT FINANCING LOANS BY TYPE OF TRANSACTION (USD MILLION) (31.12.2017)



EXCLUSIVE SERVICES FOR CLIENTS

— PURSUANT TO THE AGREEMENTS SIGNED BETWEEN AKBANK AND THE CREDIT GUARANTEE FUND OF TURKEY (CGF), THE BANK PARTICIPATES IN CGF'S PROGRAMS AND PROVIDES COLLATERAL SUPPORT TO SMES.

WE STAND BY SMES IN THEIR INNOVATION DRIVE.

Playing a key role in Turkey's development, SMEs need not only financing support but also knowledge and guidance that will create value for their businesses. The Bank stands out with innovative practices in the SME Banking segment that simplify customer transactions and support their growth.

EFFECTIVE COOPERATION WITH KOSGEB AND CGF

Thanks to Akbank's productive cooperation with KOSGEB, zero-interest financial support has been provided to SMEs within the scope of "Zero Interest Working Capital Loan Interest Support," "Machinery Equipment Loan Interest Support" and "2017 Emergency Support Loan" programs. The "Zero Interest Working Capital Loan Interest Support Program" is designed for the economic reinvigoration of SMEs, the lifeblood of the Turkish economy; the "Emergency Support Loan Program" supports manufacturing companies negatively affected by natural disasters, general strike, fire, mass demonstrations and terrorism in Turkey; while the "Machinery Equipment Loan Interest Support" program facilitates the domestic and new machinery/equipment purchases of customers active in the manufacturing industry.


Pursuant to the agreements signed between Akbank and the Credit Guarantee Fund of Turkey (CGF), the Bank participates in CGF's programs and provides collateral support to SMEs. The Bank conducted training sessions to inform branch and regional office personnel on these programs. Currently, Akbank is also successfully executing CGF integration projects. SMEs, artisans and craftsmen, agricultural enterprises and farmers, women and young entrepreneurs in every region of Turkey can access bank loans more easily by taking advantage of CGF guarantees. Akbank plans to expand the CGF integration process, increase its share of CGF loans, and facilitate SME access to credit via CGF guarantees in the year ahead.

WE SUPPORT SMES IN DIGITAL TRANSFORMATION

Mobile banking is growing by leaps and bounds both globally and in Turkey due to rapidly advancing mobile technologies and strong demand. Keeping a watchful eye on advances in technology in general, Akbank closely monitors developments in this area especially given growing customer needs and expectations. The Bank develops and rolls out effective Mobile Banking applications for its customers.

EXCLUSIVE SERVICES FOR CLIENTS

AKBANK MOBILIZES ITS RESOURCES FOR ITS EMPLOYEES AS WELL AS CUSTOMERS TO GO DIGITAL.



SMEs must embrace digitalization in order to run their businesses more efficiently, meet customer demands, reduce costs, and ensure survival.

Akbank has created effective channels for SMEs to take out loans, their most basic banking need, through digital channels. Thanks to Akbank Direkt, SMEs can receive commercial loans at favorable interest rates easily and quickly within their credit limits.

SMEs can also utilize the Akbank Direkt Corporate application for their cash management and foreign trade transactions. This solution facilitates quick and easy execution of employee salary payments or bulk payments. In addition, foreign trade customers can make import payment transactions over the Internet branch.

Akbank focuses on making the lives of SMEs easier with mobile applications. POS-owner SME clients can access all information on service terms and conditions, daily revenue figures, end-of-day reports, and campaigns through the Akbank Direkt My Business application. In addition, Akbank member merchants can check average turnover of other member merchants operating in the same sector by location and segment, allowing them to assess where they stand with respect to the competition.

Whether an Akbank customer or not, all sole proprietorships wishing to become a contracted merchant can complete the entire application and registry process via akbank.com or

Akbank Direkt 7/24, without having to go to a branch, thanks to the end-to-end online POS application facility, the first of its kind in Turkey.

DIGITALIZATION TRAININGS FOR SME CUSTOMER RELATIONSHIP MANAGERS

Akbank mobilizes its resources for its employees as well as customers to go digital. SME Customer Relations Managers are able to access customer data on their mobile devices, and pay them visits to offer a wide range of products -from loan to contracted merchant scheme, check book to SME tariffs- in accordance with their needs. Thus, SMEs can meet their needs instantly over mobile devices, without having to go to a branch.

FINTECH SOLUTIONS FOR SME NEEDS

Akbank focuses on fintech, which will facilitate the lives of SMEs the Bank develops solution partnerships with fintech companies that create digital applications to meet the needs of SMEs and to increase their productivity. The Bank aims to lead the growth of the fintech ecosystem through solution partnerships it has established with fintech companies, providing solutions that add value to SMEs. In this context, an effective business partnership was created with Paraşüt and Kolay İK.

— AKBANK DEVELOPS SOLUTION PARTNERSHIPS WITH FINTECH COMPANIES THAT CREATE DIGITAL APPLICATIONS TO MEET THE NEEDS OF SMES AND TO INCREASE THEIR PRODUCTIVITY.

Paraşüt provides a content wise simple, lean, user-friendly solution to allow SMEs to carry their financial transactions to digital platforms. With this application, businesses can manage all their financial operations with ease- from billing to payment follow up, from online collection to reporting. Integration was established with Paraşüt to enable SMEs to easily monitor the transactions they have made via Akbank. Thanks to the integration with Akbank Direkt, SMEs can easily monitor and register their transactions over Akbank accounts and effectuate payments to suppliers or other persons.

To offer SMEs practical solutions in HR processes- such as payroll management, bulk salary payments, annual leave / employee rights management, expense-cash advance management and performance management- Kolay İK and Akbank have established a business partnership. As a result, SMEs can now access the information they need about their employees at any time from computers, smartphones or tablets. Integration was established with Kolay İK so that customers can effectuate salary payments from Akbank accounts through this application.

SMEs that wish to utilize the applications Paraşüt and Kolay İK can apply at www.kobilerdijitale.com.

A SIGNIFICANT CONTRIBUTION TO THE START-UP ECOSYSTEM: AKBANK START-UP DEVELOPMENT PROGRAM

In 2017, the Bank continued to successfully administer the Akbank Entrepreneur Development Program jointly with Sabancı University in order to guide, support and train entrepreneurs. The program accepted applications from all individuals who are actively engaged, as a founding partner or executive, in the management of a company established in Turkey. As a result of the selection process, 50 entrepreneurs participated in five full days of training under the program. Participants received training and knowledge transfer in a wide range of subjects – from managing finances during an organization’s growth phase and drafting marketing and operations plans according to different business models, to raising capital for financing needs and growing in domestic and overseas markets. Participants also had the opportunity to hear successful entrepreneurs who attended the program as guest speakers, as well as joining office visits to well-known entrepreneurs to meet and speak with them.

LONG TERM COOPERATION WITH ENDEAVOR

As part of its partnership with Endeavor Foundation, Akbank successfully continued to make available a credit pool for active entrepreneurs offering such advantages as convenient collateral terms, long term loans and low interest rates.

EXCLUSIVE SERVICES FOR CLIENTS

AKBANK MEETS THE NEEDS OF THE AGRICULTURAL SECTOR VIA BANKING PRODUCTS AND INSURANCE SERVICES THAT ARE DESIGNED IN LINE WITH THE SEASONAL NATURE OF THE CASH FLOWS OF CUSTOMERS IN THIS SEGMENT.



AKBANK ACADEMY OF FAMILY BUSINESSES

Akbank Academy of Family Businesses, a joint venture of Akbank and Sabancı University's Executive Development Unit (EDU), was organized for the seventh time as of year-end 2017. In response to requests from leading companies in the industry, the program was administered for Akbank customers as well as their distributors and dealers. Akbank Academy of Family Businesses targets family-owned businesses that wish to institutionalize their enterprises, who want to come up to speed on the latest in enterprise management, and which plan to turn the business over to the next generation. The program covered a wide variety of subjects of particular interest to family-owned business representatives. These topics included strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters and human resources management. The Academy's training sessions were taught by EDU consultants, all of whom are expert in their respective subject matter and have executive-level corporate experience, and the instructors of Deloitte Turkey and Pekin & Bayar Ortak Avukat Bürosu (Law Firm), the program partners. During the Academy, visits were organized to the manufacturing plants of Sabancı Holding companies. Participants received a certificate from the EDU at the completion of the program.

IFTAR DINNERS

As part of its iftar (breaking the fast) dinner events during the month of Ramadan, Akbank came together with SMEs and industry representatives in Gaziantep, Bursa, Erzurum, Adana, Edirne, Lüleburgaz Polatlı, Aydın, Manisa, Söke, Çan and Akşehir, and listened to their requests and needs firsthand. Thanks to the information collected at these events, the Bank aims to continue developing innovative products and services for customers.

AGRICULTURAL FAIRS

Akbank meets the needs of the agricultural sector via banking products and insurance services that are designed in line with the seasonal nature of the cash flows of customers in this segment. During the year, the Bank informed farmers about Akbank products and services at the fairs it participated in Izmir, Bursa, Konya, Adana, Tekirdağ and Antalya.

DIRECT BANKING PRACTICES

— IN 2017, AKBANK REALIZED FURTHER DIGITAL INVESTMENTS AND CONTINUED TO CARRY MANY SIMPLE TRANSACTIONS THAT CUSTOMERS CAN DO ON THEIR OWN OVER TO DIRECT BANKING CHANNELS ESPECIALLY AKBANK DIREKT MOBILE.

A FUTURE-ORIENTED BANKING PERSPECTIVE THROUGH DIRECT BANKING CHANNELS

As time has become the most important asset today, Akbank continued to diversify the products and services delivered to customers over Akbank Direkt Banking Channels. In this context, the number of customers of the Bank's Direct Banking Channels has increased steadily. According to the Banks Association of Turkey (TBB)'s September 2017 report, close to 32 million bank customers in Turkey use digital banking actively, and the number of active mobile banking customers has reached 27 million. With the widespread use of the Internet and mobile phones, the number of people using digital banking channels is increasing day by day. Digital Banking Channels are particularly popular for information/bank statement procedures, money transfers and payment transactions, and make significant contributions to product sales.

Akbank keeps a close watch on the digital transformation process in the banking sector. At Akbank, 96% of all banking transactions are performed via Direct Banking channels and 87% from digital channels (Internet + Mobile + Web) as of end-2017. The Bank's customers continue to opt for digital channels in money transfer and payment transactions, especially for convenience and speed. As of end-2017, more than 90% of the money transfer transactions and more than 95%

of bill payments at Akbank were completed via Direct Banking channels. The Bank continues to enhance the Direct Banking Channel by keeping abreast of the digitization process in the global banking system. As a result of the Bank's activities in this field, Akbank Direkt gained more than 1 million customers last year, to bring its total active users to more than 4 million. As of end-2017, the Bank's customers continued to benefit from mobile banking's advantages by using the Akbank Direkt application an average of 20 times a month. In 2017, Akbank realized further digital investments and continued to carry many simple transactions that customers can do on their own over to Direct Banking channels, especially Akbank Direkt Mobile. The Bank's Direct Banking Channel has become not only a transaction channel with excellent customer experience, but also an important sales channel. For example, Akbank Direkt Credit has become one of the most popular digital banking products since its launch in December 2015. Developments in mobile banking help transfer banking services to mobile channels, while emphasizing ease of use and customer experience. Akbank Direkt Banking has focused on providing the best digital banking experience to its customers by using technology much more effectively, in line with its basic strategy. The Bank will continue to invest in the banking of future in light of this vision, so as to attain unconditional customer satisfaction.

DIRECT BANKING PRACTICES

IN 2017, AKBANK CONTINUED TO FORMULATE VISIONARY AND INNOVATIVE SOLUTIONS TO HELP CUSTOMERS MEET THEIR FINANCIAL NEEDS IN THE SHORTEST TIME AND MOST PRACTICAL FASHION.



A BRAND NEW APP IN THE AXESS WORLD FULL OF OFFERS: AXESS MOBIL!

Following a comprehensive design process, Akbank released Axess Mobil in October 2017 and received much praise. With Axess Mobil, the Bank not only makes customers according to their moods, but also brings to them the campaigns most suited to their needs. Axess Mobil gets to know its customer, presents campaigns meeting the needs of the customer's interests and habits at different hours of the day, and thus presents a personalized experience. The Bank's customers now have the chance to keep track of their debit and credit card transactions over Axess Mobil to manage their cards practically. The Axess Mobil App was downloaded around 1.5 million times in as little as two months.

AN INNOVATIVE STEP BY AKBANK TO DEVELOP E-COMMERCE: AKBANK DIREKT PAY!

While designing innovative products and services, Akbank continues to work with the vision of merging banking services and individuals' needs into a single, integrated process. In line with this vision, the Bank designed Akbank Direkt Pay and released it on August 2017. Thanks to this service, Akbank customers are now able to make their e-commerce payments in a practical and swift manner, with options ranging from money transfer to loans.

CREDIT REQUEST VIA SOCIAL MEDIA CHANNELS

In today's world, traces left by individuals in the digital world and the capacity to process this data allow the banking sector to make the right offer at the right time to customers. Keeping a close watch on the digitization process in the banking sector, Akbank approved two out of every three general purpose loans via Akbank Direkt; 15% of this figure consisted of applications via Facebook, as of end-2017. Upon this achievement by Akbank Direkt, Facebook announced that this is the most successful campaign of its kind in the world.

CUSTOMERS SHAKE PHONES TO LEARN THEIR LOAN AMOUNT

In 2017, Akbank continued to formulate visionary and innovative solutions to help customers meet their financial needs in the shortest time and most practical fashion. With this perspective, the Bank initiated in December 2017 a service that allows customers to simply shake their phones to learn the loan amount they can take out. This practical and fun feature allows Akbank customers to learn in a few seconds how much they can borrow when a financial need arises. If they wish, customers can then complete the application and immediately receive the loan in their accounts.

— IN 2017, AKBANK CONTINUED TO IMPLEMENT CREATIVE SCHEMES TO WIN OVER MORE DIGITAL CUSTOMERS.

VISITING CUSTOMERS AT THEIR ADDRESS!

In 2017, Akbank continued to implement creative schemes to win over more digital customers. Individuals can now become Akbank customers without having to leave their homes or offices initiative began in Istanbul in November 2017 and will continue to spread across the country in 2018. Product applications via www.akbank.com are approved at the Akbank Direkt channel, resulting in digital customer acquisitions integrated to digital product sales.

INNOVATIONS AT AKBANK DIREKT

Akbank Direkt successfully continued its activities in 2017 in order to offer customers the opportunity to meet their financial needs with special products and channels in the fastest and most practical way.

OPENING VIOP ACCOUNTS OVER AKBANK DIREKT

Keen on closely monitoring customers' needs and the latest technology, and thus adapting financial services to digital channels rapidly, Akbank rolled out the ViOP Account Opening service - an end-to-end digital process - in September 2017. With this upgrade, Akbank clients can now have their documents approved over Akbank Direkt Internet and easily open a ViOP Account. At present, Akbank customers with a Stock Certificate Account can open a ViOP Account by simply submitting their ViOP documents, and Akbank

customers without a Stock Certificate Account can open Stock Certificate and ViOP Accounts together through a single process of document submission.

