

2020  
Akbank  
Annual  
Report

**AKBANK**

Shaking the status quo in the world and in Turkey, 2020 was a challenging year leading to new experiences as a result of the unexpected health crisis. We have experienced a period where we put aside our daily routines and business conduct, set health as our only priority, and built and pioneered change rather than adapting to it. The global pandemic demonstrated to the whole world that digitalization is the only way to adapt to the crisis.

The “New Generation Akbank” transformation program that we embarked on years ago with our employees, technology, and brand new work methods prepared us for this period that greatly necessitates digitalization. We made decisions quickly, not losing any time in taking all necessary measures. We focused on fundamental issues such as health, business continuity, and containment of economic impacts, and adapted to the process expeditiously in solidarity with each other. We continue to manage the process successfully thanks to our sound financials, robust technology infrastructure, and highly-qualified employees in addition to the understanding of our customers. Based on our belief that change is driven by new technologies, we continue our progression by embracing innovations that steer the world as well as the evolving customer expectations.

Akbank has been searching for answers regarding how much further we can stand by our customers, and how we can support them, serve them better and ensure their satisfaction. During this highly uncertain period, we redesign our services, products and business conducts every day with a people-oriented approach and in accordance with the requirements of digitalization; create our own normal; and set the standards of the future. Together with our customers, we continue to reap the benefits of our vision and the investments we have made.

The changing conditions of the world of 2020 necessitated rapid response capabilities, the ability to integrate a new technology into products and services, and a work culture supportive of these elements. As Akbank employees, we accomplished these with our holistic digital strategy and our vision for the banking of the future.

Our achievements in leading transformation were recognized by major awards from internationally respected platforms. We have become the first Turkish bank to be deemed worthy of the “Best Bank in the Emerging Markets” title by Euromoney by being elected the best in a region covering more than 160 countries and representing nearly 85% of the world’s population.

Aware of our responsibility stemming from our successes, we will continue to work altogether for leading transformation and ensuring its sustainability.

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# Message from the Chairman

Our banking sector, as in previous economic cycles, continued to support the economy during the COVID-19 outbreak, and mitigated the negative impact of the health crisis on economic activities.



## The COVID-19 epidemic has been an important operational test for the banking system, similarly for the other stakeholders of the economy.

Tragically, over 2 million people died in 2020, while a long-standing unprecedented epidemic deeply affected the world with COVID-19. The number of cases worldwide has exceeded 100 million. While the world struggles with the health problem altogether, the world economy has entered a deep recession with the shutdowns implemented in many countries in the first half of the year to reduce the spread of the epidemic. In order to reduce the deepening of the crisis, with the monetary and financial support implemented by central banks and governments, many countries experienced a V-shaped recovery in the second half of 2020. However, with the continuing COVID-19 epidemic and the continuing restrictions, especially in the services sector, unemployment is high. The growth outlook is still fragile, and low inflation levels necessitate continued support for a long time. As a positive development, the vaccine was introduced in the last month of the year. With the widespread use of the vaccine, I hope we will be in a much more positive environment towards the middle of 2021.

We see that the global growth forecasts for 2021 are updated more positively with the developments regarding the vaccines. However, in an economic outlook where it is difficult for Europe, the USA and other major countries to reach previous growth trends and inflation is suppressed, major central banks will continue to keep their short-term interest rates at their current very low levels for a long time. In addition, additional

monetary support continues, largely through asset purchase programs: We expect the balance sheets of major central banks to expand by USD 10 trillion in 2020, while we expect balance sheets to expand in 2021. We assess that growth will recover in 2021 and capital inflows to developing countries will continue with the positive support this will give to the global risk perception.

In 2020, governments, central banks and public authorities announced a series of measures to reduce the damage caused by the epidemic. In the second quarter of the year, the economy contracted by 9.9% on an annual basis due to the epidemic, and in the third quarter, it grew by 6.7% annually due to the increase in deferred demand and loans. Economic growth was supported by consumption and investment expenditures. The contribution of net exports to growth, on the other hand, was negative due to the contraction in exports, weak service revenues and the high increase in imports, causing the current account balance to increase. In 2020, we estimate that the current account balance will be at the level of 5% with respect to national income.

Our banking sector, as in previous economic cycles, continued to support the economy during the COVID-19 outbreak, and mitigated the negative impact of the health crisis on economic activities. With the impact of the uninterrupted support of the banking sector in addition to macroeconomic policy steps, we expect the Turkish economy to end the challenging 2020 with a positive growth of approximately 1.5%.

2020 has been a year in which we experienced an increase in current account deficit and inflation; we consider 2021 as the year of rebalancing. Inflation ended the year at 14.6% in 2020 with the effect of the depreciation of the exchange rate. After reaching a peak in the first half of 2021, we

expect inflation to decline gradually by the end of the year. We expect the CBRT to maintain its tight monetary policy stance due to the upward trend in inflation risks, and a gradual decline in the policy rate from the second half of the year in line with the decline in inflation. We anticipate that in 2021, there will be a normalization in credits and gold imports, exports will accelerate with the growth in the global economy, travel revenues will increase depending on the developments in vaccines, and accordingly, the current account deficit will also decrease. In the first half of 2020, while the annual increase in expenditures was higher than revenues due to the measures taken and fiscal measures, there was an acceleration in revenues with the recovery in domestic demand since the second half of the year. Due to these developments, the budget deficit performed more favorably than expected in 2020. We think that the cautious fiscal policy will continue in 2021.

The COVID-19 epidemic has been an important operational test for the banking system, similarly for the other stakeholders of the economy. As the banking sector, the investments we have made in human resources, technology and digitalization have enabled us to continue our activities in an uninterrupted manner and to maintain the functionality of the credit system, especially during periods of intensity in the epidemic and related shutdowns. We anticipate that the digital transformation in our industry will accelerate in the coming period.

As the banking sector, we will continue to support our economy with our strong capital and liquidity structure, solid balance sheet and our capacity to access international funds.



**SUZAN SABANCI DİNÇER**  
Chairwoman

# Message from the CEO

Akbank left behind a successful year despite challenging market conditions. During this period, we kept the health of our employees and customers at the forefront.



We work with the vision of being the leading bank that will carry Turkey to the future, and we make extensive investments. In the challenging process we went through in 2020, we have paid off our investments in digitalization.

Throughout the year 2020, the uncertainties created by the COVID-19 outbreak and the developments regarding the epidemic were the main agenda item. Due to the slowdown in global activity caused by this unexpected health crisis, we have seen that many countries provide large-scale economic incentives and support through their monetary and fiscal policies.

In the Turkish economy, the positive trend that started in early 2020 was interrupted by the epidemic. The economy was supported with monetary and financial incentives to limit the negative effects of the developments related to the epidemic. While the economic activity and financial sector improved in the last quarter, important steps were taken by the CBRT to simplify the monetary policy.

Akbank left behind a successful year despite challenging market conditions. During this period, we kept the health of our employees and customers at the forefront. In addition to the investments we made, we successfully managed this extraordinary process thanks to our corporate culture that stands out through teamwork, transparency, flexibility and fast decision-making.

In 2020, we continued to invest in technology and digital transformation. In addition to our solid financials, strong technological infrastructure and qualified employees, it has been a year where we made a difference with our digital competencies.

In 2020, we increased the credit support we provided to our economy to a total of TL 331 billion, TL 279 billion of which is in cash. Our total deposits reached TL 293 billion and our assets reached TL 478 billion.

With our strong consolidated capital adequacy ratio reaching 20.7%, we have one of the strongest capital structures in our industry. With the strength we gained from this structure, we continued to contribute to the development of our real sector with the loans we provided to our companies. Our bank earned a consolidated net profit of TL 6 billion 260 million this year, reserving TL 2 billion 25 million in tax provision.

We work with the vision of being the leading bank that will carry Turkey to the future, and we make extensive investments. In the challenging process we went through in 2020, we have paid off our investments in digitalization. By responding to all kinds of needs of our customers, we continued to provide our value-creating services to them without interruption.

## Message from the CEO

In addition to our solid financials, strong technological infrastructure and qualified employees, it has been a year where we made a difference with our digital competencies.



## 20.7%

**With the strength we gained from this structure, we continued to contribute to the development of our real sector with the loans we provided to our companies.**

We invested close to USD 150 million in our technology in 2020. With an important transformation program, and we are getting ready for the future within the framework of our “Next Generation Akbank” vision. We will continue to prioritize our technological infrastructure and digital transformation program by taking advantage of the learning process during the pandemic. Our technology and infrastructure investments will continue to give us competitive advantage.

Creating a meaningful digital experience is one of the most important elements in our digital transformation strategy. Instead of moving existing processes to digital channels as they are, we strive to create digital experiences by designing all processes from scratch with a new perspective. That’s why we invest heavily in service design, user interfaces and experience design. When designing the experience we offer to our customers, we approach it from a holistic perspective to provide a consistent experience at all touch points.

As Akbank, we act in line with the design principles we have meticulously set in every experience we design. One of our most important principles is simplicity. We present all processes to our customers in a simple and innovative design. In the years to come, we will continue to offer the best experience to our customers with our own design studio and develop a design-oriented thinking culture in our Bank.

In 2020, we also became the first bank in Turkey to implement the “Digital First” program in credit cards. As soon as their application is approved, our customers can now view their card information on Axess Mobile and Akbank Mobile, and use their cards instantly. With our new card design, we aimed to create a simpler, more innovative experience for our customers, and presented Turkey’s first numberless credit card, which offers better security.



As a bank that believes that creating the Turkey of the future is a responsibility far beyond banking, we continued our corporate social responsibility projects in 2020, despite the pandemic, which we never stopped under any circumstances. We have adapted our “Good State of the City” volunteerism project, which we have been organizing since 2015, to the epidemic process and continued our activities under the name of “The Good State of the Home.” Approximately 14 thousand young people have participated in the project that we started six years ago with non-governmental organizations and university students. In addition, we signed a very successful donation campaign with our RedRunners Running Team.

In the light of all these activities, we have received important awards by leading international platforms. We became the first Turkish bank to receive the title “Best Bank in Emerging Markets” by Euromoney as the best bank in a geography representing more than 160 countries in the world and almost 85% of the world population.

The most important factors behind our success were the innovations we brought to the sector, our solid financials, our technological infrastructure and Akbank employees, who are among the most qualified bankers in Turkey.

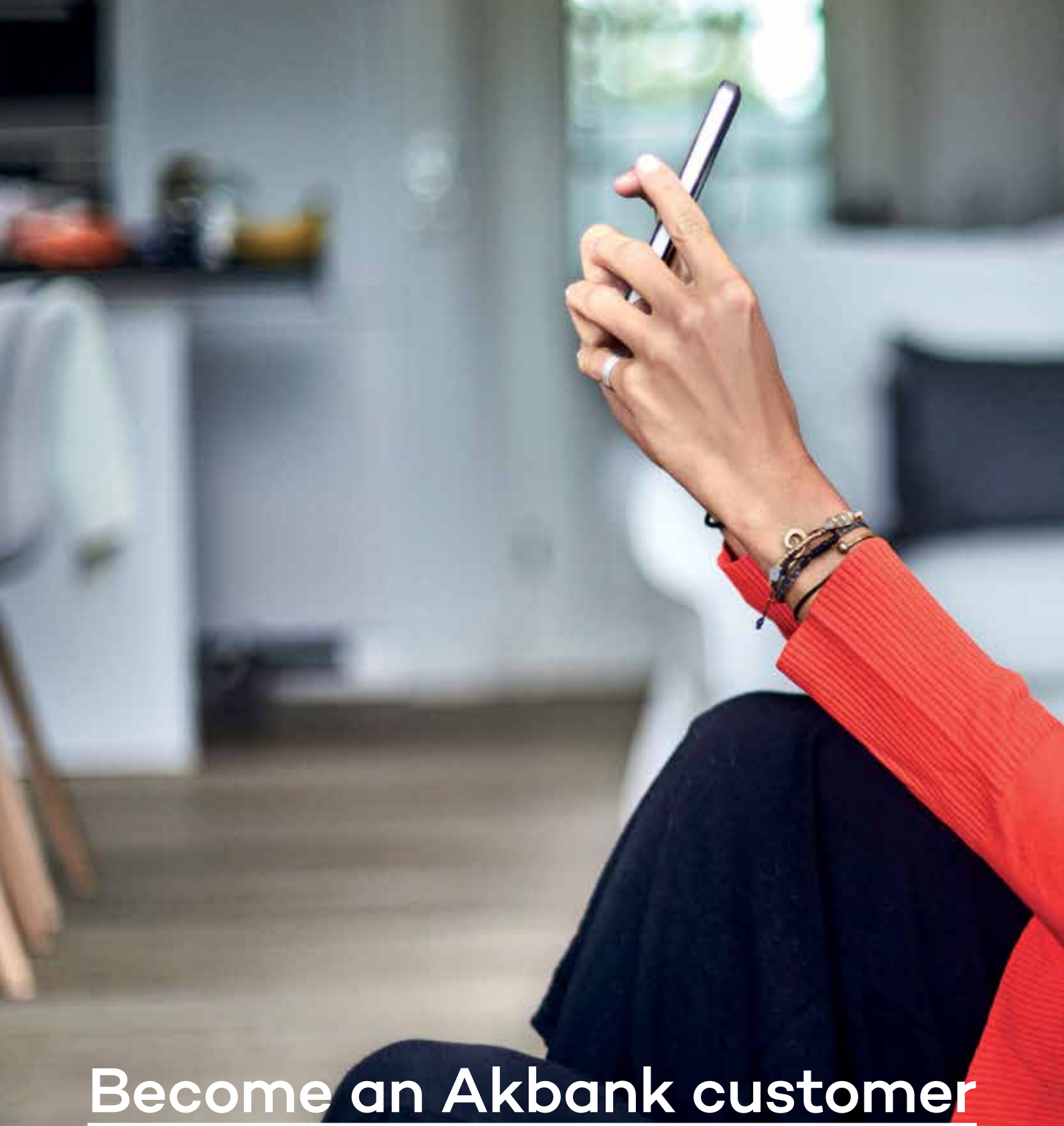
It is very important to have people and culture at the center of a successful digital transformation. We believe that the corporate culture that attaches importance to innovative thinking with employees who create, develop and use technologies is the key to success. With this awareness, we provide extensive opportunities to prepare our colleagues for tomorrow and to transform themselves and their work with technology. We are preparing our human resources, consisting of the best bankers in Turkey, for the future with new skills and competencies.

As Akbank; we will continue to support the sustainable growth of our country with our solid financials, strong technological infrastructure and qualified employees. In a period where the way of doing business is changing rapidly, we will continue

to lead change with our banking approach that places technology at its center and our innovation-oriented culture. I would like to thank Akbank employees for their strong performance this year, as well as our shareholders and all other stakeholders for their trust in us.



**Hakan Binbaşgil**  
**CEO**



# Become an Akbank customer from anywhere

With Akbank Mobile, anyone can become an Akbank customer from anywhere at anytime without visiting a branch.



# Akbank in brief and milestones

Established originally with the core objective of providing funding to local cotton growers, Akbank was founded as a privately-owned commercial bank in Adana on January 30, 1948.

Akbank's core business is banking activities, which consists of corporate and investment banking, commercial banking, SME banking, consumer banking, payment systems, treasury transactions and private banking, and international banking services.

Akbank was founded as a privately-owned commercial bank in Adana on January 30, 1948. Established originally with the core objective of providing funding to local cotton growers, the Bank opened its first Istanbul branch in the Sirkeci district on July 14, 1950. In 1954, after relocating its headquarters to Istanbul, the Bank rapidly expanded its branch network and automated all its banking operations by 1963.

Initially offered to the public in 1990, Akbank stock began trading in international markets and as an American Depositary Receipt (ADR) after its second public offering in 1998.

Akbank's core business is banking activities, which consists of corporate and investment banking, commercial banking, SME banking, consumer banking, payment systems, treasury transactions and private banking, and international banking services. In addition to conventional banking activities,

the Bank also conducts insurance agency operations through its branches, on behalf of Ak Insurance and AvivaSA Pensions and Life Insurance.

With a strong and extensive domestic distribution network of 716 branches staffed by more than 12 thousand employees, Akbank operates from its headquarters in Istanbul and 19 regional directorates across Turkey. In addition to providing services at branches, its traditional delivery channel, Akbank also serves around 18 million customers via Akbank Internet, Akbank Mobile, the Call Center, around 5,000 ATMs and more than 600 thousand POS terminals.

Bringing the future of banking to today with its technology investments, Akbank executed a new transformation project that will guide the industry. With its reliable, dynamic, lean, innovative, and people-centric approach, Akbank has offered its customers a wide

Akbank unveiled major innovations in digital banking in 2020. Akbank became the first bank in Turkey to launch the “Digital First” program in credit cards.

Besides providing banking products, Akbank makes social investments in many diverse areas, including jazz, theater, contemporary art as well as environmental protection such as the Carbon Disclosure Project, for the advancement of society.

variety of technological innovations, and implemented this new banking model in 2018 and expanded it to 414 branch-offices in 2020.

Akbank, the pioneer of digital banking in Turkey, offers its customers customized solutions to meet their financial needs at the most appropriate points, ensuring excellent customer experience. In today’s world of fast-advancing technology and increasingly demanding customers, Akbank Internet and Akbank Mobile strive to satisfy client needs without time or location limitations while pioneering technological innovations both in the sector and in Turkey. Akbank also redesigned Akbank Mobile in 2019 as part of the “New Generation Akbank” program to make the clients experience the future of banking. Akbank unveiled major innovations in digital banking in 2020. Akbank became the first bank in Turkey to launch the “Digital First” program in credit cards.

By foreseeing the changes in trends and customer dynamics, Akbank developed new products and channels specific to the financial needs of its customers and brought a variety of new concepts into the Turkish banking sector. Akbank has already taken steps today to ready itself for tomorrow’s technologies as well as to integrate innovation into the Bank’s culture. For this purpose, Akbank Innovation Center “Akbank LAB” was established in 2016. Akbank LAB develops innovative projects to meet the needs of the Bank’s various business units. In addition, it works to ensure that globally recognized financial solutions are integrated into the Bank’s business processes to achieve the goal of delivering a perfect customer experience.

Akbank Banking Center was inaugurated in 2010 to serve our customers better by utilizing state-of-the-art technology. Akbank Data and Living Center became operational in 2019 with the goal to upscale the bank’s productivity and service quality. A complex that comprises Akbank Data Center, the core of Akbank’s entire technology infrastructure, and the Akbank Living Center, which offers offer social services to 3 thousand Akbank employees, was established. The Center stands out as Akbank’s largest one-off investment to date.

Akbank conducts overseas business operations through its subsidiary in Germany (Akbank AG) and a branch in Malta. The Bank introduced the AkÖde mobile app and prepaid card to offer practical, swift, and creative solutions for the financial needs of non-Bank clients and young people with a strong systems infrastructure. Non-banking financial services, capital markets and wealth management are carried out by the Bank’s affiliates Ak Investment, Ak Asset Management, and Aklease.

Akbank continued to win invaluable awards in 2020, which were characterized by COVID-19 and its repercussions across the world. As an important achievement for the Turkish banking sector, Akbank won “Best Bank in the Emerging Markets” award from Euromoney magazine.

As one of the most committed supporters of contemporary art in Turkey, Akbank engages in a wide variety of art and culture activities to make art more accessible to the masses. Besides providing banking products, Akbank makes social investments in many diverse areas, including jazz, theater, contemporary art as well as environmental protection such as the Carbon Disclosure Project, for the advancement of society.



## Akbank in brief and milestones

Some 51.2% of Akbank's shares are traded on Borsa Istanbul (BIST). Akbank's market capitalization stood at USD 4.9 billion as of December 31, 2020.



# 478

## TL billion

**Akbank's consolidated assets increased to TL 478 billion in 2020.**

Striving to create sustainable value for all of its stakeholders for 72 years, Akbank has been operating with the awareness of its responsibility for the development of the society and the economy since the day it was founded. The Bank pioneered a large number of sustainability initiatives in Turkey in accordance with its understanding that, in addition to financial performance, ethics, environmental, social and economic priorities are also indispensable elements of our approach to banking. Issuing its first green bond in 2020, Akbank also became the first issuer of a green bond in the Turkish banking industry since the onset of the COVID-19 pandemic.

The first Turkish bank to be a signatory to the United Nations Global Compact in 2007, Akbank has been sharing its sustainability performance with stakeholders via the Akbank Sustainability Report (Global Reporting Initiative - GRI) every year since 2009.

Akbank's consolidated assets increased to TL 478 billion in 2020. Committed to creating sustainable value for Turkey's economy, Akbank expanded its total loan portfolio in 2020 to TL 331 billion, of which TL 279 billion is cash loans. In 2020, a year marked by global and national market volatility, Akbank prioritized protecting its asset quality. The Bank continued its efforts to calculate and report risk in the healthiest manner with efficient and prudent risk management. During the year, Akbank kept close watch on financial and economic developments in Turkey and across the globe. In addition, the Bank improved existing practices by closely monitoring developments in risk management, such as the IFRS 9 standard, Basel principles and other international regulations.

Some 51.2% of Akbank's shares are listed on Borsa Istanbul (BIST). Overseas, the Bank's "Level 1" ADR depository receipts are traded on the US OTC market. Akbank's market capitalization stood at USD 4,857 billion as of December 31, 2020.

# A year of accomplishments – 2020

Crowning the year with numerous achievements and awards, Akbank was named “Best Bank in the Emerging Markets” and “Best Bank in Turkey” by Euromoney in 2020.

## Euromoney

- Best Bank in the Emerging Markets
- Best Bank in Turkey
- Best Foreign Trade Bank in Turkey

## The Banker

- Best Bank in Turkey

## Global Finance

- Best Bank in Turkey
- Best Private Banking Unit in Turkey
- Best Private Banking Unit in Western Europe in the category of “Excellence in Crisis: Customer Service”
- “Outstanding Crisis Leadership” Honorary Award

## Institutional Investor

- In the category of “Large Cap Companies by Market Capitalization;”
  - “Best CEO” award for Akbank CEO Hakan Binbaşgil
  - “Best CFO” award for Akbank Executive Vice President Türker Tunalı
  - “Best Investor Relations Team” award for the Akbank Investor Relations Department
  - “Best Investor Relations Executive” award for Ebru Güvenir, Akbank Investor Relations Department Head

## World Finance

- Best Bank in Turkey

## EMEA Finance

- Best Bank in Turkey
- Most Innovative Bank in the CEE & CIS Regions
- Best Payment Bank in Central and Eastern Europe

## Professional Wealth Management (PWM)

- Best Private Banking Unit in Turkey
- Akbank Private Banking Unit: “Best in Southeast Europe in Digital Customer Experience”

## iF Design

- Mobile Application Design Award

## A'Design Awards

- Golden Award in the Mobile Technologies, Applications and Software Design category

## Red Dot Award

- Red Dot 2020 Award

## Kincentric

- Employee Engagement Special Award

## Social Media Awards

- 2 Silver, 4 Bronze Awards

## Brandon Hall

- 1 Silver, 3 Bronze Awards

## Stevie Awards

- 8 Bronze Awards

## Effie Awards

- 2 Gold, 1 Bronze Awards

## Sardis

- 5 Gold, 3 Silver Sardis
- Most Creative Financial Institution of the Year Award

## MarCom Awards

- 1 Platinum Award

## CX Awards Turkey - Customer Experience Awards

- Good Idea Award in the category of Customer Experience Management during a Crisis

# Akbank in 2020

Akbank customers can now access the digital version of the credit cards that they applied for through Axess Mobile, Akbank Mobile, Akbank Internet and website from their mobile apps without the need for a wet signature.

The renewed syndication loans demonstrate the confidence of international markets in Akbank and in Turkey's banking industry even during this challenging period.

## January

***Akbank selected as "Best Foreign Trade Bank in Turkey" by exporters***  
Akbank was selected as Best Foreign Trade Bank in Turkey in the Trade Finance Survey 2020 conducted by Euromoney, one of the world's leading financial publication groups. Based on the survey that received 7,319 valid votes globally, Akbank was deemed worthy of this award for the products and services it developed for trade finance and support for exports.

***Marina Abramović + MAI (Marina Abramović Institute) at the Sakıp Sabancı Museum and Akbank Art Center with the support of Akbank***  
Sabancı University Sakıp Sabancı Museum (SSM) and Akbank Art Center began hosting the first exhibition in Turkey of the world-renowned performance artist Marina Abramović and the Marina Abramović Institute she founded.

## February

***Early warning system for Akbank Mobile users***

Known for focusing on customer experience and design and redefining customers' relationship with the financial life by offering innovative products and services, Akbank Mobile' unveiled the early warning system, its new feature, that provides personalized smart tips in the communication field at

the landing screen of the application to aid customers' financial decisions. Analyzing a wide range of data such as spending habits and account and card activity using artificial intelligence infrastructure, the application provides a large amount of personalized financial information, including weekly and monthly cash flow summaries, spending refunds, cash flow projections, and credit card spending analyses, in a plain format.

## March

***Akbank supports the economy in combating coronavirus.***

Akbank announced its economic measures to support the societal effort in response to the COVID-19 pandemic that devastated Turkey and the entire globe. Believing in Turkey and supporting it continuously for 72 years, Akbank continued to stand by its customers during this period and expeditiously put in place additional measures.

## April

***A USD 605 million fresh resource for Turkey's economy from Akbank***

The syndication loan renewed by Akbank provided a USD 605 million fresh resource for Turkey's markets. Akbank's 1-year syndicated bond offering was participated by 29 banks from 15 countries. The renewed syndication loan demonstrated the confidence of international markets in Akbank and in Turkey's banking industry even during this challenging period.



Prioritizing the provision of longer term and sustainable funding sources at a reasonable cost for the Turkish economy, Akbank diversified its portfolio of overseas borrowing instruments with the addition of the Green Bond.

#### May

##### ***Two major awards for Akbank from the Oscars of the world of design***

Akbank Mobile continued to grab the attention of international institutions owing to its customer experience-oriented design, and plain and simple processes. Overhauled and improved in accordance with the banking of the future vision, Akbank Mobile won the grand prizes in the world's two most important design competitions. Akbank won the "Mobile Application Design" award from iF Design, and the Golden Award in the "Mobile Technologies, Applications and Software Design" category from A'Design Awards.

#### June

##### ***Akbank joins forces with E-Bursum (E-Scholarship), Turkey's largest scholarship platform, for the youth.***

Focusing on creating sustainable value, Akbank began supporting university students in every area they need through E-Bursum, a social venture that was initiated for the purpose of attaining equal opportunity in education. As part of its partnership with the E-Bursum platform, Akbank reached out to young people through an effective digital platform and provided the young people without bank accounts with the opportunity to open accounts quickly over digital channels, while they are receiving scholarships as well as beforehand.

#### July

##### ***Akbank selected "Best Bank in Turkey" for the 14<sup>th</sup> time***

Akbank was deemed "Best Bank in Turkey" for the 14<sup>th</sup> time at the "Awards for Excellence 2020" organized by Euromoney, one of the world's most respected financial publication groups, owing to its strong financials, technology investments and next generation banking vision.

##### ***Akbank issues first Eurobond during the COVID-19 pandemic***

Akbank issued the first Eurobond in the Turkish banking industry after the onset of the COVID-19 pandemic that devastated the entire world. The bond issuance that was met with great interest attracted USD 1.5 billion worth of offers, three times the projected amount.

#### August

##### ***Akbank also issues the first Green Bond during the COVID-19 pandemic***

Prioritizing the provision of longer term and sustainable funding sources at a reasonable cost for the Turkish economy, Akbank diversified its portfolio of overseas borrowing instruments with the addition of the Green Bond. This issuance further diversified Akbank's investor base and debt instruments portfolio.

#### September

##### ***Best Bank in the Emerging Markets: Akbank***

Akbank was selected as the "Best Bank in the Emerging Markets," a highly respected designation in the global banking industry, at the "Awards for Excellence 2020" organized by Euromoney, one of the world's leading financial publication groups.

##### ***Akbank launches Turkey's first credit card that is downloaded directly to mobile phones***

Akbank customers can now access the digital version of the credit cards that they applied for through Axess Mobile, Akbank Mobile, Akbank Internet and website from their mobile apps without the need for a wet signature. Thanks to this brand new feature that ushered in a new era in payment systems, Axess and Wings cardholders immediately begin using their cards, earning never-expiring chip-money, accumulating "Mile Points," and benefit from installments and other privileges at hundreds of thousands of Akbank member merchants.

#### October

##### ***Fast pace of digital transformation continues at Akbank Payment Systems***

For the first time in Turkey, all transactions regardless of the amount can be conducted either contactless or with a QR code with Akbank Mobile POS (Akbank Cebe

POS). This innovation by Akbank enables SME merchants to accept immediate, fast and secure payment using the Akbank Mobile POS app that they download on their Android mobile devices, obviating the need for physical POS terminals.

##### ***Akbank FAV: A banking service exclusive to the young people living the high life***

Akbank unveiled Akbank FAV that was developed to simplify the lives of young people. Young people who are members of Akbank FAV have access to free banking transactions, weekend allowance, and a host of other exclusive opportunities offered by Akbank in all of their shopping needs from education, public transit, telecommunications, clothing, dining and entertainment to digital platform games and online shopping.

##### ***A USD 800 million resource for Turkey's economy from Akbank***

The syndication loan renewed by Akbank provided a USD 800 million support for Turkey's economy. This successful transaction of Akbank was participated by 36 banks from 19 countries.

#### November

##### ***Akbank Private Banking selected the Best Private Bank in Turkey***

Akbank Private Banking, Turkey's first private banking unit, recorded a major accomplishment and was deemed the "Best Private Bank in Turkey" at the Global Private Banking Awards 2020 organized by Financial Times Group publications Professional Wealth Management (PWM) and The Banker.

#### December

##### ***Akbank selected Best Bank in Turkey at The Banker's "Bank of the Year Awards"***

Akbank, which has been named as the "Best Bank in Turkey" by a number of international organizations in 2020, received its fifth Best Bank award from The Banker, the banking publication of the Financial Times. As part of the Bank of the Year awards where banks worldwide were assessed, the jury this year evaluated the performance of banks based on such criteria as meetings customer needs during critical times, resiliency, and contributions to the society due to the COVID-19 pandemic. Following the evaluations, Akbank has been awarded "Bank of the Year in Turkey."

# Agenda of the ordinary general assembly

On 25.02.2021, the Board of Directors of Akbank have decided to hold The Shareholders' Ordinary General Assembly on March 24, 2021, Wednesday, at 14:00, at Akbank Headquarters, Sabancı Center, 4. Levent, Istanbul, to discuss the agenda.

The Agenda of the Ordinary General Assembly of 2020:

1. Opening and Appointment of the Meeting Presidential Board,
2. Communication and discussion of the Report of the Board of Directors,
3. Communication of the Independent Auditors Report,
4. Communication, discussion and ratification of the Financial Statements of 2020,
5. Discharge of liability of the members of the Board of Directors,
6. Decision on the appropriation of 2020 net profit,
7. Appointment and determination of the tenure of the Members of the Board of Directors,
8. Determination of the compensation of the Members of the Board of Directors,
9. Appointment of the Independent Auditors,
10. Amendment to the article 9 of the Articles of Association of the Bank,
11. Providing information regarding the updated remuneration policy,
12. Providing information regarding the donations made in 2020,
13. Determining the bank's donation limits for 2021,
14. Empowerment of the Board of Directors in connection with matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code.

# Annual report

# compliance opinion



## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

### 1. Qualified Opinion

We have audited the annual report of Akbank A.Ş. (the "Bank") and its subsidiaries for the 1 January - 31 December 2020 period.

In our opinion, except for the effect of the matter described in the basis for the qualified opinion paragraph below, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated and unconsolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Qualified Opinion

As expressed in the auditor's report dated 2 February 2021 on the full set consolidated and unconsolidated financial statements as at 31 December 2020 period; a free provision amounting to TL 1.150.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 500.000 thousand recognized in current year, is accounted for by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Our Audit Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We expressed a qualified opinion in the auditor's report dated 2 February 2021 on the full set consolidated and unconsolidated financial statements for the 1 January - 31 December 2020 period.

### 4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

## Annual report compliance opinion



- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also, in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - events of particular importance that occurred in the Bank after the operating year,
  - the Bank's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

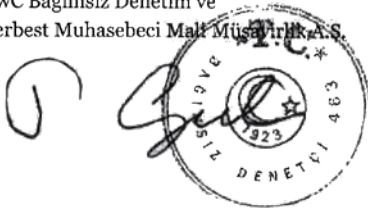
When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Customs and Trade and other relevant institutions.

### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements and with the information obtained in the course of audit.

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



Talar Gül, SMMM  
Partner

Istanbul, 2 March 2021

# Establishment information, capital and shareholder structure, amendments to the Articles of Association

## Establishment Information

Akbank was established as a privately-owned commercial bank pursuant to the authorization issued by Resolution No. 3/6710 of the Council of Ministers of Turkey dated December 12, 1947 to conduct the full array of banking operations and all types of economic, financial, and commercial ventures and activities not prohibited by the laws of the Republic of Turkey. The Bank commenced operations on January 30, 1948 in Adana. The Bank's status has not changed since the day it was founded. Akbank's Commercial Registry Number is 90418.

Website: [www.akbank.com](http://www.akbank.com)

Address: Akbank Sabancı Center 4. Levent 34330

Istanbul - TURKEY

Phone: +90 212 385 55 55

Branch and ATM addresses:

<http://www.akbank.com/tr-tr/Sayfalar/akbank-sube-ve-atm.aspx>

## Capital Structure

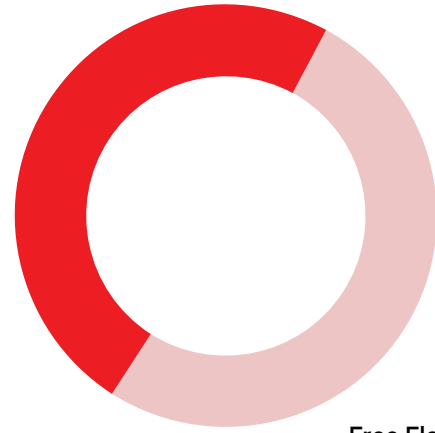
Akbank's issued capital is TL 5,200,000,000.

As of December 31, 2020, the Chairman of the Board of Directors, Ms. Suzan Sabancı Dinçer, holds 0.63% of Akbank's outstanding shares.

## Shareholder Structure

Hacı Ömer Sabancı Holding A.Ş.,  
Affiliated Institutions and Individuals

**48.8%**



Free Float

**51.2%**

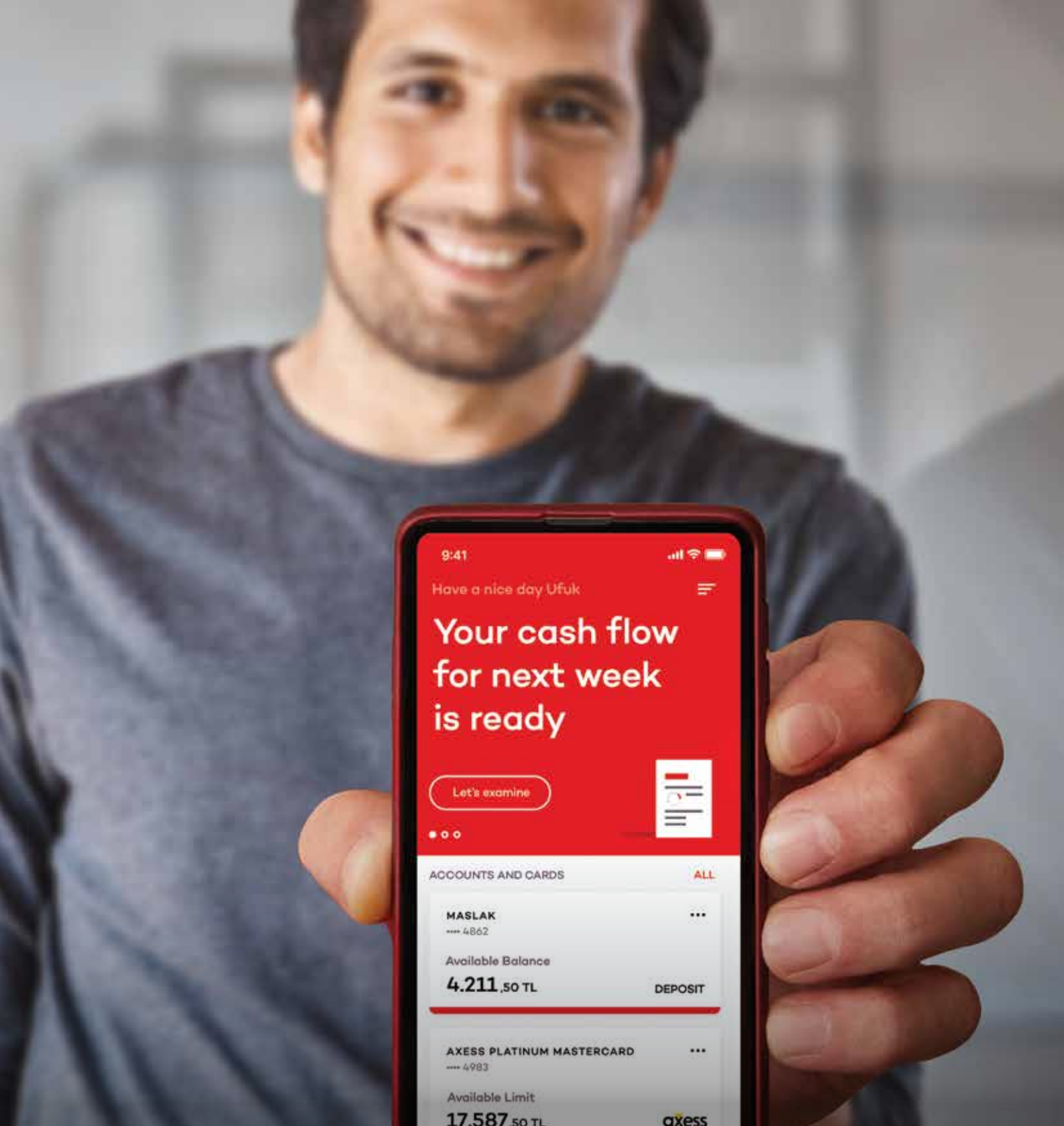
## Amendments to the Articles of Association

There was no change to the Articles of Association during the reporting period.



# The renewed Akbank Mobile's features are endless

With brand new features such as cash flow foresight and warnings of unexpected deposits, rebate notices, Akbank Mobile just got smarter.



9:41

Signal strength, Wi-Fi, and battery icons

Have a nice day Ufuk



Your cash flow  
for next week  
is ready

Let's examine



ACCOUNTS AND CARDS

ALL

MASLAK

\*\*\*\* 4862

...

Available Balance

4.211,50 TL

DEPOSIT

AXESS PLATINUM MASTERCARD

\*\*\*\* 4983

...

Available Limit

17.587,50 TL

axess



## Our values

We are built upon your trust.

We exist because of our clients.

We do what's right.

We stand out through innovation.

We give back.



## Our vision

To be the leading bank that drives Turkey into the future

## Our mission

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

## Strong foundations

- Strong, local majority shareholder
- Solid capital
- Highly-qualified team
- Prudent risk management and robust asset quality
- Proactive ALM and strong liquidity
- Favorable cost base and high efficiency
- Stable and broad-based funding mix
- Well-diversified and sustainable revenue generation
- Innovative initiatives that herald the future of banking

## Strategic goals

- Being the best bank in Turkey in terms of customer experience and satisfaction
- Maintaining strong asset quality through efficient risk management
- Preserving our competitive cost structure
- Ensuring a superior customer experience in all channels
- Enhancing customer value through innovative solutions
- Building the future of banking by investing in people, technology and advanced analytics

# Corporate and investment banking

Our service approach always meets the different investment needs of our solution partners enhancing their competitive edge with medium and long term resources.

We provided a USD 2.7 billion resource pool during the year, thanks to our syndicated loan deals, Eurobond issuances, Akbank's first green bond offering, working capital loans during the pandemic to relieve the negative impacts of the pandemic on the SMEs, and bilateral credit transactions.

## INTERNATIONAL BANKING AND INSTITUTIONAL INVESTORS

As Akbank, we make a difference with a network of correspondent banks that spans 130 countries. We also boast relationships with export credit agencies around the world. Thanks to our global network, we can provide privileged elite services to our solution partners in the international are all over the world for their transactions related to foreign trade, payments, and guarantee letters of guarantee. Our service approach always meets the different investment needs of our solution partners enhancing their competitive edge with medium and long term resources.

Our respected and trusted position in the international markets also provide us with easier access to alternative sources of funding. Total overseas borrowing of more than USD 7.5 billion as of year-end 2020 is a major indicator reflecting this standing. Moreover, USD 5.3 billion of this total is long-term while the remaining USD 2.2 billion is composed of foreign borrowing. This loan composition demonstrates our successful implementation of the sustainable growth strategy.

2020 marked another successful year for us. We registered transactions that were turning points for Turkey as part of our sustainable international borrowing strategy. We provided a USD 2.7 billion resource pool during the year, thanks to our syndicated loan deals, Eurobond issuances, Akbank's first green bond offering, working capital loans during the pandemic to relieve the negative impacts of the pandemic on the SMEs, and bilateral credit transactions.

## ***Heavy investor interest in our syndicated loan renewals***

Devastating the entire world, the COVID-19 pandemic adversely affected the real sector and the daily life as well as the financial markets. In addition to increasing difficulty in accessing liquidity and foreign exchange, the approval processes for syndicated loans were impacted by the work from home procedures that many companies and banks adopted. The Bank successfully renewed its syndicated loan once again, even during such a challenging environment. Despite negative developments in the markets, we lowered our borrowing rates by 25 bps in the USD tranche and by 40 bps in the euro tranche compared to our syndicated loan in March 2019. As a result, we

We issued the first Eurobond in the Turkish banking industry after the onset of the pandemic that devastated the entire world. As a result, Akbank was the first to tap the Eurobond market.

lowered the cost of our one-year syndicated loan to Libor+2.25% and Euribor+2.00%, respectively.

With an innovative approach, we added the accordion feature to our syndication transaction. This allowed potential creditor banks to execute their credit processes and evaluations in a more flexible timeframe. This feature permitted the banks that were late to participate in our transaction due to working hour restrictions to take part in our syndicated loan under the existing terms.

Our USD 560 million syndicated loan, which was announced to the markets via a Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)) filing on April 2<sup>nd</sup>, got larger with the participation of new banks. Despite the volatility in the markets, our syndicated loan rose to USD 605 million with the participation of 29 banks from 15 countries. After the new participations, the renewal rate of our syndicated loan reached 88%.

Akbank has been investing in its digital banking and technology infrastructure for years. Owing to our Bank's farsighted strategies, this transaction became the first digital syndicated loan finalized exclusively under remote work principles and achieved a first in Turkey's banking industry.

We also undertook our October syndication process in an environment where the COVID-19 pandemic was continuing to weigh heavily on financial markets and the economies. Even in such a challenging environment our Bank successfully renewed a syndicated loan once again. The cost of the one-year syndicated loan was Libor+2.50% and Euribor+2.25%, respectively.

Our approximately USD 700 million syndicated loan, which was announced to the markets via a Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)) filing on October 14<sup>th</sup>, got larger with the participation of new banks. Thanks to the flexibility we provided, the syndicated loan amount increased to USD 800 million with

the participation of 36 banks from 19 countries. After the new participations, the renewal rate of our syndicated loan reached 95%. Representing the highest syndicated loan renewal rate among Akbank's peer banks, this renewal rate solidified our Bank's expertise, strength and leadership in this area. Nine new banks from America, Europe, Middle east and Asia that did not take part in the previous year's syndicated loan also participated in this year's transaction. This transaction that we executed served as a reference for the Turkish banking industry's upcoming syndicated loan solicitations in the second half of the year. In this sense, Akbank became the bank that reopened the syndication market.

***Akbank completes the first Eurobond and Green Bond issuances during the COVID-19 pandemic***

We also issued the first Eurobond in the Turkish banking industry after the onset of the COVID-19 pandemic that devastated the entire world. As Akbank, we became the first to tap the Eurobond market, just like we have done in many other syndication deals. The 5.5 year, USD 500 million issuance that we closed on July 8, 2020 has a yield and coupon rate of 6.80%. Our bond issue, which was met with great interest despite the fact that it was carried out in a volatile market environment, received USD 1.5 billion worth of offers, three times the projected amount.

Further, the Turkish banking industry's first Green Bond since the onset of the COVID-19 pandemic was also issued by Akbank. The USD 50 million Green Bond with a maturity of four years and 110 days that we closed on August 5, 2020 is yet another of our steps in the sustainability area. We will use the funding facility that was obtained from our issuance which is compliant with the Green Bond principles of the International Capital Markets Association (ICMA) for supporting renewable energy projects, which is one of the most important elements of the fight against climate change. This facility will also support Turkey's transition to a low-carbon economy.

## Corporate and investment banking

Looking out for the cash flows of existing borrowers who were directly and adversely impacted by the pandemic, we aimed to provide flexible financing solutions based on their needs and the changing dynamics.



**75**

**USD million**

**We have signed a deal with the EBRD for a USD 75 million resource. We are deploying this facility as working capital loans to our customers in an attempt to help mitigate the economic impacts of the pandemic.**

### ***Support for mitigating the economic effects of the COVID-19 pandemic***

We signed a deal with the European Bank for Reconstruction and Development (EBRD) to obtain a one-year, USD 75 million facility. We are extending this facility as working capital loans to our “Small Business” and “Micro” segment customers to mitigate the economic effects of the COVID-19 pandemic.

### **INVESTMENT BANKING**

Calendar year 2020 has been a period where the repercussions of the COVID-19 pandemic were felt heavily across the entire globe while investment opportunities were limited or they were approached conservatively. The economic effects of the pandemic were felt more intensely in the emerging markets in terms of foreign direct investment-based projects and domestic consumption-driven investments. During the year, the companies engaged in the domestic market tried mostly to make their existing investments more efficient while the banks focused on ensuring that their loan portfolios are steady, balanced and sustainable over longer periods of time. In keeping with this trend, as Akbank, we also

focused on financing economically, environmentally, socially and governance-wise sustainable investments. At the same time, in accordance with interest risks and changing financial and market dynamics, we concentrated on developing structures and products that reduce our customers’ currency risks, better matching the currencies our loans are denominated in and associated investment incomes, and lowering our portfolio risk.

Looking out for the cash flows of existing borrowers who were directly and adversely impacted by the COVID-19 pandemic, led by the energy, tourism, aviation and retail industries, we aimed to provide flexible financing solutions based on their needs and the changing dynamics. On the other hand, aside from cyclical trends, we maintained our support for renewable energy as a vision, thereby contributing to reducing Turkey’s dependence on foreign energy while helping environmentally-friendly, sustainable projects to be built.

In this context, we prioritized reinforced projects such as debt assumption and purchase-guaranteed transactions in the infrastructure and energy industries.

As the leading bank in Turkish investment banking, we added projects with strong collateral and a healthy repayment structure to our portfolio.

***We financed qualified projects that generate value for the environment***

In 2020, we continued to focus on financing qualified energy projects. As we had done in the previous four years, we extended 100% of the financing we allocated to the projects in the construction stage to renewable projects while renewable energy projects constituted 76% of our overall portfolio. As of year-end, our energy portfolio consists of 2,967 MW of hydroelectric, 955 MW of wind energy, 320 MW of geothermal energy, 181 MW of solar energy, and 9 MW of biomass projects.

***Our practices encourage our stakeholders to take initiative more proactively in the sustainability area***

We moved our sustainability efforts forward by also encouraging our stakeholders to take more proactive initiatives. Paying attention to ecosystem impacts on project sites, we added provisions to our contracts that include environmental protection and gender equality rules.

***We became signatory to Turkey's largest Sustainability-linked Loan Deal***

The consortium consisting of Akbank and six other banks provided a EUR 650 million facility to Enerjisa Üretim for refinancing its long-term investment loans as part of the "Sustainability Linked Loan Agreement." We served as the leading bank in this funding deal with a share of 33%.

***We pioneered our industry once again with the Green Bond issuance***

Our rich renewable energy portfolio supported the Bank's first Green Bond issuance during the COVID-19 pandemic. In the coming years we will continue to expand our renewable energy portfolio that supports such issuances.

In 2021, we aim to expand our financial support for a diverse range of industries – including energy, infrastructure, tourism, manufacturing, services, transportation, and petrochemicals – to ensure the sustainability and the optimal risk balance of our lending portfolio. Our activities in 2021 will focus on financially supporting investment and acquisition decisions that have become more viable with the projected global economic recovery; diversifying and enriching our portfolio; and participating in projects with different structures in various industries. We aim to maintain our pioneering role in this segment with steady growth.

**CORPORATE BANKING**

As Akbank Corporate Banking, we are conducting our operations in accordance with our strategy of supporting the financial well-being of our clients during this COVID-19 pandemic that devastated the entire world. During this time, we stood by our customers under all conditions through the advisory services we render to local and multinational companies and ended 2020 with increased support for the real sector.

We are leveraging our experienced staff consisting of subject matter specialists to offer fast and quality solutions customized to each firm and to solidify our strategy of forging long-term business partnerships. Our products and services that suit the realities of the marketplace facilitate our customers' adaptation to the rapidly evolving economic conditions while fostering a sustainable growth environment for them.

We strived to stand more by our customers during the challenging year in 2020. Generating quick solutions for loan payment deferral requests, we increased our support for our clients. Bringing together local and multinational companies with six economy webinars we organized during the year, we helped our customers to monitor economic developments and financial markets closely.

***We adopted our new generation branch concept to the digital branch concept***

The COVID-19 pandemic impacted not just the economy, but also the daily life and working conditions across the world. As a result, 2020 was a year of adaptation and transformation for Akbank Corporate Banking. As the pioneer bank in digital transformation, we expeditiously adopted to the extraordinary circumstances of 2020. We made major strides toward our strategy of perfecting the customer experience in the corporate banking segment.

In an effort to protect the health of our customers and staff, we overhauled our entire work model and switched to 95% remote work. We adapted banking transactions to the remote work model in the most secure and expeditious way thanks to our business continuity priority and technology infrastructure prowess. We successfully adopted our new generation branch concept to the digital branch concept.

We fully migrated our customer meetings to the digital platforms and offered a digital experience to our customers, to whom strive to be accessible at all times.

As we do every year, we continued to focus on customer satisfaction by undertaking projects where we review, improve and update our business processes. Our new product offerings made the lives of our customers easier.

Organizing frequent meetings with various teams, we turned new ideas generated by industry-specific initiatives into value added for our customers.

While successfully managing the challenging circumstances, we also transformed Akbank in accordance with our strategies in 2020. We will conduct our operations in 2021 in line with our corporate banking approach that is open to change, pioneer of digital transformation, and focused on customer experience.

# Commercial banking

Tailored banking solutions, customer-specific applications, deep expertise, digital solutions, and effective risk management continue to be our main competitive advantages in commercial banking.

In 2020, we conducted digital and on-site visits to our customers, create a value added for their business processes and continued to be their preferred solution partner.

We help our clients achieve sustainable growth with 16 Commercial Branch-offices, 171 Mixed Commercial Branch-offices and 830 Commercial Banking Specialists focused on relationship management. In 2020, we conducted digital and on-site visits to our customers, create a value added for their business processes and continued to be their preferred solution partner.

Tailored banking solutions, customer-specific applications, deep expertise, digital solutions, and effective risk management continue to be our main competitive advantages in commercial banking. We maintained our successful performance in the volatile market conditions of 2020.

***We approach all needs for products and services of our customers as a solution partner***

Capitalizing on our extensive correspondent network in foreign trade transactions, we intermediate companies' foreign trade deals at a large number of locations across the world. With this capability, we support companies' competitive presence in overseas markets.

We determined strategically important industries and clients and set our priorities in 2020. Intensifying

our digital visits during the COVID-19 pandemic, we tried to identify the funding, other banking and non-banking needs of our customers. Thanks to client visits, we seized the opportunity to develop holistic solutions that meet our customers' wide-ranging needs. We evaluated all pandemic-driven customer deferral requests and generated quick solutions for them.

We continue to offer a wide range of hedging products – such as options, forwards, zero-cost collars, and cross currency swaps – to our customers, seeking protection against foreign exchange, interest rate and commodity price fluctuation risks.

***Customized financing solutions to actualize large-scale projects***

We maintained our high-quality project finance loan portfolio that we have established over many years. Despite conjuncture-related volatility in foreign exchange rates and interest rates, we extended long-term financing for industrial energy efficiency projects, insulation of buildings and renewable energy investments including geothermal, solar, biomass and biogas energy projects. Other renewable energy finance initiatives included project financing for hydroelectric power plants (HEPP), wind power plants (WPP) and geothermal energy



Joining the Central Bank of Turkey's Instant and Continuous Transfer System of Funds (FAST) project, we became one of the pioneering banks, developing infrastructure that offers EFT service to our customers on a 24/7 basis. We designed simple experiences that allow customers to perform quick and easy money transfers

facilities. We took part in initiatives that prioritize environmental, social and corporate governance (ESG). Despite the challenging environment of 2020, we managed to maintain our portfolio counts and volumes in both the corporate finance and the project finance segments.

As Akbank Commercial Banking, we also provide our client base with solutions that capitalize on products offered by Akbank's subsidiaries or associated companies, including Aklease, Aksigorta, Ak Investment, Ak Asset Management and AvivaSA.

As part of our perspective for shared value creation with customers, we built our strategy for 2021 around the principles of growing together, digitalizing together, growing business volume together. We are carrying out initiatives to offer quick solutions that create added value for our customers, particularly from the digital channels. We are building integrated structures and developing solutions that save time and provide an advantage to our clients.

### CASH MANAGEMENT

As Akbank Cash Management, we provided digital solutions to our customers and offered them the opportunity to perform their payments and collections in line with the "new normal" during the COVID-19 pandemic.

We supported customers who were accustomed to submitting transactions with a wet signature via our e-signature solutions, which allowed them to transmit their orders to the Bank, electronically. Customers were able to execute approvals for their Bulk Payment transactions easily through our Corporate Internet and Mobile channels. During this period, we paid digital visits to our customers, informed them about our digital channels and solutions, and created awareness in this subject.

We leveraged our Supplier Finance and E-Discount products during the COVID-19 pandemic to provide continuous financing to customers in need of funding while enhancing our customers' easy access to financing by strengthening

our partnerships with invoicing platforms that also render services in this segment.

In addition to the services we provide through our own channels, we also allow our customers to reach Akbank's banking services within the ERP platforms that they use for day-to-day cash management transactions as part of our Open Banking practices. Thanks to the collaboration we forged with Logo ERP, a popular firm in this segment, customers can now access Akbank from their ERP platform. This practice allows our customers to perform their money transfers from a single screen, recognize their account statements in their accounting systems online, and complete other works such as IBAN verification and account matching quickly. We aim further to diversify the product portfolio and platforms we offer within this scope.

Joining the Central Bank of Turkey's Instant and Continuous Transfer System of Funds (FAST) project, we became one of the pioneering banks that develop the infrastructure for EFT service to our customers on a 24/7 basis. We designed simple experiences that allow customers to perform quick and easy money transfers. We implemented the Easy Recipient Identification (Kolay Adresleme) system on our channels that matches IBAN with the users' data such as mobile numbers, e-mail addresses, taxpayer identification number, Turkish or foreign country identification number, and passport number and uses these data, rather than IBAN, in money transfers. We are also undertaking efforts regarding QR code payments in accordance with the innovative vision of the Central Bank.

We are establishing confidence-inspiring payment infrastructures that our customers need in their individual purchases and sales. We rolled out the Secure Payment System as a way for our customers to buy and sell second-hand vehicles more securely. This system protects customers from fraud as well as the risk of carrying cash by ensuring the simultaneity of the money exchange between the buyer and the seller with the notarization of the transaction.

## Commercial banking

Our customers named us as the “Best Foreign Trade Bank in Turkey” in 2020 in the Foreign Trade Finance Survey conducted by Euromoney, one of the world’s leading financial publication groups.

We provide innovative and alternative solutions to customers with a high-quality, continuous service approach. Our advantages include a wide range of products, know-how and experience in foreign trade, advanced technology infrastructure and an extensive international correspondent network.

We have initiated efforts to launch a similar application in real estate transactions.

In 2020 the innovative products and solutions developed by Akbank Cash Management for the purpose of rendering the utmost banking experience were recognized with the “Best Payment Bank in Central and Eastern Europe” award from EMEA Finance, a leading international financial publishing group. This represents the fifth time in the last six years that we won the same award from EMEA Finance.

Digitalization will continue to be the focus of our attention in the period ahead to ensure that our customers can perform their transactions uninterruptedly, access our products conveniently, and enjoy a simple and fast experience while completing their transactions.

### FOREIGN TRADE

Our customers named us as the “Best Foreign Trade Bank in Turkey” in 2020 in the Foreign Trade Finance Survey conducted by Euromoney, one of the world’s leading financial publication groups. We won this award owing to the innovative products and services that we developed for supporting foreign trade financing and exports.

We maintain our strong position in the sector thanks to our vision in foreign trade transactions based on generating global solutions to meet local needs. We provide innovative and alternative solutions to customers with a high-quality, continuous service approach. Our advantages include a wide range of products, know-how and experience in foreign trade, advanced technology infrastructure and an extensive international correspondent network. Our global foreign trade specialists – who are well-equipped with knowledge of all foreign trade instruments, legal and regulatory requirements – generate instantaneous solutions at world class standards to meet the needs of customers throughout the country.

As Akbank, we play an active role in disbursing Turk Eximbank’s loans as well as the Central Bank’s rediscount credits to manufacturing/exporting firms and foreign trade stock corporations in addition to Bank-sourced loans. The quality solutions we provide to our customers in the export financing segment include export letter of credit discount and export factoring. Export factoring allows customers to assign their short-term export receivables, and take advantage of guarantee, collection and financing services.



We are conducting our operations with the goal of supporting Turkey's sustainable development. On that note, we continued to organize the Akbank Exporters' Meetings that bring together exporters, the driving force of Turkey's economy, with experts in their fields.

***Strong support for Turkey's export-driven growth with Exporter's Power Package***

After offering it for the first time in 2019, we enriched the Exporter's Power Package with digital and new products in 2020 and ramped up our support for our exporters. This offering includes advantageous interest/commission rates for exporters and a wide range of loans, including cash and non-cash loans, as well as special tariff options for foreign trade customers, advantageous exchange rate pricing from the Real-time FX Platform, and consultancy services via the dedicated 444 23 23 foreign trade support line. The first 600 customers to purchase one of the special tariff options and start performing their foreign trade transactions through Akbank are offered complimentary Mile Points or chip-money, depending on their preference.

Offered by Akbank to mitigate the adverse effects of the COVID-19 pandemic, the Digital Foreign Trade Tariffs allowed our customers to execute their cash or cash-against-goods import transfers quickly and conveniently through Akbank's online corporate branch without the need to submit orders to their branches. During this period our global trade specialists provided technical support to our foreign trade customers who performed a transaction on Akbank's online corporate branch for the first time and needed support.

All Akbank customers can now conveniently view all details of their export and foreign currency transfers via the Online Corporate Branch, end to end, in real time and in a transparent way through the SWIFT Tracking System. Viewable information includes transaction status, correspondent bank and information related to commission charged at every stage, and date and time information of transactions at the correspondent bank.

Our services include notifications such as incoming/outgoing SWIFT messages in relation to foreign trade transactions, upcoming dates of export letters, information on export documents sent to other countries,

transfer customs ID number, viewing export/import file details on Akbank's online corporate branch, and tax payment via SMS, all free of charge.

***"Exclusive Export Support Loan for Women Entrepreneurs"***

We launched an exclusive export support loan program as a financial support to encourage women entrepreneurs for exports.

We continue to offer advantageous interest rates for export-backed loans as part of this dedicated facility for businesses at least 51% owned by women entrepreneurs.

Akbank AG, subsidiary of Akbank in Germany, provides irrevocable and revocable discount services with economical funding costs especially for exporters selling to European markets.

We are conducting our operations with the goal of supporting Turkey's sustainable development. On that note, we continued to organize the Akbank Exporters' Meetings that bring together exporters, the driving force of Turkey's economy, with experts in their fields. We organized those meetings, uninterruptedly in the form of webinars as we were unable to conduct in person because of the COVID-19 pandemic. We shared the new market opportunities, the dynamics and developments in Turkey and in the world with our exporters throughout those meetings. We conveyed our knowledge and experience about the risks and the opportunities. Further, we had the opportunity to present information on our Bank's products and services for the exporters. We aim to reach exporters in every corner of Turkey as well as tomorrow's prospective exporters with the Akbank Exporter Get-together Webinars that we will continue to organize in 2021.

We are making resolute progress toward our goal of being the first bank associated with foreign trade in Turkey. In 2021, we will enhance our support for foreign trade customers and continue to promote the growth of exports, the driving force of Turkey's economy.

# Retail banking

Since the first day of the pandemic we have supported, via deferral programs, our tradesmen and SME customers operating in the industries that are negatively impacted by the pandemic as well as our individual customers.

Firms that make sales with the Digital Payment Guarantee can avoid the need to accept postdated checks or prompt notes, perform their collections under Akbank's assurance, collect their receivables before the due date by discounting, and assign their receivables to a third party.

We observe that the COVID-19 pandemic lead to changes in the need, consumption and behavior patterns of our customer. We all personally experienced the importance of digitalization during this period. Armed with this awareness, we continuously review, and redesign our service models and business conducts. We strive to develop new digital services that will simplify the lives of our customers.

Since the first day of the pandemic we have supported, via deferral programs, our tradesmen and SME customers operating in the industries that are negatively impacted by the pandemic as well as our individual customers. We deferred the loan and credit card payments of our customers, considering their cash flows. Further, we determined and made available for use by our customers new Credit Guarantee Fund (KGF)-sponsored credit limits for firms with upcoming check payments and working capital needs, to be used for their related payments. As a result, we both met the day-to-day needs of our customers and extended their existing debt to more manageable maturities.

We have observed that SMEs need more support to reduce costs and increase sales during this period. Accordingly, instead of limiting our initiatives to just banking services for them, we designed such initiatives to be supported by value-added non-banking services.

We unveiled the Digital Payment Guarantee as a new solution that will organize and revive the commercial life of both buyer and seller firms. Firms that make sales with the Digital Payment Guarantee can avoid the need to accept postdated checks or prompt notes, perform their collections under Akbank's assurance, collect their receivables before the due date by discounting, and assign their receivables to a third party. In addition, firms that make purchases using the Digital Payment Guarantee tap financing via the payment guarantee loan while controlling their own limits. They can perform all of these tasks easily through Akbank Internet, without having to visit a branch.

We continue to create solutions with fintechs that develop digital applications for SMEs to boost their productivity. In addition to the bookkeeping application Paraşüt

In 2020, we continued to execute a balanced funding strategy and expand our deposit base while boosting volume.

and Kolay IK, another application designed to meet the human resources needs of SMEs, we also forged an important partnership with IdeaSoft, an e-commerce infrastructure provider that offers web and mobile based software solutions.

Today, that online shopping is showing a rapid growth we would like to digitalize the businesses engaged in brick-and-mortar shopping in order to help them prevent revenue losses. As part of the partnership we have established with Ideasoft, one of the leading firms in its industry, we provide an attractively priced platform to businesses striving to engage in online sales and help them venture into e-commerce. Further, we aim to assist digitalization-minded SMEs to use this period to their advantage by offering a financial package that includes a virtual POS with attractive business terms, a low interest rate loan that boosts working capital, and a commercial credit card to be used for product purchases with special campaigns.

We established an online integration with the Logo accounting program to simplify the banking transactions of SMEs and to save their time. After this integration, our customers who use Logo can access Akbank Internet from the Akbank Logo app from their accounting programs. Our customers can view their accounts, perform money transfers and bulk payment system transactions, reach online account statements, match and verify accounts, and view receipts using the Akbank Logo app while also completing the accounting records related to these transactions with a single click. In addition, our customers who perform transactions through the Akbank Logo app earn a one-month transaction fee waiver from money transfers on Akbank Internet and Mobile.

We rolled out the "Secure Payment System" in order to eliminate the risk of carrying cash, and to ensure the simultaneous and secure transfer of the sale amount and the motor vehicle transfer

registration documents in second-hand vehicle sale transactions. In the Secure Payment System, the buyer transfers the sale price to his/her Akbank account before the registration is completed, which secures the sale price on behalf of the seller. We transfer the money to the seller's account once the registration transaction is notarized. This process allows both the buyer and the seller to securely execute the vehicle sale transaction. The buyer and the seller, whether they are Akbank customers or not, can perform their Secure Payment System transactions at Akbank branches and on [www.akbank.com](http://www.akbank.com).

We continue to collaborate -to grow SMEs. As an exclusive deal for Trendyol suppliers as part of the Akbank-Trendyol partnership, fee waivers from money transfer, EFT and check transactions up to certain numbers for a period of one year; complimentary chip-money for new commercial credit card spending; special business terms and discounts at the member merchant; and advantages for the firm and its employees in new salary payment service contracts await Akbank's SME customers.

As part of the Akbank-MNG Kargo partnership, we offer MNG Kargo customers, applying on the SME Vitamin platform complimentary chip-money for new commercial credit card spending; special business terms at the member merchant; advantages for the firm and its employees in new salary payment service contracts; and complimentary money transfers on Akbank Internet and Mobile for a period of one month.

#### ***We expand our deposit volume thanks to diversified products and services***

In 2020, we continued to execute a balanced funding strategy and expand our deposit base while boosting volume. We introduced new digital solutions and improved our services such as Nar Account (Nar Hesap), invoice payments, school, and subscription payments. These efforts enabled us to boost our demand savings deposit base.

## Retail banking

Our top priority in consumer finance during the pandemic has been to meet all needs of our customers as quickly as possible via digital channels.



# 74%

**In 2020, 74% of our general purpose loans, in terms of number of the loans, were provided through the digital channels.**

### ***Consumer Financing***

Our top priority in consumer finance during the COVID-19 pandemic has been to meet all needs of our customers as quickly as possible with digital channels. On that note, we continuously diversify the 24/7 banking services provided through the digital channels and we offer an opportunity to access general purpose loans within minutes through Akbank Mobile and Customer Telephone Banking. Customers can also apply for Arti Para (Plus Money) easily via digital channels for their urgent cash needs.

In 2020, 74% of our general purpose loans, in terms of number of the loans, were provided through the digital channels.

### ***Privileges for Retirees***

We continue to make promotional payments to customers who choose to transfer their Social Security Institution (SGK) retirement pension accounts to Akbank. We also allow them to withdraw money from their accounts two days before their retirement pension is deposited. As a privilege for those who receive their retirement pension from Akbank and who have defined “plus money” loan limits in their retirement pension accounts,

they can use their current “plus money” loan limits with zero percent interest two-day before the pension payment due date. As a result, these customers are able to resolve any issues related with cash shortage in the last days of the pension term in a convenient and advantageous way. Further, they can transfer their SGK retirement pension payments to Akbank and apply for the promotion easily through Akbank Mobile, Akbank Internet Branch, Call Center, and 444 25 25 Customer Telephone Banking.

### ***Akbank FAV: A banking service exclusive to the young people***

As Akbank, we pay special attention to the young people, conduct a number of research surveys in this field, and strive to understand the wishes and expectations of the young people. We are aware that the young people expect services rendered outside of the conventional banking approach in today’s changing and digitalizing world. By identifying the expectations and needs of the new generation, we developed “Akbank FAV” as a completely digital experience that provides all of these together at a single point. To this end, Akbank FAV is a program that provide financial relief to the young people while simplifying their lives.

Young people show their likes by FAVING on social media. We believe that they will also like Akbank FAV which encompasses the value propositions we have put together for them.

Akbank FAV offers banking transactions to the young people on their platform of choice and inclination, the mobile, while supporting them by offering these transactions free of charge. We would like to help them adopt the habit of saving, which does not really exist in the lives of most young people. For this reason, we designed Akbank FAV as a dynamic program that combines a large number of products and services under one roof rather than as a traditional card program.

As part of the program, Akbank FAV member young people who deposit at least TL 250 worth of their allowance or scholarship in lump sum each month has a right to make 10 EFT and 10 money transfer transactions each month on Akbank Mobile free of charge. Besides they have a right to execute five cash withdrawal and balance inquiry transactions in shared ATMs in Turkey each month five ATM transactions abroad each month and 24/7 cardless cash deposits at Akbank ATMs free of charge. They are also entitled to interest-free Plus Money loans over the weekend. In addition, money transfers from the Akbank accounts of their family or friends to their Akbank FAV accounts are also free of charge.

Akbank FAV's main point of departure also includes addressing the non-banking needs of the young people. To this end, we offer them exclusive opportunities through our partnerships with their favorite brands. The opportunities that started with D&R, Epin, GittiGidiyor, Vodafone and Koton will be expanded throughout the year and presented to the Akbank FAV members. As Akbank, we would like to see the young people win and ascend constantly with Akbank FAV. We want to be the "allowance bank" of the young people and their parents with Akbank FAV.

Every student under the age of 26 is eligible to be an Akbank FAV member. For current Akbank customers, all they need to do is to download Akbank Mobile and join Akbank FAV. Non-Akbank customers have the option to become a customer at our branches, or to download Akbank Mobile and join Akbank FAV without having to visit a branch.

#### ***Partnership with Turkey's largest scholarship platform E-Scholarship (E-Bursum)***

We began supporting university students in every area they need through E-Bursum, a social venture that was initiated for the purpose of attaining equal opportunity in education. As part of this partnership, we reach out to young people through an effective digital platform, and provide the young people without bank accounts the opportunity to open accounts quickly via digital channels, while they are receiving scholarships as well as beforehand.

In addition to facilitating the payments of approximately 100 scholarship providers to the scholarship recipients, we also organize trainings and workshops for the young people on the competence of the future such as artificial intelligence, innovation, and design between their student years and the start of their professional lives through Akbank Academy. We also strive to support them in various areas including internships, recruiting, and work models of the future, and to help them take advantage of the opportunities that best suit them.

#### ***We work to provide competitive advantages for SME clients***

Our support for SMEs extends well beyond financing. We foster SME development by offering specialized consultancy and advisory services. We also provide necessary information for SMEs to access special sources of funding.

To this end, we informed our customers on important topics at the meetings that brought us together at various times in different provinces. We migrated

our activities to the digital environment in order to continue to support them and to maintain our communication during the COVID-19 pandemic. We conducted all Akbank Exporters' Meetings, which brought together exporters with experts in their fields, and the meetings where we informed all SME customers on the economic developments during the COVID-19 pandemic, online.

We also continue to serve as a main sponsor, along with Vodafone, for the Turkey Technology Meetings, organized under the auspices of the Turkish Ministry of Commerce and the Turkish Union of Chambers and Commodity Exchange (TOBB). We held meetings in Ankara and in Antalya during 2020 while also organizing an online event with a very large attendance.

First organized in 2014 and held for 14 times to date with the cooperation of Sabancı University's Executive Development Unit (EDU), the "Akbank Family Businesses Academy" is designed to increase the competitive advantage of family businesses, support their healthy growth, foster their sustainability and institutionalization related efforts. Many pertinent topics are covered during the extensive training, including strategic management, business development and innovation, institutionalization, finance, best management practices, legal issues, and human resources. Besides Akbank customers, the program is also organized for distributors and dealerships at the request of leading companies across various industries.

#### **1to1 BANKING**

Generating personalized financial solutions with an accurate understanding of customer needs, 1to1 Banking offers a rich portfolio of contemporary products in line with market trends while rendering a distinctive banking experience to our customers from special pricing to higher limits and priorities on each channels that are exclusive to 1to1 customers

## Retail banking

We enrich Akbank Mobile and Internet with new features and additional functionality each year. These channels are also increasingly becoming user-friendly thanks to the applications offering privileged services for 1to1 customers.

Our Bank created the Expat Banking service model under 1to1 Banking to serve foreign customers at eight branches in two different cities that have a large foreign working population.

Akbank's 1to1 Banking serves our customers at more than 250 branches across Turkey with 320 1to1 Banking Managers.

In 2020, we continued to make major upgrades and enhancements to our products and services in accordance with the changing demands and needs of our 1to1 Banking customers. While deepening in core banking products such as consumer/mortgage loans, overdraft accounts, automatic bill payments and pension salary payments, we helped qualifying customers to diversify their risks with innovative products such as the New Technologies Fund, Gold Fund, and E-Commerce Fund created by Ak Asset Management as a result of its close monitoring of the market trends. We will continue to work on new and ongoing projects in 2021 in order to solidify customer satisfaction and move the expectation one step further each time.

***We are adding new services that make a difference***

We introduced difference-making banking services designed specifically to meet the differentiating needs of professional groups, initially targeting our notary, doctor, and dentist clients. As part of the cooperation protocol we inked in early 2020 with the Istanbul Chamber of Notaries, the largest of its kind in Turkey, we began offering exclusive privileges to our customers in this professional group on a broader scale. In 2021 we will continue to offer these services for other professional groups, starting with the lawyers.

We enrich Akbank Mobile and Internet with new functionalities each year while simplifying the user interfaces of the applications in an attempt to render privileged services to our 1to1 customers. The privileged services we launched in these channels during 2020 include live support for investment products, personal agenda tracking and reminders.





# 60%

## Independent insurance product ratio

**Nearly 60% of our premium generation originated from independent insurance products.**

As Akbank, we enjoy a synergetic cooperation with Aksigorta A.Ş. and AvivaSA Emeklilik and Hayat A.Ş., which rank among the most successful companies in their respective sectors.

Our Bank created the Expat Banking service model under 1to1 Banking to serve foreign customers at eight branches in two different cities that have a large foreign working population. At branches that do not have an Expat Customer Representative, we provide remote services in English via our 1to1 Expert Line Expat team.

Furthermore, we launched new services in 2020 that simplify the lives of our customers. In addition to the airport parking discounts we have been providing since 2019, we began offering discounts on transfer services at the Istanbul, Ankara, Izmir and Bodrum airports and made a difference in our customers; travel experience.

In 2020 we conducted the “1to1 Banking Talks,” which are organized exclusively for Akbank 1to1 Banking customers where many current issues such as the economy, technology, arts, and health were discussed by experts in these respective fields at these unique events, on the online platform. We reached a total of 1,500 customers in 10 events in total, one of which was conducted in English for our expat customers.

Our 1to1 customers who joined this world of privileges received a complimentary Müzekart+ (Museum Card Plus) from 1to1 Banking in 2020 and visited many attractions including palaces and archeological sites. Our 1to1 customers who reside in Istanbul received complimentary visits to the Sabancı Museum for two people during the month they were born as their birthday presents.

### BANCASSURANCE

As Akbank, we enjoy a synergetic cooperation with Aksigorta A.Ş. and AvivaSA Emeklilik and Hayat A.Ş., which rank among the most successful companies in their respective sectors.

We provide our customers with a single point to meet their banking needs as well as all individual retirement, basic and life insurance products they require.

In 2020, we led the way in encouraging customers to save with our efforts to raise awareness about the Individual Retirement System and Automatic Participation. AvivaSA Emeklilik ve Hayat established a strong position in the individual retirement market and in automatic participation by assets under management due in great part to the strong synergy Akbank generated with its extensive delivery network.

We maintained high penetration rates in insurance products associated with loan products in order to meet our customers' needs for protection. Meanwhile, nearly 60% of our premium generation originated from independent insurance products. We conducted efforts to market independent insurance products not associated with loans and offer these to customers in all our channels. By focusing on elementary products, we significantly contributed to both premium generation and market share of Aksigorta A.Ş. and AvivaSA Hayat ve Emeklilik A.Ş.

