IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (a) PURCHASING IN OFFSHORE TRANSACTIONS AND NOT U.S. PERSONS (EACH AS DEFINED IN REGULATION S) OR (b) QIBS (AS DEFINED BELOW)

IMPORTANT: You must read the following before continuing. The following applies to the attached Preliminary Prospectus (the "**Preliminary Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Preliminary Prospectus. In accessing the Preliminary Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from (or on behalf of) Akbank T.A.Ş. (the "**Issuer**") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OF AMERICA (WITH ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA, COLLECTIVELY THE "**UNITED STATES**") OR ANY OTHER JURISDICTION TO THE EXTENT THAT IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED PRELIMINARY PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PRELIMINARY PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, THEN YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the Preliminary Prospectus, prospective investors must be either: (a) purchasing in offshore transactions and not U.S. persons (each as defined in Regulation S) or (b) qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("**QIBs**"). The Preliminary Prospectus is being sent at your request and by accepting this electronic distribution and accessing the Preliminary Prospectus, you will be deemed to have represented to the Issuer that: (i) you and any customers you represent in connection herewith are either: (A) purchasing in offshore transactions and not U.S. persons and, if applicable, that the electronic mail address to which this electronic transmission has been delivered is not located in the United States or (B) QIBs, (ii) you consent to delivery of the Preliminary Prospectus by electronic transmission and (iii) you have understood and agree to the terms set out herein.

You are reminded that the Preliminary Prospectus has been delivered to you on the basis that you are a person into whose possession the Preliminary Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Preliminary Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place to the extent that offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and an underwriter or any affiliate of an underwriter is a licensed broker or dealer in that jurisdiction, then the offering will be deemed to be made by such underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

The Preliminary Prospectus has been provided to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of Citigroup Global Markets Limited, HSBC Bank plc, Merrill Lynch International, SMBC Nikko Capital Markets Limited, Société Générale and Standard Chartered Bank (the "**Joint Bookrunners**"), the Issuer or any person who controls any of them, nor any director, officer, employee, counsel nor agent of any of them or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Joint Bookrunners.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Preliminary Prospectus is being distributed only to and directed only at: (a) persons who are outside the United Kingdom, (b) persons in the United Kingdom who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (c) those persons in the United Kingdom to whom it may otherwise lawfully be distributed (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Preliminary Prospectus is directed only at relevant persons and must not be acted on or relied upon by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which the Preliminary Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

The Preliminary Prospectus is being distributed only to and directed at real persons and legal entities domiciled outside of Turkey.

MiFID II product governance / Professional investors and eligible counterparties only target market - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and eligible counterparties only target market –Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

No PRIIPs key information document and no UK PRIIPs key information document will be prepared as the Notes are not available to retail investors in the European Economic Area or the United Kingdom.

AKBANK T.A.Ş.

a Turkish banking institution organised as a public joint stock company

U.S.$500,000,000 Fixed Rate Resettable Sustainability Tier 2 Notes due 2031

The U.S.$500,000,000 Fixed Rate Resettable Sustainability Tier 2 Notes due 2031 (the "**Notes**") are being issued by Akbank T.A.Ş., a banking institution organised as a public joint stock company under the laws of Turkey and registered with the Istanbul Trade Registry under number 90418 and MERSIS number 0015001526400497 ("**Akbank**", the "**Bank**" or the "**Issuer**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities or "blue sky" laws of any state of the United States or any other U.S. jurisdiction and are being offered: (a) for sale to qualified institutional buyers only (each a "**QIB**") as defined in, and in reliance upon, Rule 144A under the Securities Act ("**Rule 144A**") and (b) for sale to non-U.S. persons outside the United States in reliance upon Regulation S under the Securities Act ("**Regulation S**"). For a description of certain restrictions on sale and transfer of investments in the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*" and "*Plan of Distribution*" below.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "*RISK FACTORS*" HEREIN.

The Notes will bear interest from (and including) 22 June 2021 (the "**Issue Date**") to (but excluding) 22 June 2026 (the "**Reset Date**") at a fixed rate of 6.80 per cent. per annum. From (and including) the Reset Date to (but excluding) 22 June 2031 (the "**Maturity Date**") the Notes will bear interest at a fixed rate of 6.015 per cent. per annum above the CMT Rate (as defined in the terms and conditions of the Notes (the "**Conditions**")). Interest will be payable semi-annually in arrear on each of 22 June and 22 December (each an "**Interest Payment Date**") in each year up to (and including) the Maturity Date; *provided that* if any such date is not a Payment Day (as defined in Condition 7.4) then such payment will be made on the next Payment Day. Subject to having obtained the prior approval of the Banking Regulation and Supervision Agency (the "**BRSA**") and as further provided in Condition 8, the Issuer may redeem all, but not some only, of the Notes outstanding: (i) on the Reset Date and (ii) at any time upon the occurrence of a Tax Event or a Capital Disqualification Event, in each case, at their then Prevailing Principal Amount (as defined in Condition 5.5) together with interest accrued to (but excluding) the date of redemption. The outstanding Notes are otherwise scheduled to be redeemed by the Issuer at their then Prevailing Principal Amount on the Maturity Date. For a more detailed description of the Notes, see "*Terms and Conditions of the Notes*" herein.

This Prospectus has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval by the Central Bank of Ireland should not be considered as an endorsement of the Issuer or of the quality of the Notes that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to its official list (the "**Official List**") and trading on the regulated market (the "**Euronext Dublin Regulated Market**"). The Euronext Dublin Regulated Market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). References in this Prospectus to the Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to the Official List and trading on the Euronext Dublin Regulated Market. There is no assurance that such listing will be granted or maintained and that a trading market in the Notes will develop or be maintained.

This Prospectus will be valid until the admission of the Notes to trading on the Euronext Dublin Regulated Market. The obligation to supplement the Prospectus in the event of any significant new fact, material mistake or inaccuracies does not apply when the Prospectus is no longer valid.