ACCESSING AKBANK DIREKT WITH ADDITIONAL CARD

As part of its successful product development activities in 2017, Akbank has enabled its customers to access Akbank Direkt with their additional cards as well. With this upgrade in 2017, additional card users became able to easily keep track of their expenditure and limits. Furthermore, in July 2017, additional card applications for Akbank Direkt Mobile was added to the Application and Cash Needs menu, to allow customers to apply for additional cards at anytime, anywhere.

AKBANK'S SMART INTERACTIVE PROGRAMMATIC TV

Akbank's Smart Interactive Programmatic TV project gives customers the chance to learn their credit score and apply for credit while watching TV. Thanks to Smart Interactive Programmatic TV, marketing activities were extended to a channel widely used by customers so as to deliver the right product to the right individual at the right time. A first in Turkey, the project allows Akbank customers to learn their credit scores and immediately apply for a Direct Loan with an application form appearing on the screen.

DIRECT BANKING PRACTICES

AKBANK MADE NEARLY 70 MILLION CUSTOMER CONTACTS IN 2017.



ONLINE POS APPLICATION VIA ADDRESS DELIVERY POS

Akbank introduced numerous online and mobile banking firsts to the sector with its investments and upgrades. In another ground - breaking innovation, the Bank has given sole proprietorships - whether its own customers or not- the chance to own POS devices over www.akbank.com, and all firms over Akbank Direkt, without losing valuable time. Customers can now very quickly obtain POS devices to accept card payments. As such, everyone - whether a customer or not - can apply for this service by accessing www.akbank.com or Akbank Direkt computers, tablets or smartphones. Akbank stays ahead of the competition with the Address Delivery POS service.

ONLINE APPLICATION TO AKBANK DIREKT CORPORATE

In order to provide swift and practical solutions to customer needs, significant improvements and upgrades were realized in the Akbank Direkt Corporate channel in 2017. Thanks to the "Online Application to Akbank Direkt Corporate" feature, customers can fill the application form on www.akbank.com, and obtain an Akbank Direkt Corporate password without having to visit a branch.

Customers whose applications are approved in the end-to-end digital Akbank Direkt Corporate application process can start using Akbank Direkt right away.

INNOVATIVE STEPS IN CALL CENTER MANAGEMENT

Striving to deliver exceptional experiences at every point of contact with customers with its customer-oriented service approach, Akbank Call Center continued to pioneer the industry in 2017. This was achieved with its well-trained, experienced, highly-qualified, and solutions oriented staff; rich array of transactions; and creative, results-oriented approaches paired with superior use of technology. Making nearly 70 million customer contacts in 2017, Akbank Call Center continued to distinguish itself by delivering quick, easy access with more than 1,000 employees. Akbank Call Center renders an unparalleled customer experience thanks to constantly expanding technology utilization, ending calls successfully without the need for the customer to call back. Leveraging its powerful analytical infrastructure to generate dynamic offers to customers in line with their needs, the Bank boosts its effectiveness and share in insurance, credit card, revolving credit card loan, and general purpose loan sales each passing day.

— AKBANK CALL CENTER PROVIDES SPECIALIZED SERVICES TO MORE THAN 100,000 CUSTOMERS WHO PREFER TO RECEIVE SERVICE REMOTELY.

The Bank continued to invest in new call center technologies in 2017 with success. The Call Steering application, integrated with the Bank's call center infrastructure, analyzes customers' speech in the interactive response system, and guides them to the right destination. As such, customers are connected to the right customer representative in their first call. The Speech Analytics application was deployed to, and began to be used by, all customer representatives in 2017. As a result, the Bank is now capable of conducting multi-faceted and detailed analysis of all incoming calls.

CALL CENTER SERVICE VIA SOCIAL MEDIA CHANNELS

As one of the first companies in Turkey to integrate with social media in a comprehensive fashion, Akbank Call Center also serves customers via Facebook, Twitter, chat and video chat channels in addition to voice calls. Akbank Call Center provides specialized services to more than 100,000 customers who prefer to receive service remotely. The Bank's services in this area focus on relationship and asset management rendered to Consumer, One-to-One, and SME segment clients. Akbank Call Center will continue to operate with a Direct Banking point of view and a vision centered on boosting sales, achieving higher efficiency via technological innovation and process improvements, and gaining a larger share in profit-making initiatives by providing specialized services.

RECYCLE ATMS ENHANCE SERVICE CONTINUITY

With 4,400 ATMs spread across a wide geographic area for easy access, Akbank has one of the largest ATM networks in Turkey. In 2017, the Bank successfully pursued its strategy of becoming a cash handling center to be used by everyone - whether an Akbank customer or not.

Akbank ATMs served about 5 million customers and performed 19 million transactions on average each month during 2017. Akbank's ATM network consists entirely of ATMs with money deposit function; while 45% of all ATMs are Recycle ATMS reducing operational costs, whereby the cash deposited by one customer can be recycled for use in another customer's cash withdrawal transaction.

RESTRUCTURING THE CRM DEPARTMENT

Akbank CRM Department completed comprehensive projects under the major categories of sales and marketing automation, real-time marketing, customer analytics, pricing and optimization, and designed and implemented its CRM approach in 2010.

DIRECT BANKING PRACTICES

IN 2017, THE CRM DEPARTMENT WAS RESTRUCTURED AS THE ANALYTICS DEPARTMENT, CONTINUING TO DEVISE BUSINESS SOLUTIONS FOR THE CUSTOMER PORTFOLIO MANAGEMENT, SALES FORCE MANAGEMENT, CORPORATE STRATEGIES AND ADVANCED ANALYTICS.



Akbank received the CRM Excellence Award from Gartner in the “Integrated Marketing” category in 2011, “Customer Analytics” category in 2013, and “Sales Effectiveness” category in 2014, becoming the first Turkish bank and Turkish company to win the CRM Excellence Award for the third time.

In 2017, the CRM Department was restructured as the Analytics Department, continuing to devise business solutions for customer portfolio management, sales force management, corporate strategies and advanced analytics. In addition to focusing on strengthening the analytical infrastructure through Big Data Studies, High Performance Analytics and Machine Learning Technologies, the Department also conducted special studies to explore new technologies and integrate these into the Bank’s business processes.

In the channels where customers contact Akbank, a real-time marketing system is deployed to analyze customers’ needs at that moment, and make them the best value offer. Through this integrated system where marketing activities are managed instantly, a total of 7 million products are sold or allocated annually. Development of a new generation of measurement and visualization technologies enabling the real-time monitoring of marketing actions has continued, and the performance of marketing campaigns is tracked in real time.

Customer retention activities at Akbank are coordinated by the Analytics Department and development of Bank-client relations is managed by the relevant business units. Corporate analytics practices started being managed more extensively in in-house operational processes and productivity processes, which allowed the Bank to formulate business solutions yielding efficiency increases in 2017.

Keen on maintaining its sector leadership in analytics and CRM practices with its digital and real-time banking vision, Akbank will continue to prioritize topics such as the enrichment of analytic architecture with machine learning technologies, new generation analytical solutions, smart sales and service infrastructures, customer experience improvement, and revenue optimization in 2018.

A CRUCIAL STEP TOWARDS DEVELOPING THE INNOVATION ECOSYSTEM: AKBANK LAB

Akbank Innovation Center’s “Akbank LAB” was established in late 2016 with a view towards developing innovative projects suited for the needs of business units, achieving perfect digital customer experience by integrating globally proven financial solutions with the Bank’s processes, and making innovation a crucial part of the Bank’s culture. The Bank collaborated with global consultants who assumed senior positions in the world’s

— ONE OF THE MOST IMPORTANT EXAMPLES OF SUCCESSFUL INNOVATION PROCESSES IS MONEY TRANSFER WITH BLOCKCHAIN TECHNOLOGY, A FIRST IN TURKEY. THE PILOT STUDY WAS INITIATED WITH OUR SOLUTION PARTNER, THE SILICON VALLEY-BASED FIRM RIPPLE.

leading banks and consultancy firms, and created an innovation structure based on the best models from across the world. With this structure, the Bank not only started to prepare for the technology of the future from today, but also took steps to ensure that innovation becomes an integral part of the Bank's culture.

Akbank LAB has a central team composed of individuals hailing from the disciplines of consultancy, finance, IT and marketing. This team coordinates innovation processes where over 100 Bank employees play an active role. It develops ideas on focus areas and targets set by the Bank, concerning different business lines, excellent customer experience, financial consulting, digital payments, credit scoring, and operational excellence. These ideas are then turned into projects to deliver the right financial services. Ideas found to be successful following various assessments go through the "PoC" (proof of concept) phase. At this stage, the feasibility of these ideas is tested and possible gains are calculated. The Bank has over 100 fintech companies in Turkey and aboard, which act as its solution partners.

Akbank manages LAB Innovation processes in cycles. Although it is a fairly new structure, two cycles including many projects have been completed within the first calendar year. The aim is to complete three cycles in 2018.

In 2017, 15 proof of concept studies were carried out within innovation cycles. Akbank LAB simultaneously works on implementing the concepts tested and found to be successful, and also on proving the concepts of others.

ACTIVITIES TO HELP NOURISH NEW IDEAS

Akbank LAB also organizes various activities to support in-house and external innovation and to formulate new ideas. The first activity in this effort was the two-day hackathon titled "CODE: Monetary Issues" organized in late September 2017, to which over 130 individuals participated in over 30 teams. Furthermore, with a view to encouraging in-house entrepreneurship, the Bank organized the "Challenge Yourself" Innovation Contest open only to employees. Akbank LAB nourishes an innovation culture within the Bank through such studies, and also joins forces with the Strategy Management, Human Resources and Corporate Communications Departments to this end. The Bank will continue to implement innovation processes in 2018 under the coordination of Akbank LAB and new technologies will be utilized to deliver impeccable services to customers.



**Our Distinctive
Employees**

HUMAN RESOURCES MANAGEMENT

— AKBANK'S HUMAN RESOURCES DEPARTMENT EMBRACES THE PRINCIPLE OF BEING THE STRATEGIC BUSINESS PARTNER OF THE BUSINESS UNITS.

OUR HUMAN RESOURCES VISION

Employing the most qualified human resources in the Turkish banking industry and investing in this resource to create value for all of our stakeholders.

OUR HUMAN RESOURCES MISSION

In an effort to support the Bank in its journey toward sustainable leadership, retaining highly qualified human resources at Akbank and recruiting new ones, improving the existing human resources systems and practices as part of this process, designing new ones and carrying out effective communication regarding these.

OBJECTIVES OF OUR HUMAN RESOURCES MANAGEMENT

- Recruiting the best candidates for the Bank,
- Constantly developing the corporate culture and business conduct,
- Building the organizational structure in accordance with strategic objectives and ensuring its continuity in order to safeguard the Bank's effective and productive operation,
- Making effective investments in human resources in accordance with targets and strategies,
- Carrying out participatory career planning,
- Using a reward mechanism that encourages and supports superior performance of employees by way of a goal and competence-based, transparent performance management system,

- Undertaking system and process improvements for employee engagement. During the course of carrying out these objectives, Akbank's Human Resources Department embraces the principle of being the strategic business partner of the business units.


HUMAN RESOURCES OPERATING PRINCIPLES

- Structuring and assessing all employees in accordance with the objectives and performance of the organization,
- Recruiting new employees who will fit in with the Bank's culture and values,
- Being internal and external customer-oriented, always prioritizing this focus in work relationships,
- Supporting all employees with the best human resources applications without discriminating on the basis of language, religion and sect, race, gender, age, political belief or faith,
- Ensuring the coherence between business objectives and HR practices by having a technical understanding of major business lines of banking and speaking the same language with other employees in the organization on a technical level,
- Continuously helping the Bank's employees with its expertise, know-how and experience in order for them to improve the performance of their units as well their own personal performance,
- Respecting open communication, confidentiality of personal information, sense of justice, and compliance with the code of ethics,



HUMAN RESOURCES MANAGEMENT

IT IS AMONG AKBANK'S UTMOST PRIORITIES TO RECRUIT NEW GRADUATES WHO DO NOT HAVE PROFESSIONAL EXPERIENCE IN ORDER TO DEVELOP FUTURE LEADERS AND OFFER THEM CAREER OPPORTUNITIES WITHIN THE BANKING SECTOR.



- Planning and implementing proactive applications and activities with regard to the management of the organization and its human capital without waiting to be asked to do so,
- Establishing and implementing coherent, integrated and sustainable systems throughout the Bank, creating a harmonious synergy by ensuring the participation of all units in this effort,
- Developing practices to help individual business units attain their goals or making adjustments to existing Bank practices on an as-needed basis,
- Creating an environment where employees can improve themselves and support their development,
- Ensuring that everybody at the Bank acts with the awareness that human resource management is the core function of all managers,
- Taking heed of and solidifying the Bank's corporate culture in all decisions taken and all practices carried out.

THE CHOICE OF PROFESSIONALS: AKBANK

Akbank strives to be the choice of professionals and talented youth in its recruiting practices in order to ensure the sustainability of its financial and operational success. Akbank's human resources practices are aimed at making the Bank: "The leader among the most preferred employers where creative, dynamic and confident people who create value choose to work and a company which employees are proud to be a part of."

HUMAN RESOURCES FOCUSED ON CONTINUOUS DEVELOPMENT

The Bank's recruitment policy is to hire qualified, well-educated, innovative people who are open to learning and developing constantly and who are eager to create value for Akbank and its stakeholders, without discriminating on the basis of race, language, religious belief, gender and age. Akbank pursues a fair hiring policy focused on equal opportunity, and based upon predefined recruitment criteria. As part of this effort, Akbank strives to hire the most appropriate candidates in the most suitable position by employing competence-based objective measurement and evaluation methods. To this end, it is among Akbank's utmost priorities to recruit new graduates who do not have professional experience in order to develop future leaders and offer them career opportunities within the banking sector.

SOCIAL POLICY PRACTICES SUPPORTIVE OF EMPLOYMENT IN TURKEY

As part of business performance and productivity, vacant positions within the organization are first announced to Akbank employees. Applications of Akbank employees for new positions are evaluated quickly and appointments of worthy candidates are made. While recruiting for the Head Office and branches, Akbank prefers to recruit candidates living in regions close to its service locations. In our Malta branch, Akbank pursues a policy of employing local residents.

— IN AN EFFORT TO ENCOURAGE THE DEVELOPMENT OF PERSONAL GROWTH AND COMPETENCIES WITHIN AKBANK, THE BANK PAYS AN ADDITIONAL MONTH'S SALARY TO EMPLOYEES WHO SPEAK A FOREIGN LANGUAGE.

COMPETENCE-BASED COMPENSATION POLICY

Compensation policies of companies are among the important factors in employee loyalty and performance improvement. Therefore, Akbank's compensation policy is structured to attract the human capital required for continuous success and to reward, motivate and retain high-performing employees. Akbank's compensation policy is formulated compatible with the Bank's operations, long-term objectives, and risk management structure. In order to ensure fair compensation, employees with similar roles and responsibilities are paid similar salaries and those who perform better than their benchmarks based on the results of the Performance Evaluation System receive higher raises and bonuses. In an effort to encourage the development of personal growth and competencies within Akbank, the Bank pays an additional salary to employees who speak a foreign language. In addition, personnel who perform better than their benchmarks are awarded through various rewards programs.