### ***Strong channel integration in bank insurance***

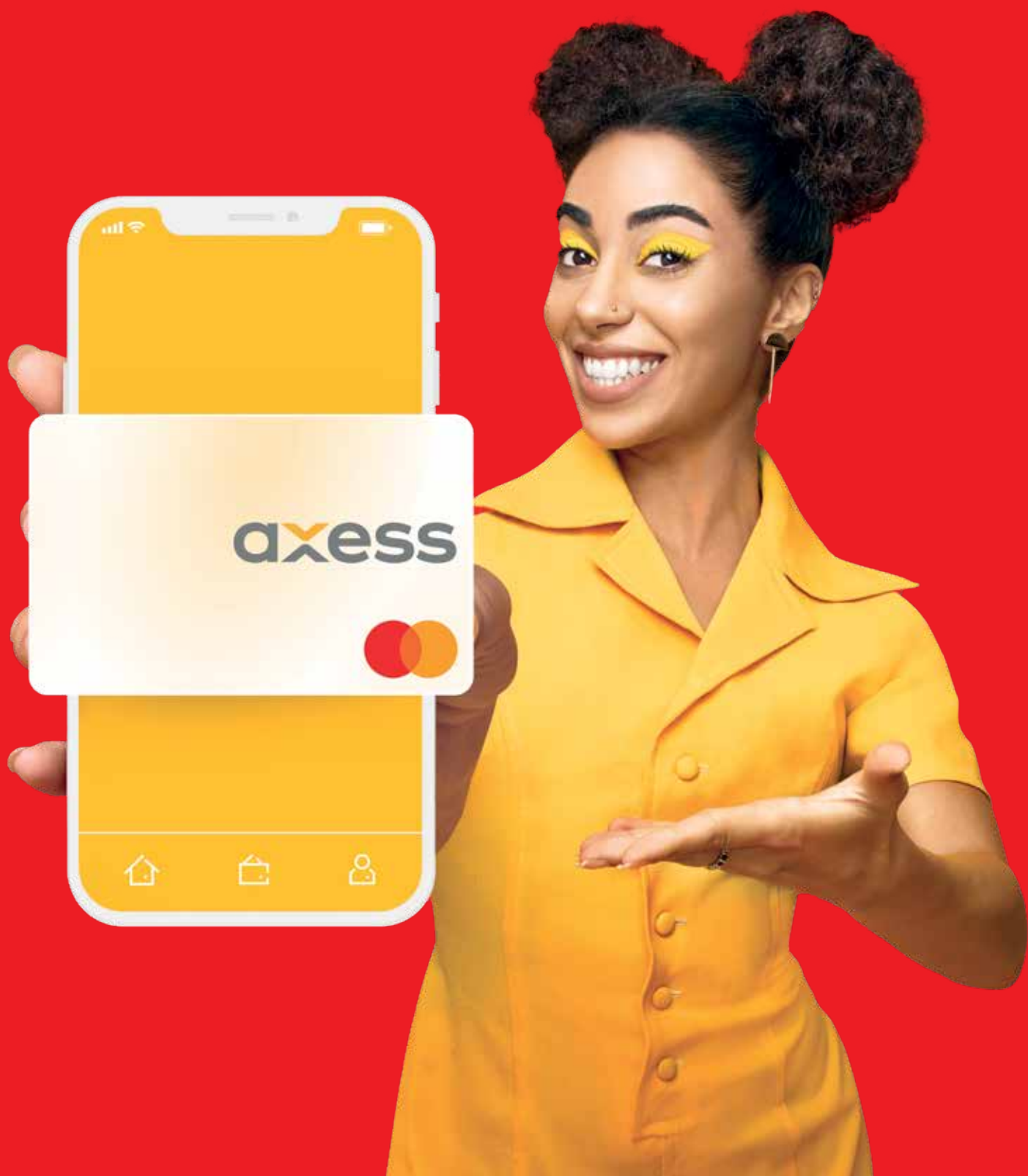
As Akbank, we sustained its growth in bancassurance by creating value for its customers and business partners. As part of this approach, in 2020 we focused on making our existing bancassurance model, products and services more customer-oriented, and offering them more plainly through digital channels and processes.

In 2021, we will continue to further improve customer experience across every area, but especially in digital channels, under this approach. Our core priority will continue to be fully integrating the bancassurance processes into the Bank's transformation projects and strategies.

# Turkey's first digital credit card

Our digital card was first of its kind in payment systems in Turkey.





# Private banking and investment services

As Akbank Investment Services we maintained focusing on the growth potential of capital markets in Turkey in 2020.

We continue to render an investment experience to customers on Akbank Mobile that highlights innovative technologies. In 2020 Akbank Mobile became our most important customer channel in investment products, due in most part to the pandemic.

Formed in early 2018 under an unprecedented integrated organization, Akbank Investment Services is responsible for coordinating and managing the products and services of Ak Investment, Ak Asset Management and Akbank's Treasury Department. This new organization, operating under the Private Banking and Investment Services Unit, implemented major innovations and developments in the last three years and turned Akbank into one of the major players in the Investment Services market.

We owe our consistently high growth rates in the face of the COVID-19 pandemic that started to wreak havoc in the first quarter of 2020 mostly to this integrated organization that set an example in the industry.

## AKBANK INVESTMENT SERVICES

As Akbank Investment Services we maintained focusing on the growth potential of capital markets in Turkey in 2020. Thanks to our investments in digitalization, Akbank's core priority in recent years, the challenges and problems of the pandemic had only a minimal impact on the Bank.

Further expanding the investment products and services we offer through our digital channels in 2020, we allowed

our customers to execute nearly all investment transactions in an easier and faster fashion with the "Finish with Mobile" app. This application allows customers to open investment accounts and execute secure transactions without going to the branch or needing wet signature.

We continue to render an investment experience to customers on Akbank Mobile that highlights innovative technologies as a result of the upgrade and development initiatives that started in 2019 and continued in 2020. During this period Akbank Mobile became our most important customer channel in investment products, due in most part to the COVID-19 pandemic.

The products of Ak Investment, Ak Asset Management and Akbank Treasury are operated jointly with Akbank Investment Services. Moving steadily toward its goal of being Turkey's leading investment brand, we demonstrated a strong performance in 2020. Leveraging our robust technology infrastructure, we continue to expand our product range in core investment products such as mutual funds, equities and fixed-income instruments in accordance with customer needs, and to grow our market share in this segment.

As Akbank Private Banking, we serve customers with financial assets of TL 3 million and above by providing a wide range of products at world class service standards with highly qualified Private Bankers and our superior digital infrastructure.

***Strong performance in 2020 that bolstered our leadership***

We reached TL 15.6 billion in qualified fund assets with 66% growth in 2020 while total assets under management reached TL 18.1 billion. Our innovative products in this segment supported our rapid growth compared to our peers.

For example, as our customers had a steadily increasing interest in technology mutual funds, we reached TL 1.6 billion in mutual fund assets in this segment thanks to our innovative products and channels. Our qualified funds market share stood at 16% during this period.

Due in part to the increasing trend toward digital during the COVID-19 pandemic, 89% of equity trading was performed on digital channels, with 53% on mobile. The number of new stock trading accounts opened in 2020 increased five fold compared to the previous year. Akbank Mobile accounted for 91% of these new account openings.

Our customer base quadrupled in this channel with the annexing of the Derivatives Market (VIOP) account openings to Akbank Mobile. Digital channels account for 97% of new VIOP accounts, where mobile channels represent 78%.

Gold continued to be perceived as a safe harbor during the COVID-19 pandemic. Thanks to the supplemental services we offer to our customers in this area, our gold deposits grew faster than the market and increased 2,5 fold. We expanded our product range in this segment and added Gold DCD and Forward products to our product lineup.

As Akbank Investment Services, we will continue to offer new investment products to customers with a visionary perspective and to develop the trading technologies of the future in all of our channels, with an emphasis on Akbank Mobile.

**AKBANK PRIVATE BANKING**

As Akbank Private Banking, we serve customers with financial assets of TL 3 million and above by providing a wide range of products at world class service standards with highly qualified Private Bankers and our superior digital infrastructure.

We operate six Akbank Private Banking branch offices throughout Turkey; four in Istanbul, one each in Ankara and Izmir. Additionally, we have two service points in Istanbul and Bursa. In addition to high-quality, reliable and easily accessible financial services, Private Banking also offers value propositions that contribute to the lifestyles of our customers and their families. Thanks to our business model built on the synergy between Ak Asset Management, Ak Investment and Akbank Treasury, we address the investment-related customer needs and expectations from a single point.

We make very efficient use of the possibilities offered by technology and digital banking as a result of our digital transformation that enhances the customer experience. We cooperate with our group companies in order to provide the best and highest quality services to our customers' retirement, insurance and financial leasing demands as well as their investment needs. We serve customers with more than TL 30 million in financial assets in accordance with a holistic service approach as part of our UHNW service model, offer personalized innovative solution proposals, and help them transfer family assets to future generations.

We took proactive measures during the COVID-19 pandemic in 2020 in order to protect our employees and customers, and to ensure business continuity. We switched to working remotely since the first days of the pandemic. Our customers continued to provide uninterrupted service to our customers owing to our technology infrastructure and robust asset management platform.

We care greatly about improving the skills of our employees. Launched in 2019 with the purpose of increasing the capabilities of our Private Bankers and to give them a common perspective with our clients, we continue to administer the special development program on financial topics and lifestyle culture.

As Akbank Private Banking, we keep the services offered to our customers in perspective, and we strive to provide them with the opportunity to experience this service in every facet of their lives. As part of our "Winvestors" investor meetings that we launched in 2020 with the purpose of bringing together entrepreneurs and investors, we bring our customers together with subject matter experts from various fields that they are interested in, such as entrepreneurship, the economy and real estate.

In 2015, we launched the "Next Generation" program first time in Turkey with the goal of fostering long lasting relationships with our clients and helping them transfer their assets from generation to generation. The Next Generation program aims to educate high school and college age young people on such key subjects as the responsibility that comes with family wealth, diversity of investment products, the concept of risk, the global economy, and philanthropy.

We share the latest developments in art, technology, architecture, fashion, music and other inspirational topics with our customers on the blog and Instagram account of our digital lifestyle culture platform AJournal.

***Private Banking crowned its accomplishments with awards in 2020.***

Our exclusive services won a number of awards from the world's leading financial publications in 2020. The awards we brought home include "Best in Southeastern Europe in Digital Customer Experience" at the Wealth Tech Awards organized by PWM, a Financial Times publication; "Best Private Banking Unit in Turkey" at the Global Private Banking Awards 2020 organized by PWM/The Banker; and "Best Private Banking Unit in Western Europe" in the category of "Excellence in Crisis: Customer Service" at Global Finance's "Best Private Banking Awards 2021" for our performance during the COVID-19 pandemic.





# Investment in technology is investment in the future

With the Akbank Data Center we have taken data security to the max.





# Strategy, digital banking and payment systems

Akbank reached 5.5 million digital customers in 2020. With the loan experience we perfected, two out of three consumer loans are obtained through non-branch distribution channels.

We also improved the artificial intelligence based intelligence and new applications that are integrated with Akbank Mobile. We expanded our services by further personalizing the experience that we render to our customers.

## DIGITAL BANKING

As Akbank, we have been implementing a holistic digitalization strategy for a long time. We continuously review our service models and business conduct while redesigning the points of contact with our customers.

We also continued to carry out the transformation program for our ATM network.

Akbank customers perform most of their day-to-day banking transactions through digital channels at an ever increasing rate. The number of Akbank's digital customers reached 5.5 million in 2020. The Direkt Loan product accounted for 74% of our consumer loans. Meanwhile, 65% of total credit card sales were made through non-branch channels. With the loan experience we perfected, two out of three consumer loans are obtained through non-branch distribution channels. As Akbank, we boost lending product sales by providing personalized real-time offers. With this approach, we work toward increasing the loan usage rates of our target group. Further, we provide loans for our customers under our Direkt Pay collaborations.

## ***Renewed Akbank Mobile***

After performing a comprehensive overhaul of Akbank Mobile in September 2019 under a collaboration with a world-renowned design agency, we continued to improve Akbank Mobile with new features and experiences in 2020.

We also improved the artificial intelligence based intelligence and new applications that are integrated with Akbank Mobile. We expanded our services by further personalizing the experience that we render to our customers. Fed by completely customer-specific contents, the communication field provides customized insights and smart tips that support financial decisions. In 2020 we enhanced this field with proposed solutions regarding smart tips that customers may find useful. In this field, our customers can immediately access various information such as monthly, weekly cash flow summaries, payment return information, cash flow prediction, credit card expenditure analyses, and savings recommendation.

Akbank Mobile users receive smart tips provided in the new communication field. Mobile customers are also informed about tailor-made campaigns the Bank creates for them based on the data they share.



# 28

## awards

**We were deemed worthy of many awards in 2020.**

**We won 28 local and global awards in the marketing and sales segment.**

The innovations rolled out by Akbank were met positively with our customers, which was reflected in our numbers. Customers switched to our digital channels for their banking transactions at a much faster pace. The number of monthly logins to the application increased 29% compared to year-end 2019.

As Akbank, we introduce the right solutions at the right time to its customers with offer fields on the mobile app. Thanks to this artificial intelligence-based system, we facilitate customers' financial lives with individualized offers.

The innovations rolled out by Akbank were met positively with our customers, which was reflected in our numbers. Customers switched to our digital channels for their banking transactions at a much faster pace. The number of monthly logins to the application increased 29% compared to year-end 2019.

In addition, a significant share of customers who used to use digital channels primarily for viewing their accounts and accessing information also began to perform financial transactions through the mobile channel. During this period, the share of Akbank Mobile in the total number of transactions performed at the bank rose by 16 percentage points while the number of customers carrying out financial transactions through the mobile channel increased 22%. Total payments and money transfers performed via Akbank Mobile increased 26% and 46%, respectively. The share of our Direkt channels in consumer loan and credit card sales were already high. Nevertheless, these rates surpassed 60% for card sales and 70% in consumer loans. The number of investment transactions performed through Akbank Mobile doubled while the share of Akbank Mobile in stock trading, mutual fund transactions, and foreign exchange transactions rose by eight percentage points, 12 percentage points and 12 percentage points, respectively.

In short, the frequency and nature of the relationship of our already digitalized customers with our digital points of contact and our mobile banking app Akbank Mobile in particular changed and deepened. Our customers quickly adopted new habits.

### **Digital Banking Design Office**

Our team gained further design competency capabilities with our design studio. The studio disseminates design culture across all departments at Akbank while also

designing new products and services in conjunction with cross-functional teams. We change the flows when needed with rapid testing while continuously working to improve customer experience across the Bank.

### **Digital customer experience**

We adopt a customer experience-oriented management model at every step of our product and service design and development process. Under this model, we enable customer participation in all design processes with the most current and effective methodologies, including neuro measurement, questionnaires, one-on-one in-depth interviews, and usability testing. Whereas we used to conduct most user surveys in person, we quickly switched to remote communication methods in 2020 due to the COVID-19 pandemic and remained steadfast to our user-focused design principle under any circumstance.

One of our strategic priorities is integrating opportunities brought by digitalization while enabling more people to benefit from these opportunities. In line with this purpose, we, first, test all of our innovations via a pilot process with a test group selected from our customer base. During this process, we take their experiences and improvement suggestions into account and carry out the services. For accessible banking, for example, we first allow our disabled customers to try out these innovations. Subsequently, we make necessary improvements and changes in line with the pilot findings.

We began to measure channel experience metrics in a self-serve fashion on digital channels. As a result, we can assess the digital experience while the user is still in the channel and at the conclusion of the transaction, and develop solutions proposals accordingly.

Insights gained through research studies, analyses and other methods implemented during Akbank Mobile's transformation process guide all the departments in designing smoother and more personalized customer journeys. On this journey that we set out on with our customers, we continue to develop the new world of Akbank Mobile.



## Strategy, digital banking and payment systems

Closely monitoring new dynamics in the real economy and emerging trends across society, Akbank Customer Communication Center stood by its customers 24/7 with diversified products and services, as well as an extensive service infrastructure across Turkey.



## 200 million annual transactions

**Nine out of 10 cash transactions at the Bank are conducted via our ATMs; our ATM network processes 200 million transaction per year.**

### **Awards**

We were deemed worthy of many awards in 2020. We granted 28 local and global awards in the marketing and sales segment. We registered major accomplishments at the award ceremonies organized by the world's leading institutions that we entered with Akbank Mobile. We won the "Best Mobile Application Design" award at the iF Design Awards; the Gold A'Design award at the A'Design Awards & Competition; and the Red Dot award at the Red Dot Awards. We also won three awards with our Customer Communication Center and its services this year.

### **ATMs**

Akbank stands out with its wide geographic distribution and easy access. Our Bank boasts one of the most extensive ATM networks in Turkey with more than 5,000 ATMs. We ensure that our ATMs are easily accessible cash transaction points for everyone, whether customer or not. Nine out of 10 cash transactions at the Bank are conducted via our ATMs; our ATM network processes 200 million transaction per year. In line with the Bank's transformation strategy, we continued to undertake ATM Renovation efforts that renders an easy to understand, simple and

customized experience. We will be sharing this new experience with our customers at all Akbank ATMs in the beginning part of 2021.

### **CUSTOMER COMMUNICATION CENTER (C3)**

Over the past 19 years, Akbank Customer Communication Center (C3) has aimed to provide a unique experience to customers at every point of contact. We continued to lead the industry in 2020 with our well-educated, experienced, highly-qualified, solutions-oriented staff; rich diversity of transactions; superior technological capabilities; creative and results-oriented perspective. Closely monitoring new dynamics in the real economy and emerging trends across society, C3 stood by its customers 24/7 with diversified products and services, as well as an extensive service infrastructure across Turkey.

In addition to voice chat with customers, we also serve through Facebook, Twitter, Instagram, chat and video conferencing channels as one of the first companies to implement social media integration in Turkey. In 2020 we conducted nearly 73 million customer contacts through these channels and continued to distinguish ourselves in terms of speed, convenience and accessibility.

Thanks to our strong technology infrastructure, we were in a position to allow all of our employees to work from home as of March, the month that the pandemic started. All of our Customer Communication Center employees continue to serve customers remotely.

Our strong analytics capability enables us to extend dynamic offers in parallel with customer requirements and needs. Our top priority is to provide quality service in individual products and services in a simple and quick manner without the need to visit a branch. As a result, we create value for our customers while the sales efficiency and share of our channels increase by the day.

We crowned our successful performance in "Customer Experience" in three categories at the 14<sup>th</sup> Stevie Sales and Customer Service Awards in 2020. We are proud to bring home the "Bronze" awards in the "Contact Center of the Year," "Best Customer Engagement Initiative" and "Front-Line Customer Service Team of the Year" categories.

In addition, we won the "Good Idea Award" in the "Customer Experience during the Crisis" category at the CX Awards Turkey-Customer Experience Awards organized by Nice Medya.

As part of the Specialized Services Project that was launched in March 2011, we remotely provide customized portfolio management service to 150 thousand 1to1 and SME customers. We plan to continue efforts to deepen customer relationships and effectively manage assets using technological innovations and process improvements.

Thanks to our strong technology infrastructure, we were in a position to allow all of our employees to work from home as of March, the month that the COVID-19 pandemic started. All of our Customer Communication Center employees continue to serve customers remotely.

As part of the transformation and in accordance with our quality service approach, The C3 took quick actions based on customer expectations and render services to healthcare professionals and 65+ customers with privileged and customized way by giving priority to their calls.

In an effort to meet the customer needs that are changing rapidly with the new normal, we will continue to undertake efforts to ensure uninterrupted and fast service as well as transaction diversity; implement

cultural transformation programs that support and complement transformation; place customer experience and employee satisfaction at our focal point; and maintain our pioneering position in the industry.

#### **ANALYTICS DEPARTMENT**

As Akbank Analytics Department, we are focused on producing next generation analytics solutions. We aim to translate generated data into value-added business results in a data-intensive world centered on evolving and changing digital technologies. As part of our analytics initiatives in 2020, we continued to operate successfully in identifying customer needs, managing the customer portfolio by steering marketing efforts in this direction, effectively managing the sales force, and developing corporate strategies-oriented advanced analytics business solutions.

We continued to utilize and improve our analytics infrastructure, enhanced with next-gen machine learning technologies, in a manner to contribute to our business targets. In addition, we further accelerated our capabilities in this field with automated machine learning technologies. We model the Bank data using the high data processing capacity of the next generation machine learning techniques with and identify customer needs related to banking products and services. Further, we are focused on identifying their behavioral predispositions and generating suitable solutions to their needs. We developed the Financial Intelligence Application (FİZ), designed to ensure optimal portfolio management based on customer analytics models-driven customer needs and sales force targets. We continued to use the application at branches and Direkt channels. We continue to develop the FİZ application to serve the entire customer life cycle.

In channels where customers contact Akbank, we deploy a real-time marketing system to identify customer needs at that moment and offer them the best value propositions.

## Strategy, digital banking and payment systems

The digitalization strategy that we have been implementing for a long time with a holistic approach, which is a comprehensive transformation program that we call New Generation Akbank, prepared us for this period. Rapidly adapting to this extraordinary period, we leveraged our strong technology infrastructure to continue serving our customers without interruption.

As the strategy team, we are working effectively on strategic priorities in accordance with Akbank's medium and long term vision, and designing, planning, and implementing the sub-categories of these priorities. Team members also assume roles as project and program managers.

As part of corporate analytics application efforts, we carried out successful initiatives in developing analytics applications for internal customers and boosting the efficiency of the Bank's operational processes.

We will continue our analytics initiatives in 2021 in line with our digital and real time banking vision. These efforts have a particular focus on customer experience enhancement, analytic marketing, smart sales and service infrastructures, and income optimization. To adopt and integrate next-gen analytics solutions, we will continue exploring new technologies in this area with fintechs.

### STRATEGY IMPLEMENTATION

As the strategy team, we are working effectively on strategic priorities in accordance with Akbank's medium and long term vision, and designing, planning, and implementing the sub-categories of these priorities. Team members also assume roles as project and program managers.

One of the strategic focus areas determined during this effort was Informed Banking. With this focus area, Akbank aims to differentiate

from the competition on the basis of effective balance sheet and risk management, emphasis on efficiency, and high-quality income generation.

The Strategy team continued to carry out programs and projects that will help achieve the set targets, while keeping focus on forward-looking investments to move the Bank forward quickly.

However, the uncertainties associated with the COVID-19 pandemic and developments regarding the pandemic was at the top of the agenda of all sectors throughout 2020. Both our modes of work and our habits changed fundamentally during this period. The digitalization strategy that we have been implementing for a long time with a holistic approach, which is a comprehensive transformation program that we call New Generation Akbank, prepared us for this period. Rapidly adapting to this extraordinary period, we leveraged our strong technology infrastructure to continue serving our customers without interruption. This allowed us to rapidly turn the Bank's focus from the present day and trying to solve today's problems to the "new normal" and adopting our strategic initiatives to the new normal.

We aim to serve our customers uninterruptedly from all integrated points of communication with Akbank Mobile, which was overhauled under the “Excellent Customer Experience” motto, new generation branches, and effective sales prowess.



## 100 branch transformations

**Branch transformations continued in 2020, as 100 more Akbank branches completed their transformations.**

We accelerated some of our medium-term strategic focus areas while prioritizing others:

- Excellent Customer Experience: Next Generation Sales Service Model and the Bank of the Mobile
- Digital, Innovative and Analytic Solutions
- Smart Investment in the Future

We aim to serve our customers uninterruptedly from all integrated points of communication with Akbank Mobile, which was overhauled under the “Excellent Customer Experience” motto, new generation branches, and effective sales prowess. Digital, Innovative and Analytic Solutions is focused on bolstering the customer experience and satisfaction, helping our employees be more effective, expanding the use of advanced analytics and maximizing the benefit of automation in virtual robot software programs. Smart Investment in the Future underlines the initiatives we are undertaking in technology and human resources programs.

As Akbank, we continue to differentiate the Bank from its competition with the Mobile 3.0 transformation implemented as part of the New Generation Akbank Program in customer-oriented mobile banking that is based on modern designs, smart value propositions and the state-of-the-art technology. We are continuing our efforts to build an organizational structure that reflects our leading corporate identity across all channels by putting intensive mobile experience in the heart of the branch-office experience. These branch-office transformations which form the basis of Akbank’s New Sales and Service Model and shape the future of banking concept continued throughout 2020, as transformation of 100 more branches were completed. We continued our innovative efforts geared to improving quality customer relationships through our mobile service model, digital banking solutions, renovated Customer Communication Center, and remote service model wherever we are unable to reach our customers

with our branch network. While continuing to render uninterrupted service to our customers with our dialogue banking channels and renovated ATM designs, we kept improving our superior customer experience with the addition of new services.

Our digitalization efforts, which proved their importance in the challenging conditions of 2020, were our focus for all customer segments. As a result, we reinforced our sales-service quality with analytic capabilities and increased the effectiveness of our digital channels. Identifying the implementation areas within the Bank of the artificial intelligence and machine learning technologies that we follow closely, we aimed to adapt these applications widely and increase our data-based capabilities for internal and external customers. We scoped out initiatives to develop next generation payment systems infrastructures in an effort to reinforce our competitive position in the payment systems segment.

As Akbank, we believe that differentiating ourselves requires us to invest in our employees and our technology to foster the best interaction between technology and people. To this end, we continued to invest in Akbank employees as well as in all technologies and tools that will support, strengthen and feed them. We planned initiatives and development and training programs for equipping Akbank employees with new capabilities and specializations, and creating “a more dynamic, innovative, adaptable staff with a greater customer focus” in order for Akbank employees to be influential in tomorrow’s business world. On top of our initiatives focusing on people and culture, we continued to develop projects concerning the transformation in infrastructure, technology and operations throughout the year.

We will continue to invest in the future and to carry out projects that will move the Bank forward quickly in an attempt to develop new banking approaches and improve our service quality through new technologies.

## Strategy, digital banking and payment systems

Akbank LAB has a central team coordinating the innovation processes open to the Bank's entire organizational structure. Akbank LAB and our business units generate ideas in accordance with the focus areas and objectives determined by the Bank and these ideas are turned into projects to offer value-added financial services.

Akbank LAB also aims to become an important player within the innovation and entrepreneurship ecosystem by establishing close communication with universities and technocities.

### *Innovation Center*

Akbank Innovation Center – Akbank LAB – was established in 2016 to develop innovative projects that meet the needs of our Bank's business units. With this effort, we aimed to ensure that globally recognized financial solutions achieve a perfect customer experience in a way that supports the Bank's strategies. Akbank LAB prepares Akbank for the technology of the future from today, while ensuring that innovation becomes an integral part of our Bank's culture.

Akbank LAB has a central team coordinating the innovation processes open to the Bank's entire organizational structure. Akbank LAB and our business units generate ideas in accordance with the focus areas and objectives determined by the Bank and these ideas are turned into projects to offer value-added financial services. Ideas deemed to be successful after undergoing a series of assessments proceed to the PoC (proof of concept) phase. At this stage, the feasibility of these ideas is tested and possible gains for customers and the Bank are assessed. High value-added, industry-leading projects, such as the personalized smart tips offered

on Akbank Mobile and the use of automated machine learning platform, were implemented under the coordination of Akbank LAB.

Akbank LAB also aims to become an important player within the innovation and entrepreneurship ecosystem by establishing close communication with universities and technocities. The Startup Campus and ScaleUp Acceleration programs we have implemented jointly with Endeavor represent our collaborations to support the entrepreneurship ecosystem. Hackathon, one of our initiatives toward this goal, was conducted online for the fourth time in 2020.

We organize "Challenge Yourself" Innovation Contest among employees every year to encourage innovative thinking at the Bank and make it a part of Akbank's culture. In close cooperation with the People and Culture and the Corporate Communication Departments, Akbank LAB carries out activities that strengthen the innovation culture in an effort to raise Bank-wide awareness and know-how on innovation-related topics through various initiatives. We share our assessments on the developments in the financial technology and



# 10.95%

**We attained total turnover market share of 10.95% in 2020.**

Akbank has 4.9 million cardholder customers, 6.5 million credit cards and 8.2 million debit cards in circulation, and 312 thousand member merchants as of year-end 2020.

innovation field and Akbank LAB's current initiatives through the Akbank LAB Medium account that we launched in 2020.

We intend to continue executing our innovation processes effectively under the coordination of Akbank LAB in 2021. We aim to develop new products to provide excellent customer service by deploying technologies such as machine learning, blockchain, artificial intelligence and big data that steer the world financially as well as technologically.

## PAYMENT SYSTEMS

As per our ambition to be one of the first entities to adopt the innovations in every segment of banking to date, our Bank ranks among the pioneering and leader banks in the card payment systems market. Akbank has 4.9 million cardholder customers, 6.5 million credit cards and 8.2 million debit cards in circulation, and 312 thousand member merchants as of year-end 2020. We attained total turnover market share of 10.95% in 2020 while increasing our monthly average transaction numbers by 4% and helping Axess to be a preferred credit card.

In early 2020 we offered our customers the opportunity to make contactless payments and mobile payments with QR code using their phones under the "Mobile with Axess" motto and we officially launched these features. Payments began shifting to contactless at a fast pace while the share of mobile and internet payments increased in response to COVID-19. Compared to the beginning of the year:

- Contactless mobile payments made with smart phones increased 2.5 fold in the industry while rising seven fold at Akbank.
- The share of contactless credit card payments in the industry went up from 20s to 40s in terms of percentage. This share reached nearly 50% at Akbank. Akbank Card attained the largest contactless turnover market share among all debit cards in the industry.

- The favorable results of the mobile payment campaigns we have conducted throughout the year for Axess Mobile were reflected in the market shares. We ranked second in the industry in mobile payments with 21.29% market share, and third in QR code payments with 14.62% market share.

We made major strides in 2020 toward digitalizing the products of Akbank Payment Systems. We rolled out Turkey's first Digital First credit card in September. Thanks to the instantaneously-available Axess/Wings that provide an end-to-end digital experience, our customers can now access their credit cards through Axess Mobile and Akbank Mobile and use them immediately in their online purchases and mobile payments, without having to wait for their physical cards to be delivered to their address once their card applications are approved. More than 75% of the applications following the official launch came from new card customers. Sales were up 20% while the share of active Digital First users increased five percentage points in the first three months.

Our digitalization process will not be limited to the transformation of our consumer credit card Digital First. We will carry out development initiatives that will allow the Bank to sell digital credit cards in commercial credit cards as well as in debit cards. As a result, we will be offering digital cards to all customers in keeping with the contemporary trends, which will pave the way for rapid customer acquisitions.

Our mass credit card brand Axess continued with the "fulfill with Axess" slogan while focusing its communication efforts on digital channels. In addition to conducting campaigns throughout the year to meet customer needs, we continued to earn their loyalty and appreciation with "never-expiring chip-money" rewards. Axess campaigns, supported by effective communication initiatives, contributed to the brand image and credit card income.



## Strategy, digital banking and payment systems

As the commission rate to member workplaces limited, usage of debit cards particularly in shopping use increased accordingly. The limit conscious shopping card Neo was renamed as Akbank Card with a brand new appearance in March 2020.

The share of commercial cards in the Bank's payment systems profits continued to rise in 2020. The number of transactions market share of Akbank commercial cards rose from 13.7% in 2019 to 14.7% in 2020, indicating its popularity during transactions.

Due to the COVID-19 pandemic that devastated the entire world, we delayed the annual Mile Points expiration deadline from May 31<sup>st</sup> initially to July 31<sup>st</sup>, and subsequently to July 31<sup>st</sup> for customer satisfaction purposes. Mile Point redemptions were lower compared to previous years due to the ongoing COVID-19 pandemic as well as reduced air travel due to regional flight bans and social hygiene concerns. In order to allow our customers to redeem the Mile Points they accumulated with their Wings cards outside of air travel, we expanded the scope of our "pay with miles" service that was launched by Akbank as a first in the industry and made fuel, grocery and all internet shopping eligible to be paid with miles on top of travel and accommodation spending.

We extended the expiration dates of our cooperation agreements as part of the Wings Style program for a number of reasons including the closure of restaurants that offer discounts for Wings credit cards and shutdown of valet services at the malls, as well as shifting customer preferences away from these services due to the COVID-19 pandemic. This helped our member merchants and our customers to take advantage of Wings Style privileges.

### **Commercial cards**

The share of commercial cards in the Bank's payment systems profits continued to rise in 2020. The number of transactions market share of Akbank commercial cards rose from 13.7% in 2019 to 14.7% in 2020, indicating its popularity during transactions.

Due to the COVID-19 pandemic, we enhanced the special seasonal benefits we provide to our commercial credit cardholders in an attempt to support their business needs and day-to-day spending.

### **Debit cards**

As the commission rate to member workplaces limited, usage of debit cards particularly in shopping use increased accordingly. The limit conscious shopping card Neo was renamed as Akbank Card with a brand new appearance in March 2020. Akbank Card increased its turnover by 34% in 2020 and reached 9% market share. The share of Akbank Card in total purchases made by Akbank cards was above 13%. We focused our campaign designs and customer communications on contactless payments and e-commerce spending due to the COVID-19 pandemic.



As Akbank, we continued to expand the contactless POS network in 2020. The number of POS capable of contactless transactions reached 263 thousand with 15% increase while the amount of turnover realized through contactless POS devices grew 359% to TL 1.17 billion per month.

#### **Member merchants**

We launched Akbank Mobile POS in October as a major step in the digitalization process of Akbank Payment Systems. We continued to expand our member merchant network with this new application that allows small businesses to offer an end-to-end digital experience to their customers and to accept card and mobile payments. We reached 312 thousand member merchants and 425 thousand POS terminals as of the end of the year. We have further strengthened our market position by broadening our member merchant network via agreements with industry-leader companies and running consumer-oriented promotional campaigns, reaching 9.65% market share in terms of member merchant turnover. As of year-end, 187 thousand merchant members offer installment and rewards benefits to Axess cardholders.

As Akbank, we continued to expand the contactless POS network in 2020. The number of POS capable of contactless transactions reached 263 thousand with 15% increase while the amount of turnover realized through contactless POS devices grew 359% to TL 1.17 billion per month. The number of businesses accepting QR code continues to grow by the day, as the share of our terminals accepting QR code payments reached 76%.

#### **Axess Mobile**

Axess Mobile was made available to all cardholders in 2017 as Turkey's first mobile app to generate campaigns exclusively for Akbank's card universe based on spending patterns of customers. The application reached 905 thousand downloads and 45 million views in 2020. The main principle in launching and constantly updating Axess Mobil was to help customers use the credit card loyalty system easily and effectively. Axess Mobile's campaigns registered 8.7 million participations in 2020, which demonstrates the app's effectiveness in line with the goals of retaining existing customers, and increasing revenue and card market share.

The most important development in Axess Mobile in 2020 was the launch of mobile payment with Axess Mobile

that was conducted at the beginning part of the year. Axess Mobile users are now able to make fast and secure contactless or QR code payments over the mobile app. We have also focused our communication strategy on mobile payments during the COVID-19 pandemic. We ranked among the top players in the industry with 22.29% market share in NFC payments and 14.62% market share in QR code payments.

Our new features, "3D Secure Mobile Authentication" and "Masterpass Card Addition," began offering a fast and secure online shopping experience to our cardholders. After easily adding their cards to Masterpass, customers make fast payments at affiliated businesses without having to enter their card information. Customers who prefer to make their payments with 3D Secure complete their transactions with a single click through Axess Mobile instead of entering an SMS passcode.

Axess Mobil enables customers to choose their favorite brands and sectors; then, the app informs them first about the campaigns in the brands and sectors of their choice. Additionally, according to the spending needs of users, the app also gets to know them better and sends notifications of the most suitable campaigns. Thanks to these innovative features, Axess Mobil offers users a mobile app experience personalized end-to-end.

Standing out with the "Banking Based on Your Mood" experience feature, Axess Mobile offers its users a variety of lucrative campaigns. Highlighting the Healthy Living Mode in 2020, Axess Mobile also served as an assistant providing content that helps users to lead a healthy life. Axess Mobile, which allows users to perform card transactions easily and visualize and participate in all debit and credit card campaigns and track their status in these campaigns, is the best representation of Akbank's mobile vision.

Axess Mobil further enriched the world of campaigns with its partnerships in 2020 while making major strides toward becoming a one-stop shop platform for all needs of more than 7 million card holders.

# Treasury

At Treasury Business Unit, we continue to offer efficient solutions with Trading, Balance Sheet Management, Treasury Marketing and Economic Research Departments and make a difference in the industry with our service quality.

Our Trading Department remains one of the most important players in the Turkish money markets with its high transaction volume. We pioneer the deepening of the market with our leading position in various markets.

At Treasury Business Unit, we continue to offer efficient solutions with Trading, Balance Sheet Management, Treasury Marketing and Economic Research Departments and make a difference in the industry with our service quality. With effective pricing policies, we focus on maintaining stability during the rebalancing process of the economy.

## TRADING

Our Trading Department remains one of the most important players in the Turkish money markets with its high transaction volume. We pioneer the deepening of the market with our leading position in various markets.

The Group, which is a market maker in the OTC derivative markets and Istanbul Stock Exchange, provides effective pricing for its customers and foreign banks in consideration of market developments, and manages the resulting derivatives positions. With a customer-oriented approach, our Group develops different derivative products to meet the needs of customers.

The FX Trading Group serves as a market maker for both intra-Bank and non-Bank customers in all TL-FX currency pairs that can be traded within Akbank. We also execute physical and financial gold trades on Istanbul Gold Exchange and in overseas over-the-counter markets.

Through our efficient solutions we provide with a proactive approach, our goal is to be the first bank that comes to mind for international investors who would like to make transactions in Turkey.

## BALANCE SHEET MANAGEMENT DEPARTMENT

Our aim is to manage our Bank's balance sheet and income statement in accordance with the principles of risk management. We perform interest and currency swap transactions in line with our Bank's need for resource management, and in order to manage interest rate risk effectively. Our Securities and Derivatives Group also manages Stock Securities Portfolio of the Bank and performs the necessary transactions. We support Turkey's financial stability with our market-maker activities in the bonds and bills market.

As Akbank Economic Research Department, we closely monitor the global and domestic economic environment and market developments. In addition, we ensure the fast and effective information flow to all units of our Bank and present opinions on the potential consequences.

The Asset-Liability Management team performs fund transfer pricing for the Bank's disparate internal business units. Besides, the team monitors all our balance-sheet and presents suggestions to the Asset-Liability Management Committee regarding the actions to be taken.

Thanks to effective pricing policies and efficient interest rate risk, we continue contributing the protection of flexible balance-sheet composition in line with sustainable profitability principle.

The Liquidity and Funding team manages Akbank's short term foreign currency and Turkish lira liquidity, by taking into consideration the market conditions and effectively utilizing all available financial instruments. While managing the Bank's liquidity, the Department borrows or makes placements in money markets in foreign currency and Turkish lira, and uses instruments such as TL repo and reverse repo. We endeavor to manage currency and TL liquidity in the best effective manner possible by handling swap transactions in different currencies.

In 2019, the Department acted in parallel with the CBRT's monetary policies, making effective use of TL and foreign currency markets, and fulfilling the Bank's TL and foreign currency denominated reserve requirements. We engaged in the OTC and organized markets dynamically, in response to market conditions.

### TREASURY MARKETING

We serve customers across all segments with an extensive range of products – including spot foreign exchange, forward foreign exchange, gold, foreign exchange/gold/interest rate options, foreign exchange and interest rate swaps, government bonds and bills, bank bonds, and Eurobonds – at competitive prices.

### ECONOMIC RESEARCH

As Akbank Economic Research Department, we closely monitor the global and domestic economic environment and market developments. In addition, we ensure the fast and effective information flow to all units of our Bank and present opinions on the potential consequences. Thanks to such efforts, our employees are kept well-informed and properly equipped with a constant flow of up-to-date information about developments that steer the economy and the markets. As a result, our Bank's staff is well-prepared to address customer questions.

Furthermore, at the Economic Research Department we prepare macroeconomic forecasts for our Bank's business units and contribute to determining the Bank's strategy and setting the budget. At the same time, we inform the Board of Directors, foreign investors and clients about the current economic situation and market data.

# Turkey's Akbank is the best bank in emerging markets

More than 160 emerging countries,  
we are proud to be the best bank.





The Best Bank  
in Emerging  
Markets  
Euromoney





# Credit underwriting

Despite the volatility in global and domestic markets in 2020, we helped protect our Bank's asset quality in line with its healthy growth target.

Our cash and non-cash loans reached TL 331 billion in 2020. Corporate, commercial and SME loans account for 64.9% of our cash loans while consumer loans and credit cards make up the remaining 35.1%.

As Akbank Credit Underwriting Business Department, we evaluate our Bank's loan offers in line with its objectives and credit policies. We play an active role in our Bank's healthy growth by ensuring optimal performance of its processes related to risk analysis, financial analysis, risk monitoring, scoring and intelligence.

Our cash and non-cash loans reached TL 331 billion in 2020. Corporate, commercial and SME loans account for 64.9% of our cash loans while consumer loans and credit cards make up the remaining 35.1%.

We strive to maintain Akbank's commitment to robust asset quality with dynamic practices sensitive to circumstantial developments, prudent rating policies, and periodic portfolio reviews. Despite the volatility in global and domestic markets in 2020, we helped protect our Bank's asset quality in line with its healthy growth target.

In 2020 we built advanced analytics infrastructures that will allow us to manage all consumer loan portfolios dynamically based on

macroeconomic conditions and in accordance with the Bank's objectives. We began using advanced analytics decision models centered on scorecards developed with machine learning algorithms, segmentation models, and limit models.

We quickly respond to customer requests at all levels and in all segments with regular meetings of our competent credit committee. We standardized lending practices, increased the efficiency of our processes, and gave priority to the offers geared toward new customer acquisitions.

We aim to sustain our healthy growth trajectory in 2021 by taking the necessary actions in response to changing customer needs and the developments in the industry. We will continue to manage our consumer loan portfolio in accordance with our digitalization focus and the principle of continuous development by using the most advanced data-based analytics approaches in our automated decision systems.

# Our technology infrastructure and operations

The very rapid change in customer habits in favor of digitalization during the pandemic once again justified to us the projects that we have implemented to date or planned to implement.



## 360+ projects

**We implemented more than 360 projects in accordance with a holistic digitalization strategy in 2020.**

As Akbank Technology and Operations, we conducted our activities pursuant to our vision of digitalization and remote banking in 2020. The very rapid change in customer habits in favor of digitalization particularly during the COVID-19 pandemic once again justified to us the projects that we have implemented to date or planned to implement.

### INFORMATION TECHNOLOGIES

We implemented more than 360 projects in accordance with a holistic digitalization strategy in 2020.

#### ***Digital Sales and Service Models***

While we develop our Digital Sales Service models, we modernize our digital and physical channel technologies at the same time.

We are offering a brand new experience to our customers at our ATMs as part of our Faceplate Renovation project. As part of the initiatives that we have been carrying out in accordance with the “Mobile-like ATM” strategy, we went beyond updating software and invested in hardware for a holistic experience.

The following is a list of major innovations that we have undertaken to provide better service to our customers:

- Touchscreens: All of our screens now boast a touchscreen design for ease of use.
- Personalization: We provide on the screen the top four amounts that our customers withdraw most frequently and help them withdraw cash quickly without having to enter an amount.
- The new search functionality helps customers to easily reach the function they are looking for.
- We eliminated the need to enter information in money transfers. Customers can easily perform money transfers with the suggested recipients feature.
- We inform our customers about the new functionalities when they start a transaction.
- Our customers are not limited to viewing only the account associated with their cards. If they authorize it, they can use their debit cards to reach all of their accounts and cards and perform transactions.
- We simplified our functionality for withdrawing cash from a credit card. We conduct automated rerouting for our customers.



## Our technology infrastructure and operations

We have rapidly transformed our digital branch model to the remote service model due to the impact of the pandemic based on our digitalization vision.

We have completed the Chatbot, which got an overhaul of its infrastructure and visual experience, and “Discover” (Smart Search), which increased the efficiency of our mobile app, projects in 2020.

We have rapidly transformed our digital branch model to the remote service model due to the impact of the COVID-19 pandemic based on our digitalization vision.

- Finish with Mobile: Using finish with mobile, we can execute nearly 60 product sales and transactions inside or outside of the branch in a paperless manner.
- iPad Outside the Branch: The iPad outside the branch project that we had started before the COVID-19 pandemic had created the infrastructure for remote working that we ended up needing greatly during the pandemic. We were able to offer more than 100 products, transactions and services to our customers outside of the branch. We continued to expand our functionality set continuously during the COVID-19 pandemic. As of now 85% of the transactions at the Retail and Private Banking branches can also be performed remotely.
- Extra Teller: With the extra tellers, which allows our customers to carry out even their large value transactions on a self-serve basis, nearly seven out of every 10 teller transactions are now executed at this next generation service point.

### ***Next Generation Interaction***

We are investing in next generation interaction methods while reinforcing our existing points of interaction.

As part of our Dialogue Banking program, we are developing new products aimed at enhancing the Bank's services with artificial intelligence-based smart digital assistant applications while we update our existing products at the same time. We have completed the Chatbot, which got an overhaul of its infrastructure and visual experience, and “Discover” (Smart Search), which increased the efficiency of our mobile app, projects in 2020.

- Our Chatbot application offers our customers from all generations the opportunity to perform transactions by typing in the way that makes the most sense for them through our digital channels. We serve them by interpreting nearly 200 banking transactions through artificial intelligence and we resolve 64% of the interactions with Chatbot without transferring them to live support customer representatives. This project allows our users to word their banking-related questions in the way they wish and continue their transactions. We actively use artificial intelligence algorithms such as natural language processing, autocomplete, spell

check, and asset differentiation in our project. In the coming year we will be working on enriching the functionality set of Chatbot and adding a voice assistant feature to the application.

- Our customers can now access the functions within the mobile application by typing, thanks to our Discover project that we undertook so that our customers can reach the functions in the mobile app quickly, easily and accurately. We designed a smart transaction suggestions field to facilitate faster access to our functions. We provide suggestions based on the transactions they have previously performed. Met with great fanfare by our customers, this field is being used actively. In the coming period we plan to improve the transaction search feature in the Discover project and offer an exceptional experience to our customers.

#### **Ecosystems and Open Banking**

We continue to expand Turkey's first Open Banking application and portal with new partnerships. We will continue to increase the number of services we make available to corporate segment firms as well as third-party developers.

#### **Next Generation Payment Systems**

We continue to be a pioneer in the industry with our new projects in the digital payments segment that is being shaped by next generation payment systems.

- We developed the Akbank Mobile POS application. Our innovation enables merchants to accept immediate and secure payment using the application that they download on their Android mobile devices, obviating the need for physical POS terminals.
- We became the first bank in Turkey to implement the Digital First program in credit cards with Mastercard as part of our digital card project. We made Turkey's first downloadable credit card available to our customers with this project. As a result, Akbank customers can use the Axxess and Wings cards they applied for immediately for online purchases and mobile payments without having to wait for the cards to be delivered to their addresses.

Furthermore, such information as the card number is only included in the mobile application and not on the physical card.

- We undertook efforts for Tosla, our e-money company AkÖde's product for the young people. Tosla, a digital wallet that allows users to meet their day-to-day financial needs in a fun, social, easy and fast manner, was further enriched in the most recent period with innovations.
  - We rolled out the Spend & Split function.
  - We increased our cash deposit locations.
  - We made Tosla balance eligible to be used in e-commerce purchases.

#### **Data Technologies and Governance**

We are strengthening our infrastructure with the state-of-the-art technologies in order to provide accurate and timely data, which form the foundation for correct decisions. We make data available to Akbank employees via self-serve and mobile tools to ensure their widespread utilization of the data.

- We completed the "Mobile Argus-Management Reporting Infrastructure and Faceplate Renovation" project that was initiated with the purpose of meeting the information needs of users at all levels in a quality, fast, easy and uninterrupted manner without any time or location limitations. We facilitated easy, efficient and 24/7 access for users at all levels to information they need from within and outside the Bank with this application. The application offers an excellent user experience where powerful visuals facilitate easy analysis of the data. In addition to presenting the information in a way that is easy to access, read and interpret, we also developed such features as analyzing, examining and comparing other related data through easily accessible associated screens. Another pioneering feature of Mobile Argus is interactive screens as well as its functioning as a financial smart system integrated with other analytic information that is accessible from the screen. Our project won the first place prize in the "Digital Pioneer" category at the IDC Turkey Digital Transformation Awards.

#### **Advanced Analytics and Artificial Intelligence Technologies**

We adopted advanced analytics and artificial intelligence methods as a part of our business conduct. Below are some examples from the investments we are undertaking in this field:

- We have completed our initiatives on the new TFRS (Turkish Financial Reporting Standard) 9 and Asset & Liability Management platforms. Going forward, this new environment will serve as the main point of reference in internal and legal processes. We can list our achievements as follows:
  - We are able to calculate loan provisions
  - on a daily basis pursuant to the TFRS 9. At the same time, we can integrate the results into the accounting and profitability systems on a daily basis.
  - We are able to calculate Aklease's TFRS 9 provisions on a daily basis.
  - We are able to calculate and report advanced standalone and consolidated balance sheet risks.
  - We are able to administer the legal and management reporting process more efficiently through risk measurement and infrastructure efforts.
  - We increased the efficacy of reports that inform the decision making processes by diversifying sensitivity and scenario analyses.
  - Furnishing simulation and what-if calculation environments for related units, we ensured that the consequences of decisions can be foreseen beforehand and the desired scenarios can be simulated on a daily basis.
- We conduct money transfer forecasts. We forecast the money transfers that may be performed by the customers using our mobile app and facilitate quick completion of these transactions.
- We allow our customers to login to the mobile app quickly through a facial recognition system.

## Our technology infrastructure and operations

Identifying the expectations of the new generation alongside their needs based on their lifestyle, we rolled out “Akbank FAV” as a completely digital experience that provides all of these from a single point.

In addition to the initiatives we have been undertaking to serve our customers remotely, we have developed our own remote working practices with infrastructures, devices and applications, and we continue to enrich these practices.

### ***Employee and Customer Experience: Two Sides of the Same Coin***

We create similar experiences in all channels and enhance the user experience by focusing on the design perspective while boosting motivation and productivity through the analytics models that we integrated into our systems. We strive to turn insights into an “above expectations” experience for the customers in accordance with our holistic customer experience vision.

- As part of our Smart Banking application, we operate a smart analytics intelligence behind the initial communication field at the time of login to the Akbank Mobile app. We feed this field with customer-specific content. We offer customized insights and smart tips to support the financial decisions of our customers. We continued to enrich the content of this platform through the initiatives we carried out in 2020, some of which are highlighted below:
  - We are now able to send personalized short messages to congratulate the customer’s special occasions, such as a birthday or a national holiday.
  - We share customers’ usage details with them via fun and/or informative personalized messages.

- Within the same scope, identifying the expectations of the new generation alongside their needs based on their lifestyle, we rolled out “Akbank FAV” as a completely digital experience that provides all of these from a single point. We leverage this program that encompasses complimentary banking services and lucrative campaigns to serve our young customers with a concept outside of the conventional banking approach.

### ***Remote and Flexible Working Technologies***

In addition to the initiatives we have been undertaking to serve our customers remotely, we have developed our own remote working practices with infrastructures, devices and applications, and we continue to enrich these practices. We managed to benefit from the COVID-19 pandemic conditions thanks to our infrastructure preparations for remote working.

- Laptop/iPad: We provided 3,250 new laptops and 1,750 new iPads for employees who are working from home.
- VPN: More than 9,000 employees are able to login to our systems and work simultaneously.

With a focus on our employees and customers, we executed our operations with the vision of designing and effectively implementing holistic, consistent and value-creating experiences at all points of interaction.

- Virtual Mobile/ATM Test Environment: We reduced physical device needs and began to run and automate our mobile tests. We began to be able to conduct our ATM tests remotely.
- Collaboration Environments: We are continuing to undertake efforts to expand remote collaboration capabilities.

#### **Industry**

The New Data Center project, which was launched with construction activities three years ago, was completed successfully with the transfer of our systems at the Sabancı Center in stages. The move continued remotely without deviating from the plan even under the COVID-19 pandemic restrictions. On the night of September 4<sup>th</sup> and in the early hours of September 5<sup>th</sup>, 4,275 servers were transferred from the Sabancı Center to the Akbank Banking Center (ABC) as part of an operation carried out by 510 people, which completed the move.

We are proud of our new Data Center, as it increases our service speed to our customers while it will support the Bank's growth for many years to come thanks to its robust and reliable infrastructure.

#### **CUSTOMER EXPERIENCE AND SERVICE DESIGN DEPARTMENT**

With a focus on our employees and customers, we executed our operations in 2020 with the vision of designing and effectively implementing holistic, consistent and value-creating experiences; feeding them with analytics data; and offering continuously improving experiences at all points of interaction. In 2021 we will continue to carry out end-to-end experience design, development and change management initiatives in an attempt to create a better employee and customer experience.

#### ***Next Generation Sales and Service Design***

In addition to the new business conduct consisting of more plain and paperless processes that we have been implementing in all branches since 2018, the number of architecturally and technologically renovated Next Generation Akbank branches reached 409 at year-end 2020. The Extra Tellers located

in these branches that allow our customers to perform their cash transactions more quickly without any physical contact with an employee began even more relevant during the COVID-19 pandemic. The Next Generation Akbank branch transformations will continue at the same frantic pace in 2021.

We began working from home on the back of our robust technology during the COVID-19 pandemic in an effort to keep our employees and customers healthy and to continue standing by our customers during this challenging time. As the first step, we facilitated remote banking transactions in order to be able to perform all services we offer to customers uninterruptedly from home by endowing all branch sales and marketing staff with tablets and redesigning our business processes to accommodate working remotely. As a result, our customers were enabled to securely perform a large number of transactions with the same service quality from their own location without having to visit a branch thanks to our mobile authentication structure that operates via Akbank Mobile. We have supported our branch employees during this process with various efforts we carried out in order to create awareness, raise the level of know-how, and ensure more effective adaptation through synergies, with the purpose of implementing an efficient and sustainable change management.

As part of the Next Generation Akbank branch transformation, we aimed to perform branch back office operations in a more plain, digital and quick manner with a more flexible resource management. To this end, we completed the infrastructure developments for our next generation back office service model design in 2020. We will begin to implement this new concept in all retail branches in phases during 2021. Furthermore, in 2020 we began redesigning the Akbank Operations Center in accordance with the Next Generation Akbank vision within an end-to-end and customer-focused approach integrated with all products and channels. In 2021 we will complete these transformation initiatives and unveil the simpler, customer-focused, dynamic and continuously improving Next Generation Operations Center model for our Bank and for our customers.

## Our technology infrastructure and operations

We made major strides toward integrating robotic process automation applications with OCR and other AI-based technologies and integrated more than 40 end-to-end processes into robotic automation in 2020.



### 70,000+ visionary suggestions

**We have been listening to our employees and customers for more than 12 years through our 1001 Ideas Suggestion System platform. We have evaluated more than 70 thousand visionary suggestions to date.**

In an effort to transform the Akbank Customer Communication Center (C3) into a difference-making experience center, we had redesigned its sales and service model with a more plain, digital and proactive approach in 2019. We made this model available to all C3 employees in 2020. The end-to-end customer and employee experience that we designed in this project was recognized by global institutions with awards.

We continued to focus on designs that contribute to sustainability as much as to employee and customer experience while designing new business conducts. We carried out initiatives that reduces paper use by encouraging our customers to use the digital channels in their banking transactions; and that renders a more plain and paperless customer experience integrated with the digital experience for customers who prefer the branch channel. Thanks to the "Finish with Mobile" project, we reduced our paper consumption by an average of 40 million per year in 2020, which in turn saved an average of 3,400 trees.

#### ***Creating More Value Added with Robotic Process Automation***

We continue to undertake robotic process automation efforts, which we started in 2018 to reduce employees' operational workload and help the staff focus more on value added work while boosting productivity.

We made major strides toward integrating robotic process automation applications with OCR and other AI-based technologies and integrated more than 40 end-to-end processes into robotic automation in 2020. We are now working with robots in a number of specialization areas including loan offers; resolution of customer complaints regarding ATMs, POS devices and member merchants; and money transfers.

Our objectives for 2021 include continuing to support the enrichment of application areas within the Bank, advise our subsidiary companies on robotic process automation, automate a larger number of process, and enhance the employee experience to the next level.

#### ***1001 Ideas Suggestion System***

We have been listening to our employees and customers for more than 12 years through our 1001 Ideas Suggestion System platform, which is an integral part of our innovation culture. We have evaluated more than 70 thousand visionary suggestions to date.

We have updated our platform in 2020 in an attempt to provide a social media experience to Akbank employees. With the new platform, all Akbank employees now can view and like valuable ideas that will create value for the Bank's present day and future, and can further enrich the ideas with their comments.

On the new journey that we set out in 2020 with our People and Culture focused vision, we started to create a dynamic, social, development-oriented and holistic human resources experience that is centered on Akbank employees.

Also featuring a fun rivalry thanks to its gamification structure, the platform serves as a conduit to share the difference-making experiences with the entire Bank. This platform is open to suggestions for enhancing the experience we offer to our customers as well as valuable suggestions related to the daily work life. Our employees also shared their suggestions concerning the COVID-19 pandemic period through this platform and helped us take the necessary actions. In 2021 we will continue to work on enriching the suggestions we receive on this platform and implementing them at higher rates.

#### ***Improvements for You***

We have been conducting the “Improvements for You” program since 2012. We performed nearly 150 improvements focused on digitalization, employee and customer satisfaction, and efficiency during 2020, which brought the total number of process improvements we have implemented as part of this program to more than 1,900.

#### ***Analytics Supported Change Management***

We are transforming our Bank-wide change management approach that we have been employing in critical business conduct revisions regarding the employee and customer experience to a more personalized model supported by analytics data. Our aim is to spend more time on value-added sales and advisory services, simplify and digitalize our business conduct, increase motivation and awareness, continue improvement, and support behavioral change at critical points.

We intend to implement the analytics supported change management, which we designed to attain sustainable development through social learning, rewarding and appreciation, on all employee platforms starting with the branches in 2021.

#### ***Akbank Design Studio—Designing Employee Applications***

In 2020 we made available to all C3 employees the new C3 platform, which was a major output of our 2019 Next Generation C3 sales and service model design project. We won

award in the “Best Customer Focus” category at the “Best Business Awards” with the end-to-end customer and employee experience that we designed in this project.

In addition, as part of the Next Generation Integro project that we began to design in 2019, we improved the faceplate experience of the core banking application used in the branches to be more user friendly and faster, and we began to deploy the application to our branches widely in 2020. We will complete the deployment of this brand new application, aimed at a device-independent singular experience, in 2021. Leveraging our advanced infrastructure facilities, we will ensure a seamless operation in mobile and desktop devices inside as well as outside the branch.

On the new journey that we set out in 2020 with our People and Culture focused vision, we started to create a dynamic, social, development-oriented and holistic human resources experience that is centered on Akbank employees. We aim to better reflect the benefits of the products of Akbank’s design world to our employees with the new screens and work flows that we will offer in 2021.

#### ***Customer Experience Management***

In 2020 we continued to conduct NPS (Net Promoter Score, or recommendation score) measurements through the Customer Experience Management Platform that we had rolled out in 2017 in order to keep the pulse of our customers more closely. We reach out to the customers within a few hours after they receive service from our branches, Retail and Corporate Mobile and Internet Banking, Customer Communication Center (C3) and ATMs, and ask about their experience with us. We elicited such feedback from 132 thousand customers in 2020.

In an effort to learn about the customer experience in related channels quickly and continuously, we began to conduct post-transaction NPS measurements in our Mobile and Internet Banking and C3 channels in phases in 2020.



## Our technology infrastructure and operations

We aim to design new customer journeys in 2021 through analytics applications that will allow us to continuously analyze, from end to end, the experience of our customers with us.

Armed with the awareness that we need to follow the experience we render to our customers even more closely during the pandemic period, we expanded the scope of the simultaneous NPS measurements that we conduct related to the experiences of our customers with our channels, products and processes.

We plan to expand our feedback solicitation channels and new channel/product measurement process, and increase the number of feedbacks we receive from customers 10-fold in 2021.

We instantaneously make available the NPS and customer feedback data to our product, channel and process development teams through the Customer Experience Management Platform. With the help of the text analytics model that we activated on the platform in 2020, we began to obtain experience-improving insights by analyzing customer responses to open-ended questions and the reasons for the assessment. In addition, we periodically assess the customer focus initiatives with the participation of our Executive Vice Presidents at the Customer Experience and Clean Banking Committee meetings that we conduct at regular intervals every year.

Armed with the awareness that we need to track the experience we provide to our customers even more closely during the COVID-19 pandemic, we expanded the scope of our simultaneous NPS measurements

regarding the customers' channel, product and process experiences and added new questions specific to the pandemic. Further, we partnered with an independent research company and conducted a customer survey on a number of topics including customer expectations for pandemic-specific measures and the channels and types of transactions that they prefer to use. In response to all the feedback we have received, we implemented the solutions that promise quick gains across the Bank with the related teams, and updated our medium-term plans as necessary. As a result of these developments, we have observed that the satisfaction of our customers increased noticeably in all channels. We will continue to undertake satisfaction and experience-oriented projects to sustain this trajectory.

We aim to design new customer journeys in 2021 through analytics applications that will allow us to continuously analyze, from end to end, the experience of our customers with us. Additionally, we will better understand the needs of our customers through mood analyses and continue to improve the experience.



We give great importance to customer feedback in accordance with our vision of listening to, empathizing with and understanding the customer; quickly generating customized solutions; and turning complaints into satisfaction. We believe that these feedbacks are our greatest resource in identifying our areas of improvement.

#### **Clean Banking**

We conduct our customer experience enrichment initiatives within the Clean Banking perspective:

- We implemented culture, training, communication, new product/service processes, and customer compliant management practices in an attempt to manage Clean Banking within the framework of the Bank's principles, embrace it across the company, and adopt it as a business principle.
- In addition to the training modules from the previous years, we created two new training courses, general and case-based, in 2020 in order for our employees to embrace the Clean Banking approach.
- In addition, we produced informative videos on Clean Banking with the participation of our Executive Management and published them in various conduits within the Bank.
- In accordance with our Clean Banking approach, we gave a Clean Banking award in two separate occasions during 2020 to employees who protect customer interests and contribute to customer satisfaction.
- We continue to measure the employee communication and awareness index.

#### **Customer Satisfaction**

We give great importance to customer feedback in accordance with our vision of listening to, empathizing with and understanding the customer; quickly generating customized solutions; and turning complaints into satisfaction. We believe that these feedbacks are our greatest resource in identifying our areas of improvement.

We aim to resolve the customer complaints, demands and suggestions we receive through digital and manned channels within two days. In an effort to resolve the feedback as soon as possible, we manage all feedback end-to-end centrally and we update our customers at each stage of the resolution process.

We continue to invest in technology for the resolution of customer feedback. In 2020 we began to automate our manual processes via robotic process automation. Automating eight processes this year, we aimed to enhance customer satisfaction by spending more time on feedback centered on the customer. We will continue to work on new processes in the coming years.

Further, we began to conduct artificial intelligence supported automated categorization in order to facilitate faster resolution of customer feedback. We will continue to work on and improve the model that was developed for this purpose.

In 2020 we successfully renewed our ISO 10002 quality certification, which we have been renewing annually since 2007.

#### **Internal Customer Satisfaction**

We know that attaining excellence in experience is contingent on continuous monitoring and improvement of the processes we offer to our customers. To this end, we continued to conduct our annual internal customer satisfaction survey in 2020 where our colleagues in the Bank's units assess the services they receive from each other. In an effort to improve the Bank's internal service processes, we shared the survey results with the related staff and identified the primary areas of action. We will continue our internal customer satisfaction enhancement efforts in 2021 as part of this initiative.

#### **Customer-Oriented, End-to-End and Dynamic SLA Management**

We have redesigned our Bank-wide SLA management approach in a more customer-oriented, transparent and comprehensive structure in 2020 in an attempt to continuously improve the experience and the service quality that we provide to our customers. We focused our efforts on establishing a performance-based and proactive management organization, conducting holistic measurements, furnishing an effective monitoring mechanism, and improving the service quality. The new SLA management, for which the design work has been completed, will be activated in 2021.

## Our technology infrastructure and operations

The “Mobile ARGUS” application that was rolled out in the early days of the pandemic won the first-place prize in the “Digital Trailblazer” category at the IDC DX Awards 2020.

Breaking another new ground in the industry with our Mobile ARGUS project, we unveiled a mobile integrated management reporting application that is capable of meeting all information needs of users for the first time in the early days of the pandemic.

### BUSINESS INTELLIGENCE APPLICATIONS – ARGUS

Our “Mobile ARGUS” application that was rolled out as part of the transformation of finance as a digital and innovative solution with next generation applications in the early days of the pandemic won the first-place prize in the “Digital Trailblazer” category at the IDC DX Awards 2020.

As part of the project that was initiated with the purpose of meeting the information needs of users at all levels in a quality, fast, easy and uninterrupted manner without any time or location limitations, we broke another new ground in the industry and unveiled a mobile integrated management reporting application that is capable of meeting all information needs of users for the first time in the early days of the COVID-19 pandemic. As a result, we continued to support the management’s decision processes with up-to-date data in an uninterrupted and quick manner.

This application facilitates the processing of more than 40 billion records daily and

- meets the information needs of 7,000 users through approximately 5,000 indicators
- that are updated daily and intraday;
- that can be analyzed at the daily, weekly, monthly, quarterly, semi-annual and annual frequency on the basis of product, channel, segment, customer
- at all levels from the overall Bank to a customer relations manager;
- that are presented with various analytics perspectives along with growth and trend analyses adjusted for such factors as transfer and organizational changes;
- that can be tracked with benchmark comparisons;
- and that are ensured of integrity, quality and security by unifying them at the common layer. Our mobile application offers the following opportunities to our users:
- 24/7 secure mobile access to the required information from outside the Bank,
- Meeting all information needs of users at all levels holistically from a single application,
- Access by managers at all levels in a tailor-made format designed exclusively for them,

Our Profitability System is held up as an example in Europe and in the United States as one of the best practices. The Profitability System was developed to enable multidimensional analysis of Akbank's profitability. We have completely revamped the system's infrastructure to measure channel profitability as well as customer, branch, and customer relationship management (CRM) profitability in a more productive and efficient manner.

- Presentation of the data on specially designed screens in a way that allows for the comprehension of important points right away through powerful visuals that will increase financial literacy as a guiding smart finance application,
- The ability to conduct simple analytics examinations from different perspective and to get to the details of the data using financially smart interactive objects and related screens,
- Intensive and active utilization in medium-term and strategic senior management decision processes; daily operations; tactical decisions such as sales management, marketing initiatives and campaigns; and performance and productivity measurements as well as a competitive edge with quick and accurate decisions and actions,
- Simple display of explanations regarding the content of the data from within the application and on the same screen,
- The ability of the managers to take notes on the analyses in the application, to e-mail their opinions and comments to other users, and to convey directives on the actions that need to be taken as part of the managers' data supported decision and management processes.

#### **PROFITABILITY SYSTEM**

Our Profitability System is held up as an example in Europe and in the United States as one of the best practices. The Profitability System was developed to enable multidimensional analysis of Akbank's profitability. We have completely revamped the system's infrastructure to measure channel profitability as well as customer, branch, and customer relationship management (CRM) profitability in a more productive and efficient manner. We use the system output in our decision processes at various points such as the determination of our governance and marketing strategies, perfection of the service rendered to customers at the branches, and daily pricing decisions. In addition, they are also used actively as a major performance criterion in evaluating success across Akbank.

Our profitability system supports its sustainable profitability target by processing 20 billion bits of data per day and generating daily profitability reports. Under the profitability system, we regularly evaluate our profitability on a daily and monthly basis in terms of the following criteria:

- Customer profitability
- Customer relationship management (CRM) profitability
- Branch profitability
- Segment profitability
- Business unit profitability
- Product profitability
- Channel profitability

#### **COST AND INVESTMENT MANAGEMENT**

As part of its strategic management of expenses and investments efforts, we implemented analysis and modelling projects to bolster its position as the most efficient bank in the sector. At Akbank we have been using the zero-base budgeting methodology for 10 years. As part of this effort, we achieved major efficiency gains in terms of sustainable cost savings with the working groups that were formed across the Bank. During the year, we revamped the application that provides information to users for expense management by updating activity-based expense follow-up processes.

#### **BUDGET**

As Akbank, we have an integrated, dynamic, and efficient budgeting process that operates at the business unit, region, branch, and CRM level.

Each year, we review our triennial strategic planning survey during budget planning. Our medium- and long-term objectives and action plans are determined during this review. We support the Bank's healthy financial development through our monthly forecasts during the year, which are updated weekly during volatile times. In addition, we periodically track our general performance through a comparison of the financial and operational realizations with the budget. We revise the budget as necessitated by the cyclical changes in the economic outlook. We conduct active reporting and performance measurements to track the performance of our business units and the field while also presenting feedback and recommendations to increase the Bank's performance.

## Our technology infrastructure and operations

Always placing emphasis on managing cyber and fraud risks in a digitalizing and globalizing world, the Bank also successfully managed the transformation and the risks in 2020.

We established the Information Risk Management Department to ensure that information risk at our Bank is audited directly by the Board of Directors. The Department reports directly to the Board of Directors. Akbank is one of few companies worldwide to implement this model, and the first company to do so in the Turkish banking industry.

### INFORMATION RISK MANAGEMENT

We have witnessed extraordinary changes across the entire world in 2020. Always placing emphasis on managing cyber and fraud risks in a digitalizing and globalizing world, the Bank also successfully managed the transformation and the risks during this period. To this end, we continued to embrace a stakeholder approach to information risk management. In other words, we have adopted the principle of effective management of information risks relating to the Bank, customers, shareholders, business partners and the sector.

Information risk management related efforts we conducted in the context of people, process and technology include the following:

#### ***1-People***

We established the Information Risk Management Department to ensure that information risk at our Bank is audited directly by the Board of Directors. The Department reports directly to the Board of Directors. Akbank is one of few companies worldwide to implement this model, and the first company to do so in the Turkish banking industry. This unique model provides a holistic approach to information risk, by separating information risks from information technology risks.

Effective management of information risk and fraud – which constantly change, evolve, and become more complex – depends not only on technology but also people. For this reason, the Bank prefers to work with experienced experts who are constantly learning and applying their knowledge as practitioners in the Information Risk Management field. Investing in people and creating awareness is an ongoing process that requires adaptation to the prevailing conditions and aims for continuous development. During this period, we prioritized the health of our employees and implemented remote working and flexible working methods. We also successfully managed the information, technology and business continuity risks that stemmed from this methodology. We prioritized their career development even more with the joint projects with the People and Culture business unit that encompass alternative and remote training/development opportunities.

As the highly uncertain environment created by the COVID-19 pandemic presented opportunities for fraudsters and cyber criminals, the fraud risks that our employees and customers are exposed to diversified and increased. In line with the evolving threats, we carried out initiatives in various areas regarding information security during remote

We are continuing to invest in technology platforms that utilize big data, artificial intelligence and machine learning technologies and that serve as more effective defense and identification mechanisms against sophisticated threats.

working. Monitoring the developments regarding COVID-19, we conducted awareness initiatives on secure remote working principles particularly against social engineering attacks and cyber threats. We adapted to the “new normal” work models with the minimum level of information and data security risks.

During this period we also continued to work closely with our subsidiary companies to help them comply with the Bank’s standards in their information risk management processes.

### **2-Process**

We expanded the scope of secure remote working to the entire Bank during the COVID-19 pandemic. During this period, we successfully manage the digital risks of the emerging new business models in cooperation with our related departments. While managing this, we conducted assessments including the design of the business model. As a result, we rendered the cyber and fraud risks manageable through natural measures incorporated into the banking service. This also ensured the uninterrupted continuity of our customers’ service experiences.

Our first and foremost priority during this process has been to manage the Bank’s security risks in compliance with the directives published by the regulatory agencies. Our Information Risk Management Department took part in the related working groups in an attempt to properly reflect the updated directives in our products and services, and to gain a competitive edge by using them to our advantage. It continued to play an active role in assessment and strategy setting efforts.

In addition to ongoing improvements and upgrades to prevent cyber and fraud threats, we focused on improving our competencies and processes in overcoming an incident with minimum harm to the Bank and the customer. We created integrated process that permit us to limit the impact from cyberattack and fraud occurrences that we identify, and to make the necessary improvements at every relevant point.

Our Information Risk Management Committee continued its work with the participation of our executive management to manage the cyber and fraud risks.

Under a stakeholder approach, we continued to cooperate with government agencies, market and associations in order to protect the industry.

In conclusion, we revised our existing business model and took action to protect the Bank as a going concern for the COVID-19 pandemic and beyond that continues to have major repercussions for the world, Turkey and our industry.

### **3-Technology**

We continued to be a pioneer in the industry with our investments in innovative technologies that manage cyber and fraud threats during the COVID-19 pandemic. We immediately increased our technology infrastructure capabilities, which the Bank already possessed, to better support the remote working model. Consequently, we completed the technical upgrades necessary for our VPN infrastructure to serve the entire Bank with high accessibility and superior security.

We are continuing to invest in technology platforms that utilize big data, artificial intelligence and machine learning technologies and that serve as more effective defense and identification mechanisms against sophisticated threats.

Our investments in new technologies and our supplemental measures in fraud monitoring prevented the proliferating COVID-19 themed malicious software programs and related attacks, and helped us minimize harm to customers.

We make technology investments to enable redundant work against systematic errors. In addition, we update our technologies through global intelligence networks online. In 2020 we continued to update all of our security products to the latest versions and upgrade them to new technologies.

Our efforts in this key area continue to be conducted by highly trained and well-experienced professionals.



**YESTERDAY  
TODAY  
TOMORROW**



**Akbank's name on the  
last 30 years of jazz**

We are delighted to be one of the greatest supporters of jazz in Turkey at the 30<sup>th</sup> Akbank Jazz Festival.





**30<sup>th</sup>**  
**akbank**  
**jazz**  
**festival**



# Subsidiaries

Akbank AG, a fully-owned subsidiary of Akbank, encouraged all stakeholders to take comprehensive measures and tried its best to protect them during the pandemic.

Boasting a successful year in 2020 in terms of diversifying its areas of operation as well as profitability, Akbank AG has a EUR 3.7 billion balance sheet and EUR 776 million in shareholders' equity as of December 2020.

## AKBANK AG

Akbank AG took measures encompassing all of its stakeholders and tried its best to protect them during the pandemic. In addition to its focus on business continuity and protecting the health of its employees and customers, the Company worked harder than ever to maintain customer satisfaction.

Akbank AG recorded another successful year in 2020 in terms of growth, business diversification as well as profitability. The Bank has a EUR 3.7 billion balance sheet and EUR 776 million in shareholders' equity as of December 2020. The support provided by Akbank AG to the economy during the year through loans stands at EUR 2.8 billion.

As of December 31, 2020, the Bank's capital adequacy ratio according to Basel III criteria stood at 24.4% with a liquidity coverage ratio of 569%.

Boasting the largest balance sheet among banks in Germany with Turkish ownership, Akbank AG accounted for a 7.1% share of Akbank's consolidated assets and a 7.6% share of consolidated profits in 2020.

Akbank AG's major products and services include various credit instruments, trade finance, factoring, money transfers and deposit services. Target clientele for lending activities primarily consist of multinationals based in Turkey as well as in the EU, Turkey's main trading partner. Standing out with its high asset quality since its foundation, Akbank AG remained committed to maintaining asset quality in 2020 as well. In 2019, Akbank AG reported an NPL ratio of 0%, thanks to its asset quality and effective risk management.

Akbank AG boasts an extensive portfolio of funding sources, including retail and corporate deposits as well as murabaha products and funding through the European Central Bank's financing program (MRO and LTRO).

Providing retail banking services as well, the Bank has more than 20 thousand individual deposit customers in Germany through its direct banking system. These varied sources of funding help Akbank AG to diversify its deposit structure over a broader funding base.

With its experienced investment advisor staff, comprehensive research reports, and customer-oriented and innovative service approach, Ak Investment serves all capital markets products to both individual and corporate investors.

### AK INVESTMENT

With its experienced investment advisor staff, comprehensive research reports, and customer-oriented and innovative service approach, Ak Investment serves all capital markets products to both individual and corporate investors. A pioneer in the capital markets boasting one of the largest product ranges among intermediary companies, Ak Investment provides both advisory and intermediary services with branch offices located at important centers, investment consultants and digital transaction platforms.

Adapting to the changing work conditions in 2020, Ak Investment created the environment where its entire staff can work from home uninterruptedly thanks to its robust infrastructure.

The destination for next-generation investment with business processes that were digitalized in 2019 and its renovated trading platform TradeAll, Ak Investment adapted to the new normal and continued to invest in technology in 2020. While redesigning its internal processes with automated work flows, the Company provided its customers with uninterrupted and fast access to market and product information through its continuous information services. Making all markets available to investors under a single platform, Ak Investment had a stellar performance in 2020 in terms of application downloads, the number of trading customers, and channel revenue. As of year-end 2020, 15% of Ak Investment's 460 thousand customers easily reached all markets with the digital trading platform TradeAll while the number of TradeAll downloads topped 300 thousand. Ak Investment realized 20% of its domestic sales revenue (via TradeAll TR), 77% of its overseas markets revenue (via TradeAll UP) and 98% of its foreign exchange market revenue (via TradeAll FX) from the TradeAll digital platform.

Standing out with its investments in technology in recent years, Ak Investment also made effective and efficient use of alternative digital channels during the COVID-19

pandemic. The Company kept investors updated on a continuous basis via videos and live broadcasts on its YouTube channel, reaching 694 thousand views and 38 thousand hours of watching on YouTube as well as 70 thousand clicks on its Spotify podcast channel.

As of year-end 2020 Ak Investment increased its net profit 153% and stock market trading volume 141% compared to the previous year. Ak Investment maintained its leading position in leveraged trading volume among all brokerage firms with a 15% market share as of year-end 2020.

Ak Investment initiated its activities as an official market maker in future share contracts and BIST 30 Index Option contracts in 2015, and began serving in share option contracts in 2016. The Company's Derivatives Market (VIOP) trading volume and active customer count were up by 113% and 91%, respectively, year-on-year in 2020.

Ak Investment completed its first warrant issuance in 2020 and entered the Structured Products and Fund Market while assuming the market-maker role in the warrants it issued. As of January 2021, nearly 300 warrants issued by the Company on the BIST30 Index as well as 15 shares included in the BIST30 Index trade on Borsa Istanbul. Investors can get detailed information on warrants by visiting the [www.varant.akyatirim.com.tr](http://www.varant.akyatirim.com.tr) website that was launched following the first warrant issuance. Ak Investment makes significant contributions to the development of derivatives products that are traded in the capital markets by providing liquidity in the contracts and warrants it is a market-maker for.