Application has been made to the Capital Markets Board of Turkey (the "**CMB**"), in its capacity as competent authority under Law No. 6362 (the "**Capital Markets Law**") of the Republic of Turkey ("**Turkey**") relating to capital markets, for the issuance and sale of the Notes by Akbank outside of Turkey. The Notes cannot be sold before the necessary approvals and an approved issuance certificate in respect of the Notes are obtained from the CMB. The CMB approval approving the issuance certificate (*ihraç belgesi*) based upon which the offering of the Notes will be conducted was obtained by the CMB's letter dated 26 April 2021 and numbered E-29833736-105.02.02-5517 (the "**CMB Approval**"), and the written approval of the CMB relating to the Notes is expected to be obtained from the CMB on or before the Issue Date.

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future Taxes (as defined in Condition 9) imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in Condition 9) other than Taxes withheld relating to FATCA (as defined in Condition 7.1), unless the withholding or deduction of the Taxes is required by law. In that event, except as provided for in Condition 9, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders (as defined below) after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. The withholding tax rate on interest payments in respect of bonds issued by Turkish entities outside of Turkey varies depending on the original maturity of such bonds as specified under decrees numbered 2010/1182 published on 20 December 2010 and numbered 2011/1854 published on 29 June 2011, and Presidential Decree No. 842 published on 21 March 2019 (the "**Tax Decrees**"). Pursuant to the Tax Decrees, (i) with respect to bonds with a maturity of less than one year, the withholding tax rate on interest is 7%, (ii) with respect to bonds with a maturity of at least one and less than three years, the withholding tax rate on interest is 3%, and (iii) with respect to bonds with a maturity of three years and more, the withholding tax rate on interest is 0%. Accordingly, the withholding tax rate on interest on the Notes is 0%. See "*Taxation — Certain Turkish Tax Considerations*" below.

The Notes are expected to be rated at issuance B- by Fitch Ratings Ltd. ("**Fitch**"). Fitch is established in the United Kingdom and is registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**") as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK CRA Regulation**"). As such, the rating issued by Fitch may be used for regulatory purposes in the UK. The ratings issued by Fitch have been endorsed by Fitch Ratings Ireland Limited ("**Fitch Ireland**") in accordance with the CRA Regulation. Fitch Ireland is established in the European Union and registered under the CRA Regulation. As such Fitch Ireland is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/list-registered-and-certified-cras) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes are being offered under Rule 144A and Regulation S by each of Citigroup Global Markets Limited, HSBC Bank plc Merrill Lynch International, SMBC Nikko Capital Markets Limited, Société Générale and Standard Chartered Bank (each a "**Joint Bookrunner**" and, collectively, the "**Joint Bookrunners**"), subject to their acceptance and right to reject orders in whole or in part. The Notes will initially be represented by global notes in registered form (the "**Global Notes**"), one of which will be issued in respect of the Notes ("**Rule 144A Notes**") offered and sold in reliance on Rule 144A (the "**Rule 144A Global Note**") and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"), and the other of which will be issued in respect of the Notes ("**Regulation S Notes**") offered and sold in reliance on Regulation S (the "**Regulation S Global Note**") and will be registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). It is expected that delivery of the Global Notes will be made in book-entry form against payment therefor in immediately available funds on the Issue Date (i.e., the fifth Business Day following the date of pricing of the Notes (such settlement cycle being referred to as "**T + 5**")).

Joint Bookrunners

BofA Securities	**Citigroup**	**HSBC**
SMBC Nikko	**Société Générale Corporate & Investment Banking**	**Standard Chartered Bank**

The date of this Prospectus is 18 June 2021.

IMPORTANT INFORMATION

This prospectus (the "Prospectus") constitutes a prospectus for the purposes of Article 6.3 of the Prospectus Regulation and for the purpose of giving necessary information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is material to an investor to making an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the rights attaching to the Notes, and the reasons for the issuance and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information under the heading "*Book-Entry Clearance Systems*" has been extracted from information provided by the clearing systems referred to therein. All of the information contained in this Prospectus concerning the Turkish market and Akbank's competitors, which may include estimates or approximations, has been obtained (and extracted without material adjustment) from publicly available information, including press releases and filings made under various securities laws. Unless otherwise indicated, all data relating to the Turkish banking sector in this Prospectus has been obtained from the BRSA's website at https://www.bddk.org.tr/ and The Banks Association of Turkey's website at http://www.tbb.org.tr; and all data relating to the Turkish economy, including statistical data, has been obtained from the website of the Turkish Statistical Institute (*Türkiye İstatistik Kurumu*) ("Turkstat") at http://www.turkstat.gov.tr, the Central Bank of Turkey (the "Central Bank") website at http://www.tcmb.gov.tr, and the Ministry of Treasury and Finance's website at https://www.hmb.gov.tr/. Data may be based on calculations made by the Issuer and therefore may not appear in the exact same form on such websites or elsewhere. Such websites do not form a part of, and are not incorporated into, this Prospectus. Where third-party information has been used in this Prospectus, the source of such information has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the relevant published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Without prejudice to the generality of the foregoing statement, third-party information in this Prospectus, while believed to be reliable, has not been independently verified by the Issuer or any other party.

Unless otherwise indicated, the sources for statements and data concerning the Issuer and its business are based on best estimates and assumptions of the Issuer's management. Management believes that these assumptions are reasonable and that its estimates have been prepared with due care. The data concerning the Issuer included herein, whether based on external sources or based on the Issuer's management internal research, constitute the best current estimates of the information described.

This Prospectus is to be read in conjunction with all documents (or parts thereof) which are deemed to be incorporated herein by reference (see "*Documents Incorporated By Reference*"). This Prospectus shall be read and construed on the basis that such documents (or parts thereof) are incorporated by reference in, and form part of, this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated By Reference*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus. Any website referred to in this document has not been scrutinised or approved by the Central Bank of Ireland.