TENURE AND EXPERIENCE-BASED COMPENSATION PRACTICES

Akbank's entry level compensation policy is the same in all branches and service points. In recruitment of employees with no previous work experience, the situation is parallel to minimum wage for Assistants and above 48% for Management Trainees.

FULL COMPLIANCE WITH LEGAL REPORTING PROCESSES REGARDING EMPLOYEES

If significant changes occur in the employment contracts of employees, notice and notification periods stipulated in the Labor Code and HR Applications Principles are in effect. The minimum notice period varies based on the tenure of the employee. It is set at two weeks for employees who have been with the Bank for less than six months; four weeks for employees who have been with the Bank between six months and 1.5 years; six weeks for employees who have been with the Bank between 1.5 years and three years; and eight weeks for employees who have been with the Bank for more than three years.

HUMAN RESOURCES PROFILE

Some 95% of Akbank employees are university graduates. The average tenure at Akbank, which differentiates from the competition with its skilled human capital, is 8.7 years while the average time of service is 9.6 years in the banking industry. Some 69% of Akbank employees work at branches, which are one-to-one contact points with customers.

HUMAN RESOURCES MANAGEMENT

**SOME 95%
OF AKBANK
EMPLOYEES ARE
UNIVERSITY
GRADUATES.**

OUR EMPLOYEES IN FIGURES

A Akbank, boasts a continuously expanding service network, as of December 31, 2017, Akbank has a total of 13,983 employees, including the Members of the Board of Directors. The Bank started to employ part-time employees in 2016 in response to the changing needs of its organizational structure, and has 23 such employees as of the end of 2017. Akbank initiated half-time positions for the first time in 2016; the Bank currently has 11 half-time employees. Excluding Including one to three month internship period of university students, all employees are permanent and full-time. Benefits provided for full-time employees may only vary depending on the person's performance.

A breakdown of our employees by service location is presented in the table below.

Number of Our Employees	2015	2016	2017
Head Office*	1,598	1,343	1,363
Akbank Banking Center	2,546	2,753	2,982
Regional Directorates**	900	924	942
Branches***	9,006	8,823	8,597
Overall	14,050	13,843	13,884

* Excluding the Board of Directors.

** As reported in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates, not the Head Office, although they report to the Credits Business Unit located at the Head Office. The reason is that these employees are actually working in the field.

*** Including employees at the Malta branch.

In case of necessity, Akbank generates employment through outsourcing. The number of employees working especially in the Direct Banking, Credit Monitoring and Follow-up, Technology and Operation, Financial Coordination, Consumer Banking, Human Resources and Strategy Business Units are available in the table below.

	2015	2016	2017
Number of Employees within the Outsourcing System*	2,837	3,383	3,538

**— AKBANK
EMBRACES THE
PRINCIPLE OF
EQUALITY OF
OPPORTUNITY
WITHOUT ANY
DISCRIMINATION ON
THE BASIS OF GENDER
OR AGE.**

GENDER DISTRIBUTION

Akbank embraces the principle of equality of opportunity without any discrimination on the basis of gender or age. The ratio of female and male employees within the Bank have remained roughly the same over the years. At end of year 2017, the share of female employees decreased by 0.3 percentage points to 53.2%.

Breakdown by Gender (%)	2016		2017	
	Male	Female	Male	Female
Staff				
Board of Directors	88.9	11.1	88.9	11.1
Senior Management	66.6	33.4	66.7	33.3
Mid-level Management	49.3	50.7	48.9	51.1
Auditors	65.5	34.5	63.1	36.9
Assistant Managers	41.7	58.3	42.4	57.6
Other*	69.7	30.3	59.4	40.6
Overall	46.5	53.5	46.8	53.2

* Includes non-banking posts such as lawyers, architects, engineers, support staff, and technicians.

AGE DISTRIBUTION

The average age of Akbank employees is 35.1 as of year-end 2017. In almost every staff category, the largest age group is 30-50. The largest groups in the under 30 category are Assistant Managers and Auditors. Pursuant to the Bank's recruitment policy, only those of full legal age can work at Akbank. There are no employees under the categories of child labor (employees under 15 years of age, at which compulsory education ends) or young labor (over the minimum age for

employment and under 18 years of age) at Akbank. Students and young workers applying for an internship at Akbank must be seniors if they are high school students and sophomores or juniors if they are university students. Some 97 university students were employed as interns at the Head Office units between June 2017 and September 2016. The number of student interns at Akbank has a seasonal pattern; there was no intern on the Bank's payroll as of year-end 2017.

OUR DISTINCTIVE EMPLOYEES

HUMAN RESOURCES MANAGEMENT

Breakdown by Age (%)	2015			2016			2017		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Staff									
Board of Directors		11.1	88.9		11.1	88.9			100.0
Senior Management		95.9	4.1		95.7	4.3		95.7	4.3
Mid-level Management	1.3	97.8	0.9	0.8	98.4	0.8	0.8	98.3	0.9
Auditors	45.6	54.4		34.0	66.0		44.4	55.6	
Assistant Managers	39	60.9	0.1	38.0	61.9	0.1	35.9	63.9	0.2
Other*	11.6	81	7.4	20.5	73.0	6.5	27.3	65.7	7.0
Overall	26.4	72.8	0.8	24.7	74.5	0.8	23.0	76.2	0.9

BELOW-AVERAGE LABOR TURNOVER RATE

Employee turnover rates and numbers based on location are presented in the table below. The Human Resources Department analyzes feedback from employees who have left the Bank regarding their reasons for leaving and improvements are made in business processes according to these findings.

Employee Turnover Rate*	2015		2016		2017	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	22.16	363	14.28	204	11.65	170
Akbank Banking Center	20.29	591	12.69	334	11.67	312
Regional Directorates**	11.69	104	10.42	93	9.30	86
Branches	15.25	1,392	11.45	1,018	8.30	728
Overall (average)	16.82	2,450	11.91	1,649	9.37	1,296

* Employees who have left the Bank (including those who retired, resigned, and those whose work contracts were terminated).

** As in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category, even though they report to the Credits Business Unit located at the Head Office, since these employees are actually working in the field.

Employees are free to resign so long as they comply with the terms of their employment contracts. Forced labor is outside of Akbank's business principles.

Employee turnover rates depending on the age group are presented in the table below.

Employee Turnover Rate by Age Group	Under 30						Between 30 and 50						Over 50					
	2015		2016		2017		2015		2016		2017		2015		2016		2017	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	19.67	53	23.80	46	16.49	32	22.10	290	12.53	148	10.89	131	34.43	20	18.52	10	11.31	7
Akbank Banking Center	31.16	227	31.19	180	27.34	149	15.79	340	7.43	151	7.57	158	77.63	24	13.79	3	12.42	5
Regional Directorates*	18.18	36	12.54	24	19.25	36	9.41	64	9.30	64	6.38	46	33.33	4	38.71	5	25.00	4
Branches	19.68	379	15.85	278	13.72	226	13.77	984	10.12	717	6.82	482	55.77	29	47.92	23	37.97	20
Overall (average)	22.26	695	19.44	528	17.22	443	14.86	1,678	9.83	1,080	7.37	817	50.33	77	30.00	41	21.07	36

Employee turnover rates by gender are presented in the table below. The percentages of male and female workers who left their jobs closely approximate each other. The reason for higher employee turnover rates among females compared to males at the Akbank Banking Center is that number of female employees is higher at the Center.

Employee Turnover Rate by Gender	Male						Female					
	2015		2016		2017		2015		2016		2017	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	19.61	180	12.73	104	11.41	95	25.41	183	16.35	100	11.98	75
Akbank Banking Center	15.28	197	11.11	133	10.35	128	24.28	394	14.01	201	12.80	184
Regional Directorates*	8.87	47	8.73	47	8.78	48	15.81	57	12.98	46	10.06	38
Branches	14.41	558	10.54	408	8.72	333	15.88	834	11.79	590	7.98	395
Overall (average)	14.85	982	10.77	692	9.39	604	18.45	1,468	12.65	937	9.36	692

* As in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category. Even though they report to the Credits Business Unit located at the Head Office, these employees are actually working in the field.

PERFORMANCE MANAGEMENT FOCUSED ON CONTINUOUS IMPROVEMENT

AKBANK EMPLOYEES GET THE OPPORTUNITY TO CONTINUE THEIR AKBANK CAREERS IN OTHER BUSINESS UNITS BASED ON ORGANIZATIONAL NEEDS AND THEIR OWN PREFERENCES.



Akbank's transparent and flexible Performance Management System is capable of responding to changing needs and conducive to improvement in managing the talents and experience of its employees effectively in accordance with its corporate goals. In an effort to sustain the Bank's successful financial performance, Head Office employees go through performance evaluations once a year while field personnel perform this process twice each year. As a result of this evaluation, areas of development are identified for employees and various training and development opportunities are organized in these areas to support their career development. Performance evaluations allow the Bank to determine employees' competence levels for a variety of roles and responsibilities. Accordingly, the Bank's employees get the opportunity to continue their Akbank careers in other business units based on organizational needs and their own preferences.

The aims of the Performance Management System, which is developed with a management approach that supports and encourages high-level performance, are to:

- Enable employees to realize their corporate targets and to increase corporate performance,
- Guide and develop employees in order to meet their changing and developing needs better,
- Align the Bank's goals with the personal goals of employees,

- Ensure that employees understand what is expected of them better, get involved with their jobs and stay motivated to attain their targets,
- Encourage continuous development via open communication and regular feedback and to increase motivation,
- Evaluate contributions and the performance of employees in a fair and objective manner and to shape their competence in line with the needs of Akbank,
- Make correct decisions about career planning, training and other human resources processes of employees and to ensure their personal development in line with such processes.

EMPLOYEE PRODUCTIVITY INCREASES WITH THE SELF-ASSESSMENT APPROACH

Since 2012, Akbank has employed the Self-Assessment Approach in order to increase the efficiency of its Performance Management System. In this approach, employees assess their targets and actual achievements in the assessment period, and thus evaluate their own performance. The efficiency of the performance system depends on the system's transparency, leanness and accuracy in measurement. Accordingly, the Bank conducted a targeting project and worked on improving the target distribution methodology for regions, branches and customer relations managers, while also making enhancements to the main components of the process such as target identification and measurement.

— THE CRITERIA OF THE AKBANK PERFORMANCE MANAGEMENT SYSTEM ARE BASED UPON PERSONAL GOALS AND COMPETENCIES.

EFFICIENT MECHANISMS FOR EVALUATING SENIOR MANAGEMENT'S PERFORMANCE

Performance evaluation of Akbank's senior management is based on both the Bank's overall year-end performance and success criteria that support long-term sustainable performance. As part of this effort, Akbank employs the Balanced Scorecard application. Performance of the senior management is measured on the basis of such perspectives as finance, customer, internal processes, and human resources. Therefore, senior management's indicators of goals and success also include performance criteria such as customer satisfaction, employee satisfaction, and employee turnover rate in addition to financial criteria.

The criteria of the Akbank Performance Management System are based upon personal goals and competencies. The types, weights and numbers of goals and competencies in the performance forms are determined by cooperation between the business units and the Human Resources Department.

SUSTAINABLE CAREER MANAGEMENT POLICY

The career management function plays a strategic business partner role in supporting the realization of the Bank's goals. To this end, Akbank's priority is to position the efficient and systematic human resources activities and the existing human resources in the right way while creating effective medium - and long-

term career plans to ensure the development of the Bank and the employee.

FAIR AND EFFECTIVE PERFORMANCE MANAGEMENT


Pursuing a career management policy that gives priority to promotions and transfers from within the organization, Akbank successfully continued efforts to develop a fair and effective performance management function; identify, monitor and develop skills; and provide career opportunities for employees where they can prove themselves in 2017. To ensure the continuity of the organization in the future, the Bank devises succession plans for each position based on the level of experience, competencies and technical skills of employees; implements the training and development programs to prepare the related employees for the envisioned positions; and closely monitors the course of action in conjunction with the business units. In addition, branches and units were visited to make career interviews; this creates effective communication in terms of career management.

SPECIAL CAREER MAPS FOR EMPLOYEES

Career maps that encompass career steps for employees at Akbank are posted on the corporate portal. As a result, employees have access to detailed information on career maps and job families as well as the contact information of the Human Resources team member assigned to support them and consult with them regarding their career development.

PERFORMANCE MANAGEMENT FOCUSED ON CONTINUOUS IMPROVEMENT

AKBANK EARNED THE EQUAL OPPORTUNITY CERTIFICATE, WHICH IS VALID FOR TWO YEARS.



In addition, employees can visualize the position they apply for, their application status, track, and seize the career opportunities announced within the organization. All the career principles are stipulated in detail in the Human Resources Implementation Principles document and shared with the employees.

BENEFITS TO EMPLOYEES

AKBANK STAFF RETIREMENT FUND TRUST (AKBANK TEKAÜT SANDIĞI)

All our current and retired Akbank employees and their dependents are registered in the Akbank Staff Retirement Fund Trust (Akbank Tekauüt Sandığı), independent of Turkey's Social Security Agency. Pensions and healthcare services offered to the members of this Fund Trust are of higher quality than the basic services offered by the state owned Social Security Agency.

RETIREMENT APPLICATIONS

Akbank Staff Retirement Fund Trust is a social security institution and a legal entity that provides social insurance support to members using the insurance premiums collected from employees and the employer, with the provided rights not being inferior to those provided by the Social Security Agency. Conditions for earning the right to benefit from insurance support are in parallel with legal regulations; however, with additional rights inherent in Akbank Staff Retirement Fund Trust's status, this support is improved.

RETIREMENT PRACTICES BASED ON EMPLOYEE TENURE

Premium injections into Aksandık (Akbank Staff Retirement Fund Trust) are 33.5% of the employee salary, on condition that it is taken within the maximum monthly revenue identified by the law annually for insurance premiums. Some 14% of this is deducted from the employee's salary and 19.5% is the contribution of Akbank. In addition, premiums amounting to 2% of total annual revenues of employees are deposited by Akbank to the Trust's account, again on condition that these are within the stated limits.

In order to earn the right to benefit from retirement, employees should fulfill requirements such as completing a certain period of insurance, having fully paid premiums for the required number of days, and having reached a certain age. Employees who fulfill these conditions are provided with pension by Akbank Staff Retirement Fund Trust upon their demand. In calculating the pension, the main parameters are the working period of the employee, total income within this period and age, as well as consumer price index change rates and development rates in our country. Due to such variable parameters, monthly pensions may differ for each employee.

OPTIONAL PRIVATE PENSION SYSTEM WITH CORPORATE CONTRIBUTION

In addition to the Aksandık pension, Akbank employees are also offered Private Pension System (PPS) Services with

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some corporate contribution. Employees on the determined level are included in this PPS plan with corporate contribution option. Our Bank contributes to savings of such employees by making additional payments to the PPS contracts of the above-mentioned employees at a certain ratio of their monthly gross salary. Thus, we help Akbank employees make savings and continue with the same living standards in their retirement.