Ak Investment is the number one intermediary company in Turkey, having a volume of TL 7.8 billion IPOs mediated as the consortium leader since 2010. As of year-end 2020, the Company also maintained its leading position in TL-denominated corporate bond issuances with 26% market share.\* Ak Investment was also active in merger, acquisition and privatization deals during 2020.

## Subsidiaries

The Investment-Investment Advisory Department establishes long-term, multifaceted relationships with Akbank's individual and corporate clients. The Department provides investment advisory services that respond to customer expectations and their risk/return profiles, which are based on eligibility and suitability tests.

**Ak Investment International Markets Department enables its customers to make fast, secure, and easy transactions with competitive prices in Forex, Futures, CFD, international stock and Eurobond markets.**

As part of this business line, the Company rendered advisory services to buy-side and sell-side customers operating in the technology services, electronic payment systems, production technologies, real estate, plastic pipe manufacturing, health, cement, energy and auto parts industries.

The Investment Advisory Department establishes long-term, multifaceted relationships with Akbank's individual and corporate clients. The Department provides investment advisory services that respond to customer expectations and their risk/return profiles, which are based on eligibility and suitability tests. In keeping with the recommendations of the Ak Investment Research Team, Ak Investment formulated strategies with various underlying assets, such as equities, foreign exchange, and time deposits. With this approach, the Company maintained its leading position in the structured debt instruments (SDI) segment offering fixed or high returns in 2020. Ak Investment has issued more than 590 SDIs and reached TL 1.5 billion in total issuance volume to date.

Ak Investment Corporate Sales and Trading Departments provides stock and VIOP sales and trading services for domestic and foreign corporate customers. Its customer portfolio consists of portfolio management companies in Turkey as well as other corporate customers in Europe, Middle East, UK, and USA. Other products of primary and secondary market offerings also reach a wide customer group.

Ak Investment International Markets Department enables its customers to make fast, secure, and easy transactions with competitive prices in Forex, Futures, CFD, international stock and Eurobond markets. Ak Investment maintains its market leadership for the last three years in Leverage Transactions Buying Selling Brokerage Operations among brokerage corporations. The Department increased its product diversity by starting Eurobond transactions at the end of 2019.

In the coming year Ak Investment aims to continue providing investment advisory services supported by its extensive product lineup and high-quality research services, and to generate more value for the investments of its customers through innovations at its centrally-located branches and digital channels.

\*Excludes issuances with undertaking, issuances for subsidiaries and group companies, and the issuances conducted by brokerage houses for themselves.

## AK ASSET MANAGEMENT

Ak Asset Management is a wholly-owned subsidiary of Akbank that was established in 2000 to provide mutual fund and asset management services to institutional and individual investors in capital markets. Ak Asset Management operates in mutual fund, pension fund, and institutional and retail discretionary portfolio management business lines.

As of year-end 2020, Ak Asset Management's total assets under management reached TL 59.8 billion. The Company's total assets under management grew 35%, faster than the sector average. With this volume, Ak Asset Management reached the size of some major medium-scale banks in Turkey in terms of assets.

The Company's assets in the mutual funds segment reached TL 18.1 billion in 2020 with 37% year-over-year growth. Ak Asset Management, currently managing 58 pension funds established by four large global pension companies, is the sector leader among private institutions in this market segment with TL 31.8 billion in assets under management and 18.6% market share.

Commencing operation in the Institutional and Retail Discretionary Portfolio Management business line in 2006, the Company reached TL 8.8 billion in assets under management in 2020 with 45% year-over-year growth and maintained its market leadership among the private sector asset management firms. Offering "Wealth Management" service to the highest segment Akbank Private Banking customers since 2016, Ak Asset Management is expanding its operations in this exclusive segment by creating value.

As small investors focused on taking new and creative decisions regarding their future during the COVID-19 pandemic, interest in mutual funds grew due in most part to shifting preferences toward certain investment themes. Ak Asset Management stood out

as the pioneering institution in the areas shaping the market during this extraordinary period. It maintained its standing as the pioneer of innovation in the industry thanks to the product diversity and expansive investment universe in terms of various investment themes and asset classes it offers to investors by way of the mutual funds launched by the Company.

Ak Asset Management's unrivalled product lineup encompasses gold, oil, lease certificates, real estate investment funds, venture capital funds, vehicles offering investment in the global companies' shares, corporate bonds issued domestically or overseas.

The New Technologies Fund established by Ak Asset Management, the institution that broke a lot of new ground in Turkey, in 2018 offering the opportunity to invest in 20 global technology companies representing the future of the world, became Turkey's most broadly held equity fund with 25,200 investors.

A major development in 2020 was the launch of the Ak Asset Management Sabancı Holding Private Equity Fund within the framework of Ak Asset Management's pioneering position and experience in private equity funds as well as Sabancı Holding's long-term strategy focused on digital technologies, advanced materials, energy and sustainability.

Ak Asset Management Smart Funds, offered to investors as a means to aim for returns above bank deposits and invest via multi-asset strategies, successfully attained their target in the last four years. Ak Asset Management is the sole issuer with 100% market share in "Capital Protected" funds that invest in various themes while limiting risks for a specified term.

Launched in cooperation with AvivaSA as the first mobile pension investment management platform in Turkey, performs "Investor Profile Analysis" for its pension fund participants and provides them with the most

appropriate fund allocation recommendations fitting their personal investment preferences. Scaling its Robo advisory services with digital technologies, Ak Asset Management makes them affordable for the mass market. More than 70 thousand investors follow Ak Asset Management's fund allocation recommendations as of year-end 2020.

As the "Next Generation" asset management company focused on shaping the products, services and business models of the future, Ak Asset Management is working on developing new products to create value for the environment, society and world it belongs to on its 20<sup>th</sup> anniversary. Under the "Investment of the Future" theme, Ak Asset Management intends to offer health, renewable energy and domestic advanced technologies funds to investors in 2021.

In 2020 Ak Asset Management won the "The Best Investment Management Company of Turkey" award from World Finance in recognition of its world-class professional investment processes, new product development capabilities, and services it provides to the most extensive distribution network. The Company had won the same award in 2019.

In addition, Ak Asset Management this year won eight Golden Bull awards at the 5<sup>th</sup> Turkish Capital Markets Association (TCMA) capital Markets Awards, making it the most awarded asset management firm. The Company also won the Most Creative Capital Markets Project Award, a prize in the "Special Awards" category that was awarded for the first time in 2020 with the votes of a committee appointed by the TCMA Board of Directors. Created for the purpose of recognizing difference-making projects that generate innovative ideas, provide creative and sustainable solutions to market needs, and contribute to the development of capital markets. this award is assessed on the basis of "originality, scalability, impact, sustainability, penetration and inclusivity" criteria.



## Subsidiaries

Aklease generated innovative, long-term and low-cost leasing solutions for its customers since the day it was founded; introduced customers from a large number of segments to leasing; and played a major role in the sector's growth.

In 2020, Aklease, a 99.99%-owned subsidiary of Akbank, effectively capitalized on its robust financial structure, strong equity, 10 branches, broad funding network, and most importantly, its highly specialized and dynamic workforce. The company provides excellent service to all investors while delivering the highest level of customer satisfaction.

### AK FİNANSAL KİRALAMA A.Ş.

With more than 30 years of industry experience, AK Finansal Kiralama A.Ş. (Aklease) provides support to corporate and commercial customers who are keen to undertake investments, expand, enter new markets or boost their capacity. Aklease serves as a solution partner for financing new machinery and equipment investments.

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Aklease continues to support important renewable energy investments with its wind and solar energy projects. As part of this

effort, the Company secured a five-year, USD 25 million facility from the Dutch Development Bank (FMO) in 2020, which is the first loan provided by FMO to Turkey's financial industry. In addition, the Company continued its uninterrupted support for the Turkish economy through its investments in the country's future including subways, highways and other infrastructure/superstructure projects that constitute the core of the intracity and intercity transport network as well as machinery and equipment investments in Turkey's exporting industries.

The Company made major strides in its digital transformation by renovating its leasing transactions software quickly and conveniently in a way that accommodates mobile technologies.

The COVID-19 pandemic that broke out in the first quarter of 2020 had major impacts on national economies and human life. During this challenging period that we are experiencing, Aklease took timely actions to support the needs of its customers, employees and stakeholders, fully complied with all flexibility requirements mandated by the legal authorities, and contributed to the continued development of the industry with its ongoing profitability. The Company



Tosla raised the number of customers performing financial transactions 10-fold in 2020. It gained more than one million users with nearly 100 thousand account openings per month.

maintained its position as one of the leading and exemplary firms in its industry in 2020 thanks to its steady and healthy financial organization and robust capital structure.

Committed to conducting its operations in a sustainable manner in the coming year, Aklease plans to remain a complementary driver of economic growth with its investments.

#### **AKÖDE A.Ş.**

AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. ("AkÖde") was founded in 2018 as a wholly-owned Akbank subsidiary.

A digital wallet launched with the vision of addressing basic financial needs of the young and innovative people as well as the unbanked population in a convenient, quick and fun way, Tosla got a fast start in the market under the motto of "social state of money" as AkÖde's first product in September 2019.

Digital platforms have become more critical than ever with the onset of the COVID-19 pandemic in 2020 that nearly eliminated all social mobility. Tosla's already robust digital value proposition and marketing activities were shaped according to user needs. Processes were simplified while new features were activated. Opportunities were offered for membership in entertainment, television series and music platforms that experienced increased demand. Campaigns were organized as part of strategic partnerships with online competitions, game platforms, hızlı market (fast delivery) and e-commerce firms.

Tosla raised the number of customers performing financial transactions 10-fold in 2020. It gained more than one million users with nearly 100 thousand account openings per month.

Customer use soared thanks to game codes and wild card characters for digital competition programs sold in the Tosla app; as well as long-term campaigns with fast delivery websites and coffee shop chains. Contestants who win TL awards in Turkey's most popular

online competition program can claim their awards only via Tosla's e-money infrastructure.

In 2020 Tosla designed a new payment experience that does not use a card infrastructure for consumers and businesses. Designed with the single click feature from Tosla accounts, this experienced was first launched at one of the largest second hand clothing and merchandise marketplaces. Tosla plans to expand its cardless payment experience on digital platforms in 2021.

#### ***Tosla for a good deed***

In addition to its passion for socialization, Tosla also aims to enhance the general culture of young people and strives to enter into cooperations that will support and encourage the youth to be helpful persons to themselves and to their surroundings. To this end, corporate social responsibility projects were carried out in 2020.

Sponsoring the Festtogether At Home event in May 2020 organized to collect donations for the Need Map and viewed online by 1.4 million people, Tosla also made donations to those in need on behalf of all of its members.

In addition, the "My Last-Minute Seat" project was launched in October 2019 with the cooperation of Zorlu PSM and the Community Volunteers Foundation (TOG) to date enabled 15 thousand students to attend the events organized at the PSM by paying merely 1 TL for the empty seats. The sum that was collected as part of the project was donated to the Community Volunteers Foundation (TOG).

Growing rapidly and differentiating itself in the industry in 2020, Tosla solidified this success with awards. Tosla won the Golden Sardis award in the "Best Social Media Campaign" category at the Sardis Awards that recognize innovation and marketing achievements in the finance industry. Tosla also won a Bronze Effie Award in the "Cards, Alternative Payment Systems and Loyalty Programs" category at the advertising industry's Effie Awards, as well as a Bronze Award in the "Games & E-sport" category at Mixx Awards Europe.

# Goodness in The Good State of the City goes online

105 Good City events were done online with 16 NGOs.  
Goodness went online with 6,000 students from 78 cities.

# The Good State of the City



# Our sustainability journey from past to present

In an effort to manage the impact of the projects it finances more effectively, Akbank reduced the threshold for the Environmental and Social Impact Assessment to USD 10 million in 2020.

Akbank was the first bank to publicly disclose its dividend policy in 2003 as well as the first bank to publish Corporate Governance Principles in its annual report during the same year, as two milestones in its journey to sustainability.

## 2000

Akbank Information Technologies obtained ISO 9001 Quality Certification.

## 2003

Akbank became the first bank to disclose its dividend policy to the public.

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

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

## 2009

The 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.

**Akbank became the first and only Turkish institution to be included in CDP 2010-Global 500 reporting and received scores that placed the Bank in the “World Sector Leaders” category.**

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.

Akbank Volunteers System launched.

Akbank supported the Global Student Entrepreneurs Awards.

Akbank employees started to attend sustainability trainings.

#### **2012**

Akbank 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.

#### **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.

#### **2018**

As part of its digital transformation, Akbank published its Digital Confidence Principles.

Along with the UN Global Compact working group, Akbank participated in updating the Sustainable Financing Declaration, which had been signed in 2017.

#### **2019**

Akbank reduced the threshold for the Environmental and Social Impact Assessment to USD 20 million in compliance with the UN Global Compact Turkey’s sustainable financing declaration, to which the Bank is a signatory.

#### **2020**

In an effort to manage the impact of the projects it finances more effectively, Akbank reduced the threshold for the Environmental and Social Impact Assessment to USD 10 million.

# Our approach to sustainability

In August 2020 we issued the Turkish banking industry's first green bond since the onset of the COVID-19 pandemic that devastated the entire world, a USD 50 million offering with a maturity of four years and 110 days.

In the upcoming year we will continue to make resources available to our country for transitioning to a sustainable economy. We aim to obtain TL 200 billion in funding until 2030 to be disbursed in this segment.

As Turkey developed and the needs of our society, the environment and our stakeholders evolved over the years, we also positioned our business strategy and our sustainability approach in accordance with this evolution. As part of a project we have completed recently, we created a framework to further integrate sustainability into our entire business conduct. As we have done for years, we worked with an extensive group of stakeholders including the Bank's business units, customers, employees and investors as part of this project.

We identified four areas of value that Akbank's sustainability initiatives will prioritize in the upcoming period. We set long-term objectives for ourselves in sustainable lending, people and the society, ecosystem management, and climate change. Our goal is to undertake effective and focused initiatives in these areas to leave a more habitable world for the future generations.

In the upcoming year we will continue to make resources available to our country for transitioning to a sustainable economy. We aim to obtain TL 200 billion in funding until 2030 to be disbursed in this segment. Committing to raise the value of mutual fund assets that are included in the sustainable

investment category to TL 15 billion by 2030, we became the first Turkish bank among the deposit banks to make a long-term commitment to sustainable lending. We will improve our digital and innovative products and services, make them available to broader segments of the society, increase the number of people we strengthen financially until 2030, and support our economy and our economy in terms of inclusivity.

While we lend funding support to our companies for a more sustainable and environment-friendly economy, we are also working hard to channel our financing facilities in this direction. In August 2020 we issued the Turkish banking industry's first green bond since the onset of the COVID-19 pandemic that devastated the entire world, a USD 50 million offering with a maturity of four years and 110 days. We would like to use this facility to help our country transition to a low-carbon economy by supporting renewable energy projects which are among the principal elements of the fight against climate change. In the coming year we will continue to prioritize our environmental investments and, in line with our growing sustainability-oriented lending operations, borrowing transactions backed by sustainable funding.



As the actor that funds economic activities and the transformation of companies and economies, the finance industry has a major responsibility in combating climate change and the protection of natural resources. As a difference from other industries, the biggest impact of the finance industry, particularly regarding the environment, is related to lending activities. We also developed environmental and social lending policies in our lending processes in accordance with sustainability principles. As part of our Environmental and Social Impact Assessment (ESIA) program, we perform a comprehensive environmental and social risk assessment for the loans we extend to our customers in the Corporate and Commercial Banking segments. Furthermore, we have a distinctive position vis-a-vis general sector-wide practices thanks to the social and environmental risk assessments we conduct for all SME customers.

As Akbank, we also evaluate all the loans regardless of amount as per the "Akbank Environmental and Social Lending Policies" and analyze each commercial loan we extend as to whether they fall under the "Non-Financing Activities List," which is an integral part of Akbank's environmental and social policy.

In project finance, we continue to provide credit support for environment-friendly energy production projects such as geothermal, wind and solar. We are reducing Turkey's dependence on foreign energy sources and therefore contributing to its economic sustainability by financing facilities that produce energy from renewable energy sources. As an example, a 955 MW wind farm that we finance supplies the annual electricity consumption of 900 thousand people. In addition to renewable energy investments, we give priority to lending to projects that improve environmental conditions, such as waste recycling investments, carbon emission reduction, and productivity increasing investments.

We evaluate project financing demands of more than USD 10 million and new investment loan

demands of more than USD 50 million within the scope of ESIA, and appoint an environmental consultant when necessary. This allows us to analyze the environmental and social impacts of the project before it gets off the ground. We lowered the ESIA threshold for project financing from USD 20 million to USD 10 million in 2018, as a result of which we began evaluating a larger number of projects for environmental impact. We are undertaking efforts to reduce the impact of our loan portfolio on climate change until 2030.

We assess the impacts of projects on the environment from many angles, and pay meticulous attention to protect the natural ecosystems we exist in. For example, we assess the bird migration routes for a wind farm project, whereas we create new areas for aquatic organisms in the impacted zone to continue their existence for a bridge construction project.

In addition, we joined Turkey's largest Sustainability Linked Loan Agreement, worth EUR 650 million, in 2020. We supported renewable energy investments in accordance with the Sustainability Linked Loan Framework, one of the tools for sustainable lending that continued to grow at a frantic pace across the globe despite the pandemic.

While pursuing these goals, we will continue to undertake initiatives to minimize the environmental impacts of our own operations as well as the use of natural resources during the course of our activities. We are carrying out efforts to eliminate the emissions from our operations and become a carbon-neutral bank by 2025.

We have permanently incorporated financial inclusivity into our business model with the products and services that we offer to the segments of the society that have limited access to financial resources. Our innovative perspective allows us to go even beyond traditional banking services. In an ever-digitalizing world, we are developing effective and fast solutions to meet the existing and prospective needs of

our stakeholders. We see digital banking as an approach aimed at perfecting the customer experience as well as a tool for improving financial inclusivity. Within this scope, we will improve our digital and innovative products and services and make them available to broader segments of the society. We will increase the number of people we strengthen financially until 2030.

As a bank that believes in the future of Turkey, we are focused on creating sustainable value for our country. We remain resolute in this matter with the long-term and sustainable projects we undertake. We strive to make our employees, our most valuable resource on our way to becoming a sustainable organization, a part of our sustainability initiatives. We are working hard to generate value-added for our society in light of our environmental and social responsibilities which are an integral element of the Bank's culture. We also carry out important projects in education, entrepreneurship, culture and art, based on our belief that the responsibility of creating the Turkey of the future goes beyond banking. Under the stewardship of Akbank Volunteers, we support the generation of solutions to social problems and develop projects for the future of our country.

We support these four value areas, identified based on stakeholder priorities and the Bank's business strategy, with our strong financial performance and effective integrated governance. We have been conducting Global Reporting Initiative (GRI) compliant Sustainability Reporting since 2009, and Carbon Disclosure Project (CDP) - Climate Change Reporting since 2012. We are a component of the BIST Corporate Governance Index, the BIST Sustainability Index, and as of 2021, the Bloomberg Gender Equality Index. We are a member of the Women Empowerment Principles, Valuable 500, and Global Compact globally, and a member of the Global Compact Sustainable Finance Working Group and the Banks Association of Turkey (TBB) Sustainability Working Group in Turkey.

# People and culture

We believe that our innovative work culture that supports diversity and inclusivity, prioritizes social investments, and embraces equal opportunity, fair treatment and transparency as core principles is one of our strengths that moves Akbank forward.

Our first and foremost priorities during the pandemic that had major impacts on people, institutions, habits, business conducts and communication were protecting the health of Akbank employees and our customers, and ensuring business continuity.

In this day and age where the business world and people are transforming rapidly, we aim to be the pioneer of this transformation with our practices, and we sincerely believe that our improvement-oriented, innovative and multi-dimensional employees are our greatest asset.

We believe that Akbank's employees, the architect of our past achievements and the foundation of future success, as well as our innovative work culture that supports diversity and inclusivity, prioritizes social investments, and embraces equal opportunity, fair treatment and transparency as core principles are among our strengths that move Akbank forward.

The main pillars of our People and Culture roadmap include:

- Continuous development of working styles and roles in parallel with the business expectations/ requirements of the future,
- Proactive and participatory competency development supporting a multi-faceted improvement and transformation of employees' learning experience into a personal development journey,
- Investment in Akbank and its employees with top quality programs that prepare them for the future,

- Fair and regulatory compliant banking,
- Target- and competency- based, transparent and fair performance management,
- An encouraging, risk-focused rewarding mechanism that fosters superior performance,
- Supporting all efforts with data-based initiatives,
- A cultural transformation program that supports and complements digital transformation,
- Continuously improvement of organizational efficiency,
- Efficient in-house and external communication based on corporate values and culture,
- Architectural transformation toward the work environment of the future.

## Adapting to changing conditions

Our first and foremost priorities during the COVID-19 pandemic that had major impacts on people, institutions, habits, business conducts and communication were protecting the health of Akbank employees and our customers, and ensuring business continuity.

Since the beginning of this period, we kept Akbank employees informed while implementing protective measures geared toward ensuring hygiene and reducing physical contact. Assessing the conditions necessitated by this

Due in part to the repercussions of the pandemic, we adopt an approach that defines the needs of the future today and enables us to prepare for the future in a world of technology and rapid change.

new era, we drafted remote working plans for the Head Office, branches and subsidiaries, and prepared alternative work locations to be used in case of need.

We expeditiously switched to remote working at a large proportion with the emergence of the first case in Turkey, and began to take turns between our branches to serve our customers from the branches. We further enhanced our Customer Communication Center, which rose in prominence during this period, and continued to serve our customers uninterrupted.

In addition, in accordance with the new business requirements specific to this period, we created new roles and work arrangements that are capable of serving the customers remotely. As a reflection of the multi-dimensionality that we focus on in our development plans, Akbank employees adapted to the roles and expectation of the new era very quickly, which allowed them to successfully sustain service quality and continuity.

We paid meticulous attention to establishing open and transparent communication based on mutual and continuous sharing. As part of this effort, we continued to carry out the following practices:

- Announcing all developments and decisions openly and transparently,
- Conducting regular and interactive communication and feedback meetings that include all Akbank employees via digital tools,
- Establishing dedicated suggestion and feedback mechanisms to elicit continuous feedback regarding the implemented/planned COVID-19 pandemic measures,
- Conducting regular health surveys to closely monitor the health conditions of our staff and their families,
- Creating an Emergency Support Line to respond to and address the questions/concerns of Akbank employees who are in need of support or additional information,
- Conducting regular pulse surveys to solicit opinions and assessments of the staff regarding the measures,
- Organizing a large number of health, sports, art and culture activities through Akbank Academy to support the employees mentally, and launching a parent school.

In addition to our measures and the practices specific to this period, we continue to transform all of our people and culture processes in the changing work order according to the conditions accelerated by the COVID-19 pandemic.

### ***Fostering the banking culture of the future***

Due in part to the repercussions of the COVID-19 pandemic, we adopt an approach that defines the needs of the future today and enables us to prepare for the future in a world of technology and rapid change. At Akbank, we are aware that the most critical elements in creating the bank of the future consist of teams that work passionately, that improve each other with their experiences, that are agile, fast adapting, cooperative and openly communicative, and that value creative ideas.

Seeing that it is not sufficient for employees to specialize only in one field and being multi-dimensional is one of the golden rules of staying current, we try to create value through applications that support this vision and prepare our employees for the skills of the future. To this end, we maintain our strong position via such initiatives as organizational changes, skill mapping, and development programs for the purpose of acquiring new skills in digital, analytics, technology and similar fields, enhancing the existing skills, and further reinforcing their reflections in the culture.

When leading the application of new trends, we use advanced HR analytics in many different fields, from identification of the trainings to be assigned for Akbank employees to transforming employee feedbacks elicited during interviews into information that would contribute in employee satisfaction by mathematical interpretations.

### ***Reaching out to young people***

As Akbank, we believe that the young people are among the most important assets for our society and the Bank, we believe in the importance of preparing for the future together, and we shape our value proposition accordingly.

## People and culture

Our digital and in-person communication oriented recruitment experience, our career website and blog inform the young people about Akbank and Akbank's staff while taking the recruiting process to a different and whole new level with its mobile applications and innovative solutions.

As part of the university events that were conducted online during the pandemic, we aim to tell the young people about Akbank, Akbank's staff, working at Akbank, and development and career opportunities at Akbank as well as sharing our knowhow to help them improve their competencies.

We constantly listen to the young people in order to understand their expectations and wishes and to be able to plan the changes to address these. Akbank's young employees:

- Mentor the experienced leaders in digital and technology fields as part of the Switch Reverse Mentorship program that has been organized every year since 2014 where young Akbank employees serves as mentors and our experienced leaders participate as mentees,
- Observe the opportunities and challenges of leadership by spending a day with one of our leaders as part of the Shadow program,
- Provide consulting to the CEO and relevant Executive Vice Presidents on the professional life of the future and their expectations as part of the Future Club,
- Meet with Akbank's leaders as part of the "Talking Between Us" programs to convey their opinions on the Bank's products, applications and processes,
- Work with the leaders in workshops to shape the Akbank employee experience together.

We also get together with today's university students, tomorrow's professionals at various events. As part of these events that were conducted online during the

COVID-19 pandemic, we aim to tell the young people about Akbank, Akbank's staff, working at Akbank, and development and career opportunities at Akbank as well as sharing our knowhow to help them improve their competencies. As part of this effort, we continued to carry out the following practices:

- Training programs in such areas as artificial intelligence, cyber security, and digitalization in collaboration with social ventures,
- In-depth certificate programs organized jointly with our business partners aimed at teaching the skills of the future,
- Internship programs that are now conducted digitally,
- Working together with students in Akbank projects as part of partnerships with universities,
- Making Akbank training modules on the career website available to the young people to enhance their social skills,
- Mentoring programs by Akbank's leaders for the young people.

Our digital and in-person communication oriented recruitment experience, our career website and blog inform the young people about Akbank and Akbank's staff while taking the recruiting process to a different and whole new level with its mobile applications and innovative solutions.

In addition to our website, we also share content that introduces Akbank and Akbank employees via LinkedIn, Akbank Career Facebook page and Akbank Career Instagram accounts.

#### ***New Akbank employees***

Newly recruited Akbank employees' orientation involves an experience with digital, personalized, and close communications. We introduce our new employees a work environment which creates opportunities for them to get to know our Bank and our team members, to access information and to commit to their self-development; we constantly communicate with them for six months through messages sent via digital channels.

With the VR Orientation application, we provide newcomers to Akbank an interactive tour at Sabancı Center, ABC, Galata Branch and Akbank Academy in virtual reality environment, which allows new employees who started work outside of the office environment during the COVID-19 pandemic to see the Bank environments.

In addition to these, they are able to complete their transactions in various areas and find answers to their questions with our Chatbot application 1Bilen and they can receive immediate support outside the office through 1Bilen Mobile app.

#### ***Development at Akbank and Akbank Academy***

We see development as one of the most important building blocks in the people and culture policies. We strive to prepare Akbank employees for the requirements and skills of today and the future, and to position development as an investment tool for our employees.

In an effort to address the evolving needs of the industry and professional life quickly and effectively, we enhance our practices with the latest trends and technologies in the development field, employ innovative methods, and make effective use of our Academy Mobile application that facilitates convenient and fast access to development sources.

#### ***Akbank Employee: Mirror of the Future***

We see our "Akbank Employee: Mirror of the Future" skill development program, which launched as part of the Next Generation Akbank transformation, as one of our most important development programs administered for Akbank employees to acquire new competencies and skills.

Akbank Employee: Mirror of the Future offers all Akbank employees a complete toolkit to explore themselves, capitalize on their strengths and identify areas for improvement. The program enables our leaders, as well as employees themselves, to closely monitor Akbank staff's competencies and skills.

#### ***Personalized development process***

Akbank Employee: Mirror of the Future is positioned as a competency development program. It differentiates from other talent management programs due to its ability to offer a personalized development process specific to each employee.

We set off on this journey with the motto of "Development is not limited to education." We see the individual development plan process as the building block of the program.

During the process of individual development, all Akbank employees and managers come together to give feedback and create development plans specific to the individual staff member.

With the Online Competency Development Platform, employees set off on a personalized development journey according to their developmental needs and support their individual development plans. In addition, the Digital Training Catalogue, accessible via the Akbank Academy Portal, is designed to meet the learning requirements of the employees throughout the year. The catalogue features skill sets matched with customized training options.

We created a special channel on company-specific Akademi TV where employees can access

information related to the program as well as sample applications. We also enabled staff members to apply for trainings over the portal. In this way, our employees can access the sources related to the competencies identified in their individual development plans.

At the same time, in an effort to facilitate access to different training resources, we provide online memberships to leading development programs and support their participation in national and international certification programs.

We believe in the power of learning by experience in the personal development journey. To this end, we enable Akbank employees to gain experience in various functional areas and support their career development with more than 30 unique rotation programs throughout the Bank.

Conducted for the purpose of capitalizing on the dynamics of different disciplines, from art and technology to innovation and psychology, and attaining a multidisciplinary perspective, "Akbank Employee Meetings" continue to bring employees together with subject matter experts and industry professionals in feature events such as seminars, workshops and talks.

#### ***We are Ready for the Future***

"We are ready for the Future," which was launched for the purpose of further enhancing our technological skills, create a shared culture in such topics as advanced analytics, design and artificial intelligence, and strengthening our capabilities in the new era, is among the programs to which we attach great importance.

As part of this program that we enhanced with new topics in 2020 including cyber security, agile working and next generation marketing, we get together with the participants on a regular basis and conduct supplementary sessions. Armed with the understanding that new skills would be reinforced with an effective risk management approach, we organize training and awareness events on cyber risks, information risks, and the Law on Protection of Personal Data throughout the year.

## People and culture

In an effort to improve today's leaders and raise tomorrow's leaders, we focus on designing effective and transparent processes in skill development programs, and we continuously increase the resources deployed to this area.

In parallel with the learning organization strategy of Akbank, we are getting the support of our experienced employees to do in-company training, mentorship, and coaching. As a result, mutual experiences in related areas are exchanged.

Believing that sustainability is one of the keys to the future, we continue to carry out awareness and education initiatives in this area through online trainings, seminars and videos as part of Akbank's sustainability strategies.

### *Learning from each other*

We launched the "You are the Expert" platform to cultivate a culture of learning from each other and encourage mutual sharing of experiences. The platform hosts videos related to critical business experiences for professional life as well as social skills. We strive to enrich the learning culture of Akbank employees by contributing to their technical and social skills.

We believe that experience sharing sessions are one of the most important steps of learning from each other. We support the development programs with the sessions that bring Akbank employees with the leaders as well as with the sessions where they share examples of best practices with each other.

In parallel with the learning organization strategy of Akbank, we are getting the support of our experienced employees to do in-company training, mentorship,

and coaching. As a result, mutual experiences in related areas are exchanged.

While motivational activities are ongoing to boost the motivation levels of our in-house instructors, the best architects of continuous development, they are also supported with development programs. As the COVID-19 pandemic continues to rage, we are also improving the digital skills of our instructors geared toward online training.

As a result of our investments in training, we support our employees with 30 hours of training per person each year.

### *Next Generation Leadership*

In order to improve today's leaders and train future's leaders, we are organizing disparate and sustainable programs including specialized solutions for individual needs. Besides, we attach importance on designing effective and transparent processes in talent management programs and regularly increase the resources spared for this matter. With this perspective, we are redesigning and relaunching the Next Generation Leadership Program.



Akbank employees discuss the target results of the previous period with their executives on one-to-one basis during performance evaluation interviews and together, they identify successful aspects as well as aspects open for improvement.

#### ***Effective career management***

The career management function plays a strategic business partner role in supporting the realization of the Bank's objectives. Within that context, we give priority to positioning the current workforce in the most efficient manner, placing the right employee in the right post, and managing mid-to long-term career plans in the most optimal way that advances both the bank and employees.

To ensure the Bank's future sustainability, we evaluate the staff's experience, competencies, and technical skills to produce backup plans for various positions. Training and development programs are implemented to ensure that personnel are ready to perform effectively in prospective positions.

These development programs are designed according to the knowledge and skill requirements of the positions.

We place our employees who obtain their career diplomas and successfully complete their career paths in various positions. Besides, employee career paths are constantly reviewed and revised pursuant to strategic targets according to the new organizational structure formed in response to our Bank's changing needs.

Career paths for each position are clearly defined for each function at our Bank. Each Akbank employee who develops himself/herself can make horizontal or vertical career moves at the Bank, where career paths are laid out in a transparent manner. Besides, we promote all vacant positions in our Bank through internal job posting systems Career Opportunities to all of our employees and provide a transparent and fair hiring process to the candidates who meet the criteria.

#### ***Efficient performance management***

We realize our corporate objectives together with our employees with high levels of competencies that make Akbank what it is.

In our performance evaluation system, which enables the observation of the employee's contribution to the corporate success and encouragement of open communication between employees, we determine the objectives on the basis of the person and as part of common objectives. Each employee acts in line with these objectives. We believe that the effectiveness of the performance system depends on the system's transparency, simplicity, and correct measurement.

We conduct performance management with an approach that would keep the risks at minimum level. Our Performance Management System produces periodical and systematic inputs for our salary and reward systems as well as career and training applications.

We support Akbank employees' performance with new applications and advanced systems that simplify their professional life and increase their productivity. With the new system we started to use in 2019, we enable employees to participate more in the process and to exchange their opinions regarding their objectives. This application, in which we manage performance monitoring, assessment and premium processes on a single and innovative platform, also provides all the flexibility of the mobile environment.

#### ***Performance-based bonus and rewarding***

The performance bonus system ensures improved employee efficiency in achieving organizational goals, continuity of performance levels, and prioritization of individual and team performance. The aim is to differentiate and reward successful employees and teams.

Akbank employees discuss the target results of the previous period with their executives on one-to-one basis during performance evaluation interviews and together, they identify successful aspects as well as aspects open for improvement.

For 2020, the Bank plans to pay TL 318 million in performance bonuses to employees depending on their work progress.

## People and culture

At Akbank, we see effective communication as one of the most important tools to achieve success. To this end, our Bank regularly conducts Employee Loyalty Surveys across the organization. This effort is designed to make personnel feel that they are valued; identify their strengths and weaknesses; and translate the staff's opinions and suggestions into corporate success.

We conduct approximately 6,000 individual career interviews each year. Numerous workshops are held with employees to evaluate People and Culture practices.

Further, we employ various reward mechanisms at our Bank in order to encourage the culture of success, ensure the recognition and appreciation of successful employees as well as employees who create value-added in various areas, reinforce employee loyalty, and highlight the notion of "value to people."

As part of this effort, we continued to carry out the following practices:

- "Bull's Eye Awarding System" for swiftly recognizing exemplary employee behavior and ground-breaking business results in day-to-day operations,
- Impressive Akbank Employee seniority incentive awards for our employees who have completed 10, 15, 20 and 25 years at our Bank,
- Gratitude/Appreciation awards, where the conduct and/or work methods of extraordinary employees who have a direct impact on our Bank's attaining its targets are recognized by the People and Culture Unit and the CEO,
- Awards for our employees who nominate candidates who share the corporate culture and possess the skills necessary for the vacancy in question,
- The "Thanks from Team to Team" platform, launched to foster a culture of collaboration, recognize,

and celebrate achievements, reinforce teamwork, and highlight any crucial support from and collaboration with other teams,

➤ Field Achievement Awards, which reward teams on the basis of their quantitative performance in specially designated categories for the purpose of enhancing our field sales performance.

"Clean Banking" award for employees who serve customer interests and contribute to customer satisfaction with their conduct, practices and efforts in line with clean banking principles.

### **Employee satisfaction and employee engagement**

At Akbank, we see effective communication as one of the most important tools to achieve success. To this end, our Bank regularly conducts Employee Loyalty Surveys across the organization. This effort is designed to make personnel feel that they are valued; identify their strengths and weaknesses; and translate the staff's opinions and suggestions into corporate success. In addition, employee pulse surveys are conducted to enrich dialogue with our staff via new channels, ensure continuity of communication, and receive employee feedback. The confidentiality of the survey is managed by an independent research firm.

Akbank has 12,549 employees as of December 31, 2020. The Bank's staff consists 52.5% of women and 47.5 of men. Some 96% of all Akbank employees are university graduates. The average employee age is 37.4.

Following a detailed analysis of the surveys, we plan our improvement and development actions based on the outputs.

We conduct approximately 6,000 individual career interviews each year. Numerous workshops are held with employees to evaluate People and Culture practices. We systematically handle all the feedback received as a result of this process. Projects to improve employee experience are designed according to these feedbacks.

We support our employees' well-being with applications under the A Good You program. We continue to organize various digital activities as part of the program during the COVID-19 pandemic.

#### **Our Awards**

As Akbank, we won

- "Gold" award in the Best Candidate Experience category with our new recruitment experience,
- "Silver" award in the Best Advance in Augmented and Virtual Reality with our VR Orientation program,
- "Bronze" award in the Best New Hire Onboarding Program category with our Digital Onboarding Program,
- "Bronze" award in the Best Advance in HR Data Analytics with our HR analytics initiatives,
- "Bronze" award in the Best Advance in Competencies and Skill Development with our Akbank Employee: Mirror of the Future program at the Human Capital Management Excellence Awards organized by the Brandon Hall Group;

- Employee Loyalty Special Achievement award at the Best Employers awards organized by Kincenteric;
- "Bronze" award in the COVID-19 Response Most Exemplary Employer category with our actions during the pandemic, "Bronze" award in the HR Team of the Year category with our Career Opportunities System at the Stevie Awards in 2020.

#### **Financial Benefits Provided to Board Members and Senior Managers**

In 2020, Akbank provided TL 91 million financial benefits to the Group's senior management.

#### **Ethical Principles**

Ethical principles, which are the constant elements of our corporate culture and governance, provide a foundation for Akbank's current reputation in the banking industry and within the society. Our Bank's main objectives include enhancing its market position in a sustainable manner while ensuring stability and reliability in the industry. We do our utmost to ensure that our employees embrace the ethical principles as outlined in internal communication channels and training programs, and act in line with such an awareness. Besides, our Bank also has an Ethics Hotline, which is subject to confidentiality principles, that our employees can communicate any issue they cannot bring up or resolve in their own department for any reason.

#### **Evaluation of employee and outsourced employee feedback on HR practices**

Akbank employees and outsourced staff can submit their feedback, complaints and suggestions on human resources related subjects and processes to managers and HR professionals in addition to the Ethics Hotline. Our Bank has a process that stipulates systematic evaluation and action of these communications from the workforce.

#### **Akbank employees**

As of December 31, 2020, Akbank has 12,469 employees (Group has 12,857 employees). Women held 52.5% of the Bank's staff and men held 47.5%. 96% of all Akbank employees are university graduates while the average employee age is 37.4.

Our People and Culture Principles outline our Bank's people and culture practices, point to the respective parties' rights and obligations in relations with employees, and identify the rules and principles that govern the human resources function and organization.

#### **Benefits to employees Mensupları Tekaüt Sandığı Vakfı**

Benefits to employees Mensupları Tekaüt Sandığı Vakfı focused its activities related to employed and retired members on the provision of healthcare services in 2019. The revamped Health Center operates in a modern, spacious and well-appointed facility with experienced specialist physicians on staff.

The new call center provides appointment and advisory services to all Bank employees.

The redesigned website serves as an appointment platform and features many user-friendly interactive applications, such as e-authorization, e-referral, and lab test results.

As of December 31, 2020, the highlights of Akbank T.A.Ş. Mensupları Tekaüt Sandığı Vakfı's efforts include:

Total assets of the Foundation reached TL 2,490 million.

The number of members receiving pension salaries rose to 12,508.

- Amount paid to retirees, people with disabilities, widows and orphans stands at TL 520 million.
- Health care assistance amounted to TL 170 million during the year.

#### **Other information on the Bank's activities**

- There are no major pending lawsuits against the Company that may impact the financial position or operations of the Company.
- Information on the donations and assistance distributed during the year is provided at the General Assembly under a separate agenda item.

# Our contribution to society

At Akbank, we always think about what is best for Turkey. We put our heart and soul in our work toward this end.

We give priority to progress, change and innovation in every area that adds value to the society. We have also been undertaking important culture and art projects for many years. While we reach arts enthusiasts with our initiatives, we aim to preserve our shared national and universal heritage and pass it on to the future generations.



**700+**  
**events**

**Akbank Art Center  
organizes more than  
700 events each year.**

With our faith in the future of Turkey, we have been working to move our country forward. To this end, in addition to supporting economic growth, we continue to see expanding educational and cultural opportunities while boosting entrepreneurship as our core responsibilities.

During the pandemic, we have adapted the culture & art, entrepreneurship, education and volunteerism projects that we have been undertaking for years to online platforms and continued to present them to large masses.

At Akbank, we always think about what is best for Turkey. We put our heart and soul in our work toward this end.

## ARTS

We give priority to progress, change and innovation in every area that adds value to the society. We have also been undertaking important culture and art projects for many years. While we reach arts enthusiasts with our initiatives, we aim to preserve our shared national and universal heritage and pass it on to the future generations. We maintain our leading role in and continue our support for developing contemporary arts in Turkey and bringing artworks to a mass audience.

Our top priority has always been the health of the public during the COVID-19 pandemic. Starting in March, we closed our center to visitors until October. We have shared our rich activity archive extending from the past to the present through our social media channels. We consolidated our activities under the “Akbank Art Center in Your Home” umbrella mostly in the form of live events while moving all events to online platforms.

Established for the purpose of creating a brand for the innovative and visionary identity in the arts and hosted more than 700 events each year, Akbank Art Center celebrated its 27<sup>th</sup> anniversary in 2020.

We started 2020 with the group exhibition held at the Akbank Art Gallery and curated by Prof. Dr. Marcus Graf. The exhibition featured the works of 18 Turkish and foreign artists.

As part of our biennial cooperation with the Sabancı University Sakıp Sabancı Museum to bring artists and movements within the contemporary arts to the arts enthusiasts, we hosted the performance artist Marina Abramović and the Marina Abramović Institute that she founded. The exhibition consists of three sections: a video and

The Akbank Jazz Festival hosted more than 5,000 local and international jazz musicians to date. In an effort to pass jazz music on to new generations, the festival reached more than 500,000 music lovers with 773 concerts, 1,000 workshops and more than 100 talks in 30 years.

photographic documentation of the artist's iconic performances; live performances featuring MAI and participating artists, both submitted to an open call as well as artists invited to participate in the exhibition; and a section dedicated to "The Abramović Method." Opened on January 31, 2020 but then had to be suspended due to the COVID-19 pandemic measures, the "Akış/Flux" exhibition welcomed its visitors again on October 30, 2020. Concurrent with the Akış/Flux exhibition, Akbank Art Center hosted a documentary series presenting the history of works by Marina Abramović, as well a video gallery featuring numerous works in performance, aiming to explore the legacy that has shaped the today's performance art.

Organized in collaboration with the Painting and Sculpture Museums Association and Akbank Sanat with the purpose of supporting developments in contemporary art and to support young artists under the curation of T. Melih Görgün Between October 15 and November 21, 2020, "Akbank 38<sup>th</sup> Contemporary Artists Prize Exhibition" hosted 17 works by 16 young artists selected by a jury.

In December, we hosted "6 Artists In Search Of A Precedent" group exhibition curated by Prof. Dr. Hasan Bülent Kahraman.

The "Contemporary Art Education Program," specially designed for every exhibition held at Akbank Art Center for 10 years, provides primary, junior high and high school students the opportunity to become acquainted with contemporary works of art. We continued to conduct

these programs in 2020 until March. Our education programs as part of two exhibitions were attended by 300 students.

We continued our children's workshops during the COVID-19 pandemic. In addition to the workshops, we stream every Saturday on the Akbank Art Center YouTube channel, we also organized online talks with families and teachers on the contribution of art to child development.

We are among the institutions that put the most emphasis on digital art in their programs. We do not limit our activities in this segment to Istanbul, either. Under the "Digital Art on Campus" concept, we organize digital art exhibitions, talks, film screenings and workshops at various universities in Turkey. On our Akbank Art Center YouTube channel we have launched a series of talks under the "Now in Digital Art" title that focus on the work practices of Turkish and foreign artists who are producing works of art using the digital expression opportunities available to them during the COVID-19 pandemic.

The popular "Philosophy Seminars," "Cinema - Psychiatry Seminars," "Contemporary Art // An Unknown" and "Curatorship Practices" seminars continued as online events in 2020.

The first edition of the "Curating Contemporary Art" program, a seven-month seminar series offering a comprehensive international education platform on curatorship, was also conducted online.

In March we hosted choreographer and dance instructor Evangelos Poulinas at the Akbank Art Center Dance Workshop. With the onset of the COVID-19 pandemic, we presented our contemporary dance technique lessons for children and adults through online channels. Turkish and foreign choreographers and dancers presented online mini dance performances throughout the year.

We also continued our prestige books series in 2020. We published the prestige book titled "Great Female Artists" that brought together the works of more than 400 female artists from over 50 countries spanning 500 years.

Our new podcast project was met with great interest and applause by the listeners. We launched the podcast series covering a variety of disciplines and subjects from contemporary art and philosophy to architecture and cinema under the title of "Tune into Akbank Art Center" on a number of platforms.

Hosting more than 5,000 Turkish and foreign jazz musicians and reaching more than 500,000 music lovers with 773 concerts, 1,000 workshops and more than 100 talks in 30 years, Akbank Jazz Festival celebrated its 30<sup>th</sup> anniversary this year, which made 2020 special for us. In celebration of this major anniversary, we launched a concert series under the "Year Round Jazz" motto. At the onset of the COVID-19 pandemic we moved our "Year Round Jazz" concerts to online platforms under the "Jazz State of the Home" name and organized 15 live concerts on Instagram. We celebrated our 30<sup>th</sup> anniversary by producing the "Yesterday, Today, Tomorrow" album, a very special archive project. Featuring 30 original compositions performed by more than 80 musicians, the album was released on 156 digital music platforms on October 23<sup>rd</sup> as well as in music stores in a box set format consisting of three records and a 72-page archive book in November. Not forgetting about young talents, we organized the JamZZ Akbank Jazz Festival Young Talents Competition as part of the Akbank Jazz Festival for the fourth time where young talents were able to perform "jam sessions" with Turkey's leading jazz musicians. Talented young jazz musicians who placed in the top tier at the competition were provided with the opportunity to do studio recordings and won various presents.

The Akbank Short Film Festival is a major platform for short films in Turkey, designed to support new ideas and foster short film culture. The 16<sup>th</sup> edition of the Festival was planned for March 16-26, 2020. Breaking new ground in this area, we announced the results of the competition, participated by 2,217 short films from 74 countries, during a live broadcast on Akbank Art Center's Instagram account due to the COVID-19 pandemic. In addition, we moved the excitement of producing short films

## Our contribution to society

As a major innovation as part of the Akbank Short Film Festival in 2020, we made the short films available for online streaming. Film lovers were able to watch a selection of eight domestic and foreign award-winning short films on the Short Film Channel.

CEF's online certification programs in 2020 featured the most prominent names Dr. Özgür Demirtaş and Dr. Mahfi Eğilmez.

to the home during this period where viewers spend their time at home. We organized the "Akbank at Home Short Film Competition" open to short films between two and five minutes produced at home between May 4 and June 4, 2020 in the online format and awarded the winners.

As a major innovation as part of the Akbank Short Film Festival in 2020, we also made the short films available for online streaming. Film lovers were able to watch a selection of eight domestic and foreign award-winning short films on the Short Film Channel.

We have been uninterruptedly supporting Contemporary Istanbul, a platform that makes great contributions to the development of contemporary art in Turkey for the last 15 years. As Akbank Art Center, we participated in the Contemporary Istanbul Art Fair, between December 19, 2020 and January 6, 2021, with the group exhibition titled "The Carnival of Corona Diaries," consisting of works by 11 artists and curated by Prof. Dr. Hasan Bülent Kahraman.

### EDUCATION

#### ***Center of Excellence in Finance (CEF)***

We established The Center of Excellence in Finance in 2016 at Sabancı University with Akbank's founding sponsorship. CEF brings together academics, financial market actors and investors to transform core knowledge into real-life applications. The Center of Excellence in Finance continued to serve as a bridge between academia, the finance sector, policy makers and the real economy with its certification programs, seminars, and research reports throughout 2020. CEF's online certification programs in 2020 featured the most prominent names Dr. Özgür Demirtaş and Dr. Mahfi Eğilmez. The seminars organized as part of the seminar series include the "COVID-19, Financial Technologies and SMEs Seminar" with the InsideChains CEO Cristina Dolan and the "Responsible Corporations during a Crisis Seminar" with the London Business School Finance Professor Alex Edmans.

#### ***Akbank Unichallenge+ Digital Student Affairs Training Camp***

We have been conducting the 'Akbank Unichallenge+ Digital Student Affairs Training Camp' jointly with IAB Turkey (Interactive Advertising Bureau) for the last three



As part of our partnership with Endeavor Turkey since 2015, we conduct training and mentoring programs geared toward three distinctive target audiences.

years operating in 47 countries for the purpose of developing digital marketing communications. Akbank Unichallenge+ offers a two-week training program to prepare third and fourth year university students and recent graduates for the digital sector. While discovering the digital world during the two-week term of the program, participants generate projects, take part in team-building activities and get the opportunity to talk to the prominent names of the digital world in addition to attending classes. The camp was conducted online in 2020 because of the COVID-19 pandemic.

We received 530 applications from 105 universities in 45 provinces for UniChallenge Express, which we organized for the first time.

#### **AI Academy**

We launched the AI Academy as part of our partnership with Microsoft in an effort to contribute to the development and education of university students. As a bank with an advanced technology infrastructure in data science and artificial intelligence, we believe that we can offer university students with new opportunities in this field jointly with an important technology company like Microsoft. The goal of this education program is to increase the students' command of core artificial intelligence concepts. In addition, we would like to support them in developing a model in the Microsoft Azure Machine Learning environment using publicly available data sets, improving their applied skills, and gain a business perspective. Applied by 900 university students, the AI Academy taught fundamentals of artificial intelligence technology to 30 university students for a period of two months. In the upcoming period, we believe that our AI Academy project, which is very popular among young people, will contribute to raising the data scientists of the future.

#### **Cooperation with E-Scholarship**

We forged an important cooperation with E-Scholarship, a social venture platform that reaches hundreds of thousands young people with the goal of providing a scholarship system in a democratic model. Within the scope of the project, we provided easy and prompt access to education scholarships starting in September. As part of the cooperation, we organized trainings and workshops for the young people on the skills of the future such as artificial intelligence, innovation, and design between their student years and the start of their professional lives through Akbank Academy. Further, in addition to supporting the young people in various areas including internships, recruiting, and work models of the future, we advised them on taking advantage of the opportunities that best suit them. We strive to create a lasting difference in the young people's educational lives by supporting the E-Scholarship social venture. Partnering with a social venture in the education field, we aim to match young people with corporate opportunities with the goal of social benefit.

#### **Akbank's "Children: Heroes of the Economy"**

To boost financial literacy and encourage savings, we launched the Children: Heroes of the Economy project in 2012. The initiative is intended to reach out to children at the ages when they acquire their life-long habits. The program creates special project content for instructional purposes, such as a website, board games for activities, posters to encourage saving, and certificates. Our goal is to work with Akbank Volunteers to create savings awareness in children.

#### **Akbank Thinking Club**

We established the Akbank Thinking Club in 2008 with the purpose of fostering a creative platform for the youth, thinking alongside them, and creating value jointly for the future of Turkey. The club is open to all third year university students in Turkey. The students who join the club generate projects on the theme of that year. Projects are then assessed by a special selection committee composed of academics, experts and Akbank senior managers. The creator of the best project is then awarded

with a scholarship for Harvard University Summer School. Having sent a total of 32 of its members to the Harvard Summer School to date, Akbank Thinking Club continues its activities without interruption.

#### **Akbank Family Company Academy**

Launched in 2014 in collaboration with the Sabancı University Executive Development Unit (EDU), we organized Akbank Family Company Academy for 14 times to date. The Academy aims to help family companies increase their competitive power, achieve healthy growth, and undertake sustainability and institutionalization efforts. The training program covers a wide variety of subjects, including strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters, and human resources management. Upon demand, the program was administered for Akbank customers as well as private distributors and dealers.

#### **ENTREPRENEURSHIP**

As part of our partnership with Endeavor Turkey since 2015, we conduct training and mentoring programs geared toward three distinctive target audiences.

We organize the "CaseCampus Online BootCamp Program" for the young people who view entrepreneurship as a career option; the "StartupCampus Online Entrepreneurship Program" for entrepreneurs who have chosen entrepreneurship as a career path, established their company or launched their early stage product, and realized their first sales; and finally the "ScaleUp Entrepreneurship Program" for entrepreneurs who have established their companies but are looking to accelerate their businesses to reach their globalization and scaling targets.

As Akbank in 2020, we also got together with more than 20 start-up businesses and held negotiations for 28 potential partnerships at the Endeavor Connect program that was organized by Endeavor in partnership with Istanbul Development Agency (ISTKA) and the Turkish Enterprise and Business Confederation

## Our contribution to society

We came together with 75 young entrepreneur candidates as a part of CaseCampus BootCamp entrepreneurship programs that were conducted online in 2020 due to the pandemic.

The 10-week StartUpCampus Online Program targets entrepreneurs under 35 who have chosen entrepreneurship as a career path, established their company, launched their early stage product and realized their first sales.

(TURKONFED). We collaborated with the enterprise that we were matched with as part of the program.

### ***CaseCampus Online BootCamp Program***

We came together with 75 young entrepreneur candidates as a part of CaseCampus BootCamp entrepreneurship programs that were conducted online in 2020 due to the COVID-19 pandemic. Guided by the principle that “No training is as educational as a case study,” CaseCampus offered participants innovative training and learning opportunities with real-life stories from Turkey’s leading entrepreneurs. The program is available for junior and senior undergraduate students, graduate students and those who graduated within the last five years, and are under 30 who consider entrepreneurship as a career option. CaseCampus brings them together with successful Endeavor Entrepreneurs in a new and innovative environment of applied learning and networking.

### ***StartUpCampus Online Entrepreneurship Program***

The 10-week StartUpCampus Online Program targets entrepreneurs under 35 who have chosen entrepreneurship as a career path, established their company, launched their early stage product and realized their first sales.

As part of the StartUpCampus Program, they embark on a mentoring process through training and workshops with the goal of growing their businesses. Thirteen entrepreneurs took advantage of the program in 2020.

### ***ScaleUp Ankara Entrepreneurship Program***

As part of the ScaleUp Ankara Program, we supported 13 Ankara-based R&D firms, intensive and later stage ventures, for a period of three months through vertical and strategy-oriented workshops as well as one-to-one consulting services based on their needs. In addition, introducing the entrepreneurs to Endeavor’s local and global network as part of the program, we supported their globalization and scaling targets. We continue to conduct side conversations with the 13 startups admitted to the program on the subjects we can cooperate more closely.

## **VOLUNTEERISM**

### ***Akbank Volunteers***

Since 2012, as Akbank Volunteers, we have served as a platform committed to executing projects that contribute to society. Akbank staff and their families as well as business partners carry out our platform’s work across the country.

Despite the pandemic conditions, Akbank Volunteers continued their volunteering initiatives under the name of “Good State of Home” in 2020.

We work together with local residents, civil society organizations and local authorities, developing projects to address social issues, and become part of the solution. As part of our volunteer-driven efforts, we have conducted various projects over the last seven years in numerous areas, from education to the disabled, aid campaigns to health issues. During our volunteer activities each year, we reach out to thousands of people across Turkey, the majority of whom are students. The group consists of 40 Akbank Volunteer Ambassador Employees and around 1,000 Akbank Volunteers. Akbank receives a large number of requests for computers from teachers and school administrations in line with the needs created by digitalization in every segment. We meet these demands by donating the Bank’s unneeded computer inventory as well as through Akbank Volunteers’ charity projects. We delivered approximately 500 computers as part of this effort in 2020.

Despite the COVID-19 pandemic conditions, we continued our volunteering initiatives under the name of “Good State of Home” in 2020.

We read fairy tales to children with cancer and gifted fairy tales to 100 children undergoing cancer treatment at hospitals for the “Happy Tales” charity movement of the Laughter Heals Association. We delivered 500 Hygiene kits to children and families consisting of personal hygiene products for the “Wish Tree” project of the Hope Foundation for Children with Cancer (KAÇUV). We partnered with the ‘Çorbada Tuzun Olsun’ Association to make food donations to 250 families before the Eid al-Adha. We supported the projects of Community Volunteers Foundation (TOG) volunteers in 81 provinces by exercising and doing yoga, pilates and cardio at home; we collected donations for these young volunteers.

We collected a total of TL 485,000 in donations for the Association for Supporting Contemporary Life (ÇYDD) at the Istanbul Marathon in November with 372 Redrunners athletes running for good causes as well as 4,941 donors. The Akbank Redrunners team made marathon history by reaching the largest amount of donation collections and the largest

number of donors in one lump as well as the most crowded running team. The donations we collected were used for meeting the computer and internet service needs of 108 children and young people to eliminate the inequality of opportunity during the remote education period.

As Akbank Volunteers, we are always striving to carry out more volunteering projects.

### ***Good State of the City***

We founded the Good State of the City in 2015 as an initiative that encourages university students from across Turkey to take part in social responsibility projects organized in collaboration with NGOs. With this effort, we offer university students (two- or four-year college students as well as graduate students) between 18 and 26 the chance to make contact with NGOs and participate in their voluntary activities.

As part of the project that was conducted online this year due to the COVID-19 pandemic, we joined forces with 16 NGOs to raise the awareness of the young people on such topics as how to become a volunteer, why they should volunteer, and what NGOs do. The Good State of the City was met with great interest by young people and the quotas were filled in the first days of applications last year. This year 6,000 young people took part in the Good State of the City. We rewarded the young people who participated in the project with a certificate at the conclusion of the program.

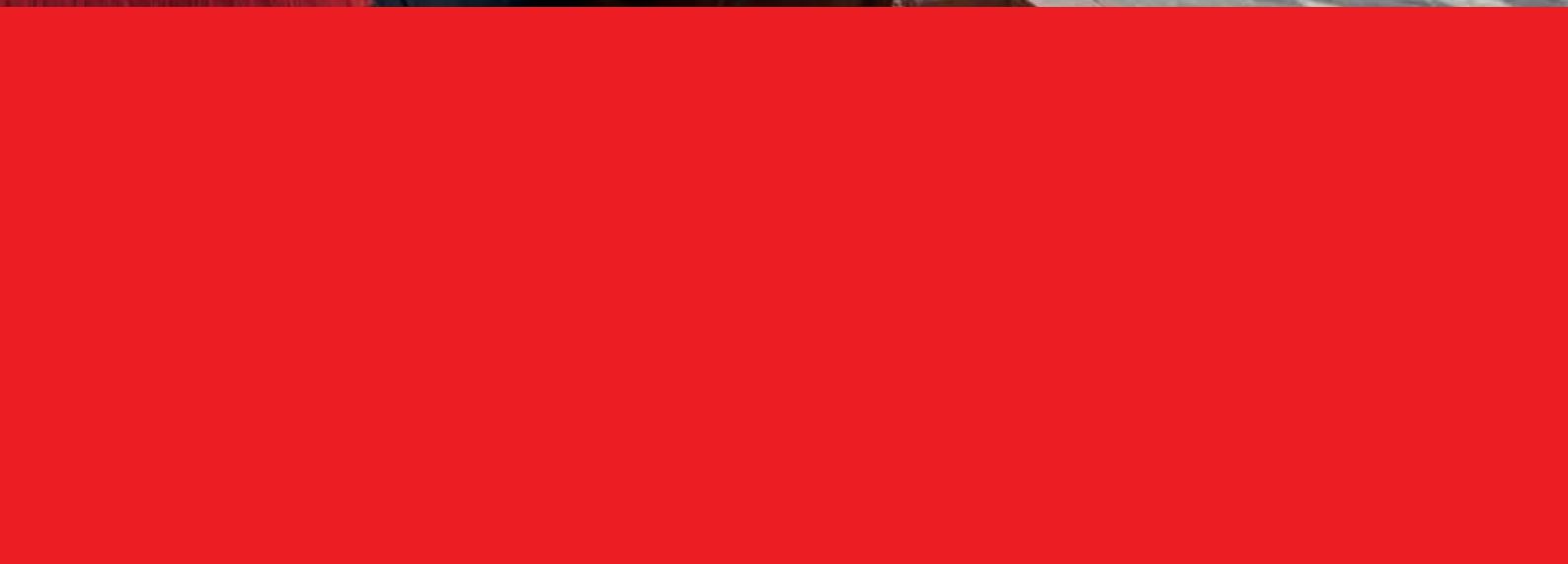
In an attempt to create a bigger awareness in the young people about volunteerism and to encourage them to volunteer, we conducted the “Heroes Wanted to Save the World” volunteering summit virtually on November 16. Sunay Akın, Ömer Madra and many other subject matter expert speakers shared their volunteering and charity knowledge and experience at the summit that was moderated by İlker Ayrik. The summit was viewed live by 500 young people. Viewers who joined through sehriniyihali.com also received participation certificates. The summit’s recording on Akbank’s YouTube channel was also viewed by approximately 500 people.

A person wearing a red sweater is leaning on a wooden railing, looking out over a large body of water. The sky is filled with soft, grey clouds, and distant hills are visible on the horizon. The water has gentle ripples.

# Create a sustainable future with Akbank

We think not only the present but also the future. We are working non-stop to create a sustainable future.





# Board of directors

**Suzan Sabancı Dinçer - Chairman**  
**Eyüp Engin - Vice Chairman and Executive Board Member**  
**Ahmet Fuat Ayla - Executive Board Member**  
**Can Pakar - Member**  
**Yaman Törüner - Member**  
**Emre Derman - Member**  
**Prof. Dr. Özgür Demirtaş - Member**  
**Aydın Günter - Member**  
**Tuğrul Belli - Member**  
**Hakan Binbaşgil - Member and CEO**

## **Suzan Sabancı Dinçer** **Chairman of the Board of Directors**

Suzan Sabancı Dinçer is the Chairman of Akbank. Ms. Sabancı Dinçer is also a board member of Sabancı Holding and a member of the Board of Trustees of Sabancı University and the Sabancı Foundation. In 2009, Ms. Sabancı Dinçer founded the Akbank International Advisory Board and currently serves as its chairman.

Suzan Sabancı Dinçer began her career in banking in 1986 and joined Akbank as Executive Vice President in charge of Treasury in 1989. Having specialized in Treasury and Risk Management, she has been active in these two subjects since 1993. In 1997, she was named Executive Board Member for Treasury and International Banking Relations. Ms. Sabancı Dinçer was appointed as Executive Board Member to oversee the bank-wide change and transition program in 2001. She was named Chairman in March, 2008.

Ms. Sabancı Dinçer is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, Harvard University's Global Advisory Council, Harvard Business School's Global Leaders Circle, and an emeritus member of the Harvard Business School's Middle East and North Africa Advisory Board. Suzan Sabancı Dinçer is also co-chair of the New York-based American-Turkish Society, a member of the Global Board of Advisors at the Council

on Foreign Relations (CFR) and a member of the Board of Managing Directors of Venetian Heritage, Inc.

From 2010 to 2014, Suzan Sabancı Dinçer served as the chairman of the Turkish-British Business Council for two terms. From 2009 to 2016, Ms. Sabancı Dinçer sat on the Global Board of Advisors of Chatham House. In 2012, Her Majesty Queen Elizabeth II awarded Ms. Sabancı Dinçer the title of "Commander of the Most Excellent Order of the British Empire (CBE)" in recognition of her proactive and influential contributions to the development of Turkey-UK relations.

Suzan Sabancı Dinçer is strongly committed to corporate social responsibility activities and assumes various positions in the fields of culture, education, and the promotion of entrepreneurship. Between 2014 and 2018, Sabancı Dinçer acted as the Advisory Board President of the Women on Board Association Turkey, dedicated to promoting social development by increasing female representation on boards. She is a founding member and board member of the leading high-impact entrepreneurship movement, Endeavor Turkey, a founding and honorary member of the Women Entrepreneurs Association of Turkey, and chairman of the Executive Advisory Board and member of the board of patrons of the Contemporary Istanbul Art Fair. Ms. Sabancı Dinçer is also Luxembourg's Honorary Consul in Istanbul. In 2014, Ms. Sabancı Dinçer was given the Order of Civil Merit (Orden del Mérito Civil) of the Kingdom of Spain by King Felipe VI of Spain for her contributions to the relations between the two countries and for her support to the cultural convergence.

Suzan Sabancı Dinçer holds a BA in Finance from Richmond College in the UK and an MBA from Boston University in the USA. Ms. Sabancı Dinçer is married with two children.

## **Eyüp Engin** **Vice Chairman and Executive Board Member**

Eyüp Engin joined Akbank in 1978 as an Assistant Internal Auditor. Following his auditing assignment, Eyüp Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was appointed as the Executive Vice President in charge of Corporate Banking in 1996 and after 1998, Engin continued to serve as Executive Vice President in charge of International Banking and Overseas Financial Institutions Marketing.

Eyüp Engin was appointed to the position of Head of Internal Audit in 2007 and during 2007-2019 he served on Boards of Directors of Bank's subsidiaries as the President of Audit Committee. He is a graduate of Middle East Technical University, Faculty of Economics and Business Administration. Engin was elected as Executive Board Member in March 2019 and he was elected as Vice Chairman and Executive Board Member in March 2020. Eyüp Engin also serves as Vice Chairman of Türk Telekomünikasyon A.Ş..

Additionally, Eyüp Engin is Banking Unit President and Executive Committee Member of Sabancı Holding, Board Member of TT Mobil A.Ş. and TT Net A.Ş. and also Chairman of Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.

## **Ahmet Fuat Ayla** **Executive Board Member**

Ahmet Fuat Ayla was elected as Executive Board Member in charge of credits as of 12 July 2017. Ahmet Fuat Ayla joined Akbank as Corporate Branch Manager in 2002, became the Senior Vice President in charge of Corporate and Commercial Credits Approval Unit in 2005 and was appointed as Executive Vice President in charge of Corporate and Commercial Credits Approval in 2007. Before joining Akbank, Ahmet



Fuat Ayla worked in marketing and sales department positions at Head Office and branches at different private sector banks. Ahmet Fuat Ayla is a graduate of Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration.

**Can Paker**  
**Board Member**

Received his master's degree from Berlin Technical University and continued his education at Yıldız Technical University to receive his Ph.D. in mechanical engineering and at Columbia University for his MBA (1973). Starting his professional career at Turk Henkel in 1971, he held various senior positions in the company, and served as the general manager (from 1984) and president of the Board of Directors until 2004. Paker held positions on the boards of several private companies and civil society organizations such as the Sabancı Holding, Sabancı University, Turkish Industrialists' and Businessmen's Association (TÜSİAD), İstanbul Culture and Arts Foundation (İKSV), The Open Society Foundation in Turkey and Robert College. He served as the Chairman of TESEV (Turkish Economic and Social Studies Foundation) between 1997 and 2015. He is currently the founding and managing partner of B.O.Y. Consulting and a founding member of PODEM (Center for Public Policy and Democracy Studies), an İstanbul based think tank established in 2015.

**Yaman Törüner**  
**Board Member**

Yaman Törüner became a member of the Board of Directors in March 1998. Having served as a Member of Parliament between 1995 and 1999, Yaman Törüner also served as a Minister of State in 1996. Between 1990 and 1994, Yaman Törüner served as the President of the İstanbul Stock Exchange and from 1972 until 1990 he worked in various administrative positions within the Central Bank of Turkey, also serving as the Governor of the Central Bank of Turkey between February 1994 and January 1996.

**Emre Derman**  
**Board Member**

Emre Derman has led numerous large cross-border transactions in Turkey as a partner with the international law firm White & Case between 1989 and 2008. In addition to his work in Turkey he has worked in the New York and London offices of the firm and also in former Soviet Union and Eastern European countries during his term as a lawyer for the EBRD in 1994 to 1995. A former board member of Akbank in 2010, Derman has served as a Managing Director and the Senior Country Officer of JP Morgan in Turkey between 2011 and 2014. He is a member of various organizations relating to education and yacht racing and serves as a freelance consultant. Derman holds an LL.B. from İstanbul University Law School and an LL.M. from Harvard Law School.

**Prof. Dr. Özgür Demirtaş**  
**Board Member**

Özgür Demirtaş got his BS degree in Electrical and Electronics Engineering from Boğaziçi University in 1998. He earned his Ph.D. degree in Finance from Boston College in 2003. In the same year, he was appointed as a tenure track Assistant Professor at Baruch College, City University of New York. In 2007, he earned a tenured Associate Professor position. He was awarded with one of the prestigious medals of the University: The presidential Award for Teaching Excellence. His research is also awarded by Eugene M Lang foundation and Marie Curie Reintegration program. He published more than 30 academic articles in various academic journals. He taught at Boston College, CUNY, NYU Stern School of Business and in 2012, he joined Sabancı University as a Chair Professor of Finance. Since 2014, Professor Demirtaş is the founding chairman of the Center of Excellence in Finance (CEF) at Sabancı University.

**Aydın Günter**  
**Board Member**

Aydın Günter served at Sabancı Holding and held various positions including Executive Vice President in charge of Financial Control and Finance from 1974 to 1994. In 1994, he founded his own consulting firm and served as a Member of the Board of Directors in various companies beginning from 1998. Prior to joining the Sabancı Group, Aydın Günter

worked at the Ministry of Finance as a Tax Inspector. Aydın Günter is a graduate of the Faculty of Political Sciences at Ankara University.

**Tuğrul Belli**  
**Board Member**

Tuğrul Belli started his professional career at İktisat Bank's Corporate Finance Department in 1990. He started serving as General Secretary at Turkish Bank in 1994, and participated in the foundation of Turkish Yatırım in 1997, a subsidiary of the bank. He served as a Member of the Board of Directors of the company until 2005, and also served as General Manager for a period. He still serves as an Economics Advisor at Turkish Bank. Belli taught at İstanbul Ticaret University on "Banking Management" between 2006 and 2012. Belli has been an op-ed columnist of Dünya Daily since 2008. An alumni of American Robert College, he holds an undergraduate degree from London School of Economics and Political Science, and a graduate degree from CUNY Baruch College.

**Hakan Binbaşgil**  
**Üye ve Genel Müdür**

Hakan Binbaşgil joined Akbank as the Executive Vice President in charge of Change Management in October 2002. He initiated the Bank's "Restructuring Programme" which has transformed Akbank into one of Turkey's most customer-focused, modern and innovative financial institutions. Hakan Binbaşgil was appointed Executive Vice President in charge of Retail Banking in November 2003, Deputy CEO in May 2008, and since January 2012 as Board Member and Chief Executive Officer of the Bank. He also serves as Chairman of Akbank AG Supervisory Board.

Prior to joining Akbank, Binbaşgil worked as a Management Consultant in the London and İstanbul offices of Accenture, and as Executive Vice President in a different private sector bank. Binbaşgil also served on the boards of directors of numerous companies domestically and abroad.

After graduating from Robert College, Hakan Binbaşgil graduated from Boğaziçi University, Faculty of Mechanical Engineering. Binbaşgil also holds MBA and MS degrees in Finance from Louisiana State University-Baton Rouge, USA.

# Consultant to board and board of internal auditors

## **Erol Sabancı**

### **Consultant to Board**

Erol Sabancı served as a member of the Akbank Board of Directors between 1967 and March 2018. For a decade beginning from March 1998 Erol Sabancı was the Chairman of the Board of Directors. He has been a Consultant to the Board of Directors since March 26, 2018. Erol Sabancı also serves as Vice Chairman of the Board of Directors of Sabancı Holding.

## **Savaş Külcü**

### **Head of Internal Audit**

Savaş Külcü joined Akbank as Internal Auditor in 1998. Mr. Külcü served 10 years as Deputy Head of the Board of Internal Auditors and then served 2.5 years as Head of Internal Control and Compliance. Külcü was appointed as Head of Internal Audit at Akbank in 2019. Külcü also serves as a Board member at Ak Finansal Kiralama, Ak Portföy and AkÖde, as well as Audit Committee Chairman at Ak Finansal Kiralama and AkÖde, all of which are Akbank subsidiaries. Having a Bachelor's degree from Boğaziçi University, Savaş Külcü got his Executive MBA from Sabancı University. Külcü holds CIA (Certified Internal Auditor), CAMS (Certified Anti-Money Laundering Specialist), CAMS – FCI (Certified Advanced Financial Crimes Investigations Specialist), CGSS (Certified Global Sanctions Specialist) and CDPSE (Certified Data Privacy Solutions Engineer) certifications. He is also a fluent speaker of English, German, Dutch and Arabic.

# International advisory board

## International Advisory Board

**Suzan Sabancı Dinçer - Chairman**  
**Hamid Biglari - Member**  
**Sir Winfried Bischoff - Member**  
**Stephen K. Green - Member**  
**Michael Klein - Member**  
**Lubna Olayan - Member**  
**Dante Roscini - Member**  
**Tom de Swaan - Member**  
**Lorenzo Bini Smaghi - Member**  
**Hakan Binbaşgil - Member**  
**Eyüp Engin - Member**  
**Ahmet Fuat Ayla - Member**

### Suzan Sabancı Dinçer Chairman

### Hamid Biglari Board Member

Hamid Biglari is formerly Vice-Chairman and Head of Emerging Markets at Citigroup. He was a member of Citigroup's Operating Committee and held various senior management roles throughout his tenure at the institution, including Chair of the Business Development Committee (the most senior client committee in the bank) and Chief Operating Officer of the Institutional Client Group (the investment and corporate banking arm of the bank).

Prior to joining Citigroup, Dr. Biglari was a Partner at McKinsey & Company, where he co-led the Firm's investment banking consulting practice. In that role, he advised CEOs at several bulge-bracket investment banks, commercial banks, insurance companies, investment management companies, and private equity firms. His experience base spans the entire spectrum of financial services. Prior to that, Dr. Biglari was a theoretical nuclear physicist at Princeton University's Plasma Physics Laboratory, the nation's leading center for controlled thermonuclear fusion research. He is a member of Council on Foreign Relations as well as a

Trustee of Asia Society. He also sits on the Advisory Board of the Bendheim Center for Finance at Princeton University. In 2009, Dr. Biglari was awarded the Ellis Island Medal of Honor, given for outstanding contributions to the United States by immigrants. Dr. Biglari holds a Ph.D. degree in Astrophysical Sciences from Princeton University.

### Sir Winfried Bischoff Board Member

After serving as the Chairman of the Board of Directors of Citigroup from December 2007 until February 2009, Sir Winfried Bischoff currently serves as the Chairman of the Board of Directors of Lloyds Banking Group since September 2009. Following his tenure at the Schroders Group as an executive, he was appointed Chairman of the Board of Directors of Schroders in May 1995 and with the acquisition of Schroders' Investment Banking division by Citigroup, Sir Bischoff became the Chairman of the Board of Directors of Citigroup Europe in April 2000. Sir Winfried Bischoff served as a member of the Akbank Board of Directors from January 2007 until February 2008. Sir Winfried is currently a member of the Board of Directors of Eli Lilly and McGraw-Hill in the United States and Prudential in the United Kingdom as well as the Chairman of the Board of Directors of the UK Career Academy Foundation. Sir Winfried Bischoff continues to serve as the Chairman of the European Advisory Board of Citigroup Inc. Sir Winfried entered the Honor List and was knighted in 2000 for his contributions to the banking industry.

### Stephen K. Green Board Member

Stephen Green was educated at Lancing College, Sussex, and at Oxford University where he graduated in 1969 with a BA (First Class Honors) in Politics, Philosophy

and Economics. He also obtained a Master's Degree in Political Science from the Massachusetts Institute of Technology in 1975. He was created a Life Peer in 2010 and was appointed Minister of State for Trade and Investment in January 2011. He retired from this position in December 2013. Lord Green began his career in 1970 with the British Government's Ministry of Overseas Development. In 1977, he joined McKinsey & Co Inc, management consultants, with whom he undertook assignments in Europe, North America and the Middle East. He joined The Hongkong and Shanghai Banking Corporation in 1982 with responsibility for corporate planning activities, and in 1985 was put in charge of the development of the bank's global treasury operations. In 1992, he became Group Treasurer of HSBC Holdings plc with responsibility for the HSBC Group's treasury and capital markets businesses globally. In 1998, he was appointed to the Board of HSBC Holdings plc as an Executive Director. He became Group Chief Executive in 2003 and Group Chairman 2006. He retired from HSBC in December 2010. Lord Green was Chairman of the British Bankers' Association from 2006 to 2010. He also served as a Trustee of the British Museum. He served as a non-executive director of BASF. se until 2010. He is Chairman of the Natural History Museum, Chairman of the International Advisory Council of the British Chambers of Commerce and is a member of the House of Lords EU Select Committee. Stephen Green has written four books – Serving God? Serving Mammon? [1996]; Good Value, Choosing a Better Life in Business [2009]; Reluctant Meister – How Germany's Past is Shaping its European Future [2014]; and The European Identity – Historical and Cultural Realities We Cannot Deny [2015]. Stephen Green is married with two daughters.