The Issuer, having made all reasonable enquiries, confirms that: (i) this Prospectus (including the information incorporated herein by reference) contains all information which is material with respect to the Issuer and the Notes, (ii) the information contained or incorporated by reference in this Prospectus is true and accurate in all material respects and is not misleading, (iii) any opinions, predictions or intentions expressed in this Prospectus (or any of the documents incorporated herein by reference) on the part of the Issuer are honestly held or made by the Issuer and are not misleading in any material respects, and there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions, predictions or intentions misleading in any material respect, and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

To the fullest extent permitted by law, none of the Joint Bookrunners accepts any responsibility, or makes any representation, warranty or undertaking, express or implied, for the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes or for any statement consistent with this Prospectus made, or purported to be made, by a Joint Bookrunner or on its behalf in connection with the Notes. Each Joint Bookrunner accordingly disclaims all and any liability that it might otherwise have (whether in tort, contract or otherwise) in respect of the accuracy or completeness of any such information or statements.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Bookrunners.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained or incorporated in this Prospectus and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer based upon such investigation as it deems necessary. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Bookrunners to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as at any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither (i) this Prospectus nor (ii) any advertisement or other offering material, may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA, the United Kingdom, the People’s Republic of China, Hong Kong, Japan, Singapore, Switzerland and the Republic of Turkey. See "*Subscription and Sale and Transfer and Selling Restrictions*" below.

None of the Sustainable Finance Framework or the Second Party Opinion (each as defined herein) form part of this Prospectus.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States and, other than the approvals of the BRSA, CMB and the Central Bank of Ireland described herein, have not been approved or disapproved by any other securities commission or other regulatory authority in any other jurisdiction, nor has any such authority (other than the Central Bank of Ireland to the extent described herein) approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

None of the Joint Bookrunners or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL INFORMATION

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or other jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions from the registration requirements thereof described under "*Subscription And Sale And Transfer And Selling Restrictions*" below.

Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, of the Notes (or a beneficial interest therein) that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

The Issuer has obtained the CMB Approval and the Banking Regulation and Supervision Agency approval numbered E-20008792-101.01.04[23]-10775 (received through registered electronic mail *(kayıtlı elektronik posta*) on 12 April 2021) (the "**BRSA Approval**" and, together with the CMB Approval, the "**Approvals**") required for the issuance of the Notes. In addition, the required tranche issuance certificate (*tertip ihraç belgesi*) relating to the Notes is expected to be obtained from the CMB on or prior to the Issue Date.

Pursuant to the Approvals, the offer, sale and issue of Notes has been authorised and approved in accordance with Decree 32 on the Protection of the Value of the Turkish Currency (the "**Decree 32**"), the Capital Markets Law No. 6362 (the "**Capital Markets Law**"), the Banking Law No. 5411 (the "**Banking Law**"), the Communiqué Serial VII, No 128.8 on Debt Instruments (the **"Communiqué on Debt Instruments**") and any other related legislation.

On 11 May 2021, the Issuer received a letter numbered E-20008792-101.01.03[23]-13834 (through registered electronic mail *(kayıtlı elektronik posta*)) from the BRSA (the "**BRSA Tier 2 Approval**") approving the treatment of the Notes as Tier 2 capital of the Issuer as per the Regulation on Equities of Banks as published in the Official Gazette dated 5 September 2013 and numbered 28756 (as amended from time to time) (the "**Equity Regulation**"). The Notes, however, must comply with the requirements of the Equity Regulation, at all times, in order to be treated as Tier 2 capital of the Issuer.

In addition, the Notes (or beneficial interests therein) may only be offered or sold outside of Turkey in accordance with the Approvals. Under the CMB Approval, the CMB has authorised the offering, sale and issue of any Notes on the condition that no sale or offering of Notes (or beneficial interests therein) may be made by way of public offering or private placement in Turkey. Pursuant to the BRSA decision dated 6 May 2010 No. 3665, the BRSA decision dated 30 September 2010 No. 3875 and Article 15(d)(ii) of Decree 32, residents of Turkey: (a) in the secondary markets only, may purchase or sell Notes denominated in a currency other than Turkish Lira (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis; and, (b) in both the primary and secondary markets, may purchase or sell Notes (or beneficial interests therein) denominated in Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis; provided that (for each of clauses (a) and (b)); such purchase or sale is made through licensed banks and/or licensed brokerage institutions authorised pursuant to the BRSA and/or CMB regulations and the purchase price is transferred through licensed banks authorised under the BRSA regulations. Monies paid for purchases of the Notes are not protected by the insurance coverage provided by the Savings Deposit Insurance Fund of Turkey (the "**SDIF**").

Pursuant to the Communiqué on Debt Instruments, the Issuer is required to notify the Central Securities Depository (*Merkezi Kayıt Kuruluşu*) (the "**CSD**") within three Turkish business days from the Issue Date of the amount, issue date, ISIN, term commencement date, maturity date, interest rate, name of the custodian, currency of the Notes and the country of issuance. In case of any change to this information, including early redemption, the Issuer is required to notify the CSD, within three Business Day from the date of the relevant change.

The Regulation S Global Note will be deposited on or about the Issue Date with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg, and will be registered in the name of a nominee for the Common Depositary. Except as described in this Prospectus, beneficial interests in the Regulation S Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect account holders in Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be deposited on or about the Issue Date with Citibank N.A., London Branch, in its capacity as custodian (the "**Custodian**") and will be registered in the name of Cede & Co. as nominee for DTC. Except as described in this Prospectus, beneficial interests in the Rule 144A Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Except as described in this Prospectus, owners of beneficial interests in the Global Certificates will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered holders of the Notes under the Notes and the Agency Agreement (as defined below).

IMPORTANT – EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") (each, an "**EEA Retail Investor**"). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II, (b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (c) not a qualified investor as defined in the Prospectus Regulation, as amended. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes (or beneficial interests therein) or otherwise making them available to EEA Retail Investors has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any EEA Retail Investors might be unlawful under the PRIIPs Regulation.