In order to improve employee loyalty and motivation, we attach special importance to the PPS with corporate contribution and try to increase the number of employees participating in this plan. As a result of such efforts, the number of employees participating in PPS with corporate contribution increased to 6,104 at 2017 year-end.

COLLECTIVE BARGAINING AGREEMENT

At our Bank, all employees can become members of BANKSİS (Union of Bank and Insurance Employees). Financial rights and administrative relations of BANKSİS members are defined by the Collective Bargaining Agreement, while those of non-members are defined by the HR Applications Principles.

OTHER EMPLOYEE BENEFITS

Attaching great importance to employee satisfaction in boosting work productivity, Akbank offers employees various fringe benefits based on the position in addition to the core benefits such as salary,

bonus, incentive compensation, and foreign language allowance. The position-specific fringe benefits category includes financial liability allowance, vehicle, fuel limit, toll allowance (OGS/HGS), mobile phone and/ or voice line, internet access, iPad/tablet, laptop computer, transportation, parking, public transit fares, and clothing assistance. Meanwhile, the social assistance category comprises relocation allowance, travel per diem, goods transportation fee, death and injury indemnity, and natural disaster assistance.

Corporate discount opportunities are also provided from various companies for Akbank employees.

AKBANK IS INVOLVED IN THE EQUAL OPPORTUNITY MODEL (EOM) PROJECT

We completed preparation for the Equal Opportunity Model (EOM) project in cooperation with KAGİDER (Women Entrepreneurs Association of Turkey) in 2011 and the project was launched in 2012 with technical support from the World Bank. Eleven corporations - including Akbank - that agreed to take part in the project were audited by an independent institution in line with 22 criteria.

These criteria are divided into two parts: main criteria and supporting criteria. The main criteria are as follows:

- Management’s commitment to equal opportunity
- Equal opportunity in recruitment and selection
- Equal opportunity in access to trainings
- Equal opportunity in performance evaluation and promotions

- Career support practices
- Investigation of feedback and complaints
- Communication and corporate advertising

In the independent audit for the EOM project, it was examined whether Akbank’s corporate policies and procedures, recruitment and selection processes, training, performance evaluation, promotion, career support practices and corporate communication activities, support the concept of equal opportunity. As a result of the audit, Akbank earned the Equal Opportunity Certificate, which is valid for two years.

AKBANK BECOMES SIGNATORY TO WEPS

In 2016, Akbank became signatory to the Women’s Empowerment Principles (WEPs), a private sector venture by the United Nations that aims to empower women to take part in all sectors and at all levels of economic activity.

Established in 2010 through a partnership between the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), the WEPs Platform offers practical guidance to the private sector on how to empower women in the workplace, marketplace and community to ensure social gender equality.

As a result, the Bank’s human resources approach, which is based on equal opportunity in full and related initiatives, conformed to the global platform.

HEALTH AND SAFETY

IN ADDITION, AKBANK PROVIDES TOP QUALITY HEALTHCARE TO MAKE EMPLOYEES' BUSINESS PRODUCTIVITY SUSTAINABLE



Fully complying with its legal and regulatory obligations in occupational health and safety, Akbank employed an occupational physician and an occupational safety specialist at the Akbank Head Office and Banking Center. Akbank aims to employ an occupational physician and an occupational safety specialist in all branches and service buildings of the Bank as of July 1, 2020 in compliance with the governing legislation.

In addition to its occupational health and safety practices that were designed in accordance with international standards, Akbank also ensures the sustainability of the work productivity of its staff with high-quality health services. Employees are entitled to services at healthcare centers in certain provinces as part of Aksandık's healthcare services. Employees who reside in the provinces where a Foundation Healthcare Center does not exist can get service from affiliated healthcare providers.

HEALTH INFORMATION PROCESSES THROUGH INTERNAL COMMUNICATION CHANNELS

Information on epidemics and other major diseases is provided regularly under the "Health Column" published on the Aksandık website. In cases of emergency, e-mail notifications are sent. In addition, the Bank conducts fire and earthquake drills and administers natural disaster trainings.

PARENTAL LEAVE PRACTICES

Akbank's female employees are entitled to 16 weeks of paid maternal leave - eight weeks before and eight weeks after the birth. They can also take unpaid maternal leave for up to six months and 1.5 hours per day for breastfeeding until the child reaches the age of one. In the case of an adoption of a child younger than three years old, one of the spouses can take a maternity or paternity leave of eight weeks beginning on the day they are united with their adopted child.

Employees returning from a legal paid maternity leave have the optional right of working half-time (20 hours per week) within certain timeframes. Upon the request of the employee, Akbank allows for unpaid leave of half of weekly work hours for a period of 60 days after the first birth, 120 days after the second birth, and 180 days after the third and subsequent births. These

— THE AKSANDIK FUND MEETS CHILD DELIVERY COSTS OF AKBANK EMPLOYEES AND PROVIDES A VARIETY OF ADDITIONAL BENEFITS.

periods are increased by 30 days, respectively, in the event of a multiple pregnancy. This leave is extended to 360 days if the child has a disability. In the event of an adoption, only one of the spouses is entitled to take this leave.

Employees whose wives have given birth are also entitled to five days of paid leave.

Aksandik Fund meets child delivery costs of Akbank employees and provides a variety of additional benefits. Some 664 Akbank employees went on maternity leave during 2017; 30 of these employees resigned from the Bank at the completion of their maternity leave or unpaid leave.

TOTAL ABSENTEEISM IS ON THE DECLINE

Due to the nature of its operations and as a result of its systematic occupational health and safety initiatives, occupational diseases or workplace accidents are not experienced at Akbank. Total absenteeism (lost days) of 5,869 employees who received sick leave with official health reports amounted to 57,774 calendar days in 2017.

Average sick leave per person, calculated by dividing this figure by the average number of employees, is 4.2 days per year. This ratio was 3.8 days in 2016 and 3.7 days in 2015.

OCCUPATIONAL HEALTH AND SAFETY COUNCILS OPEN TO EMPLOYEE PARTICIPATION

Complying meticulously with occupational health and safety laws and regulations, Akbank formed an Occupational Health and Safety Council, at the Head Office and at the Banking Center. The council meetings are held quarterly and attended by the Employer Liaison, Occupational Safety Specialist, Workplace Physician, HR/Social Affairs Liaison, and Employee Representative.

CAREER OPPORTUNITIES AT AKBANK

AKBANK ACADEMY CONTINUED ITS SUCCESSFUL OPERATIONS IN 2017. THE ACADEMY AIMS TO DEVELOP THE BEST PROFESSIONALS IN THE INDUSTRY AND TO TRANSFORM TRAINING INTO AN INVESTMENT TOOL FOR STAFF MEMBERS.



CONTINUOUS DEVELOPMENT AND TRAINING TO ACHIEVE COMMON GOALS

Akbank's training system, which has strategic significance for the Bank, supports the development of all employees and aims to increase motivation and work satisfaction. In full awareness of the fact that information is a significant asset and well-equipped human resources is a major competitive advantage, the Bank organizes training activities to contribute to the personal and professional development of its employees. Akbank designs its training courses in accordance with corporate goals and strategies, the needs of the sector, and areas of development that were identified based upon employee potential and preferences.

In line with the goal of moving Akbank forward into the future, the Bank's career management strategy is based on a multifaceted approach to ensure success. This approach underscores relationship management, quality, efficiency, and sustainability; offers recommendations to the business units and field operations under a proactive business model; embraces a customer focus rather than a product focus; and focuses on development sources.

AKBANK'S UNIVERSITY: AKBANK ACADEMY

Akbank Academy continued its successful operations in 2017. The Academy aims to develop the best professionals in the industry and to transform training into an investment tool for staff members. As part

of its activities in 2017, the Academy focused on employees' areas of development and continued efforts to increase the penetration of personalized and easily accessible training methods. The constantly accessible Akbank Training Catalog Platform has been established to make training suggestions according to individuals' competence. By actively encouraging participation in overseas and domestic summits, conferences and seminars, the Bank enabled employees to closely follow relevant developments wide world and in the banking industry. Under the Akbanker Get-togethers in 2017, Akbankers continued to come together with subject matter expert guests in numerous venues, including lunch seminars, Marketing Seminars, Experience Sharing, Academy TV, webinars, and spontaneous meetings. The events entailed a wide range of subjects, from technology, innovation and marketing to psychology, health and art. Further, Akbankers also shared their knowledge and experience in their own areas of expertise that is of interest to the Bank overall.

This academic organization created by Akbank helps employees successfully carry out their existing job functions while also preparing them for the position they are applying for. Management Trainees and Head Office and branch employees with "Assistant" designation in their job titles, who just joined the Bank without any prior experience in the banking industry, attend "Management Trainee" and "Core Banking" programs. Akbank managers, who are the leaders of today,

— CLASSROOM TRAINING IS ALSO SUPPORTED BY DISTANCE LEARNING TOOLS IN AKBANK ACADEMY'S TRAINING AND DEVELOPMENT PROGRAMS.

are supported via classroom training, one-to-one consulting and online applications in executive development training programs to groom the leaders of tomorrow.

Feedback from participants is of critical importance for the effectiveness and success of the training efforts. All feedback is submitted to Akbank Academy by way of online surveys. Survey results are significant in terms of evaluating and improving the content of the training, instructors and training environment. All questions, requests, suggestions and opinions regarding the training courses can be e-mailed to Akbank Academy at **akbank.akademi@akbank.com**.

Classroom training is also supported by distance learning tools in Akbank Academy's training and development programs. We administer orientation training through a combination of classroom based training and remote training for employees who just joined the Bank or were recently appointed to a new position. The Academy designs e-learning programs to accelerate the learning curve of trainees regarding new products and processes while also offering supplemental distance learning modules in a variety of technical subjects. Akbank Academy provides personal development-oriented classroom training programs such as customer-oriented service, phone communication, presentation techniques, negotiation strategies, innovation, creative thinking techniques, and managerial skills. The Academy also

employs both classroom training and distance learning tools for development programs that will help staff members adapt to working life while also benefiting them in their personal lives. Relevant topics covered include stress management, creative brain codes, analytical thinking techniques, persuasion and perception management, communication techniques and team building.

Pursuant to applicable laws and regulations, the Bank administers Occupational Health and Safety training for all employees, in both classroom and e-learning formats. In addition, the Bank conducts Basic First Aid and First Aid Refresher training programs. As of 2017, Akbank employees whose positions necessitate Private Pension System (PPS) and Insurance Training Center (SEGEM) licenses are required, as a prerequisite, to hold the related licenses in order to advance in their respective career paths. This new requirement was announced to the personnel.

It is critical for the Bank's future success that Akbank employees whose positions require professional certifications possess Capital Markets Board (CMB), Insurance Training Center (SEGEM), and Private Pension System (PPS) licenses, both to comply with the legal mandates and to support staff development. Akbank encourages broad participation in these exams. Akbank Academy supported the licensing exam preparation efforts of employees by administering classroom training, e-learning, practice

CAREER OPPORTUNITIES AT AKBANK

**AKBANK
ACADEMY
PORTAL IS A
PLATFORM
WITHIN AKBANK
CONTINUOUSLY
SUPPORTING THE
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PLANNING IN
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CAREER
PROGRESSION.**



tests, mobile applications and by making available question banks.

In 2017, some 942 employees were licensed out of the 1,245 staff members who took the PPS licensing training and exam; meanwhile, 439 employees were licensed out of the 1,282 who took the SEGEM certification exam during the year. Some 194 of the 2,454 personnel who took the Capital Markets Board (CMB) exam in 2017 obtained the license.

A total of 554,193 hours of training was administered in 2017, corresponding to an average of 6.64 days of training per employee.

WE'RE READY FOR THE FUTURE: AKBANK ACADEMY PORTAL

The Akbank Development Center portal was restructured with the motto "We're ready for the future:" Akbank Academy Portal is a platform within Akbank continuously supporting the development of the Bank's employees where they can manage their training planning in accordance with their career progression. Akbank employees can continue their development 24/7 at home or in the office via the Akbank Development Center, which contains all employee e-training modules and can be reached online at any time from any location. Employees can see their individual training calendar, request training, and get information on questionnaires, exam results, e-learning and training organizations via the portal. In 2016, the Akbank Academy mobile application was successfully implemented

while the development of various system infrastructures – such as gamification, social learning, digital catalog, and advanced Corporate TV – continued successfully during the year. In 2017, the Bank continued to enhance the infrastructure of the "Training Voyage" which will enable Akbank employees to keep track of the training they need in a single stream.

DIPLOMA SYSTEM: LIFELONG LEARNING

Some of Akbank's training is subject to the certification system, where employees attend specified training programs and take exams to be certified. Personnel who participate in such activities as homework, project presentation and online simulation in pursuit of a certification also move forward on their career development roadmaps. The certification system grooms well-equipped, competent, innovative, and high performing employees in terms of professional and managerial skills, striving to build a corporate culture that creates its own leaders.

As part of its certification training initiatives in 2017, Akbank focused on corporate strategies, industry developments and segment needs; administered programs that will support employees in pursuit of their career roadmaps; and integrated career principles with training. In addition, the Bank retooled the content and scope of its training for branch manager candidates, designed training programs specific to skills needed for leadership positions, and finalized the process of harmonization with existing career principles.

— AKBANK SUPPORTS ITS EMPLOYEES IN OBTAINING CERTIFICATIONS ESPECIALLY THOSE THAT ARE INTERNATIONALLY RECOGNISED IN THEIR AREAS OF SPECIALISATION.

Akbank continued systemic efforts to make the Bank’s current career certification process specific to the segment, person, and need; more compact; and easier to reach information without time and location limitations. The Bank also continued revising the content of its training modules. With the new projects initiated in 2017, the learning experience of employees will transform into a development journey. Employees will use online training learning to complement their technical training redesigned with new generation learning techniques, while practicing and enhancing these in classroom training, and improving their competence.

OTHER TRAINING OPPORTUNITIES FOR EMPLOYEES

Akbank supports its employees in obtaining certifications especially those that are internationally recognised in their areas of specialisation. Fees for such exams are covered by Akbank pursuant to certain criteria. The number of employees taking such exams in accordance with their specialization in 2017 was 130.

Some of the exams that the Bank supports include:

- Chartered Financial Analyst (CFA) exam held by the CFA Institute: Exam on treasury transactions
- Certified Internal Auditor (CIA) exam held by the CIA Institute and CMA (Certified Management Accountants) held by ICMA: Exams on internal audit

- Project Management Professional - PMP exam held by the Project Management Institute (PMI), which awards the most widely accepted certificate on project management
- Certified Documentary Credit Specialist (CDCS) exam held by the ICC National Committee of Turkey, which offers the opportunity of earning the internationally accepted title of Certified Letter of Credit Specialist
- Certified Information Security Manager (CISM) Information technologies security management exam held by ISACA (Information Systems Audit and Control Association)
- Software Testing Expertise Certification exam coordinated by the Turkish Testing Board - representative of International Software Testing Qualifications Board (ISTQB) in Turkey

In addition, every year a certain number of Akbank employees are selected as future leaders due to their high performance and potential. They get the opportunity to attend the Sabancı University Executive MBA program with full scholarship. Since 2001, 101 employees have participated in this program. Six employees benefited from this opportunity during the 2017-2018 academic year.