## International advisory board

### Michael Klein **Board Member**

Michael Klein is the Managing Partner of M. Klein and Company, LLC, which is a leading independent financial and strategic advisor to companies, investors, and governments. Mr. Klein was previously the Chairman of Citi's Institutional Clients Group and Vice Chairman of Citi, Inc. In that capacity, Mr. Klein was responsible for managing the Bank's relationships with leading companies, investment funds, and governments in more than 100 countries. Prior to that time, Mr. Klein held a number of positions at Citigroup and Salomon Smith Barney including Head of Investment Banking. Mr. Klein led the efforts to build Citigroup's European businesses including the acquisition of the Investment Bank Schroder's PLC. He was also the founder of the firm's efforts advising and raising funds for private equity and other alternative investment firms. Mr. Klein is a member of various boards including: the Board of The Dow Chemical Company Agrosiences, IHS Inc., the Peterson Institute for International Economics, the American Academy of Berlin, Mount Sinai Medical Center and the Harvard Belfer Center. He is also an inaugural member of the United Nations' World Food Programme Investment Advisory Board. Mr. Klein has served as a guest lecturer at Columbia, Harvard, The London School of Business, The St. Petersburg University and at various educational programs arranged by the US Government, including the Federal Reserve and the Securities and Exchange Commission

### Lubna Olayan **Board Member**

Lubna Olayan is Deputy Chairman and Chief Executive Officer of Olayan Financing Company, a subsidiary of Olayan Group, which operates in Saudi Arabia and the Middle East. Ms. Olayan is also a Member of the Board of Directors of Saudi Hollandi Bank, a publicly listed company in Saudi Arabia. She has been a Member of the Board of Directors of WPP since March 2005. Lubna Olayan is a Member of the International Advisory Board of the Council on Foreign Relations, a Member of the Board of Directors of INSEAD and serves on the Board of Trustees of Cornell University and KAUST (King Abdullah University of Science and Technology). In October 2006, Lubna Olayan joined the International Advisory Board of Rolls Royce.

### Dante Roscini **Board Member**

Dante Roscini teaches Managing International Trade and Investment in the Business, Government and the International Economy Unit at Harvard Business School. He joined the Harvard Business School faculty in 2008 and has published a number of cases and notes related to sovereign debt, monetary policy, central banking and international investment. He holds an M.B.A. from Harvard and a summa cum laude Laurea degree in Nuclear Engineering from the University of Rome, Italy. Before coming back to HBS Prof. Roscini spent twenty years in investment banking with senior positions at three of the top US bulge bracket firms in New York and London. He was Head of European Capital Markets for Goldman Sachs, Head of Global Equity Capital Markets and Head of the European Capital Markets and Financing Group for Merrill Lynch where he was also a member of the Capital Commitments Committee and of the Managing Directors Promotions Committee. Finally, he was Country Head of Italy and Chairman of European Capital Markets for Morgan Stanley as well as a board member of Morgan Stanley International Bank. Prior to his career in investment banking Prof. Roscini worked as a researcher in nuclear archaeometry at the University of Rome, as a design engineer and project manager with Westinghouse Electric Corp. in the US and as a management consultant with the Boston Consulting Group in Paris.

**Tom de Swaan**  
**Board Member**

Tom de Swaan has served in the banking industry of the Netherlands for over 40 years. He joined De Nederlandsche Bank N.V. in 1972 and from 1986 until 1998 was a member of the governing board. In January 1999, he became a member of the managing board and chief financial officer of ABN AMRO Bank. He retired from ABN AMRO in May 2006, but continued as an adviser to the managing board until June 2007. Between 1987 and 1988, Mr. de Swaan was chairman of the Amsterdam Financial Center and from 1995 to 1997, chairman of the banking supervisory sub-committee of the European Monetary Institute. He was also a member of the Basel Committee on Banking Supervision from 1991 to 1996, its chairman from 1997 to 1998, and a non-executive director on the board of the UK's Financial Services Authority from January 2001 until the end of 2006. From 2006 until May 2015 he was a non-executive member of the board of GlaxoSmithKline Plc. From 2008 until February 2016, Mr. de Swaan was a member of the supervisory board of Van Lanschot NV, the holding company of F. van Lanschot Bankiers, an independent Dutch bank. He also served as its chairman until December 2015. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2006. In March 2012 he was elected vice-chairman, acting as chairman from August 2013 on. He was elected chairman of the Board in September 2013. In addition Mr. de Swaan has been Chief Executive Officer a.i. from December 2015 to early March 2016.

**Lorenzo Bini Smaghi**  
**Board Member**

Lorenzo Bini Smaghi has a degree in Economic Sciences from the Université Catholique de Louvain (Belgium) and a Ph.D. in Economic Sciences from the University of Chicago. He began his career in 1983 as an Economist at the Research Department of the Banca d'Italia. In 1994, he was appointed Head of the Policy Division of the European Monetary Institute. In October 1998, he became Director General of International Financial Relations in Italy's Economy and Finance Ministry. He was Chairman of SACE from 2001 to 2005. From June 2005 to December 2011, he was member of the Executive Board of the European Central Bank. From 2012 to 2016, he was Chairman of the Board of Directors of SNAM (Italy). He is currently Chairman of the Board of Directors of Italgas (Italy) and Societe Generale since 2015.

**Hakan Binbaşgil**  
**Board Member**

**Eyüp Engin**  
**Board Member**

**Ahmet Fuat Ayla**  
**Board Member**



# Executive management



## TOP ROW FROM LEFT TO RIGHT

**Sitare Sezgin**  
CEO AkÖde

**Çetin Düz**  
CEO Aklease

**Pınar Anapa**  
Executive Vice President People and Culture

**Yunus Emre Özben**  
Executive Vice President Credit Underwriting

**Şebnem Muratoğlu**  
Executive Vice President Treasury

**İlker Altıntaş**  
Executive Vice President Technology and Operations

**Mehmet Tugal**  
Executive Vice President Commercial Banking

**Mark Kirchhoff**  
CEO Akbank AG

**Mehmet Ali Ersarı**  
CEO Ak Asset Management



## BOTTOM ROW LEFT TO THE RIGHT

**Mert Erdoğan**

**CEO Ak Investment**

**Ege Gültekin**

**Executive Vice President Credit Monitoring and Collections**

**Levent Çelebioğlu**

**Executive Vice President Corporate & Investment Banking**

**Bülent Oğuz**

**Executive Vice President Retail Banking**

**Hakan Binbaşgil**

**CEO**

**Burcu Civelek Yüce**

**Executive Vice President Strategy, Digital Banking and Payment Systems**

**Türker Tunalı**

**Chief Financial Officer (CFO)**

**Alp Keler**

**Executive Vice President Private Banking and Wealth Management**

**Zeynep Öztürk**

**Executive Vice President Special Credits**

## Executive management

**Hakan Binbaşgil - Board Member – CEO**

**Bülent Oğuz - Executive Vice President - Retail Banking**

**Burcu Civelek Yüce - Executive Vice President - Strategy, Digital Banking and Payment Systems**

**Ege Gültekin - Executive Vice President - Credit Monitoring and Collections**

**Levent Çelebioğlu - Executive Vice President - Corporate & Investment Banking**

**İlker Altıntaş - Executive Vice President – Technology and Operations**

**Mehmet Tugal - Executive Vice President – Commercial Banking**

**Türker Tunalı - Executive Vice President – CFO**

**Dr. Alp Keler - Executive Vice President – Private Banking and Wealth Management**

**Yunus Emre Özben - Executive Vice President - Credit Underwriting**

**Zeynep Öztürk - Executive Vice President - Special Credits**

**Şebnem Muratoğlu - Executive Vice President – Treasury**

**Pınar Anapa - Executive Vice President – People and Culture**

**Hakan Binbaşgil  
Board Member – CEO**

**Bülent Oğuz  
Executive Vice President –  
Retail Banking**

Bülent Oğuz joined Akbank in March 2003 and served as Vice President and Senior Vice President of SME and Consumer Banking respectively. Oğuz was appointed as Executive Vice President in charge of SME Banking in July 2013 and he has been in charge of Retail Banking since November 2018. Bülent Oğuz is the Vice Chairman of AkÖde and a Board Member of Ak Asset Management Ak Insurance and AvivaSA. Before joining Akbank, Oğuz held various managerial positions at Corporate Banking and Loans divisions at

different private sector banks. Oğuz is a graduate of Middle East Technical University, Political Science and Public Administration and holds an Executive MBA degree from Sabancı University.

**Burcu Civelek Yüce  
Executive Vice President -  
Strategy, Digital Banking and  
Payment Systems**

Burcu Civelek Yüce joined Akbank in 2006 and was appointed as Senior Vice President of Strategic Management in 2009, Executive Vice President in charge of Human Resources and Strategy in 2014 and since June 2019 she has been serving as Executive Vice President in charge of Strategy, Digital Banking and Payment Systems. Prior to joining Akbank, she worked in international consulting and technology companies. Burcu Civelek Yüce has a B.Sc. degree in Industrial Engineering and an MBA degree from Boğaziçi University, both first in rank. She also participated in courses at Harvard Business School and Koç University.

Yüce also is one of the first members of IIF Future Leaders Group and mentee in Women on Board Association Turkey. She acts as the Chairwoman of AkÖde, Board Member of Akbank AG, Ak Investment, and Sabancı DX.

**Ege Gültekin  
Executive Vice President - Credit  
Monitoring and Collections**

Ege Gültekin joined Akbank in February 2015 as Executive Vice President in charge of Credit Monitoring and Collections. Gültekin is also a Board Member of Aklease. Before joining Akbank, Ege Gültekin held various senior management positions at different banks and asset management companies. Ege Gültekin is a graduate of Middle East Technical University, Department of Faculty

of Economics and Administrative Sciences and holds a Master's degree from John Hopkins University, Faculty of Engineering, Department of Information and Telecommunication Systems.

**Levent Çelebioğlu  
Executive Vice President - Corporate  
& Investment Banking**

Levent Çelebioğlu joined Akbank in May, 2015 as Executive Vice President in charge of Corporate and Investment Banking. Prior to joining Akbank, he held various senior management positions at different private sector banks. Çelebioğlu is also the Vice Chairman of Akbank AG and Chairman of Ak Investment. Levent Çelebioğlu is a graduate of 9 Eylül University, Faculty of Economics, Monetary Economics & Banking Department.

**İlker Altıntaş  
Executive Vice President –  
Technology and Operations**

İlker Altıntaş joined Akbank in March 2012. He served as Vice President of IT Enterprise Architecture and Senior Vice President of the IT Architecture and Core Banking Department. In January 2017, he was appointed as Executive Vice President in charge of Technology and Operations. Prior to joining Akbank, Dr. Altıntaş held various engineering and management positions in technology companies serving finance and banking sector. İlker Altıntaş is a Board Member of AkÖde. İlker Altıntaş is a graduate of Middle East Technical University, Department of Computer Engineering and holds a Ph.D. degree in software engineering from the same university. He also holds Executive MBA degree from Sabancı University, Business School. İlker Altıntaş has published many technical articles for international conferences, journals and is a committee member for various national and international conferences.

**Mehmet Tugal**  
**Executive Vice President –**  
**Commercial Banking**

Mehmet Tugal joined Akbank in September 2005 and worked as Corporate Branch Manager and Senior Vice President of Commercial Banking respectively. He was appointed as Executive Vice President in charge of Commercial Banking in September 2017. Tugal is also the Chairman of Aklease and Vice Chairman of Ak Investment. Prior to joining Akbank, he held various senior management positions at different private sector banks. Mehmet Tugal is a graduate of İhsan Doğramacı Bilkent University, Business Administration and holds an MBA degree from Central Michigan University.

**Türker Tunalı**  
**Executive Vice President – CFO**

Türker Tunalı joined Akbank in September 2008 as Senior Vice President in charge of Financial Coordination and International Reporting. Prior to joining Akbank, he held various managerial positions since 1999. He was appointed as Executive Vice President (CFO) in charge of Financial Coordination in October 2017. Tunalı is the Vice Chairman of Ak Asset Management, also a Board Member of Akbank AG, Aklease and AkÖde. Türker Tunalı is a graduate of Boğaziçi University, Department of Business Administration and is a CFA (Chartered Financial Analyst) since 2006.

**Dr. Alp Keler**  
**Executive Vice President – Private**  
**Banking and Wealth Management**

Alp Keler was appointed as Executive Vice President in charge of Wealth Management and Private Banking in January 2018. Prior to this appointment, he was serving as CEO of Ak Asset Management since 2011. Alp Keler has over 20 years of experience in capital markets and asset management. Keler is also the Chairman of Ak Asset Management. Keler is a graduate of METU Civil Engineering Department. He also received an MBA degree from Bilkent University, the Master of Law in Economics (LLM) from Galatasaray University,

Management Program of Harvard Business School and Ph.D. in Banking from Marmara University. He is a CFA charter holder. Keler is the Chairperson of Turkish Capital Markets Association. He served as a chairman, board and audit member in various local and global capital market associations.

**Yunus Emre Özben**  
**Executive Vice President –**  
**Credit Underwriting**

Yunus Emre Özben, after working at various companies since 1996, joined Akbank in October 2005 as Manager in Project Finance Division and was promoted to Senior Vice President in charge of Investment Banking in March 2011. Most recently, in August 2018, he was appointed Executive Vice President – Credit Underwriting. Emre Özben is the Vice Chairman of Aklease, and a Board Member of Ak Investment. Özben is a graduate of Marmara University Business Administration and holds an executive MBA degree from Sabancı University.

**Zeynep Öztürk**  
**Executive Vice President –**  
**Special Credits**

Zeynep Öztürk, after working at various companies in the sector since 1990 joined Akbank in January 2011 as Senior Vice President in charge of Corporate and Commercial Credits Monitoring and afterwards worked as Senior Vice President in charge of Corporate And commercial monitoring and collection, and Head of Special Restructuring Consulting respectively. Zeynep Öztürk was appointed as Executive Vice President in charge of Special Credits in January 2019. Zeynep Öztürk is a graduate of METU Business Administration and received MBA degree from İhsan Doğramacı Bilkent University.

**Şebnem Muratoğlu**  
**Executive Vice President – Treasury**

Şebnem Muratoğlu joined Akbank in 1995 as management trainee. After taking various responsibilities in Treasury and Risk Management, she was appointed as Chief Risk Officer (CRO) in 2017. Muratoğlu, has been

working as Executive Vice President in charge of Treasury since January 2019. She is a graduate of University of Kent with a Master's degree from Macquarie University and Financial Risk Manager (FRM) certificate holder since 2003. Şebnem Muratoğlu, one of the mentees in Women on Boards Initiative, is a member of Ak Asset Management and Aklease.

**Pinar Anapa**  
**Executive Vice President –**  
**People and Culture**

Pinar Anapa joined Akbank in 1999 and after taking various responsibilities in Internal Audit division, she worked as Deputy Head of Internal Audit between 2007 and 2014. Anapa started to serve as Human Resources Management Senior Vice President in 2014, and she has been serving as Executive Vice President in charge of People and Culture since June 2019. Her areas of responsibility cover career development, organizational development, training, architectural solutions and purchasing. Pinar Anapa is a graduate of METU Economics and received an Executive MBA degree from Sabancı University in 2006.



# Subsidiaries

## Dr. Marc Kirchhoff **Akbank AG Chairman & CEO**

Dr. Marc Kirchhoff started his career in 2004 with McKinsey & Company where he was advising financial institutions and insurance companies on a broad range of functional topics. After leaving McKinsey in 2010 Dr. Kirchhoff held various management positions at Deutsche Bank and Commerzbank. In his last role at Commerzbank he was the Global Head of International Transaction Banking in the corporate banking segment. Dr. Kirchhoff has a degree in Economics from Witten/Herdecke University and a Ph.D. in Finance and Capital Markets Theory from the European Business School. Dr. Marc Kirchhoff joined Akbank AG as the Chairman of the Management Board & CEO on January 1, 2021.

## Çetin Düz **Aklease CEO**

In January 2019, Çetin Düz was appointed CEO of Aklease. Between August 2015 and January 2019, he served as Executive Vice President in charge of Credits at Aklease. Prior to joining Aklease, Çetin Düz worked at Akbank's Board of Internal Auditors for 11 years, most recently as its Vice President. Mr. Düz holds a Bachelor's degree in Political Science and International Relations from Boğaziçi University and an Executive MBA from Sabancı University.

## Mert Erdoğan **Ak Investment CEO**

Mert Erdoğan was appointed CEO of Ak Investment in January 2015. Prior to joining Ak Investment, he held various positions at banks and financial institutions for more than 20 years. Mert Erdoğan is a graduate of Istanbul University, Department of Business Administration and holds an MBA from Bloomsburg University of Pennsylvania in the USA.

## Mehmet Ali Ersarı **Ak Asset Management CEO**

Ersarı received his bachelor's and master's degrees in Civil Engineering from Middle East Technical University and MBA degree from Bilkent University. Before joining Ak Asset Management as Assistant General Manager in 2008, Ersarı served as Treasury Director at the Royal Bank of Scotland. Mehmet Ali Ersarı worked in senior management for more than 20 years at leading institutions in the finance sector.

## Sitare Sezgin **AkÖde CEO**

Sitare Sezgin, who is an ACI graduate, completed her undergraduate education at Bilkent University. Department of Business Administration in 1997 with a full scholarship. Subsequently, she completed the finance-focused Master of Business Administration program at UMIST/Manchester Business School, with a British Council scholarship. Ms. Sezgin started her career as Management Consultant at Bain & Company in 1999. She went on to work as Senior Consultant at Boston Consulting Group until 2004. Between 2004 and 2009, Ms. Sezgin served as Strategy and Business Development Manager of the Food and Retail Group at Sabancı Holding A.Ş., and then as President of Product and Channel Development at Akbank. She was the General Manager of Back-Up & Back-Up Travel from February 2011 onwards, before becoming General Manager at Webloyalty in 2014. From March 2016 to 2018, Sitare Sezgin served as Independent Board Member at Carrefoursa and AvivaSA. She has worked as General Manager at AkÖde since March 2018.



# Changes in the organizational structure during the year

Semih Dilmen was appointed as Head of Information Risk Management as of January 9, 2020.

Hayri Çulhacı vacated his position as “Vice Chairman and Executive Member of the Board of Directors,” and Eyüp Engin assumed the position of “Vice Chairman and Executive Member of the Board of Directors” as of March 23, 2020.

Mehmet Tuğrul Belli assumed the post of Member of the Board of Directors as of March 26, 2020.

# Board of directors

## committees

### Audit Committee

The Audit Committee conducts auditing and oversight activities on behalf of the Board of Directors. Specifically, the Audit Committee assists the Board of Directors in executing its responsibilities with regard to the matters stipulated below:

- Ensuring the effectiveness and adequacy of the internal control, risk management and internal audit systems,
- Overseeing the functioning of the internal control, risk management, internal audit, accounting and reporting systems in compliance with related legislation as well as the integrity of the resulting information,
- Conducting the initial assessment to assist the Board of Directors in selecting independent auditors and regularly monitoring the activities of the independent auditors selected by the Board of Directors,
- Ensuring that the internal audit activities of companies that are subject to consolidated audit under the Banking Law are conducted on a consolidated basis and facilitating their coordination,
- Notifying the Board of Directors of issues that may undermine the sustainability and credibility of the Bank's business and/or may lead to breach of applicable law and internal regulations of the Bank.

The Audit Committee receives regular reports from all units created under the internal control, internal audit and risk management systems as well as from independent auditors regarding execution of their respective duties. It is incumbent on the Committee to notify the Board of Directors of issues that may undermine the sustainability and credibility of the Bank's business and/or lead to breach of applicable law and internal regulations of the Bank. The Bank's subsidiaries have also formed audit committees. Akbank's Audit Committee monitors the operations and activities of the subsidiaries' audit committees.

Unless excused, all Committee members attend the scheduled meetings. Audit Committee members do not have a set term of office. The Audit Committee convenes at least four times each year.

Eyüp Engin, Chairman (Executive Board Member)  
Yaman Törüner, Member (Board Member)

### Corporate Governance Committee

The duties, authorities and responsibilities of the Corporate Governance Committee include:

- Attaining, overseeing and communicating the Bank's compliance with the Corporate Governance Principles,
- Scoping and overseeing relationships with investors as well as authorized bodies such as the Capital Markets Board (CMB) and Borsa Istanbul (BIST),
- Ensuring and overseeing the establishment of an honest and transparent communications platform with the Bank's stakeholders,
- Formulating the Code of Ethics and overseeing compliance,
- Supervising the activities of the Shareholder Relations Unit,
- Creating a transparent system for determining, evaluating and training suitable candidates for the Board of Directors, and conducting efforts to determine policies and strategies related to this issue,
- Monitoring, auditing and reporting remuneration practices are conducted by Members of the Remuneration Committee on behalf of the Board of Directors,
- Determining, maintaining and monitoring policies regarding all corporate social responsibility projects, including culture and art activities,
- Ensuring and supervising that the Bank's Annual Report, website, and similar publicity channels are prepared in conformity with the Corporate Governance Principles,
- Supervising the preparation of the Sustainability Report,
- Ensuring and supervising that necessary actions are taken to protect the Bank's brand and reputation.

The Corporate Governance Committee convenes twice a year

Board Members Eyüp Engin and Yaman Törüner are also Members of the Remuneration Committee.

Eyüp Engin, Chairman (Executive Board Member)  
Yaman Törüner, Member (Board Member)  
Türker Tunalı (CFO – Responsible for Investor Relations)

**Credit Committee**

The Credit Committee is the ultimate executive body to ratify lending decisions. The Committee assesses loan proposals that are cleared by headquarters in terms of their compliance with legislation, banking principles and objectives, and lending policies of the Bank. Credit Committee members do not have a set term of office. The Credit Committee convenes on an as-needed basis.

Ahmet Fuat Ayla, Chairman (Executive Board Member)  
 Eyüp Engin, Member (Executive Board Member)  
 Hakan Binbaşgil, Member (Board Member and CEO)

**Executive Risk Committee**

The Executive Risk Committee is responsible for developing risk policies, determining appropriate methods for measurement and management of risks, setting commensurate risk limits and monitoring their performance. All risk policies formulated are documented in writing and incorporated with the overall long-term strategy of the Bank. The Committee convenes at least four times each year.

Eyüp Engin, Chairman (Executive Board Member)  
 Ahmet Fuat Ayla, Member (Executive Board Member)  
 Hakan Binbaşgil, Member (Board Member and CEO)

**Asset-Liability Committee (ALCO)**

The Asset-Liability Committee (ALCO) is a subcommittee presided over by the CEO. Responsible for daily liquidity and cash management, ALCO meets twice a week to take up developments in the economy and in the markets. In addition, development of investment, pricing and funding strategies as well as making decisions regarding daily liquidity management are also among the ALCO's responsibilities. Unless excused, all Committee members attend the scheduled meetings.

Hakan Binbaşgil, Chairman (CEO)  
 Türker Tunalı, Member (CFO)  
 Şebnem Muratoğlu, Member (Executive Vice President – Treasury)  
 Mehmet Tugal, Member (Executive Vice President – Commercial Banking)  
 Bülent Oğuz, Member (Executive Vice President – Retail Banking)  
 Levent Çelebioğlu, Member (Executive Vice President – Corporate and Investment Banking)  
 Alp Keler, Member (Executive Vice President – Private Banking and Wealth Management)  
 Burcu Civelek Yüce, Member (Executive Vice President – Strategy, Payment Systems and Digital Banking)  
 Emre Kahraman, Member (Head of Risk Management)

# Summary report of the board of directors

Akbank maintained its leading position in the Turkish banking industry in 2020 thanks to its robust balance sheet, effective risk management, customer-oriented approach, and sound long-standing relations. Akbank's 2020 consolidated pre-tax profit reached TL 8,284 million, while consolidated net profit increased to TL 6,260 million, with aid's return on equity and return on assets 10.9% and 1.4%, respectively.

Akbank's total consolidated assets stood at TL 478 billion, cash loans at TL 279 billion, and deposits at TL 293 billion, while t's capital adequacy ratio stood solid at 20.7%, significantly above the 12% recommended ratio for the Turkish banks.

The Bank's objective is to create sustainable and high value for stakeholders in every segment of banking Akbank will continue to focus on initiatives and investments in accordance with its sustainability strategy, which was at the heart of its successful performance 2020, and strive for profitable growth.

We would like to thank our employees, as well as our shareholders and all stakeholders for their contributions and support.

# Outsourced services

Pursuant to the Regulation on Bank Procurement of Support Services, Akbank procured support services from 81 firms in the areas of archive, call center, security, card production and card personalization, courier, operational services, marketing, and information systems services such as software, software maintenance/repair, patch, and product development in 2020. The firms and their fields of operation are presented in the below table.

In addition to the mentioned firms and services, Akbank received support service from 683 dealers (1,239 stores) for retail credit marketing.

SERVICE PROVIDERS	OUTSOURCED LINES OF SERVICE
1 Hobim Arşivleme ve Basım Hizmetleri A.Ş.	Archive Services
2 Tepe Servis ve Yönetim A.Ş.	
3 Atos Müşteri Hizmetleri A.Ş.	
4 CMC İletişim ve Çağrı Merkezi Hizm. A.Ş.	Call Center Services
5 Collecturk Alacak Yönetimi ve Danışmanlık A.Ş.	
6 COMDATA Teknoloji ve Müşteri Hizmetleri A.Ş.	
7 Etkin Çağrı Merkezi A.Ş.	
8 Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	
9 Sestek Ses ve İletişim Bilgisayar Teknolojileri San. Tic. A.Ş.	Security Services
10 Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.	
11 Tepe Savunma Güvenlik Sistemleri A.Ş.	
12 Austria Card Turkey Kart Operasyonları A.Ş.	Card Production and Card Personalization
13 E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	
14 Plastikkart Akıllı Kart İletişim Sistemleri San. ve Tic. A.Ş.	Courier Services
15 AGT Hızlı Kurye Hizmetleri A.Ş.	
16 Kurye Net Motorlu Kuryecilik Ve Dağıtım Hizmetleri A.Ş.	Operational Services
17 Bilkay Danışmanlık ve Destek Hizmetler A.Ş.	
18 Brinks Güvenlik Hizmetleri A.Ş.	
19 Desmer Güvenlik Hiz. Tic. A.Ş.	
20 Loomis Güvenlik Hizmetleri A.Ş.	
21 Fu Gayrimenkul Yatırım Danışmanlık A.Ş.	Marketing Services
22 USS Lojistik A.Ş. (Subcontractor to Hobim)	
23 MTM Holografi Güvenlikli Basım ve Bilişim Tekn. San. Tic. A.Ş.	
24 Eksen Pazarlama ve Satış Dan. A.Ş.	
25 Figo Ticari Bilgi ve Uygulama Platformu A.Ş.	
26 Faturalab Elektronik Tic. ve Bilişim Hiz. A.Ş.	Software, Software Maintenance/Repair, Patch and Product Development
27 Globit Global Bilgi Teknolojileri A.Ş. (Subcontractor to Faturalab)	
28 Hangisi İnternet ve Bilgi Hizmetleri A.Ş.	
29 Konut Kredisi Com TR Danışmanlık A.Ş.	
30 Adesso Turkey Bilgi Teknolojileri LTD. Şti.	
31 Asseco See Teknoloji A.Ş.	Software, Software Maintenance/Repair, Patch and Product Development
32 Bilişim Bilgisayar Hizmeti LTD. Şti.	
33 Biznet Bilişim Sistemleri ve Danışmanlık Sanayi Tic. A.Ş.	
34 Dip Bilgisayar Yazılım Ticaret LTD. ŞTİ.	
35 Ega Elektronik Güvenlik Altyapı A.Ş.	
36 Eretim Bilgisayar Hizmetleri ve Dan. Ltd. Şti.	
37 Etcbase Yazılım ve Bilişim Teknolojileri A.Ş.	



## Outsourced services

SERVICE PROVIDERS	OUTSOURCED LINES OF SERVICE
38 Finastra	Software, Software Maintenance/Repair, Patch and Product Development
39 Fineksus Bilişim Çözümleri Tic. A.Ş.	
40 Foreks Bilgi İletişim Hizmetleri A.Ş.	
41 Genbil Yazılım Tic. ve San. A.Ş.	
42 Genex Yazılım A.Ş.	
43 IBM Global Services İş ve Teknoloji Hizmetleri Tic. Ltd. Şti.	
44 Infina Yazılım A.Ş.	
45 Ingenico Ödeme Sistem Çözümleri A.Ş.	
46 Itelligence Bilgi Sistemleri A.Ş.	
47 Innova Bilişim Çözümleri A.Ş.	
48 Karbil Yazılım ve Bilişim Teknolojileri Tic. A.Ş.	
49 Key Yazılım Çözümleri A.Ş.	
50 Kibele İletişim Sistem ve Servisleri Ltd. Şti	
51 Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	
52 Mirsis Bilgi Teknolojileri A.Ş.	
53 Mos Bilişim Danışmanlık Sanayi ve Ltd	
54 Murex sas	
55 NCR Bilişim Sistemleri Ltd. Şti.	
56 Netaş Telekomünikasyon A.Ş.	
57 Bdh Bilişim Destek Hizmetleri San. ve Tic. A.Ş (Sub-contractor to Netaş)	
58 Netlab Arge Yazılım Hizmetleri Ticaret A.Ş.	
59 Netlab Uluslararası Bilgi İşlem ve Haberleşme Hizmetleri Sanayi ve Tic. A.Ş.	
60 NGN Bilgi ve İletişim Hizmetleri Ticaret A.Ş.	
61 Novosoft Yazılım Teknolojiler Bilişim Sanayi ve Tic. A.Ş.	
62 Obss Teknoloji A.Ş.	
63 Oredata Yazılım Ltd. Şti.	
64 Paycore Ödeme Hizmetleri Takas ve Mutabakat Sistem-leri A.Ş.	
65 Payten Teknoloji A.Ş.	
66 Platin Bilişim A.Ş.	
67 Prozek Bilişim Çözümleri Ltd. Şti.	
68 Sabancı Dijital Tek. Hizm. A.Ş.	
69 Teknova Yazılım Dan. Bil. Turz. Rek. Org. Tic. Ltd (Subcontractor to Sabancı Dijital)	
70 Glasshouse Bilgi Sistemleri Tic. A.Ş.(c2e) (Subcontractor to Sabancı Dijital)	
71 Detay Bilgi Hizm. San. Dış. Tic. A.Ş. (Subcontractor to Sabancı Dijital)	
72 Smartin Bilgi Teknolojileri Hizmetleri Tic. Ltd. Şti.	
73 Sorun Bilgi Teknolojileri A.Ş.	
74 Teknoser Bilgisayar Teknik Hizmetler San. ve Dış Tic. A.Ş.	
75 UCS Bilişim Sistemleri Ltd. Şti.	
76 Uzman Bilişim Danışmanlık A.Ş.	
77 Vega Bilgisayar Hizmetleri Ltd. Şti	
78 Verifone Elektronik ve Danışmanlık Ltd. Şti.	
79 Veripark Yazılım A.Ş.	
80 Westerops Bilişim ve Yazılım Hiz. Ltd. Şti.	
81 Zenn Bilişim Teknolojileri San.ve Tic. A.Ş.	

# Related party transactions

Transactions with the risk group are handled pursuant to the Banking Law, within the framework of ordinary bank-client relationships, covering all arms-length banking transactions under the prevailing market conditions. Detailed disclosures on these dealings can be found in Note VII of Section 5 in the publicly-announced Unconsolidated Financial Statements, Notes to these Financial Statements and Independent Auditor's Report, prepared as of December 31, 2020. In addition, the aforementioned information can also be found in Note VII of Section 5 in the Consolidated Financial Statements, Notes to these Financial Statements and the Independent Auditor's Report.

# Affiliation report

The Board of Directors of Akbank issued an Affiliation Report regarding the relations with Company's controlling shareholder and associate companies of the controlling shareholder in 2020 Activity Period. The conclusion of this report is given below as per the 199<sup>th</sup> Article of Turkish Commercial Code of n.6102.

The Board of Directors of Akbank issued an Affiliation Report regarding the relations with Company's controlling shareholder and associate companies of the controlling shareholder in 2018 Activity Period. The Report issued by the Board of Directors of Akbank states: "The legal transactions which our Bank carried out with the parent company Hacı Ömer Sabancı Holding A.Ş. and Sabancı Group Companies are listed above. There is no financial loss in our Bank resulting from the fact that it is a member of the group companies. All transactions have resulted in conformity with market examples, within the framework of an ordinary customer relationship."

# Corporate governance principles compliance report

## **SECTION I- DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

Corporate governance, transparency and commitment to ethical values have always been a top priority for Akbank.

Akbank's pioneering firsts in corporate governance include:

- First bank to disclose its dividend policy (2003),
- First bank to state its Corporate Governance Principles in its Annual Report (2003),
- First bank to publish its Corporate Governance Principles on its website (2004),
- First bank to buy back its founders' shares (2005),
- First Turkish bank to be a signatory to the United Nations Global Compact (2007),
- First bank to publish its Global Compact Report (2010),
- Pioneer in its support of the launch of the Carbon Disclosure Project (CDP) in Turkey (2010),
- First deposit bank to publish a sustainability report in accordance with Global Reporting Initiative (GRI) standards (2010),
- First Turkish company included in the Global 500 Report of the Carbon Disclosure Project (2010),
- The Bank issued its Digital Reliability Principles (2018)

The core corporate governance principles that regulate the relationships between Akbank's management, shareholders, employees and third parties (i.e. customers, legal authorities, suppliers, and all types of individuals and institutions which the Bank does business with) are stipulated below.

### ***Integrity***

The Bank remains committed to the principle of integrity in its activities, operations, and relationships with all of its stakeholders and other parties.

### ***Credibility***

Aware that customer confidence lies at the heart of banking, Akbank provides customers and all other stakeholders with clear, comprehensible, and accurate information and offers timely and comprehensive services in line with the promises made by the Bank.

### ***Non-discrimination***

Akbank refrains from harboring prejudice against stakeholders based on gender, behavior, opinion, or ethnic origin and does not discriminate against anyone under any condition or circumstance.

### ***Compliance***

Akbank abides by all laws, regulations, and standards.

### ***Transparency***

Except for the information deemed commercial secret, the Bank informs customers and the public at large thoroughly, accurately, and promptly.

### ***Pursuing Public Interest and Respect for the Environment***

In all of its activities, practices, and investments, Akbank acts to safeguard its image, interest, and profitability as well as public interest, development of the banking industry, sustainability, and the continuation of confidence in the sector while complying with laws and regulations related to the environment, consumer rights and public health.

Having adopted the Corporate Governance Principles stipulated in the Banking Legislation, Capital Markets Board and Turkish Commercial Code, the Bank pays utmost attention to implementing

these principles. The Bank has achieved compliance with the compulsory articles of the Corporate Governance Principles issued by the Capital Markets Board in the Official Gazette n.28871 on the date 03.01.2014. In addition, activities are ongoing for compliance with the noncompulsory principles.

The 2020 Corporate Governance Compliance Report and Corporate Governance Information Form, drafted in keeping with the new reporting format announced in CMB's Resolution dated 10.01.2019 and numbered 2/49, was separately published on the Public Disclosure Platform on March 1, 2021.

## **SECTION II- SHAREHOLDERS**

### ***2. Investor Relations Division***

Akbank management strives to be in transparent and close communication with shareholders. To attain this goal, Akbank management has embraced the principle of equal treatment of all shareholders. The primary objective is to make Akbank shares an attractive and predictable investment vehicle for both existing shareholders and potential investors.

An Investor Relations Group was established in 1996 to manage and reinforce the Bank's relations with shareholders. Moreover, there is a Financial Coordination and Reporting Department in Akbank in order to facilitate pursuing shareholders' rights.

The director who has administrative responsibilities in the Investor Relations and Sustainability Department and the Financial Coordination and Reporting Department is: Türker Tunalı, Executive Vice President - CFO [turker.tunali@akbank.com](mailto:turker.tunali@akbank.com).

Türker Tunalı who has “Capital Markets Activities Advanced Level License,” “Derivative Instruments License” and “Corporate Governance Rating Specialist License,” was appointed as a Member to the Corporate Governance Committee.

The Investor Relations Activity Report was presented to the Board of Directors in February 2020.

#### **Financial Coordination and Reporting Department**

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#### **Investor Relations and Sustainability Department**

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#### **Main Tasks of the Financial Coordination and Reporting Department:**

- Regarding the General Assembly meetings, preparing the documents that will be presented for the information and review of the shareholders and taking necessary measures to ensure that the General Assembly meeting will be held in conformity with the relevant legislation, Articles of Association, and other internal regulations of corporation;

- Performing capital increase procedures;
- Conducting dividend payment procedures;
- Providing timely responses to inquiries related to Company shares;
- Ensuring that necessary amendments are made to the Articles of Association in compliance with relevant legislation;
- Announcing all kinds of news that may have an impact on the exercise of shareholders' rights, regularly via the Public Disclosure Platform (www.kap.gov.tr) as material disclosures.

#### **The primary duties of the Investor Relations and Sustainability Department include:**

- Administering relationships with current and potential institutional investors and credit rating agencies;
- Establishing communication between the Board of Directors and shareholders, responding to the questions of shareholders, and reporting shareholder opinions to the Board of Directors on a regular basis;
- Keeping regular, secure, and up-to-date records of the correspondence made between the investors and the corporation and other information and documents;
- Announcing developments related to Akbank and the Bank's periodic financial statements to shareholders in a timely fashion and keeping the investor relations section of the Akbank website up-to-date;
- Preparing introductory presentations about the Bank, posting these on the website, and participating in investor meetings and conferences in Turkey and abroad;
- Undertaking initiatives to improve the Bank's Corporate Governance practices, overseeing, and monitoring the fulfilment of the obligations arising from the Capital Markets legislation including corporate governance and public disclosure all relevant issues.

The Investor Relations and Sustainability Department is responsible for conveying the

performance and strategies of the Bank to current and potential investors in the most accurate and transparent manner. In addition, the Department plays an active role in safeguarding shareholding rights and facilitating their exercise, particularly the right to obtain and examine information.

Investor Relations and Sustainability Department produced a video web cast at the beginning of 2020 explaining the budget targets. In addition, in 2020, a total of 4 webcasts were held with the participation of senior management about financial results, all of them featuring a Q&A session. Furthermore, the Bank participated in a total of 27 domestic and foreign investor conferences in 2020, and met with 344 international investor funds and two rating agencies. In addition, questions communicated by investors and analysts via telephone and e-mail were also answered. In addition, the Department responded to more than 500 inquiries from investors and analysts via telephone and e-mail.

#### **3. Exercise of Shareholders' Right to Information**

Written and verbal information requests made by the corporate investors and shareholders are evaluated by the Investor Relations and Sustainability Department and Financial Coordination and Reporting Department under the structure of Financial Management Business Unit. All questions that do not interfere with trade secrets are answered by these departments within the scope of equality principle while continuous communication is achieved between the management and shareholders.

All news that may impact the exercising of shareholders' rights, is regularly announced via the Public Disclosure Platform (www.kap.gov.tr) in Turkish and English as “material event disclosures.” Moreover, there is a link on the Bank's website to the Public Disclosure Platform.

Akbank maintains an investor relations website in Turkish and in English, which was updated regularly during 2019. In addition, the website on sustainability came on air, in both Turkish and English.

## Corporate governance principles compliance report

Since the Bank implements the provisions of the Turkish Commercial Code in relation to appointment of a special auditor, this issue has not been provided for in a separate article in the Articles of Association. There was no request for appointment of a special auditor during the period.

### **4. General Assembly Meetings**

During the reporting period (January 1, 2020-December 31, 2020), one Ordinary General Assembly meeting was held. The participation rate at the Ordinary General Assembly meeting was 77.7% and all shareholders wishing to attend the meeting were able to do so. Invitation to the General Assembly meeting held during the period was published in the Turkish Trade Registry Gazette.

The invitation to the General Assembly meeting is published at least three weeks prior to the General Assembly meeting in the Turkish Trade Registry Gazette, on the Bank's website, on the Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)), on the e-YÖNET Corporate Governance and Investor Relations Portal ([www.mkk.com.tr](http://www.mkk.com.tr)), e-ŞİRKET Aggregate Corporation Portal ([www.mkk.com.tr](http://www.mkk.com.tr)) and on the e-GENEL KURUL Electronic General Assembly System ([www.mkk.com.tr](http://www.mkk.com.tr)); and in accordance with the procedures stipulated by law in order to reach as many shareholders as possible.

The Annual Report is made available to shareholders three weeks prior to the General Assembly meeting on the Bank's website and at the Financial Coordination and Reporting Department, as well as at the Bank's Ankara commercial, Adana commercial, and Izmir branches. In addition, the matters stipulated in Article 1.3.1 of the Capital Markets

Board's Corporate Governance Principles are announced to the shareholders alongside the invitation to the General Assembly on the Bank website.

The agenda of the General Assembly is drafted so as not to provoke conflicting interpretations. Matters transmitted by shareholders to the Investor Relations and Sustainability Department in writing to be included in the agenda are taken into consideration by the Board of Directors. During the accounting period, shareholders did not proffer a suggestion falling outside of the agenda items.

Agenda items are presented in a clear and comprehensible manner at the General Assembly. Shareholders exercise their right to pose questions and all questions are answered unless they pertain to commercial secrets.

Members of the Board of Directors who are the subject matter experts on the agenda items, other relevant persons, officials who have a responsibility in the preparation of the financial statements, and the statutory auditors attend the General Assembly meeting to provide the necessary briefings and to address any questions. At the Ordinary General Assembly held during the accounting period, shareholder Tevfik Nusret Pamukçu stated his request.

Provisions of the Articles of Association provide for voting by proxy. Shareholders may cast their vote at General Assembly meetings either in person or through another person, whether a shareholder or not. Members of the media do not attend the Bank's General Assembly meetings.

General Assembly meetings are held at the Akbank Head Office building (Sabancı Center) in order to increase the participation of shareholders while ensuring their attendance at the lowest possible cost. Those eligible to attend the Bank's General Assembly meetings can also participate in these meetings and cast their votes through the electronic General Assembly system.

Donations and charitable contributions during the reporting period are made to various associations, foundations, and organizations; their amounts are presented at the General Assembly as a separate agenda item.

### ***General Assembly meeting resolutions***

General Assembly meeting resolutions are made available to shareholders on the Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)), the e-YÖNET Corporate Governance and Investor Relations Portal ([www.mkk.com.tr](http://www.mkk.com.tr)), e-ŞİRKET Aggregate Corporation Portal ([www.mkk.com.tr](http://www.mkk.com.tr)) and e-GENEL KURUL Electronic General Assembly System ([www.mkk.com.tr](http://www.mkk.com.tr)), and on the Bank websites.

### **5. Voting Rights and Minority Rights**

Akbank avoids practices that obstruct the exercise of voting rights and provides all shareholders with equal, easy, and convenient voting opportunities. The Articles of Association do not provide for privileged voting rights. The Bank is not in a cross-shareholding relationship with any company. The cumulative voting method is not used at Akbank.

There are no members elected by the minority rights in the Board of Directors. Minority rights are specified no less than one twentieth of the Bank's capital

in the Articles of Association of the Bank. Furthermore, utmost attention is paid to using minority rights in conformity with the Turkish Commercial Code (TTK) and Capital Markets Board (SPK) regulations.

#### 6. Right to Dividend

There are no privileges in the sharing of the Bank's profit. The principles of Akbank's profit distribution are stated on the website, in Article 82 of the Bank's Articles of Association and in the Annual Report.

After setting aside 5% of the profit as legal reserve and an amount equal to 5% of the paid-in capital to shareholders as the first dividend. The General Assembly is authorized to decide whether to distribute the remaining profit entirely or partially to shareholders, or to set it aside as an extraordinary reserve.

The dividend proposal is prepared in accordance with the provisions of the Turkish Commercial Code, the Banking Regulation and Supervision Agency of Turkey, Capital Markets Board of Turkey, and the Bank's Articles of Association; the proposal is presented to the General Assembly for approval. The dividend distribution is completed within the legal deadline.

Akbank publicly announced its dividend distribution policy as: "provided that no adverse conditions exist regarding domestic and/or global economic circumstances and that the Bank's capital adequacy ratio remains at the targeted level, distributing to its shareholders in cash or share up to 40% of the Bank's distributable profit."

However, taking into account the guidance of the Banking Regulation and Supervision Agency to keep the equity structures in the banking sector strong and therefore not to distribute dividends, no dividends were paid to the shareholders from the net profit of TL 5,417,467,871.42 resulting from the operations of 2019, and after allocating general legal reserves of TL 240,000,000, all of the remaining profit has been transferred to "Extraordinary Reserves."

#### 7. Transfer of Shares

No provision exists in the Bank's Articles of Association that restricts transfer of shares.

### SECTION III-PUBLIC DISCLOSURE AND TRANSPARENCY

#### 8. Information Disclosure Policy

In accordance with the Capital Market Law and Corporate Governance Principles, the Information Disclosure Policy was formulated and approved by the Board of Directors and announced to the public on the Company website.

The Board of Directors has the authority and the responsibility to supervise, oversee and improve the public disclosure and information dissemination policy of Akbank.

The Bank has tasked the Financial Coordination and Reporting Department Directorate and the Investor Relations and Sustainability Department, jointly serving as the Investor Relations Division under the Financial Management business unit and the Corporate Communications Department, to supervise and oversee all matters pertaining to public disclosures. Persons responsible for administering the Information Disclosure Policy are: Hakan Binbaşgil, Chief Executive Officer, Türker Tunalı, Executive Vice President - Chief Financial Officer. Publicly disclosed information is announced for public use via the Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)) and on the Bank's website in a timely, correct, complete, comprehensible, interpretable, economical, and accessible manner for the entities that will make use of the announcement to make a decision. Moreover, the e-YÖNET: Corporate Governance and Investor Relations Portal of the Central Registry Agency is used for informing the investors. Information about the future of the Bank, available on page 106 of the Annual Report, was announced via Public Disclosure Platform. Public disclosure of the evaluations about the future is made in conformity with the provisions of the relevant legislation.

#### 9. Company Website and Its Content

The Bank maintains a website in Turkish and in English.

Information on the website is presented in accordance with the provisions of relevant legislation and is kept up-to-date.

The website contains information stipulated in the Capital Markets Board's Corporate Governance Principles; accordingly, the main categories of information that can be found on the website include: Information about members of the Board of Directors and Executive Management, Board of Directors Committees, International Advisory Board, Detailed information about the Bank's corporate identity, Corporate Governance Principles Report, Ethical Principles, Commercial registry information, Capital Information, Shareholder and management structure, Up-to-date Articles of Association, Material disclosures, Annual Reports, periodic financial statements, and reports, Agendas and meeting minutes of General Assembly meetings, List of attendees at the General Assembly, Voting forms, Bribery and corruption policy, Dividend distribution policy, history, and capital increases, Prospectuses and circulars, Information Disclosure Policy, Compensation Policy, Donation and Aid Policy, Employee indemnity policy, Policy of Compliance with Financial Crimes Investigation Board of Turkey (MASAK) regulations, Digital Trust Principles, Gift and Welcoming Policy, General Assembly Internal Resolution, General Assembly Information Document, Frequently asked questions, Annual Reports and financial information for at least the last five years are available on the Bank website. The address of the Akbank website appears on the letterhead of the Bank.



## Corporate governance principles compliance report

### 10. Annual Report

The Annual Report is prepared in accordance with the principles stipulated in the relevant legislation in sufficient detail that allows the public at large to have complete and accurate information about the Bank's activities.

### SECTION IV- STAKEHOLDERS

#### 11. Informing Stakeholders

Aware that one of the core principles of its corporate responsibility is ongoing dialogue with all its stakeholders, Akbank strives to establish regular, continuous, and trust-based communications with its stakeholders by taking heed of their expectations and opinions. Akbank's website, Akbank IR App, public disclosures, Akbank branches, the Call Center, social media (e.g. Twitter, Facebook), other media, advertising and public relations campaigns, the Annual Report and the Sustainability Report are the most important platforms used by the Bank to keep stakeholders informed. In addition, two-way dialogue platform samples developed exclusively for each stakeholder group to elicit their feedback and to enter into dialogue with them are available in the Sustainability Report accessible at this link: <https://www.akbank.com/tr-tr/Yatirimci-iliskileri/Sayfalar/Surdurulebilirlik-Raporu.aspx>

Akbank's "Ethical Principles" document, which stipulates relationships with stakeholders by group type, is also posted on the Bank website.

Akbank shares with its employees all information pertaining to the Bank's activities in every area, including new product and service offerings, messages from the management, corporate goals and

strategies, brand communications activities and business conduct. Sharing of this information with personnel takes place in a rapid and effective manner beyond a paper medium over the Bank's Corporate Portal.

The application of "Ethics Line" at Akbank is in force in order to enable employees to raise their concerns about issues that they believe cannot be resolved within their business units, or for whatever reasons cannot be taken to their colleagues/business line managers. The dedicated phone line provides personnel with support and advice when necessary in such circumstances. All calls received by the Ethics Line are reported to the Board of Internal Auditors.

Actions in breach of legislation or ethical rules communicated by the stakeholders are reported to the Director of Internal Systems via the Board of Internal Auditors, Internal Control Department, Compliance Management Department, and the Risk Management Department. Major matters are reported to the Internal Systems Officer.

#### 12. Participation of Stakeholders in Management

Akbank elicits the opinions of its stakeholders through an integrated platform via the channels of the Customer Communication Center, Mobile Branch, Internet Branch, Website, Live Support and Official Institutions. Additionally, in accordance with the Bank's policy of ensuring customer satisfaction in every channel, customer expectations and demands expressed on complaint websites, as well as on social media platforms such as Facebook, Instagram and Twitter, are also reviewed and assessed by the Bank.

In line with its approach that places the customer at its focus with all of Akbank's products and services; all complaints, appeals, requests, suggestions, and acknowledgments coming independently from various channels are met centrally from a single point. With this integrated and flexible infrastructure, all notifications sent by the customers to the Bank are handled and finalized with an end-to-end approach. In addition to the notifications sent to the Bank through many channels, the development of customer satisfaction is closely monitored through projects focused on customer experience and the results are shared with the entire Bank.

In 2020, customer experience at all points of contact at Akbank continued to be monitored on a daily basis, with feedback from 540,000 customers. Customer Experience Platform, which was launched in 2017 for the purpose of holistic and effective customer experience management, continues to be upgraded. With this platform, Bank employees have the opportunity to follow "NPS (referral score)," which is an international metric in the field of customer experience. Customer experience is improved through proactive actions within the framework of NPS results and pre-determined rules. In 2020, the channels of receiving feedback from customers have been enriched and efforts will continue in 2021 to create customer satisfaction beyond expectations with our ongoing proactive approach.

In addition, participation of employees in management is always encouraged and their innovative ideas for improving and expanding the Bank's business are forwarded to the related management functions

via the suggestion system; there, suggestions are evaluated carefully and rewarded when deemed appropriate. In order to establish effective and efficient labor relations and foster team spirit, the Bank regularly engages in social responsibility activities that increase personnel communications and that facilitate teamwork.

### 13. Human Resources Policy

Since its establishment, Akbank has achieved great success with its qualified human resources. In today's world, where the business world and people are rapidly transforming, Akbank aims to be the pioneer of this transformation with all its applications, believes wholeheartedly that its development-oriented, innovative and versatile employees are the most important value. All human resources practices put employee experience at the center.

As People and Culture, our goal is to bring innovative and visionary young talents in line with Akbank's strategies, values and vision to the Bank, to place them in the organization and business areas that can be the most added value for them, to support the continuous development of Akbank employees and to promote them.

With Akbank employees, who are the architects of its past achievements and the main pillar of its future success, Akbank believes that the work culture that is innovative, supports diversity and inclusiveness, prioritizes investment in the society, considers equal opportunity, fair evaluation and transparency as basic principles, is one of the most important forces that move Akbank forward. believes. The main pillars of the People and Culture roadmap include:

- Continuous development of work modes and roles in parallel with the business expectations/requirements of the future,
- Transformation of employees' learning experience into a personal development journey,

- Proactive and participatory competence development that supports the transformation of the employees' learning experience into personal development journey and multi-directional development,
- Investment in Akbank and its employees with top quality programs that prepare them for the future,
- Target- and competency-based, transparent and fair performance management,
- An encouraging, risk-focused rewarding mechanism that fosters superior performance,
- Supporting all efforts with databased initiatives,
- A cultural transformation program that supports and complements digital transformation,
- Constantly improving organizational efficiency,
- Efficient in-house and external communication based on corporate values and culture,
- Clean banking compliant with legislation,
- Architectural transformation towards the work environment of the future.

The Bank's objective is to attain results that make a difference with the strength of its human capital; deliver an excellent banking experience to Turkey; and create value for its shareholders.

To sustain the Bank's success in this regard, the mission of Akbank People and Culture Department is to provide direction for the organizational structure, operations, human resource, and business strategies in accordance with the objectives of the Bank.

The human and culture policy aims to optimize the competency and productivity of employees and ensure its full manifestation in the Bank's business results. In an effort to attain excellent business results, the policy strives to create a working environment that inspires and motivates the Bank's employees, in a comfortable and professional atmosphere.

The Bank's organizational structure, employee job descriptions and allocation of staff are announced to personnel and published on the Bank's Corporate Portal. Akbank has a transparent and flexible performance and rewarding system that is open to improvement and that emphasizes an objective evaluation framework. Performance and rewarding criteria are readily available to employees on the Bank's Human Resources Portal where each staff member has a dedicated, password-protected page.

Akbank conducts the "Employee Commitment Survey" for all personnel each year to elicit feedback on professional life, work processes and functions; to closely monitor satisfaction and the level of corporate loyalty; and to identify improvement areas. In addition, employee pulse questionnaires are given to extend dialogue with employees to a new channel, ensure continuity of communication, and receive their feedback. The Employee Commitment Survey is administered by an independent research company on a confidential basis and the results are analyzed by the People and Culture Department; the Bank implements improvements and other modifications based on the findings.

Ethical principles, which are the unchanging elements of our corporate culture and governance, provide a foundation for Akbank's current reputation in the banking industry and within the society at large. Safeguarding and further enhancing the position while sustaining stability and confidence in the sector are among the Bank's main objectives. Akbank does its utmost to ensure that employees embrace the ethical principles as outlined in in-house communication channels and training programs, and act in line with such an awareness. The Bank also has an Ethics Line, through which Bank personnel can communicate any issue that they cannot resolve or bring up in their own department for any reason.

## Corporate governance principles compliance report

Transactions in breach of the legislation and ethical principles are assessed by the Board of Internal Auditors and major issues are reported to the Director of Internal Systems.

Structured in accordance with the organizational model, needs and expectations of the Bank's business lines, the Strategy and Human Resources Business Unit acts as the strategic partner of Akbank's other business units in all human and culture issues and provides them support as needed.

The Bank executes all of its business processes, and those related to human and culture in particular, on the basis of the principle of equality; as a result, Akbank does not discriminate based on race, religion, language, or gender. When a complaint is received in regard to this issue, the Bank assesses the situation in accordance with the principles stipulated above.

### **14. Rules of Ethics and Social Responsibility**

Akbank's principles, code of conduct and other aspects governing relationships with persons and institutions, both internal and external to the Bank, have been compiled and documented in writing as "Ethical Principles." This document can be accessed on both the Turkish and English website of the Bank (<http://www.akbank.com>).

Akbank's Ethical Principles aim to regulate the conduct and behavior of personnel at all levels as well as their relationships with individuals and institutions within or outside the Bank. Approved on September 26, 2003 by Resolution No. 8783 of the Board of Directors for the first time and updated based on the prevailing circumstances and

trends in the business world, the Bank's ethical rules are expected to be observed by all employees at all levels and fully complied with during the course of performance of their duties. Naturally, employees shall act with due diligence in line with the basic rules and principles in any situation not covered in this document. Since conduct in breach of the ethical principles can impact the Bank's activities and integrity in the eyes of its stakeholders, employees can report any irregularity to their supervisors and/or to the Ethics Line should they encounter conduct or a transaction in breach of the ethical principles or should they have a suspicion in this regard. In addition, all notifications made to the Ethics Line are kept confidential and staff members do not face a sanction for their notification.

Akbank took a major step in the area of sustainability when it became a signatory to the United Nations Global Compact in 2007. As a result, the Bank also showed its ongoing commitment and support to the universal principles of human rights, working conditions, the environment and anti-corruption by becoming the first company in the Turkish banking industry to publish a Communication on Progress (COP) Report in 2009.

After publishing its Sustainability Report in accordance with Global Reporting Initiative (GRI) standards, a first among Turkish deposit banks in 2010, Akbank released its tenth Sustainability Report in 2019.

In addition, Akbank supported the launch of the Carbon Disclosure Project (CDP) in Turkey. The CDP is implemented in 60 countries and considered one of the world's most comprehensive and high profile environmental initiatives.

Akbank also reports climate change management activities and the Company's environmental footprint to the CDP; the Bank is listed alongside the world's most reputable companies and organizations as a committed member of the Carbon Disclosure Project.

Akbank has carried out major updates in terms of its internal business processes and policies, as well as environmental and social factors. In this scope, the Bank added environmental and social factors to its ethical principles, loan evaluation and procurement processes.

Activities dealing with fundamental sustainability issues and Akbank's sustainability approach continued, and online sustainability training activities that will appeal to the entire bank began. Sustainability issues will continue in our 2021 programs by enriching them with new content and trainings.

Embracing the view that enlightenment of a country involves gaining diverse perspectives ranging from education to the arts, Akbank has worked diligently to shine a light to the future. Akbank will continue to contribute to society with the pioneering projects it undertakes in culture, the arts, education, youth, entrepreneurialism, savings, and the environment.

## **SECTION V-BOARD OF DIRECTORS**

### **15. Structure and Composition of the Board of Directors**

Akbank's Board of Directors governs and represents the Bank through the strategic decisions it makes with a rational and cautious risk management approach prioritizing the Bank's long-term interests by maintaining an optimal balance of risk, growth and return for the Bank.

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

The Board of Directors executes its activities in a transparent, accountable, fair, and responsible manner. The Board of Directors plays an active role in maintaining effective communications between the Bank and its shareholders, and in obviating and resolving potential conflicts.

Section 3 of the Bank's Articles of Association stipulates the Bank's administrative structure and organization. This section states the duties and authorities of the members of the Board of Directors and executives. Within this framework, the duties, authorities, and responsibilities of the Board of Directors are subject to the principles stipulated in the provisions of the Turkish Commercial Code and the Banking Law as well as the provisions of the Articles of Association.

The terms of office of the Board Members elected in March 2020 expire in March 2021. All members of the Board of Directors attend the Board's meetings unless they have an excuse.

Suzan Sabancı Dinçer: Chairman  
Eyüp Engin: Vice Chairman and Executive Board Member  
Ahmet Fuat Ayla: Executive Board Member  
Can Paker: Board Member  
Yaman Törüner: Board Member  
Emre Derman: Board Member  
Prof. Özgür Demirtaş: Board Member  
Aydın Günter: Board Member  
Tuğrul Belli: Board Member  
Hakan Binbaşgil: Board Member and CEO

Background information for the members of the Board of Directors is presented on page 66-67 of the Annual Report, on the Akbank website at the link below, and on

the e-YÖNET portal ([www.mkk.com.tr](http://www.mkk.com.tr)). The tasks and duties assumed by the Members of the Board of Directors in and outside the group are given in their resumes.

There are two executive and eight non-executive members on Akbank's Board of Directors. Hayri Çulhacı, Ahmet Fuat Ayla, Hakan Binbaşgil are executive members.

According to the Capital Markets Board's corporate governance principles, members of bank audit committees are considered independent members of the Board of Directors. Eyüp Engin and Yaman Törüner, the members of the Audit Committee, are independent Board members. The other Independent Member of our Bank is Mr. Aydın Günter who has all independency criteria in line with the Capital Markets Board regulations and who was approved for a one year term at the Ordinary General Assembly Meeting held on March 23, 2020. The report dated January 13, 2020 stating Mr. Özgür Demirtaş had the independency criteria was submitted to the Corporate Governance Committee, while the Board of Directors decided to notify the Capital Markets Board about Mr. Özgür Demirtaş as an independent member candidate.

The independence statement of Mr. Özgür Demirtaş who was elected as an Independent Member of the Board of Directors at the Ordinary General Assembly Meeting held in 2020, is given below.

"I do declare that I am a candidate for assuming the role of an "Independent Member" in the Board of Directors of the Akbank T.A.Ş.(Company), within the scope of the criteria stipulated in the legislations, the articles of association and the Capital Markets Board's Corporate Governance Communiqué, and within this scope;

a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between myself, my spouse, my second degree relatives

by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,

b) Within the last five years, I have not worked as an executive manager who would have important duties and responsibilities or have not been a member of the Board of Directors or been a shareholder (more than 5%) particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed (during the timeframe of selling/purchasing of the products and services,

c) I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,

d) In accordance with the legislation, I will not be working fulltime in public institutions and organizations (except working as an academic at the university) after being elected as a member,

e) I am considered a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,

f) I do have the strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,

## Corporate governance principles compliance report

g) I will be able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfil the requirements of my tasks and duties,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I have not been an independent member of the Board of Directors in more than three of the companies controlled by the same person, by the Company or by the shareholders who control the management of the Company and in more than five of the publicly traded companies in total,

j) I have not been registered and announced on behalf of the juridical person elected as member of the Board of Directors."

The Bank's Articles of Association stipulate that members of the Board of Directors cannot undertake commercial transactions with the Bank in areas where the Bank is actively engaged either in person or by proxy, unless they have received the approval of the General Assembly. The provisions of Article 396 of the Turkish Commercial Code pertaining to the non-compete clause and the provisions of the Banking Law are reserved.

Powers of the Chairman of the Board of Directors and the CEO were separated accurately and this issue was included in the Articles of Association.

### **16. Operating Principles of the Board of Directors**

A secretariat is present to inform and communicate with the members of the Board of Directors. The Board of Directors meets at least 12 times per year.

Members of the Board of Directors make every effort to attend every meeting and to convey their opinions. The Chairman of the Board of Directors determines the agenda of the Board of Directors meetings in consultation with the other Board members and the Chief Executive Officer. Information and documents related to the matters on the meeting agenda are made available for the examination of the members of the Board of Directors sufficiently before the meeting by adhering to the principle of equal information flow.

Members of the Board of Directors may make motions to the Chairman of the Board to amend the agenda prior to the meeting. The opinions of a member who does not attend the meeting but who submits his or her opinions to the Board of Directors in writing are communicated to the other members.

The form and conduct of Board of Directors meetings are documented in writing as stipulated by internal company regulations. Agenda items are discussed openly and from every possible perspective at the Board of Directors meetings. The Chairman of the Board of Directors makes the best effort to ensure the active participation of non-executive members in Board meetings.

For a resolution to be passed by the Board of Directors, a quorum consisting of the presence of more than half the members of the Board of Directors is necessary. A simple majority of the members in attendance is sufficient to adopt resolutions. Deliberations of the Board of Directors are regularly recorded by a secretary to be selected either from among the members or from outside of the

Board. The minutes of the meeting must be signed by the members present; should there be any dissenting votes regarding the resolution(s), the reason must be recorded in the minutes and signed by the dissenting member(s). The validity of the resolution(s) is predicated upon their being documented in writing and signed. The procedures pertaining to the recording of the minutes for resolutions are stipulated in Article 31 (quorum for the gathering and resolutions of the Board of Directors) and Article 32 (minutes of Board resolutions) of Section 3 (the administrative structure and organization of the Bank) of the Articles of Association.

As stated in the Capital Markets Board decision, banks are obligated to comply with the CMB Corporate Governance Principles. Within the period, there were no non-complying transactions in contradiction of this obligation.

The Bank has insured itself against any damages resulting from unintentional errors by members of senior management, with an upper limit of USD 25 million.

Pursuant to Article 32 of the Articles of Association, members of the Board of Directors cannot undertake commercial transactions with the Bank in areas where the Bank is actively engaged either in person, or by proxy, unless they have received the approval of the General Assembly. The Bank implements the provisions of Article 396 of the Turkish Commercial Code pertaining to the non-compete clause and the provisions of the Banking Law. The members of the Board of Directors did not perform any transactions with the Bank outside this scope in 2020.



No member of the Board of Directors has a right to a weighted vote and/or veto power. Each member is entitled to one vote.

Pursuant to Article 32 of the Articles of Association, members of the Board of Directors may not participate in the discussion of matters concerning their personal benefit or the benefit of their relatives shown in Article 393 of the Turkish Commercial Code. In case such a matter becomes the subject of a Board discussion, the concerned member is required to inform the Board of his connection and have the same recorded in the minutes of that meeting, or, in the case of Article 390 paragraph 4, on the paper bearing the motion.

#### **17. Number, Structure, and Independence of the Committees Established under the Board of Directors**

The areas of activity and the members of the committees constituted within the Bank are determined by the Board of Directors; when finalized, they are announced to the public in the Bank's Annual Report and on the website.

The Board of Directors provides all resources and support that the committees need in order to execute their functions. Committees invite the executives that they deem necessary to their meetings and elicit their opinions; they resort to independent expert opinions in matters that they deem necessary within the course of their activities.

All activities of the committees are recorded and documented in writing. Committees meet as frequently as the effectiveness of their activities require in accordance with their operating principles. They submit reports about their activities and the outcomes of their meetings to the Board of Directors.

When the number of members of the Bank's Board of Directors is taken into consideration, one member of the Board of Directors assumes duties in more than one committee.

Within the structure of Akbank, we have an Audit Committee, Corporate Governance Committee, Credit Committee, and Executive Risk Committee. Committee members and their tasks are available in the Annual Report, page 78-79.

Akbank also has an Asset-Liability Committee (ALCO) presided by the Chief Executive Officer. The bank's daily liquidity and cash management, and loan and deposit pricing is determined by the committee. ALCO meets twice weekly to discuss economic and capital market developments. In addition, ALCO's responsibilities also include assessing the effects of the decisions on diversifying funding resources and changing investment and loan policies. ALCO members are presented on page 79 of the Annual Report.

#### **18. Risk Management and Internal Control Mechanism**

The Board of Directors is responsible for formulating the Bank's fundamental approach to risk, including risk management policies and principles, strategies and risk-taking levels as well as regularly reviewing these and making modifications when necessary. The Executive Risk Committee, a committee of the Board of Directors, devises the policies and procedures related to the identification, measurement, monitoring, reporting and control of risks.

These policies are reviewed and evaluated periodically at the meetings of the Executive Risk Committee and Asset-Liability Committee.

The Chief Executive Officer ensures that the Bank's units operate in line with the risk management policies and strategies established by the Board of Directors. In addition, internal control and internal audit activities performed periodically also provide the necessary inspections for compliance with risk management policies and strategies.

Board of Internal Auditors, Internal Control Department, Compliance Department, The Risk Management Department and Information Risk Management Department report directly to the Board of Directors. The Audit Committee's Assessment Report is presented on page 100 of the Annual Report.

#### **19. The Bank's Strategic Objectives**

The Board of Directors has clearly and comprehensively formulated the values, vision, mission, strong foundations, and strategic objectives of Akbank as presented in the Annual Report and on the Bank's website. The Articles of Association state that the duties and responsibilities of the Board of Directors are subject to the principles stipulated in the provisions of the Turkish Commercial Code and the Banking Law, as well as the provisions of the Articles of Association. The Articles of Association also obligate the Board of Directors to meet at least once a month and establish the circumstances thereof clearly. At its meetings, the Board of Directors monitors the Bank's progress in light of its strategic objectives and evaluates its performance.

The Board of Directors approves the annual budget of the Bank and its strategic plan. The Board of Directors closely monitors the budgeted and the actual figures, gathers information regarding deviations and follows up on its decisions. If there are significant deviations in macroeconomic indicators from those assumed in the budget, the budget is revised and resubmitted for approval to the Board of Directors. The Board of Directors monitors strategic objectives, budget targets and actuals on a daily, weekly, or monthly basis depending on the nature of the issues under review. In addition to printed reports, the Board also has access to the Bank's financial statements, various financial and non-financial indicators by customer, branch, and business unit or for the Bank as a whole through the Management Information System.



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### 20. Financial Benefits

Article 37 of the Articles of Association states: "The General Assembly shall determine, under these Articles of Association, a monthly salary or attendance fee for members of the Board of Directors." Remunerations for the members who assume certain tasks in our Bank are determined by the General Assembly within the scope of the authorization granted.

Akbank does not use stock options or payment plans based on the Company's performance in compensating the independent members of the Board of Directors.

Article 50 of the Banking Law limits the loans to be extended by Akbank to the Directors serving on the Board within a clear framework of restrictions. No loans are made to the members of the Board of Directors outside of this scope.

The Turkish website is accessible at: <https://www.akbankinvestorrelations.com/tr/>

The English website is accessible at: <https://www.akbankinvestorrelations.com/en/>

The Turkish website is accessible at: <http://www.akbank.com/tr-tr/Sayfalar/default.aspx>

The English website is accessible at: <http://www.akbank.com/en-us/Pages/default.aspx>

The Sustainability Report is accessible at <https://www.akbankinvestorrelations.com/tr/surdurulebilirlik/yil-liste/Surdurulebilirlik-raporlari/323/0/0>

The 2020 Corporate Governance Compliance Report and Corporate Governance Information Form documents approved by our Bank's Board of Directors can be reached via the links of Public Disclosure

Platform below:  
<https://www.kap.org.tr/tr/Bildirim/914339>  
<https://www.kap.org.tr/tr/Bildirim/914562>

### SECTION VI – SUSTAINABILITY

#### 1. Sustainability Approach

Since the day it was founded, Akbank continues to support its customers' financial needs with a banking approach that is sensitive to the society and the environment. Being sensitive to its environmental, social and governance responsibilities and sustainability principles; strives to comply with the regulations and ethical rules regarding its customers, the environment, and all other stakeholders. The Bank has been in the BIST Sustainability Index since 2014. The Bank has identified four value areas that it will prioritize in its sustainability activities in 2020. Sustainable finance, people and society, ecosystem management and climate change, by setting long-term goals and announced to the public. It aims to strengthen its pioneering position in the field of sustainability with its effective and focused works in these areas.

#### 2. Compliance with Sustainability Principles

Aiming 100% compliance with the Sustainability Principles Compliance Framework, which was prepared in line with the amendment dated 02.10.2020 made by the Capital Markets Board in the Corporate Governance Communiqué, Akbank has achieved a great deal of harmony as a result of the studies it has done in this field in the past years. In addition, Akbank plans to continue improving its compliance with these mandatory principles in 2021, taking into account the benefits of all stakeholders, especially shareholders.

While Akbank fully complied with 41 of the 60 principles that are not compulsory as per the Communiqué, it was able to partially comply with 19 of them. A world-class sustainability compliance standard has been adopted in our country with the Sustainability Principles Compliance Framework, which was prepared by the Capital Markets Board and was first implemented in 2020.

Due to the first year of implementation, full compliance with all principles could not be achieved; On the other hand, no principle completely incompatible has been observed. This situation has more concretely demonstrated Akbank's sustainability-oriented approach in environmental, social and management areas. Efforts to ensure 100% compliance with these principles will continue in 2021.

The compliance status of Akbank with the Sustainability Principles in 2020 is summarized in the table below:

Type	Full Compliance	Partial Compliance	Not Compliant
General	10	1	1
Environment	20	3	3
Social	15	5	-
Governance	6	-	-
Total	51	8	4

The Sustainability Principles Compliance Report, which shows the compliance with the principles in the Sustainability Principles Compliance Framework of the Capital Markets Board, is available at the internet address <https://www.kap.org.tr/tr/Bildirim/914338>

# Statement of responsibility

## STATEMENT OF RESPONSIBILITY REGARDING THE ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT FOR THE PERIOD JANUARY 1, 2020 - DECEMBER 31, 2020

We have examined the Annual Report for the period 01.01.2020 - 31.12.2020 prepared in accordance with the Capital Markets Board's (CMB) Communiqué on Principles Regarding Financial Reporting in the Capital Market (Communiqué) numbered II-14.1, and Corporate Governance Reports consisting of Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Form (CGIF) prepared in accordance with the decision of the Capital Markets Board (CMB) dated 10.01.2019 and numbered 2/49 by our company. In accordance with Article 9 of the Communiqué, we hereby acknowledge and declare we shall be deemed responsible for the following statements:

- a) The Annual Report and Corporate Governance Reports have been examined by us,
- b) Within the framework of the information we have in our field of duty and responsibility in the company, the Annual Report and Corporate Governance Reports do not include misrepresentation or lack of disclosure that may result in misrepresentation as of the date of the statement,
- c) Within the framework of the information we have in our field of duty and responsibility in the company:
  - The Annual Report prepared in accordance with the Communiqué honestly reflects the progress and the performance of the business and the financial position of the Bank and those within the scope of consolidation together with the significant risks and the uncertainties faced
  - The Corporate Governance Reports provide sufficient information on our corporate governance practices to our stakeholders in line with the criteria determined in the Corporate Governance Principles and relevant regulations of the CMB.

Best Regards,



Eyüp Engin  
Chairman of the Audit Committee



S. Hakan BİNBAŞGİL  
CEO



Türker TUNALI  
Executive Vice President

# Summary results for 2020 and future expectations of the Bank

In 2020, Akbank has implemented strategies to further strengthen its balance sheet, maintain asset quality, while continue to grow in line with its sustainable profitability ambition.

Despite challenging global market conditions, Akbank managed to deliver sustainable profitability and strong asset quality for its stakeholders while continuing to support the Turkish economy thanks to its robust balance sheet and long-term funding obtained from abroad.

Akbank's consolidated assets increased to TL 478 billion in 2020. In the same period, Akbank's total loans reached TL 331 billion, TL 279 billion of which is composed of cash loans. Furthermore, Akbank's total deposits reached TL 293 billion.

As of year-end 2020, corporate, commercial and SME loans account for 64.9% of our cash loans while consumer loans and credit cards make up the remaining 35.1%.

In 2020, a year marked by global and local market fluctuations, Akbank prioritized to protect its asset quality, and continued its efforts to calculate and report risk by means of effective and prudent risk management. During the year, Akbank closely watched financial and economic developments in local and global markets. The Bank also improved its existing practices by closely monitoring developments in international risk management area, such as IFRS 9 standard, Basel principles and other international regulations.

Akbank, with its solid financials and strong reputation secured USD 7.5 billion total external funding in 2020 to support Turkey's economy.

Akbank continued to maintain a strong capital position during this period, with a robust consolidated capital adequacy ratio of 20.7%.

## Bank's Summary Expectations for 2021:

	2021B
TL Credit Growth	~ 20%
FC Credit Growth (USD)	Flat
Leverage	>8x
Return on Equity	Mid-teens
Net Interest Margin (Swap adjusted)	20-30 basis point contraction
Net Fee and Commission Growth	High-teens
Operational Expense Growth	Mid-teens
Cost to Income Ratio (1)	≤34%
Non-Performing Loan Ratio	<6%
Net Credit Cost	<200 bps

<sup>(1)</sup> CIR calculation excludes FX gain from long FX position related with stage 1&2 provisions.

# Assessment of financial position, profitability and debt servicing capacity

The Bank's operations are very profitable and it continues to strengthen the shareholders' equity. The Bank allocates only a very small portion of its shareholders' equity to fixed investments such as fixed assets and subsidiaries. Therefore, the Bank's owner's equity is very high and it is invested in interest-bearing assets. Thanks to its sound capital structure and effective risk management, Akbank boasts a capital adequacy ratio higher than the minimum level set forth in the applicable law as well as a high level of liquidity that enables the Bank to pay its debts under any market conditions.

# Report of the audit committee

## ***Assessment of the Audit Committee Regarding Operations of Internal Control, Internal Audit and Risk Management Systems and Their Performance in 2020***

Akbank's Audit Committee held four meetings in 2020. During these meetings, the Audit Committee undertook efforts geared toward executing its duties and responsibilities that are stipulated on page 114 of this Annual Report.

Internal audit, internal control, risk management and legal/regulatory compliance operations, duties and responsibilities are separated from each other at the Bank. They are carried out by the Boards of Inspection, Internal Control, Compliance Department, Risk Management, and Information Risk Management, which are organizationally independent from one another yet function in coordination and report directly to the Board of Directors.

Evaluation of the operations and ensuring the sustainability, adequacy, and effectiveness of the Bank's internal systems, comprised of all branches and departments as well as the subsidiaries of the Bank that are subject to consolidated audit, are utmost priorities for Akbank's Board of Directors. The duties and responsibilities of the Board of Directors vis-à-vis the internal systems are executed by the Board of Directors, the Audit Committee, and the Director of Internal Systems for Internal Audit, Internal Control and Risk Management.

The Board of Internal Auditors made significant contribution to: managing risks that may result from the activities of the Bank; compliance of the transactions, applications, systems and models with the internal external legislation; developing service quality,

productivity and performance; improving cost management; protecting the assets; protecting the reputation and brand value of the Bank.

Planning and performing its activities with a risk oriented approach, and in accordance with the legal obligations, the Board of Internal Auditors: evaluates the potential risks in branches, subsidiaries, Headquarters' units, and in all Bank activities and practices; determines the areas that need to be developed and enhanced; and reviews whether internal control, risk management and corporate governance is in conformity, effective and sufficient or not. The results of the audits are not only reported, but all kinds of improving, enhancing suggestions are made to add value and to strengthen the internal systems. Furthermore, the consequences of the actions taken about these issues are effectively and continuously monitored.