IMPORTANT - UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / Professional investors and eligible counterparties only target market - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and eligible counterparties only target market –Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION - In connection with the issue of the Notes to be underwritten by the Joint Bookrunners, Citigroup Global Markets Limited (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail; however, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer or issue of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules. Notwithstanding anything herein to the contrary, the Issuer may not (whether through over-allotment or otherwise) issue more Notes than have been approved by the CMB.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 22 June 2021 (the "**Deed Poll**") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes to be transferred remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

TURKISH TAX CONSIDERATIONS

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future Taxes (as defined in Condition 9) other than Taxes withheld relating to FATCA (as defined in Condition 7.1) imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in Condition 9), unless the withholding or deduction of the Taxes is required by law. In that event, except as provided for in Condition 9, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. The withholding tax rate on interest payments in respect of bonds issued by Turkish entities outside of Turkey varies depending on the original maturity of such bonds as specified under the Tax Decrees. Pursuant to the Tax Decrees, (i) with respect to bonds with a maturity of less than one year, the withholding tax rate on interest is 7%, (ii) with respect to bonds with a maturity of at least one and less than three years, the withholding tax rate on interest is 3%, and (iii) with respect to bonds with a maturity of three years and more, the withholding tax rate on interest is 0%.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Akbank maintains its books of accounts and prepares its statutory financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislation related to the accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (the "**BRSA**") and, in cases where a specific regulation is not made by the BRSA, Turkish Accounting Standards ("**TAS**") and Turkish Financial Reporting Standards ("**TFRS**") and related appendices and interpretations put into effect by the Public Oversight Accounting and Auditing Standards Authority (the "**POA**") (collectively, "**BRSA Principles**"). Akbank maintains its books in Turkish Lira in accordance with the Banking Law, the Turkish Commercial Code No. 6102 (the "**Turkish Commercial Code**") and Turkish tax legislation. Akbank's foreign subsidiaries maintain their books of account and prepare their financial statements in accordance with the generally accepted accounting principles and related legislation applicable in the countries in which they operate.

Akbank's unaudited consolidated interim statutory financial statements and related notes thereto as of and for the three months ended 31 March 2021 (with unaudited comparative information for the three months ended 31 March 2020) (the "**Akbank BRSA Interim Financial Statements**") and its audited consolidated statutory financial statements and related notes thereto as of and for the financial year ended 31 December 2020 (the "**Akbank 2020 BRSA Annual Financial Statements**"), its audited consolidated statutory financial statements and related notes thereto as of and for the financial year ended 31 December 2019 (the "**Akbank 2019 BRSA Annual Financial Statements**") and its audited consolidated statutory financial statements and related notes thereto as of and for the financial year ended 31 December 2018 (the "**Akbank 2018 BRSA Annual Financial Statements**" and, together with the Akbank 2020 BRSA Annual Financial Statements and the Akbank 2019 BRSA Annual Financial Statements, the "**Akbank BRSA Annual Financial Statements**") have been prepared and presented in accordance with BRSA Accounting and Financial Reporting Legislation (the "**BRSA Principles**") and Turkish Financial Reporting Standards ("**TFRS**") for matters not regulated by the aforementioned legislation. The Akbank BRSA Interim Financial Statements and the Akbank BRSA Annual Financial Statements are collectively referred to herein as the "**Akbank BRSA Financial Statements**".

The Akbank BRSA Financial Statements are prepared on the historical cost basis except for assets and liabilities carried at fair value. The Akbank BRSA Financial Statements are also prepared on a consolidated basis with its financial subsidiaries.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("**PwC**") audited in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No. 29314, dated 2 April 2015 and with the Standards on Independent Auditing, which is a part of Turkish Standards on Auditing promulgated by the POA:

- the Akbank 2020 BRSA Annual Financial Statements and issued an independent auditor's report in respect thereof on 31 January 2020;
- the Akbank 2019 BRSA Annual Financial Statements and issued an independent auditor's report in respect thereof on 31 January 2019; and
- the Akbank 2018 BRSA Annual Financial Statements and issued an independent auditor's report in respect thereof on 31 January 2018.

Unless otherwise indicated, the financial information with respect to Akbank presented in this Prospectus is based upon the convenience translation of Akbank BRSA Financial Statements incorporated by reference herein and has been extracted from the Akbank BRSA Financial Statements without material adjustment. The convenience translations of the Akbank BRSA Financial Statements incorporated by reference into this

Prospectus, all of which are in English, were prepared as convenience translations of the Akbank BRSA Financial Statements originally issued in the Turkish language (which translations Akbank confirms are direct and accurate).

The Akbank BRSA Financial Statements, together with the respective notes thereto are incorporated by reference into this Prospectus. See "*Documents Incorporated By Reference*".

BRSA Principles and IFRS

BRSA Principles differ from IFRS. For a discussion of the differences between BRSA Principles and IFRS, see "*Appendix 1 - Overview Of Significant Differences Between IFRS And BRSA Accounting Principles*".

Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (e.g., certain U.S. Dollar and Turkish Lira amounts have been rounded to the nearest million and or thousand, as applicable). Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Currency Presentation and Exchange Rate Information

Unless otherwise indicated, references to "**TL**", including with respect to the Akbank BRSA Financial Statements, are references to the Turkish currency rounded to the nearest thousand. Unless otherwise indicated, references to "**U.S. $**", "**$**", "**U.S. Dollars**" or "**Dollars**" in this Prospectus are to United States Dollars rounded to the nearest million. Unless otherwise indicated, references to "**EUR**", "**Euro**" and "**€**" are to the single currency of the participating member states of the European Union that was adopted pursuant to the Treaty of Rome of 27 March 1957, as amended by the Single European Act 1986 and the Treaty on European Union of 7 February 1992, as amended.

Certain Defined Terms, Conventions and Other Considerations in Relation to the Presentation of Information in this Prospectus

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Prospectus.

In this Prospectus and except where the context otherwise requires, references to "**Akbank**", the "**Bank**" or "**Issuer**" or "**Akbank Group**" are to Akbank T.A.Ş., either on a standalone basis or together with its consolidated subsidiaries, as the context requires.