In line with their roles and responsibilities, some staff members attended summits, conferences and seminars both in Turkey and abroad. Some 146 employees were sent to overseas seminars/conferences/training while 641 personnel attended seminars/conferences/training in Turkey.

BANK OF INSTRUCTORS

ACTIVE EMPLOYEES WHO ARE SPECIALISTS IN THEIR FIELDS AND WHO POSSESS THE SKILLS TO TEACH CAN BECOME INTERNAL INSTRUCTORS.



RETIRED AND INTERNAL INSTRUCTOR PRACTICE

Know-how and experience of retired Akbank employees are highly valuable for the Bank. Successful Akbank retirees who possess the skills and interest in carrying out training are hired as instructors in return for a fee. In particular, almost all of the Core Banking training classes for new recruits are administered by retiree instructors.

Similarly, active employees who are specialists in their field and who possess the skills to teach can become internal instructors. To become an instructor, one should comply with certain criteria and successfully complete the Training of the Instructor Program. Internal instructors are paid an hourly fee for their teaching load in addition to the salaries they receive for their regular jobs.

ON-THE-JOB TRAININGS AND COACHING SYSTEM

As part of efforts to become a learning organization, on-the-job trainings focusing on sharing experiences comes to the forefront. Newly assigned Customer Relationship Managers are matched with high-performing and experienced Training Envoys to get on-the-job trainings structured in areas such as loan analysis, foreign trade, deposits and investment products. In addition, on-the-job trainings continue to be administered for Assistants and newly assigned Operations Managers. Participation in on-the-job trainings is tracked by registering them in the training system and the training results are computed.

There are training programs and professional coaching practices designed to help Heads of Department and Managers at Akbank headquarters, regional directors and regional sales managers with expertise in Consumer, Commercial and SME Banking to improve competence in technical banking, sales and management. Through such trainings, managers can coach their teams in an effective and target-oriented way.

The Bank administers a one-on-one coaching program for branch managers who are newly assigned to the position of a hybrid commercial branch manager covering various subjects – including branch analysis, planning, implementation, and staff management – to accelerate adaptation to the new job.

The Mentoring Program that Akbank carries out for management trainees is aimed at completing their orientation of new graduate employees to the organization as soon as possible and having them embrace the experience, know-how and corporate culture within the Bank.

Employees enlisted in the program are supported by their mentors in a wide variety of ways, from personal development to career advancement, while the mentors hone their management and leadership skills.

— AKBANK ORGANIZES INTERNAL CLASSROOM TRAINING SESSIONS AND E-LEARNING APPLICATIONS ON TECHNICAL ISSUES AS WELL AS ON ACTIONS TO BE TAKEN AND THOSE TO BE AVOIDED.

ANTI-CORRUPTION TRAINING

The banking sector faces corruption risks due to its global size and the magnitude of monetary transactions. It has been determined that corruption can be prevented to a great extent by control systems and training. Armed with this awareness, Akbank organizes internal classroom training sessions and e-learning applications on technical issues as well as on actions to be taken and those to be avoided.

The content of these training programs is determined in accordance with the needs of the target audience. The majority of the anti-corruption trainings are for the employees working in Akbank branches, but all employees also attend training on the Code of Ethics and Information Security. International Sanctions/ Combating Proceeds of Crime training was conducted to related Head Office and branch personnel in a classroom training format. Call Center agents receive classroom-based Combating Proceeds of Crime training.

Akbank continuously reviews and reevaluates the topics and contents of its anti-corruption training programs based on developments and needs in this area. Critical training such as risky teller transactions, document protection, detection and prevention of fraud, operational risk, and security awareness are administered

to the appropriate audience by assignment. Akbank continuously tracks the level of participation in training activities and undertakes efforts to boost attendance.

INTERNAL COMMUNICATION AND ACTIVITIES AT AKBANK

The Bank carries out intra-company communication activities and organizes events through various channels in order to facilitate communication between employees at every level, foster team spirit, strengthen employee motivation and engagement, and share the management’s objectives and strategies.

Akbank’s intra-company communication and events are guided by the following goals:

- Creating an effective communication synergy and communicating this synergy at the right time and through the right channels; while encouraging employees to use the right communication channel,
- Making employees feel the brand spirit and turning them into agents of the brand, and conveying the corporate culture with the right messages,
- Ensuring the continuity of supporting organizations and practices geared toward solidifying team spirit.

BANK OF INSTRUCTORS

AKBANK INTRANET WAS TRANSFORMED INTO A PLATFORM WITH MORE INTERACTIVE SECTIONS.



EFFECTIVE INTRA-COMPANY COMMUNICATION CHANNELS

Akbank's intra-company communication initiatives are aimed at informing employees about the Bank's goals and strategies and encouraging them to operate with a customer-centric approach. The most frequently used internal communication channels are the corporate portal, corporate TV, e-mailing, quarterly performance live meetings, breakfast meetings with the CEO, and directors meetings. As a result of the changes implemented at the end of 2012, employees can also be reached outside of business hours via the interactive platforms on the intranet as well as the corporate TV, which is also available to customers. Special discount campaigns and events organized exclusively for the Akbank family are communicated to employees via e-mail and posted on the intranet and mobile application.

BREAKFAST WITH THE CEO

Once a month, Akbank employees from various segments and units attend a breakfast meeting with Akbank's CEO. At the breakfast gathering attended by high-performing employees of the year, employees share their opinions and suggestions on the industry with the CEO and convey the topics on which they need more support.

PERMANENT LEADERSHIP MESSAGES FROM SENIOR MANAGEMENT VIA LIVE BROADCAST

Live broadcast sessions are organized in order to establish closer and more regular communication between senior management and employees, either face-to-face or through other communication tools as well as to reach the teams in branches. This common ground keeps the internal synergy dynamic and reinforces mutual communication and increases employee motivation to achieve common targets. Every three months, Akbank's CEO shares the quarterly performance evaluation messages live via computer screens with all employees. Before the broadcast, questions of employees are collected and the CEO answers these questions live in person.

AKBANK BIZBIZE: THE MAIN INTRA-COMPANY COMMUNICATION CHANNEL

Akbank employs an internal intranet system in order to ensure effective and easy access to information by employees and to reinforce communication. The improvements put in place in 2016 transformed Akbank Intranet into a platform with more interactive sections. The aim of the renewal was to allow internal and external information transfer; increase operational efficiency in all processes thanks to state-of-the-art technologies; create a common platform for information; and to ensure easy access to information and consolidation.

The Akbank BizBize mobile application enables employees to access the latest news about the Bank, major applications on the intranet, and Akbank Academy training modules via their personal mobile phones.

INTRA-COMPANY SOCIAL NETWORKS, “FOR US” AND “CONGRATULATIONS AKBANKER” AREAS

The intra-company social networks of Akbank Between Us was restructured as an interactive platform where employees share their opinions, ideas and knowledge. It has been transformed into a major channel that strengthens intra-company communications. Similarly, the “Award Winning Akbanker” and “For Us” platforms were upgraded to enhance the interaction between personnel.

Content Examples from “For Us”:

- Social activities attended by employees,
- Albums from which employees can download photos from the social events they attended,
- Volunteering activities,
- Special offers for Akbank employees from companies in various industries,
- Interactive pages of social clubs,
- Bulletin boards on which employees put various items and property on sale.

MECHANISMS FOR EXPRESSING EMPLOYEE OPINIONS AND SUGGESTIONS

There are various mechanisms for employees to express their opinions and suggestions to senior management. In addition to the New Generation Akbank Messages from the Senior Management via Live Broadcast practices, employees convey their expectations, opinions and suggestions to senior management through the annual Employee Satisfaction Survey.

Employees can also share their suggestions about business processes through the Suggestion system on the corporate portal. In addition, the Ethics Line is a tool that enables employees to express issues which they believe should be resolved within their departments but cannot share with their direct managers; and to provide support and advice to employees in such circumstances when necessary.

COMPANY EVENTS REINFORCING EMPLOYEE ENGAGEMENT

Akbank organized social events in order to improve motivation, reinforce team spirit, and strengthen internal communications. Akbank sees employee engagement and loyalty as a central element of the Bank’s sustainability and key to setting business continuity and attaining its long-term goals. The Bank carried out special efforts to

raise employee engagement and boost motivation on performance. Closely monitoring the needs and expectations of personnel via its effective internal communication channels, Akbank also conducts an Employee Engagement Survey annually. The survey is performed by an independent research company on a confidential basis. In addition, the Bank launched “Pulse Questionnaire” in order to broaden the dialogue with employees and provide continuous communication and feedback. Both of these studies are conducted by an independent research company, in line with the principle of research confidentiality. Necessary improvement and development initiatives are carried out based on the survey results.

Armed with the knowledge of the close relationship between happy employees and high corporate performance, Akbank believes in bolstering loyalty through awareness of the staff’s feelings, opinions, and expectations, their priorities related to human resources and management policies, and their areas of satisfaction and dissatisfaction.



**Our Operations and
the Environment**

OUR ENVIRONMENTAL POLICY AND COMMITMENTS

— A LARGE-SCALE STUDY WAS CARRIED OUT TO CALCULATE CONSUMPTION OF ELECTRICITY AND HEATING FUEL USED AT BUILDINGS OPERATED BY AKBANK IN ORDER TO ESTABLISH AN ENERGY MANAGEMENT SYSTEM.

Setting environmental sustainability activities as a priority, Akbank identified energy consumption, greenhouse gas emissions, paper use, and disposal of technological waste as its priority environmental topics.

With the aim of actualizing its environmental policy, Akbank has adopted the following commitments:

- Taking necessary steps to fully comply with environmental laws and regulations,
- Contributing to the protection of natural resources by using energy, water and paper economically,
- Carrying out tasks to reduce the amount of waste produced in business processes as much as possible, and to rationally recycle the wastes in case waste reduction is not possible,
- Covering the environmental sustainability issues in the training programs provided for our employees in order to reduce the environmental impacts of activities of our Bank,
- Reducing customers' and employees' carbon emissions as a result of the Bank's technological services and Digital Banking products,
- Supporting education and awareness projects that will increase environmental awareness in society and among young persons in particular,
- With international collaborations, supporting transparency policies that will help reduce greenhouse gas emissions of our Bank and corporate stakeholders.

EFFECTIVE NATURAL RESOURCE CONSUMPTION STRATEGY

Adopting an active stance in the struggle against global climate change, Akbank implements efficient projects to reduce the carbon emissions from its activities to a minimum. Since 2009, the Bank has supported the Carbon Transparency Project that was actualized by the Sabancı University Corporate Governance Forum. Akbank is one of the first private enterprises in Turkey that has committed to implement climate change strategies and greenhouse gas emission reporting in compliance with international standards.

SUSTAINABILITY-ORIENTED ENERGY CONSERVATION PRACTICES

DIRECT AND INDIRECT ENERGY CONSUMPTION INDICATORS

In 2010, a wide scale project was executed to create an energy management system and to calculate fuel consumption for electricity and heating purposes in the buildings where Akbank carries out its activities. Under this project, consumption figures of all buildings including branches, were collected in a database.

Akbank Banking Center, a high-tech complex located in Şekerpınar, commenced operation in 2010; some of the Bank's buildings previously located in Istanbul moved to the Akbank Banking Center in 2010 and 2011.



OUR ENVIRONMENTAL POLICY AND COMMITMENTS

IN DUE CONSIDERATION OF ENERGY EFFICIENCY CRITERIA, AKBANK UNDERTOOK TECHNOLOGICAL INVESTMENTS IN LINE WITH ITS GOAL OF MEETING CUSTOMER NEEDS AND EXPECTATIONS.

MEASUREMENT AND EVALUATION COMPLIANT WITH SCIENTIFIC PRINCIPLES

Energy figures collected and reported at international standards within Akbank are divided into two main groups. The first is direct consumption of energy obtained from different sources (of energy) in our Bank. In this group, the main component is natural gas used for heating purposes. Natural

gas is used as the main fuel at the Akbank Sabancı Center, ABC and in most of the other Akbank centers and branches.

In addition, diesel, butane (LPG), coke (coal) and fuel oil are also used in Akbank branches. The second is electricity purchased by our Bank as indirect energy.

Direct and indirect energy consumption figures are as follows:

Fuel Consumption (Gigajoules/year)	2015*	2016	2017
Akbank Sabancı Center	8,082	7,911	8,588
ABC and Other Centers*	22,412	21,884	25,823
Region Offices and Branches (All Fuels)	92,012	83,648	97,732
Total**	122,506	113,443	132,143

* Other centers: Zincirlikuyu and Silivri service buildings.

** Still being calculated as the date of reporting.

Electricity Consumption (Gigajoules/year)	2015	2016	2017
Akbank Sabancı Center	64,854	57,781	55,560
ABC and Other Centers*	63,243	63,889	61,110
Region Offices and Branches (All Fuels)	196,319	173,978	173.160
Total	324,416	295,648	283.825

* Other centers: Zincirlikuyu and Silivri service buildings.

In due consideration of energy efficiency criteria, Akbank undertook technological investments in line with its goal of meeting customer needs and expectations.

ENERGY EFFICIENCY INITIATIVES

On one hand, Akbank aims to use energy more economically and to engage in practices that enable energy efficiency in line with the target of reducing the amount of energy required in its operations. On the other hand, the Bank continues its activities for raising awareness among its employees.

**— VIDEO
CONFERENCE AND
TELEPRESENCE
DEVICES ENABLE OUR
STAFF TO CONDUCT
MEETINGS WITH
THEIR CONTACTS IN
AND OUTSIDE THE
COUNTRY WITHOUT
HAVING TO TRAVEL.**

**ENERGY EFFICIENCY
APPLICATIONS
IN INFORMATION
TECHNOLOGY
INFRASTRUCTURE**

Aiming to keep the energy consumption increase below the growth rate of device needs in the Bank’s data centers, Akbank opts for lower energy consuming products in all new system purchases. To this end, the Bank began to decommission systems more than five years old and replace them with more energy efficient devices. Operations for a new data center project continues. The design entails the use of “free cooling” technology for energy efficiency to ensure a more energy efficient new data center. The new data center was also designed to comply with LEED (Leadership in Energy and Environmental Design) certification.

**FUEL SAVINGS WITH
VIDEOCONFERENCE AND
TELEPRESENCE**

Videoconference and telepresence devices enable our staff to conduct meetings with their contacts in and outside the country without having to travel. At our Bank, such systems are increasingly being used and installed.

In meetings held via these systems, not only visual communication but also mutual document and presentation transfer is also possible. This allows for reductions in fuel consumption and resulting greenhouse gas emissions due to business travels; we also save work time that otherwise would be spent commuting.