The Board of Internal Auditors conducts its internal audit activities in line with the International Internal Audit Standards and Professional Ethics set by the Institute of Internal Auditors (IIA). Indeed, as a result of the Quality Assurance Assessment Study conducted by independent external auditors, it has been confirmed that the internal audit's efficiency, quality and value contribution to the corporation are at the level required by International Internal Audit Standards. The Board of Internal Auditors makes intensive use of technology in all areas to constantly develop and improve its operations. It creates certification and training opportunities for the professional development of its auditors and strives to make contributions to the Bank with its experienced, well-trained, qualified and competent human capital.

As a consequence of the audits and assessments made in 2020; no important factors that may have negative impacts on the activities of the Bank, or that may hinder the Bank from fulfilling its obligations, were detected. It was concluded that: internal control, risk management and corporate governance of the Bank functioned successfully and effectively; the activities of the Bank had low risk in general; financial and legal reports were accurate; and iv) activities were carried out in conformity with the legislation.

As a consequence, with its risk oriented approach, qualified human resources, intensive technology utilization, experienced and prudent management, the internal audit system is effective and successful in preventing, detecting and eliminating risks thanks to its strong, experienced and effective management staff.

The main purpose of the Internal Control Department is to ensure that the Bank's activities are carried out effectively and efficiently, in compliance with the laws and other regulations within a strong internal control environment. In this regard, control tasks were performed by competent and experienced internal control personnel in branch offices and at the Headquarters through onsite as well as centralized activities facilitated by smart monitoring systems.

Within the scope of the activities, the Department improved and updated the internal control system continuously; technical competence assessments were performed and on-site/central control tests at those branches designated with a risk-centered approach were carried out.

The activities of Internal Control Department significantly contribute to minimizing losses associated with operational risks, and to managing

our activities in an efficient, productive, and effective control environment in full compliance with applicable laws, rules, and regulations.

The Compliance Department performs activities to ensure compliance with the regulations regarding Protection of Personal Data and financial crime risks. The Department aims to operate in accordance with a compliance program approach to address the legal regulations that impact all of the Bank's processes. International standards apply for the operations to prevent financial crime risks. Control standards are implemented with protective and preventive policies to avoid laundering, financing of terrorism, international financial sanctions, bribery, and corruption. It assesses the compliance management systems and the processes related to the functioning of these for compliance with the requirements stipulated in international and local laws as well the Bank's in-house standards, and ensures the implementation of actions to make the necessary improvements. It regularly subjects the operating effectiveness of the compliance risk control and monitoring systems to testing and evaluation processes. The efforts to ensure legal compliance of the Bank include all domestic and foreign business units. A Group Compliance Policy approach helps achieving compliance. All business units and employees of the Bank undertake the required responsibilities within the frame of this policy.

The Bank arranges regular and extensive training programs to increase the awareness of the employees on legal compliance and update them.

The monitoring and control systems related to financial crime risks are improved by current technological innovations like artificial intelligence and machine learning.

The Risk Management Department continued its activities to ensure the most accurate calculation and reporting of the Bank's potential risk exposure in accordance with the materiality criterion using effective risk management measurements

and methods. Closely monitoring the financial and economic developments in global and domestic markets, Basel principles and other international regulations and developments in the risk management field, the Department made improvements in existing practices. Based particularly on the general adverse economic impact of the COVID-19 pandemic that began to rage as of March, stress tests were revised with different scenario analyses and assumptions, and the potential vulnerabilities were quantified. Furthermore, regulatory changes and transitory regulations were followed closely, impact analyses were conducted, and systemic arrangements were carried out to ensure the coherence of the reporting.

With its skilled and competent staff, the Risk Management Department constantly improves itself and increases its contribution to the Bank by closely monitoring the changes and innovations in the internationally-accepted risk management principles, regulations and models.

Analyses, calculations, simulations, scenario analyses, stress tests and other tasks performed as part of the Bank's risk management activities provide continuous and systematic input into the strategic decisions of the Bank's Board of Directors and Executive Management and support the overall decision-making mechanism. The reporting and information disclosure frequency was increased during the COVID-19 pandemic.

With the 2020 ICAAP Report (Internal Capital Adequacy Assessment Process Report) prepared under the coordination of the Risk Management Department, validation and audit reports regarding ICAAP were evaluated and approved by the Audit Committee. The set of 2020 ICAAP reports was submitted to BRSA upon the approval of the Board of Directors. In addition, the "Draft Prevention Plan" that was demanded by the BRSA from the systemically important banks was submitted to the BRSA after the approval of Akbank's Board of Directors.

Information risk and fraud management activities of the Bank are carried out by the Risk Management Department. The departmental activities include processes regarding monitoring, detection, measurement, systematic management, degrading, controlling, and reporting of information security and external fraud risks. The Information Risk Management Department carries out control activities across the Bank's information systems in order to ensure that the information processed within the Bank or shared and managed with third parties is reliable, complete, traceable, consistent and in a format that meets the needs of the Bank. Besides, monitoring, detection, prevention and degrading all kinds of frauds are performed by Risk Management Department.

In the scope of the information risk controls implemented by the Information Risk Management Department, there are ongoing studies concerning controls based on the BRSA regulations as well as international standards such as COBIT, ISO, ITIL, COSO, NIST, PCI DSS, etc.

Studies carried out by the Information Risk Management Department have made significant contributions to keeping the risks arising from information systems and external fraud risks at manageable levels, and to creating a successful control environment for the Bank's operations to be conducted effectively, efficiently, safely and in compliance with the legislation.

In consideration of the overall activities and operations of the internal control, internal audit, legal compliance and risk management systems of Akbank in 2020, efforts undertaken are deemed to be highly successful, effective, value-creating, sophisticated and satisfactory.

**Eyüp Engin**  
*Chairman of the Audit Committee*

**Yaman Törüner**  
*Member of the Audit Committee*



# Credit ratings

## Moody's (December 10, 2020)

Outlook	Negative
Long-Term FC Deposit	B2 (Negative)
Long-Term TL Deposit	B2 (Negative)
Short-Term FC Deposit	Not-Prime
Short-Term TL Deposit	Not-Prime
Baseline and Adjusted Baseline Credit Assessment	b3
Senior Unsecured Regular Bond/Debenture	B2
Subordinate Regular Bond/Debenture	Caa2 (hyb)

## Fitch Ratings (September 1, 2020)

Long-Term Foreign Currency IDR	B+/Negative Outlook
Long-Term Local Currency IDR	B+/Negative Outlook
Short Term Foreign Currency IDR	B
Short-Term Local Currency IDR	B
Viability Rating	b+
National Long-Term Rating	A+(tur)
Support	5
Long-Term Senior Unsecured Notes	B+
Subordinate Regular Bond/Debenture	B-

# Five-year summary financial figures

## Five-Year Summary Consolidated Financial Figures (TL million)

	2016	2017	2018	2019	2020
Total Assets	294,501	341,610	354,682	387,172	478,317
Loans	178,893	209,478	213,937	226,776	279,233
Deposits	173,968	201,456	208,630	244,712	292,519
Equity Capital	32,492	40,614	43,787	54,362	62,924
Net Profit	4,854	6,020	5,709	5,352	6,260

## Five-Year Summary Unconsolidated Financial Figures (TL million)

	2016	2017	2018	2019	2020
Total Assets	272,825	316,031	327,642	360,501	446,101
Loans	161,828	190,509	185,125	203,834	253,319
Deposits	158,878	184,904	188,391	224,054	268,570
Equity Capital	32,376	40,425	43,809	54,382	62,919
Net Profit	4,820	6,039	5,690	5,417	6,267

# Disclosures related to events subsequent to the balance sheet

Disclosures related to events subsequent to the balance sheet can be found in Note IX of Section 5 in the publicly-announced Unconsolidated Financial Statements, Notes to these Financial Statements and Independent Auditor's Report, prepared as of December 31, 2020. In addition, the aforementioned information can also be found in Note IX of Section 5 in the Consolidated Financial Statements, Notes to these Financial Statements and Independent Auditor's Report.

# Audit report on the early risk detection system and the early risk detection committee



## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE EARLY RISK IDENTIFICATION SYSTEM AND COMMITTEE ORIGINALLY ISSUED IN TURKISH

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

1. We have audited the early risk identification system and committee established by Akbank T.A.Ş. ("Bank").

### *Board of Directors' Responsibility*

2. Pursuant to subparagraph 1 of Article 378 of Turkish Commercial Code ("TCC") No. 6102; Board of Directors is required to form an expert committee, and to run and to develop the necessary system for the purposes of early identification of causes that jeopardize the existence, development and continuity of the Bank; applying the necessary measures and remedies in this regard; and managing the related risks.

### *Auditor's responsibility*

3. Our responsibility is to reach a conclusion on the early risk identification system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on Independent Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority. Those principles require us to identify whether the Bank established the early risk identification system and committee or not and, if established requires us to assess whether the system and committee is operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the adequacy of the operations carried out by the management of the Bank in order to manage these risks.

### *Information on the Early Risk Identification System and Committee*

4. The Bank established the early risk identification system and High Priority Risk Committee and it is comprised of 3 permanent members and other participants. The Committee has submitted the relevant reports for the period 1 January – 31 December 2020 to the Board of Directors that had been prepared for the purpose of early identification of risks that jeopardize the existence of the Bank and its development, applying necessary measures and remedies in this regard, and managing the risks.

### **Conclusion**

5. Based on our audit, it has been concluded that Akbank T.A.Ş.'s early risk identification system and committee is sufficient, in all material respects, in accordance with Article 378 of TCC.

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



Talar Gül, SMMM  
Partner

Istanbul, 2 March 2021

# AKBANK T.A.Ş.

PUBLICLY ANNOUNCED UNCONSOLIDATED

FINANCIAL STATEMENTS AND RELATED DISCLOSURES

AT 31 DECEMBER 2020 TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)**

**INDEPENDENT AUDITOR'S REPORT**

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

**A. Audit of the Unconsolidated Financial Statements**

**1. Qualified Opinion**

We have audited the accompanying unconsolidated financial statements of Akbank T.A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2020, unconsolidated income statement, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for the qualified opinion paragraph below, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

**2. Basis for Qualified Opinion**

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2020 include a free provision amounting to TL 1.150.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 500.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.



Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<b><i>Impairment of loans in accordance with TFRS 9</i></b>	
<p>The Bank has total provision for impairment of TL 16,516,411 thousands in respect to loans of TL 253,318,528 thousands which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2020. Explanations and notes related to provision for impairment of loans are presented section III part VII-e, section III part VIII, section IV part II-h, section IV part II-I, section IV part II-j, section IV part X-c, section V part I-f and section V part II-h in the accompanying unconsolidated financial statements as at 31 December 2020.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Bank with respect to classification of loans and estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. We have tested the design and operating effectiveness of controls implemented by the Bank in line with its governance, policies and procedures.</p>
<p>The Bank recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. As of 31 December 2020, the impacts of COVID-19 global pandemic have increased the importance of the estimations and assumptions used by the Bank management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p>	<p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Bank's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macro-economic expectations that include the impacts of COVID-19.</p>
<p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>We have carried loan review on a selected sample of loans with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p>
	<p>In addition, for non-performing loans and other significant loans that are subject to individual assessment based on the Bank policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Bank management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.</p>
	<p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Bank with respect to loan and related impairment provision.</p>

**Key Audit Matters****How Our Audit Addressed the Key Audit Matter****Valuation of Pension Fund Obligations**

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

The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.

Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.

Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.

In addition to the above procedures we have reviewed disclosures made with respect to pension fund.

#### **4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### **5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

**Additional Paragraph for Convenience Translation**

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

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

Talar Gül, SMMM  
Partner

Istanbul, 2 February 2021

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF AKBANK T.A.Ş. AS OF 31 DECEMBER 2020**

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

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

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

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

2 February 2021

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

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

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

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

**AKBANK T.A.Ş.**

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

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

**SECTION ONE  
GENERAL INFORMATION ABOUT THE BANK**

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

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

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

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

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

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

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

The shares of individuals above are insignificant in the Bank.

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

## AKBANK T.A.Ş.

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

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

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

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

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

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

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

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

None.

**SECTION TWO**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**

AKBANK T.A.Ş.

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

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

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>46.162.992</b>	<b>96.196.853</b>	<b>142.359.845</b>	<b>50.399.066</b>	<b>84.383.650</b>	<b>134.782.716</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4.892.544</b>	<b>52.719.140</b>	<b>57.611.684</b>	<b>2.494.673</b>	<b>43.995.536</b>	<b>46.490.209</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	4.398.630	43.277.684	47.676.314	2.243.224	27.650.693	29.893.917
1.1.2 Banks	(I-d)	5.749	9.441.668	9.447.417	251.462	16.345.284	16.596.746
1.1.3 Money Markets		488.179	-	488.179	-	-	-
1.1.4 Expected Loss Provision (-)		14	212	226	13	441	454
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>1.108.586</b>	<b>7.912.516</b>	<b>9.021.102</b>	<b>170.989</b>	<b>7.069.120</b>	<b>7.240.109</b>
1.2.1 Government Debt Securities		12.612	167.331	179.943	170.486	92.378	262.864
1.2.2 Equity Instruments		-	158.714	158.714	-	220.294	220.294
1.2.3 Other Financial Assets		1.095.974	7.586.471	8.682.445	503	6.756.448	6.756.951
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-e)</b>	<b>23.665.110</b>	<b>29.417.592</b>	<b>53.082.702</b>	<b>36.087.714</b>	<b>28.554.393</b>	<b>64.642.107</b>
1.3.1 Government Debt Securities		23.067.781	21.352.442	44.420.223	35.534.282	16.168.796	51.703.078
1.3.2 Equity Instruments		15.610	607	16.217	15.610	607	16.217
1.3.3 Other Financial Assets		581.719	8.064.543	8.646.262	537.822	12.384.990	12.922.812
<b>1.5 Derivative Financial Assets</b>	<b>(I-c, I-I)</b>	<b>16.496.752</b>	<b>6.147.605</b>	<b>22.644.357</b>	<b>11.645.690</b>	<b>4.764.601</b>	<b>16.410.291</b>
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		11.758.273	6.147.605	17.905.878	9.551.895	4.731.384	14.283.279
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		4.738.479	-	4.738.479	2.093.795	33.217	2.127.012
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>204.405.636</b>	<b>74.269.325</b>	<b>278.674.961</b>	<b>143.880.604</b>	<b>63.238.520</b>	<b>207.119.124</b>
<b>2.1 Loans</b>	<b>(I-f)</b>	<b>183.882.588</b>	<b>69.435.940</b>	<b>253.318.528</b>	<b>142.634.804</b>	<b>61.199.371</b>	<b>203.834.175</b>
<b>2.2 Lease Receivables</b>	<b>(I-k)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(I-g)</b>	<b>34.523.108</b>	<b>7.361.951</b>	<b>41.885.059</b>	<b>11.814.099</b>	<b>3.760.759</b>	<b>15.574.858</b>
Government Debt Securities		34.523.108	6.693.715	41.216.823	11.479.840	2.379.418	13.859.258
Other Financial Assets		-	668.236	668.236	334.259	1.381.341	1.715.600
<b>2.5 Expected Credit Loss (-)</b>		<b>14.000.060</b>	<b>2.528.566</b>	<b>16.528.626</b>	<b>10.568.299</b>	<b>1.721.610</b>	<b>12.289.909</b>
<b>III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-r)</b>	<b>173.416</b>	<b>-</b>	<b>173.416</b>	<b>636.017</b>	<b>-</b>	<b>636.017</b>
3.1 Held for Sale Purpose		173.416	-	173.416	636.017	-	636.017
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>2.094.996</b>	<b>7.525.427</b>	<b>9.620.423</b>	<b>1.625.290</b>	<b>5.111.016</b>	<b>6.736.306</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-h)</b>	<b>14.795</b>	<b>-</b>	<b>14.795</b>	<b>5.521</b>	<b>-</b>	<b>5.521</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		14.795	-	14.795	5.521	-	5.521
<b>4.2 Subsidiaries (Net)</b>	<b>(I-I)</b>	<b>2.080.201</b>	<b>7.525.427</b>	<b>9.605.628</b>	<b>1.619.769</b>	<b>5.111.016</b>	<b>6.730.785</b>
4.2.1 Unconsolidated Financial Subsidiaries		2.080.201	7.525.427	9.605.628	1.619.769	5.111.016	6.730.785
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-J)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	<b>(I-m)</b>	<b>5.938.700</b>	<b>17.800</b>	<b>5.956.500</b>	<b>4.857.006</b>	<b>6.976</b>	<b>4.863.982</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-n)</b>	<b>1.168.363</b>	<b>9</b>	<b>1.168.372</b>	<b>933.963</b>	<b>16</b>	<b>933.979</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.168.363	9	1.168.372	933.963	16	933.979
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-o)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-p)</b>	<b>88.226</b>	<b>-</b>	<b>88.226</b>	<b>-</b>	<b>2.438</b>	<b>2.438</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-s)</b>	<b>2.701.666</b>	<b>5.357.392</b>	<b>8.059.058</b>	<b>1.842.217</b>	<b>3.584.333</b>	<b>5.426.550</b>
<b>TOTAL ASSETS</b>		<b>262.733.995</b>	<b>183.366.806</b>	<b>446.100.801</b>	<b>204.174.163</b>	<b>156.326.949</b>	<b>360.501.112</b>

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

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

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

## AKBANK T.A.Ş.

## II. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020

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

	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>220.683.948</b>	<b>501.071.252</b>	<b>721.755.200</b>	<b>160.597.907</b>	<b>479.544.186</b>	<b>640.162.093</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-a-2, 3)</b>	<b>24.904.256</b>	<b>27.330.766</b>	<b>52.235.022</b>	<b>19.912.014</b>	<b>23.535.399</b>	<b>43.447.413</b>
1.1 Letters of Guarantee		21.260.165	16.215.511	37.475.676	16.956.203	14.167.206	31.123.409
1.1.1 Guarantees Subject to State Tender Law		340.040	1.654.714	1.994.754	282.800	1.422.854	1.705.654
1.1.2 Guarantees Given for Foreign Trade Operations		-	1.908.879	1.908.879	-	2.221.818	2.221.818
1.1.3 Other Letters of Guarantee		20.920.125	12.651.918	33.572.043	16.673.403	10.522.534	27.195.937
1.2 Bank Acceptances		-	47.814	47.814	-	50.678	50.678
1.2.1 Import Letter of Acceptance		-	47.814	47.814	-	50.678	50.678
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		7.931	4.597.968	4.605.899	8.409	4.358.456	4.366.865
1.3.1 Documentary Letters of Credit		7.931	3.583.529	3.591.460	8.409	3.685.663	3.694.072
1.3.2 Other Letters of Credit		-	1.014.439	1.014.439	-	672.793	672.793
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	19.269	19.269	-	14.790	14.790
1.8 Other Guarantees		156.440	6.439.006	6.595.446	5.990	4.931.215	4.937.205
1.9 Other Collaterals		-	11.198	3.490.918	2.941.412	13.054	2.954.466
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>51.032.165</b>	<b>17.014.857</b>	<b>68.047.022</b>	<b>43.532.774</b>	<b>23.710.713</b>	<b>67.243.487</b>
2.1 Irrevocable Commitments		50.214.657	17.014.857	67.229.514	42.539.957	23.710.713	66.250.670
2.1.1 Asset Purchase Commitments		2.918.552	4.989.558	7.908.110	3.512.234	11.250.734	14.762.968
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		9.086.285	1.068.075	10.154.360	8.228.762	1.423.408	9.652.170
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.730.978	-	2.730.978	2.632.311	-	2.632.311
2.1.8 Tax and Fund Liabilities from Export Commitments		4.702	-	4.702	4.430	-	4.430
2.1.9 Commitments for Credit Card Limits		29.118.196	-	29.118.196	23.193.073	-	23.193.073
2.1.10 Commitments for Credit Cards and Banking Services Promotions		130.470	-	130.470	94.381	-	94.381
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		6.225.474	10.957.224	17.182.698	4.874.766	11.036.571	15.911.337
2.2 Revocable Commitments		817.508	-	817.508	992.817	-	992.817
2.2.1 Revocable Loan Granting Commitments		817.508	-	817.508	992.817	-	992.817
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>144.747.527</b>	<b>456.725.629</b>	<b>601.473.156</b>	<b>97.153.119</b>	<b>432.318.074</b>	<b>529.471.193</b>
3.1 Hedging Derivative Financial Instruments		20.931.023	63.575.943	84.506.966	13.674.935	50.919.357	64.594.292
3.1.1 Fair Value Hedges		4.338.828	25.429.801	29.768.629	4.122.135	22.626.912	26.749.047
3.1.2 Cash Flow Hedges		16.592.195	38.146.142	54.738.337	9.552.800	28.292.445	37.845.245
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		123.816.504	393.149.686	516.966.190	83.478.184	381.398.717	464.876.901
3.2.1 Forward Foreign Currency Buy/Sell Transactions		7.430.425	12.905.210	20.335.635	6.344.720	14.293.529	20.638.249
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.721.463	3.713.210	10.434.673	5.802.042	4.831.696	10.633.738
3.2.1.2 Forward Foreign Currency Transactions-Sell		708.962	9.192.000	9.900.962	542.678	9.461.833	10.004.511
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		110.509.281	319.678.319	430.187.600	72.288.056	317.407.670	389.695.726
3.2.2.1 Foreign Currency Swap-Buy		14.224.154	105.618.937	119.843.091	22.894.573	93.779.012	116.673.585
3.2.2.2 Foreign Currency Swap-Sell		61.106.357	76.325.072	137.431.429	47.063.483	72.653.394	119.716.877
3.2.2.3 Interest Rate Swap-Buy		17.589.385	68.867.155	86.456.540	1.165.000	75.487.632	76.652.632
3.2.2.4 Interest Rate Swap-Sell		17.589.385	68.867.155	86.456.540	1.165.000	75.487.632	76.652.632
3.2.3 Foreign Currency, Interest Rate and Securities Options		2.919.220	23.477.844	26.397.064	4.668.517	27.522.912	32.191.429
3.2.3.1 Foreign Currency Options-Buy		1.146.399	3.242.182	4.388.581	1.934.397	3.443.224	5.377.621
3.2.3.2 Foreign Currency Options-Sell		1.772.821	2.481.696	4.254.517	2.734.120	2.804.616	5.538.736
3.2.3.3 Interest Rate Options-Buy		-	8.876.983	8.876.983	-	10.637.536	10.637.536
3.2.3.4 Interest Rate Options-Sell		-	8.876.983	8.876.983	-	10.637.536	10.637.536
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		2.845.954	2.639.110	5.485.064	85.946	85.005	170.951
3.2.4.1 Foreign Currency Futures-Buy		312.150	2.344.916	2.657.066	85.946	-	85.946
3.2.4.2 Foreign Currency Futures-Sell		2.533.804	294.194	2.827.998	-	85.005	85.005
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		111.624	34.449.203	34.560.827	90.945	22.089.601	22.180.546
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>929.689.537</b>	<b>437.684.523</b>	<b>1.367.374.060</b>	<b>856.292.085</b>	<b>337.560.592</b>	<b>1.193.852.677</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>55.727.406</b>	<b>41.179.943</b>	<b>96.907.349</b>	<b>47.522.044</b>	<b>24.508.688</b>	<b>72.030.732</b>
4.1 Customer Fund and Portfolio Balances		11.866.024	2.573.098	14.439.122	9.483.940	1.309.375	10.793.315
4.2 Investment Securities Held in Custody		3.980.205	9.387.822	13.368.027	3.496.688	2.996.399	6.493.087
4.3 Cheques Received for Collection		32.938.939	4.497.006	37.435.945	28.123.634	3.036.679	31.160.313
4.4 Commercial Notes Received for Collection		6.634.533	4.697.709	11.332.242	6.116.849	3.118.920	9.235.769
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		307.705	20.024.308	20.332.013	300.933	14.047.315	14.348.248
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>238.975.119</b>	<b>125.345.622</b>	<b>364.320.741</b>	<b>208.267.187</b>	<b>102.985.636</b>	<b>311.252.823</b>
5.1 Marketable Securities		430.796	2.246.129	2.676.925	785.963	1.137.538	1.923.501
5.2 Guarantee Notes		652.787	695.879	1.348.666	652.116	574.500	1.226.616
5.3 Commodity		178.400	170.170	348.570	-	135.780	135.780
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		182.485.731	97.605.054	280.090.785	165.999.748	81.577.712	247.577.460
5.6 Other Pledged Items		55.227.405	24.628.390	79.855.795	40.829.360	19.560.106	60.389.466
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>634.987.012</b>	<b>271.158.958</b>	<b>906.145.970</b>	<b>600.502.854</b>	<b>210.066.268</b>	<b>810.569.122</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.150.373.485</b>	<b>938.755.775</b>	<b>2.089.129.260</b>	<b>1.016.889.992</b>	<b>817.124.778</b>	<b>1.834.014.770</b>

## AKBANK T.A.S.

## III. UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020

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

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



**AKBANK T.A.Ş.****IV. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

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

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

**AKBANK T.A.Ş.**  
**V. UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020**  
 (Amounts are expressed in thousands of Turkish Lira (TL)).

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

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

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

PRIOR PERIOD (31/12/2019)														
Period-End Balance (I+II+III+...+X+XI)														
I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.	X.	XI.	11.1	11.2	11.3	Other
Prior Period End Balance														
Corrected and Accounting Policy Changes Made According to IAS 8														
Effects of Corrections														
Effects of the Changes in Accounting Policies														
Adjusted Beginning Balance (I-II)														
Total Comprehensive Income														
Capital Increase by Cash														
Capital Increase by Internal Sources														
Paid-in capital inflation adjustment difference														
Convertible Bonds to Shares														
Subordinated Debt Instruments														
Increase/Decrease by Other Changes														
Profit Distribution														
Dividends paid														
Transfers to Reserves														
Other														
Period-End Balance (I+II+III+...+X+XI)														

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

## AKBANK T.A.Ş.

## VI. UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020

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

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

**AKBANK T.A.Ş.****VII. PROFIT APPROPRIATION STATEMENT**

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

	CURRENT PERIOD (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	7.945.212	6.801.334
1.2 TAXES AND DUTIES PAYABLE	1.678.045	1.383.866
1.2.1 Corporate Tax (Income Tax)	2.061.984	1.609.738
1.2.2 Income Withholding Tax	-	-
1.2.3 Other taxes and duties	(383.939)	(225.872)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>6.267.167</b>	<b>5.417.468</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	(225.872)
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>6.267.167</b>	<b>5.191.596</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE (*)</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,012	0,011
3.2 TO OWNERS OF ORDINARY SHARES ( % )	1,2	1,1
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-

(\*) Amounts are expressed in TL.

**NOTES:**

(1) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(2) Profit appropriation is being done according to unconsolidated financial statements.

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

**AKBANK T.A.Ş.**

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

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

**SECTION THREE  
EXPLANATIONS ON ACCOUNTING POLICIES**

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

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

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

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

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

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

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

**b. Explanation for convenience translation to English:**

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



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

**AKBANK T.A.Ş.**

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

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

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

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

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

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

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

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

**III. EXPLANATIONS ON EQUITY INVESTMENTS:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**c. Financial Assets Measured at Amortized Cost:**

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

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

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

**d. Derivative Financial Assets:**

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

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

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

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

**e. Loans**

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

1. Loans measured at amortised cost:

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

*Stage 1:*

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

*Stage 2:*

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

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*Stage 3:*

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

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

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

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

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

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

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

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

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

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

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

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

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**Definition of Default:**

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

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

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

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

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

**Write-off Policy:**

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

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

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

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

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

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

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

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

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

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



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Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period.

However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

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

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

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

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

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

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

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

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

Within the scope IFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Bank moves the default rate calculated for each maturity up or down. The main parameters of default ratio model are macroeconomic variables and the provision figures change when prospective estimations are revised.

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

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

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

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

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

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

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

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

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

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

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

The Bank has no discontinued operations.

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

The Bank has no goodwill.

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

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

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

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

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

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

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

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

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

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

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

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

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

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

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

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

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**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

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

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employment termination benefits and vacation rights:**

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

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

**b. Retirement Rights:**

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

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

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

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

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

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

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

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

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

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

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

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

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

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

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

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

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

**b. Deferred Tax:**

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

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

Deferred tax asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. Deferred tax rate calculation has started to be

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

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

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

**XIX. EXPLANATIONS ON BORROWINGS:**

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

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

There is no share certificate issuance in 2020.

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

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

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

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

**XXIII. EXPLANATIONS ON SEGMENT REPORTING:**

An operating segment is a component of an entity:

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

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

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

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

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

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



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**XXV. EARNINGS PER SHARE:**

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

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

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

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

**XXVI. RELATED PARTIES:**

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

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

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

**XXVIII. RECLASSIFICATIONS:**

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

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

**TFRS 16 "Leases" Standard**

**Bank – lessee :**

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

*Right of use assets:*

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

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

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

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

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*The Lease Obligations:*

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

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

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

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

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

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

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

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

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

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

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

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**SECTION FOUR**

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

**I. EXPLANATIONS ON EQUITY:**

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

**Current Period  
31 December 2020**

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

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Current Period 31 December 2020	
<b>Details on Subordinated Liabilities:</b>	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.963 million TL (in full TL amount)
Nominal value of instrument	2.963 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.963 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation"	The instrument is not in compliant with article numbered 7.

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

**II. EXPLANATIONS ON CREDIT RISK:**

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

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

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

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

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note X-c-4-a of Section Four.

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

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



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

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

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

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

As seen in the Bank's balance sheet, the ratio of loans under follow-up to total loans is 6,8% (31 December 2019: 7,3%).

- f.** 1. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans is 38% and 46% respectively. (31 December 2019: 37% and 44%).
2. The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 60% and 73%. (31 December 2019: 60% and 74%)
3. The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 21% and 27% respectively. (31 December 2018: 21% and 26%)
- g.** The Bank provided a general expected credit loss provision (Stage 1 and Stage 2) amounting to TL 5.717.627 (31 December 2019 : TL 3.933.745).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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m. Risk Profile according to sectors and counterparties:

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

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

1. Conditional and unconditional receivables from central governments and Central Banks

2. Conditional and unconditional receivables from regional or local governments

3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises

4. Conditional and unconditional receivables from multilateral development banks

5. Conditional and unconditional receivables from international organizations

6. Conditional and unconditional receivables from banks and brokerage houses

7. Conditional and unconditional receivables from corporates

8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages

10. Past due receivables

11. Receivables defined under high risk category by BRSA

12. Securities collateralized by mortgages

13. Securitization positions

14. Short-term receivables from banks, brokerage houses and corporates

15. Investments similar to collective investment funds

16. Equity security transactions

17. Other receivables

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Prior Period	Risk Classifications (*)																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<b>31 December 2019</b>																	
Agricultural	-	-	-	-	-	-	55.624	291.381	76.017	12.521	101	-	-	-	-	-	435.604
Farming and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
raising livestock	-	-	-	-	-	-	27.201	212.557	52.540	9.246	27	-	-	-	-	-	301.531
Forestry	-	-	-	-	-	-	28.274	75.001	22.375	3.265	67	-	-	-	-	-	128.982
Fishing	-	-	-	-	-	-	149	3.823	1.102	10	7	-	-	-	-	-	5.091
Manufacturing	-	-	-	-	-	-	48.780.825	5.905.182	2.997.518	1.413.443	14.431	-	-	-	-	-	58.609.961
Mining	-	-	-	-	-	-	1.554.184	187.701	100.491	301.965	246	-	-	-	-	-	501.438
Production	-	-	-	-	-	-	27.767.365	5.606.591	2.824.952	618.519	7.596	-	-	-	-	-	2.136.442
Electricity, Gas,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36.345.453
Water	-	-	-	-	-	-	19.459.276	110.890	72.075	492.959	6.589	-	-	-	-	-	20.127.866
Construction	-	-	63	-	-	-	24.785.377	2.073.890	2.228.573	2.140.426	75.727	-	-	-	-	-	31.241.403
Services	1.145	46.956	18.057	308.019	-	53.558.792	70.392.971	15.655.321	6.236.244	2.260.538	28.591	-	-	-	-	6.755.629	62.653
Wholesale and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	214.408
Retail Trade	-	-	83	-	-	-	19.634.115	12.576.900	3.825.132	1.115.233	23.779	-	-	-	-	-	146.864
Hotel/Food/Beverage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	3.509.563	830.378	1.093.099	360.592	930	-	-	-	-	-	52.118
Transportation and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	1.123	-	-	-	-	-	12.049.037	1.042.438	369.762	55.996	1.094	-	-	-	-	-	13.506.381
Institutions	-	-	-	-	-	-	26.211.352	55.243	38.880	474.731	691	-	-	-	-	-	87.401.313
Real Estate and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending Services	-	-	-	-	-	-	6.442.888	93.139	395.312	147.240	46	-	-	-	-	-	7.078.614
Self employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service	-	-	276	-	-	-	623.835	139.393	30.847	718	18	-	-	-	-	-	794.896
Education Service	22	-	551	-	-	-	307.040	239.567	155.596	68.367	411	-	-	-	-	-	771.487
Health and social	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	-	46.956	17.147	-	-	-	1.615.141	678.263	327.616	37.661	1.622	-	-	-	-	1.824	2.724.342
Other	94.185.643	-	49.578	-	-	161.457	7.375.098	37.786.765	6.758.916	683.316	2.983	-	-	-	309.776	232.550	157.815.453
<b>Total</b>	<b>94.186.788</b>	<b>46.956</b>	<b>67.698</b>	<b>308.019</b>	<b>-</b>	<b>53.720.249</b>	<b>151.389.895</b>	<b>61.712.539</b>	<b>18.297.268</b>	<b>6.510.244</b>	<b>121.833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309.776</b>	<b>6.988.179</b>	<b>403.150.276</b>
																	<b>825.767</b>
																	<b>403.976.043</b>

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

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



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

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

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

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. Countries' credit note is considered all risk class of receivables from central governments and Central Banks. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

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

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

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

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

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

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

(\*) Breakdown of cash loans

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

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

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

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

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

**31 December 2020**

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

**III. EXPLANATIONS ON CURRENCY RISK**

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

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

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

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

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

USD : TL 7,7138  
EURO : TL 9,3887

As of 31 December 2019;

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

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**Information related to Bank's Currency Risk:**

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

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

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

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

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

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

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

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

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**IV. EXPLANATIONS ON INTEREST RATE RISK:**

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Bank. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

**V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:**

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

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

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities.

Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

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

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

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

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

The different categories of defined limits are;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Liquidity Coverage Ratio:**

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

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

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

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

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

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

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

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

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

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

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

<b>Current Period – 31.12.2020</b>		
	<b>TL+FC</b>	<b>FC</b>
Lowest	182,41	193,44
Week	2.10.2020	2.10.2020
Highest	239,54	321,99
Week	13.11.2020	20.11.2020
<b>Prior Period – 31.12.2019</b>		
	<b>TL+FC</b>	<b>FC</b>
Lowest	172,33	152,05
Week	4.10.2019	13.12.2019
Highest	207,73	208,93
Week	20.12.2019	18.10.2019



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

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

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

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

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

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

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

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

<b>Current Period - 31 December 2020</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Liabilities</b>						
Deposits	228.757.298	33.847.186	6.723.868	162.679	-	<b>269.491.031</b>
Funds borrowed from other financial institutions	204.492	1.998.962	19.276.988	15.144.240	1.219.691	<b>37.844.373</b>
Funds from interbank money market	7.396.108	2.028.196	2.347.112	5.188.278	2.279.832	<b>19.239.526</b>
Marketable Securities Issued (Net)	3.059.690	2.692.083	1.825.237	13.258.152	11.517.157	<b>32.352.319</b>
<b>Prior Period - 31 December 2019</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Liabilities</b>						
Deposits	195.989.603	22.158.415	6.380.719	24.166	-	<b>224.552.903</b>
Funds borrowed from other financial institutions	150.864	2.783.066	13.739.547	13.508.496	3.739.573	<b>33.921.546</b>
Funds from interbank money market	1.061.990	26.686	1.879.297	4.455.719	1.877.196	<b>9.300.888</b>
Marketable Securities Issued (Net)	4.486.959	1.359.497	673.624	6.451.999	9.075.598	<b>22.047.677</b>

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

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

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**VII. EXPLANATIONS ON LEVERAGE RATIO:**

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

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

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

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

(\*) Three months average values.

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

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

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

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

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

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

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

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

**b. Fair value hierarchy:**

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

Aforesaid fair value hierarchy is determined as follows.

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

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

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

(\*) Fair value of the financial assets at fair value through profit or loss classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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

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

As explained in the note of VII-b of the Third Section, share certificates classified as financial assets at fair value through other comprehensive income are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably.

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

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

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

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



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

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

**X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:**

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

1. The Bank's risk management approach:

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

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

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

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

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

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

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

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

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2. Overview of RWA:

		Risk Weighted Amount		Minimum capital requirement
		Current Period 31 December 2020	Prior Period 31 December 2019	Current Period 31 December 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	265.269.441	249.073.962	21.221.555
2	Standardized approach (SA)	265.269.441	249.073.962	21.221.555
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	20.950.677	16.641.838	1.676.054
5	Standardized approach for counterparty credit risk (SA-CCR)	20.950.677	16.641.838	1.676.054
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	405.280	309.273	32.422
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	15.803.823	6.775.331	1.264.306
17	Standardized approach (SA)	15.803.823	6.775.331	1.264.306
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	32.496.270	27.269.597	2.599.702
20	Basic Indicator Approach	32.496.270	27.269.597	2.599.702
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>334.925.491</b>	<b>300.070.001</b>	<b>26.794.039</b>

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**b. Linkages between financial statements and regulatory exposures:**

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

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

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

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

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

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

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

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

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

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

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

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

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

a) Differences between accounting and regulatory exposure amounts

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

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

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

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TFRS 13. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

**c. Credit risk explanations:**

1. General qualitative information about credit risk:

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

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

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

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

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



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

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

2. Credit quality of assets:

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

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

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

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

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

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

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

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

b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

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All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2020.

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

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

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

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

e) Definitions of restructured receivables:

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

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

Breakdown by geographical area:

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

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

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Breakdown by sector:

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

Breakdown by outstanding maturity:

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

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

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

Breakdown by geographical area:

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

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

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Breakdown by sector:

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

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

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

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

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

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

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

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j) Credit risk mitigation techniques:

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

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

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

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

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

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

5. Credit risk mitigation techniques – overview:

		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
<b>Current Period - 31.12.2020</b>								
1	Loans	232.722.958	4.079.159	2.227.568	3.798.864	3.040.211	-	-
2	Debt Securities	102.255.757	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>334.978.715</b>	<b>4.079.159</b>	<b>2.227.568</b>	<b>3.798.864</b>	<b>3.040.211</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	18.251.681	-	-	-	-	-	-

		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
<b>Prior Period - 31.12.2019</b>								
1	Loans	188.729.079	2.824.515	1.450.932	4.223.971	3.254.282	-	-
2	Debt Securities	86.846.310	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>275.575.389</b>	<b>2.824.515</b>	<b>1.450.932</b>	<b>4.223.971</b>	<b>3.254.282</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	15.115.586	-	-	-	-	-	-

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

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

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

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

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

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

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

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

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

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



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

1. Qualitative disclosure related to counterparty credit risk:

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

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

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

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

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

The counterparty credit risk limits for financial institutions are also determined separately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of dweterioration of credit quality of some counterparties, limits are reviewd and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

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

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

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

To avoid the general counter trend risk;

- Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.
- It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

To avoid the risk of specific counter trend risk;

- In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.
- In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

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

2. Analysis of counterparty credit risk exposure by approach:

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

(\*) Effective Expected Positive Exposure

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

(\*) Effective Expected Positive Exposure

3. Credit valuation adjustment (CVA) capital charge:

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

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

<b>Current Period - 31.12.2020</b>									
<b>Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total credit</b>
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	377.881	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	11	-	-	11
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	7.414.343	10.973.233	-	41.907	-	-	7.011.392
Corporates	37.238	-	-	1.132	-	7.619.692	-	-	7.620.258
Retail portfolios	-	-	-	-	65.629	-	-	-	49.222
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	5.011	-	-	5.011
Stock investment	-	-	-	-	-	-	-	-	-
Other claims.	-	-	-	-	-	-	-	-	-
Other assets**	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>415.119</b>	<b>-</b>	<b>7.414.343</b>	<b>10.974.365</b>	<b>65.629</b>	<b>7.666.621</b>	<b>-</b>	<b>-</b>	<b>14.685.894</b>

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

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

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

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

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

5. Composition of collateral for CCR exposure:

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

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6. Credit derivatives exposures:

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

7. Exposures to central counterparties (CCP):

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

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

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**f. Explanations on market risk:**

1. Qualitative disclosure requirements related to market risk:

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

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

The following table indicates the details of the market risk calculation as of 31 December 2020, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

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

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

**g. Explanations on operational risk:**

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

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

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

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

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

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

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

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

The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no. 28034 on 23 August 2011.

Calculation of the interest rate risk derived from banking books is presented below:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	3.585.598	%4,94
TL	500	(4.080.166)	%(5,63)
USD	(200)	203.257	%0,28
USD	200	(191.056)	%(0,26)
EURO	(200)	-	%0,00
EURO	200	321.624	%0,44
<b>Total (for negative shocks)</b>		<b>3.788.855</b>	<b>%5,22</b>
<b>Total (for positive shocks)</b>		<b>(3.949.598)</b>	<b>%(5,45)</b>

**XI. EXPLANATIONS ON HEDGE TRANSACTIONS:**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

**Current Period: 31.12.2020**

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

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

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

**Prior Period: 31.12.2019**

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

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

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

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

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

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

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

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

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

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

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

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#### XII. EXPLANATIONS ON QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES

##### Explanations on Remuneration Committee

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2020. As a result of the meeting and related evaluations, the committee decided on updating of the policies in accordance with the existing practices. The main duties and responsibilities of the Remuneration Committee have been determined briefly as follows:

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

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

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2020, there are 21 employees that are considered as qualified employees in the Bank.

##### Information on the Design and Structure of the Remuneration Process:

While determining the Bank's wage structure;

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

are taken into consideration.

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

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

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

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

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

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

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

**XIII. EXPLANATIONS ON BUSINESS SEGMENTS:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Information related to the account of the CBRT:

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

3. Explanation on reserve requirements:

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

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

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

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

Other Financial Assets:

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

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

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

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

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

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

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

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

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

(\*) Excluding hedging derivatives financial assets.

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

1. Information on banks account:

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



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2. Information on foreign banks account:

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

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

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

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

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

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

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

(\*) Investment funds are included.

**f. Information related to loans:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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6. Loans according to types of borrowers:

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

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

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

8. Loans granted to investments in associates and subsidiaries:

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

9. Credit-Impaired Losses Stage III Provisions:

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

12. Information on the write-off policy:

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

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

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

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

2. Information on government debt securities:

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

3. Information on financial assets measured at amortised cost:

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

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

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

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

1. Information about investments in associates:

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

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

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

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

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

3. Movement schedule of investments in associates:

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

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

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**i. Information related to subsidiaries (Net):**

1. Information on shareholders' equity of subsidiaries:

The following amounts have been obtained from the financial statements as of 31 December 2020 prepared in accordance with legislation in which companies are subject to.

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

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

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

3. Information on subsidiaries:

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

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

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

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

5. Movement schedule of subsidiaries:

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

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

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

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

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

7. Subsidiaries quoted to a stock exchange: None.

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

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

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

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

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

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

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

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

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

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

**n. Information on intangible assets:**

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

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

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

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

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



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

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

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

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

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

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

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

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

**s. Information on other assets:**

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

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

**a. Information on deposits:**

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

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

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

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

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

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2. Information on saving deposits insurance:

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

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

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

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

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

Table of derivative financial liabilities (\*):

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

(\*) Excluding hedge transactions.

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**c. Information on borrowings:**

1. Information on banks and other financial institutions:

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

2. Information on maturity structure of borrowings:

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

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

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

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

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

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

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

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

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

Liabilities incurred due to financial leasing agreements:

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

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

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

**h. Information on provisions:**

1. Information on reserves for employee rights:

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

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

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

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

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

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

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

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

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

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

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

1. (ii). Post-employment benefits:

The Bank's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Based on the actuary reports, as of 31 December 2020, deficit of the Fund amounts to TL 126.263 (31 December 2019: TL 38.125 excess).

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

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

The principal actuarial assumptions used were as follows:

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

**Mortality rate**

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 19,7 years for men and 25,3 years for women.

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

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

Plan assets are comprised as follows:

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

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

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

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

4. Information on other provisions:

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

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

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

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

**i. Explanations on tax liability:**

1. Explanations on tax liability:

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



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1 (i). Information on taxes payable:

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

1 (ii). Information on premium payables:

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

2. Information on deferred tax liability:

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

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

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

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

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

1. Presentation of paid-in capital:

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

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

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

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

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

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

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

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

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

8. Information on marketable securities value increase fund:

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

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

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

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

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

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

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

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

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

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

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

3. Information on non-cash loans:

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

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

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

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

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

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

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**b. Information on derivative transactions:**

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

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

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

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

**1. Contingent Liabilities:**

The Bank has accounted a provision amounting to TL 73.847 (31 December 2019: TL 67.183) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

**2. Contingent Assets:**

None (31 December 2019: None).

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

The policy is explained on note IX in Section Four.

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

**a. Information on interest income:**

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

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

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

2. Information on interest income on banks:

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

3. Information on interest income on marketable securities:

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

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

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

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**b. Information on interest expense:**

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

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

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

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

	Current Period 31 December 2020	Prior Period 31 December 2019
To Associates and Subsidiaries	14.938	30.698

3. Information on interest expense given to securities issued:

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

4. Maturity structure of the interest expense on deposits:

There are no seven-day notification deposits.

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



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

**c. Information on dividend income:**

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

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

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

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

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

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

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

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

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

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

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

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

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

**i. Information on tax provision of continued and discontinued operations:**

As of 31 December 2020, the Bank has a current tax expense of TL 2.061.984 (31 December 2019: TL 1.609.738), deferred tax expense of TL 1.013.470 (31 December 2019: TL 583.474) and a deferred tax income of TL 1.397.409 (31 December 2019: TL 809.346).

The Bank has no discontinued operations.

**j. Explanations on current period net profit and loss of continued and discontinued operations:**

Net profit of the Bank is TL 6.267.167 (31 December 2019: TL 5.417.468).

The Bank has no discontinued operations.

**k. Explanations on current period net profit and loss:**

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Bank for the current period: None (31 December 2019: None).

Explanation on the changes in the estimations regarding the figures on the financial statements, if there is a possibility that the profit and loss for the current or the following periods will be impacted: None (31 December 2019: None).

**l. Other figures on profit and loss statement:**

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.

**V. EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY**

**a. Information on distribution of profit:**

The Ordinary General Assembly Meeting of the Bank was held on 23 March 2020. In the Ordinary General Assembly, it was decided to TL 240.000 out of TL 5.417.468 which is realized as unconsolidated net profit has been transferred to general legal reserves and remaining TL 5.177.468 has been transferred to extraordinary reserves.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

**b. Information on hedge funds:**

Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XV of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2020, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL 695 (31 December 2019: TL (1.566)).

**c. Information on financial assets at fair value through other comprehensive income:**

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed of or impaired.

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**VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**a. Information on cash and cash equivalents:**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Cash</b>	<b>11.741.651</b>	<b>10.245.590</b>
Cash, Foreign Currency and Other	3.282.198	3.622.525
Demand Deposits in Banks (*)	8.459.453	6.623.065
<b>Cash Equivalents</b>	<b>4.094.333</b>	<b>7.234.608</b>
Interbank Money Market Placements	-	537.746
Time Deposits in Banks	3.978.195	6.689.000
Marketable Securities	116.138	7.862
<b>Total Cash and Cash Equivalents</b>	<b>15.835.984</b>	<b>17.480.198</b>

(\*) The restricted demand accounts are not included.

2. Cash and cash equivalents at the end of the period:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Cash</b>	<b>10.012.965</b>	<b>11.741.651</b>
Cash, Foreign Currency and Other	4.936.234	3.282.198
Demand Deposits in Banks (*)	5.076.731	8.459.453
<b>Cash Equivalents</b>	<b>518.166</b>	<b>4.094.333</b>
Interbank Money Market Placements	487.425	-
Time Deposits in Banks	28.194	3.978.195
Marketable Securities	2.547	116.138
<b>Total Cash and Cash Equivalents</b>	<b>10.531.131</b>	<b>15.835.984</b>

(\*) The restricted demand accounts are not included.

**b. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents**

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (2.548.671) (31 December 2019: TL (2.511.906) TL) consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 11.234.916 (31 December 2019: TL (8.578.864) TL) consists mainly of changes in funds from repurchase agreements, miscellaneous payables and other liabilities.

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 2.837.780 (31 December 2019: TL 2.795.591).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

## AKBANK T.A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

Information on the volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

##### 1. Current Period – 31 December 2020:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Balance at the End of the Period	903.971	288.551	7.514.006	2.175.351	2.134	1.576
Interest and Commission Income Received	64.323	54	753.728	9.467	475	22

According to the German deposit insurance law, the Bank has given a "letter of undertaking" to the German Banking Institute related to Akbank AG, a subsidiary of the Bank. This letter of undertaking amounts to TL 10.953.676 as of 31 December 2020 (31 December 2019: TL 11.033.880).

##### 2. Prior Period - 31 December 2019:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	291.767	410.809	5.281.095	1.074.561	10.973	7.684
Balance at the End of the Period	727.217	297.220	6.444.515	1.048.361	6.429	1.096
Interest and Commission Income Received	61.468	187	844.512	7.291	691	77

##### 3. Information on deposits of the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period 31.12.2020	Prior Period 31.12.2019	Current Period 31.12.2020	Prior Period 31.12.2019	Current Period 31.12.2020	Prior Period 31.12.2019
Balance at the Beginning of the Period	569.432	417.786	4.572.838	5.011.285	1.403.075	1.228.947
Balance at the End of the Period	806.713	569.432	5.935.681	4.572.838	618.986	1.403.075
Interest expense on Deposits	14.938	30.698	186.557	280.932	24.658	125.657

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Information on forward and option agreements and other similar agreements made with the Bank's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Transactions at Fair Value						
Through Profit or Loss						
Beginning of the Period	2.916.547	3.860.965	11.408.705	10.451.000	-	-
Balance at the End of the Period	3.815.631	2.916.547	10.166.262	11.408.705	-	-
Total Income/Loss	(44.249)	(2.216)	117.896	(8.668)	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of related transactions. Due to the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Bank. As of 31 December 2020, the net exposure for investments in associates and subsidiaries is TL (294.045) (31 December 2019: TL (822)). For direct and indirect shareholders of the Bank TL (358.416) (31 December 2019: TL (184.042)).

5. Information regarding benefits provided to the Bank's key management:

As of 31 December 2020 benefits provided to the Bank's key management amounting to TL 61.355 (31 December 2019: TL 47.748).

**VIII. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	714	12.446			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-shore Banking					
Region Branches	1	13	Malta	47.890.441	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

In 2020, the Bank has closed up 56 domestic branches.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

## AKBANK T.A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

Bank's board of directors has approved the General Directorate to be entitled to make all necessary applications to Capital Markets Board, Banking Regulation and Supervision Agency and other regulatory authorities in order to obtain the annual approvals and completion of all legal procedures to issue, up to a total of USD 2 billion (full amount) or its equivalent in any currency including Turkish Lira, bond, and/or subordinated debt and other form of debts, that can be included in the equity calculation, aligned with the Equity Regulation in more than one offering outside of Turkey. In case of contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail.

With the decision of the Bank's board of directors dated 29 January 2021, maintain the current ceiling for registered capital amounted to TL 10.000.000.000 (full amount), extend the effectiveness period of the registered capital ceiling for another five years between 2021-2025, and to propose the attached amendment to the Articles of Association for the approval of our shareholders at the General Assembly provided that the required consents and approvals are obtained from competent authorities.

#### SECTION SIX OTHER EXPLANATIONS

##### I. OTHER EXPLANATIONS

None.

#### SECTION SEVEN EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements for the period ended 31 December 2020 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 2 February 2021 is presented preceding the unconsolidated financial statements.

##### II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.





# AKBANK T.A.Ş.

## PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES

### AT 31 DECEMBER 2020 WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of publicly announced consolidated  
financial statements, related disclosures and independent auditor's  
report originally issued in Turkish, See Note. I.b of Section three)



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)**

**INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of Akbank T.A.Ş.**

**A. Audit of the Consolidated Financial Statements**

**1. Qualified Opinion**

We have audited the accompanying consolidated financial statements of Akbank T.A.Ş. (the "Bank"), and its subsidiaries (collectively referred to as the "Group"), which comprise the statement of consolidated balance sheet as at 31 December 2020, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter on the consolidated financial statements described in the basis for the qualified opinion paragraph below, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

**2. Basis for Qualified Opinion**

As explained in Section Five Part II h.4 (i) of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2020 include a free provision amounting to TL 1.150.000 thousand which consist of TL 650.000 thousand provided in prior years and TL 500.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p><b>Impairment of loans and lease receivables in accordance with TFRS 9</b></p>	
<p>The Group has total provision for impairment of TL 16.969.515 thousands in respect to loans and lease receivables of TL 284.816.083 thousands which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2020. Explanations and notes related to provision for impairment of loans and lease receivables are presented section III part VII-e, section III part VIII, section IV part II-h, section IV part II-l, section IV part II-j, section IV part X-c, section V part I-f and section V part II-h in the accompanying consolidated financial statements as at 31 December 2020.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of loans and lease receivables and estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p>
<p>The Group recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. As of 31 December 2020, the impacts of COVID-19 global pandemic have increased the importance of the estimations and assumptions used by the Bank management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p>	<p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macro-economic expectations that include the impacts of COVID-19..</p>
<p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans and lease receivables as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>We have carried loan review on a selected sample of loans and lease receivables with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In addition, for non-performing loans and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.</p>
	<p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to loan and lease receivables and related impairment provision.</p>

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p><b>Valuation of Pension Fund Obligations</b></p> <p>The Bank has booked provision amounting to TL 126.263 thousand for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2020. Explanations on Valuation of Pension Obligations are presented in the section III part XVII-b and section V part II-h in the accompanying consolidated financial statements.</p> <p>The Bank's Personnel Pension Fund Foundation (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Bank's management uses external consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.</p> <p>Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures we have reviewed disclosures made with respect to pension fund.</p>

#### 4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Bank management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### 5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

**Additional Paragraph for Convenience Translation**

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM  
Partner

Istanbul, 2 February 2021

**CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS, RELATED DISCLOSURES  
ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE I.b OF SECTION THREE**

**THE CONSOLIDATED FINANCIAL REPORT OF  
AKBANK T.A.Ş. AS OF 31 DECEMBER 2020**

Address : Sabancı Center 34330, 4. Levent / İstanbul  
Telephone : (0 212) 385 55 55  
Fax : (0 212) 319 52 52  
Website : [www.akbank.com](http://www.akbank.com)  
E-mail : <http://www.akbank.com/tr-tr/genel/Sayfalar/Iletisim-Formu.aspx>

The consolidated financial report prepared in accordance with "Communiqué on the Financial Statements and the Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the sections listed below.

- **Section One** - GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** - INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS
- **Section Seven** - INDEPENDENT AUDITOR'S REPORT

Investments in associates, joint ventures and subsidiaries whose financial statements have been consolidated in this reporting package are as follows:

	Subsidiaries	Investments in Associates	Joint Ventures
1.	Ak Finansal Kiralama A.Ş.	-	-
2.	Ak Yatırım Menkul Değerler A.Ş.	-	-
3.	Ak Portföy Yönetimi A.Ş.	-	-
4.	Akbank AG	-	-
5.	AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	-	-

A.R.T.S. Ltd., which is not subsidiary of the Bank but over which the Bank has 100% controlling power, has been included in the consolidation due to the reason that this company is "Structured Entity".

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related appendices and interpretations on these, and have been independently reviewed.

2 February 2021

Suzan SABANCI DİNÇER Chairman of the Board of Directors	Eyüp ENGİN Head of the Audit Committee	Ş.Yaman TÖRÜNER Member of the Audit Committee	S. Hakan BİNBAŞGİL CEO	Türker TUNALI Executive Vice President	Seda BAĞIRKAN Manager
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Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname / Title : Seda BAĞIRKAN / Manager  
Phone No : (0 212) 385 55 55  
Fax No : (0 212) 325 12 31

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### SECTION ONE GENERAL INFORMATION ABOUT THE BANK

##### I. PARENT BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:

Akbank T.A.Ş. ("the Bank", "the Parent Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities, which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

##### II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THAT THE PARENT BANK BELONGS TO:

The Bank's shares have been quoted on the Borsa Istanbul ("BIST") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depositary Receipts ("ADRs"). As of 31 December 2020, approximately 51% of the shares are publicly traded, including the ADRs (31 December 2019: 51%).

The major shareholder of the Parent Bank, directly or indirectly, is Sabancı Group.

##### III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE PARENT BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
<b>Chairman:</b>	Suzan SABANCI DİNÇER	Chairman of the Board of Directors	Graduate
<b>Board of Directors:</b>	Eyüp ENGİN	Vice Chairman and Executive Board Member	Undergraduate
	A. Fuat AYLA	Executive Board Member	Undergraduate
	Ş. Yaman TÖRÜNER	Board Member	Undergraduate
	I. Aydın GÜNTER	Board Member	Undergraduate
	Emre DERMAN	Board Member	Graduate
	N. Can PAKER	Board Member	PhD
	K. Özgür DEMİRTAŞ	Board Member	PhD
	Mehmet Tuğrul BELLİ	Board Member	Graduate
	S. Hakan BİNBAŞGİL	Board Member and CEO	Graduate
<b>President and CEO:</b>	S. Hakan BİNBAŞGİL	CEO	Graduate
<b>Head of Internal Audit:</b>	Savaş KÜLCÜ	Head of Internal Audit	Graduate
<b>Executive Vice Presidents:</b>	Bülent OĞUZ	Retail Banking	Graduate
	H. Burcu CİVELEK YÜCE	Strategy, Digital Banking and Payment Systems	Graduate
	Ege GÜLTEKİN	Credit Monitoring and Follow-up	Graduate
	Levent ÇELEBİOĞLU	Corporate and Investment Banking	Undergraduate
	N. İlker ALTINTAŞ	Technology and Operation	PhD
	Mehmet Hakan TUGAL	Commercial Banking	Graduate
	Türker TUNALI	Financial Management	Undergraduate
	Şahin Alp KELER	Private Banking and Wealth Management	PhD
	Yunus Emre ÖZBEN	Credit Allocation	Graduate
	Zeynep ÖZTÜRK ŞARSEL	Special Credits	Graduate
	Gamze Şebnem MURATOĞLU	Treasury	Graduate
	Pınar ANAPA	People and Culture	Graduate
<b>Internal Audit Committee:</b>	Eyüp ENGİN	Head of the Audit Committee	Undergraduate
	Ş. Yaman TÖRÜNER	Member of the Audit Committee	Undergraduate

The shares of individuals above are insignificant in the Parent Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

#### IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE PARENT BANK:

Name/Commercial Title	Share Amounts (Nominal)	Share Percentages	Paid-in Capital (Nominal)	Unpaid Portion
Hacı Ömer Sabancı Holding A.Ş.	2.119.027	40,75%	2.119.027	-

#### V. INFORMATION ON THE PARENT BANK'S SERVICE TYPES AND FIELDS OF OPERATION:

The Bank's core business activities consist of retail banking, commercial banking, corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. via its branch network. As of 31 December 2020, the Bank has 714 branches dispersed throughout the country and 1 branch operating abroad (31 December 2019: 770 branches and 1 branch operating abroad). As of 31 December 2020, the Bank has 12.459 employees (31 December 2019: 12.750).

The Parent Bank and its subsidiaries, Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., AK Portföy Yönetimi A.Ş., Akbank AG, AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but over which the Bank has 100% controlling power due to the reason that this company is a "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group".

As at 31 December 2020, the Group employed 12.862 people (31 December 2019: 13.136).

#### VI. A SHORT EXPLANATION ON THE DIFFERENCES BETWEEN THE COMMUNIQUE ON CONSOLIDATED FINANCIAL STATEMENT REPORTING AND THE CONSOLIDATION PROCEDURES REQUIRED BY TURKISH ACCOUNTING STANDARDS AND ABOUT INSTITUTIONS THAT ARE SUBJECT TO FULL CONSOLIDATION, PROPORTIONAL CONSOLIDATION, BY WAY OF DEDUCTION FROM CAPITAL OR THOSE THAT ARE SUBJECT TO NONE:

The Bank sees no difference between the Communiqué on Consolidated Financial Reporting and the consolidation procedures required by Turkish Accounting Standards. Information in regards to consolidated subsidiaries and consolidation methods are given in Section III. Note III.

#### VII. EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES TO IMMEDIATE TRANSFER OF CAPITAL BETWEEN PARENT BANK AND ITS SUBSIDIARIES AND REPAYMENT OF DEBTS:

None.

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

AKBANK T.A.S.

**I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 (STATEMENT OF FINANCIAL POSITION)**

(Amounts are expressed in thousands of Turkish Lira (TL).)

ASSETS	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>46.137.924</b>	<b>104.679.802</b>	<b>150.817.726</b>	<b>50.353.146</b>	<b>88.847.971</b>	<b>139.201.117</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>4.894.531</b>	<b>55.681.272</b>	<b>60.575.803</b>	<b>2.401.694</b>	<b>45.498.382</b>	<b>47.900.076</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	4.398.630	43.277.691	47.676.321	2.243.226	27.650.703	29.893.929
1.1.2 Banks	(I-d)	7.375	12.403.838	12.411.213	92.372	17.848.302	17.940.674
1.1.3 Money Markets		488.547	-	488.547	66.120	-	66.120
1.1.4 Expected Loss Provision (-)		21	257	278	24	623	647
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>1.266.896</b>	<b>7.912.516</b>	<b>9.179.412</b>	<b>195.719</b>	<b>7.069.120</b>	<b>7.264.839</b>
1.2.1 Government Debt Securities		22.607	167.331	189.938	182.344	92.378	274.722
1.2.2 Equity Instruments		146.997	158.714	305.711	12.470	220.294	232.764
1.2.3 Other Financial Assets		1.097.292	7.586.471	8.683.763	905	6.756.448	6.757.353
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-e)</b>	<b>23.750.325</b>	<b>34.453.820</b>	<b>58.204.145</b>	<b>36.203.273</b>	<b>31.315.167</b>	<b>67.518.440</b>
1.3.1 Government Debt Securities		23.067.781	21.352.442	44.420.223	35.534.282	16.168.796	51.703.078
1.3.2 Equity Instruments		15.777	607	16.384	15.777	607	16.384
1.3.3 Other Financial Assets		666.767	13.100.771	13.767.538	653.214	15.145.764	15.798.978
<b>1.4 Derivative Financial Assets</b>	<b>(I-c, I-I)</b>	<b>16.226.172</b>	<b>6.632.194</b>	<b>22.858.366</b>	<b>11.552.460</b>	<b>4.965.302</b>	<b>16.517.762</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		11.487.693	6.632.194	18.119.887	9.458.665	4.932.085	14.390.750
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		4.738.479	-	4.738.479	2.093.795	33.217	2.127.012
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>206.642.060</b>	<b>103.077.185</b>	<b>309.719.245</b>	<b>147.259.503</b>	<b>87.515.563</b>	<b>234.775.066</b>
<b>2.1 Loans</b>	<b>(I-f)</b>	<b>184.860.198</b>	<b>94.373.036</b>	<b>279.233.234</b>	<b>144.802.842</b>	<b>81.973.456</b>	<b>226.776.298</b>
<b>2.2 Lease Receivables</b>	<b>(I-k)</b>	<b>1.569.491</b>	<b>4.013.358</b>	<b>5.582.849</b>	<b>1.534.777</b>	<b>3.605.542</b>	<b>5.140.319</b>
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(I-g)</b>	<b>34.523.108</b>	<b>7.361.951</b>	<b>41.885.059</b>	<b>11.814.099</b>	<b>3.760.759</b>	<b>15.574.858</b>
2.4.1 Government Debt Securities		34.523.108	6.693.715	41.216.823	11.479.840	2.379.418	13.859.258
2.4.2 Other Financial Assets		-	668.236	668.236	334.259	1.381.341	1.715.600
<b>2.5 Expected Credit Loss (-)</b>		<b>14.310.737</b>	<b>2.671.160</b>	<b>16.981.897</b>	<b>10.892.215</b>	<b>1.824.194</b>	<b>12.716.409</b>
<b>III. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(I-r)</b>	<b>250.778</b>	-	<b>250.778</b>	<b>666.067</b>	-	<b>666.067</b>
3.1 Held for Sale Purpose		250.778	-	250.778	666.067	-	666.067
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>14.795</b>	-	<b>14.795</b>	<b>5.521</b>	-	<b>5.521</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-h)</b>	<b>14.795</b>	-	<b>14.795</b>	<b>5.521</b>	-	<b>5.521</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		14.795	-	14.795	5.521	-	5.521
<b>4.2 Subsidiaries (Net)</b>	<b>(I-i)</b>	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(I-j)</b>	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	<b>(I-m)</b>	<b>5.948.874</b>	<b>54.532</b>	<b>6.003.406</b>	<b>4.866.527</b>	<b>53.170</b>	<b>4.919.697</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-n)</b>	<b>1.185.653</b>	<b>5.256</b>	<b>1.190.909</b>	<b>948.305</b>	<b>4.883</b>	<b>953.188</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.185.653	5.256	1.190.909	948.305	4.883	953.188
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-o)</b>	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		-	-	-	<b>9.971</b>	-	<b>9.971</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-p)</b>	<b>147.990</b>	-	<b>147.990</b>	<b>80.564</b>	<b>55.408</b>	<b>135.972</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(I-s)</b>	<b>4.879.644</b>	<b>5.292.082</b>	<b>10.171.726</b>	<b>2.631.103</b>	<b>3.874.735</b>	<b>6.505.838</b>
<b>TOTAL ASSETS</b>		<b>265.207.718</b>	<b>213.108.857</b>	<b>478.316.575</b>	<b>206.820.707</b>	<b>180.351.730</b>	<b>387.172.437</b>

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**AKBANK T.A.S.**  
**I. CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2020 (STATEMENT OF FINANCIAL POSITION)**

(Amounts are expressed in thousands of Turkish Lira (TL).)

LIABILITIES	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	<b>(II-a)</b>	<b>108.361.772</b>	<b>184.157.235</b>	<b>292.519.007</b>	<b>95.854.279</b>	<b>148.858.054</b>	<b>244.712.333</b>
<b>II. FUNDS BORROWED</b>	<b>(II-c)</b>	<b>367.411</b>	<b>39.895.203</b>	<b>40.262.614</b>	<b>548.615</b>	<b>34.287.866</b>	<b>34.836.481</b>
<b>III. MONEY MARKETS</b>		<b>4.029.807</b>	<b>16.877.537</b>	<b>20.907.344</b>	<b>763.198</b>	<b>9.343.352</b>	<b>10.106.550</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(II-d)</b>	<b>7.712.928</b>	<b>11.593.289</b>	<b>19.306.217</b>	<b>4.924.276</b>	<b>8.612.669</b>	<b>13.536.945</b>
4.1 Bills		5.313.725	-	5.313.725	2.391.332	-	2.391.332
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		2.399.203	11.593.289	13.992.492	2.532.944	8.612.669	11.145.613
<b>V. FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(II-b, II-g)</b>	<b>11.277.350</b>	<b>3.563.623</b>	<b>14.840.973</b>	<b>7.245.411</b>	<b>1.700.291</b>	<b>8.945.702</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		10.933.746	3.228.358	14.162.104	6.397.372	1.647.226	8.044.598
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		343.604	335.265	678.869	848.039	53.065	901.104
<b>VIII. FACTORING LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE LIABILITIES (Net)</b>	<b>(II-f)</b>	<b>507.578</b>	<b>34.981</b>	<b>542.559</b>	<b>576.563</b>	<b>47.591</b>	<b>624.154</b>
<b>X. PROVISIONS</b>	<b>(II-h)</b>	<b>2.431.126</b>	<b>69.929</b>	<b>2.501.055</b>	<b>1.411.459</b>	<b>181.183</b>	<b>1.592.642</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		556.168	1.453	557.621	450.238	646	450.884
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.874.958	68.476	1.943.434	961.221	180.537	1.141.758
<b>XI. CURRENT TAX LIABILITY</b>	<b>(II-i)</b>	<b>1.541.750</b>	<b>125.492</b>	<b>1.667.242</b>	<b>772.096</b>	<b>59.603</b>	<b>831.699</b>
<b>XII. DEFERRED TAX LIABILITY</b>	<b>(II-i)</b>	<b>370</b>	<b>124.088</b>	<b>124.458</b>	<b>704.309</b>	<b>132.903</b>	<b>837.212</b>
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO THE DISCONTINUED OPERATIONS (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(II-j)</b>	<b>-</b>	<b>6.718.414</b>	<b>6.718.414</b>	<b>-</b>	<b>5.381.534</b>	<b>5.381.534</b>
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	6.718.414	6.718.414	-	5.381.534	5.381.534
<b>XV. OTHER LIABILITIES</b>	<b>(II-e)</b>	<b>9.473.651</b>	<b>6.528.984</b>	<b>16.002.635</b>	<b>7.465.579</b>	<b>3.939.153</b>	<b>11.404.732</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(II-k)</b>	<b>64.500.621</b>	<b>(1.576.564)</b>	<b>62.924.057</b>	<b>54.875.134</b>	<b>(512.681)</b>	<b>54.362.453</b>
16.1 Paid-in capital		5.200.000	-	5.200.000	5.200.000	-	5.200.000
16.2 Capital Reserves		5.320.613	-	5.320.613	5.320.613	-	5.320.613
16.2.1 Share Premium		3.505.742	-	3.505.742	3.505.742	-	3.505.742
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.814.871	-	1.814.871	1.814.871	-	1.814.871
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		2.772.942	16.699	2.789.641	2.025.172	6.055	2.031.227
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		4.237.723	(1.593.263)	2.644.460	1.632.533	(518.736)	1.113.797
16.5 Profit Reserves		40.117.963	-	40.117.963	34.576.406	-	34.576.406
16.5.1 Legal Reserves		1.882.950	-	1.882.950	1.626.891	-	1.626.891
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		37.956.649	-	37.956.649	32.684.032	-	32.684.032
16.5.4 Other Profit Reserves		278.364	-	278.364	265.483	-	265.483
16.6 Income or (Loss)		6.851.198	-	6.851.198	6.120.251	-	6.120.251
16.6.1 Prior Periods' Income or (Loss)		591.573	-	591.573	767.926	-	767.926
16.6.2 Current Period Income or (Loss)		6.259.625	-	6.259.625	5.352.325	-	5.352.325
16.7 Minority Interest		182	-	182	159	-	159
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>210.204.364</b>	<b>268.112.211</b>	<b>478.316.575</b>	<b>175.140.919</b>	<b>212.031.518</b>	<b>387.172.437</b>



## AKBANK T.A.Ş.

## II. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2020

(Amounts are expressed in thousands of Turkish Lira (TL).)

	Note (Section Five)	CURRENT PERIOD (31/12/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>220.743.425</b>	<b>495.424.636</b>	<b>716.368.061</b>	<b>162.285.048</b>	<b>473.496.707</b>	<b>635.781.755</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(III-a-2, 3)</b>	<b>24.900.974</b>	<b>26.534.678</b>	<b>51.435.652</b>	<b>19.905.773</b>	<b>22.793.252</b>	<b>42.699.025</b>
1.1 Letters of Guarantee		21.256.883	16.267.735	37.524.618	16.949.962	14.187.155	31.137.117
1.1.1 Guarantees Subject to State Tender Law		340.040	1.654.714	1.994.754	282.800	1.422.854	1.705.654
1.1.2 Guarantees Given for Foreign Trade Operations		-	1.913.491	1.913.491	-	2.223.470	2.223.470
1.1.3 Other Letters of Guarantee		20.916.843	12.699.530	33.616.373	16.667.162	10.540.831	27.207.993
1.2 Bank Acceptances		-	47.814	47.814	-	50.678	50.678
1.2.1 Import Letter of Acceptance		-	47.814	47.814	-	50.678	50.678
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		7.931	4.653.058	4.660.989	8.409	4.396.101	4.404.510
1.3.1 Documentary Letters of Credit		7.931	3.645.457	3.653.388	8.409	3.747.283	3.755.692
1.3.2 Other Letters of Credit		-	1.007.601	1.007.601	-	648.818	648.818
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	19.269	19.269	-	14.790	14.790
1.8 Other Guarantees		156.440	5.535.604	5.692.044	5.990	4.131.474	4.137.464
1.9 Other Collaterals		3.479.720	11.198	3.490.918	2.941.412	13.054	2.954.466
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>51.463.917</b>	<b>6.392.539</b>	<b>57.856.456</b>	<b>43.611.686</b>	<b>12.798.081</b>	<b>56.589.767</b>
2.1 Irrevocable Commitments		50.214.657	6.061.181	56.275.838	42.539.957	12.676.833	55.216.790
2.1.1 Asset Purchase Commitments		2.918.552	4.989.558	7.908.110	3.512.234	11.250.734	14.762.968
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		9.086.285	1.068.075	10.154.360	8.228.762	1.423.408	9.652.170
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		2.730.978	-	2.730.978	2.632.311	-	2.632.311
2.1.8 Tax and Fund Liabilities from Export Commitments		4.702	-	4.702	4.430	-	4.430
2.1.9 Commitments for Credit Card Limits		29.118.196	-	29.118.196	23.193.073	-	23.193.073
2.1.10 Commitments for Credit Cards and Banking Services Promotions		130.470	-	130.470	94.381	-	94.381
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		6.225.474	3.548	6.229.022	4.874.766	2.691	4.877.457
2.2 Revocable Commitments		1.249.260	331.358	1.580.618	1.071.729	301.248	1.372.977
2.2.1 Revocable Loan Granting Commitments		817.508	-	817.508	992.817	-	992.817
2.2.2 Other Revocable Commitments		431.752	331.358	763.110	78.912	301.248	380.160
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>144.378.534</b>	<b>462.697.419</b>	<b>607.075.953</b>	<b>98.767.589</b>	<b>437.725.374</b>	<b>536.492.963</b>
3.1 Hedging Derivative Financial Instruments		20.923.980	63.594.359	84.518.339	13.674.935	50.984.080	64.659.015
3.1.1 Fair Value Hedges		4.331.785	25.448.217	29.780.002	4.122.135	22.691.635	26.813.770
3.1.2 Cash Flow Hedges		16.592.195	38.146.142	54.738.337	9.552.800	28.292.445	37.845.245
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		123.454.554	399.103.060	522.557.614	85.092.654	386.741.294	471.833.948
3.2.1 Forward Foreign Currency Buy/Sell Transactions		7.440.107	13.005.673	20.445.780	6.344.720	14.506.012	20.850.732
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.721.463	3.767.041	10.488.504	5.802.042	4.937.886	10.739.928
3.2.1.2 Forward Foreign Currency Transactions-Sell		718.644	9.238.632	9.957.276	542.678	9.568.126	10.110.804
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		110.110.958	325.531.230	435.642.188	73.868.613	322.537.764	396.406.377
3.2.2.1 Foreign Currency Swap-Buy		13.751.901	109.034.329	122.786.230	22.948.085	97.089.617	120.037.702
3.2.2.2 Foreign Currency Swap-Sell		61.180.287	78.721.439	139.901.726	48.590.528	74.408.155	122.998.683
3.2.2.3 Interest Rate Swap-Buy		17.589.385	68.887.731	86.477.116	1.165.000	75.519.996	76.684.996
3.2.2.4 Interest Rate Swap-Sell		17.589.385	68.887.731	86.477.116	1.165.000	75.519.996	76.684.996
3.2.3 Foreign Currency, Interest Rate and Securities Options		2.945.911	23.477.844	26.423.755	4.702.430	27.522.912	32.225.342
3.2.3.1 Foreign Currency Options-Buy		1.146.399	3.242.182	4.388.581	1.934.397	3.443.224	5.377.621
3.2.3.2 Foreign Currency Options-Sell		1.772.821	2.481.696	4.254.517	2.734.120	2.804.616	5.538.736
3.2.3.3 Interest Rate Options-Buy		-	8.876.983	8.876.983	-	10.637.536	10.637.536
3.2.3.4 Interest Rate Options-Sell		-	8.876.983	8.876.983	-	10.637.536	10.637.536
3.2.3.5 Securities Options-Buy		5.815	-	5.815	19.333	-	19.333
3.2.3.6 Securities Options-Sell		20.876	-	20.876	14.580	-	14.580
3.2.4 Foreign Currency Futures		2.845.954	2.639.110	5.485.064	85.946	85.005	170.951
3.2.4.1 Foreign Currency Futures-Buy		312.150	2.344.916	2.657.066	85.946	-	85.946
3.2.4.2 Foreign Currency Futures-Sell		2.533.804	294.194	2.827.998	-	85.005	85.005
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		111.624	34.449.203	34.560.827	90.945	22.089.601	22.180.546
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>946.736.961</b>	<b>446.524.338</b>	<b>1.393.261.299</b>	<b>871.352.485</b>	<b>344.368.703</b>	<b>1.215.721.188</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>72.046.274</b>	<b>41.179.943</b>	<b>113.226.217</b>	<b>61.762.429</b>	<b>24.508.688</b>	<b>86.271.317</b>
4.1 Customer Fund and Portfolio Balances		11.866.024	2.573.098	14.439.122	9.483.940	1.309.375	10.793.315
4.2 Investment Securities Held in Custody		20.299.073	9.387.822	29.686.895	17.737.273	2.996.399	20.733.672
4.3 Cheques Received for Collection		32.938.939	4.497.006	37.435.945	28.123.634	3.036.679	31.160.313
4.4 Commercial Notes Received for Collection		6.634.533	4.697.709	11.332.242	6.116.849	3.118.920	9.235.769
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		307.705	20.024.308	20.332.013	300.933	14.047.315	14.348.248
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>239.703.675</b>	<b>134.185.437</b>	<b>373.889.112</b>	<b>209.087.002</b>	<b>109.793.747</b>	<b>318.880.749</b>
5.1 Marketable Securities		430.796	2.246.129	2.676.925	785.963	1.137.538	1.923.501
5.2 Guarantee Notes		652.787	695.879	1.348.666	652.116	574.500	1.226.616
5.3 Commodity		178.400	170.170	348.570	-	135.780	135.780
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		182.754.710	101.663.294	284.418.004	166.259.977	84.587.022	250.846.999
5.6 Other Pledged Items		55.686.982	29.409.965	85.096.947	41.388.946	23.358.907	64.747.853
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		<b>634.987.012</b>	<b>271.158.958</b>	<b>906.145.970</b>	<b>600.502.854</b>	<b>210.066.268</b>	<b>810.569.122</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.167.480.386</b>	<b>942.148.974</b>	<b>2.109.629.360</b>	<b>1.033.637.533</b>	<b>817.865.410</b>	<b>1.851.502.943</b>

The accompanying explanations and notes form an integral part of these financial statements.