In this Prospectus, all references to "**Turkey**" are to the Republic of Turkey, all references to "**Ireland**" are to Ireland (exclusive of Northern Ireland) and all references to a "**Member State**" are to a Member State of the EEA (including, for these purposes, the United Kingdom).

In this Prospectus, any reference to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may otherwise be approved by the Issuer and the Fiscal Agent.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. In particular, but without limitation, the titles of Turkish legislation and the names of Turkish institutions referenced herein have been translated from Turkish into English. The translation of these titles and names are direct and accurate.

In the case of the presented statistical information, similar statistics may be obtained from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed.

Information regarding Akbank's shareholders (including ownership levels and agreements) in "*Overview Of The Issuer And The Notes", "Information About Akbank—Business"* and *"Information About Akbank—Share Ownership and the Sabancı* Group—*Principal Shareholders*" has been based upon public filings and announcements by such shareholders.

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RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due on the Notes. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

I. RISKS RELATED TO AKBANK

Akbank's loan portfolio, deposit base and government securities portfolio are concentrated in Turkey and adverse changes affecting the Turkish economy could have a material adverse effect on its business, financial condition, results of operations and prospects.

Akbank's business is significantly dependent upon its customers' ability to make payments and meet their other obligations, which is in turn materially affected by the strength of the Turkish economy.

Akbank's loans constituted 54% of its total assets, or TL 281.8 billion, and 55% of its total assets, or TL 262.7 billion, on a consolidated basis as at 31 March 2021 and 31 December 2020, respectively. Approximately 7.5% of these assets were located outside Turkey as at 31 March 2021. Akbank's deposits from customers constituted 60% of its total liabilities and shareholders' equity, or TL 310.0billion, as at 31 March 2021 and 61% of its total liabilities and shareholders' equity, or TL 292.5 billion, as at 31 December 2020, almost all of which were located in Turkey. In addition, 11.7% and 12% of Akbank's total assets were invested in Turkish government (the "**Turkish Government**") debt securities as at 31 March 2021 and 31 December 2020, respectively.

Turkish gross domestic product ("**GDP**") growth has fluctuated in the past several years, with GDP growing by 3.0% in 2018, 0.9% in 2019, 1.8% in 2020 and 7.0% in the quarter ended 31 March 2021, according to TurkStat. Turkey's economic conditions have been negatively impacted since the second half of 2018 due to a number of macroeconomic factors, including the impact of the COVID-19 pandemic (See *"—The outbreak of COVID-19 has negatively affected the global and Turkish economy and financial markets and might continue to disrupt and/or otherwise negatively impact the operations of Akbank and/or its clients."*), depreciation of the Turkish Lira, higher interest rates, increasing political uncertainties and global developments. Weaker economic conditions in Turkey have already negatively affected Akbank's business and operating results in 2018, 2019 and 2020, and could further adversely impact Akbank's business and operating results due to:

- reduced consumer confidence and decreases in business activity resulting in reduced demand for Akbank's loans and fee and commission generating services;

- deterioration of creditworthiness of companies and individuals, resulting in impairments on assets and/or collateral as well as increased levels of non-performing loans ("**NPLs**") and loan impairment charges;

- reduced, or no, access to capital markets due to unfavourable market conditions increasing funding costs and higher liquidity and financing risks; and

- lower deposit growth and/or increased competition for deposits leading to higher funding costs.

The deterioration of macroeconomic conditions in Turkey has impacted the Turkish banking sector, including Akbank, in several ways, including (i) the high interest rate environment in parts of 2018 and 2019 and again beginning in late 2020, which has increased the cost of funding and lending rates, (ii) negative/slow economic growth and increased inflation, which negatively impacted demand and supply for lending and the asset quality of both corporate and retail loans and (iii) volatility in exchange rates, which also impacted both the asset quality and the capital ratios of the Turkish banking sector. Although the medium and long-term impact remains difficult to predict, macroeconomic conditions have been and may continue to be particularly adversely affected by the ongoing COVID-19 outbreak and measures introduced to combat the pandemic. Accordingly, continued weakness in Turkish economic conditions could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects (see "— *Risks Related to Turkey and Other Related Risks–The outbreak of COVID-19 has negatively affected the global and Turkish economy and financial markets and might continue to disrupt and/or otherwise negatively impact the operations of Akbank and/or its clients.*").

Credit risks, including risks arising from exposure to clients and the Turkish Government, have materially adversely affected and could continue to have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's business, financial condition, results of operations and prospects have been affected and will likely continue to be affected by credit risks, particularly if economic conditions in Turkey deteriorate. As a large and diverse financial organisation, Akbank is subject to a broad range of general credit risks, including with respect to its retail, corporate and commercial customers and other third parties with obligations to Akbank. These parties include borrowers of loans from Akbank, issuers, including the Turkish Government whose securities are held by Akbank, trading and hedging counterparties, customers of letters of credit provided by Akbank and other financial counterparties of Akbank, any of which might default on their obligations to Akbank due to bankruptcy, lack of liquidity, economic downturns, operational failures or other reasons.

Akbank's core banking businesses have historically been, and are expected to continue to be, lending to commercial businesses, corporate clients, other businesses and consumers. As at 31 March 2021 and 31 December 2020, 39% and 39% of Akbank's gross loan portfolio consisted of loans to corporate clients and commercial businesses (both Turkish Lira and foreign currency), compared to 37% as at 31 December 2019. As at 31 March 2021 and 31 December 2020, 71% and 71% of Akbank's gross loan portfolio consisted of business loans (both Turkish Lira and foreign currency), respectively, compared to 72% as at 31 December 2019. Business loans include loans to corporate clients, loans to commercial businesses and other business loans.

As at 31 March 2021 and 31 December 2020, 2019 and 2018, business loans constituted 71%, 71%, 72% and 75% of Akbank's total loans, respectively. SMEs, which typically have less financial strength than large companies, are a key component of Akbank's current business and growth strategy. The availability of accurate and comprehensive financial information and general credit information on which to base credit decisions is more limited for SMEs than is the case for large corporate clients. Therefore, notwithstanding the credit risk determination procedures that Akbank has in place, Akbank may be unable to evaluate correctly the current financial condition of each prospective borrower and to determine their long-term financial viability.