**FUEL SAVINGS IN
CASH OPERATIONS**

The Akbank Cash Operations Unit, which offers cash and cash value transfer to nearly 5,600 service points across Turkey, began to benefit from the latest advances in geographical positioning technologies. Thanks to efficient route planning, our teams traveled 8.2 km and consumed 0.9 liters of fuel per transaction in 2017, down from 10.2 km and 1 liter of fuel per transaction in 2010. This led to a 19.6% decline in miles traveled and 10% less fuel consumption compared to the previous year – large efficiency gains.

Description	2015	2016	2017
Kilometers Consumed Per Unit Work	7.9	7.8	8.2
Fuel Consumed Per Unit Work	0.9	0.9	0.9

OUR ENVIRONMENTAL POLICY AND COMMITMENTS

AKBANK’S AIM IS TO GRADUALLY REDUCE ITS CARBON FOOTPRINT CALCULATED ON THE BASIS OF INTERNATIONAL STANDARDS.

AKBANK’S CARBON FOOTPRINT

The fuel and electricity (purchased from the third parties) used in our activities, cause greenhouse gas emissions that trigger global climate change. Moreover, fuel used in personnel shuttles and company cars allocated to senior managers also leads to greenhouse gas emissions.

Akbank’s goal is to integrate energy efficiency-centered technologies to its business processes to minimize carbon emissions arising from its

operations. The carbon footprint of our Bank is regularly calculated every year to monitor the outcomes of the measures taken. Akbank’s target is to gradually reduce its carbon footprint calculated (based on the sources of the consumed energy) at international standards.

CARBON EMISSIONS BY PRIMARY ENERGY SOURCE

CO₂-equivalent carbon emissions caused by fuels used for heating purposes in our Bank are given in the table below:

Carbon Emissions Caused by the Use of Primary Energy (tons CO₂-e/year)	2015	2016	2017
Akbank Sabancı Center	564	552	445
ABC and Other Centers*	1,563	1,527	1,338
Region Offices and Branches** (All Fuels)	6,481	6,003	5,733
Total	8,608	8,082	7,515

* Other centers: Zincirlikuyu and Silivri service buildings.

** Calculations continue as of the date of reporting.

Our Bank continues its activities for raising awareness among its employees with efforts for reducing emissions, and increasing energy efficiency and conservation.

— PERSONNEL SERVICE BUSES ARE USED FOR MASS TRANSPORTATION OF EMPLOYEES WORKING AT THE SABANCI CENTER AND GEBZE AKBANK BANKING CENTER, WHERE OUR HEAD OFFICE UNITS OPERATE.

CARBON EMISSIONS CAUSED BY ELECTRICITY CONSUMPTION

CO₂-equivalent carbon emissions caused by electricity consumption are given in the table below:

Carbon Emission Caused by Electricity Consumption (tons CO ₂ -e/year)	2015	2016	2017
Akbank Sabancı Center	8,503	7,575	7,284
ABC and Other Centers*	8,292	8,377	8,012
Region Offices, Branches and ATM/BTMs	25,739	22,809	20,819
Total	42,534	38,761	36,115

* Other centers: Zincirlikuyu and Silivri service buildings.

MANAGEMENT OF ENVIRONMENTAL IMPACT OF PERSONNEL TRANSPORTATION

Personnel service buses are used for mass transportation of employees working at the Sabancı Center and Gebze Akbank Banking Center, where our Head Office units operate. In addition, senior management commutes by private vehicles. CO₂-equivalent carbon emissions generated by fuels used in transportation are available in the table below:

Carbon Emissions Caused by Personnel Transportation (tons CO ₂ -e/year)	2015	2016	2017
Number of personnel using shuttles	4,175	4,555	4,668
Distance (thousand km)	9,589	11,288	9,382
Total tons of CO₂-e	3,853	4,515	3,753

A significant proportion of our employees commute to work by service buses. The resulting 3,753 tons of CO₂-equivalent carbon emission in 2017 would increase significantly due to individual commutes. Therefore, by providing employees with service buses, Akbank achieves an important level of savings in carbon emissions.

OUR ENVIRONMENTAL POLICY AND COMMITMENTS

TECHNOLOGY-FOCUSED INVESTMENTS CONTINUED WITH SUCCESS IN 2017 TO KEEP PAPER USAGE AT THE OPTIMUM LEVEL AT THE BANK.

DIGITAL SOLUTIONS FOR SAVING PAPER

While the applications that had been implemented for Akbank branches and ATMs to use paper more efficiently continued, applications such as Credit Card e-statement and Contracted Merchant e-statements, which saved significant amounts of paper, were widespread through various campaigns. Akbank, the first Turkish deposit bank to publish a Sustainability Report in accordance with GRI standards, defines its sustainability strategy as: "Ensuring economic growth and raising the standard of living while protecting the environment and the quality of life of the society." Designing digital processes and solutions in line with its efficient natural resource consumption strategies, the Bank keeps paper usage to a minimum by promoting the use of Digital Channels among customers. In line with its strategy of minimizing paper consumption, documents that were printed in previous years and stored in physical archives are recycled each year at the end of their legal document retention periods.

9.5% SAVINGS IN PRINTER PAPER CONSUMPTION

The Laser Printer Management Application, which Akbank started to use by 2015, reduced paper consumption in 9.5% by adjusting employee printer settings to double-sided printing.

OPERATIONAL STRATEGIC ROADMAP PROGRAM

Guided by its Operational Strategic Roadmap Akbank has redesigned all its business processes in light of a paperless work model. For this purpose, three different projects, - "Paperless Operation", "Paperless Head Office" and "Paperless Field" - were continued in 2017 and significant progress was made in this field. In the upcoming period, too, Akbank aims to carry out effective studies in line with its targets of effective use of technology and efficient operations.

DIGITAL CONSTITUTION BASED ON "PAPERLESS" BUSINESS PROCESSES

The "Digital Constitution," scheduled for launch by Akbank in 2016, defines the goal of "paperless" as follows: The Bank uses paper internally and externally only to the extent that regulations require it. All other notifications, presentations, reports, documents, statements, posts, and storage are handled digitally.

— DOCUMENTS THAT HAVE COMPLETED THEIR LEGAL PRESERVATION PERIODS AT THE ARCHIVES CENTER ARE SENT TO A CONTRACTED PAPER COMPANY FOR SECURE DISPOSAL EACH YEAR.

PAPER RECYCLING PRACTICES

In addition to paper conservation, Akbank is engaged in paper recycling and continues to reduce its environmental footprint steadily. Besides saving paper, we aim to reduce our environmental footprint by recycling paper wastes. At Kınalı Archives Center, where all branch and Head Office archives are kept, 934 tons of paper were disposed and recycled in 2017 after the legal preservation period ended.

Documents that have completed their legal preservation periods at the Archives Center are sent to a contracted paper company for secure disposal each year. The company applies chemical processes on the slit and baled paper to make pulp and this pulp is used to reproduce paper.

Our branches dispose of their own archived documents or send them to the Archives Center for disposal. In addition to the paper sent to be recycled by the Archives Center, in branches

some valuable papers are slit and regular paper is used on both sides when possible. Then, these are collected in recycling boxes provided by municipalities and non-governmental organizations such as TEMA (Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats) to be recycled later on.

WATER USE AND CONSERVATION

EFFECTIVE NATURAL RESOURCE CONSUMPTION STRATEGY

Akbank shapes all its activities in light of its strategy of the effective consumption of natural re-sources The Bank's bulk water consumption includes employees' water usage, cleaning activities, and irrigation of green space. Akbank has limited water consumption compared to manufacturing companies. Our water use does not have significant impact on a specific water source.

Water Consumption (m ³ /year)	2015	2016	2017
Akbank Sabancı Center	30,996	28,024	29,864
ABM and Other Centers*	115,493	76,495	82,188
Total	146,489	104,519	112,052

* Other Centers: Zincirlikuyu and Silivri service buildings.

OUR ENVIRONMENTAL POLICY AND COMMITMENTS

ALL EMPTY CARTRIDGES, INCLUDING THOSE FROM AKBANK BRANCHES, ARE SHIPPED TO A COMPANY THAT RECYCLES ELECTRONIC WASTE.



OPTIMUM WATER USAGE PRACTICES

With the aim of achieving water savings, depressurizing systems and aerators that mix water with air are used in the taps at our branches, the Akbank Head Office (HO) and the Akbank Banking Center (ABC). In addition, in the HO and ABC, photocell taps are used in WCs where water is used in great amounts, in order to achieve water savings.

RECYCLING-ORIENTED WASTE MANAGEMENT POLICY

Akbank uses a great number and variety of electric and electronic devices due to the nature of banking operations, which require electronic means in a number of transactions. These devices contain not only valuable metals that should be brought back to the economy, but also environmentally harmful materials. Therefore, we have several measures to ensure recovery of devices that have gone out of use within the economy or to reduce potential environmental impact.

In our main buildings, we sort and collect wastes to deliver them to recycling companies. For instance, used paper, plastics, glass and metals are collected in separate boxes and sent to recycling. In addition, oil

retainers are placed between the wastewater line and the city sewer lines in the kitchens to collect waste oils. These waste oils are sent to oil recovery stations to be recycled. When floor coverings in buildings need to be replaced, we take the environmental performance of carpets and other floor coverings into consideration.

RECYCLING TONER CARTRIDGES

Empty toner cartridges of printers have negative impacts on the environment if they are not disposed of properly. In order to minimize this effect, a recycling project was initiated in August 2010 to recycle the empty toner cartridges from the printers used at the Bank. From this date onwards, all empty cartridges, including those from Akbank branches, are shipped to a company that recycles electronic waste. Employees who order new cartridges see a warning on their computer screens to send the empty cartridges to a recovery company. This recovery company uses the recycled cartridges as fuel for energy generation. In 2017, a total of 933 empty toner cartridges were collected from the Head Office and Akbank Banking Center and sent to the said recycling company.

— IN 2017, A TOTAL OF 933 EMPTY TONER CARTRIDGES WERE COLLECTED FROM THE HEAD OFFICE AND AKBANK BANKING CENTER AND SENT TO THE SAID RECYCLING COMPANY.

Electronic devices that are no longer appropriate for use according to Akbank's standards are sold to companies in Turkey, as scrap or second-hand products for recovery of the metals and electronic parts. In addition, some of these devices are donated as per the requests made to the Bank.

TECHNOLOGICAL WASTES ARE RECYCLED BACK TO THE ECONOMY

Electronic devices that are no longer appropriate for use according to Akbank's standards are sold to companies in Turkey, as scrap or second-hand products for recovery of the metals and electronic parts. In addition, some of these devices are donated as per the requests made to the Bank.

Type	2015		2016		2017	
	Salvage Auctions	Disposal	Salvage Auctions	Disposal	Salvage Auctions	Disposal
PC	8,958	49	45	253	3,983	367
Monitor	2,201	42	166	253	454	367
Passbook Printer	496	-	281	-	254	-
Dot Matrix Printer	127	-	288	-	1,037	-
Laser Printer	359	1	469	4	154	-
POS Equipment	74,133	-	16,303	-	12,941	-
ATM	430	-	337	-	510	-
	86,704	92	17,889	510	19,333	734



**Our Community
Investment**

CULTURE AND ART

— AKBANK ART CENTER ORGANIZED OVER 1,000 EVENTS THROUGHOUT 2017 IN VARIOUS AREAS OF THE ARTS – INCLUDING EXHIBITIONS, CONCERTS, THEATRICAL PLAYS AND DANCE PERFORMANCES – SENDING RIPPLES ACROSS THE NATIONAL AND INTERNATIONAL ARTS COMMUNITIES.

AKBANK SANAT

Celebrating its 24th anniversary in 2017, Akbank Art Center was established in 1993 to brand the innovative and visionary identity Akbank pursues in the arts. Playing a leading role in developing contemporary arts in Turkey and bringing artworks to vast numbers of the population across all social strata, Akbank Art Center ranks among the pioneering contemporary arts institutions in the country. The Center organized over 1,000 events throughout 2017 in various areas of the arts – including exhibitions, concerts, theatrical plays and dance performances – sending ripples across the national and international arts communities.

In joint exhibitions that brought together widely renowned names of the domestic and international art worlds, Akbank Art Center presented select examples of contemporary works to arts enthusiasts. Hosting at least four exhibitions each year, the Center is one of the focal points of modern art in Turkey. Akbank Art Center successfully executes its mission by providing the opportunity for young artists to hold exhibitions through the Akbank Contemporary Artists Award initiative. In 2017, the Center hosted such exhibitions as “Non-Places,” “Akbank Today’s Artists Award,” “Find Me” and “Black Noise.”

Akbank Art Center organizes mini festivals such as “World Music Days” and “Jazz Days” where master musicians took part; in addition, it hosts modern dance performances that feature internationally-renowned dance masters as part of the Dance Studio. Akbank Art Center also holds events in many provinces of Turkey, led by Akbank Jazz Festival and including Akbank Children’s Theatre and Akbank Short Film Festival.

AKBANK CHILDREN’S THEATRE

Akbank Children’s Theatre, which celebrated its 45th anniversary in 2017, has contributed significantly to younger generations’ interest in theater since its inception. After performing the play “Around the World in 80 Days” for the last time in May, Akbank Children’s Theatre started in October 2017 to stage “Gorilla”, written by Anthony Browne and adapted to theater by Rachel Barnett, in collaboration with London Polka Theatre. The play met with immense interest and appreciation.



CULTURE AND ART

THE 27TH AKBANK JAZZ FESTIVAL, WHICH TOOK PLACE BETWEEN NOVEMBER 3-19, WAS HOST TO 53 CONCERTS, THREE TALKS AND 15 WORKSHOPS IN 36 VENUES.



AKBANK JAZZ FESTIVAL

One of Turkey's longest-running festivals and one of the most important demonstrations of Akbank's commitment to creating lasting values and ensuring the sustainability of these values, Akbank Jazz Festival celebrated its 27th anniversary in 2017. Thanks to the high-quality lineup of artists and groups it features, the Festival has become a widely anticipated event not just in Turkey, but also on the international stage.

The 27th Akbank Jazz Festival, which took place between November 3-19, was host to 53 concerts, three talks and 15 workshops in 36 venues. The Jazz at the Campus concert amounted to a veritable "Festival Within the Festival" in 2017: Jehan Barbur, one of the top names in contemporary Turkish jazz performed in concert for university students and other guests from November 20 - December 1 in the cities of Muğla, İzmir, Eskişehir, Bolu, Adana, Mersin, Kayseri and Ankara.

In addition to the distinguished works from American and European jazz, the Festival's program featured a wide variety of audio experiences for audiences, from classic jazz and avant-garde tones to world music and the limits of electronic. Panels, talks, and workshops complemented concerts for a content rich, multi-faceted program experience.

AKBANK SHORT FILM FESTIVAL

Akbank Short Film Festival, launched in 2004 as a prominent platform for short films in Turkey that strives to support new ideas and contributes to short film culture, has presented many renowned directors to cinema enthusiasts during these years. Films that made their way into the Festival's program and won prizes were also commended and recognized with awards on the international stage, demonstrating once again that the Festival is on the right track.