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**AKBANK T.A.Ş.****III. CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts are expressed in thousands of Turkish Lira (TL).)

<b>INCOME AND EXPENSE ITEMS</b>		<b>Note</b>	<b>CURRENT PERIOD</b>	<b>PRIOR PERIOD</b>
		<b>(Section Five)</b>	<b>(01/01-31/12/2020)</b>	<b>(01/01-31/12/2019)</b>
<b>I. INTEREST INCOME</b>		<b>(IV-a)</b>	<b>35,128.018</b>	<b>36,498.492</b>
1.1 Interest on Loans		(IV-a-1)	24.225.442	28.136.339
1.2 Interest on Reserve Requirements			96.440	364.578
1.3 Interest on Banks		(IV-a-2)	289.994	754.821
1.4 Interest on Money Market Transactions			546.482	226.360
1.5 Interest on Marketable Securities Portfolio		(IV-a-3)	9.471.535	6.411.341
1.5.1 Fair Value Through Profit or Loss			16.307	4.257
1.5.2 Fair Value Through Other Comprehensive Income			5.569.469	5.134.857
1.5.3 Measured at Amortised Cost			3.885.759	1.272.227
1.6 Financial Lease Interest Income			434.689	460.232
1.7 Other Interest Income			63.436	144.821
<b>II. INTEREST EXPENSE (-)</b>		<b>(IV-b)</b>	<b>14,429.250</b>	<b>19,560.065</b>
2.1 Interest on Deposits		(IV-b-4)	9.224.039	14.599.127
2.2 Interest on Funds Borrowed		(IV-b-1)	1.179.023	1.650.489
2.3 Interest Expense on Money Market Transactions			1.668.235	1.071.788
2.4 Interest on Securities Issued		(IV-b-3)	1.928.619	2.135.409
2.5 Interest on Leases			90.412	94.135
2.6 Other Interest Expenses			338.922	9.117
<b>III. NET INTEREST INCOME (I - II)</b>			<b>20,698.768</b>	<b>16,938.427</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>4,549.000</b>	<b>4,958.293</b>
4.1 Fees and Commissions Received			5.603.506	6.292.102
4.1.1 Non-cash Loans			442.374	569.326
4.1.2 Other			5.161.132	5.722.776
4.2 Fees and Commissions Paid (-)			1.054.506	1.333.809
4.2.1 Non-cash Loans			4.422	3.605
4.2.2 Other			1.050.084	1.330.204
<b>V. DIVIDEND INCOME</b>		<b>(IV-c)</b>	<b>4.866</b>	<b>6.743</b>
<b>VI. TRADING INCOME / (LOSS) (Net)</b>		<b>(IV-d)</b>	<b>(675.547)</b>	<b>(1.145.675)</b>
6.1 Trading Gains / (Losses) on Securities			445.908	296.385
6.2 Gains / (Losses) on Derivative Financial Transactions			(4.250.658)	1.123.645
6.3 Foreign Exchange Gains / (Losses)			3.129.203	(2.565.705)
<b>VII. OTHER OPERATING INCOME</b>		<b>(IV-e)</b>	<b>1,395.938</b>	<b>855.488</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>			<b>25,973.025</b>	<b>21,613.276</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>		<b>(IV-f)</b>	<b>6,954.251</b>	<b>6,704.938</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>			<b>2,628.521</b>	<b>1,099.204</b>
<b>XI. PERSONNEL EXPENSE (-)</b>			<b>3,040.221</b>	<b>2,757.578</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>		<b>(IV-g)</b>	<b>5,065.873</b>	<b>4,124.730</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>			<b>8,284.159</b>	<b>6,926.826</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>			-	-
<b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED</b>			-	-
<b>BASED ON EQUITY METHOD</b>			-	-
<b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>			-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>		<b>(IV-i)</b>	<b>8,284.159</b>	<b>6,926.826</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>		<b>(IV-j)</b>	<b>2,024.511</b>	<b>1,574.487</b>
18.1 Current Tax Provision			2.387.901	1.830.603
18.2 Deferred Tax Expense Effect (+)			1.034.774	629.451
18.3 Deferred Tax Income Effect (-)			1.398.164	885.567
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>		<b>(IV-k)</b>	<b>6,259.648</b>	<b>5,352.339</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
20.1 Income from Non-current Assets Held for Sale			-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures			-	-
20.3 Income from Other Discontinued Operations			-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>			-	-
21.1 Expenses for Non-current Assets Held for Sale			-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures			-	-
21.3 Expenses for Other Discontinued Operations			-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>(IV-l)</b>	-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>(IV-j)</b>	-	-
23.1 Current Tax Provision			-	-
23.2 Deferred Tax Expense Effect (+)			-	-
23.3 Deferred Tax Income Effect (-)			-	-
<b>XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>(IV-k)</b>	-	-
<b>XXV. NET INCOME/(LOSS) (XIX+XXIV)</b>		<b>(IV-l)</b>	<b>6,259.648</b>	<b>5,352.339</b>
25.1 Income/(Loss) from the Group			6.259.625	5.352.325
25.2 Income/(Loss) from Minority Interest		<b>(IV-h)</b>	23	14
Earning/(Loss) per share (in TL full)			0,01204	0,01069

**AKBANK T.A.Ş.****IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts are expressed in thousands of Turkish Lira (TL).)

	<b>CURRENT PERIOD (31/12/2020)</b>	<b>PRIOR PERIOD (31/12/2019)</b>
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>6.259.648</b>	<b>5.352.339</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>2.301.784</b>	<b>2.309.000</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>771.122</b>	<b>(69.531)</b>
2.1.1 Property and Equipment Revaluation Increase/Decrease	912.544	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plan Remeasurement Gain/Loss	(68.211)	(89.142)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	5.687	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(78.898)	19.611
<b>2.2 Reclassified Through Profit or Loss</b>	<b>1.530.662</b>	<b>2.378.531</b>
2.2.1 Foreign Currency Translation Differences	1.957.450	453.906
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	432.714	3.987.740
2.2.3 Cash Flow Hedge Income/Loss	550.820	(1.321.392)
2.2.4 Foreign Net Investment Hedge Income/Loss	(1.464.540)	(198.880)
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	54.219	(542.843)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>8.561.432</b>	<b>7.661.339</b>

SECTION TWO  
CONSOLIDATED FINANCIAL STATEMENTSAKBANK T.A.Ş.  
V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDING 31 DECEMBER 2020  
(Amounts are expressed in thousands of Turkish Lira (TL))

		Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Total													
		Other Investments Valued by Equity Method in Other Comprehensive Income		Accumulated Revaluation Gain/Loss of Property and Equipment		Accumulated Remeasurement Gain/Loss of Defined Benefit Plan		Foreign Currency Translation Difference		Accumulated Remeasurement Gain/Loss of Financial Assets at Fair Value Through Other Comprehensive Income		Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income, Loss and Other Accumulated Losses and Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)		Prior Period Profit or Loss		Current Period Profit or Loss		Total Equity Except from Minority Interest		Minority Interest		Shareholders' Equity	
		Note (Section Five)	Paid-in Capital	Share Premiums	Cancellation Profits	Other Capital Reserves	Increase/Decrease of Property and Equipment	Accumulated Revaluation Gain/Loss of Property and Equipment	Accumulated Remeasurement Gain/Loss of Defined Benefit Plan	Foreign Currency Translation Difference	Accumulated Remeasurement Gain/Loss of Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income, Loss and Other Accumulated Losses and Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Prior Period Profit or Loss	Current Period Profit or Loss	Total Equity Except from Minority Interest	Minority Interest	Shareholders' Equity						
CONSOLIDATED PERIOD (01/12/2020)																							
I.	Prior Period End Balance		5,200,000	3,595,742	-	1,814,871	2,207,594	(180,240)	3,895	2,783,378	131,199	(1,800,740)	34,576,406	767,976	5,352,325	54,342,294	199	54,342,453					
II.	Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
III.	Adjusted Beginning Balance (I+II)		5,200,000	3,595,742	-	1,814,871	2,207,594	(180,240)	3,895	2,783,378	131,199	(1,800,740)	34,576,406	767,976	5,352,325	54,342,294	199	54,342,453					
IV.	Total Comprehensive Income		-	-	-	-	821,647	(58,212)	5,687	1,957,450	338,000	(762,788)	-	6,259,625	8,561,409	-	8,561,432						
V.	Share Issuance Costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
X.	Increase/Decrease by Other Changes		-	-	-	-	(12,707)	-	-	-	-	-	189,232	(178,353)	172	-	172						
XI.	Dividend Distribution		-	-	-	-	-	-	-	-	-	-	5,352,325	-	-	-	-						
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,352,325	-	-	-	-						
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Period End Balance (I+II+III+...+XI+XII)			5,200,000	3,595,742	-	1,814,871	3,016,534	(238,474)	9,582	4,740,828	449,199	(2,543,528)	40,117,943	891,879	6,389,428	62,923,876	182	62,924,057					

The accompanying explanations and notes form an integral part of these financial statements.

AKBANK T.A.Ş.  
V. CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE PERIOD ENDING 31 DECEMBER 2019  
(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Total Equity			
		Other Investments Valued by Equity Method in Other Comprehensive Income Not Reclassified Through Profit or Loss				Other (Cash Flow Hedge Gain/Loss, Investments Valued by Equity Method in Other Comprehensive Income Not Reclassified Through Profit or Loss and Other Amounts of Other Comprehensive Income Items Reclassified Through Profit or Loss)				Except from			
		Accumulated Revaluation Gain/Loss of Defined Benefit Plan	Accumulated Revaluation Increase/Decrease Property and Equipment	Accumulated Gain/Loss of Other Comprehensive Income Items Not Reclassified Through Profit or Loss	Other (Investments Valued by Equity Method in Other Comprehensive Income Not Reclassified Through Profit or Loss)	Foreign Translation Differences	Value Through Other Comprehensive Income	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Minority Interest	Minority Interest	Shareholders' Interest	Total Equity
<b>I. Prior Period End Balance</b>													
<b>II. Corrections and Accounting Policy Changes Made According to TAS 9</b>													
2.1 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>													
IV Total Comprehensive Income		1,700,000	2,207,533	3,895	3,895	2,329,472	(2,977,278)	672,838	5,709,166	43,788,915	43,788,915	126	43,789,041
V Capital Increase by Cash		4,000,000	-	-	-	-	-	-	-	-	-	-	(192,680)
VI Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-
VII Provision for Investment Difference		-	-	-	-	-	-	-	-	-	-	-	-
VIII Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-
IX Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-
X Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-
XI Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-
XII Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-
11.1 Transfers to Reserves	(I+II)	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III+...+X+XI)		6,200,000	2,207,534	(100,242)	3,895	2,768,378	191,159	707,726	8,382,326	84,362,294	84,362,294	119	84,362,413

The accompanying explanations and notes form an integral part of these financial statements.

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**AKBANK T.A.Ş.****VI. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020**

(Amounts are expressed in thousands of Turkish Lira (TL)).

	Note (Section Five)	CURRENT PERIOD (31/12/2020)	PRIOR PERIOD (31/12/2019)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		14.858.601	13.658.172
1.1.1		32.770.130	31.128.043
1.1.2		(14.310.138)	(20.049.770)
1.1.3		4.866	3.981
1.1.4		5.631.348	6.236.140
1.1.5		(2.290.432)	2.232.070
1.1.6		2.157.372	1.857.605
1.1.7		(3.260.779)	(2.978.113)
1.1.8		(2.147.238)	(1.599.936)
1.1.9	(VI-b)	(3.696.528)	(3.171.848)
1.2		(20.044.460)	1.698.816
1.2.1		(3.539.108)	(392.258)
1.2.2		(1.674.106)	2.042.262
1.2.3		(54.984.593)	(19.880.506)
1.2.4		(26.491.977)	89.175
1.2.5		5.794.769	(1.261.584)
1.2.6		42.002.096	37.978.898
1.2.7		-	-
1.2.8		5.694.949	(8.686.838)
1.2.9		-	-
1.2.10	(VI-b)	13.153.510	(8.190.333)
I.		(5.185.859)	15.356.988
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II.		(10.300.952)	(22.163.365)
2.1		-	-
2.2		-	-
2.3		(1.137.180)	(1.225.140)
2.4		48.667	23.072
2.5		(21.540.779)	(31.065.143)
2.6		31.220.272	10.251.002
2.7		(25.884.971)	(5.397.163)
2.8		4.774.521	3.214.762
2.9		2.218.518	2.035.245
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III.		6.774.018	3.820.442
3.1		34.834.318	31.772.465
3.2		(27.755.375)	(30.681.560)
3.3		-	3.005.742
3.4		-	-
3.5		(304.925)	(276.205)
3.6		-	-
IV.	(VI-b)	3.516.122	3.245.458
V.		(5.196.671)	259.523
VI.	(VI-a)	18.691.977	18.432.454
VII.	(VI-a)	13.495.306	18.691.977

**AKBANK T.A.Ş.****VII. PROFIT APPROPRIATION STATEMENT**

(Amounts are expressed in thousands of Turkish Lira (TL)).

	<b>CURRENT PERIOD</b>	<b>PRIOR PERIOD</b>
	<b>(31/12/2020)</b>	<b>(31/12/2019)</b>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	7.945.212	6.801.334
1.2 TAXES AND DUTIES PAYABLE	1.678.045	1.383.866
1.2.1 Corporate Tax (Income Tax)	2.061.984	1.609.738
1.2.2 Income Withholding Tax	-	-
1.2.3 Other taxes and duties	(383.939)	(225.872)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>6.267.167</b>	<b>5.417.468</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	240.000
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>6.267.167</b>	<b>5.177.468</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	5.177.468
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and (Loss) Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE (*)</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0,012	0,011
3.2 TO OWNERS OF ORDINARY SHARES ( % )	1,2	1,1
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES ( % )	-	-

(\*) Amounts are expressed in TL.

**NOTES:**

(1) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(2) Profit appropriation is being done according to unconsolidated financial statements.



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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

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## SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

### I. EXPLANATIONS ON BASIS OF PRESENTATION:

#### a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents:

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, Turkish Accounting Standard 34 ("TAS 34") Interim Financial Reporting Standard and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks" and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The COVID-19 pandemic caused serious effects on health systems and the global economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has many citizens' health and safety measures, as well as to ensure that companies and regulators to support the households in these challenging circumstances, fiscal and monetary actions have been implemented. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. On the other hand, estimations and assumptions used to reflect COVID-19 impacts on 31 December 2020 financial statements of the Bank are explained in the relevant footnotes.

Due to COVID-19, the Parent Bank has been given the opportunity to postpone the principal, interest and installment payments of its individual and corporate customers if they request, and the postponement within this scope has been applied and the postponement opportunity was extended until 30 June 2021. The Parent Bank has evaluated the risks of postponed loans on an individual and portfolio basis and those risks have been taken into account in the provision calculations.

#### Explanation for convenience translation to English:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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**b. Accounting policies and valuation principles used in the preparation of the financial statements:**

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/IFRS (together "BRSA Accounting and Financial Reporting Legislation") put into force by Public Oversight, Accounting and Auditing Standards Authority (POA).

**c. Items Subject to different accounting policies in the preparation of consolidated financial statements:**

There are no items subject to different accounting policies in the preparation of these consolidated financial statements.

**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS:**

The Group's core business activities include retail banking, commercial banking, and corporate-investment banking and private banking and wealth management, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The Group performs financial leasing transactions through Ak Finansal Kiralama A.Ş. By nature, the Group's activities are principally related to the use of financial instruments. As the main funding source, the Group accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Group's most important funding sources are equity, marketable securities issued, money market borrowings and mostly borrowings from foreign financial institutions. The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Group's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Group's equity. The Asset-Liability Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee ("ERC").

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Assets and liabilities of foreign subsidiaries are translated into Turkish lira using the foreign exchange rates prevailing at the balance sheet date, income and expenses of foreign subsidiaries are translated into Turkish Lira at the average exchange rates and all resulting exchange differences are accounted in the shareholders' equity under "Other profit reserves".

As of 31 December 2020, foreign currency denominated balances are translated into TL using the exchange rates of TL 7,4194 and TL 9,1164 for USD, EURO respectively.

**III. EXPLANATIONS ON EQUITY INVESTMENTS:**

Consolidated financial statements are prepared in accordance with the "Turkish Financial Reporting Standard for Consolidated Financial Statements" ("TFRS 10") and "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette no.26340 dated 8 November 2006.

Consolidation principles for subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items.

The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the

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Group in order to arrive at the net income attributable to the Group and presented separately in the Group's income. Minority interests are presented in the consolidated balance sheet, in the shareholders' equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Parent Bank and its subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş., Akbank AG, Ak Finansal Kiralama A.Ş., AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş. and together with A.R.T.S. Ltd., which is not subsidiary of the Bank, but the Bank has 100% control power due to the reason that this company is "Structured Entity", has been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries are referred to as the "Group" in these consolidated financial statements.

Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

Ak Portföy Yönetimi A.Ş. was established on 28 June 2000 and manages its own investment (mutual) funds and AvivaSA Emeklilik ve Hayat A.Ş. and some of the pension funds established by Axa Hayat Emeklilik A.Ş., Allianz Hayat Emeklilik A.Ş. and Allianz Yaşam Emeklilik A.Ş.. The company also is managing both individual and institutional customers' portfolios, it continues investing in the Fund SICAV 2 Turkey on the international market and founder of 1 Sompō Japan in money market funds management activities.

Akbank AG operates in Germany, providing corporate, consumer and private banking services.

AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş., 100% owned by the Bank, has been established on 19 February 2018 to provide payment services and electronic money issuance under the Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions registered in the trade registry.

A.R.T.S. Ltd. is a "Structured Entity" which was established in November 1999 for the purpose of supplying long-term financing.

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:**

The Group's major derivative instruments consists of foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Bank classifies its derivative instruments as "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" in accordance with "IFRS 9 Financial Instruments" (IFRS 9).

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values.

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement. The basis on accounting of derivative instruments for hedging purposes are explained in Note XI of Section Four. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives have not been separated from its host contract and accounted under host contracts' accounting standards. As of 31 December 2020, the Group has no embedded derivative instruments (31 December 2019: None).

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**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, Group has started to calculate interest accrual on non-performing loans. Net book value of the non-performing loans (Gross Book Value – Expected Credit Loss) are rediscounted with effective interest rate and recognized with the gross book value of the non-performing loan.

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:**

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective interest rate method" and TFRS 15 "Revenue from Contracts with Customers" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Group categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortised Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

***Classification and measurement of financial assets***

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and interest.

***Assessment whether contractual cash flows are solely payments of principal and interest:***

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

The Group fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition, each financial asset will be classified as either fair value through profit or loss, amortised cost or fair value through other comprehensive income.

The Group recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

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When the business model determined by the Group management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In this case, no adjustment is made for the gain, loss or interest rates previously recognized in the financial statements.

**a. Financial assets at the fair value through profit or loss:**

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Group reviewed the valuation of financial assets and liabilities at fair value through profit / loss and as of the reporting date, there are no changes that would require any adjustments in fair value measurement as of 31 December 2020, due to the negative effects of the COVID-19 pandemic.

**b. Financial assets at fair value through other comprehensive income**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

"Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity instruments classified as financial assets at fair value through other comprehensive income are accounted at their fair values. Exceptionally, cost can be an appropriate estimation method in determining fair value. This is only possible if there is insufficient recent information on the measurement of fair value or if fair value can be measured by more than one method and the cost reflects the fair value estimate in the best way. In the case of using this method, the accumulated fair value differences will not be reflected in the income statement.

During initial recognition the Bank can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss. The Group reviewed the valuation of financial assets and liabilities at fair value through other comprehensive income and as of the reporting date, there are no changes that would require any adjustments in fair value measurement as of 31 December 2020, due to the negative effects of the COVID-19 pandemic.

**c. Financial assets measured at amortised cost:**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognized at acquisition cost including the transaction costs, which reflect the fair value of those instruments and subsequently recognized at amortised cost by using effective interest rate method. Interest income obtained from financial assets measured at amortised cost is accounted in income statement.

"Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two

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months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

**d. Derivative Financial Assets:**

The major derivative instruments utilized by the Group are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

Derivative financial instruments of the Group are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss".

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The principles for the recognition of derivative transactions intended for hedging purposes are disclosed in the note numbered XI of Section Four. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model. When inactive market conditions exist, observable inputs used in the determination of fair values are adjusted using appropriate assumptions and considering the volume and level of activity in the markets.

**e. Loans**

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortised cost using the "Effective Interest Rate (internal rate of return) Method".

1. Loans measured at amortised cost:

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

*Stage 1:*

For the financial assets at initial recognition or that, do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

*Stage 2:*

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined based on the instrument's lifetime expected credit losses.

*Stage 3:*

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

2. Loans measured at fair value through profit or loss:

Loans at fair value through profit and loss, terms of the contract for loans, if at certain dates it does not result in cash flows involving interest payments arising from the principal and principal balances, it is recorded at fair value and is subject to fair value assessment following the recognition. Gains and losses resulting from the valuation are included in profit/loss accounts.

In certain circumstances, restructuring or altering the contractual cash flows of a financial instrument may result in the disposal of the existing financial asset in accordance with TFRS 9. A revised financial asset is considered as a new financial asset when the

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change in the financial asset is once excluded from the financial statement and the revised financial asset is recognized in accordance with TFRS 9.

The Bank assesses whether the new financial asset contains solely payments of principal and interest when the new conditions for the instrument have determined that there are significant changes compared to the initial conditions in the relevant contracts.

In the event that the contractual conditions for the financial asset do not result in cash flows that include solely payments of principal and interest on certain dates, the related financial asset is recognized with its fair value and is subject to valuation.

***Significant increase in credit risk:***

If the credit risk of financial assets determined to be significantly increasing, afore-mentioned assets are transferred to the stage II. For stage I loans, expected loss (provision) amounts are calculated for 1-year and for stage II loans expected loss (provision) is calculated for the remaining life of the loan.

In addition, the key considerations in determining whether a significant increase in the credit risk of financial asset and transferring it to stage 2, but are not limited with these, the following;

- Past due date is 30 or more
- Restructuring of loans
- If the loan classified as under follow-up
- Assessment of significant increase in the probability of impairment based on rating notes.

However, with the decision of BRSA dated 23 March 2020 and numbered 8970, the entry limit for close monitoring due to the delay day has been moved from the 30th delay day to the 90th delay day as of 17 March 2020. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended until 30 June 2021. Although the Bank applies the aforementioned regulation of BRSA for the classification of loans, lifetime expected loss provision is reserved for loans with a delay of 30-90 days. The regulation change in question does not include loans with a delay of 90 days before 17 March 2020.

Definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from bank's internal rating-based credit rating models and probability of default on reporting date. If the loan's estimated probability of default on reporting date exceeds the threshold values determined, it is considered to be worsening of the probability of default.

**Definition of Default:**

The Bank considers that there is a default on the relevant debt in the following two cases:

1. Objective Default Definition: It means that the debt is overdue by more than 90 days. The definition of default, which is applicable to the Bank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days.

However, due to COVID-19, the "more than 90 days delay" condition used in the definition of default in accordance with the related legislation of BRSA started to be applied as "more than 180 days delay" as of 17 March 2020. Based on the BRSA decision numbered 9312 dated 8 December 2020, this period was extended until 30 June 2021.

With the aforementioned classification changes, the Bank allocates provisions for loans with a delay of 90-180 days in accordance with the requirements of TFRS 9 according to its own risk policies and models, which also evaluate the borrower's conditions.

2. Subjective Default Definition: It means the determination that the debt will not be paid. If it is determined that the borrower cannot fulfill its debts related to the loan, regardless of whether there is a balance in delay or the number of days of delay, the debtor is considered in default.

**Write-off Policy:**

Loans and provision ratio of a financial asset in the Bank, which have been completely write-off, do not have any expectation that it will be recovered, are applied in cases where these expectations are documented by legal means or are not classified under the 5th group and do not have reasonable expectations for recovery. It is a transaction applied to all 100% fraud and fraud-based follow-up accounts.



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Partial write-off transactions mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered from the financial statements.

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSS:**

The Group allocates impairment for expected loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Group recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

**Expected Credit Loss (ECL) Calculation – Input and Forecasting Methodologies**

Expected Credit Loss (ECL) is calculated as 12 months or lifetime, depending on whether there is a significant increase in credit risk after initial recognition or whether an asset is considered as a credit loss. Expected Credit Loss is calculated by using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components.

- Exposure at Default: Specifies the amount of risk that the borrower should pay in case of default. It is kept in the system by constantly calculated until the maturity of the borrower. The amount of extra risk that can be incurred in the event of default is included in the calculations by using the credit conversion rate (CCR) calculated for the irrevocable commitment products.

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower's credit risk.

- Loss Given Default (LGD): In case of default of the borrower, Loss Given Default has been calculated as dividing Expected Credit Loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance. Calculated LGD remains constant until its overdue.

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period. However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

Within the scope of TFRS 9, models of Probability of default (PD), Lost given default (LGD) and Exposure at default (EAD) have been developed. The models used by the IRB "(Internal Rating Based Approach)" are taken into account when creating these models. The models developed under TFRS 9 have a detailed segment structure. Loans that have similar characteristics are segmented in order to reflect the expected credit losses collectively in financial reports. When creating the segmentation structure, the following information of the loans is taken into consideration.

1. Customer type (retail or corporate / commercial)
2. Product type
3. IRB rating notes /scores
4. Customer credit performance
5. Collateral type
6. Collection Period
7. Exposure at default

In addition, in the calculation of Expected Credit Loss in accordance with TFRS 9, certain part of commercial and corporate loans are subject to individual assessment on a customer basis due to internal policies. This calculation is made by discounting the expected cash flows from the customer or the collateral sales to their present value with the effective interest rate.

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The Parent Bank reflected the possible effects of COVID-19 on its cash flow estimates in the calculation of the Expected Credit Loss provision for the loans it is subject to individual assessment, taking into account the reasonable and relevant information available. Sectoral risks are also considered within the scope of individual assessment.

Macro-economic indicators are taken into account in determining the PD component in the expected credit loss calculation. Macro-economic indicators vary on a product-by-product basis for individual products and on a segment basis for commercial products. Future macroeconomic forecasts are reflected in the ECLs using more than one scenario.

The risk parameters used in the TFRS 9 calculations include prospective macroeconomic information. While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicator of these estimation models are the Gross Domestic Product (GDP) growth rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

The ECL calculations are reviewed once a year. After the last review during the reporting period;

- There has been no change in the assumptions in estimation techniques. The macroeconomic model used in the process has been re-developed. The parameter estimates used in the macroeconomic model were updated.
- Model risk parameters and macroeconomic estimation models have been updated with recent data.
- The expected credit loss calculation is made by considering 3 different scenarios the best, the worst, and the base.

Within the scope TFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Bank moves the default rate calculated for each maturity up or down. The main parameters of default ratio model are macroeconomic variables and the provision figures change when prospective estimations are revised.

The PD values subject to the ECL calculation have been obtained for the following portfolios.

Consumer/Commercial	Portfolio
Retail	Consumer
Retail	Automotive
Retail	Mortgage
Retail	Credit Card
Retail	Overdraft Account
Commercial	Micro
Commercial	Company
Commercial	Commercial
Commercial	Corporate

In prospective expectations, 3 scenarios are being used as the base, the worst and the best. Final provisions are calculated by weighting on the possibilities given to the scenarios. Within the scope of the effects of COVID-19's Expected Credit Loss (ECL) calculations, the macro-economic model used in the process as of December 31, 2020 has been re-developed and the macroeconomic data used in the model has been updated in line with the most up-to-date estimates of the Economic Research Unit. The weight of the bad scenario was increased by decreasing the weight of the base scenario from 3 scenarios. As of December 31, 2020, cash flows expected to affect the effects of COVID-19 in loans evaluated individually have been updated and taken into account.

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

**X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:**

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Financial assets at fair value difference through other comprehensive income" and "Measured at amortised cost" in the

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balance sheet according to the investment purposes and measured according to the portfolio of the Bank to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective interest (internal return) method".

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from money market" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective interest rate method".

The Group has securities lending transactions amounting TL 618.534 as of 31 December 2020 (31 December 2019: TL 474.457).

**XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET):**

Assets held-for-sale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

The Group has no discontinued operations.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

The Group does not have any goodwill items that should be reflected in the consolidated financial statements.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Intangibles are amortised over three to fifteen years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

The Group has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment". The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

As of each reporting date, the Bank evaluates whether there is any indication that its assets may be impaired; If such indication exists, it estimates the recoverable amount of the related asset in accordance with TAS 36 - Impairment in Assets and if the recoverable amount is below the book value of the related asset, it reserves provision for impairment.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Buildings	50 years
Vault	5-50 years
Transportation Vehicles	5 years
Other property and equipments	3-15 years

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease its costs.

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**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Liabilities from Leasing" as a liability.

The Group performs financial leasing operations as a "Lessor" through Ak Finansal Kiralama A.Ş. which is a consolidated subsidiary. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method that reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

Transactions regarding operational agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:**

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the periodicity principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Group; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise in the Group, the asset and the related income are recognized in the financial statements in which the change occurs.

**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employment termination benefits and vacation rights:**

Obligations related to employment termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19").

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability. In accordance with TAS 19, actuarial gains and losses are recognized in equity.

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**b. Retirement Rights:**

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund") established in accordance with the Social Security Law numbered 506, temporary article No.20. The financial statements of the Pension Fund have been audited as of year-ends by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph ("the paragraph") 1 of the Banking Law No 5411 published in the Official Gazette no 25983 dated 1 November 2005 envisaged that Banks would transfer their pension funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The main opposition party had appealed to the Constitutional Court for the cancellation of some of the articles of the New Law including transfer of the Funds to the SSI on 19 June 2008. The Constitution Court has dismissed the appeal with the decision taken in the meeting dated 30 March 2011. The reasoned decision has been published in the Official Gazette numbered 28156 dated 28 December 2011.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly, the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. Within the postponement right granted to the Council of Ministers through the change in the first clause of the 20th provisional article of the "Social Insurance and General Health Insurance Law no. 5510" published on the Official Gazette no. 28227 dated 8 March 2012, the transfer process has been postponed for one more year with the decision of the Council of Ministers published on the Official Gazette no. 28987 dated 30 April 2014. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published in the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no.5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "President".

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

The Group has made a provision in the financial statements for the all technical deficit amounted TL 126.263 (31 December 2019: TL 38.125) determined by the report prepared by an actuary registered in the actuaries register. This amount has been classified as other provision item.

The consolidated affiliates do not have the above mentioned retirement benefit plans for their employees. The retirement related benefits of the employees of the consolidated affiliates are subject to the Social Security Institution and other defined contribution plans.

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**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current Tax:**

In Turkey, corporate tax rate is 20%. Corporate tax rate will be applied as 22% for a period of three years in 2018, 2019 and 2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The corporate tax rate is applied to tax base which is calculated by adding certain non deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that period. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the last day of the following fourth month after the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Current tax, related to items recognized directly in equity is also credited or charged directly to equity.

Information on taxation in foreign associates are given below:

**Akbank AG (Germany)**

German-resident corporations (i.e. corporations with legal or business centers located in Germany) are subject to corporate taxation in Germany over their total income. Regardless of any profit distribution corporate tax is levied at 15% over total income. Effective corporate tax rate is 15,825% since an additional solidarity tax of 5,5% is applied over the calculated corporate tax. In addition to that, trade income tax is applied on the basis of local governments. Akbank AG moved its headquarters from Frankfurt am Main to Eschborn as of June 2020, and the commercial income tax rate, which was applied at the level of 16% until 1 July 2020, decreased to 11.5% as of 1 July 2020. Accordingly, as of July 1, 2020, when all tax types (corporate tax, solidarity tax and commercial income tax) of Akbank AG are considered, the tax burden is at the level of 27.4%.

**b. Deferred Tax:**

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSB concerning income taxes.

In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. The Group calculated its deferred tax assets or liabilities over 20%, which is the tax rate that will be valid as of 2021, as of 31 December 2020 within the scope of TAS 12 and according to the tax law in force.

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Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

Calculated deferred tax receivables and deferred tax liabilities have shown in net balances in the financial statements separately for domestic and international branches and for different subsidiaries subject to consolidation. Net balances of deferred tax assets and liabilities from companies are shown separately in assets and liabilities.

Deferred tax, related to items recognized directly in equity is also credited or charged directly to equity.

**XIX. EXPLANATIONS ON BORROWINGS:**

Debt instruments with different characteristics such as syndicated and securitized borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Group. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

There is no share certificate issuance in 2020.

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 31 December 2020 and 31 December 2019, there is no government grant for the Bank.

**XXIII. EXPLANATIONS ON SEGMENT REPORTING:**

An operating segment is a component of an entity;

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Reporting according to the operational segments is presented in Note XIII of Section Four.

**XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION:**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital, but Holding companies are not subject to such transaction. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Parent Bank was held on 23 March 2020. In the General Assembly Meeting, it was decided to transfer the remaining amount of TL 5.177.468 to extraordinary reserves after allocating TL 240.000 of the unconsolidated net profit amounting to TL 5.417.468 from 2019 activities.



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**XXV. EARNINGS PER SHARE:**

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the related period concerned.

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Net Profit for the Period of the Group	6.259.625	5.352.325
Average Number of Issued Common Shares (Thousand)	520.000.000	500.602.740
<b>Earnings Per Share (Amounts presented as full TL)</b>	<b>0,01204</b>	<b>0,01069</b>

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

The number of rights issued in 2020: None (2019: 120.000.000.000).

**XXVI. RELATED PARTIES:**

Parties defined in Article 49 of the Banking Law No.5411 are deemed as related parties. Transactions with related parties are presented in Note VII of Section Five.

**XXVII. CASH AND CASH EQUIVALENT ASSETS:**

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

**XXVIII. RECLASSIFICATIONS:**

The Group made some classifications on cash flow statement dated 31 December 2019 to be in compliance with the presentation of financial statements dated 31 December 2020.

**XXIX. DISCLOSURES OF TFRS 16 LEASES:**

**TFRS 16 "Leases" Standard**

**Group – lessee :**

The Group assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Group reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

*Right of use assets:*

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) the amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) all initial direct costs incurred by the Group

When Group applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) Measures the restatement of the lease obligation at the restated cost.

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The group applies the provisions of depreciation regulated under the TMS 16 Tangible Assets Standards, while depreciating the rights of use assets.

*The Lease Obligations:*

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Group measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

Details based on the asset with regard to the recognised right of use is as follows:

	31 December 2020	31 December 2019
Real estate	756.191	852.500
<b>Total right of use assets</b>	<b>756.191</b>	<b>852.500</b>

Details of depreciation expense based on the asset with regard to the recognised right of use is as follows:

	31 December 2020	31 December 2019
Real estate	328.392	345.737
<b>Total right of use assets depreciation</b>	<b>328.392</b>	<b>345.737</b>

Lease agreements for vehicles and ATMs, which are determined as low value by the Bank with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 119.993 has been paid in the relevant period.

The right and obligation of the lessee to use assets classified as finance leases has been measured at the carrying amount of such assets before the transition period.

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**

**I. EXPLANATIONS ON EQUITY:**

Total capital amount and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". Additionally, calculated according to BRSA regulations dated 8 December 2020, numbered 9312. Based on recent regulation changes;

1) In calculating the amount subject to credit risk, the foreign exchange, which may be used the simple arithmetic average of the CBRT's purchase foreign exchange rates for the 252 weekdays before cut-off date, can be used while calculating the valued amounts in foreign currency.

2) If the net valuation differences of the securities held by banks in the portfolio of "Financial Assets at Fair Value through Other Comprehensive Income" are negative, these differences may not be taken into consideration in the equity amount.

As of 31 December 2020, taking into consideration the above-mentioned regulations, the current period equity of the Group has been calculated as TL 73.356.889 (31 December 2019: TL 63.110.300), and the capital adequacy ratio is 20,70% (31 December 2019: 19,66%). This ratio is above the minimum ratio required by the legislation.

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**a. Information about total consolidated capital items:**

	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014(*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7,014,871	
Share issue premiums	3,505,742	
Reserves	40,117,963	
Gains recognized in equity as per TAS	8,224,523	
Profit	6,851,198	
Current Period Profit	6,259,625	
Prior Period Profit	591,573	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	9,581	
Minorities' Share	182	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>65,724,060</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	194	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1,750,885	
Improvement costs for operating leasing	46,082	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	972,322	972,322
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>2,769,483</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>62,954,577</b>	

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	Current Period 31 December 2020	Amounts related to treatment before 1/1/2014(*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>62.954.577</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	6.604.755	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.798.015	
<b>Tier II Capital Before Deductions</b>	<b>10.402.770</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>10.402.770</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>73.357.347</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	458	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I and Tier II Capital)	73.356.889	
Total Risk Weighted Amounts	354.300.757	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	17,77%	
Tier 1 Capital Adequacy Ratio (%)	17,77%	
Capital Adequacy Ratio (%)	20,70%	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	4,58%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,08%	
c) Systemic significant bank buffer ratio (%)	2,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	9,77%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	23.532	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	6.354.158	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.798.015	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(\*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.014.871	
Share issue premiums	3.505.742	
Reserves	34.576.406	
Gains recognized in equity as per TAS	5.122.131	
Profit	6.120.251	
Current Period Profit	5.352.325	
Prior Period Profit	767.926	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	3.895	
Minorities' Share	159	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>56.343.455</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	86	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	1.279.788	
Improvement costs for operating leasing	41.222	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	778.469	778.469
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>2.099.565</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>54.243.890</b>	



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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties' share in the Additional Tier I capital	-	
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
<b>Transition from the Core Capital to Continue to deduct Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	-	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>54.243.890</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	5.328.000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Third parties' share in the Tier II Capital	-	
Third parties' share in the Tier II Capital (Temporary Article 3)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.540.059	
<b>Tier II Capital Before Deductions</b>	<b>8.868.059</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	<b>8.868.059</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>63.111.949</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	1.649	
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Deduct Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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	Prior Period 31 December 2019	Amounts related to treatment before 1/1/2014 (*)
<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I and Tier II Capital)	63.110.300	
Total Risk Weighted Amounts	320.975.502	
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	16,90%	
Tier 1 Capital Adequacy Ratio (%)	16,90%	
Capital Adequacy Ratio (%)	19,66%	
<b>BUFFERS</b>		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	4,57%	
a) Capital conservation buffer requirement (%)	2,50%	
b) Bank specific total common equity tier 1 capital ratio (%)	0,07%	
c) Systemic significant bank buffer ratio (%)	2,00%	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	8,90%	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	(701.240)	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	4.538.537	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3.540.059	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt Instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

(\*) Amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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**b. Information about instruments that will be included in total capital calculation:**

Current Period 31 December 2020	
<b>Details on Subordinated Liabilities:</b>	
Issuer	AKBANK T.A.Ş
Identifier(s) [CUSIP, ISIN vb.]	XS1574750292 / US00972BAB53
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital [Currency in mil, as of most recent reporting date]	3.709 million TL (in full TL amount)
Nominal value of instrument	3.709 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	15 March 2017
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 1 day [Maturity date: 16 March 2027]
Issuer call subject to prior supervisory [BRSA] approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 16.03.2022. The reimbursement amount is 3.709 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	7,2%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation ( instrument type immediately senior to the instrument )	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliances with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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**Current Period  
31 December 2020**

<b>Details on Subordinated Liabilities:</b>	
Issuer	AKBANK T.A.Ş.
Identifier(s) [CUSIP, ISIN vb.]	XS1772360803 / US00972BAC37
Governing law (s) of the instrument	Subject to British Common Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Debt Instruments Disclosure of the Capital Markets Board and the Regulation on Equities of Banks of the BRSA.
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated and Consolidated
Instrument type	Subordinated Liabilities (Securities)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.963 million TL (in full TL amount)
Nominal value of instrument	2.963 million TL (in full TL amount)
Accounting classification of the instrument	Subordinated Loans (347011 Accounting Number)
Issuance date of instrument	27 February 2018
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 Year 60 day (Maturity date: 27 April 2028)
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early repayment option on 27.04.2023. The reimbursement amount is 2.963 million TL (in full TL amount)
Subsequent call dates, if applicable	-
<b>Coupon/dividend payment</b>	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	6,8%
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
<b>Convertible or non-convertible into equity shares</b>	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	Due to the losses incurred, where the Bank is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that: (i) its operating license is to be revoked and the Bank is liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Bank, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders (occurrence of either condition means the issuer has become non-viable), or (iii) it is probable that the Issuer will become non-viable; then the bonds can be written-down.
If bond can be written-down, full or partial	Partially or fully
If bond can be written-down, permanent or temporary	Continuously
If temporary write-down, description of write-up mechanism	There are no any temporary write-up mechanisms.
Position in subordination hierarchy in case of liquidation ( instrument type immediately senior to the instrument )	In priority of receivables, it comes after the debt instruments which are non-subordinated loans.
In compliance with article number 7 and 8 of " Own fund regulation "	The instrument is in compliance with article number 8.
Details of incompliance with article number 7 and 8 of " Own fund regulation "	The instrument is not in compliant with article numbered 7.

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- c. The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from expected credit loss provisions arising from loans classified under stage I and stage II and subordinated loans. In the calculation of Total Capital, up to 1,25% of expected credit loss from stage 1 and stage 2 over the credit risk amount and subordinated loans with nominal amounts, by reducing 20% each year if the remaining maturity is 100% less than 5 year, are taken into consideration as Tier II Capital. Additionally, the losses reflected to equity under TAS which is subject to deduction from TIER I capital are determined by excluding the losses from cash flow hedging. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

**II. EXPLANATIONS ON CREDIT RISK:**

- a. Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

For daily treasury operations limit allocation and follow-up is performed by the Treasury Business Unit.

Credit worthiness of loan and other receivable debtors are watched regularly and in line with related regulations. In case of an increase in credit debtor's risk level credit limits are re-determined or additional guarantee is taken. For new credit accounts, account follow-up documents are taken in accordance with the related regulation.

The explanations on definition of overdue and impaired loans and information related to impairment and loan loss provisions are provided in Note X-c-4-a of Section Four.

<b>Risk Classifications</b>	<b>Current Period Risk Amount (*)</b>	<b>Average Risk Amount</b>
Conditional and unconditional receivables from central governments and Central Banks	131.468.243	132.598.407
Conditional and unconditional receivables from regional or local governments	172.173	87.201
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	412.674	384.171
Conditional and unconditional receivables from multilateral development banks	-	140.644
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	71.186.273	72.070.007
Conditional and unconditional receivables from corporate	225.280.198	199.652.567
Conditional and unconditional receivables from retail portfolios	120.182.822	109.381.031
Conditional and unconditional receivables secured by mortgages	19.325.782	20.222.517
Past due receivables	6.783.197	6.498.888
Receivables defined under high risk category by BRSA	634.643	456.351
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	1.643.066	658.442
Equity security investments	348.521	297.762
Other receivables	15.167.978	13.134.634
<b>Total</b>	<b>592.605.570</b>	<b>555.582.622</b>

(\*) The figures represent total risk amounts before Credit Risk Mitigation and before credit conversion factor.

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- b. Risk control limits exist that are placed against credit and market risk from of forward transaction and option agreements and other similar agreements. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.
- c. The risks of the forward, option and other similar type agreements are followed regularly and as deemed necessary based on the credit risk, the risks are tried to be minimized.
- d. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed according to Group's credit risk management and follow-up principles. Relevant customer's financial status and commercial operations are constantly analyzed and payment schedule is closely monitored by related business segment. Monitoring continues until the receivables from the loans are completely collected.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

- e. The Group's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Group as an active participant in the national and international banking market is not exposed to a significant credit risk concentration.

As seen in the Group's balance sheet, the ratio of loans under follow-up to total loans is as low as 6,3% (31 December 2019: 6,7% ).

- f. 1. The proportion of the Group's top 100 and 200 cash loan balances in total cash loans is 38% and 47% respectively (31 December 2019: 38% and 46%).
- 2. The proportion of the Group's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 62% and 75% (31 December 2019: 61% and 75%).
- 3. The proportion of the Group's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 22% and 28% respectively. (31 December 2019: 22% and 27%).
- g. The Bank provided expected credit loss provision (Stage 1 and Stage 2) amounting to TL 5.876.277 (31 December 2019: TL 4.067.766).

**h. Information on loan types and expected credit loss provisions:**

Current Period- 31.12.2020	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss	Balance	Expected Credit Loss
<b>Loans</b>	<b>213.382.680</b>	<b>13.773.709</b>	<b>43.313.101</b>	<b>1.571.173</b>	<b>22.537.452</b>	<b>1.230.180</b>	<b>5.582.850</b>	<b>394.453</b>	<b>284.816.083</b>	<b>16.969.515</b>
Stage 1	175.750.128	978.222	39.431.268	211.707	20.426.242	282.995	4.584.794	49.022	240.192.432	1.521.946
Stage 2	22.596.095	3.891.095	2.482.738	232.741	1.234.179	179.518	430.345	50.977	26.743.357	4.354.331
Stage 3	15.036.457	8.904.392	1.399.095	1.126.725	877.031	767.667	567.711	294.454	17.880.294	11.093.238
<b>Financial Assets</b>	<b>114.316.005</b>	<b>283.486</b>	-	-	-	-	-	-	<b>114.316.005</b>	<b>283.486</b>
<b>Other</b>	<b>14.935.139</b>	<b>69.540</b>	-	-	-	-	-	-	<b>14.935.139</b>	<b>69.540</b>
<b>Non-Cash Loans</b>	<b>51.435.652</b>	<b>492.436</b>	-	-	-	-	-	-	<b>51.435.652</b>	<b>492.436</b>
Stage 1 and 2	50.496.556	124.855	-	-	-	-	-	-	50.496.556	124.855
Stage 3	939.096	367.581	-	-	-	-	-	-	939.096	367.581
<b>Total</b>	<b>394.069.476</b>	<b>14.619.171</b>	<b>43.313.101</b>	<b>1.571.173</b>	<b>22.537.452</b>	<b>1.230.180</b>	<b>5.582.850</b>	<b>394.453</b>	<b>465.502.879</b>	<b>17.814.977</b>

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**i. Information on the expected credit loss of loans (\*\*\*):**

	Stage 1	Stage 2	Stage 3
<b>Opening (31 December 2019)</b>	<b>649.212</b>	<b>3.418.554</b>	<b>8.639.310</b>
Additions (*)	812.953	2.006.294	650.022
Disposals (**)	(242.522)	(994.097)	(470.437)
Effect of change in foreign exchange	61.203	404.039	-
Loans classified under Stage 1 in two periods (Model effect)	233.705	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	26.073	-	-
Transfers from Stage 1 to Stage 2 (Stating and balance change effect)	(39.217)	256.418	-
Loans classified under Stage 2 in two periods (Model effect)	-	405.454	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(62.298)	-
Transfers from Stage 2 to Stage 1 (Stating and balance change effect)	38.046	(104.929)	-
Transfers from Stage 1 to Stage 3	(17.507)	-	696.080
Transfers from Stage 2 to Stage 3	-	(437.260)	2.024.894
Loans classified under Stage 2 in two periods (Change in balance and model effect)	-	-	358.418
Write-offs	-	(537.844)	(805.049)
Sold Portfolio effect	-	-	-
<b>Closing (31 December 2020)</b>	<b>1.521.946</b>	<b>4.354.331</b>	<b>11.093.238</b>

(\*) Loans which are not included in the loan portfolio as of 31 December 2019 and included in the loan portfolio and calculated provisions as of 31 December 2020.

(\*\*) Loans which are included in the loan portfolio and calculated provisions as of 31 December 2019 but which are not included in the loan portfolio as of 31 December 2020.

(\*\*\*) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

**j. Information on movement of loans:**

	Stage 1	Stage 2	Stage 3	Total
<b>Opening (31 December 2019)</b>	<b>185.887.416</b>	<b>30.598.656</b>	<b>15.430.545</b>	<b>231.916.617</b>
Additions	80.849.275	3.884.216	1.886.697	86.620.188
Disposals	(45.063.797)	(5.436.102)	(1.901.534)	(52.401.433)
Sold portfolio	-	-	-	-
Write-offs	-	(537.844)	(805.049)	(1.342.893)
Transfers to Stage 1	2.853.905	(2.853.905)	-	-
Transfers to Stage 2	(2.076.410)	2.076.410	-	-
Transfers to Stage 3	(724.068)	(2.545.567)	3.269.635	-
Foreign exchange effect	18.466.111	1.557.493	-	20.023.604
<b>Closing (31 December 2020)</b>	<b>240.192.432</b>	<b>26.743.357</b>	<b>17.880.294</b>	<b>284.816.083</b>



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#### k. Information on debt securities, treasury bills and other eligible bills:

Current Period - 31 December 2020	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
<b>Moody's Rating</b>				
Aaa	-	2.164.729	-	<b>2.164.729</b>
Aa1, Aa2, Aa3	-	368.419	-	<b>368.419</b>
A1, A2, A3	-	132.687	-	<b>132.687</b>
Baa1, Baa2, Baa3	-	182.920	-	<b>182.920</b>
Ba1	-	94.248	-	<b>94.248</b>
Ba2	-	56.374	-	<b>56.374</b>
Ba3	19.470	1.323	-	<b>20.793</b>
B1, B2, B3	252.771	54.627.077	41.885.059	<b>96.764.907</b>
C and lower than C	3.941	-	-	<b>3.941</b>
NR	-	69.655	-	<b>69.655</b>
<b>Total</b>	<b>276.182</b>	<b>57.697.432</b>	<b>41.885.059</b>	<b>99.858.673</b>

Prior Period - 31 December 2019	Financial Assets at Fair Value Through P&L	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets Measured at Amortised Cost	Total
<b>Moody's Rating</b>				
Aaa	170.485	2.319.297	334.259	<b>2.824.041</b>
Aa1, Aa2, Aa3	-	275.375	-	<b>275.375</b>
A1, A2, A3	-	272.190	-	<b>272.190</b>
Baa1, Baa2, Baa3	-	132.165	-	<b>132.165</b>
Ba1	-	-	-	<b>-</b>
Ba2	-	-	-	<b>-</b>
Ba3	-	-	-	<b>-</b>
B1, B2, B3	137.668	64.078.364	15.240.599	<b>79.456.631</b>
<b>Total</b>	<b>308.153</b>	<b>67.077.391</b>	<b>15.574.858</b>	<b>82.960.402</b>

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I. Profile on significant risks in significant regions:

Current Period 31 December 2020	Risk Categories (*)																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Domestic	125,270,054	172,165	351,261	-	-	15,328,386	196,531,420	77,022,042	18,528,733	6,418,766	295,314	-	-	-	1,620,832	347,914	15,167,980
European Union																	
Countries	3,458,701	-	-	-	-	36,009,222	10,302,229	31,111	11,473	364,411	-	-	-	-	-	607	-
OECD Countries(**)	-	-	-	-	-	4,821,954	23,145	4,037	1,270	-	-	-	-	-	-	-	50,377,754
Off- Shore Regions	-	-	-	-	-	17,870	-	33	113	-	-	-	-	-	-	-	4,850,406
USA, Canada	2,049,943	-	-	-	-	5,734,954	99,872	3,291	1,095	3	-	-	-	-	-	-	18,016
Other Countries	487,425	-	-	-	-	648,982	545,069	15,047	217,774	20	-	-	-	-	-	-	7,889,158
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,914,317
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>131,466,123</b>	<b>172,165</b>	<b>351,261</b>	<b>-</b>	<b>-</b>	<b>62,561,368</b>	<b>207,501,735</b>	<b>77,075,561</b>	<b>18,740,458</b>	<b>6,783,200</b>	<b>295,314</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,620,832</b>	<b>348,521</b>	<b>15,167,980</b>
<b>522,104,518</b>																	
Prior Period 31 December 2019	Risk Categories (*)																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Domestic	91,717,587	46,956	67,698	-	-	17,779,105	166,660,994	62,043,382	18,274,516	6,424,337	121,833	-	-	-	309,776	241,585	11,470,950
European Union																	
Countries	3,314,123	-	-	125,617	-	28,477,684	9,122,925	20,687	16,018	366,875	-	-	-	-	-	607	-
OECD Countries(**)	-	-	-	-	-	1,316,943	59,401	5,292	2,048	-	-	-	-	-	-	-	41,444,536
Off- Shore Regions	-	-	-	-	-	195,389	35,709	57	171	-	-	-	-	-	-	-	1,383,684
USA, Canada	2,321,359	-	-	-	-	8,613,520	435	9,652	986	1	-	-	-	-	-	-	231,326
Other Countries	1	-	-	182,402	-	766,566	814,246	9,222	3,529	23	-	-	-	-	-	-	10,945,953
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,775,989
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>97,353,070</b>	<b>46,956</b>	<b>67,698</b>	<b>308,019</b>	<b>-</b>	<b>57,149,207</b>	<b>176,693,710</b>	<b>62,088,292</b>	<b>18,297,268</b>	<b>6,791,236</b>	<b>121,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309,776</b>	<b>242,192</b>	<b>11,470,950</b>
<b>430,940,207</b>																	

(\*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

- |    |   |     |  |
|----|---|-----|--|
| 1. | Conditional and unconditional receivables from central governments and Central Banks                | 9.  | Conditional and unconditional receivables secured by mortgages     |
| 2. | Conditional and unconditional receivables from regional or local governments                        | 10. | Past due receivables   |
| 3. | Conditional and unconditional receivables from administrative bodies and non-commercial enterprises | 11. | Receivables defined under high risk category by BRSA               |
| 4. | Conditional and unconditional receivables from multilateral development banks                       | 12. | Securities collateralized by mortgages                             |
| 5. | Conditional and unconditional receivables from international organizations                          | 13. | Securitization positions   |
| 6. | Conditional and unconditional receivables from banks and brokerage houses                           | 14. | Short-term receivables from banks, brokerage houses and corporates |
| 7. | Conditional and unconditional receivables from corporates   | 15. | Investments similar to collective investment funds                 |
| 8. | Conditional and unconditional receivables from retail portfolios                                    | 16. | Equity security transactions                                       |
|    |   | 17. | Other receivables  |

(\*\*) EU countries, OECD countries other than USA and Canada

(\*\*\*) Assets and liabilities that are not distributed according to a consistent principle



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Prior Period		Risk Classifications (*)																FC	Total
31 December 2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
Agricultural	-	-	-	-	-	-	55.629	291.397	76.017	12.616	101	-	-	-	-	-	-	40	435.760
Farming and raising livestock	-	-	-	-	-	-	27.206	212.570	52.540	9.341	27	-	-	-	-	-	-	40	301.684
Forestry	-	-	-	-	-	-	28.274	75.004	22.375	3.265	67	-	-	-	-	-	-	-	128.985
Fishing	-	-	-	-	-	-	149	3.823	1.102	10	7	-	-	-	-	-	-	-	5.091
Manufacturing	-	-	-	-	-	-	58.454.196	6.023.369	2.997.518	1.454.423	14.431	-	-	-	-	-	-	501.438	68.943.937
Mining	-	-	-	-	-	-	2.043.228	192.766	100.491	301.965	246	-	-	-	-	-	-	7.945	2.638.696
Production	-	-	-	-	-	-	35.342.204	5.699.240	2.824.952	658.513	7.596	-	-	-	-	-	-	479.570	44.532.505
Electricity, Gas, Water	-	-	-	-	-	-	21.048.764	131.343	72.075	493.945	6.589	-	-	-	-	-	-	13.923	21.772.736
Construction	-	-	63	-	-	-	29.986.489	2.114.850	2.228.573	2.203.993	75.727	-	-	-	-	-	-	62.653	36.615.695
Services	1.145	46.956	18.057	308.019	-	56.987.549	79.043.025	15.752.498	6.236.244	2.428.649	28.591	-	-	-	-	9.642	-	214.408	160.860.375
Wholesale and Retail Trade	-	-	83	-	-	-	23.504.697	12.637.745	3.825.132	1.159.565	23.779	-	-	-	-	-	-	146.864	41.151.001
Hotel,Food,Beverage Services	-	-	-	-	-	-	3.730.558	831.593	1.093.099	427.885	930	-	-	-	-	-	-	52.118	6.084.065
Transportation and Telecommunication	1.123	-	-	-	-	-	14.193.188	1.052.774	369.742	112.482	1.094	-	-	-	-	-	-	13.069	15.730.423
Financial Institutions	-	-	-	-	-	56.987.549	28.170.919	64.325	38.880	474.731	691	-	-	-	-	7.818	-	200	86.052.932
Real Estate and Lending Services	-	-	-	-	-	-	6.745.935	93.434	395.312	147.240	46	-	-	-	-	-	-	11	7.381.967
Self employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service	-	-	276	-	-	-	628.030	140.758	30.847	718	18	-	-	-	-	-	-	191	800.647
Education Service	22	-	551	-	-	-	321.140	240.401	155.596	68.367	411	-	-	-	-	-	-	67	786.488
Health and social	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	46.956	17.147	-	-	-	1.748.558	691.448	327.616	37.661	1.622	-	-	-	-	1.824	-	1.888	2.872.852
Services	97.351.925	-	49.578	-	-	161.658	9.154.371	37.906.178	6.758.916	685.555	2.983	-	-	-	309.776	232.550	11.470.950	164.037.212	47.228
Total	97.353.070	46.956	67.698	308.019	-	57.169.207	176.693.710	62.086.292	18.297.268	6.791.236	121.833	-	-	-	309.776	242.192	11.470.950	430.114.440	825.767

(\*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

1. Conditional and unconditional receivables from central governments and Central Banks

2. Conditional and unconditional receivables from regional or local governments

3. Conditional and unconditional receivables from administrative bodies and non-commercial enterprises

4. Conditional and unconditional receivables from multilateral development banks

5. Conditional and unconditional receivables from international organizations

6. Conditional and unconditional receivables from banks and brokerage houses

7. Conditional and unconditional receivables from corporates

8. Conditional and unconditional receivables from retail portfolios
9. Conditional and unconditional receivables secured by mortgages

10. Past due receivables

11. Receivables defined under high risk category by BRSA

12. Securities collateralized by mortgages

13. Securitization positions

14. Short-term receivables from banks, brokerage houses and corporates

15. Investments similar to collective investment funds

16. Equity security transactions

17. Other receivables

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**n. Term distribution of risks with term structure:**

31 December 2020 Risk Categories	Time to Maturity					Unallocated
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year	
Conditional and unconditional receivables from central governments and Central Banks	8.869.023	42.598.681	9.855.076	9.134.618	61.008.725	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	172.165	-
Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	17.870	70.011	114.177	24.592	124.611	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	19.384.707	4.788.681	7.904.331	3.958.303	26.525.346	-
Conditional and unconditional receivables from corporates	11.225.781	16.992.610	25.601.297	37.429.391	116.252.656	-
Conditional and unconditional receivables from retail portfolios	1.364.458	1.795.164	25.085.639	7.091.441	41.738.859	-
Conditional and unconditional receivables secured by mortgages	454.469	499.248	1.184.619	2.091.568	14.530.554	-
Past due receivables	-	-	-	-	-	6.783.200
Receivables defined under high risk category by BRSA	5.952	4.294	98.305	17.233	169.530	-
Securities collateralized by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	524.858	1.095.974	-	-	-	-
Equity security investments	348.521	-	-	-	-	-
Other Receivables	-	-	-	-	-	15.167.980
<b>Total</b>	<b>42.195.639</b>	<b>67.844.663</b>	<b>69.843.444</b>	<b>59.747.146</b>	<b>260.522.446</b>	<b>21.951.180</b>

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**o. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:**

Ratings given by Fitch Ratings are used in determining risk weight class of the counterparties. The ratings of Fitch Ratings are used for Banks and Corporate Receivables asset class and are limited to receivables that have counterparties abroad. If the risk weight class solely consists of receivables from central governments and central banks, the credit ratings of the countries are taken into account. Below are the Credit Quality Degrees corresponding to Fitch Ratings.

Ratings to be matched	Credit Quality Degrees	Fitch
Ratings of long-term credits	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
Ratings of short-term credits	1	F1+ and F1
	2	F2
	3	F3
	4	Below F3
	5	---
	6	---
Long-term securitization position ratings	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and below
Short-term securitization position ratings	1	F1+ and F1
	2	F2
	3	F3
	Others	F3 below
Matchings regarding collective investment institutes	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below

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**p. Risk amounts according to risk weights:**

31 December 2020	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted from Equity
<b>Risk Weights</b>														
Amount Before Credit Risk Mitigation	136.362.193	83.723	545.760	-	27.228.490	-	46.013.551	86.745.680	223.473.661	1.651.460	-	-	-	458
Amount After Credit Risk Mitigation	136.531.650	83.723	545.760	-	21.613.864	8.143.128	44.354.859	74.214.927	210.069.172	1.649.200	-	-	-	458

[\*] In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

**r. Miscellaneous information regarding important sectors or counterparty type (\*\*):**

31 December 2020 Sectors / Counterparties	Loans (*)		Provisions (*)
	Impaired		
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III / Specific Provision)	Expected Credit Loss Provisions
Agricultural	28.406	25.562	23.683
Farming and raising livestock	26.685	20.647	19.783
Forestry	1.568	4.897	3.871
Fishing	153	18	29
Manufacturing	4.970.653	3.057.125	2.933.996
Mining	53.761	500.789	232.563
Production	2.062.904	1.632.792	1.413.221
Electricity, Gas, Water	2.853.988	923.544	1.288.212
Construction	5.923.805	7.594.719	5.265.368
Services	2.929.352	4.786.850	3.338.625
Wholesale and Retail Trade	1.491.207	2.520.741	2.020.571
Hotel, Food, Beverage Services	582.237	736.217	281.841
Transportation and Telecommunication	219.255	132.627	126.429
Financial Institutions	4.202	1.090.046	616.989
Real Estate and Lending Service	99.271	90.116	96.232
Self Employment Service	13.329	4.124	5.473
Education Service	71.342	114.804	81.589
Health and social services	448.509	98.175	109.501
Other	12.891.141	2.416.038	3.885.897
<b>Total</b>	<b>26.743.357</b>	<b>17.880.294</b>	<b>15.447.569</b>

[\*] Breakdown of cash loans

[\*\*] The balances of loans at fair value profit or loss has not been included.

**s. Information related to impairment and loan loss provisions:**

31 December 2020	Opening balance	Provisions reserved during the period	Provision reversals	Other adjustments (*)	Closing balance
Stage 3 Provisions	8.639.310	3.806.251	[2.157.372]	805.049	11.093.238
Stage 1 and 2 Provisions	4.067.766	1.270.667	-	537.844	5.876.277

[\*] Presents the Write-Offs and Sales from Loans under Follow-up portfolio.



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**t. Risk involved in counter-cyclical capital buffer calculation:**

**31 December 2020**

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	260.025.068	7.494.446	267.519.514
Ireland	6.558.407	43.414	6.601.821
Holland	1.559.705	-	1.559.705
Great Britain	834.330	-	834.330
Russian Federation	820.436	-	820.436
Luxemburg	679.041	-	679.041
France	443.753	41.107	484.860
USA	412.478	182	412.660
Croatia	210.109	-	210.109
Egypt	105.183	-	105.183
Other	333.091	-	333.091

**III. EXPLANATIONS ON CURRENCY RISK**

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The ERC, taking into account the economic conditions and market developments, sets a limit for the size of a foreign exchange exposure. Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Parent Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	USD	EURO
Balance Sheet Evaluation Rate	TL 7,4194	TL 9,1164
1.Day bid rate	TL 7,4194	TL 9,1164
2.Day bid rate	TL 7,3405	TL 9,0079
3.Day bid rate	TL 7,4063	TL 9,0697
4.Day bid rate	TL 7,4738	TL 9,1370
5.Day bid rate	TL 7,5517	TL 9,2037

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD : TL 7,7138  
EURO : TL 9,3887

As of 31 December 2019;

	USD	EURO
Balance Sheet Evaluation Rate	TL 5,9200	TL 6,6397

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**Information related to Group's Currency Risk:**

The table below summarizes the Group's net foreign currency position, categorized by currency. Foreign currency indexed assets are classified as Turkish Lira assets according to the Uniform Chart of Accounts. In currency risk calculation, foreign currency indexed assets are considered as foreign currency items. In accordance with the "Communiqué on Calculation of Foreign Currency Net Position/Capital Standard Ratio by banks in stand-alone and consolidated basis"; prepaid expenses in assets and and shareholders' equity in liabilities are excluded in the currency risk calculation. Therefore, there are differences between the amounts of foreign currency denominated assets and liabilities demonstrated on the table below and the amounts on the balance sheet.

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<b>Current Period – 31 December 2020</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank (*)	17.494.677	23.266.567	2.516.447	<b>43.277.691</b>
Banks	3.601.136	7.482.174	1.320.528	<b>12.403.838</b>
Financial Assets at Fair Value through Profit or Loss	70.541	7.841.975	-	<b>7.912.516</b>
Interbank Money Market Placements	-	-	-	<b>-</b>
Financial Assets measured at other comprehensive income	4.616.068	28.251.236	1.586.516	<b>34.453.820</b>
Loans (**)	60.596.698	38.281.612	62.632	<b>98.940.942</b>
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	<b>-</b>
Financial assets measured at amortised cost	1.231.959	6.129.992	-	<b>7.361.951</b>
Hedging Derivative Financial Assets	-	-	12.998	<b>12.998</b>
Tangible Assets (Net)	36.733	17.799	-	<b>54.532</b>
Intangible Assets (Net)	5.247	9	-	<b>5.256</b>
Other Assets (***)	2.788.091	6.375.343	4.072	<b>9.167.506</b>
<b>Total Assets</b>	<b>90.441.150</b>	<b>117.646.707</b>	<b>5.503.193</b>	<b>213.591.050</b>
<b>Liabilities</b>				
Bank Deposits (****)	1.625.849	6.430.640	2.405.906	<b>10.462.395</b>
Foreign Currency Deposits (****)	59.198.667	92.710.618	21.785.555	<b>173.694.840</b>
Funds from Interbank Money Market	1.470.384	15.407.153	-	<b>16.877.537</b>
Borrowings	10.302.173	29.593.030	-	<b>39.895.203</b>
Marketable Securities Issued (Net) (*****)	92.203	18.219.500	-	<b>18.311.703</b>
Miscellaneous Payables	3.026.859	2.869.695	123.574	<b>6.020.128</b>
Hedging Derivative Financial Liabilities	156.928	858.251	-	<b>1.015.179</b>
Other Liabilities	1.831.580	1.551.988	28.222	<b>3.411.790</b>
<b>Total Liabilities</b>	<b>77.704.643</b>	<b>167.640.875</b>	<b>24.343.257</b>	<b>269.688.775</b>
<b>Net on Balance Sheet Position</b>	<b>12.736.507</b>	<b>(49.994.168)</b>	<b>(18.840.064)</b>	<b>(56.097.725)</b>
<b>Net off-Balance Sheet Position (*****)</b>	<b>(14.675.745)</b>	<b>57.816.372</b>	<b>18.840.769</b>	<b>61.981.396</b>
Financial Derivative Assets	28.010.596	109.314.635	21.223.764	<b>158.548.995</b>
Financial Derivative Liabilities	42.686.341	51.498.263	2.382.995	<b>96.567.599</b>
<b>Non-cash Loans</b>	<b>13.220.443</b>	<b>12.656.933</b>	<b>657.302</b>	<b>26.534.678</b>
<b>Prior Period – 31 December 2019</b>				
Total Assets	72.998.309	103.296.776	4.912.480	<b>181.207.565</b>
Total Liabilities	68.986.015	133.674.335	9.883.849	<b>212.544.199</b>
<b>Net on-Balance Sheet Position</b>	<b>4.012.294</b>	<b>(30.377.559)</b>	<b>(4.971.369)</b>	<b>(31.336.634)</b>
<b>Net off-Balance Sheet Position (*****)</b>	<b>(1.675.480)</b>	<b>30.698.654</b>	<b>4.940.754</b>	<b>33.963.928</b>
Financial Derivative Assets	37.973.894	85.934.310	7.222.087	<b>131.130.291</b>
Financial Derivative Liabilities	39.649.374	55.235.656	2.281.333	<b>97.166.363</b>
<b>Non-cash Loans</b>	<b>10.952.020</b>	<b>11.192.434</b>	<b>648.798</b>	<b>22.793.252</b>

(\*) Of the Cash Equivalents and Central Bank and Other FC, TL 2.173.647 (31 December 2019: TL 1.224.161) are precious metal deposit account in demand.

(\*\*) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 554.548 (31 December 2019: TL 936.478).

(\*\*\*) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 9.785 (31 December 2019: TL 17.794). Prepaid assets amounted TL 62.570 (31 December 2019: TL 62.849) is excluded in the financial statements.

(\*\*\*\*) Of Bank Deposits Other FC of the TL 22.911 (31 December 2019: TL 3.314) and the foreign currency deposits TL 17.561.462 (31 December 2019: TL 4.491.847) are precious metal deposit account in demand.

(\*\*\*\*\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*\*\*\*) Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

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**IV. EXPLANATIONS ON INTEREST RATE RISK:**

"Interest Rate Risk" can be defined as the impact of interest rate changes on interest-sensitive asset and liability items of both on and off-balance sheets of the Group. The ERC sets limits for the interest rate sensitivity of on and off-balance sheet items and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily transaction based reporting and analyses are made.

The Group manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short or long-term positions are applied actively.

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates)**

<b>Current Period - 31 December 2020</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents and Central Bank	2.627.707	-	-	-	-	45.048.614	<b>47.676.321</b>
Banks	28.207	1.118.581	-	-	-	11.264.425	<b>12.411.213</b>
Financial Assets at Fair Value Through Profit or Loss	16.862	20.202	7.426.015	107.610	48.403	1.560.320	<b>9.179.412</b>
Interbank Money Market Placements	488.547	-	-	-	-	-	<b>488.547</b>
Financial Assets at measured Fair Value Other Comprehensive Income	9.376.431	5.447.357	10.414.147	24.163.846	8.295.652	506.712	<b>58.204.145</b>
Loans (*)	75.512.873	34.422.911	71.705.957	78.477.567	6.688.433	18.008.342	<b>284.816.083</b>
Financial Assets measured at amortised cost	8.835.555	2.287.297	19.059.289	10.526.018	1.176.900	-	<b>41.885.059</b>
Other Assets (**)	6.800.115	10.969.403	7.649.016	3.875.756	127.935	(5.766.430)	<b>23.655.795</b>
<b>Total Assets</b>	<b>103.686.297</b>	<b>54.265.751</b>	<b>116.254.424</b>	<b>117.150.797</b>	<b>16.337.323</b>	<b>70.621.983</b>	<b>478.316.575</b>
<b>Liabilities</b>							
Bank Deposits	7.795.846	3.792.220	704.937	-	-	280.804	<b>12.573.807</b>
Other Deposits	134.522.966	32.469.410	11.968.798	8.870.972	1.085.209	91.027.845	<b>279.945.200</b>
Funds from Interbank Money Market	10.019.030	7.416.294	2.730.948	741.072	-	-	<b>20.907.344</b>
Miscellaneous Payables	1.947.451	2.340.060	1.247.428	227.435	-	7.238.271	<b>13.000.645</b>
Marketable Securities Issued (Net) (***)	3.013.848	2.526.286	1.082.283	8.996.764	10.390.107	15.343	<b>26.024.631</b>
Borrowings	13.819.271	20.707.922	4.445.398	1.290.023	-	-	<b>40.262.614</b>
Other Liabilities (****)	4.460.892	6.732.581	3.947.744	865.978	574.419	69.020.720	<b>85.602.334</b>
<b>Total Liabilities</b>	<b>175.579.304</b>	<b>75.984.773</b>	<b>26.127.536</b>	<b>20.992.244</b>	<b>12.049.735</b>	<b>167.582.983</b>	<b>478.316.575</b>
Balance Sheet Long Position	-	-	90.126.888	96.158.553	4.287.588	-	<b>190.573.029</b>
Balance Sheet Short Position	(71.893.007)	(21.719.022)	-	-	-	(96.961.000)	<b>(190.573.029)</b>
Off-balance Sheet Long Position	3.900.378	11.078.296	77.555	2.827.555	56.135	-	<b>17.939.919</b>
Off-balance Sheet Short Position	193.278	9.140	(8.572.053)	37.805	8.202	-	<b>(8.323.628)</b>
<b>Total Position</b>	<b>(67.799.351)</b>	<b>(10.631.586)</b>	<b>81.632.390</b>	<b>99.023.913</b>	<b>4.351.925</b>	<b>(96.961.000)</b>	<b>9.616.291</b>

(\*) Included lease receivables. Non-performing loans are shown in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(\*\*) Derivative financial assets and expected credit losses are classified under other assets.

(\*\*\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*\*\*) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

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Prior Period – 31 December 2019	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash Equivalents and Central Bank Banks	726.416	-	-	-	-	29.167.513	<b>29.893.929</b>
Financial Assets at Fair Value Through Profit or Loss	3.978.963	13.417	-	-	-	13.948.294	<b>17.940.674</b>
Interbank Money Market Placements	20.042	2.672	6.860.315	121.421	27.121	233.268	<b>7.264.839</b>
Financial Assets at Fair Value Other Comprehensive Income	21.263	44.857	-	-	-	-	<b>66.120</b>
Loans (***)	5.617.995	5.626.542	20.937.234	25.214.664	9.680.956	441.049	<b>67.518.440</b>
Financial Assets measured at amortised cost (Net)	64.889.342	24.291.100	51.365.711	69.302.548	6.506.434	15.561.482	<b>231.916.617</b>
Other Assets (****)	2.843.838	1.155.013	6.008.502	4.907.947	659.558	-	<b>15.574.858</b>
	5.442.631	6.180.818	4.844.638	2.885.880	1.066.276	(3.423.283)	<b>16.996.960</b>
<b>Total Assets</b>	<b>83.540.490</b>	<b>37.314.419</b>	<b>90.016.400</b>	<b>102.432.460</b>	<b>17.940.345</b>	<b>55.928.323</b>	<b>387.172.437</b>
<b>Liabilities</b>							
Bank Deposits	3.296.911	1.664.155	258.941	-	-	1.555.546	<b>6.775.553</b>
Other Deposits	132.490.853	33.970.761	11.311.844	7.469.389	980.691	51.713.242	<b>237.936.780</b>
Funds from Interbank Money Market	2.997.414	4.393.016	2.226.509	-	-	489.611	<b>10.106.550</b>
Miscellaneous Payables	891.208	1.363.963	1.111.225	176.860	2.155	5.607.451	<b>9.152.862</b>
Marketable Securities Issued (Net) (*)	4.474.181	1.136.751	246.560	4.878.114	8.182.873	-	<b>18.918.479</b>
Borrowings	11.396.262	20.443.056	1.883.764	1.028.179	85.220	-	<b>34.836.481</b>
Other Liabilities (**)	1.973.290	3.799.673	3.277.469	649.051	633.535	59.112.714	<b>69.445.732</b>
<b>Total Liabilities</b>	<b>157.520.119</b>	<b>66.771.375</b>	<b>20.316.312</b>	<b>14.201.593</b>	<b>9.884.474</b>	<b>118.478.564</b>	<b>387.172.437</b>
Balance Sheet Long Position	-	-	69.700.088	88.230.867	8.055.871	-	<b>165.986.826</b>
Balance Sheet Short Position	(73.979.629)	(29.456.956)	-	-	-	(62.550.241)	<b>(165.986.826)</b>
Off-balance Sheet Long Position	6.118.715	8.950.376	-	1.876.541	921.275	-	<b>17.866.907</b>
Off-balance Sheet Short Position	(37.065)	(14.222)	(7.849.822)	-	-	-	<b>(7.901.109)</b>
<b>Total Position</b>	<b>(67.897.979)</b>	<b>(20.520.802)</b>	<b>61.850.266</b>	<b>90.107.408</b>	<b>8.977.146</b>	<b>(62.550.241)</b>	<b>9.965.798</b>

(\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

(\*\*\*) Included lease receivables. Non-performing loans are shown in the "non-interest bearing" column. Interest rediscount started to be calculated for non-performing loans as of 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.