Akbank's NPL ratio (defined as the ratio of non-performing loans to total gross loans) as at 31 March 2021 and 31 December 2020, 2019 and 2018 was 5.8%, 6.3%, 6.7% and 3.8%, respectively, with the increase in 2019 being due in part to the BRSA's directive on NPL classification as well as the classification of a real estate commercial loan in the fourth quarter of 2019 as an NPL, which increased the ratio by 0.9%. The NPL ratio as of 31 March 2021 and 31 December 2021 includes the positive impact of BRSA loan forbearance, which is likely to lead to an increase in the NPL ratio of both the banking sector and Akbank. During the same periods, the NPL ratio of the Turkish banking sector as a whole was 3.8.%, 4.1%, 5.4% and 3.9%, respectively (*Source: BRSA monthly sector report*). It is generally accepted that lending to the small and medium-sized enterprises ("**SME**") segment represents a relatively higher degree of risk than lending to other types of customers. SME and commercial loans accounted for 32%, 32%, 35% and 39% of Akbank's loan portfolio as at 31 March 2021, 31 December 2020, 2019 and 2018, respectively. There can be no guarantee that Akbank's NPLs from such businesses will not materially increase in the near to medium term, in particular if there is a further deterioration in macroeconomic conditions in Turkey or if Akbank is unable to accurately evaluate the risk associated with SME, corporate or other borrowers to which it extends credit (see "*—Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks.*").

Credit cards are an important consumer banking product for Akbank and this product tends to entail a higher degree of credit risk compared to other consumer lending products. The volume of Akbank's outstanding retail credit card loans was TL 19.8 billion as at 31 March 2021 and TL 18.4 billion as at 31 December 2020, representing 6.6% and 6.6% of Akbank's total gross loans, respectively, compared to TL 13.5 billion as at 31 December 2019, representing 6.0% of Akbank's total gross loans and TL 12.1 billion as at 31 December 2018, representing 5.7% of Akbank's total gross loans. Akbank's NPL ratio for credit card loans as at 31 March 2021 and 31 December 2020, 2019 and 2018 was 3.8%, 3.9%, 6.0% and 4.9%, respectively.

Many factors affect customers' ability to repay their loans or other obligations to Akbank. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, and increased market volatility, may be difficult to anticipate and could be completely outside of Akbank's control. Other factors are dependent upon Akbank's loan growth strategy (including sector focus) and the viability of Akbank's internal credit application and monitoring systems (see "*—Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks.*"). All of the aforementioned risks could have a material adverse impact on Akbank's ability to meet its obligations under the Notes and could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The outbreak of COVID-19 has negatively affected the global and Turkish economy and financial markets and might continue to disrupt and/or otherwise negatively impact the operations of Akbank and/or its clients.

The COVID-19 pandemic has caused significant disruption in the global and Turkish economy and financial markets. Within Turkey and many of its important trading partners, the spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business shutdowns, reduction in business activity and financial transactions, labour shortages, supply chain interruptions and overall economic and financial market instability. The ongoing COVID-19 pandemic continues to evolve due to its different variants and, to date, has resulted in the implementation of significant measures by the Turkish Government intended to control the outbreak.

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the Turkish Government took measures in 2020 to assist customers and restore liquidity (some of which have been extended into 2021). The Central Bank has provided additional liquidity to the market by arranging repo transactions with lower interest rates, arranging for additional currency swap lines with longer maturities and expanding the Credit Guarantee Fund programme to provide TL 50 billion in support with a one-year maturity and three-month grace period. The Turkish Government introduced several measures to support the economy and individuals, such as tax payment postponements, employment benefits and pensioner schemes. The Turkish Government has announced a 17-day full lockdown that began on 1 May 2021 and ended on 17 May 2021.

Further or prolonged waves of COVID-19 infections and/or variants could continue to impact Turkey, leading to further restrictions including lockdowns and travel bans being imposed at short notice. The continuing impact the COVID-19 outbreak has on the Turkish economy and on Akbank specifically will depend upon future developments, including actions taken globally and within Turkey to contain COVID-19. The impact on the Turkish economy and banking sector may continue to be significant, which in turn may materially and adversely impact Akbank's business, financial condition and/or results of operations in the following ways, among others:

- reductions in business and consumer activity and financial transactions, which has led and may continue to lead to a reduction in demand for loans and/or Akbank's banking services that generate fee and commissions income;

- the quality of Akbank's loans and other assets (and the value of collateral securing such assets) might deteriorate (particularly after expiry of loan forbearance measures), particularly in those sectors (such as automobiles, textiles, services, real estate and tourism) or those segments (such as micro and SME lending) that are most dramatically impacted, which might lead, inter alia, to increases in provisions, NPLs and/or reductions in customer payments (e.g., loans under credit cards);

- regulatory measures aimed at easing the impact of COVID-19 might, inter alia, affect customer demand for loans and/or services, affect pricing in Turkey's competitive banking landscape, impose limitations on Akbank's ability to enforce its contracts (including in relation to collateral) and/or, for temporary regulatory changes (e.g., on 23 March 2020, the BRSA announced a rule allowing banks to use 31 December 2019 exchange rates in certain capital and other calculations), result in financial calculations that are not comparable to those of previous and later periods (including resulting in potentially material changes after such temporary measures terminate) and/or alter the decision-making process of Akbank and/or make it more difficult for investors to assess financial results on a comparative basis;

- sources of liquidity available to Turkish borrowers (including Akbank) might be reduced and/or more expensive, including if sentiments in capital markets further deteriorate or international investors reduce their exposure to Turkey;

- continued depreciation of the Turkish Lira could affect Turkey's current account deficit and/or the ability of Turkish borrowers to repay obligations denominated in (or linked to) foreign currencies, which could impact not only Akbank's own loan portfolio but also Turkey's economy generally, including by way of increased unemployment; and/or

- some of Akbank's operations might be adversely impacted, such as due to illness among staff or the need to close or limit customer access to branches.