Having carved out a special place for itself in the Turkish movie industry and becoming indispensable for young film producers in particular, the Festival appeals to all movie lovers with its workshops and panels in addition to the film screenings. The Festival, whose 13th edition was held between March 13-23, featured important films from world festivals, workshops and talks as well as the films participating in the competition. During the Festival, the audience had the chance to enjoy a total of 1,055 short films from 52 countries.

— THE AKBANK JAZZ FESTIVAL INCLUDED SECTIONS SUCH AS JAZZ AT HIGH SCHOOLS, CHILDREN’S WORKSHOPS, AND JAZZ AT THE CAMPUS IN 2017.

“YOUTH” ORIENTED CULTURE & ART EVENTS

The Akbank Jazz Festival included sections such as Jazz at High Schools, Children’s Workshops, and Jazz at the Campus in 2017. Under 13rd the Akbank Short Film Festival, award-winning shorts were screened at 42 universities in 21 provinces from Edirne to Van, from Zonguldak to Mersin between the dates March 27 and May 11.

MAP OF CONTEMPORARY ART

As another activity of Akbank Art Center, the Akbank Map of Contemporary Art continues to reach Turkish and foreign art-enthusiasts in print form and on the Internet with the aim of reflecting the artistic life in Istanbul in the best way possible in 2016. The Map was printed five times in 2016 with a total volume of 100,000 and reached more people especially during fair and biennial periods.

CONTEMPORARY ISTANBUL

The most encompassing modern and contemporary arts event ever organized in Turkey, Contemporary Istanbul showcases Turkey’s cultural and artistic life to the world. Sponsoring Contemporary Istanbul since 2007, Akbank supports Turkey’s most important contemporary art fair. In addition to the fair event, Contemporary Istanbul also features many complementary activities and art projects, from panel discussions to exhibitions.

In 2017, 73 art galleries and 588 artists from 20 countries participated in Contemporary Istanbul, which welcomed over 80,000 art lovers. As part of the fair this year, the “Fifth Element Sculpture Exhibition” curated by Hasan Bülent Kahraman was inaugurated at Maçka Artists’ Park. The Plugin Section hosted 15 new media artists while 22 speakers participated in CI Dialogues. In its 12th year, Contemporary Istanbul’s CI Publishing House published its first title, “Collectors’ Stories” featuring 120 works from 60 major contemporary art collections. The works of Ozan Türkkan were exhibited at Akbank Sanat’s booth, curated by Hasan Bülent Kahraman.

EDUCATION

**AKBANK'S
PROJECT
ENTITLED
"CHILDREN,
HEROES OF THE
ECONOMY"
REACHED OUT TO
90 THOUSAND
CHILDREN AS
OF END-2017
THROUGH
VARIOUS
ACTIVITIES AND
THEATER PLAYS.**



**CENTER OF EXCELLENCE
IN FINANCE (CEF)**

CEF operates with the aim of bringing academics, finance industry professionals, and investors together and transforming core knowledge into applications that have real utility in today's world.

The Center continued to constitute a bridge between academia, the finance sector, policy makers and the real economy with its certification programs, seminars, and research reports throughout 2017. CEF played host to top names of the finance world. Professor Josh Lerner from Harvard Business School gave a seminar on "The Future of Risk Capital and Private Capital", and Professor Alex Edmans from London Business School lectured on "The Relationship Between Corporate Responsibility and Increase in Investment Return."

Professor Aswath Damodaran of University of New York considered "Number 1 in the World" in financial appraisal, gave a two-day training at CEF. In total, 546 professionals, 78 high school students and 224 university students participated in the certification programs delivered by top academics in the field and received participation certificates from Sabancı University.

**AKBANK "JUNIOR
SAVERS" PROJECT**

Akbank actively supports initiatives to improve financial literacy and encourage savings. As part of this effort, Akbank launched the Akbank Junior Savers Project in 2012. Aimed to reach out to children at the age they begin forming lasting habits, the program featured special project materials, including a website prepared exclusively for this initiative, a board game played with children as part of classroom learning activities, a savings poster, and certificates of completion.

At the end of the classroom activities organized by Akbank Volunteers, students were presented the Akbank Ladybug Penny Bank dubbed "Kumbirik" in 2017. Children enjoyed very much the chance to save money with their favorite "Kumbirik."

Akbank's project entitled "Children, Heroes of the Economy" reached out to 90 thousand children as of end-2017 through various activities and theater plays. The penny banks called "Kumbirik" were distributed to children during classroom activities at schools and after theater plays, to help raise their awareness of saving money.

AKBANK THINKING CLUB

Akbank established the "Akbank Thinking Club" in September 2008 in order to provide a creative platform for young people and to think alongside them, the natural stakeholders of continuous development and innovation, and to create value for Turkey's future with them.

**— AKBANK'S
TOTAL DIRECT
CASH DONATIONS
TO SABANCI
UNIVERSITY SINCE
ITS ESTABLISHMENT
HAS REACHED USD
77.3 MILLION.**

“Akbank Thinking Club” will celebrate its 10th term in 2018.

The Club is open to applicants from all third year university students across Turkey. New participants of the Club design projects according to themes given to them every year. These project proposals are evaluated by a special jury consisting of academics, specialists and Akbank top managers. The Club member who comes up with the top project is awarded with a scholarship for Harvard University Summer School. Members of the Akbank Thinking Club developed projects on the theme “What does the Y-generation expect from a bank?” in 2016-2017. During its nine years, Akbank Thinking Club has accepted a total of 161 members and sent 30 of them to Harvard Summer School. Akbank Thinking Club successfully continues to provide young people, the innovative power of tomorrow and owners of Turkey's future, with an opportunity to expand and realize their potential down the road.

SABANCI UNIVERSITY

Sabancı University was founded with the mission of developing internationally competent and confident individuals enriched with the ability to reflect critically and independently, combined with a strong sense of social responsibility; and contributing to the development of science and technology on a global level, as well as disseminating the knowledge created to the benefit of the community. Akbank's total direct cash donations to Sabancı University since its establishment has reached USD


77.3 million. Dividend income earned by Sabancı University since 2005 from Akbank shares donated to the University at the time of its establishment amounts to USD 4.84 million as of 2017.

**AKBANK ACADEMY OF
FAMILY BUSINESSES**

In collaboration with Sabancı University Executive Development Unit (EDU), the Bank organized in 2017 the tenth edition of “Akbank Family Company Academy.” The program has been organized for Akbank customers as well as distributors/dealers, at the request of the industry's leading companies. Akbank Family Company Academy focuses on family companies which want to become institutionalized, keep abreast of recent developments through academic training, and hand over the management of the company to the new generation. Many topics were covered within the program, from strategic management to business development and innovation, from institutionalization to finance, from good management practices in companies to legal issues and human resources management. Training programs were delivered by EDU consultants who are experts and senior business managers each specialized in their fields as well as trainers from our program partners Deloitte Turkey and Pekin & Bayar Law Office. Visits were organized to Sabancı Holding companies and participants were given EDU certificates at the end of the training program.

ENTREPRENEURSHIP

DURING THE COURSE OF THE PROGRAM, 12 CASES WERE ANALYZED, 5,860 CASE VIDEOS WERE SHOWN, 124 ONLINE FORUMS WERE CONDUCTED, AND 9,733 ECOSYSTEM NETWORKING CONNECTIONS WERE ESTABLISHED TO DATE.



In 2017, Akbank continued to support efforts to spread the spirit of entrepreneurship in Turkey, train a greater number of entrepreneurs, and increase opportunities for them. Examples of such efforts are provided below.

COLLABORATION WITH ENDEAVOR

For 10 years, Akbank has jointly developed various financial and non-financial projects with Endeavor, an international non-governmental organization established to contribute to economic development by supporting active entrepreneurs in emerging markets. The Bank also provides financial support for entrepreneurs by offering a credit pool for active entrepreneurs selected by Endeavor Turkey.

CASECAMPUS PROGRAM

The CaseCampus Program, one of the programs included by Akbank in its entrepreneurship studies in 2016, came together with a much larger group of young entrepreneur candidates in Istanbul as well as Ankara, Izmir and Eskişehir in 2017. Adopting the slogan “Follow in the Footsteps of Entrepreneurs to Your Dreams,” CaseCampus was administered in two terms in 2017, spring and fall. The project provides an innovative education and training opportunity for participants by presenting the true stories of and dilemmas facing Turkey’s leading exemplary entrepreneurs, in light of the principle “No training can be as instructive as a case study.” The Program, which aims to create a fundamental

change in the Turkish startup ecosystem, graduated 75 talented entrepreneurs in the spring term. In the autumn term, the Program ventured out of Istanbul and reached out to 500 university students with one-day CaseCampus activities part of the roadshow passing through Ankara, Izmir and Eskişehir.

Under the CaseCampus Case Studies Program, the processes, challenges, successes and struggles experienced by entrepreneurs who have registered major accomplishments in the Turkish entrepreneurship ecosystem are shared with young entrepreneur candidates. All stories of entrepreneurs are presented on an online platform through published case studies and video presentations in a way that encourages learning-by-doing via live forum discussions as well as conferences that are held in Istanbul.

Nearly 5,000 applications were received for the CaseCampus Programs that have been organized to date; 305 of these candidates graduated from the Program. Some 64% of the graduates are men and 36% are women. Forty-seven percent of Program participants were from Istanbul, while the remaining 53% attended from a wide range of provinces in Turkey – including Adana, Ankara, Bursa, Eskişehir, Izmir, Kayseri, and Trabzon. The Program was attended by students from 75 different universities across Turkey. Program participants set up 45 start-ups, 30 of which were provided with mentorship. After the Program, 262 internships/jobs were opened.

**— THE AKBANK
ENTREPRENEUR
DEVELOPMENT
PROGRAM RECEIVED
MORE THAN 650
APPLICATIONS IN
2017.**

During the course of the Program, 12 cases were analyzed, 5,860 case videos were shown, 124 online forums were conducted, and 9,733 ecosystem networking have been established to date.

**SMARTSTARTUP CITIES
PROGRAM**

In order to expand beyond Istanbul its joint entrepreneurship efforts with Endeavor, Akbank launched the “Good Entrepreneurship Cities” project in Ankara and İzmir in 2016; the project’s scope was further extended in 2017. The project aimed at reaching active local entrepreneurs, supporting them, turning them into role models, and contributing to the development of city- and region-based entrepreneurship ecosystems. Summits were organized to form business partnership platforms with local entrepreneurship stakeholders. Entrepreneurs in the region have thus had the opportunity to access Endeavor’s entrepreneur selection process.

**AKBANK ENTREPRENEUR
DEVELOPMENT PROGRAM**

The Akbank Entrepreneur Development Program is one of the projects carried out by the Bank in order to support entrepreneurs. Akbank Entrepreneur Development Program, a training initiative launched in cooperation with Sabancı University Entrepreneurship Committee (SUGK) and Akbank to guide and support entrepreneurs who are just starting out, received more than 650 applications in 2017.

As part of the training effort that was organized for the 14th time this year, entrepreneurs engaged in various industries across Turkey graduated from the Program and received their certificates.

During the five-day training, which can be characterized as a mini MBA program, 50 SMEs that were admitted to the Program received knowledge transfer in a wide spectrum of topics. These subjects ranged from managing finances during an organization’s growth phase and drafting marketing and operations plans according to different business models, to raising capital and equity for financing needs and growing in domestic and overseas markets. In addition, Program participants attended office visits where they met with executives from well-known ventures, and famous entrepreneurs in various industries.

VOLUNTEERISM

VOLUNTEERS FROM THE BANK EXECUTE DIFFERENT PROJECTS EACH YEAR AS PART OF VOLUNTEERING INITIATIVES THAT SERVE MULTI-PURPOSES, SUCH AS CREATING SOCIAL SENSIBILITY AND AWARENESS.



AKBANK VOLUNTEERS

Akbank Volunteers is a platform where Akbank employees across the country – along with their families as well as Bank customers and business partners – undertake initiatives for social good as part of various volunteering projects. The leading actors of the volunteering system are the Volunteers of Akbank, which is located in every corner of Turkey. Akbank joins forces with the local community, non-governmental organizations and local governments in various regions, develops projects to address social problems, and works to be part of the solution. Volunteers from the Bank execute different projects each year as part of volunteering initiatives that serve multi-purposes, such as creating social sensibility and awareness. Akbank Volunteers always feel the power of Akbank – which has conducted corporate social responsibility projects in numerous areas, from education to culture and art since the day it was founded – on their side.

Akbank Volunteers attach great importance to Akbank's support as part of corporate social responsibility activities. Akbank employees from across Turkey and their families implemented projects in many different areas, such as disabled citizens, education, animal rights and support to the elderly, with the support of the Bank's customers and business partners.

Akbank has carried out Volunteer Work since 2012 and realized a large number of projects over the last six years.

As part of Akbank Volunteers' activities in 2017, nearly 300 active volunteers completed close to 100 projects, reaching out to 45 thousand people, mostly students. Akbank Volunteers realized the following projects in 2017:

- Stationery aid campaigns for schools in Urfa and Manisa,
- Winter clothing and coat donation to a school in Ardahan,
- Painting a school in Rize,
- Cloth donation campaign for needy families in Rize,
- Donation campaign for the toy and classroom equipment needs of a kindergarten in Artvin,
- Aid campaign for the stray animals in Fatih Forest,
- Book donation campaign for a school in Ağrı,
- Akbank's unused computers were checked and updated by the Bank's IT volunteers and then donated to 20 schools in 20 Anatolian provinces,
- Booth sales for non-governmental organizations

In 2017, Akbank Running Team participated in volunteer work, and 39 of its members collected approximately TL 92 thousand from 1,300 donors to cover the annual education fees of four children with autism. Akbank employees accounted for a large part of these donations. Akbank employees who could not participate in the run also supported the education of these children through donations from Akbank Running Team to Tohum Foundation for Autism.

URBAN PHILANTHROPY

Akbank Volunteers further extended the scope of their volunteer work with the project called “Şehrin İyi Hali,” or Urban Philanthropy. In this project, university students participated in public benefit activities organized across the country and then were invited as guests to the most popular concert held under the Akbank Jazz Festival. The Urban Philanthropy program for youth organizes volunteer activities with the participation of 1,000 university students and in collaboration with five NGOs, and further expanded its influence in 2017. In the third year of the project, a total of 1,000 university students participated in events organized for the benefit of society; afterwards, the participants attended the Bonobo concert, which took place at Akbank Jazz Festival.

Akbank Volunteers, which had been collaborating with Community Volunteers Foundation (TOG), Yedikule Animal Friends’ Association (YHDD), Clean Sea Association (TURMEPA) and “Hayat Sende” Association, brought the number of its partner NGOs up to five with the inclusion of the Association “Çorbada Tuzun Olsun.” As part of the Young Volunteers Project, young people became acquainted with these civil society organizations that operate in diverse areas, gaining in-depth understanding of the activities of these CSOs and taking their first steps in volunteering.

As part of the joint initiative of Akbank and various civil society organizations, 1,000 volunteering university students cleaned our shores, painted schools, helped homeless pets, and organized events for orphans under the protection of the state. Thirty social responsibility projects for public benefit were executed in Istanbul and 26 other provinces under this initiative.