(\*\*\*\*) Derivative financial assets and expected credit losses are classified under other assets.

**b. Average interest rates for monetary financial instruments (%):**

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

Current Period – 31 December 2020	EURO	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents and Central Bank Banks	-	-	-	12,00
Financial Assets at Fair Value Through Profit or Loss	0,47	0,54	-	17,36
Interbank Money Market Placements	3,36	5,80	-	14,92
Financial Assets at Fair Value Other Comprehensive Income	-	-	-	17,97
Loans	2,92	5,20	3,09	12,75
Financial Assets measured at amortised cost	3,78	5,15	7,69	13,21
	1,70	5,86	-	12,18
<b>Liabilities</b>				
Bank Deposits (**)	0,72	1,83	-	16,30
Other Deposits (**)	0,31	1,27	-	12,07
Funds from Interbank Money Market	-	1,14	-	16,62
Miscellaneous Payables	-	0,09	-	-
Marketable Securities Issued (Net) (*)	4,00	6,22	-	10,38
Borrowings	2,07	2,42	-	11,22

(\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*) Demand deposit balances are included in average interest rate calculation.

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<b>Prior Period – 31 December 2019</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>				
Cash Equivalents and Central Bank	-	-	-	10,00
Banks	0,03	1,41	-	10,70
Financial Assets at Fair Value Through Profit or Loss	0,90	5,62	-	11,17
Interbank Money Market Placements	-	-	-	11,78
Financial Assets at Fair Value Other Comprehensive Income	2,70	5,20	3,09	14,14
Loans	4,45	6,88	7,19	15,47
Financial Assets measured at amortised cost	3,46	5,22	-	14,74
<b>Liabilities</b>				
Bank Deposits (**)	0,05	2,15	-	9,43
Other Deposits (**)	0,36	1,70	-	8,42
Funds from Interbank Money Market	0,21	2,34	-	9,64
Miscellaneous Payables	-	2,16	-	-
Marketable Securities Issued (Net) (*)	4,00	5,68	-	12,14
Borrowings	2,11	4,08	-	13,12

(\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*) Demand deposit balances are included in average interest rate calculation.

**V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES:**

The Bank doesn't have any subsidiaries and affiliates that are traded on the "BIST".

**VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO:**

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. Liquidity risk arises from situations in which the Bank is unable to meet the cash outflows with its cash sources and borrowing opportunities over collateralizing marketable securities, in case of sudden fund withdrawals by the individual/institutional funders of the Bank.

**a) Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:**

The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet Bank's liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has capacity to meet a high risk with broad and stable deposit, strong base capital structure and diversified foreign borrowing sources and is capable of providing additional liquidity with high quality liquid securities in its portfolio and available limits at both the Central Bank of Turkey and other Money markets.

Management of liquidity risk is shared by the ERC, ALCO, Treasury Department and Risk Management Department. The ERC determines the liquidity management policies and the appropriate liquidity risk level in line with the Bank's risk appetite and monitors whether the liquidity risk is managed under the framework of determined policies and within the defined limits.

The different categories of defined limits are;

- Limits related to wholesale funding sources,
- Limits related to liquid asset buffer,
- Limits related to the cash inflows coverage capacity to cash outflows,
- Limits related to cash outflow coverage capacity in the stress environment.

ALCO takes decision to use alternative funding sources, pricing of obtained funds and granted loans, and other decisions of Daily liquidity management. Treasury Department ensures that the Bank meets its short, middle and long term liabilities, with the transactions made in accordance with ALCO decisions order to utilize excess funding or close the funding gap, occurring on foreign currencies or maturity terms. Risk Management Department measures and monitors the liquidity risk, with the reports prepared and analyses made, and informs the top management. Liquidity risk reporting consists of periodic and special purpose reports prepared to be discussed in the ERC and ALCO meetings, stress tests, scenario analyses, risk limit compliance reports and legal liquidity reports.

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**b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries:**

Each of the Bank's subsidiaries within the consolidation scope manages its own liquidity. Nevertheless, there are defined limits related to the funding amount that the Bank will provide to a subsidiary, in case of liquidity issues. Cumulative liquidity gap resulted in stress scenarios of subsidiaries, should not exceed the fund limits provided by the Bank.

**c) Information on the Bank's funding strategy including the policies on funding types and variety of maturities:**

The Bank targets to obtain additional funding sources besides the strong capital structure, from the most possible diversified, long term stable sources, considering cost factors. In this direction, concentration ratios such as share of retail funding sources in total funding sources, share of deposits of high amount in total deposits, share of borrowings made from the market in total market volume are monitored and limited with the applied risk limits. Treasury Unit performs necessary work to obtain long term foreign funding.

**d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities:**

Almost all of the Bank's liabilities are in TL, USD or EUR currencies and TL funds comprise of mainly equity and deposits. The Bank's liquidity in TL is managed with repurchase agreements made at CBRT/BIST using high quality securities owned by the Bank. Together with keeping the main purpose as using liabilities in TL in funding assets in TL, foreign currency liabilities are used in creating assets in TL using foreign exchange swaps, when necessary. Liquidity management is performed in the scope of internal risk limits, such as short term borrowing limits from markets determined by the Bank, market concentration limits, liquidity stress scenario, and cumulative liquidity gap.

Foreign currency funds are obtained through foreign exchange deposit accounts, foreign based, foreign currency loans, securities issued and repurchase agreements. Foreign currency liquidity management is performed using internal risk limits defined for liquidity buffer kept at correspondent banks and monitored daily in the scope of the Bank's risk limits, and cumulative gap in the scope of liquidity stress scenario, and other risk limits defined for wholesale funding and concentration. The Bank has available foreign currency borrowing limits at CBRT/BIST and other banks.

**e) Information on liquidity risk mitigation techniques:**

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposit.

**f) Information on the use of stress tests:**

In cases of negative conditions such as an impairment in the securities in the Bank's portfolio, inability to replace short and long term borrowings, fast cash outflow, increase in non-performing loan ratio, high margin calls, the extent and duration of sufficient liquidity is analyzed by the stress tests made by the Risk Management Department. Risk limits determined according to analysis results exist within the Bank. It is ensured that the necessary actions are taken by sharing the analysis results and risk limit compliance status with the ALCO, ERC and related business units. Considering the negative economic general impact caused by the COVID-19 pandemic, it is aimed to measure the liquidity vulnerabilities that may arise by performing different scenario analyzes with using stress tests which are already part of the risk management process. The effects of cash inflows and outflows under different stress scenarios have been studied and evaluated.

**g) General information on urgent and unexpected liquidity situation plans:**

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed every year by the ERC. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. In case one or several emergency situations occur, Bank's Liquidity Contingency Plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.



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**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>Current Period - 31 December 2020</b>					
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			94.323.115	54.937.446
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	197.692.680	117.924.753	18.270.258	11.792.475
3	Stable deposits	29.980.213	-	1.499.011	-
4	Less stable deposits	167.712.467	117.924.753	16.771.247	11.792.475
Unsecured Funding other than Retail and Small Business					
5	Customers Deposits	93.965.339	63.913.035	51.369.973	35.573.074
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	83.052.766	57.396.025	41.839.841	29.056.304
8	Other Unsecured Funding	10.912.573	6.517.010	9.530.132	6.516.770
9	Secured funding			1.174.897	1.174.897
10	Other Cash Outflows	21.413.142	24.692.260	12.060.275	16.674.526
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	11.033.977	15.803.687	11.033.977	15.803.687
12	Debts related to the structured financial products	11.075	-	11.075	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.368.090	8.888.573	1.015.223	870.839
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	934.540	-	46.727	-
15	Other irrevocable or conditionally revocable commitments	68.586.120	15.629.187	3.429.306	781.459
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>86.351.436</b>	<b>65.996.431</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	3.679.842	-	-	-
18	Unsecured Lending Transactions	45.843.762	18.378.084	37.791.900	16.645.865
19	Other contractual cash inflows	6.322.324	27.776.566	6.316.216	27.775.443
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>55.845.928</b>	<b>46.154.650</b>	<b>44.108.116</b>	<b>44.421.308</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>94.323.115</b>	<b>54.937.446</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>42.243.320</b>	<b>21.575.123</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>223,29</b>	<b>254,63</b>

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

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Prior Period - 31 December 2019		Rate of "Percentage to be taken into account" not Implemented Total value (*)		Rate of "Percentage to be taken into account" Implemented Total value (*)	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	High quality liquid assets			83.535.258	41.642.153
<b>CASH OUTFLOWS</b>					
2	Retail and Customers Deposits	152.652.860	84.738.337	13.890.847	8.473.834
3	Stable deposits	27.488.793	-	1.374.440	-
4	Less stable deposits	125.164.067	84.738.337	12.516.407	8.473.834
5	Unsecured Funding other than Retail and Small Business Customers Deposits	81.052.521	51.835.815	43.041.388	27.745.563
6	Operational deposits	-	-	-	-
7	Non-Operational Deposits	72.591.635	47.764.774	35.863.380	23.674.808
8	Other Unsecured Funding	8.460.886	4.071.041	7.178.008	4.070.755
9	Secured funding	-	-	516.999	516.999
10	Other Cash Outflows	84.495.600	52.940.846	75.358.359	44.411.019
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	74.337.000	43.465.453	74.337.000	43.465.453
12	Debts related to the structured financial products	10.370	-	10.370	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	10.148.230	9.475.393	1.010.989	945.566
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	1.004.640	-	50.232	-
15	Other irrevocable or conditionally revocable commitments	56.299.127	10.556.620	2.814.956	527.831
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>135.672.781</b>	<b>81.675.246</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	966.384	345.242	-	-
18	Unsecured Lending Transactions	31.041.817	14.265.302	22.930.327	12.931.479
19	Other contractual cash inflows	70.538.222	52.746.269	70.537.808	52.746.244
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>102.546.423</b>	<b>67.356.813</b>	<b>93.468.135</b>	<b>65.677.723</b>
				<b>Upper limit applied amounts</b>	
<b>21</b>	<b>TOTAL HQLA STOCK</b>			<b>83.535.258</b>	<b>41.642.153</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>42.204.646</b>	<b>20.418.811</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>198,10</b>	<b>204,05</b>

(\*) Simple arithmetic average calculated for the last three months of values calculated by taking the simple arithmetic average was used for calculating the average in last days of the related last three months.

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, corporate deposits, bank deposits, foreign funds and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

Periodic increases are observed in the liquidity coverage ratio during the weeks where the foreign currency reserve option is used in reserve requirements in CBRT, high amounts are maintained in bank placements or repurchase agreement volume decreases, on the other hand, fluctuations may occur in the liquidity coverage ratio during the weeks where the share of corporate or bank funds increase, or long term foreign funds which are replaced when due, such as syndicated loans are due in one month. Despite these fluctuations, it is observed that the ratio does not decrease below 209% during the period and remain at a quite higher level than the legal lower limit.

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Although the derivative transactions create net cash flow of small amount in terms of total liquidity coverage ratio, fluctuations in foreign currency derivative transactions, especially in foreign exchange swaps cause the foreign currency liquidity coverage ratio to be affected.

The Bank's high quality liquid assets mainly comprise of CBRT accounts by 42% and securities issued by Treasury of Republic of Turkey by 48%. Funding sources are mainly distributed between individual and retail deposits by 64%, corporate deposits by 22%, borrowings from banks by 4% and collateralized borrowings such as repurchase agreements by 6%.

Cash outflow amounting to TL 1.953 million is calculated based on the change of margin call amounts of derivative transactions and repurchase agreements during the last 2 years.

Akbank AG, part of the consolidation group and has an effect on liquidity coverage ratio in respect of its size, is subject to legal liquidity ratio projected by regulatory authority situated in its business location. In respect of its long term deposit insurance and borrowing structure which is hard to withdraw before maturity because of legal regulations, consolidated liquidity coverage ratio is higher than unconsolidated ratio.

In accordance with the "Regulation On Calculation of Bank's Liquidity Coverage Ratio", published in Official Gazette no. 28948, dated 21 March 2014, liquidity coverage ratio is calculated for the last three months are presented below.

	<b>Current Period - 31 December 2020</b>	
	<b>TL+FC</b>	<b>FC</b>
October	209,16	229,25
November	239,61	281,26
December	223,66	257,43
<b>Prior Period - 31 December 2019</b>		
	<b>TL+FC</b>	<b>FC</b>
October	195,97	222,89
November	194,26	205,87
December	204,07	183,38

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**Breakdown of assets and liabilities according to their outstanding maturities:**

Current Period – 31 December 2020	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Unallocated	Total
<b>Assets</b>								
Cash Equivalents and Central Bank	24.841.249	22.771.976	63.096	-	-	-	-	<b>47.676.321</b>
Banks	11.264.425	28.207	1.118.581	-	-	-	-	<b>12.411.213</b>
Financial Assets at Fair Value Through Profit or Loss	1.560.320	16.393	15.941	7.428.920	109.435	48.403	-	<b>9.179.412</b>
Interbank Money Market Placements	-	488.547	-	-	-	-	-	<b>488.547</b>
Financial Assets measured at other comprehensive income	506.712	3.100.740	1.402.377	4.843.979	38.802.077	9.548.260	-	<b>58.204.145</b>
Loans (*)	128.049	55.434.659	27.255.824	67.007.590	93.682.182	23.427.486	17.880.293	<b>284.816.083</b>
Financial Assets measured at amortised cost	-	-	1.309.410	15.434.265	18.779.766	6.361.618	-	<b>41.885.059</b>
Other Assets (**)	2.686.155	1.314.151	3.565.714	5.712.041	11.138.189	7.026.271	(7.786.726)	<b>23.655.795</b>
<b>Total Assets</b>	<b>40.986.910</b>	<b>83.154.673</b>	<b>34.730.943</b>	<b>100.426.795</b>	<b>162.511.649</b>	<b>46.412.038</b>	<b>10.093.567</b>	<b>478.316.575</b>
<b>Liabilities</b>								
Bank Deposits	280.804	7.795.846	3.792.220	704.937	-	-	-	<b>12.573.807</b>
Other Deposits	91.027.845	134.522.966	32.381.372	12.011.180	8.916.628	1.085.209	-	<b>279.945.200</b>
Borrowings	-	314.521	1.884.521	20.414.317	16.499.700	1.149.555	-	<b>40.262.614</b>
Funds from Interbank Money Market	-	7.793.205	2.747.527	2.302.403	5.872.637	2.191.572	-	<b>20.907.344</b>
Marketable Securities Issued (Net) (***)	-	3.029.191	2.526.285	1.082.283	8.996.765	10.390.107	-	<b>26.024.631</b>
Miscellaneous Payables	1.276.831	1.223.429	873.858	395.793	2.275.550	993.745	5.961.439	<b>13.000.645</b>
Other Liabilities (****)	1.679.872	4.786.804	2.599.255	1.712.679	6.639.759	3.410.836	64.773.129	<b>85.602.334</b>
<b>Total Liabilities</b>	<b>94.265.352</b>	<b>159.465.962</b>	<b>46.805.038</b>	<b>38.623.592</b>	<b>49.201.039</b>	<b>19.221.024</b>	<b>70.734.568</b>	<b>478.316.575</b>
<b>Net Liquidity Excess / (Gap)</b>	<b>(53.278.442)</b>	<b>(76.311.289)</b>	<b>(12.074.095)</b>	<b>61.803.203</b>	<b>113.310.610</b>	<b>27.191.014</b>	<b>(60.641.001)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(1.211.272)	(15.662)	3.174.289	4.405.896	3.263.040	-	<b>9.616.291</b>
Financial Derivative Liabilities	-	68.673.800	54.345.993	46.822.858	86.707.425	55.643.891	-	<b>312.193.967</b>
<b>Non-cash Loans (*****)</b>	<b>-</b>	<b>1.704.272</b>	<b>1.110.275</b>	<b>11.024.630</b>	<b>13.213.186</b>	<b>24.383.289</b>	<b>-</b>	<b>51.435.652</b>
<b>Prior Period – 31 December 2019</b>								
Total Assets	32.972.010	69.085.728	27.809.350	67.776.171	139.574.675	38.806.574	11.147.929	<b>387.172.437</b>
Total Liabilities	54.407.710	144.425.586	40.733.782	29.516.191	38.378.017	17.648.174	62.062.977	<b>387.172.437</b>
<b>Net Liquidity Excess/ (Gap)</b>	<b>(21.435.700)</b>	<b>(75.339.858)</b>	<b>(12.924.432)</b>	<b>38.259.980</b>	<b>101.196.658</b>	<b>21.158.400</b>	<b>(50.915.048)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>461.971</b>	<b>525.869</b>	<b>210.967</b>	<b>5.920.462</b>	<b>2.846.529</b>	<b>-</b>	<b>9.965.798</b>
Financial Derivative Assets	-	57.483.288	27.843.540	44.927.036	94.048.788	56.042.115	-	<b>280.344.767</b>
Financial Derivative Liabilities	-	57.021.317	27.317.671	44.716.069	88.128.326	53.195.586	-	<b>270.378.969</b>
<b>Non-cash Loans (*****)</b>	<b>-</b>	<b>2.447.214</b>	<b>203.957</b>	<b>6.506.926</b>	<b>12.239.893</b>	<b>21.301.035</b>	<b>-</b>	<b>42.699.025</b>

(\*) Included lease receivables. The non-performing loans is presented "Unallocatable" column.

(\*\*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, derivative financial assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are shown in this column. Expected credit losses are included.

(\*\*\*) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.

(\*\*\*\*) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

(\*\*\*\*\*) Amounts related to Letters of Guarantee represent contractual maturity and related amounts. Amounts are demand and can be withdrawn optional.

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**Breakdown of liabilities due to their remaining contractual maturities:**

Current Period - 31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposits	234.282.330	36.488.594	13.015.644	9.246.901	1.084.694	<b>294.118.163</b>
Funds borrowed from other financial institutions	271.663	2.064.928	21.006.789	17.474.264	1.219.691	<b>42.037.335</b>
Funds from interbank money market	7.825.970	2.757.508	2.347.112	5.934.481	2.279.832	<b>21.144.903</b>
Marketable Securities Issued	3.066.160	2.694.593	1.989.037	13.258.152	11.517.157	<b>32.525.099</b>

Prior Period - 31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
<b>Liabilities</b>						
Deposits	200.503.743	24.704.573	11.813.403	7.838.529	1.042.921	<b>245.903.169</b>
Funds borrowed from other financial institutions	408.290	2.902.877	14.913.116	16.061.358	3.884.442	<b>38.170.083</b>
Funds from interbank money market	1.212.743	681.306	2.368.909	4.455.719	1.877.196	<b>10.595.873</b>
Marketable Securities Issued	4.505.109	1.359.997	673.624	6.451.999	9.075.598	<b>22.066.327</b>

**Breakdown of derivative instruments due to their remaining contractual maturities:**

Current Period - 31 December 2020	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
<b>Derivatives held for trading</b>					
Foreign exchange derivatives:					
– Inflow	62.640.216	50.476.489	27.675.738	28.388.285	4.961.750
– Outflow	(68.099.978)	(60.590.019)	(28.843.219)	(27.877.974)	(4.659.973)
Interest rate derivatives:					
– Inflow	152.797	553.036	1.069.659	1.895.247	907.310
– Outflow	(136.947)	(577.404)	(979.965)	(1.689.159)	(814.875)
<b>Derivatives held for hedging</b>					
Foreign exchange derivatives:					
– Inflow	2.306.351	3.907.725	4.524.790	4.922.960	8.231.710
– Outflow	(2.221.126)	(2.676.210)	(3.107.033)	(5.641.826)	(6.923.534)
Interest rate derivatives:					
– Inflow	104.751	253.873	650.767	1.678.808	745.341
– Outflow	(119.225)	(347.027)	(962.957)	(2.417.487)	(1.009.045)
<b>Total Inflow</b>	<b>65.204.115</b>	<b>55.191.123</b>	<b>33.920.954</b>	<b>36.885.300</b>	<b>14.846.111</b>
<b>Total Outflow</b>	<b>(70.577.276)</b>	<b>(64.190.660)</b>	<b>(33.893.174)</b>	<b>(37.626.446)</b>	<b>(13.407.427)</b>

Prior Period - 31 December 2019	Up to 1 month	1-3 months	3-12 months	1-5 years	5 Years and Over
<b>Derivatives held for trading</b>					
Foreign exchange derivatives:					
– Inflow	55.018.176	43.705.762	34.753.796	39.514.897	4.701.585
– Outflow	(54.997.273)	(41.973.311)	(39.769.422)	(39.770.648)	(4.522.721)
Interest rate derivatives:					
– Inflow	13.350	184.023	744.424	1.590.564	674.261
– Outflow	(16.355)	(200.297)	(675.078)	(1.472.805)	(619.052)
<b>Derivatives held for hedging</b>					
Foreign exchange derivatives:					
– Inflow	1.060.768	1.652.945	1.219.583	10.321.428	6.065.938
– Outflow	(470.411)	(1.506.372)	(1.626.145)	(8.640.972)	(6.010.963)
Interest rate derivatives:					
– Inflow	21.047	133.207	350.615	956.601	330.112
– Outflow	(10.645)	(155.872)	(543.770)	(1.460.712)	(606.412)
<b>Total Inflow</b>	<b>56.113.341</b>	<b>45.675.937</b>	<b>37.068.418</b>	<b>52.383.490</b>	<b>11.771.896</b>
<b>Total Outflow</b>	<b>(55.494.684)</b>	<b>(43.835.852)</b>	<b>(42.614.415)</b>	<b>(51.345.137)</b>	<b>(11.759.148)</b>

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**VII. EXPLANATIONS ON LEVERAGE RATIO:**

**a. Information on subjects that causes difference in leverage ratio between current and prior periods:**

As of 31 December 2020, the leverage ratio of the Group calculated from 3 months average amounts is 10,10% (31 December 2019: 10,71%). This ratio is above the minimum ratio which is 3%.

**b. Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:**

		<b>Current Period 31 December 2020 (**)</b>	<b>Prior Period 31 December 2019 (**)</b>
1	Total assets in the consolidated financial statements prepared in accordance with TAS (*)	498.189.391	387.775.601
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	(253.000)	(143.000)
3	Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	4.804.212	4.931.013
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(35.080.452)	(13.855.418)
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.497.887)	(1.222.119)
6	Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	142.201.626	121.029.921
7	Total Risk	608.363.890	498.515.998

(\*) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(\*\*) Three months average values in the related periods.

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**c. Disclosure of Leverage ratio template:**

		<b>Current Period 31 December 2020 (*)</b>	<b>Prior Period 31 December 2019 (*)</b>
	<b>Balance sheet Assets</b>		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	470.896.975	369.924.352
2	[Assets deducted from Core capital]	-	-
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	470.896.975	369.924.352
	<b>Derivative financial assets and credit derivatives</b>		
4	Cost of replenishment for derivative financial assets and credit derivatives	15.100.108	12.695.680
5	Potential credit risk amount of derivative financial assets and credit derivatives	4.804.212	4.931.013
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	19.904.320	17.626.693
	<b>Financing transactions secured by marketable security or commodity</b>		
7	Risk amount of financing transactions secured by marketable security or commodity	5.858.367	1.841.829
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	5.858.367	1.841.829
	<b>Off-balance sheet transactions</b>		
10	Gross notional amount of off-balance sheet transactions	113.202.115	110.345.243
11	(Correction amount due to multiplication with credit conversion rates)	(1.497.887)	(1.222.119)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	111.704.228	109.123.124
	<b>Capital and total risk</b>		
13	Core Capital	61.394.635	53.368.506
14	Total risk amount (sum of lines 3, 6, 9 and 12)	608.363.890	498.515.998
	<b>Leverage ratio</b>		
15	Leverage ratio	10,10	10,71

(\*) Three months average values.

**VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:**

**a. Calculations of financial assets and liabilities at their fair values:**

The fair values of financial assets measured at amortised cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand deposit represents the amount to be paid upon request. The fair value of the overnight deposit represents the carrying value. The expected fair value of the fixed rate deposit is calculated by discounted cash flow with the use of the market interest rates of similar liabilities and loans.

The fair value of marketable securities issued is calculated according to broker price quotations and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.



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	Carrying Value		Fair Value	
	Current Period 31 December 2020	Prior Period 31 December 2019	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Financial Assets</b>	<b>397.805.047</b>	<b>333.016.709</b>	<b>412.780.869</b>	<b>337.865.171</b>
Interbank Money Market Placements	488.547	66.120	488.319	66.120
Banks	12.411.213	17.940.674	12.411.681	17.861.462
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	58.204.145	67.518.440	58.204.145	67.518.440
Financial Assets Measured at Amortised Cost	41.885.059	15.574.858	41.963.675	15.786.054
Loans	284.816.083	231.916.617	299.713.049	236.633.095
<b>Financial Liabilities</b>	<b>371.806.897</b>	<b>307.620.155</b>	<b>376.413.324</b>	<b>308.343.432</b>
Bank Deposits	12.573.807	6.775.553	12.588.691	6.771.079
Other Deposits	279.945.200	237.936.780	279.913.600	238.485.531
Borrowings	40.262.614	34.836.481	43.309.884	34.391.281
Marketable Securities Issued (Net)	26.024.631	18.918.479	27.600.504	19.542.679
Miscellaneous Payables	13.000.645	9.152.862	13.000.645	9.152.862

**b. Fair value hierarchy:**

TFRS 13 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Quoted market prices (non-adjusted) (1st level)
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- Data not based on observable data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Group according to the foregoing principles is given in the table below:

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<b>Current Period - 31 December 2020</b>	<b>1st Level</b>	<b>2nd Level</b>	<b>3rd Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	189.938	-	-	189.938
- Share Certificates	305.711	-	-	305.711
- Other Financial Assets (*)	244.918	1.095.935	7.342.910	8.683.763
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	44.420.223	-	-	44.420.223
- Share Certificates	-	-	-	-
- Other Financial Assets	11.726.447	2.041.091	-	13.767.538
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	1.897	18.117.990	-	18.119.887
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	4.738.479	-	4.738.479
Loans	-	284.816.083	-	284.816.083
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	41.456.409	-	-	41.456.409
- Other Financial Assets	507.266	-	-	507.266
<b>Total Assets</b>	<b>98.852.809</b>	<b>310.809.578</b>	<b>7.342.910</b>	<b>417.005.297</b>
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	54	14.162.050	-	14.162.104
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	678.869	-	678.869
Deposits	-	292.502.290	-	292.502.290
Funds Borrowed	-	43.309.884	-	43.309.884
Funds from Interbank Money Market	-	21.059.739	-	21.059.739
Securities Issued (Net)	-	27.600.504	-	27.600.504
<b>Total Liabilities</b>	<b>54</b>	<b>399.313.336</b>	<b>-</b>	<b>399.313.390</b>

(\*) Fair value of the financial assets at fair value through profit or loss classified under third level, has been determined based on results of valuation work that include various valuation techniques. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan.

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<b>Prior Period - 31 December 2019</b>	<b>1st Level</b>	<b>2nd Level</b>	<b>3rd Level</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	274.722	-	-	274.722
- Share Certificates	232.764	-	-	232.764
- Other Financial Assets	33.533	401	6.723.419	6.757.353
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	51.703.078	-	-	51.703.078
- Share Certificates	-	-	-	-
- Other Financial Assets	13.781.425	2.017.553	-	15.798.978
Derivative Financial Assets				
- Derivative Financial Assets at Fair Value Through Profit or Loss	774	14.389.976	-	14.390.750
- Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	2.127.012	-	2.127.012
Loans (*)	-	236.633.095	-	236.633.095
Financial Assets Measured at Amortised Cost				
- Government Debt Securities	14.030.740	-	-	14.030.740
- Other Financial Assets	1.755.313	-	-	1.755.313
<b>Total Assets</b>	<b>81.812.349</b>	<b>255.168.037</b>	<b>6.723.419</b>	<b>343.703.805</b>
Derivative Financial Liabilities				
- Derivative Financial Liabilities at Fair Value Through Profit or Loss	311	8.044.287	-	8.044.598
- Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	901.104	-	901.104
Deposits	-	245.256.610	-	245.256.610
Funds Borrowed	-	34.391.281	-	34.391.281
Funds from Interbank Money Market	-	9.339.944	-	9.339.944
Securities Issued (Net)	-	19.542.679	-	19.542.679
<b>Total Liabilities</b>	<b>311</b>	<b>317.475.905</b>	<b>-</b>	<b>317.476.216</b>

(\*) Fair value of the loans classified under third level, has been determined based on results of valuation work that include various valuation technics. The potential changes in the fundamental estimations and assumptions included in the valuation work can affect the carrying fair value of the loan. Loan balances have shown with their net balances.

As explained in the note of VII-b of the Third Section, share certificates, that are classified as financial assets at fair value through other comprehensive income are carried at cost less impairment since they are not traded in active markets and their fair values cannot be measured reliably, are not shown in the table above.

There are no transfers between the 1st and the 2nd levels in the current year.

The movement of financial assets in Level 3 is presented below:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Balances at Beginning of Period</b>	<b>6.723.419</b>	<b>6.690.208</b>
Purchases During the Period	-	-
Disposals Through Sale/Redemptions	-	-
Valuation Effect (*)	619.491	759.654
Transfers	-	[726.443]
<b>Balances at the End of Period</b>	<b>7.342.910</b>	<b>6.723.419</b>

(\*) As explained in the footnotes I-b and I-r of Section Five, mentioned increase in value is evaluated together with the decrease in value of 477.249 TL in the current period in the assets of LYY Telekomünikasyon A.Ş.

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**IX. EXPLANATION ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:**

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. Details of these transactions are provided in the off-balance sheet table. The Bank has no trust transactions.

**X. EXPLANATIONS ON RISK MANAGEMENT TARGET AND POLICIES:**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal rating-based (IRB) approach, are not presented.

In the event of unexpected negative economic conditions, stress tests are carried out regularly considering the exchange rate and interest rate shocks and the deterioration of the loan portfolio at different stress rates. Also, for stresses caused by the COVID-19 pandemic, the intensities are increased and the effects on equity and capital adequacy ratios are measured.

**a. Explanations on Risk Management and Risk Weighted Amount (RWA):**

1. The Bank's risk management approach:

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level. General strategies regarding Bank's risk management are given below:

- Effective management of risks within the Group's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters.
- Applying a risk-focused management approach in the strategic decision process.
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting up and monitoring the efficiency of such a risk management system. The Board of Directors fulfills its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors approves and regularly reviews Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Executive Risk Committee.

The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner. The Internal Audit, the Internal Control, Compliance Presidency and The Risk Management Departments which directly report to the Board of Directors operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyze the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed. The effectiveness and efficiency of the risk mitigation techniques are regularly monitor.

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**2. Overview of RWA:**

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 December 2020	Prior Period 31 December 2019	Current Period 31 December 2020
1 Credit risk (excluding counterparty credit risk) (CCR)	282.417.186	268.541.573	22.593.375
2 Standardized approach (SA)	282.417.186	268.541.573	22.593.375
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	21.018.707	16.975.855	1.681.497
5 Standardized approach for counterparty credit risk (SA-CCR)	21.018.707	16.975.855	1.681.497
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	405.280	309.273	32.422
10 Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	16.091.736	6.256.135	1.287.339
17 Standardized approach (SA)	16.091.736	6.256.135	1.287.339
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	34.367.848	28.892.666	2.749.428
20 Basic Indicator Approach	34.367.848	28.892.666	2.749.428
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>354.300.757</b>	<b>320.975.502</b>	<b>28.344.061</b>

**b. Linkages between financial statements and regulatory exposures:**

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories:

Legal consolidation refers to the consolidation that includes the consolidation of subsidiaries which are credit institutions or financial institutions in accordance with Article 5 paragraph 1 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated November 8, 2006 and numbered 26340. Accounting consolidation refers to the consolidation in which all of the subsidiaries are included in the scope of consolidation in accordance with the Article 5 paragraph 6 of the same communiqué, irrespective of whether these subsidiaries are credit institutions or financial institutions, or not.

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	Carrying values as reported in published financial statements (*)	Carrying values of items				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	
Current Period - 31.12.2020						
Assets						
Cash and balances at central bank	47.676.321	47.676.321	-	-	-	
Banks	12.410.935	12.410.935	-	-	-	
Receivables from money markets	488.547	488.547	-	-	-	
Financial assets at fair value through P&L	9.179.412	8.902.877	-	-	276.535	
Financial assets at fair value through other comprehensive income	58.204.145	58.203.951	-	-	-	194
Derivative financial assets	22.858.366	-	22.858.366	-	3.517.711	
Loans (Net)	262.658.172	262.657.714	-	-	-	458
Lease Receivables (Net)	5.188.396	5.188.396	-	-	-	
Factoring Receivables	-	-	-	-	-	
Financial assets measured at amortised cost (Net)	41.872.677	41.872.677	-	-	-	
Non-current assets and disposal groups classified as held for sale (Net)	250.778	250.778	-	-	-	
Investments in associates (Net)	14.795	14.795	-	-	-	
Investments in subsidiaries (Net)	-	-	-	-	-	
Investments in joint ventures (Net)	-	-	-	-	-	
Tangible assets (Net)	6.003.406	5.957.324	-	-	-	46.082
Intangible assets (Net)	1.190.909	-	-	-	-	1.190.909
Investment properties (Net)	-	-	-	-	-	
Tax assets	-	-	-	-	-	
Deferred tax assets	147.990	147.990	-	-	-	
Other assets	10.171.726	10.171.726	-	-	-	
Total assets	478.316.575	453.944.031	22.858.366	-	3.794.247	1.237.643
Liabilities						
Deposits	292.519.007	-	-	-	-	292.519.007
Funds Borrowed	40.262.614	-	-	-	-	40.262.614
Money Markets	20.907.344	-	20.907.344	-	-	
Securities Issued	19.306.217	-	-	-	-	19.306.217
Funds	-	-	-	-	-	
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	
Derivative Financial Liabilities	14.840.973	-	14.840.973	-	2.621.655	
Factoring Liabilities	-	-	-	-	-	
Lease Liabilities	542.559	-	-	-	-	542.559
Provisions	2.501.055	-	-	-	-	2.501.055
Current Tax Liability	1.667.242	-	-	-	-	1.667.242
Deferred Tax Liability	124.458	-	-	-	-	124.458
Liabilities For Property and Equipment Held For Sale and Related To Discontinued Operations (Net)	-	-	-	-	-	
Subordinated Debt Instruments	6.718.414	-	-	-	-	6.718.414
Other Liabilities	16.002.635	-	-	-	-	16.002.635
Shareholders' Equity	62.924.057	-	-	-	-	62.924.057
Total liabilities	478.316.575	-	35.748.317	-	2.621.655	442.568.255

(\*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(\*\*) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.

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	Carrying values as reported in published financial statements (*)	Carrying values of items				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework (**)	
<b>Prior Period - 31.12.2019</b>						
<b>Assets</b>						
Cash and balances at central bank	29.893.929	29.893.929	-	-	-	-
Banks	17.940.027	17.940.027	-	-	-	-
Receivables from money markets	66.120	66.120	-	-	-	-
Financial assets at fair value through P&L	7.264.839	6.943.419	-	-	321.420	-
Financial assets at fair value through other comprehensive income	67.518.440	67.518.354	-	-	-	86
Derivative financial assets	16.517.762	-	16.517.762	-	3.651.493	-
Loans (Net)	214.470.932	214.469.283	-	-	-	1.649
Lease Receivables (Net)	4.738.608	4.738.608	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Financial assets measured at amortised cost (Net)	15.565.526	15.565.526	-	-	-	-
Non-current assets and disposal groups classified as held for sale (Net)	666.067	666.067	-	-	-	-
Investments in associates (Net)	5.521	5.521	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Investments in joint ventures (Net)	-	-	-	-	-	-
Tangible assets (Net)	4.919.697	4.878.475	-	-	-	41.222
Intangible assets (Net)	953.188	-	-	-	-	953.188
Investment properties (Net)	-	-	-	-	-	-
Tax assets	9.971	9.971	-	-	-	-
Deferred tax assets	135.972	135.972	-	-	-	-
Other assets	6.505.838	6.505.838	-	-	-	-
<b>Total assets</b>	<b>387.172.437</b>	<b>369.337.110</b>	<b>16.517.762</b>	<b>-</b>	<b>3.972.913</b>	<b>996.145</b>
<b>Liabilities</b>						
Deposits	244.712.333	-	-	-	-	244.712.333
Funds Borrowed	34.836.481	-	-	-	-	34.836.481
Money Markets	10.106.550	-	10.106.550	-	-	10.106.550
Securities Issued	13.536.945	-	-	-	-	13.536.945
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	8.945.702	-	8.945.702	-	3.236.587	8.945.702
Factoring Liabilities	-	-	-	-	-	-
Lease Liabilities	624.154	-	-	-	-	-
Provisions	1.592.642	-	-	-	-	1.592.642
Current Tax Liability	831.699	-	-	-	-	831.699
Deferred Tax Liability	837.212	-	-	-	-	837.212
Liabilities For Property and Equipment Held For Sale and Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	5.381.534	-	-	-	-	5.381.534
Other Liabilities	11.404.732	-	-	-	-	11.404.732
Shareholders' Equity	54.362.453	-	-	-	-	54.362.453
<b>Total liabilities</b>	<b>387.172.437</b>	<b>-</b>	<b>19.052.252</b>	<b>-</b>	<b>3.236.587</b>	<b>386.548.283</b>

(\*) Since the accounting and legal consolidation scope of the Bank are identical, the financial statement information is shown in one column.

(\*\*) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.



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2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

		Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
<b>Current Period - 31.12.2020</b>	<b>Total</b>				
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>444.887.642</b>	<b>453.944.031</b>	<b>-</b>	<b>22.858.366</b>	<b>3.794.247</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	35.748.317	-	-	35.748.317	2.621.655
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>409.139.325</b>	<b>453.944.031</b>	<b>-</b>	<b>58.606.683</b>	<b>1.172.591</b>
4 Off-balance sheet amounts	408.598.062	34.868.481	-	-	-
5 Differences in valuations		-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7 Differences due to consideration of provisions		-	-	-	-
8 Differences due to prudential filters		-	-	-	14.919.145
9 Differences due to risk reduction		[18.833.426]	-	[31.379.486]	-
<b>10 Exposure amounts considered for regulatory purposes</b>		<b>469.979.086</b>	<b>-</b>	<b>27.227.197</b>	<b>16.091.736</b>

(\*)The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

		Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework(*)
<b>Prior Period - 31.12.2019</b>	<b>Total</b>				
<b>1 Asset carrying value amount under scope of regulatory consolidation</b>	<b>359.524.967</b>	<b>369.337.110</b>	<b>-</b>	<b>16.517.762</b>	<b>3.972.913</b>
2 Liabilities carrying value amount under regulatory scope of consolidation	624.154	-	-	19.052.252	3.236.587
<b>3 Total net amount under regulatory scope of consolidation</b>	<b>358.900.813</b>	<b>369.337.110</b>	<b>-</b>	<b>35.570.014</b>	<b>7.209.500</b>
4 Off-balance sheet amounts	369.191.923	29.930.260	-	-	-
5 Differences in valuations		-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7 Differences due to consideration of provisions		8.704.903	-	-	-
8 Differences due to prudential filters		-	-	-	[953.365]
9 Differences due to risk reduction		[9.566.280]	-	[17.612.841]	-
<b>10 Exposure amounts considered for regulatory purposes</b>		<b>398.405.993</b>	<b>-</b>	<b>17.957.173</b>	<b>6.256.135</b>

(\*)The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

3. Explanations of differences between accounting and regulatory exposure amounts:

a) Financial and regulatory scope of consolidation:

There is no difference between the financial and regulatory scope of consolidation.

b) Differences between accounting and regulatory exposure amounts:

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

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The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".

- c) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks":

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically.

The fair value of financial instruments that are not traded in an active market are being calculated in accordance TFRS 13. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values.

**c. Credit risk explanations:**

1. General qualitative information about credit risk:

Risk limits are defined by Board of Directors in a such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios. Application models are used during initial loan underwriting and behavioral models are used for customers whose previous credit performance could be monitored. Behavioral models are mainly used in the credit monitoring process and in the evaluation process of portfolio risk.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment.

Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. During the process of credit risk management, the Risk Management Department conducts measurement, monitoring and reporting activities of the credit risk using statistical models. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to Country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio.

Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities. Within the scope of internal systems, the duties and responsibilities of the Board of Directors are carried out by the Board of

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Directors, the Audit Committee, the Executive Risk Committee, Internal Audit, Internal Control, Risk Management activities and Internal Systems Responsible.

The Board of Directors is responsible for determining the risk baseline of the Bank, the risk approach and the level of risk taking. The Board of Directors manages the risks through the Executive Risk Committee. The committee is responsible for establishing risk policies, determining methods for measuring and managing risks, and establishing and monitoring appropriate risk limits. All risk policies established by the Executive Risk Committee are written and integrated into the Bank's long-term general strategy.

2. Credit quality of assets:

	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
<b>Current Period - 31.12.2020</b>				
1 Loans	17.880.294	266.935.789	16.969.515	267.846.568
2 Debt Securities	-	107.445.266	100.734	107.344.532
3 Off-balance sheet exposures	939.098	106.772.392	500.379	107.211.111
<b>4 Total</b>	<b>18.819.392</b>	<b>481.153.447</b>	<b>17.570.628</b>	<b>482.402.211</b>

	Gross carrying values of (according to TAS)		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
<b>Prior Period - 31.12.2019</b>				
1 Loans	15.430.545	216.486.072	12.707.076	219.209.541
2 Debt Securities	-	89.799.213	83.688	89.715.525
3 Off-balance sheet exposures	258.507	97.657.308	304.813	97.611.002
<b>4 Total</b>	<b>15.689.052</b>	<b>403.942.593</b>	<b>13.095.577</b>	<b>406.536.068</b>

3. Changes in stock of defaulted loans and debt securities:

	Current Period 31.12.2020	Prior Period 31.12.2019
<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>15.689.052</b>	<b>8.697.474</b>
2 Loans and debt securities that have defaulted since the last reporting period	6.092.759	10.714.875
3 Returned to non-defaulted status	77.266	24.193
4 Amounts written off	805.049	1.898.592
5 Other changes	2.080.104	1.800.512
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) Definitions</b>	<b>18.819.392</b>	<b>15.689.052</b>

4. Additional disclosure related to the credit quality of assets:

a) Definitions of overdue and provision allocated receivables are presented below:

The Group considers loans that have overdue principal and interest payments and are classified as 2nd Group in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days after the maturity date or the debtor of which are deemed unworthy by the Group are considered impaired loans. Impaired consumer loans are evaluated on account basis and commercial loans on customer basis.

The Group calculates expected credit loss for overdue loans in accordance with Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application:

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All loans that have completed the 90 day overdue period are automatically taken into follow-up accounts and they are subjected to specific provision within the related month at the Bank. In exceptional cases, the delinquency process is suspended due to a court decision and the Bank's credit amount in this scope is insignificant as of 31 December 2020.

c) About the delay of more than 180 days in the definition of default due to COVID-19:

However, in accordance with the BRSA Decision due to COVID-19, the "delay more than 90 days" condition, which is used in the definition of default in order to classify loans, has been implemented as "delay more than 180 days" as of 17 March 2020. This application will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312.

With the aforementioned classification changes, the Bank allocates provisions for loans with a delay of 90-180 days in accordance with TFRS 9 requirements, according to its own risk policies and models, which also evaluate the borrower's conditions.

d) Definitions of the methods used when determining the provision amount, are presented in Note VIII of Section Three.

e) Definitions of restructured receivables:

Banks can restructure both the first, second group loans and other receivables as well as non-performing loans and receivables. The first, second group loans and other receivables are restructured to enhance customer's ability to repay the loan. Besides, it involves changes in the contractual conditions with the demand of customer. While Non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

f) Breakdown of receivables by geographical area, sector and outstanding maturity:

Breakdown by geographical area:

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
Domestic	255.180.784	207.806.435
European Union Countries	11.037.391	8.113.434
OECD Countries (*)	3.578	29.434
Off-Shore Banking Regions	120.842	-
USA, Canada	108.420	2.474
Other	484.774	534.295
<b>Total</b>	<b>266.935.789</b>	<b>216.486.072</b>

(\*) OECD Countries other than EU countries, USA and Canada.

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Breakdown by sector:

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
Agricultural	940.923	713.229
Farming and raising livestock	790.891	631.654
Forestry	142.533	78.223
Fishing	7.499	3.352
Manufacturing	77.724.546	54.196.614
Mining	3.208.827	2.421.717
Production	50.720.340	33.864.911
Electricity, Gas, Water	23.795.379	17.909.986
Construction	32.980.892	30.674.491
Services	69.513.755	63.685.010
Wholesale and Retail Trade	31.929.420	28.052.964
Hotel, Food, Beverage Services	7.112.556	4.429.101
Transportation and Telecommunication	9.820.456	6.455.628
Financial Institutions	16.310.380	16.122.386
Real Estate and Lending Services	473.998	4.122.113
Self employment Service	580.012	1.871.654
Education Service	652.763	644.503
Health and social Services	2.634.170	1.986.661
Other	85.775.673	67.216.728
<b>Total</b>	<b>266.935.789</b>	<b>216.486.072</b>

Breakdown by outstanding maturity:

<b>Current Period 31.12.2020</b>	<b>Demand Deposit</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Loans</b>	128.049	55.434.659	27.255.824	67.007.590	93.682.182	23.427.485	<b>266.935.789</b>

<b>Prior Period 31.12.2019</b>	<b>Demand Deposit</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 12 Months</b>	<b>1 – 5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
<b>Loans</b>	130.937	50.318.181	24.201.764	42.137.606	78.158.642	21.538.942	<b>216.486.072</b>

g) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions:

Breakdown by geographical area:

	<b>Current Period - 31.12.2020</b>		<b>Prior Period - 31.12.2019</b>	
	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>
Domestic	17.033.700	10.611.066	14.707.946	8.283.609
European Union Countries	846.413	482.004	722.400	355.524
OECD Countries (*)	-	-	-	-
Off-Shore Banking				
Regions	30	30	30	29
USA, Canada	40	39	39	39
Other	111	99	130	109
<b>Total</b>	<b>17.880.294</b>	<b>11.093.238</b>	<b>15.430.545</b>	<b>8.639.310</b>

(\*) OECD Countries other than EU countries, USA and Canada.

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Breakdown by sector:

	<b>Current Period - 31.12.2020</b>		<b>Prior Period - 31.12.2019</b>	
	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>	<b>Loans Under Follow-up</b>	<b>Stage 3 Provisions</b>
Agricultural	25.562	20.769	33.929	21.313
Farming and raising livestock	20.647	17.211	26.154	16.813
Forestry	4.897	3.542	7.701	4.436
Fishing	18	16	74	64
Manufacturing	3.057.125	1.747.265	2.865.654	1.411.233
Mining	500.789	223.519	420.559	118.595
Production	1.632.792	1.083.911	1.573.654	915.142
Electricity, Gas, Water	923.544	439.835	871.441	377.496
Construction	7.594.719	4.458.965	4.928.768	2.571.861
Services	4.786.850	2.942.233	4.952.841	2.661.805
Wholesale and Retail Trade	2.520.741	1.799.349	2.839.508	1.679.819
Hotel, Food, Beverage Services	736.217	207.349	566.323	138.437
Transportation and				
Telecommunication	132.627	97.951	233.895	121.414
Financial Institutions	1.090.046	616.749	997.059	522.328
Real Estate and Lending				
Services	90.116	87.829	99.131	89.629
Self employment Service	4.124	3.265	4.391	3.673
Education Service	114.804	71.065	115.569	47.202
Health and social Services	98.175	58.676	96.965	59.303
Other	2.416.038	1.924.006	2.649.353	1.973.098
<b>Total</b>	<b>17.880.294</b>	<b>11.093.238</b>	<b>15.430.545</b>	<b>8.639.310</b>

h) Aging analysis for overdue receivables (\*):

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
30-60 days overdue	598.530	1.253.357
60-90 days overdue	421.459	1.554.869
More than 90 days overdue	1.165.481	-
<b>Total</b>	<b>2.185.470</b>	<b>2.808.226</b>

(\*) Within the scope of the decisions taken by the BRSA, the delay period foreseen for classification in the Second Group due to delay days has been moved from the 30th delay day to the 90th delay day, and the delay period for classification as non-performing loans has been moved from the 90th delay day to the end of the 180th day. The relevant issue will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312.

i) Breakdown of restructured receivables based on whether or not provisions are allocated:

<b>Restructured Receivables</b>	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
Loans restructured from Loans under Follow-up and Other Receivables	19.409.794	18.150.678
Loans restructured from Non-Performing Loans	2.374.750	749.792

General provision is allocated for the loans restructured from standard loans and loans under Follow-up and other receivables, specific provision is allocated for the loans restructured from non-performing loans.

j) Credit risk mitigation techniques:

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

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The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The risk amount and the amount of collateral are also compared against the value losses that may occur in the collateral, and in case of gap between risk and collateral, the Bank Monitoring System automatically generates "Risky Transaction Registration".

In the calculation of capital adequacy ratio, real estate mortgages are subject to valuation process in accordance with the related legislation. There is no physical collateral used for risk reduction other than real estate.

Financial guarantees used in capital adequacy calculations are blocked deposits held at the bank and there is no netting other than these.

Collateral management processes are written in credit policies and checks are made to ensure that there is no concentration of third party guarantor type and collateral.

5. Credit risk mitigation techniques – overview:

<b>Current Period - 31.12.2020</b>		<b>Exposures unsecured of (according to TAS)</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral, of which secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Financial guarantees, of which secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which secured amount</b>
1	Loans	258.266.270	9.580.298	7.687.915	3.798.864	3.040.211	-	-
2	Debt Securities	107.344.532	-	-	-	-	-	-
3	<b>Total</b>	<b>365.610.802</b>	<b>9.580.298</b>	<b>7.687.915</b>	<b>3.798.864</b>	<b>3.040.211</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	18.819.392	-	-	-	-	-	-

<b>Prior Period - 31.12.2019</b>		<b>Exposures unsecured of (according to TAS)</b>	<b>Exposures secured by collateral</b>	<b>Exposures secured by collateral, of which secured amount</b>	<b>Exposures secured by financial guarantees</b>	<b>Financial guarantees, of which secured amount</b>	<b>Exposures secured by credit derivatives</b>	<b>Exposures secured by credit derivatives, of which secured amount</b>
1	Loans	211.695.292	7.514.249	6.113.347	4.223.971	3.254.282	-	-
2	Debt Securities	89.715.525	-	-	-	-	-	-
3	<b>Total</b>	<b>301.410.817</b>	<b>7.514.249</b>	<b>6.113.347</b>	<b>4.223.971</b>	<b>3.254.282</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	15.689.052	-	-	-	-	-	-

6. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

The ratings given by the international credit rating agency Fitch Ratings are used to determine the risk weights to be applied in the calculation of capital adequacy. Fitch Ratings are limited to the receivables of the counterparty residing abroad; central government or central banks, banks and corporate receivables.



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7. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

Current Period - 31.12.2020		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	127.563.092	3.905.151	130.626.174	1.009.416	602.278	%0,46
2	Exposures to regional governments or local authorities	172.157	16	172.157	8	86.083	%50,00
3	Exposures to public sector entities	300.129	112.545	294.609	42.512	337.121	%100,00
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	26.949.463	44.236.810	26.944.167	21.276.821	18.154.921	%37,65
7	Exposures to corporates	173.473.322	51.806.876	166.063.248	33.880.958	194.552.781	%97,30
8	Retail exposures	72.270.640	47.912.182	69.676.523	4.538.403	55.661.195	%75,00
9	Exposures secured by residential property	8.035.345	265.748	8.029.452	113.675	2.850.095	%35,00
10	Exposures secured by commercial real estate	9.672.736	1.351.953	9.539.042	935.821	7.085.104	%67,64
11	Past-due loans	6.783.197	-	6.783.197	-	5.990.558	%88,31
12	Higher-risk categories by the Agency Board	-	634.643	-	293.057	342.736	-
13	Exposures secured by commercial real estate	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	1.465.529	177.537	1.465.529	5.011	1.470.540	%100,00
16	Other assets	15.167.978	-	15.167.978	-	10.096.032	%66,56
17	Investments in equities	348.521	-	348.521	-	348.521	%100,00
<b>18</b>	<b>Total</b>	<b>442.202.109</b>	<b>150.403.461</b>	<b>435.110.597</b>	<b>62.095.682</b>	<b>297.577.965</b>	<b>%59,85</b>

Prior Period - 31.12.2019		Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central banks	97.045.441	308.932	100.332.836	7.447	19.276.444	19,21%
2	Exposures to regional governments or local authorities	46.956	-	46.956	-	23.478	50,00%
3	Exposures to public sector entities	34.236	37.746	34.236	27.710	61.946	100,00%
4	Exposures to multilateral development banks	308.019	-	308.019	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-
6	Exposures to institutions	34.607.299	37.313.656	34.607.299	14.253.551	27.116.938	55,50%
7	Exposures to corporates	148.188.186	44.524.482	142.412.240	28.367.158	166.174.507	97,30%
8	Retail exposures	57.251.736	40.430.391	55.004.330	4.528.357	44.649.515	75,00%
9	Exposures secured by residential property	8.096.458	317.712	8.090.022	133.739	2.878.316	35,00%
10	Exposures secured by commercial real estate	9.075.467	1.353.603	9.005.695	989.631	6.498.786	65,02%
11	Past-due loans	6.791.236	-	6.069.582	-	5.078.686	83,67%
12	Higher-risk categories by the Agency Board	-	297.190	-	121.440	171.601	-
13	Exposures secured by commercial real estate	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	309.776	-	309.776	-	309.776	100,00%
16	Other assets	11.470.950	-	11.470.950	-	8.118.771	70,78%
17	Investments in equities	242.192	-	242.192	-	242.192	100,00%
<b>18</b>	<b>Total</b>	<b>373.467.952</b>	<b>124.583.712</b>	<b>367.934.133</b>	<b>48.429.033</b>	<b>280.600.956</b>	<b>67,39%</b>

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8. Standardised Approach – Exposures by asset classes and risk weights:

Current Period - 31.12.2020											Other risk weights	Total risk amount (*)
Asset classes / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%			
1 Exposures to central governments or central banks	130.202.523	-	281.014	-	-	-	522.571	-	-	629.482	131.635.590	
2 Exposures to regional governments or local authorities	-	-	-	-	172.165	-	-	-	-	-	172.165	
3 Exposures to public sector entities	-	-	-	-	-	-	337.121	-	-	-	337.121	
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-	
6 Exposures to institutions	351.113	-	20.459.325	-	26.694.988	-	715.562	-	-	-	48.220.988	
7 Exposures to corporates	906.093	-	873.497	-	7.573.067	-	190.591.549	-	-	-	199.944.206	
8 Retail exposures	-	-	-	-	-	74.214.926	-	-	-	-	74.214.926	
9 Exposures secured by residential property	-	-	-	8.143.127	-	-	-	-	-	-	8.143.127	
10 Exposures secured by commercial real estate	-	-	-	-	6.779.517	-	3.695.346	-	-	-	10.474.863	
11 Past-due loans	-	-	-	-	3.062.901	-	2.242.673	1.477.623	-	-	6.783.197	
12 Higher-risk categories by the Agency Board	-	-	-	-	72.219	-	49.261	171.577	-	-	293.057	
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	1.470.540	-	-	-	1.470.540	
16 Investments in equities	-	-	-	-	-	-	348.521	-	-	-	348.521	
17 Other assets	5.071.921	-	29	-	-	-	10.096.028	-	-	-	15.167.978	
18 Total	136.531.650	-	21.613.865	8.143.127	44.354.857	74.214.926	210.069.172	1.649.200	-	629.482	497.206.279	

(\*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

Prior Period - 31.12.2019										Other risk weights	Total risk amount (*)
Asset classes / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%		
1 Exposures to central governments or central banks	79.641.000	-	289.669	-	2.321.358	-	18.056.563	-	-	31.693	100.340.283
2 Exposures to regional governments or local authorities	-	-	-	-	46.956	-	-	-	-	-	46.956
3 Exposures to public sector entities	-	-	-	-	-	-	61.946	-	-	-	61.946
4 Exposures to multilateral development banks	308.019	-	-	-	-	-	-	-	-	-	308.019
5 Exposures to international organisations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	18.735.862	-	13.566.213	-	16.503.006	55.769	-	-	48.860.850
7 Exposures to corporates	759.415	-	1.501.163	-	4.245.767	-	163.731.449	-	-	541.604	170.779.398
8 Retail exposures	-	-	-	-	-	59.532.687	-	-	-	-	59.532.687
9 Exposures secured by residential property	-	-	-	8.223.761	-	-	-	-	-	-	8.223.761
10 Exposures secured by commercial real estate	-	-	-	-	6.993.081	-	3.002.245	-	-	-	9.995.326
11 Past-due loans	-	-	-	-	2.750.752	-	2.549.871	768.959	-	-	6.069.582
12 Higher-risk categories by the Agency Board	-	-	-	-	997	-	19.127	101.316	-	-	121.440
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	309.776	-	-	-	309.776
16 Investments in equities	-	-	-	-	-	-	242.192	-	-	-	242.192
17 Other assets	3.352.169	-	14	-	-	-	8.118.767	-	-	-	11.470.950
18 Total	84.060.603	-	20.526.708	8.223.761	29.925.124	59.532.687	212.594.942	926.044	-	573.297	416.363.166

(\*) Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM).

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**d. Counterparty Credit risk (CCR) explanations:**

1. Qualitative disclosure related to counterparty credit risk:

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies, corporate segment, micro segment customers, private banking customers and individual customers. The products are grouped as interest swap transactions, foreign currency option transactions (plain vanilla), foreign exchange option transactions (exotic), interest option transactions, commodity Transactions, credit derivatives and repo transactions.

"Conformity Test" is applied to the customers to determine whether the products to be presented to the customers are in compliance with the customers' financial status and their knowledge and experience. The tests to be applied are prepared in a way that bank can evaluate the information received from the customers with the method including "risk and return preference" and knowledge and experience" classifications determined by the Bank.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For the transactions within the scope of the CCR, appropriate limits to the risk appetite, policies and strategies of the Bank are determined. The determined limits are approved by the Board of Directors for the banks. For the firms and individuals apart from banks regular loan approval processes and limits are conducted.

The counterparty credit risk limits for financial institutions are also determined separately and presented to the Board of Directors for approval. The determined limits are reviewed at least once a year. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made. If deemed necessary, the approved limits are blocked by the Credit Committee / Credit Allocation Business Unit and by the approval of the Board of Directors.

In counterparty credit risk management of financial institutions, risk mitigation methods such as netting agreements, collateral and "margin" agreements are used. Collateralization principles and procedures are applied for companies and individuals other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated / determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

The risk of reverse tendency within the scope of the CCR appears in two ways as the risk of general reversal and the risk of specific reversal.

To avoid the general counter trend risk;

- Depending on the direction of the financing expenses of the corporate and commercial companies, it is taken care that the interest swap transactions made are aimed at "hedging". If the short-term liability of the firm is more than short-term liabilities susceptible to interest, interest rate swaps will be applied to the firm with the fixed interest rate. In the other case, interest rate swap transactions that the company pays variable interest are made.
- It is also important to note that the transactions are "hedged" for foreign currency transactions. If the firm is in a long position in the foreign exchange market, the transactions that the foreign exchange seller is the company and if the company is in the short position in the foreign exchange market, the transactions that the foreign exchange buyer is the company are taken into consideration.

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To avoid the risk of specific counter trend risk;

- In the option transactions made on the other party's own shares, transactions are not made where the same counterparty is the option seller.
- In the credit derivative transactions on the counterparty's own credit risk, there are no transactions that the counterparty is the protection seller

For the actions taken under the CCR, the obligation to provide additional collateral due to the possible decline in the credibility of the Bank is followed.

2. Analysis of counterparty credit risk exposure by approach:

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
<b>Current Period - 31.12.2020</b>							
1	Standardised Approach (for derivatives)	14.951.216	4.966.890		1,4	19.918.106	12.197.577
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					6.679.608	2.534.421
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					6.679.608	2.534.421
<b>6</b>	<b>Total</b>						<b>14.731.998</b>

(\*) Effective Expected Positive Exposure

		Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
<b>Prior Period - 31.12.2019</b>							
1	Standardised Approach (for derivatives)	11.519.585	4.623.614		1,4	16.068.273	10.819.881
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					1.888.899	910.288
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					1.888.899	910.288
<b>6</b>	<b>Total</b>						<b>11.730.169</b>

(\*) Effective Expected Positive Exposure

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3. Credit valuation adjustment (CVA) capital charge:

	Current Period - 31.12.2020		Prior Period - 31.12.2019	
	Exposure at default post-CRM	RWA	Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge				
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	19.918.106	6.263.204	16.609.876	5.225.746
<b>4 Total subject to the CVA capital charge</b>	<b>19.918.106</b>	<b>6.263.204</b>	<b>16.609.876</b>	<b>5.225.746</b>

4. Standardised approach of CCR exposures by regulatory portfolio and risk weights:

**Current Period - 31.12.2020**

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	377.881	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	11	-	-	11
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	7.425.455	11.060.997	-	41.907	-	-	7.057.497
Corporates	-	-	-	1.132	-	7.619.692	-	-	7.620.258
Retail portfolios	-	-	-	-	65.629	-	-	-	49.222
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	5.011	-	-	5.011
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>377.881</b>	<b>-</b>	<b>7.425.455</b>	<b>11.062.129</b>	<b>65.629</b>	<b>7.666.621</b>	<b>-</b>	<b>-</b>	<b>14.731.998</b>

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

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**Prior Period - 31.12.2019**

<b>Risk Weight</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure (*)</b>
<b>Regulatory portfolio</b>									
Claims from central governments and central banks	4.124	-	-	-	-	2.094	-	-	2.094
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	26.880	-	-	26.880
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	2.290.425	8.726.111	-	120.949	-	-	4.942.089
Corporates	-	-	-	58	-	6.676.710	-	-	6.676.738
Retail portfolios	-	-	-	-	109.825	-	-	-	82.368
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4.124</b>	<b>-</b>	<b>2.290.425</b>	<b>8.726.169</b>	<b>109.825</b>	<b>6.826.633</b>	<b>-</b>	<b>-</b>	<b>11.730.169</b>

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

- Composition of collateral for CCR exposure: Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.
- Credit derivatives exposures:

	<b>Current Period - 31.12.2020</b>		<b>Prior Period - 31.12.2019</b>	
	<b>Protection bought</b>	<b>Protection Sold</b>	<b>Protection bought</b>	<b>Protection Sold</b>
<b>Nominal</b>				
Single-name credit default	1.276.137	22.258	1.018.240	29.600
Index credit default swaps	-	-	-	-
Total return swaps	-	7.842.346	-	7.633.926
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
<b>Total notionals</b>	<b>1.276.137</b>	<b>7.864.604</b>	<b>1.018.240</b>	<b>7.663.526</b>
<b>Fair values</b>				
Positive fair value (asset)	72.533	2.855.790	71.879	2.704.586
Negative fair value (liability)	-	-	-	[34]

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7. Exposures to central counterparties (CCP):

		Current Period - 31.12.2020		Prior Period - 31.12.2019	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
<b>1</b>	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		<b>56.693</b>		<b>21.208</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which				
3	(i) OTC Derivatives	629.483	23.505	541.603	19.940
4	(ii) Exchange-traded Derivatives	629.483	23.505	541.603	19.940
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	33.188	33.188	31.693	1.268
10	Unfunded default fund contributions	-	-	-	-
<b>11</b>	<b>Exposures to non-QCCPs (total)</b>		<b>-</b>		<b>-</b>
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)				
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iii) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

**e. Securitization explanations:** The Bank has no securitization transactions.

**f. Explanations on market risk:**

1. Qualitative disclosure requirements related to market risk:

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary.

Market risk is calculated by two different methods, namely the "inherent model" and the "standard method". According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which have significant impact and the effects of market

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fluctuations. Retrospective tests of the model outputs are performed regularly. The standard method is used for the legal reporting.

The following table indicates the details of the market risk calculation as of 31 December 2020, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

2. Standardised approach:

	<b>Current Period 31.12.2020</b>	<b>Prior Period 31.12.2019</b>
	<b>RWA</b>	<b>RWA</b>
<b>Outright products (*)</b>		
1 Interest rate risk (general and specific)	2.116.008	2.220.963
2 Equity risk (general and specific)	438.762	61.762
3 Foreign exchange risk	13.494.266	3.899.635
4 Commodity risk	-	-
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	42.700	73.775
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>16.091.736</b>	<b>6.256.135</b>

(\*) Outright products refer to positions in products that are not optional.

**g. Explanations on operational risk:**

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and entered into force as of 31 March 2016, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2020 is calculated by using the gross income of the Bank in 2017, 2018 and 2019.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>Total/Positive GI year number</b>	<b>Ratio (%)</b>	<b>Total</b>
Gross income	14.107.718	20.172.377	20.708.463	3	15	2.749.428
Amount subject to Operational Risk (Amount*12,5)						34.367.848

**h. Interest rate risk related to banking book:**

Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Interest rate risk related to the trading portfolio is followed under market risk.

ALCO performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

In addition to interest rate sensitivities measured and reported weekly, daily and transaction-based analyses are also performed when significant fluctuations occur in markets.

Repricing term mismatch and duration mismatch analyses, net economic value change analyses under different interest rate stress scenarios and income simulations are used for interest rate risk management. Repricing risk, yield curve risk, basis risk and optionality risk are considered under interest rate risk scope.



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The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no 28034 on 23 August 2011.

The Group's calculation of the interest rate risk derived from banking books is presented below:

Currency	Applied Shock (+/- x basis points)	Gains / Losses	Gains / Shareholders' Equity - Losses/ Shareholders' Equity
TL	(400)	3.613.453	4,97%
TL	500	(4.110.166)	(5,65)%
USD	(200)	231.365	0,32%
USD	200	(359.087)	(0,49)%
EURO	(200)	1	0,00%
EURO	200	45.437	0,06%
<b>Total (for negative shocks)</b>		<b>3.844.819</b>	<b>5,29%</b>
<b>Total (for positive shocks)</b>		<b>(4.423.816)</b>	<b>(6,08)%</b>

**XI. EXPLANATIONS ON HEDGE TRANSACTIONS:**

The Group hedges its TL and foreign denominated fixed rate financial assets with cross currency swaps and interest swaps. Within the scope of fair value hedge, fair value changes of hedging instrument and hedged item are accounted in the income statement. As long as the hedge relationship is effective, fair value change of the hedged item is disclosed together with its related asset or liability in the balance sheet for TL denominated fixed rate mortgage loans. Fair value changes which have already been booked in equity, have been reclassified from equity to income statement for TL and FC denominated fixed rate financial assets measured at fair value through other comprehensive income.

The Group hedges against its cash flow risk stemming from foreign currency denominated floating rate financial liabilities with interest rate and cross currency swaps. Within the scope of cash flow hedge accounting, effective part of the fair value changes of the hedging instrument are accounted in equity under "Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss" whereas ineffective part is accounted in the income statement. At instances when cash flows relating to hedged item (interest expense) affect the income statement, profit/loss of the related hedging item is taken out of the equity and reflected on the income statement.

Prospective tests are performed at the inception of the hedge relationships and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of TAS 39.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked due to ineffectiveness of efficiency tests;

- The hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized,
- Adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges.

In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

The replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the entity's documented hedging strategy.

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Within the scope of the Major Indicative Interest Rates Reform, reference interest rates will be converted as of the beginning of 2021, and new alternative interest rates will be used instead of the current benchmark interest rates, especially Libor. In addition to floating rate assets such as securities indexed to benchmark interest rates and loans, Banks' financial statements include liabilities such as securities issued, borrowed loans and derivative transactions, and off-balance sheet instruments. With the regulations published in September 2019 and December 2020 regarding the implementation of the aforementioned reform, early implementation of the amendments was permitted, while temporary exemption was given to the applications related to the determination of cash flows of hedge accounting and the termination of transactions. A working group was established to evaluate the impact of the interest rate reform on the financial statements and to adapt to reform. Reform changes have not been implemented early and developments are followed by the working group.

The average remaining maturity of the floating-rate USD Libor-Indexed borrowings directly affected by the interest rate reform is 4,3 years and the remaining amount is USD 988.393. Foreign currency interest swap transactions were made to hedge the cash flow risk of the aforementioned borrowing and subject to hedge accounting. There is no hedge accounting transaction terminated under the published exceptions.

As of 31 December 2020, contractual amounts of derivative financial instruments designated as hedging instruments and the net fair values carried in the balance sheet of the Bank are summarized in the following table:

	<b>Current Period 31 December 2020</b>			<b>Prior Period 31 December 2019</b>		
	<b>Notional Amount</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Notional Amount</b>	<b>Assets</b>	<b>Liabilities</b>
Interest Rate and Cross Currency Swaps						
-TL	20.923.980	7.956.205	424.660	13.674.935	5.166.090	919.269
-FC	63.594.359	12.998	1.015.179	50.984.080	184.727	244.871
<b>Total</b>	<b>84.518.339</b>	<b>7.969.203</b>	<b>1.439.839</b>	<b>64.659.015</b>	<b>5.350.817</b>	<b>1.164.140</b>

**1. Explanations on Accounting Net Investment Hedge:**

The Group has been using hedge against fair value strategy to hedge against foreign currency risk born of EUR 787 million (31 December 2019: EUR 320 million) which represents share premiums and paid-in-capital of Akbank AG, one of its subsidiaries. EUR 787 million of syndication loans used by the Group have been classified as "hedge instruments."

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**2. Explanations on Fair Value Hedge:**

**Current Period - 31 December 2020**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(534.522)	487.716	(46.806)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	16.031	(16.419)	(388)
Cross-currency swap	Fixed interest rate TL financial assets at fair value through other comprehensive income, FC borrowings	Interest rate and currency risk	(67.317)	63.459	(3.858)
Cross-currency swap	Fixed interest rate TL Mortgage Loans, FC borrowings	Interest rate and currency risk	1.896.556	(1.890.232)	6.324
Interest Rate Swap	Fixed interest rate TL Commercial Loans	Interest rate risk	(4.070)	4.181	111
Cross-currency swap	Fixed interest rate TL Commercial Loans, FC borrowings	Interest rate and currency risk	(28.992)	28.662	(330)
Interest Rate Swap	Fixed interest rate TL Securities Issued	Interest rate risk	(64.929)	69.179	4.250
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(26)	23	(2)

(\*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

(\*\*) Represents the cumulative amounts booked under "Gains/Losses on Derivative Financial Transactions" and "Gains/Losses on Foreign Exchange Transactions" since the beginning of hedge accounting.

**Prior Period - 31 December 2019**

Hedging Instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items (*)	Ineffective Portion (**)
Interest Rate Swap	Fixed interest rate FC financial assets at other comprehensive income	Interest rate risk	(265.774)	230.915	(34.859)
Cross-currency swap	Fixed interest rate TL Mortgage Loans Portfolio, FC borrowings	Interest rate and currency risk	(76.688)	73.920	(2.768)
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	2.101.157	(2.092.746)	8.411
Interest Rate Swap	Fixed interest rate Lease Receivables	Interest rate risk	(23.858)	23.858	-
Cross-currency swap	Fixed interest rate FC Issued Eurobond, FC Lease Receivables	Interest rate and currency risk	(9)	6	(3)

(\*) Includes fair value differences arising from changes in foreign exchange rates for hedges against interest rate and foreign currency from the interest rate and foreign exchange risks.

(\*\*) Represents the cumulative amounts booked under "Gains/ (Losses) on Derivative Financial Transactions" and "Gains/ (Losses) on Foreign Exchange Transactions" since the beginning of hedge accounting.

As of 31 December 2020 fair value hedge transactions have been proven to be effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked due to ineffectiveness of efficiency tests with the information related discontinuous transactions are given below:

- As of 31 December 2020, related to fair value hedge transactions, the remaining net amount after amortization of the fair value change of the hedged items since the beginning of hedge accounting is TL 695 (31 December 2019: TL 1.566).

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**3. Explanations on Cash Flow Hedge:**

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV		Net gain/(loss) recognized in OCI during the period	Net gain/(loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
			Assets	Liabilities			
Interest Rate Swap	Floating-rate long Term FC funds borrowed	Cash Flow risk due to changes in interest rate of funds	-	332.270	(448.539)	(111.650)	(8.356)
Cross Currency Swap	Short term FC commercial deposits	Cash Flow risk due to changes in interest rate of funds	4.679.051	1.453	(513.439)	(1.145.621)	(616.994)
Cross Currency Swap	Floating-rate FC given loans	Cash Flow risk due to changes in interest rate of funds	-	-	20.577	29.569	(259)
Interest Rate Swap	Short term TL deposits	Cash Flow risk due to changes in interest rate of funds	59.428	316.367	133.622	(98.875)	(10.634)
Interest Rate Swap	Short term FC deposits	Cash Flow risk due to changes in interest rate of funds	-	2.995	435	(219)	(1.898)
Interest Rate Swap	Floating-rate TL financial assets at fair value through other comprehensive income	Cash Flow risk due to changes in interest rate of funds	-	25.784	(18.757)	(4.175)	(9.225)

As of 31 December 2020 cash flow hedge transactions have been determined as effective.

In addition, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked with the information related discontinuous transactions are given below:

- As of 31 December 2020, related to cash flow hedge transactions, the remaining before tax amount in equity after amortization of the fair value change of the hedging instruments, since the beginning of hedge accounting is TL 28.746 (31 December 2019: TL 10.105).

**XII. QUALITATIVE DISCLOSURES ON REMUNERATION POLICIES**

**Explanations on Remuneration Committee:**

The Remuneration Committee consisting of two members from the board of directors who have no executive duties convened and evaluated the remuneration policies once in 2020. As a result of the meeting and related evaluations, the committee decided on updating of the policies in accordance with the existing practices. The main duties and responsibilities of the Remuneration Committee have been determined briefly as follows:

- Overseeing the remuneration processes and practices with the aim of providing an independent and effective remuneration system.
- Reviewing the remuneration policy practices within the framework of the Corporate Governance principles and ensuring that the remuneration management system is up to date.
- Submitting the evaluation and recommendations on remuneration policies and practices within the framework of Corporate Governance principles to the Board of Directors as an annual report

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- Reviewing as to whether remuneration policies, processes and practices comply with risk appetite, strategies and long term targets of the Bank
- Ensuring the implementation of premium payments within the framework of Corporate Governance principles.
- Determining payments to the members of the Board of Directors if they assume a different function in the bank
- Ensuring the preparation of the decisions regarding the remuneration, particularly the decisions about the remuneration of qualified employees, submitted to the approval of the Board of Directors; the regular observation of compliance and effectiveness of the remuneration policies with the risk appetite and targets of the bank; providing support and opinion to the Board of Directors with regard to the establishment and supervising of the operations of the remuneration system; overseeing the remuneration of the senior management of the units within the scope of Internal Systems

The general principles of the Bank's remuneration policy apply to all bank employees.

Members of the Board of Directors and senior executives that have a significant impact on the Bank's risk profile are classified under the qualified employees. By the end of 2020, there are 21 employees that are considered as qualified employees in the Bank.

Information on the Design and Structure of the Remuneration Process:

While determining the Bank's wage structure;

- Internal balance of wages and budgetary opportunities,
- Job description and level of responsibility of employees,
- Individual performance of each employee,
- The overall performance of the team and general performance of the bank,
- Employee competencies,
- Compliance with the Bank's internal and external legislation

are taken into consideration.

Structured the Remuneration Policy for gaining, keeping, rewarding and motivating human resources are necessary for sustainable success to the bank is created as follows.

- Complying with the scope and structure of the Bank's operations, strategies, long-term targets and risk management structures,
- Preventing the excessive risk taking and contributing the effective risk management,

**Evaluation of Remuneration Process Regarding the Methods of Addressing Current and Future Risks**

In the remuneration processes, credit risk, operational risk, legal risk and reputation risk are taken into consideration with the applied risk management. The risks arising from employees during the determination of premiums are also taken into consideration. Some portion of the premium payments of the qualified employees are paid with non-cash assets indexed to the Bank's share value and some portion of them is postponed. In certain cases, written agreements have been made with these employees for the cancellation of deferred payments. In the recent year, there has been no change in the methods of handling risks in remuneration practices.

**Evaluation of the Methods of Associating Premiums with Performance**

Performance and risks generally determined for the Bank are considered on a preferential basis for calculating the total amount of premiums. The premium budget is distributed to the employees in line with the unit performance affiliated with individual performance and fixed income.

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The units within the scope of Internal Systems have independent premium systems from Bank's performance system hence their budgets are separately managed. All decisions regarding the wage and premium processes of these units are agreed at the Board of Directors level.

**XIII. EXPLANATIONS ON BUSINESS SEGMENTS:**

The Group operates retail banking, commercial banking, and corporate-investment and private banking and wealth management with treasury activities. These segments have been determined considering customer segments and branch network providing services to customers in accordance with the Bank's organizational structure.

The profitability system generating segment information provides profitability information on the basis of account customer, customer relationship manager, branch segment and product. This information is made available to the branch and Head Office personnel through a web-based management reporting system.