Any of the foregoing could have a material adverse effect on Akbank's business, financial condition and/or results of operations.

The Central Bank's policy on reserve requirements could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Reserve requirements in Turkey have been volatile in recent years, with frequent and significant changes depending on actual and expected economic conditions. The Central Bank has revised reserve requirement ratios for different liabilities from time to time and may materially adjust reserve requirement ratios further (or take other steps) to support the Turkish Lira or slow credit supply in order to curb inflationary pressures or economic imbalances or address other macroeconomic concerns or altnernatively may decrease interest rates despite higher than targeted inflation rates in order to spur demand.

The reserve requirement for foreign currency is 19% for demand deposits, notice deposits and the deposit/participation accounts with up to (and including) 1-month, 3-month, 6-month and up to 1-year maturities, 22% for precious metal demand deposits, notice deposits, precious metal deposit accounts with up to (and including) 1-month, 3-month, 6-month and up to 1-year maturities and 18% for precious metal deposit accounts with 1 year and longer maturities. For other liabilities with a maturity of up to and including one year, the reserve requirement for foreign currency funds is 21% as at the date of this Prospectus. For foreign currency funds with a maturity of up to and including two years or a maturity of more than five years, the reserve requirement ranges from 5% to 16% as at the date of this Prospectus. Future increases in reserve requirements could have an adverse impact on Akbank's net interest income, thereby exerting downward pressure on Akbank's net interest margin. In addition, any increases in reserve requirement ratios could also limit or reduce the growth of the Turkish economy and demand for Akbank's products and services.

Pursuant to the amendment dated 24 February 2021, the Central Bank: (a) increased Turkish Lira reserve requirement ratios by 2.00% for all liability types and maturity brackets, (b) revised portions of the Turkish Lira reserve requirements such that Turkish banks are permitted to maintain in U.S. dollars and standard gold and (c) revised the remuneration rate to 13.50% for TL-denominated required reserves. These changes became effective from the calculation date of 19 February 2021 with the maintenance period starting on 5 March 2021. The BRSA has also taken certain measures against the depreciation in the Turkish Lira, including the prevention of Turkish banks from using foreign exchange currency swaps, forwards and similar transactions with residents abroad under which the Turkish banks provide Turkish Lira at the start of the transaction, to the extent that such transactions exceed 25% (lowered to 10% effective as at 9 February 2020) of the banks' regulatory capital, calculated daily on a standalone and consolidated basis. On 12 April 2020, the BRSA introduced further measures and lowered the 10% cap to 1% for cross-currency swaps, forwards and options transactions (and certain other types of transactions) that Turkish banks are allowed to conclude with their foreign counterparties. The threshold was then returned to 10% on 25 September 2020. Moreover, banks are required to obtain the BRSA's written approval in order to change the maturity of the foregoing transactions. In addition to these measures, on 5 May 2020, the BRSA announced that the total amount of Turkish Lira placements, deposits, repos and loans of Turkish banks entered into with financial institutions abroad cannot exceed 0.5% (increased to 2.5% as of 30 November 2020) of their latest regulatory equity capital. However, on 20 May 2020, the BRSA announced that Euroclear Bank and Clearstream Banking are exempt from the restriction. On 28 July 2020, the BRSA clarified that this exemption will be limited only to the clearing activities of securities denominated in Turkish Lira. On 6 August 2020, the BRSA announced certain exemptions from this restriction in favour of foreign financial institutions (other than international development banks) for the following transactions: (a) entering into foreign currency swap trades, under which the foreign financial instiution buys Turkish Lira in exchange for foreign currency at the initial exchange date (*i.e.*, where the foreign bank will sell Turkish Lira at the maturity date), (b) entering into swap trades on the Borsa İstanbul foreign exchange swap market, where the foreign bank buys Turkish Lira in exchange for foreign currency at the initial exchange date, (c) entering into repo and reverse repo transactions in the Borsa İstanbul repo market and (d) holding Turkish Lira - denominated deposits with Turkish banks, provided, in each case, that: (i) the foreign financial institution may only invest in Turkish Lira denominated securities with Turkish Lira received as a result of such transactions, and must deposit any excess Turkish Lira liquidity into accounts held with Turkish financial institutions; and (ii) the relevant foreign financial institution must give an undertaking to its Turkish counterpart with respect to the intended use of Turkish Lira proceeds and obtain the BRSA's prior approval in this respect. On 30 November 2020, the BRSA further exempted from this calculation overdraft facilities extended to foreign financial institutions. This new measure aims to increase the efficient use of Turkish Lira resources and is expected to be effective until the extraordinary conditions that exist due to the COVID-19 pandemic have ceased.

Future increases in reserve requirements could have an adverse impact on Akbank's net interest income, thereby exerting downward pressure on Akbank's net interest margin. In addition, any increases in reserve requirement ratios could also limit or reduce the growth of the Turkish economy and demand for Akbank's products and services.

The Central Bank's policy on interest rates could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Interest rates in Turkey have been volatile in recent years, with frequent and significant changes depending on actual and expected economic conditions as well as political conditions. The Central Bank has been actively involved in the Turkish economy. The Central Bank may materially increase interest rates further (or take other steps) to support the Turkish Lira or slow credit supply in order to curb inflationary pressures or economic imbalances or address other macroeconomic concerns or alternatively may decrease interest rates despite higher than targeted inflation rates in order to spur demand.