CHARITABLE DONATIONS

Akbank customers can donate money from their demand deposit accounts and credit cards to a variety of associations and foundations that operate in Turkey on behalf of the public interest. Donors who are not Akbank customers can make cash donations at Akbank branches. Customers can donate funds for one-time only or with automatic payment orders to an association or foundation of their choice.

In 2017, customers’ donations amounting to TL 16 million, USD 17.7 thousand and Euro 60 thousand were transferred to the associations and foundations listed below. Akbank does not charge any fees for these donation payments.

ASSOCIATIONS AND FOUNDATIONS THAT RECEIVED DONATIONS FROM AKBANK CUSTOMERS IN 2017

Altı Nokta Körler Vakfı, Lösemili Çocuklar Vakfı (LÖSEV), Bir Dilek Tut, Darüşşafaka Cemiyeti, TSK Güçlendirme Vakfı, Türk Hava Kurumu, Türkiye Kanserle Savaş Vakfı, Türk Kanser Derneği, Türkiye Kızılay Derneği, TSK Mehmetçik Vakfı, Darülaceze Müessesesi, Tohum Otizm Vakfı, Türkiye Spastik Çocuklar Vakfı, Türkiye Kadın Girişimciler Derneği (KAGİDER), Özürlüler Vakfı, Özel Sporcular Spor Eğitim ve Rehabilitasyon Vakfı, Çocuk Böbrek Vakfı, Türkiye Omurilik Felçlileri Derneği, Türkiye Korunmaya Muhtaç Çocuklar Vakfı, Türkiye Multipl Skleroz Derneği, Türkiye Eğitim Gönüllüleri Vakfı, Türkiye Diyanet Vakfı, Zihinsel Yetersiz Çocukları Yetiştirme ve Koruma Vakfı, UNICEF Türkiye, Türk Eğitim Vakfı, TSK Eğitim Vakfı, Sabancı Üniversitesi, HAYTAP Hayvan Hakları Federasyonu

GRI CONTENT INDEX



This report presents Akbank’s efforts to develop its economic, social, environmental performance in the period of January 1-December 31 2017 and the results of these consistent efforts. This report is prepared in accordance with the “Comprehensive” option of GRI Standards. The following table is prepared to reach the reporting information easily.

GRI Indicator	Answer and Page Number
GRI 101: Foundation 2016	
(GRI 101 does not consist of indicators.)	
Organizational Profile	
GRI 102 General Disclosures 2016	
102-1	Akbank T.A.Ş.
102-2	About Akbank, p.16-24
102-3	About Akbank, p.16-24
102-4	About Akbank, p.16-24
102-5	About Akbank, p.16-24
102-6	About Akbank, p.16-24
102-7	About Akbank, p.16-24
102-8	Our Distinctive Employees, p.80-102
102-9	Commitment from Our Suppliers in Line with the Global Compact, p.31
102-10	There is no significant change in the reporting period.
102-11	Risk Management and Legal Compliance, p.46-51
102-12	Memberships in Associations and Unions, signed in Initiatives, p.36
102-13	Memberships in Associations and Unions, signed in Initiatives, p.36
Strategies	
GRI 102: General Disclosures 2016	
102-14	Chairman’s Message, CEO’s Message, p.2-9
102-15	Risk Management and Legal Compliance, p.46-51
Ethics and Integrity	
GRI 102: General Disclosures 2016	
102-16	Akbank’s Corporate Building Blocks: Vision and Mission, p.18

GRI Indicator	Answer and Page Number
Governance	
GRI 102: General Disclosures 2016	
102-17	Mechanisms for Expressing Employee Opinions and Suggestions, p.101
102-18	Corporate Governance, p.38-46
102-19	Corporate Governance, p.38-46
102-20	Corporate Governance, p.38-46
102-21	Corporate Governance, p.38-46
102-22	Corporate Governance, p.38-46
102-23	Corporate Governance, p.38-46
102-24	Corporate Governance, p.38-46
102-25	Corporate Governance, p.38-46
102-26	Corporate Governance, p.38-46
102-27	Corporate Governance, p.38-46
102-28	Corporate Governance, p.38-46
102-29	Corporate Governance, p.38-46
102-30	Risk Management and Legal Compliance, p.46-51
102-31	Sustainability Approach, p.28-38
102-32	Sustainability Approach, p.28-38
102-33	Sustainability Approach, p.28-38
102-34	Sustainability Approach, p.28-38
102-35	Our Distinctive Employees, p.80-102
102-36	Our Distinctive Employees, p.80-102
102-37	Our Distinctive Employees, p.80-102
102-38	Our Distinctive Employees, p.80-102
102-39	Our Distinctive Employees, p.80-102
Shareholder Engagement	
GRI 102: General Disclosures 2016	
102-40	Our Sustainability Approach, p.28-38
102-41	Our Distinctive Employees, p.80-102
102-42	Our Sustainability Approach, p.28-38
102-43	Our Sustainability Approach, p.28-38
102-44	Our Sustainability Approach, p.28-38

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GRI Indicator	Answer and Page Number
Reporting	
GRI 102: General Disclosures 2016	
102-45	About the Report, p.25-27
102-46	About the Report, p.25-27
102-47	Topics Prioritization Study, p.30
102-48	Topics Prioritization Study, p.30
102-49	About the Report, p.25-27
102-50	About the Report, p.25-27
102-51	About the Report, p.25-27
102-52	About the Report, p.25-27
102-53	About the Report, p.25-27
102-54	Identity, p.102
102-55	GRI Index, p.144-145
102-56	The report content does not subject to external assurance.
GRI 200: Economic Performance Series 2016	
Economic Performance (Material Topic)	
GRI 103 Management Approach 2016	
103.1	Our Sustainability Approach, p.28-38
103.2	Our Sustainability Approach, p.28-38
103.3	Our Sustainability Approach, p.28-38
GRI 201: Economic Performance 2016	
201-1	About the Report, p.25-27
201-2	About the Report, p.25-27
201-3	About the Report, p.25-27
201-4	About the Report, p.25-27
Market Presence (Material Topic)	
GRI 103: Economic Performance 2016	
103.1	Our Sustainability Approach, p.28-38
103.2	Our Sustainability Approach, p.28-38
103.3	Our Sustainability Approach, p.28-38
GRI 202: Market Presence 2016	

GRI Indicator	Answer and Page Number
202-2	All members of Akbank Senior Management are Turkish citizens.
Indirect Economic Impact (Material Topic)	
GRI 103: Management Approach 2016	
103.1	Our Sustainability Approach, p.28-38
103.2	Our Sustainability Approach, p.28-38
103.3	Our Sustainability Approach, p.28-38
GRI 203: Indirect Economic Impact 2016	
203.1	Value Added to Customers, p. 56-80, Our Community Investment, p. 112-120
203.2	Value Added to Customers, p. 56-80, Our Community Investment, p. 112-120
Responsible Procurement Practices	
GRI 103: Management Approach 2016	
103.1	Our Sustainability Approach, p.28-38
103.2	Our Sustainability Approach, p.28-38
103.3	Our Sustainability Approach, p.28-38
GRI 204: Responsible Procurement Practices 2016	
204.1	Commitment from Our Suppliers in Line with the global compact, p.31
GRI: 308 Environmental Assessment 2016	
308.1	Commitment from Our Suppliers in Line with the Global Compact, p.31
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408.1	Commitment from Our Suppliers in Line with the Global Compact, p.31
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409.1.	Commitment from Our Suppliers in Line with the Global Compact, p.31
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414.1	Commitment from Our Suppliers in Line with the Global Compact, p.31
414.2	Commitment from Our Suppliers in Line with the Global Compact, p.31

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GRI Indicator	Answer and Page Number
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103.2	Risk Management and Legal Compliance, p.46-54
103.3	Risk Management and Legal Compliance, p.46-54
GRI 205: Anti-Corruption (Material Topic)	
205.1	Risk Management and Legal Compliance, p.46-54
205.2	Risk Management and Legal Compliance, p.46-54
205.3	Risk Management and Legal Compliance, p.46-54
GRI 300: Environmental Standards Series 2016	
Energy (Material Topic)	
GRI 103: Management Approach 2016	
103.1	Operations and the Environment, p.102-112
103.2	Operations and the Environment, p.102-112
103.3	Operations and the Environment, p.102-112
GRI 302: Energy 2016	
302.1	Operations and the Environment, p.102-112
302.2	Operations and the Environment, p.102-112
302.3	Operations and the Environment, p.102-112
302.4	Operations and the Environment, p.102-112
302.5	Operations and the Environment, p.102-112
Water Consumption (Material Topic)	
GRI 103 Management Approach 2016	
103.1	Operations and the Environment, p.102-112
103.2	Operations and the Environment, p.102-112
103.3	Operations and the Environment, p.102-112
GRI 303 Water 2016	
303.1	Operations and the Environment, p.102-112
303.2	Operations and the Environment, p.102-112
303.3	Operations and the Environment, p.102-112

GRI Indicator	Answer and Page Number
Emissions (Material Topic)	
GRI 103: Management Approach 2016	
103.1	Operations and the Environment, p.102-112
103.2	Operations and the Environment, p.102-112
103.3	Operations and the Environment, p.102-112
GRI 305 Emissions 2016	
305.1	Operations and the Environment, p.102-112
305.2	Operations and the Environment, p.102-112
305.3	Operations and the Environment, p.102-112
305.4	Operations and the Environment, p.102-112
305.5	Operations and the Environment, p.102-112
305.6	Operations and the Environment, p.102-112
305.7	Operations and the Environment, p.102-112
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GRI 103 Management Approach 2016	
103.1	Operations and the Environment, p.102-112
103.2	Operations and the Environment, p.102-112
103.3	Operations and the Environment, p.102-112
GRI 306: Wastes 2016	
306.1	Operations and the Environment, p.102-112
306.2	Operations and the Environment, p.102-112
GRI 400 Social Standard Series 2016	
Employment (Material Topic)	
GRI 103.Management Approach 2016	
103.1	Our Distinctive Employees, p.80-102
103.2	Our Distinctive Employees, p.80-102
103.3	Our Distinctive Employees, p.80-102
GRI 401: Employment 2016	
401.1	Our Distinctive Employees, p.80-102
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GRI 103 Management Approach 201	
103.1	Our Distinctive Employees, p.80-102
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103.3	Our Distinctive Employees, p.80-102
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103.3	Our Distinctive Employees, p.80-102
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403.1	Our Distinctive Employees, p.80-102
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103.1	Our Distinctive Employees, p.80-102
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103.3	Our Distinctive Employees, p.80-102
GRI 404: Occupational Training 2016	
404.1	Our Distinctive Employees, p.80-102
404.2	Our Distinctive Employees, p.80-102
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407.1	Our Distinctive Employees, p.80-102
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GRI 103 Management Approach 2016	
103.1	Our Distinctive Employees, p.80-102
103.2	Our Distinctive Employees, p.80-102
103.3	Our Distinctive Employees, p.80-102
405.2	Our Distinctive Employees, p.80-102
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GRI 103: Management Approach 2016	
103.1	Our Distinctive Employees, p.80-102
103.2	Our Distinctive Employees, p.80-102
103.3	Our Distinctive Employees, p.80-102
GRI 406: Struggle Against Discrimination 2016	
406.1	Our Distinctive Employees, p.80-102

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GRI 103: Management Approach	
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103.2	Value Added to Our Customers, p.54-80
103.3	Value Added to Our Customers, p.54-80
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417.2	Value Added to Our Customers, p.54-80
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GRI 103 Management Approach	
103.1	Value Added to Our Customers, p.54-80
103.2	Value Added to Our Customers, p.54-80
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418.1	Value Added to Our Customers, p.54-80
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103.1	Value Added to Our Customers, p.54-80
103.2	Value Added to Our Customers, p.54-80
103.3	Value Added to Our Customers, p.54-80
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103.1	Value Added to Our Customers, p.54-80
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103.2	Value Added to Our Customers, p.54-80
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Corporate Governance (Material Topic)	
GRI 103 Management Approach	
103.1	Corporate Governance, p.38-46
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WOMEN'S EMPOWERMENT PRINCIPLES (WEPS) PROGRESS REPORT

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Principle 3-Health, Safety, and Freedom from Violence	406-1	
Principle 4-Education and Training	404-1	404-2
Principle 5-Enterprise Development, Supply Chain and Marketing Practices	404-1	404-2
Principle 6-Community Leadership and Participation	405-1	405-2
<u>Principle 7-Measurement and Public Reporting on Gender Equality</u>	405-1	405-2

UNITED NATIONS GLOBAL COMPACT (UNGC) INDEX

In 2007, Akbank became the first Turkish Bank to sign the United Nations Global Compact (UNGC). Pursuant to requirements of being a signatory to UNGC, Akbank communicates its progress regarding putting the UNGC Principles into action. The 2017 Sustainability Report contains information on our current actions and the performance we have achieved as a result. Information disclosed in the Report on each aspect can be found using the table below.

UN GLOBAL COMPACT PRINCIPLES PAGE OF THE PERFORMANCE INFORMATION

HUMAN RIGHTS

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Pages: 28-38

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

Page: 28-38

LABOR

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Pages: 80-102

Principle 4. The elimination of all forms of forced and compulsory labor.

Pages: 80-102

Principle 5. The effective abolition of child labor.

Pages: 80-102

Principle 6. The elimination of discrimination in respect of employment and occupation.

Pages: 80-102

ENVIRONMENT

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Pages: 102-112

Principle 8. Undertake initiatives to promote greater environmental responsibility.

Pages: 102-112

Principle 9. Encourage the development and diffusion of environmentally friendly technologies.

Pages: 102-112

ANTI-CORRUPTION

Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Pages: 46-54

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND AKBANK

Akbank supports the UN Sustainable Development Goals declared in 2015 to determine global questions that will be planned to solve by 2030. The table that shows the Bank’s approach and contribution to the United Nations Sustainable Development Goals as follows:



Sustainable Development Goals	Relevant Part
4. Quality Education	Our Distinctive Employees, Pages: 80-102
5. Gender Equality	Our Distinctive Employees, Pages: 80-102
6. Clean Water and Sanitation	Our Operations and Environment, Pages: 102-112
7. Affordable and Clean Energy	Our Operations and Environment, Pages: 102-112
8. Decent Work and Economic Growth	Our Distinctive Employees, Pages: 80-102
9. Industry, Innovation and Infrastructure	Value Added to Our Customers, Pages: 54-84
11. Sustainable Cities and Communities	Value Added to Our Customers, Pages: 54-84
12. Responsible Consumption and Production	Value Added to Our Customers, Pages: 54-84
13. Climate Action	Our Operations and Environment, Pages: 102-112
15. Life on Land	Our Operations and Environment, Pages: 102-112
17. Partnerships for the Goals	Corporate Governance, Pages: 38-44

IDENTITY

AKBANK T.A.Ş. HEAD OFFICE

Sabancı Center 34330 4. Levent – Istanbul / TURKEY
Phone : +90 212 385 55 55
Fax: +90 212 319 52 52
+90 212 269 77 87
www.akbank.com

For inquiries about the Akbank Sustainability Report, please contact:
Investor Relations and Sustainability Department
sustainability@akbank.com

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