Retail banking offers a variety of retail services such as deposit accounts, retail loans, commercial installment loans, credit cards, insurance products and asset management services. The consumer banking products and services also include bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate Banking and Commercial Banking and SME Banking provide financial solutions and banking services to large, medium and small size corporate and commercial customers. The products and services offered to corporate and commercial customers include TL and foreign currency denominated working capital loans financing for investments, foreign trade financing, derivative instruments for hedging purposes of foreign currency and interest risk, letters of credit, foreign currency trading, corporate finance services and deposit and cash management services. In addition, the Bank provides timely and permanent solutions for corporate customers' working capital management, delivers cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities. In the scope of private banking, The Bank serves the members of the high-income customers who have expectations for upper-class service quality both in banking and investment transactions. Within the scope of international banking activities, activities are also being carried out in order to provide long-term funding, to provide funding under a price reflecting the country's risk, to diversify funding resources and to form an international investor base on this area.

The Treasury Unit conducts TL and FC spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities within determined limits. These transactions are performed according to the Bank's requirements. Furthermore, Treasury Unit also carries out marketing and pricing activities of treasury products for customers and branch network.

Other operations includes activities of Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetim A.Ş., Akbank AG and AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş as subsidiaries of the Bank in consolidation.

Information on business segments as of 31 December 2020 and 31 December 2019 presented in the following tables. Explanations on business segments are prepared on the basis of data obtained from Bank Management Reporting System.

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	<b>Retail Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Group's Total Activities</b>
<b>Current Period - 31 December 2020</b>					
Operating Income	9.893.002	7.116.984	6.706.342	2.251.831	25.968.159
Profit from Operating Activities	2.459.746	635.219	6.295.997	(1.111.669)	8.279.293
Income from Subsidiaries	-	-	-	4.866	4.866
Profit before Tax	2.459.746	635.219	6.295.997	(1.106.803)	8.284.159
Tax Expense	-	-	-	(2.024.511)	(2.024.511)
Net Profit for the Period	2.459.746	635.219	6.295.997	(3.131.314)	6.259.648
Segment Assets	101.012.305	198.994.220	148.545.090	8.974.388	457.526.003
Investments in Associates.	-	-	-	14.795	14.795
Undistributed Assets	-	-	-	20.775.777	20.775.777
Total Assets					478.316.575
Segment Liabilities	190.212.425	96.610.017	103.254.640	8.770.417	398.847.499
Undistributed Liabilities	-	-	-	16.545.019	16.545.019
Shareholders' Equity	-	-	-	62.924.057	62.924.057
Total Liabilities					478.316.575

	<b>Retail Banking</b>	<b>Commercial Banking, SME Banking, Corporate-Investment and Private Banking</b>	<b>Treasury</b>	<b>Other and Unallocated</b>	<b>Group's Total Activities</b>
<b>Prior Period - 31 December 2019</b>					
Operating Income	9.554.449	7.740.260	2.635.580	1.676.244	21.606.533
Profit from Operating Activities	3.212.508	1.641.173	2.243.069	(176.667)	6.920.083
Income from Subsidiaries	-	-	-	6.743	6.743
Profit before Tax	3.212.508	1.641.173	2.243.069	(169.924)	6.926.826
Tax Expense	-	-	-	(1.574.487)	(1.574.487)
Net Profit for the Period	3.212.508	1.641.173	2.243.069	(1.744.411)	5.352.339
Segment Assets	78.687.822	162.204.989	123.749.563	6.539.052	371.181.426
Investments in Associates.	-	-	-	5.521	5.521
Undistributed Assets	-	-	-	15.985.490	15.985.490
Total Assets					387.172.437
Segment Liabilities	156.685.999	82.201.250	74.576.328	6.564.326	320.027.903
Undistributed Liabilities	-	-	-	12.782.081	12.782.081
Shareholders' Equity	-	-	-	54.362.453	54.362.453
Total Liabilities					387.172.437

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**SECTION FIVE**  
**INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS**

**a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):**

1. Information on cash equivalents and the account of the CBRT:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash/Foreign Currency	1.770.526	3.165.685	1.510.067	1.772.129
The CBRT (*)	2.628.104	39.976.266	733.159	25.808.586
Other (**)	-	135.740	-	69.988
<b>Total</b>	<b>4.398.630</b>	<b>43.277.691</b>	<b>2.243.226</b>	<b>27.650.703</b>

(\*) Precious metal account amounting to TL 2.037.937 are included in FC (31 December 2019: TL 1.154.187).

(\*\*) Precious metal account amounting to TL 135.710 are included in FC (31 December 2019: TL 69.974).

2. Information related to the account of the CBRT:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits	433	-	6.753	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirement	2.627.671	39.976.266	726.406	25.808.586
<b>Total</b>	<b>2.628.104</b>	<b>39.976.266</b>	<b>733.159</b>	<b>25.808.586</b>

3. Explanation on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2013/15, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold.

The required reserve rates for TL liabilities vary between 1% and 6% for TL deposits and other liabilities according to their maturities as of 31 December 2020 (31 December 2019: 1% and 7% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 22% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2020 (31 December 2019: 5% and 21% for all foreign currency liabilities).

**b. Financial Assets at Fair Value Through Profit or Loss**

As of 31 December 2020, financial assets at fair value through profit or loss given as collateral/blocked amount to TL 9.995 (31 December 2019: TL 10.049); and there are no financial assets subject to repo transactions (31 December 2019: None).

Other Financial Assets:

In the previous period, syndication loans extended to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.



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Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TL increased from 18 TL to 1.416.090 TL. This amount is classified in the financial statements under the line "Assets for Sale and Discontinued Operations". As of 31 December 2020, the value of the part pursued as loan is TL 8.968.855 (31 December 2019: TL 6.723.419), and it is classified under "Other Financial Assets" under "Financial Assets at Fair Value through Profit Loss". The total fair value impairment accounted for the total amount turned into credit and capital is TL 3.042.035 (31 December 2019: TL 938.822) and the amount of TL 1.416.090 (31 December 2019: TL 938.822) of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and TL 1.625.945 (31 December 2019: None) is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets at Fair Value through Profit Loss".

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation report are increased or decreased by 0.25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TL 170 million or will decrease by TL 150 million.

The main purpose of the creditor banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as quickly as possible. An international investment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. Within this context, necessary work and discussions with potential investors have been initiated.

TL 1.094.566 of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Portföy Yönetimi A.Ş. and the fund is followed at its fair value and the related valuation differences are recognized in profit or loss.

**c. Trading derivative financial assets:**

Table of positive differences related to derivative financial assets (\*)

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Forward Transactions	414.145	-	482.816	162
Swap Transactions	7.817.657	6.504.867	5.892.415	4.719.651
Futures Transactions	-	-	-	-
Options	38.165	114.329	11.139	60.762
Other	-	-	-	-
<b>Total</b>	<b>8.269.967</b>	<b>6.619.196</b>	<b>6.386.370</b>	<b>4.780.575</b>

(\*) Excluding hedging derivatives financial assets.

**d. Information on banks account and foreign banks:**

1. Information on banks account:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	7.375	30.971	90.699	881.906
Foreign	-	12.372.867	1.673	16.966.396
Head Quarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>7.375</b>	<b>12.403.838</b>	<b>92.372</b>	<b>17.848.302</b>

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2. Information on foreign banks account:

	Unrestricted Amount	Restricted Amount (**)	Unrestricted Amount	Restricted Amount (**)
	Current Period	Current Period	Prior Period	Prior Period
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
European Union				
Countries	5.421.273	4.024.040	8.266.904	3.627.070
USA, Canada	2.519.706	-	4.634.554	-
OECD Countries (*)	36.172	-	65.098	-
Off-Shore Banking				
Regions	183	318.735	168	289.669
Other	52.758	-	84.606	-
<b>Total</b>	<b>8.030.092</b>	<b>4.342.775</b>	<b>13.051.330</b>	<b>3.916.739</b>

(\*) OECD Countries other than EU countries, USA and Canada.

(\*\*) Restricted amounts which mainly consist of collaterals related to borrowings are kept in several banks.

**e. Information on financial assets fair value through other comprehensive income:**

1. As of 31 December 2020, financial assets fair value through other comprehensive income subject to repurchase agreements amounting to TL 16.984.050 (31 December 2019: TL 8.422.563); and those given as collateral/blocked amounting to TL 18.374.196 (31 December 2019: TL 17.108.499).

2. Information on financial assets fair value through other comprehensive income:

	Current Period	Prior Period
	31 December 2020	31 December 2019
Debt Securities	58.851.820	68.420.444
Quoted at Stock Exchange (*)	56.760.569	66.265.514
Unquoted at Stock Exchange	2.091.251	2.154.930
Share Certificates	16.384	16.384
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	16.384	16.384
Impairment Provision (-)	664.059	918.388
<b>Total</b>	<b>58.204.145</b>	<b>67.518.440</b>

(\*) Investment funds are included.

**f. Information related to loans:**

1. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	31 December 2020		31 December 2019	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	97	-	97
Corporate Shareholders	-	97	-	97
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.661.495	2.175.254	6.723.184	1.048.264
Loans Granted to Employees	152.213	-	132.254	-
<b>Total</b>	<b>7.813.708</b>	<b>2.175.351</b>	<b>6.855.438</b>	<b>1.048.361</b>

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2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled (\*):  
(i). Loans at amortised cost (\*)

Current Period – 31 December 2020	Loans and other receivables under follow up			
	Restructured Loans and Receivables			
Cash Loans	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non-specialized Loans				
Loans given to enterprises	38.498.288	2.587.692	83.617	2.684.201
Export Loans	21.204.353	217.270	1.422	25.348
Import Loans	1.768.097	-	-	-
Loans Given to Financial Sector	14.334.744	91	-	2.625
Consumer Loans	39.431.268	1.525.868	619.419	337.451
Credit Cards	20.426.242	618.484	615.695	-
Other	104.529.440	2.313.744	2.430.152	12.680.278
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>240.192.432</b>	<b>7.263.149</b>	<b>3.750.305</b>	<b>15.729.903</b>

(\*) The balances of loans at fair value profit or loss has not been included. Included lease receivables.

Expected Credit Loss Stage I and Stage II (*)	Current Period 31 December 2020		Prior Period 31 December 2019	
	Standard Loans	Loans under Follow-up	Standard Loans	Loans under Follow-up
12 Month Expected Credit Losses	1.521.946	-	649.212	-
Significant Increase in Credit Risk	-	4.354.331	-	3.418.554
<b>Total</b>	<b>1.521.946</b>	<b>4.354.331</b>	<b>649.212</b>	<b>3.418.554</b>

(\*) Included expected credit losses of lease receivables.

3. Breakdown of loans according to their maturities(\*):

	Loans Under Follow-up		
	Standard Loans	Non-restructured	Restructured or rescheduled
Short-term Loans	82.672.041	1.968.290	847.811
Medium and Long-term Loans	157.520.391	5.294.859	18.632.397
<b>Total</b>	<b>240.192.432</b>	<b>7.263.149</b>	<b>19.480.208</b>

(\*) The balances of loans at fair value profit or loss has not been included.

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4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:

<b>Current Period – 31 December 2020</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>1.248.879</b>	<b>38.839.207</b>	<b>40.088.086</b>
Mortgage Loans	3.455	9.578.655	9.582.110
Automotive Loans	14.541	214.523	229.064
Consumer Loans	1.230.883	29.046.029	30.276.912
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>610</b>	<b>610</b>
Mortgage Loans	-	610	610
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>17.738.135</b>	<b>611.742</b>	<b>18.349.877</b>
With Installment	5.973.122	609.846	6.582.968
Without Installment	11.765.013	1.896	11.766.909
<b>Consumer Credit Cards-FC</b>	<b>7.496</b>	<b>-</b>	<b>7.496</b>
With Installment	-	-	-
Without Installment	7.496	-	7.496
<b>Personnel Loans-TL</b>	<b>6.912</b>	<b>83.923</b>	<b>90.835</b>
Mortgage Loans	-	3.209	3.209
Automotive Loans	-	78	78
Consumer Loans	6.912	80.636	87.548
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>61.063</b>	<b>198</b>	<b>61.261</b>
With Installment	20.703	198	20.901
Without Installment	40.360	-	40.360
<b>Personnel Credit Cards-FC</b>	<b>117</b>	<b>-</b>	<b>117</b>
With Installment	-	-	-
Without Installment	117	-	117
<b>Credit Deposit Account-TL (Real Person)</b>	<b>1.734.475</b>	<b>-</b>	<b>1.734.475</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>20.797.077</b>	<b>39.535.680</b>	<b>60.332.757</b>

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Prior Period – 31 December 2019	Short-term	Medium and Long-term	Total
<b>Consumer Loans-TL</b>	<b>416.245</b>	<b>30.237.038</b>	<b>30.653.283</b>
Mortgage Loans	641	9.304.396	9.305.037
Automotive Loans	499	136.892	137.391
Consumer Loans	415.105	20.795.750	21.210.855
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>1.065</b>	<b>1.065</b>
Mortgage Loans	-	1.065	1.065
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards-TL</b>	<b>12.854.524</b>	<b>617.059</b>	<b>13.471.583</b>
With Installment	4.719.975	616.476	5.336.451
Without Installment	8.134.549	583	8.135.132
<b>Consumer Credit Cards-FC</b>	<b>14.658</b>	<b>-</b>	<b>14.658</b>
With Installment	-	-	-
Without Installment	14.658	-	14.658
<b>Personnel Loans-TL</b>	<b>3.762</b>	<b>70.496</b>	<b>74.258</b>
Mortgage Loans	-	3.117	3.117
Automotive Loans	-	80	80
Consumer Loans	3.762	67.299	71.061
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>57.635</b>	<b>108</b>	<b>57.743</b>
With Installment	20.366	108	20.474
Without Installment	37.269	-	37.269
<b>Personnel Credit Cards-FC</b>	<b>253</b>	<b>-</b>	<b>253</b>
With Installment	-	-	-
Without Installment	253	-	253
<b>Credit Deposit Account-TL (Real Person)</b>	<b>1.385.726</b>	<b>-</b>	<b>1.385.726</b>
<b>Credit Deposit Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>14.732.803</b>	<b>30.925.766</b>	<b>45.658.569</b>

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5. Information on commercial installment loans and corporate credit cards:

<b>Current Period – 31 December 2020</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>3.609.665</b>	<b>11.901.365</b>	<b>15.511.030</b>
Mortgage Loans	1.572	6.755	8.327
Automotive Loans	99.845	569	100.414
Consumer Loans	3.508.248	11.894.041	15.402.289
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>-</b>	<b>39.952</b>	<b>39.952</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	39.952	39.952
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>12.771</b>	<b>505.040</b>	<b>517.811</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	12.771	505.040	517.811
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>3.206.720</b>	<b>33.257</b>	<b>3.239.977</b>
With Installment	1.358.425	33.162	1.391.587
Without Installment	1.848.295	95	1.848.390
<b>Corporate Credit Cards-FC</b>	<b>1.693</b>	<b>-</b>	<b>1.693</b>
With Installment	-	-	-
Without Installment	1.693	-	1.693
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>934.652</b>	<b>-</b>	<b>934.652</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7.765.501</b>	<b>12.479.614</b>	<b>20.245.115</b>
<b>Prior Period - 31.12.2019</b>	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Installment Loans-TL</b>	<b>159.072</b>	<b>13.267.296</b>	<b>13.426.368</b>
Mortgage Loans	236	6.130	6.366
Automotive Loans	4.912	809	5.721
Consumer Loans	153.924	13.260.357	13.414.281
Other	-	-	-
<b>FC Indexed Commercial Installment Loans</b>	<b>-</b>	<b>98.153</b>	<b>98.153</b>
Mortgage Loans	-	521	521
Automotive Loans	-	-	-
Consumer Loans	-	97.632	97.632
Other	-	-	-
<b>Commercial Installment Loans-FC</b>	<b>9.807</b>	<b>353.752</b>	<b>363.559</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	9.807	353.752	363.559
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>2.561.575</b>	<b>10.361</b>	<b>2.571.936</b>
With Installment	842.379	10.344	852.723
Without Installment	1.719.196	17	1.719.213
<b>Corporate Credit Cards-FC</b>	<b>3.715</b>	<b>-</b>	<b>3.715</b>
With Installment	-	-	-
Without Installment	3.715	-	3.715
<b>Credit Deposit Account-TL (Legal Person)</b>	<b>1.029.463</b>	<b>-</b>	<b>1.029.463</b>
<b>Credit Deposit Account-FC (Legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3.763.632</b>	<b>13.729.562</b>	<b>17.493.194</b>

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6. Loans according to types of borrowers:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Public	272.211.163	3.079.818
Private	12.604.920	228.836.799
<b>Total</b>	<b>284.816.083</b>	<b>231.916.617</b>

7. Distribution of domestic and foreign loans (\*): Loans are classified according to the locations of the customers.

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Domestic Loans	272.211.163	222.653.350
Foreign Loans	12.604.920	9.263.267
<b>Total</b>	<b>284.816.083</b>	<b>231.916.617</b>

(\*) Included leasing receivables.

8. Loans granted to investments in associates and subsidiaries: None.

9. (i) Credit-Impaired Losses (Stage III / Special Provision) (\*):

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Loans and Other Receivables with Limited Collectibility	1.226.937	2.183.880
Loans and Other Receivables with Doubtful Collectibility	623.643	2.054.163
Uncollectible Loans and Receivables	9.242.658	4.401.267
<b>Total</b>	<b>11.093.238</b>	<b>8.639.310</b>

(\*) Included leasing receivables.

10. Information on non-performing loans (Net):

10. (i) Information on non-performing loans restructured or rescheduled and other receivables:

	<b>III. Group Loans and Other Receivables with Limited Collectibility</b>	<b>IV. Group Loans and Other Receivables with Doubtful Collectibility</b>	<b>V. Group Uncollectible Loans and Other Receivables</b>
<b>Current Period: 31 December 2020</b>			
(Gross Amounts Before Specific Provisions)	30	103.154	2.201.152
Rescheduled Loans and Other Receivables	30	103.154	2.201.152
<b>Prior Period: 31 December 2019</b>			
(Gross Amounts Before Specific Provisions)	65.197	336.693	324.109
Rescheduled Loans and Other Receivables	65.197	336.693	324.109

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10. (ii) Information on the movement of total non-performing loans (\*):

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
<b>Prior Period End Balance: 31 December 2019</b>	<b>3.982.709</b>	<b>4.073.786</b>	<b>7.374.050</b>
Additions (+)	3.708.712	1.165.769	537.689
Transfers from Other Categories of Non-Performing Loans (+)	-	5.354.433	9.220.070
Transfers to Other Categories of Non-Performing Loans (-)	5.354.433	9.220.070	-
Collections (-)	114.443	421.910	1.621.019
Write-offs (-) (**)	1.200	5.080	798.769
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period</b>	<b>2.221.345</b>	<b>946.928</b>	<b>14.712.021</b>
Specific Provisions (-)	1.226.937	623.643	9.242.658
<b>Net Balance at Balance Sheet</b>	<b>994.408</b>	<b>323.285</b>	<b>5.469.363</b>

(\*) Included leasing receivables.

(\*\*) In current period, the amount of write-off made according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 27 November 2019 and numbered 30961 is 692.841 TL and its effect on the NPL ratio is 23 basis point (31 December 2019: TL1.119.998 and its effect on the NPL ratio is 49 basis point).

10. (iii) Information on non-performing loans granted as foreign currency loans:

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
<b>Current Period: 31 December 2020</b>			
Balance at the End of the Period	2.043.398	154.266	4.547.430
Specific Provision (-)	1.102.493	92.004	2.350.414
Net Balance on Balance Sheet	940.905	62.262	2.197.016
<b>Prior Period: 31 December 2019</b>			
Balance at the End of the Period	328.325	1.221.406	2.779.344
Specific Provision (-)	144.060	454.769	1.285.111
<b>Net Balance at Balance Sheet</b>	<b>184.265</b>	<b>766.637</b>	<b>1.494.233</b>

In Parent Bank, non-performing loans granted as foreign currency are followed under TL accounts of balance sheet.



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10.(iv) Breakdown of non-performing loans according to their gross and net values (\*):

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
<b>Current Period (Net): 31 December 2020</b>			
Loans granted to corporate entities and real persons (Gross)	2.221.345	946.928	14.712.021
Specific Provision Amount (-)	1.226.937	623.643	9.242.658
Loans granted to corporate entities and real persons (Net)	994.408	323.285	5.469.363
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-
<b>Prior Period (Net): 31 December 2019</b>			
Loans granted to corporate entities and real persons (Gross)	3.982.709	4.073.786	7.374.050
Specific Provision Amount (-)	2.183.880	2.054.163	4.401.267
Loans granted to corporate entities and real persons (Net)	1.798.829	2.019.623	2.972.783
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Advances Receivables (Net)	-	-	-

(\*) Included leasing receivables.

10. (v) Information on the collection policy of non-performing loans and other receivables (\*):

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
<b>Current Period: 31 December 2020</b>			
Interest accruals and valuation differences	101.483	128.971	2.947.315
Provision (-)	55.746	81.547	1.766.352
<b>Prior Period: 31 December 2019</b>			
Interest accruals and valuation differences	240.819	602.739	1.313.881
Provision (-)	126.538	343.611	797.273

(\*) Included leasing receivables.

11. Information on the collection policy of non-performing loans and other receivables:

Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

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12. Information on the write-off policy:

The general policy of the Group in the deletion of NPLs from assets is that the receivables that are documented that the collection is not possible during the legal follow-up process and that are classified under the 5th group and do not have reasonable expectations regarding their recovery and 100% of all fraud and fraud-related follow-up accounts with a provision ratio. Legal proceedings are tracked from where they left off for the follow-up accounts that are not recorded in the legal proceedings.

**g. Financial Assets Measured at Amortised Cost**

1. Information on financial subject to repurchase agreements and those given as collateral/blocked:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	7.470.796	1.216.927	352.296	-
Subject to repurchase agreements	1.693.302	4.547.790	145.327	1.229.269
<b>Total</b>	<b>9.164.098</b>	<b>5.764.717</b>	<b>497.623</b>	<b>1.229.269</b>

2. Information about Government debt securities:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Government debt	40.239.483	13.080.081
Treasury bonds	-	-
Other government debts	977.340	779.177
<b>Total</b>	<b>41.216.823</b>	<b>13.859.258</b>

3. Information on financial assets measured at amortised cost:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Debt Securities	41.923.581	15.602.379
Quoted at stock exchange	41.923.581	15.602.379
Not quoted at stock exchange	-	-
Impairment (-)	38.522	27.521
<b>Total</b>	<b>41.885.059</b>	<b>15.574.858</b>

4. The movement of financial assets at amortised costs:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Balance at the Beginning of the Period	15.574.858	12.263.481
Foreign Currency Differences on Monetary Assets	4.715.654	414.623
Purchases During Year	25.884.971	5.397.163
Disposals Through Sales and Redemptions	(4.774.521)	(3.214.762)
Impairment Provision	(11.001)	37.065
Change in Amortised Cost	495.098	677.288
<b>Balance at the End of the Period</b>	<b>41.885.059</b>	<b>15.574.858</b>

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**h. Information on investments in associates (Net):**

1. Non-consolidated associates:

1 (i). Reasons for being out of consolidation for non-consolidated associates: In accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks they have been left out of the scope of consolidation.

1 (ii). Information about non-consolidated associates:

	<b>Title</b>	<b>Address (City / Country)</b>	<b>Bank's share percentage- If different voting percentage (%)</b>	<b>Bank's risk group share percentage (%)</b>
1	Bankalararası Kart Merkezi A.Ş.	Istanbul/Turkey	4,89	4,89
2	Kredi Kayıt Bürosu A.Ş.	Istanbul/Turkey	9,09	9,09
3	JCR Avrasya Derecelendirme A.Ş.	Istanbul/Turkey	2,86	2,86
4	Birleşik İpotek Finansmanı A.Ş.	Istanbul/Turkey	8,33	8,33

1 (iii). Main financial figures of associates, in the order of the above table:

The financial figures stated below have been obtained from the financial statements date 30 September 2020.

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from Marketable Securities Portfolio</b>	<b>Current Period Profit/ Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Fair Value</b>
1	272.800	217.454	85.961	6.083	-	35.413	28.503	-
2	411.660	265.464	254.612	5.882	-	48.549	26.579	-
3	31.238	25.827	971	666	-	6.146	2.082	-

31 December 2019 financial data of JCR Avrasya Derecelendirme A.Ş. has been used in the table above. Birleşik İpotek Finansmanı A.Ş. started its operations in 2020 and is not included in the table above since have any published financial statements yet.

1 (iv). Movement schedule for non-consolidated subsidiaries:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Balance at the Beginning of the Period	5.521	5.521
Movements During the Period		
Purchases (*)	3.588	-
Bonus Shares and Contributions to Capital	5.686	-
Dividends from Current Year Income	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	14.795	5.521
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) The mentioned amounts arise from the Bank's association to JCR Avrasya Derecelendirme A.Ş. to TL 2.755 for a share of 2.86% and TL 833 for a share of 8.33% to Birleşik İpotek Finansmanı A.Ş.

2. Consolidated subsidiaries within the current period: None.

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**i. Information on subsidiaries (Net):**

1. Information related to shareholders' equity of major subsidiaries:

The following amounts have been obtained from the financial statements as of 31 December 2020 prepared in accordance with legislation in which companies are subject to.

	<b>Ak Finansal Kiralama A.Ş.</b>	<b>Ak Yatırım Menkul Değerler A.Ş.</b>	<b>Ak Portföy Yönetimi A.Ş.</b>	<b>Akbank AG</b>	<b>AkÖde A.Ş.</b>
Paid in Capital	360.007	96.802	10.534	740.648	62.000
Share Premium	-	-	-	-	-
Reserves	589.209	76.251	24.157	6.375.622	(14)
Gains recognized in equity as per TAS	-	(3.393)	(405)	-	(109)
Profit/Loss	154.966	612.089	154.107	409.157	(54.981)
- Net Current Period Profit	154.966	321.502	110.882	409.157	(35.437)
- Prior Year Profit/Loss	-	290.587	43.225	-	(19.544)
Development Cost of Operating Lease (-)	66	951	-	930	-
Remaining other intangible assets after offset with the related deferred tax liability excluding mortgage servicing rights	1.637	14.623	314	5.113	-
<b>Total Common Equity</b>	<b>1.102.479</b>	<b>766.175</b>	<b>188.079</b>	<b>7.519.384</b>	<b>6.896</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Portion of Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities not deducted from the Common Equity as per the 1st Clause of Provisional Article 2 of the "Regulation on the Equity of Banks" (-)	-	-	-	-	-
<b>Total Tier I Capital</b>	<b>1.102.479</b>	<b>766.175</b>	<b>188.079</b>	<b>7.519.384</b>	<b>6.896</b>
<b>Tier II Capital</b>	<b>78.164</b>	<b>140</b>	<b>1</b>	<b>70.279</b>	<b>-</b>
<b>CAPITAL</b>	<b>1.180.643</b>	<b>766.315</b>	<b>188.080</b>	<b>7.589.663</b>	<b>6.896</b>
<b>Deductions from Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL</b>	<b>1.180.643</b>	<b>766.315</b>	<b>188.080</b>	<b>7.589.663</b>	<b>6.896</b>

The Bank's subsidiaries, included in the consolidated calculation of capital requirement, do not have additional capital requirements.

2. Non-consolidated subsidiaries: None.

3. Consolidated subsidiaries:

<b>Title</b>	<b>Address (City / Country)</b>	<b>Bank's Share Percentage-If Different Voting Percentage (%)</b>	<b>Bank's Risk Group Share Percentage (%)</b>
1 Ak Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	99,99
2 Ak Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	100,00	100,00
3 Ak Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	100,00
4 Akbank AG	Frankfurt/Germany	100,00	100,00
5 AkÖde Elektronik Para ve Ödeme Hizmetleri A.Ş.	İstanbul/Turkey	100,00	100,00

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4. Main financial figures of consolidated subsidiaries, in the order of the above table:

The following amounts have been obtained from the financial statements as of 31 December 2020 prepared in accordance with legislation in which companies are subject to.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair Value
1	6.675.797	1.103.328	80.085	453.284	2.112	154.966	95.149	-
2	2.900.330	781.749	23.567	144.238	20.178	321.502	128.174	-
3	217.887	188.393	4.649	2.935	-	110.882	65.994	-
4	34.455.043	7.525.427	41.980	995.670	227.152	409.157	364.203	-
5	20.460	6.896	970	1.285	-	(35.437)	(12.255)	-

Though not being the subsidiary of the Bank, A.R.T.S Ltd. which was established in November 1999 respectively in connection with rising long-term financing, is included in the full scope of consolidation as "Structured Entity" due to the 100% control of this entity by the Group.

5. Movement schedule for consolidated subsidiaries:

	Current Period 31 December 2020	Prior Period 31 December 2019
Balance at the Beginning of the Period	6.730.785	5.452.141
Movements During the Period		
Additions (*)	35.000	139.981
Bonus Shares and Contributions to Capital	-	-
Dividends from Current Year Income	956.126	640.370
Sales/Liquidation	-	-
Revaluation Increase (**)	1.883.717	498.293
Revaluation/Impairment	-	-
Balance at the End of the Period	9.605.628	6.730.785
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(\*) The mentioned amounts are increased by 35.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş., which is the 100% subsidiary of the Bank for the current period; increased by 125.000 TL for the capital of Ak Finansal Kiralama A.Ş. which is the 99,99% subsidiary of the Bank for the previous period; increased by 15.000 TL for the capital of AkÖde Elektronik Para ve Payment Hizmetleri A.Ş. which is the 100% subsidiary of the Bank for the previous period.

(\*\*) Amounts refer to revaluation differences arising from accounting of financial associates and subsidiaries under the equity method as explained in the Note III of the Section Three.

6. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	Current Period 31 December 2020	Prior Period 31 December 2019
Banks	7.525.427	5.111.016
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	1.103.162	947.751
Finance Companies	-	-
Other Financial Subsidiaries	977.039	672.018

7. Subsidiaries quoted to a stock exchange: None (31 December 2019: None).

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j. **Information on joint ventures:** None (31 December 2019: None).

k. **Information on finance lease receivables (Net):**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
2020	-	-	2.012.951	1.761.924
2021	2.122.120	1.871.231	1.304.131	1.120.195
2022 and following years	3.524.619	3.143.908	1.878.042	1.684.734
<b>Total</b>	<b>5.646.739</b>	<b>5.015.139</b>	<b>5.195.124</b>	<b>4.566.853</b>

l. **Information on the hedging derivative financial assets:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge	3.217.726	12.998	3.072.295	151.510
Cash Flow Hedge	4.738.479	-	2.093.795	33.217
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>7.956.205</b>	<b>12.998</b>	<b>5.166.090</b>	<b>184.727</b>

m. **Information on tangible assets:**

The Group revalued its immovables classified as property and equipment within the scope of "TAS 16 Property, Plant and Equipment" in the current period. The revaluation difference in the amount of TL 912.544, which as a result of the evaluations made by the expertise firms authorized by the CMB and the BRSA, is presented in the "investment properties revaluation differences" item in the table below.

	<b>Immovables (*)</b>	<b>Other Tangible Fixed Assets</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Prior Period End: 31 December 2019</b>				
Cost	4.405.887	2.159.285	7.069	6.572.241
Accumulated Depreciation(-)	516.290	1.136.254	-	1.652.544
<b>Net Book Value</b>	<b>3.889.597</b>	<b>1.023.031</b>	<b>7.069</b>	<b>4.919.697</b>
<b>Current Period End: 31 December 2020</b>				
Net Book Value at the Beginning of the Period	3.889.597	1.023.031	7.069	4.919.697
Additions	168.616	600.174	25.322	794.112
Investment Properties Revaluation differences	912.544	-	-	912.544
Transferred	22.167	-	(22.167)	-
Disposals (-), net	153.771	1.780	-	155.551
Depreciation (-)	141.695	329.808	-	471.503
Impairment	(11.922)	-	-	(11.922)
Currency Translation Differences on Foreign Operations, Net	15.896	133	-	16.029
Cost at Period End	5.160.043	2.719.643	10.224	7.889.910
Accumulated Depreciation at Period End (-)	458.611	1.427.893	-	1.886.504
<b>Closing Net Book Value</b>	<b>4.701.432</b>	<b>1.291.750</b>	<b>10.224</b>	<b>6.003.406</b>

(\*) Immovables includes the asset usage rights of the real estates rented under the "TFRS 16 Leases" Standard. As of 31 December 2020, asset usage rights are TL 756.191, and accumulated depreciation amount is TL 328.392.

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	<b>Immovables(*)</b>	<b>Other Tangible Fixed Assets</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Prior Period End: 31 December 2018</b>				
Cost	3.880.347	1.623.834	347.795	5.851.976
Accumulated Depreciation (-)	451.770	967.479	-	1.419.249
<b>Net Book Value</b>	<b>3.428.577</b>	<b>656.355</b>	<b>347.795</b>	<b>4.432.727</b>
<b>Current Period End: 31 December 2019</b>				
Net Book Value at the Beginning of the Period	3.428.577	656.355	347.795	4.432.727
<b>TFRS 16 Transition Effect</b>				
Cost	784.613	-	-	784.613
Accumulated Depreciation (-)	310.941	-	-	310.941
Additions	165.596	586.113	81.576	833.285
Investment Properties Revaluation differences	-	-	-	-
Transferred	422.302	-	(422.302)	-
Disposals (-), net	35.934	996	-	36.930
Depreciation (-)	120.369	218.516	-	338.885
Impairment	-	-	-	-
Currency Translation Differences on Foreign Operations, Net	29.425	75	-	29.500
Cost at Period End	4.405.887	2.159.285	7.069	6.572.241
Accumulated Depreciation at Period End (-)	516.290	1.136.254	-	1.652.544
<b>Closing Net Book Value</b>	<b>3.889.597</b>	<b>1.023.031</b>	<b>7.069</b>	<b>4.919.697</b>

(\*) Immovables includes the asset usage rights of the real estates rented under the "TFRS 16 Leases" Standard. As of 31 December 2019, asset usage rights are TL 852.500, and accumulated depreciation amount is TL 345.737.

**n. Information on intangible assets:**

1. Cost and accumulated amortization at the beginning and end of the period:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Cost	1.918.033	1.461.990
Accumulated Amortization (-)	727.124	508.802
<b>Net Book Value</b>	<b>1.190.909</b>	<b>953.188</b>

2. Reconciliation of movements for the current period and prior period:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Opening Balance Net Book Value</b>	<b>953.188</b>	<b>646.192</b>
Additions	451.476	496.271
Disposals (-), net	234	118
Depreciation (-)	214.978	189.157
Currency Translation Differences on Foreign Operations, Net	1.457	-
<b>Closing Net Book Value</b>	<b>1.190.909</b>	<b>953.188</b>

**o. Information on the investment properties:** None (31 December 2019: None).

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**p. Information on deferred tax asset:**

As of 31 December 2020, the Group has TL 147.990 deferred tax asset (31 December 2019: TL 135.972). Temporary differences subject to deferred tax calculation result from mainly the differences between the book values, tax values and debts of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVIII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities. There are no carry forward tax losses that can be used as deductions for the tax calculation. An explanation about the net deferred tax liability is given in Note II-i-2 of Section Five.

	Accumulated temporary differences		Deferred tax assets / (liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Employee benefits	557.621	450.884	111.631	99.053
Stage 1 and 2 loans provisions	6.353.998	4.538.537	1.278.422	1.003.664
Differences between book value and tax base of property, plant and equipment	(1.512.325)	(1.068.576)	(302.465)	(234.893)
Differences between book value and tax base of financial assets	(6.717.646)	(6.848.803)	(1.338.309)	(1.483.813)
Investment Properties Revaluation differences	(3.359.193)	(2.460.656)	(389.766)	(300.168)
Country risk provision	(574.424)	(426.515)	(157.249)	(136.485)
Other	4.078.548	1.573.354	821.268	351.402
<b>Deferred Tax Asset/(Liabilities) Net</b>			<b>23.532</b>	<b>(701.240)</b>

**r. Information on property and equipment held for sale and related to discontinued operations:**

	Current Period 31 December 2020	Prior Period 31 December 2019
Cost	250.782	666.140
Accumulated Depreciation (-)	4	73
<b>Net Book Value</b>	<b>250.778</b>	<b>666.067</b>

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Opening Balance Net Book Value</b>	<b>666.067</b>	<b>264.384</b>
Additions (*)	265.721	1.575.616
Disposals (-), net	184.122	235.066
Impairment (-)	496.888	938.867
Depreciation (-)	-	-
<b>Closing Net Book Value</b>	<b>250.778</b>	<b>666.067</b>

(\*) The Group's share in the capital of LYY Telekomünikasyon A.Ş. has increased from TRY 18 to TRY 1.416.090 in the previous period. This amount is shown in the line "Additions" in the table above. The Group's total provision for impairment of assets held for sale is TL 1.416.090 and TL 477.268 of the current period is shown in the "Impairment (-)" line. As explained in Note I-b of Section Five, the impairment of LYY Telekomünikasyon A.Ş. net worth has increased.

**s. Information on other assets:**

Other assets amounting to TL 10.171.726 (31 December 2019: TL 6.505.838) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.



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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES**

**a. Information on deposits:**

1. Information on maturity structure of the deposits: There are no seven-day notification deposits.

1 (i). Current Period – 31 December 2020:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	12.219.978	12.032.234	44.243.460	435.333	316.374	485.258	8.061	<b>69.740.698</b>
Foreign Currency Deposits	49.705.965	15.155.554	67.252.208	3.171.751	4.735.719	16.111.230	950	<b>156.133.377</b>
Residents in Turkey	42.865.558	14.956.249	62.805.067	1.162.030	2.081.927	3.187.223	950	<b>127.059.004</b>
Residents Abroad	6.840.407	199.305	4.447.141	2.009.721	2.653.792	12.924.007	-	<b>29.074.373</b>
Public Sector Deposits	1.041.580	12.763	35.227	3.617	644	520	-	<b>1.094.351</b>
Commercial Deposits	11.118.180	9.619.587	10.810.507	146.115	72.611	297.154	-	<b>32.064.154</b>
Other Institutions Deposits	352.519	474.871	2.466.462	36.556	19.203	1.547	-	<b>3.351.158</b>
Precious metals Deposits	16.589.623	10.417	142.711	13.185	710.877	94.649	-	<b>17.561.462</b>
Interbank Deposits	280.804	757.377	10.126.576	715.540	692.597	913	-	<b>12.573.807</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	16.068	456.097	135.598	173.372	684.219	-	-	<b>1.465.354</b>
Foreign Banks	228.705	301.280	9.990.978	542.168	8.378	913	-	<b>11.072.422</b>
Participation Banks	36.031	-	-	-	-	-	-	<b>36.031</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>91.308.649</b>	<b>38.062.803</b>	<b>135.077.151</b>	<b>4.522.097</b>	<b>6.548.025</b>	<b>16.991.271</b>	<b>9.011</b>	<b>292.519.007</b>

1 (ii). Prior period - 31 December 2019:

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 – 3 Months</b>	<b>3 – 6 Months</b>	<b>6 Months – 1 Year</b>	<b>1 Year and Over</b>	<b>Deposits Cumulative</b>	<b>Total</b>
Saving Deposits	10.127.048	10.183.799	41.132.279	182.618	262.221	531.691	12.977	<b>62.432.633</b>
Foreign Currency Deposits	27.509.477	13.423.063	74.235.005	2.709.505	2.970.256	17.691.555	1.154	<b>138.540.015</b>
Residents in Turkey	22.472.756	13.252.797	69.514.476	2.346.602	1.234.268	4.024.290	1.102	<b>112.846.291</b>
Residents Abroad	5.036.721	170.266	4.720.529	362.903	1.735.988	13.667.265	52	<b>25.693.724</b>
Public Sector Deposits	1.137.518	14.279	27.440	3.371	359	454	-	<b>1.183.421</b>
Commercial Deposits	8.514.974	8.212.215	10.741.257	229.145	82.984	175.345	-	<b>27.955.920</b>
Other Institutions Deposits	272.527	829.067	2.177.831	46.463	6.085	971	-	<b>3.332.944</b>
Precious metals Deposits	4.151.698	-	3.971	-	268.345	67.833	-	<b>4.491.847</b>
Interbank Deposits	1.555.546	480.512	4.008.293	430.528	288.030	12.644	-	<b>6.775.553</b>
The CBRT	-	-	-	-	-	-	-	-
Domestic Banks	11.574	19.373	200.551	332.047	173.450	-	-	<b>736.995</b>
Foreign Banks	246.636	461.139	3.807.742	98.481	114.580	12.644	-	<b>4.741.222</b>
Participation Banks	1.297.336	-	-	-	-	-	-	<b>1.297.336</b>
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>53.268.788</b>	<b>33.142.935</b>	<b>132.326.076</b>	<b>3.601.630</b>	<b>3.878.280</b>	<b>18.480.493</b>	<b>14.131</b>	<b>244.712.333</b>

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2. Information on saving deposits insurance:

Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund: The deposit amounts of the consolidated subsidiaries located abroad are subject to local insurance regulations and are not included in the table below.

	<b>Under the Guarantee of Deposit Insurance</b>		<b>Exceeding the Limit of Deposit Insurance</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Saving Deposits	30.216.189	30.875.550	39.523.989	30.609.809
Foreign Currency Saving Deposits	18.887.429	16.110.198	68.523.730	56.626.928
Other Deposits in the Form of Saving Deposits	7.892.207	2.373.387	8.201.705	1.807.082
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Foreign Branches' Deposits and other accounts	24	18
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse and Children in care	1.855.160	1.625.947
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Banks Established in Turkey solely to Engage in Off-shore Banking Activities	-	-

**b. Information on trading derivative financial liabilities:**

Table of derivative financial liabilities (\*):

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	231.359	405	143.501	401
Swap Transactions	10.615.699	2.390.107	6.176.955	1.360.509
Futures Transactions	-	-	-	-
Options	5.632	157.932	5.686	94.510
Other	-	-	-	-
<b>Total</b>	<b>10.852.690</b>	<b>2.548.444</b>	<b>6.326.142</b>	<b>1.455.420</b>

(\*) Excluding hedge transactions.

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**c. Information on borrowings:**

1. Information on banks and other financial institutions:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	367.411	4.939.707	548.615	1.187.028
From Foreign Banks, Institutions and Funds	-	34.955.496	-	33.100.838
<b>Total</b>	<b>367.411</b>	<b>39.895.203</b>	<b>548.615</b>	<b>34.287.866</b>

2. Information on maturity structure of borrowings:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Short-term	256.276	705.426	303.879	641.868
Medium and Long-term	111.135	39.189.777	244.736	33.645.998
<b>Total</b>	<b>367.411</b>	<b>39.895.203</b>	<b>548.615</b>	<b>34.287.866</b>

Securitized borrowings procured via A.R.T.S. Ltd. ("Structured Entity") which the Bank has 100% controlling power, are included in external funding sources of the Bank. Under the securitization program agreements, the Bank has sold foreign trade and customer receivables to A.R.T.S. Ltd.

3. The liabilities providing the funding sources of the Group are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

**d. Information on securities issued (Net):**

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Bank bills	5.313.725	-	2.391.332	-
Bonds	2.399.203	11.593.289	2.532.944	8.612.669
<b>Total</b>	<b>7.712.928</b>	<b>11.593.289</b>	<b>4.924.276</b>	<b>8.612.669</b>

**e. Information on other foreign liabilities:**

Other foreign liabilities amounting to TL 3.001.989 under "Other Liabilities" [31 December 2019: TL 2.251.871] and do not exceed 10% of the total balance sheet.

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**f. Information on financial leasing agreements:**

With the "IFRS 16 Leases" standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the "Lease Payables" as liability by lessees.

Liabilities incurred due to financial leasing agreements:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less Than 1 Year	139.140	63.288	150.202	63.868
Between 1-4 Years	351.773	183.105	388.038	188.559
More Than 4 Years	425.611	296.166	544.539	371.727
<b>Total</b>	<b>916.524</b>	<b>542.559</b>	<b>1.082.779</b>	<b>624.154</b>

**g. Information on the hedging derivative financial liabilities:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge	81.056	679.914	71.230	191.806
Cash Flow Hedge	343.604	335.265	848.039	53.065
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>424.660</b>	<b>1.015.179</b>	<b>919.269</b>	<b>244.871</b>

**h. Information on provisions:**

1. Information on reserves for employee rights:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Balance Sheet Obligations for:</b>		
- Reserve for employment termination benefits	428.234	324.669
- Reserve for unused vacation	129.387	126.215
<b>Total</b>	<b>557.621</b>	<b>450.884</b>

1. (i) Employment termination benefits and unused vacation rights:

According to Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires.

The compensation amount equals to one month's salary of an employee for each year of service, but this amount is limited up to severance limit decided by law. This liability is not subject to any funding legally and there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Discount Rate (%)	3,64	3,97
Rate for the Probability of Retirement (%)	95,52	95,13

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The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of TL 7.638,96 (1 January 2020: TL 6.730,15) effective from 1 January 2021 has been taken into consideration in calculating the reserve for employee termination benefits (in full TL amount).

Movements in the reserve for employment termination benefits during the period are as follows:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
<b>Prior Period Closing Balance</b>	<b>324.669</b>	<b>215.202</b>
Recognized as an Expense During the Period	77.788	86.885
Actuarial Loss / (Gain)	68.211	89.142
Paid During the Period	(42.434)	(66.408)
<b>Balance at the End of the Period</b>	<b>428.234</b>	<b>324.821</b>

As of 31 December 2020, the Group has allocated vacation liability amounting to TL 129.387 (31 December 2019: TL 126.215).

2. (ii) Post-employment benefits:

The Group's obligation in respect of the post-employment benefits transferrable to SSI, as explained in Note XVII of Section Three, has been calculated by a registered actuary. In this context, the value of the obligation regarding these benefits to be transferred to SSI as of the balance sheet date would equal the approximate payment amount that would need to be made to SSI as part of the transfer. The actuarial parameters and results used for the calculation of this amount reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%). Based on the actuary report, as of 31 December 2020, the deficit of the Fund amounts to TL 126.263 (31 December 2019: TL 38.125 excess).

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Total Obligations	(7.690.175)	(6.729.229)
Cash value of future contributions	5.601.360	4.895.180
<b>Total Transfer Obligations to SSI</b>	<b>(2.088.815)</b>	<b>(1.834.049)</b>
Past service obligation	(366.677)	(269.546)
<b>Total Transfer to SSI and Other Obligations</b>	<b>(2.455.492)</b>	<b>(2.103.595)</b>
Fair value of assets	2.329.229	(2.065.470)
<b>Deficit</b>	<b>(126.263)</b>	<b>(38.125)</b>

The amount of the post-employment medical benefits transferrable to SSI are calculated over discounted net present value of medical liabilities and health premiums. The principal actuarial assumptions used were as follows:

**Discount rate:**

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits	3,64%	3,97%

**Mortality rate**

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women determined using mortality table depending on statistical data is 19,7 years for men and 25,3 years for women.

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The movement in the fair value of plan assets of the year is as follows:

	<b>Current Period</b>	<b>Pior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Prior period end</b>	<b>2.065.470</b>	<b>1.795.491</b>
Actual return on plan assets	227.741	333.700
Employer contributions	432.814	343.326
Employee contributions	284.885	232.839
Benefits paid	(681.681)	(639.886)
<b>Period end</b>	<b>2.329.229</b>	<b>2.065.470</b>

Plan assets are comprised as follows:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 December 2020</b>		<b>31 December 2019</b>	
Bank placements	275.016	12%	1.181.437	%57
Property and equipment	16.421	1%	17.495	%1
Marketable securities and share certificates	1.551.810	67%	571.189	%28
Other	485.982	20%	295.349	%14
<b>Period end</b>	<b>2.329.229</b>	<b>%100</b>	<b>2.065.470</b>	<b>%100</b>

2. Information on provisions related with foreign currency difference of foreign indexed loans:

As of 31 December 2020, the Bank has no provision related to foreign currency differences of foreign indexed loans (31 December 2019: None) and the related prior period amount is offset with the balance of foreign currency indexed loans.

3. Information on provisions for non-cash loans that are non-funded and non-transformed into cash:

Expected loss provisions for non-cash loans that are non-funded and non-transformed into cash amounting to TL 492.436 as of 31 December 2020 (31 December 2019: TL 297.102).

4. Information on other provisions:

- 4 (i). Information on free provision for possible risks: TL 1.150.000 (31 December 2019: TL 650.000).

The Bank has provided free provision amounting TL 1.150.000 thousand out of which TL 500.000 thousand had been recognized in current period and TL 650.000 thousand had been recognized in prior years. (31 December 2019: TL 650.000).

- 4 (ii). Information on provisions for banking services promotion:

The Group has provision for credit cards and banking services promotion activities amounting to TL 64.932 (31 December 2019: TL 52.721).

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**i. Explanations on tax liability:**

1. Explanations on tax liability:

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 31 December 2020, the remaining tax liability after the deduction of taxes paid is TL 1.126.257 (31 December 2019: TL 326.797). There is no current tax asset as of 31 December 2020 (31 December 2019: TL 9.971).

1 (i). Information on taxes payable:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Corporate Taxes Payable	1.126.257	326.797
Taxation on Marketable Securities	162.786	187.962
Property Tax	1.210	2.383
Banking Insurance Transaction Tax (BITT)	172.963	185.204
Foreign Exchange Transaction Tax	9.632	4.875
Value Added Tax Payable	11.499	18.454
Other	174.939	99.098
<b>Total</b>	<b>1.659.286</b>	<b>824.773</b>

1 (ii). Information on premium payables:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Social Security Premiums – Employee	1.516	1.243
Social Security Premiums – Employer	308	155
Bank Social Aid Pension Fund Premium- Employee	3	3
Bank Social Aid Pension Fund Premium – Employer	3	3
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	2.038	1.800
Unemployment Insurance – Employer	3.818	3.374
Other	270	348
<b>Total</b>	<b>7.956</b>	<b>6.926</b>

2. Information on deferred tax liability:

As of 31 December 2020, Turkish Lira deferred tax liability of the Group amounts to TL 124.458 (31 December 2019: TL 837.212). An explanation about the net deferred tax asset is given in Note p of Section Five.

**j. Information on subordinated loan:**

	<b>Current Period 31 December 2020</b>		<b>Prior Period 31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Debt Instruments subject to common equity	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 equity	-	6.718.414	-	5.381.534
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	6.718.414	-	5.381.534
<b>Total</b>	<b>-</b>	<b>6.718.414</b>	<b>-</b>	<b>5.381.534</b>

Explanation about the subordinated loans is given in Note I-b of Section Four.

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**k. Information on shareholders' equity:**

1. Presentation of paid-in capital:

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Common Stock	5.200.000	5.200.000
Preferred Stock	-	-

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling:

<b>Capital System</b>	<b>Paid-in capital</b>	<b>Ceiling</b>
Registered Share Capital	5.200.000	10.000.000

3. Capital increases and sources in the current period and other information based on increased capital shares:

None.

4. Information on share capital increases from capital reserves during the current period: None.

5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the "subsequent interim period: None.

6. The effects of anticipations based on the financial figures for prior periods regarding the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Group's equity due to uncertainties at these indicators:

The Group has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to investment such as associates and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and interest bearing assets. Considering all these factors, the Group continues to its operations with strong shareholders' equity.

7. Information on privileges given to shares representing the capital: None.

8. Information on marketable securities value increase fund:

	<b>Current Period 31 December 2020</b>		<b>Prior Period 31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	73.752	305.059	113.916	(57.111)
Foreign Currency Differences	-	-	-	-
<b>Total</b>	<b>73.752</b>	<b>305.059</b>	<b>113.916</b>	<b>(57.111)</b>

**l. Information on minority shares:**

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Beginning Balance	159	126
Net Profit Share of other shareholders	23	14
Previous Term Dividend	-	-
Net Currency difference due to foreign subsidiaries	-	-
Effect of Changes within scope of consolidation	-	19
<b>Balance end of Period</b>	<b>182</b>	<b>159</b>



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**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS**

**a. Explanations on off-balance sheet commitments:**

1. Type and amount of irrevocable commitments: TL 7.908.110 asset purchase commitments (31 December 2019: TL 14.762.968), TL 29.118.196 commitments for credit card limits (31 December 2019: TL 23.193.073) and TL 2.730.978 commitments for cheque books (31 December 2019: TL 2.632.311).

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Group has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

- 2 (i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Bank Acceptance Loans	47.814	50.678
Letters of Credit	4.660.989	4.404.510
Other Guarantees and Warranties	9.202.231	7.106.720
<b>Total</b>	<b>13.911.034</b>	<b>11.561.908</b>

- 2 (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Revocable Letters of Guarantee	1.961.090	1.081.737
Irrevocable Letters of Guarantee	18.532.178	17.634.443
Letters of Guarantee Given in Advance	1.920.439	1.922.507
Guarantees Given to Customs	3.529.766	2.251.380
Other Letters of Guarantee	11.581.145	8.247.050
<b>Total</b>	<b>37.524.618</b>	<b>31.137.117</b>

3. Information on non-cash loans:

- 3.(i) Total amount of non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
Non-cash Loans Given against Cash Loans	20.144.761	12.545.219
With Original Maturity of 1 Year or Less Than 1 Year	6.778.686	5.064.000
With Original Maturity of More Than 1 Year	13.366.075	7.481.219
Other Non-cash Loans	31.290.891	30.153.806
<b>Total</b>	<b>51.435.652</b>	<b>42.699.025</b>

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3.(iii) Information on sectoral risk concentrations of non-cash loans:

	Current Period 31 December 2020				Prior Period 31 December 2019			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	24.574	0,10	528	-	18.735	0,09	14.336	0,06
Farming and Raising								
Livestock	957	-	-	-	1.394	0,01	14.336	0,06
Forestry	20.841	0,08	528	-	17.302	0,09	-	-
Fishing	2.776	0,01	-	-	39	-	-	-
Manufacturing	4.537.393	18,22	13.866.185	50,52	3.934.128	19,75	10.677.064	45,06
Mining	70.244	0,28	108.785	0,40	77.629	0,39	150.629	0,46
Production	3.391.055	13,62	11.587.684	42,18	2.948.379	14,80	8.764.676	37,11
Electric, Gas and Water	1.076.094	4,32	2.169.716	7,94	908.120	4,56	1.761.759	7,49
Construction	3.594.829	14,43	5.188.283	18,41	2.981.820	14,97	5.231.577	21,76
Services	16.014.704	64,32	5.437.015	23,61	12.232.621	61,47	4.937.473	24,99
Wholesale and Retail Trade	11.346.592	45,56	1.917.137	7,01	8.664.782	43,52	2.238.502	9,41
Hotel, Food and								
Beverage Services	148.820	0,60	188.219	0,69	122.287	0,61	191.394	0,81
Transportation and								
Telecommunication	599.461	2,41	1.494.399	5,29	493.055	2,48	782.390	3,33
Financial Institutions	3.549.366	14,27	1.730.104	10,22	2.688.449	13,53	1.523.773	10,58
Real Estate and Leasing								
Services	16.257	0,07	51.780	0,19	17.891	0,09	34.858	0,15
Self-Employment Services	52.050	0,21	2.314	0,01	30.955	0,16	4.297	0,02
Education Services	32.800	0,13	10.671	0,04	24.535	0,12	5.869	0,02
Health and Social Services	269.358	1,08	42.391	0,16	190.667	0,96	156.390	0,66
Other	729.474	2,93	2.042.667	7,46	738.469	3,71	1.932.802	8,13
<b>Total</b>	<b>24.900.974</b>	<b>100,00</b>	<b>26.534.678</b>	<b>100,00</b>	<b>19.905.773</b>	<b>100,00</b>	<b>22.793.252</b>	<b>100,00</b>

3.(iii) Information on the non-cash loans classified in Group I and Group II:

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-Cash Loans</b>	<b>23.893.173</b>	<b>25.493.324</b>	<b>797.147</b>	<b>312.911</b>
Letters of Guarantee	20.266.752	15.318.632	779.481	308.634
Bank Acceptances	-	47.814	-	-
Letters of Credit	7.931	4.560.808	-	4.277
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	19.269	-	-
Other Commitments and Contingencies	3.618.490	5.546.802	17.666	-

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#### b. Information on derivative transactions:

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Types of Trading Transactions</b>		
Foreign Currency Related Derivative Transactions (I)	297.261.898	274.974.425
FC Trading Forward Transactions	20.445.780	20.850.732
Trading Swap Transactions	262.687.956	243.036.385
Futures Transactions	5.485.064	170.951
Trading Option Transactions	8.643.098	10.916.357
Interest Related Derivative Transactions (II)	190.708.198	174.645.064
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	172.954.232	153.369.992
Interest Rate Options	17.753.966	21.275.072
Interest Rate Futures	-	-
Other Trading Derivative Transactions (III)	34.587.518	22.214.459
A. Total Trading Derivative Transactions (I+II+III)	522.557.614	471.833.948
<b>Types of Hedging Transactions</b>		
Fair Value Hedges	29.780.002	26.813.770
Cash Flow Hedges	54.738.337	37.845.245
Foreign Currency Investment Hedges	-	-
B. Total Hedging Related Derivatives	84.518.339	64.659.015
<b>Total Derivative Transactions (A+B)</b>	<b>607.075.953</b>	<b>536.492.963</b>

#### c. Explanations on credit derivatives and risks beared due to these:

As of 31 December 2020: 1.298.395 (31 December 2019: TL 1.047.840).

#### d. Explanations on contingent assets and liabilities:

##### 1. Contingent Liabilities:

The Bank has accounted a provision amounting to TL 75.471 (31 December 2019: TL 68.948) for the contingent liabilities with a high probability of realization regarding continuing opposing trials. There are also some other opposing trials. In Addition the probability of realization of these trials is low so no cash outflow expected regarding these trials.

##### 2. Contingent Assets:

None (31 December 2019: None).

#### e. Explanations on the activities carried out on behalf and account of other persons:

The policy is explained on note IX in Section Four.

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT**

**a. Information on interest income:**

1. Information on interest income on loans (\*) :

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Short-term Loans	7.607.769	837.767	9.699.491	790.975
Medium and Long-term Loans	10.891.532	4.033.972	12.438.118	4.557.276
Interest on Loans Under Follow-Up	854.402	-	650.479	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>19.353.703</b>	<b>4.871.739</b>	<b>22.788.088</b>	<b>5.348.251</b>

(\*) Fee and commission income from cash loans are included.

2. Information on interest income on banks:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
From the CBRT	-	-	467	-
From Domestic Banks	195.015	8.396	196.614	135.901
From Foreign Banks	-	86.583	65.189	356.650
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>195.015</b>	<b>94.979</b>	<b>262.270</b>	<b>492.551</b>

3. Information on interest income on marketable securities:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
From Financial Assets at Fair Value through Profit or Loss	7.034	9.273	4.063	193
Financial Assets at Fair Value through Other Comprehensive Income	4.100.730	1.468.739	3.893.628	1.241.230
Financial Assets Measured at Amortised Cost	3.585.511	300.248	1.042.642	229.585
<b>Total</b>	<b>7.693.275</b>	<b>1.778.260</b>	<b>4.940.333</b>	<b>1.471.008</b>

4. Information on interest income received from associates and subsidiaries: None.

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**b. Information on interest expense:**

1. Information of interest expense on borrowings (\*):

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Banks	49.564	973.458	83.270	1.366.826
The CBRT	-	-	-	-
Domestic Banks	49.564	127.743	41.433	38.136
Foreign Banks	-	845.715	41.837	1.328.690
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	156.001	-	200.393
<b>Total</b>	<b>49.564</b>	<b>1.129.459</b>	<b>83.270</b>	<b>1.567.219</b>

(\*) Fee and commission expense from cash loans are included.

2. Information on interest expense given to associates and subsidiaries: None.  
 3. Information on interest expense given to securities issued:

	Current Period 31 December 2020		Prior Period 31 December 2019	
	TL	FC	TL	FC
Interest expense on securities issued	976.182	952.437	1.358.055	777.354

4. Maturity structure of the interest expense on deposits :

There are no seven-day notification deposits.

Current Period - 31.12.2020	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
<b>TL</b>							
Bank Deposits	22.655	123.307	91.014	-	198	-	237.174
Saving Deposits	-	971.202	4.209.217	17.069	22.427	56.223	5.276.138
Public Sector Deposits	-	1.262	2.912	188	31	46	4.439
Commercial Deposits	-	895.818	1.110.970	38.122	5.123	5.703	2.055.736
Other Deposits	-	30.182	250.649	905	386	81	282.203
<b>Total</b>	<b>22.655</b>	<b>2.021.771</b>	<b>5.664.762</b>	<b>56.284</b>	<b>28.165</b>	<b>62.053</b>	<b>7.855.690</b>
<b>FC</b>							
Foreign Currency Deposits	5.553	180.049	724.521	49.884	49.183	231.228	1.240.418
Bank Deposits	277	3.119	89.249	23.451	8.640	71	124.807
Precious Metals Deposits	-	77	353	31	1.939	724	3.124
<b>Total</b>	<b>5.830</b>	<b>183.245</b>	<b>814.123</b>	<b>73.366</b>	<b>59.762</b>	<b>232.023</b>	<b>1.368.349</b>
<b>Grand Total</b>	<b>28.485</b>	<b>2.205.016</b>	<b>6.478.885</b>	<b>129.650</b>	<b>87.927</b>	<b>294.076</b>	<b>9.224.039</b>

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Prior Period - 31.12.2019	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 Year and Over	
TL							
Bank Deposits	39.711	95.669	49.259	4.426	2.418	1.865	193.348
Saving Deposits	-	1.053.956	6.438.747	96.573	316.340	200.960	8.106.576
Public Sector Deposits	-	2.888	4.477	344	17	57	7.783
Commercial Deposits	-	1.181.280	1.763.408	36.476	32.761	49.695	3.063.620
Other Deposits	7	67.987	422.790	7.447	64.684	11.408	574.323
Total	39.718	2.401.780	8.678.681	145.266	416.220	263.985	11.945.650
FC							
Foreign Currency Deposits	12.889	353.407	1.730.774	14.700	113.546	278.912	2.504.228
Bank Deposits	676	2.259	120.757	8.790	13.693	246	146.421
Precious Metals Deposits	-	1	36	-	2.108	683	2.828
Total	13.565	355.667	1.851.567	23.490	129.347	279.841	2.653.477
Grand Total	53.283	2.757.447	10.530.248	168.756	545.567	543.826	14.599.127

**c. Explanations on dividend income:**

	Current Period 31 December 2020	Prior Period 31 December 2019
From Financial Assets at Fair Value Through Profit or Loss	1.420	1.340
From Financial Assets at Fair Value Through Other Comprehensive Income	3.211	3.517
Other	235	1.886
<b>Total</b>	<b>4.866</b>	<b>6.743</b>

**d. Information on trading profit/loss (Net):**

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>Profit</b>	<b>1.272.928.284</b>	<b>966.290.935</b>
Income From Capital Market Transactions	781.034	466.707
Income From Derivative Financial Transactions (*)	23.547.537	34.356.906
Foreign Exchange Gains	1.248.599.713	931.467.322
<b>Loss (-)</b>	<b>1.273.603.831</b>	<b>967.436.610</b>
Loss from Capital Market Transactions	335.126	170.322
Loss from Derivative Financial Transactions (*)	27.798.195	33.233.261
Foreign Exchange Loss	1.245.470.510	934.033.027
<b>Total (Net)</b>	<b>(675.547)</b>	<b>(1.145.675)</b>

(\*) The net profit resulting from the foreign exchange differences related to derivative financial transactions is TL 85.257 (31 December 2019: TL 1.961.315).

**e. Explanations on other operating income:**

Other Operating Income" in the Income Statement mainly includes collections from receivables for which provision has been allocated in prior periods and provisions that have been set aside in prior periods and reversed in the current year with the sale from non-performing loans portfolio.

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**f. Provision expenses related to loans and other receivables of the Group:**

Expected provision expense:

	<b>Current Period</b> <b>31 December 2020</b>	<b>Prior Period</b> <b>31 December 2019</b>
Expected Credit Loss	6.954.251	6.704.938
12 month expected credit loss (stage 1)	1.102.536	243.090
Significant increase in credit risk (stage 2)	1.239.130	274.192
Non-performing loans (stage 3)	4.612.585	6.187.656
Marketable Securities Impairment Expense	10	28
Financial Assets at Fair Value through Profit or Loss	10	28
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Investments in Associates and Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	2.628.511	1.099.176
<b>Total</b>	<b>9.582.772</b>	<b>7.804.142</b>

(\*) Includes provisions for impairment losses on assets held for sale and related to discontinued operations, impairment losses on financial assets at fair value difference through profit or loss, lawsuit provision expenses and free provision allocated in the current year.

**g. Information related to other operating expenses:**

	<b>Current Period</b> <b>31 December 2020</b>	<b>Prior Period</b> <b>31 December 2019</b>
Reserve for Employee Termination Benefits	35.354	20.477
Bank Social Aid Fund Deficit Provision	88.138	38.125
Impairment Expenses of Fixed Assets	12.594	-
Depreciation Expenses of Fixed Assets	471.503	338.866
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	214.978	189.654
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	19.621	44
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	3.114.292	2.760.066
Leasing Expenses on TFRS 16 Exceptions	119.993	111.643
Maintenance Expenses	51.152	55.221
Advertisement Expenses	150.218	143.359
Other Expenses	2.792.929	2.449.843
Loss on Sales of Assets	5.585	1.293
Other	1.103.808	776.205
<b>Total</b>	<b>5.065.873</b>	<b>4.124.730</b>

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**h. Information on income/loss from minority interest:**

	<b>Current Period 31 December 2020</b>	<b>Prior Period 31 December 2019</b>
Income/(loss) from minority interest	23	14

**i. Information on profit/(loss) from continued and discontinued operations before tax:**

The Group's income before tax consists of net interest income amounting to TL 20.698.768 (31 December 2019: TL 16.938.427), net fees and commission income amounting to TL 4.549.000 (31 December 2019: TL 4.958.293) and the amount of other operating and personal expense is TL 8.106.094 (31 Aralık 2019: TL 6.882.308).

The Bank has no discontinued operations.

**j. Information on tax provision of continued and discontinued operations:**

As of 31 December 2020, the Group has a current tax expense of TL 2.387.901 (31 December 2019: TL 1.830.603), deferred tax expense of TL 1.034.774 (31 December 2019: TL 629.451) and deferred tax income of TL 1.398.164 (31 December 2019: TL 885.567). The Group's current tax expense of TL 179.835 (31 December 2019: TL 165.612) and deferred tax income of TL 474 (31 December 2019: TL 16.734) belong to Akbank AG, its subsidiary operating in Germany.

The Group has no discontinued operations.

**k. Explanation on current period net profit and loss of continued and discontinued operations:**

Net profit of the Group is TL 6.259.625 (31 December 2019: TL 5.352.325).

The Group has no discontinued operations.

**l. Explanations on current period net profit and loss:**

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Group for the current period: None (31 December 2019: None).
2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there exists a possibility that the profit and loss for the current or the following periods will be impacted: None (31 December 2019: None).

**m. Other figures on profit and loss statement:**

"Other Fee and Commission Income" in the Income Statement mainly consists of commissions received from credit card, money transfer and insurance transactions.



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#### V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

##### a. Information on distribution of profit:

The Ordinary General Assembly Meeting of the Parent Bank was held on 23 March 2020. In the Ordinary General Assembly, it was decided to TL 240.000 out of TL 5.417.468 which is realized as unconsolidated net profit has been transferred to general legal reserves and remaining TL 5.177.468 has been transferred to extraordinary reserves.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

##### b. Information on hedge funds:

###### 1. Information on cash flow hedge:

Due to facts described in "Explanations of Hedging Transactions" section in Note XI of Section Four, there are discontinued hedge accounting transactions. As of 31 December 2020, the fair value change of the hedging instrument since the beginning of hedge accounting left after amortization has been reflected to profit/loss accounts that is shown under "hedging funds" in equity is TL 695 (31 December 2019: TL (1.566)).

###### 2. Information on net investment hedge:

The Bank is hedged against net investment risk arising from fluctuations in foreign exchange rates through the use of foreign currency denominated financial borrowings. In this context, effective portion of the change in foreign currency denominated financial liabilities resulting from changes in the foreign exchange rates is recognized under "Hedging reserves" within equity. As of 31 December 2020, the amount directly recognized in equity is TL (2.284.998) (31 December 2019: TL (1.099.526)).

##### c. Information on to foreign exchange difference:

Within the financial statements of the Group's subsidiaries founded abroad, balance sheet items are translated into Turkish Lira with the foreign exchange rates prevailing at the balance sheet date, and income statements items are translated into Turkish Lira with the average foreign exchange rates. Related foreign exchange differences are accounted in the shareholders' equity under "Other profit reserves."

##### d. Information on financial assets at fair value through other comprehensive income:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through profit or loss are not recognized in current year income statements; they are recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are sold, disposed or impaired.

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**VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS**

**a. Information on cash and cash equivalents:**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency, money in transit, bought bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; Interbank money market and time deposits in banks with original maturities less than three months and investment in marketable securities excluding equity securities are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Cash</b>	<b>14.265.890</b>	<b>11.904.016</b>
Cash, Foreign Currency and Other	3.282.210	3.622.557
Demand Deposits in Banks (*)	10.983.680	8.281.459
<b>Cash Equivalents</b>	<b>4.426.087</b>	<b>6.528.438</b>
Interbank Money Market Placements	65.609	543.010
Time Deposits in Banks	4.244.340	5.977.566
Marketable Securities	116.138	7.862
<b>Total Cash and Cash Equivalents</b>	<b>18.691.977</b>	<b>18.432.454</b>

(\*) The restricted demand accounts are not included.

1. Cash and cash equivalents at the end of period:

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Cash</b>	<b>12.976.210</b>	<b>14.265.890</b>
Cash, Foreign Currency and Other	4.936.243	3.282.210
Demand Deposits in Banks (*)	8.039.967	10.983.680
<b>Cash Equivalents</b>	<b>519.096</b>	<b>4.426.087</b>
Interbank Money Market Placements	487.793	65.609
Time Deposits in Banks	28.756	4.244.340
Marketable Securities	2.547	116.138
<b>Total Cash and Cash Equivalents</b>	<b>13.495.306</b>	<b>18.691.977</b>

(\*) The restricted demand accounts are not included.

**b. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:**

The "Other" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (3.696.528) [31 December 2019: TL (3.171.848)] consists mainly of items such as fees and commissions paid, other operating income excluding income from doubtful receivables, other operating expense excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 11.296.018 [31 December 2019: TL (9.559.635)] consists mainly of changes in funds from repurchase agreements, miscellaneous payables and other liabilities

The effect of changes in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the three months periods, and amounts to TL 3.516.122 [31 December 2019: TL 3.245.458].

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#### VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE GROUP BELONGS TO:

Information on the volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Current Period – 31 December 2020:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the Beginning of the Period	-	-	6.723.184	1.048.361	6.429	1.096
Balance at the End of the Period	-	-	7.661.495	2.175.351	2.134	1.576
Interest and Commission Income Received	-	-	761.186	9.467	475	22

2. Prior Period – 31 December 2019:

Group's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Group		Other Real and Legal Persons that have been included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	5.476.437	1.074.561	10.973	7.684
Balance at the End of the Period	-	-	6.723.184	1.048.361	6.429	1.096
Interest and Commission Income Received	-	-	847.472	7.291	691	77

3. Information on deposits of the Group's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Balance at the Beginning of the Period	-	-	4.572.874	5.011.321	1.403.075	1.228.947
Balance at the End of the Period	-	-	5.935.731	4.572.874	633.839	1.403.075
Interest expense on Deposits	-	-	186.557	280.932	24.870	125.658

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020**

[Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.]

4. Information on forward and option agreements and other similar agreements made with the Group's risk group:

Bank's Risk Group	Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Transactions at Fair Value Through Profit or Loss						
Beginning of the Period	-	-	11.408.705	10.451.000	-	-
Balance at the End of the Period	-	-	10.166.262	11.408.705	-	-
Total Income/Loss (*)	-	-	117.896	(8.668)	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

Figures presented in the table above show the total of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 31 December 2020, the net exposure for direct and indirect shareholders of the Group is TL (358.416) (31 December 2019: TL (184.042)).

5. Information regarding benefits provided to the Group's key management:

As of 31 December 2020, benefits provided to the Group's key management amounting to TL 91.258 (31 December 2019: TL 69.207).

**VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

1. Information on the domestic and foreign branches and representatives of the bank:

	Number	Number of Employees			
Domestic Branches	714	12.446			
			Country of Incorporation		
Foreign Representation Office	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-shore Banking Region Branches	1	13	Malta	47.890.441	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure: In 2020, the Bank has closed up 56 domestic branches.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
 ORIGINALLY ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE

## AKBANK T.A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

The Parent Bank's board of directors has approved the General Directorate to be entitled to make all necessary applications to Capital Markets Board, Banking Regulation and Supervision Agency and other regulatory authorities in order to obtain the annual approvals and completion of all legal procedures to issue, up to a total of USD 2 billion (full amount) or its equivalent in any currency including Turkish Lira, bond, and/or subordinated debt and other form of debts, that can be included in the equity calculation, aligned with the Equity Regulation in more than one offering outside of Turkey. In case of contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail.

With the decision of the Parent Bank's board of directors dated 29 January 2021, maintain the current ceiling for registered capital amounted to TL 10.000.000.000 (full amount), extend the effectiveness period of the registered capital ceiling for another five years between 2021-2025, and to propose the attached amendment to the Articles of Association for the approval of our shareholders at the General Assembly provided that the required consents and approvals are obtained from competent authorities.

#### SECTION SIX OTHER EXPLANATIONS

##### I. OTHER EXPLANATIONS

None.

#### SECTION SEVEN EXPLANATIONS ON AUDIT REPORT

##### II. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements for the interim period ended 31 December 2020 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The audit report dated 2 February 2021 is presented preceding the consolidated financial statements.

##### III. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS

None.

# Appropriation of profits

The dividend to be distributed from 2020 net profit of TL 6.267.167.124,74 will be as follows;

- Gross TL 260.000.000 equal to 5% of Bank's paid-in capital of TL 5.200.000.000 as of December 31, 2020 will be allocated as primary cash gross dividend; and gross TL 366.080.000 will be allocated as secondary cash gross dividend. Total gross dividend of TL 626.080.000 equal to 12,04% of the paid in capital, will be distributed to shareholders,
- Cash dividend payment to start from 26 th of March, 2021,
- In accordance with the first paragraph clause (e) of article 5 of the Corporate Tax Law, TL 702.497,79 which is exempt from corporate tax to be allocated to a "Special Fund Account" and after allocating TL 36.608.000 to Legal Reserves, the remaining profit will be retained under Extraordinary Reserves.

# Resolutions of the Ordinary General Assembly on March 24, 2021

Discussion and ratification of the financial statements for 2020,

- Discharge of liability of the members of the Board of Directors,
- Distribution of the 2020 net profit of TL 6.267.167.124,74 in accordance with the proposal of the Board of Directors, as follows;
  - Gross TL 260.000.000 equal to 5% of Bank's paid-in capital of TL 5.200.000.000 as of December 31, 2020 will be allocated as primary cash gross dividend; and gross TL 366.080.000 will be allocated as secondary cash gross dividend. Total gross dividend of TL 626.080.000 equal to 12,04% of the paid in capital, will be distributed to shareholders,
  - Cash dividend payment to start from 26th of March, 2021,
  - In accordance with the first paragraph clause (e) of article 5 of the Corporate Tax Law, TL 702.497,79 which is exempt from corporate tax to be allocated to a "Special Fund Account" and after allocating TL 36.608.000 to Legal Reserves, the remaining profit will be retained under Extraordinary Reserves.
- Election of Suzan SABANCI DİNÇER, Eyüp ENGİN Ahmet Fuat AYLA, Şakir Yaman TÖRÜNER, Nafiz Can PAKER, Emre DERMAN, İsmail Aydın GÜNTER, and Kemal Özgür DEMİRTAŞ as Member of the Board of Directors and Mehmet Tuğrul Belli as an Independent Member of the Board of Directors to replace those whose terms expired until the next Ordinary General Assembly to be held on 2022, for a 1 year period.
- To pay the Members of the Board of Directors a gross salary of TL 18.000 per month; and also to have the Remuneration Committee that will be authorized by the Board of Directors, determine the payments that will be made to the Members in case they assume specific duties within the Bank; and to determine an upper limit of TL 32.000.000 in gross total, for the payments that will be made to those Members who assume specific duties within the Bank until the Ordinary General Assembly that will be held in 2022,
- Approval of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. for the bank's independent auditor in 2021,
- Approval of the amendment to the article 9 of the Articles of Association of the Bank in conjunction with CMB's approval dated 08.02.2021 and numbered 1502, BRSA's approval dated 02.02.2021 and numbered 3303 and Domestic Trade General Directorate of Ministry of Commerce's approval dated 17.02.2021 and numbered 61543662.
- Approval of donation limits for the bank up to 0,4% of its equity in accordance with the Banking Law article 59.
- Authorization of the Board of Directors regarding the empowerment of Board Members in connection with matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code,

Additionally,

- Board of Directors Annual Report and the Auditors Reports for 2020 have been discussed,
- Shareholders have been informed regarding the update of the "Akbank Remuneration Policy" in accordance with the 4.6.2 principle of Corporate Governance Principles of the CMB and the donations of TL 10.621.535,20 made by the Bank in 2020 to the foundations, associations and similar institutions.





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