Various factors have influenced Turkish interest rates in recent years, including: (i) depreciating Turkish Lira foreign exchange rates, (ii) expectations regarding U.S. and European monetary policy, including the potential for tightening of monetary policy in the United States and Europe, (iii) concerns regarding the Turkish Treasury's and certain Turkish companies' foreign-currency denominated debt, (iv) concerns around the Central Bank's interest rate policy, particularly in relation to real interest rates, and (v) investors' perception of the Turkish political and economic environment, especially with respect to the independence of Turkey's financial institutions, including the Central Bank. As a result of these and other factors, the one-week repo rate (policy rate) has ranged from a low of 8.25% in May 2020 to a high of 24.0% in September 2018, with a policy rate set at 19.0% as of March 2021. If the Central Bank lowers the one-week repo rate faster than expected and/or the U.S. Federal Reserve does not further lower the U.S. federal funds rate, while at the same time, the Central Bank further cuts the one-week repo rate; the Turkish Lira may depreciate against the U.S. Dollar, which may adversely affect the financial condition of Akbank's clients, their ability to service debts owed to Akbank, Akbank's ability to service its foreign currency denominated liabilities (including any liabilities under the Notes) and/or the Turkish economy as a whole.

Changes in the Turkish banking regulatory framework may require Akbank to increase the level of capital that it holds to meet revised capital adequacy standards, which it may not be able to do on acceptable terms or at all.

As a bank operating in Turkey, Akbank is subject to a number of banking and other regulations promulgated by the BRSA and the Central Bank that are designed to maintain the safety and financial soundness of banks, ensure their compliance with economic and other obligations, and limit their exposure to risk. These regulations include the implementation of international standards (particularly in regards to Basel Committee on Banking Supervision requirements) as well as Turkish laws and regulations and the laws and regulations of certain other countries where Akbank operates. Banking laws and regulations in Turkey and the manner in which those laws and regulations are applied to the operations of financial institutions such as Akbank are still evolving. New regulations may be implemented rapidly, without substantial consultation with the industry, which may not allow sufficient time for Akbank to adjust its strategy to deal with such changes. In particular, Akbank may be required to increase the quantity and quality of capital that it holds in order to meet evolving capital adequacy requirements, which are described under *"Turkish Regulatory Environment for Banks—Basel III"*. Akbank's cost of compliance may also increase as a result of new laws or regulations that might be adopted or any change in the enforcement or interpretation of existing laws or regulations. For example, regulatory limits imposed on fees and commissions banks may charge for banking services may have an adverse impact on Akbank's fee and commission income growth. In addition, any breach of regulatory guidelines could expose Akbank to potential liabilities or sanctions. Any of the foregoing could have an adverse effect on Akbank's business, financial condition, cash flows and/or results of operations.

Customers may bring claims against Akbank seeking damages in relation to violations of the competition and antitrust laws of Turkey.

There are a number of pending lawsuits filed by customers against 12 banks, including Akbank, based on Articles 57 and 58 of the Law on the Protection of Competition, which prohibits restrictive agreements and concerted practices, abuses of dominance and mergers and acquisitions creating or strengthening a dominant position and entitles those who have been harmed due to a violation of the Law to claim damages. As at 11 June 2021, there were 488 lawsuits filed against Akbank on this basis by individual customers claiming damages ranging between TL 10 and TL 40,000. There are six lawsuits which are valued at amounts higher than TL 40,000 but lower than TL 180,000. The customers will need to prove the actual damages incurred in order to prevail in these cases, which in turn requires them to prove the interest rate, commissions and fees had there been no violation of the Competition Law. As at 11 June 2021, there have been no final Turkish court decisions and such cases are subject to proof of damages and remain pending. See also "*Information About Akbank—Business—Competition Board Investigations*".

The growth of Akbank's loan portfolio subjects it to the risk that it may not be able to maintain asset quality.

After the deleveraging of 2018, Turkish Lira loan growth gained pace in the fourth quarter of 2019 while foreign currency loan growth remained muted. Akbank's loan portfolio growth rate year-on-year for the years ended 31 December 2020, 2019 and 2018 was 23.1%, 8.4% and 0%, respectively, and was 7.1% for the three months ended 31 March 2021. Akbank's loan growth in both Turkish Lira and foreign currencies was muted in 2018 mostly due to asset quality concerns. In 2019, loan demand from customers and corporates remained sluggish as the rate cut cycle delayed demand as a result of the expectation of more affordable rates. Loan demand rebounded only in the third quarter of 2019 and gained pace in the fourth quarter of 2019, mostly led by general purpose loans and business loans. Growth in Akbank's loan portfolio has increased Akbank's credit exposure and requires continued and improved monitoring by Akbank's management of its lending policies, credit quality and adequacy of provisioning levels. Akbank's total performing loans were TL 281.9 billion as at 31 March 2021, TL 261.9 billion as at 31 December 2020, and TL 212 billion as at 31 December 2019, compared to TL 201.4 billion as at 31 December 2018. Its NPLs as at 31 March 2021 and 31 December 2020, 2019 and 2018 were 5.8%, 6.3%, 6.7% and 3.8% of Akbank's total gross loans, respectively. Its NPL coverage through stage 3 provisioning as at 31 March 2021 and 31 December 2020 and 2019 was 63.7%, 62.4% and 56.2%, respectively. Although Akbank is targeting balanced and selective growth in its loan portfolio as it focuses on high quality asset growth, negative developments in the Turkish economy could affect Akbank's asset quality, and, in particular, micro and medium-sized companies to a greater degree than large companies, resulting in higher levels of NPLs and, as a result, higher levels of provisioning. Any failure by Akbank to manage growth within prudent risk parameters of its loan portfolio or credit quality or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

A significant portion of Akbank's total assets comprises securities issued by the Turkish Government, and thus, in the event of a government default, there would be a direct negative impact on Akbank in addition to a severe impact on the Turkish economy.

Akbank, like other Turkish banks, has historically invested a significant portion of its assets and more than half of its securities portfolio in securities issued by the Turkish Government. As at 31 March 2021 and 31 December 2020, 11.7% and 12% of Akbank's total assets was invested in securities issued by the Turkish Government (12% as at 31 December 2019). A significant portion of such Turkish Government securities are inflation-linked, which have historically positively affected Akbank's net income, as yields on inflation-linked securities have been attractive relative to lending activity, particularly given higher inflation rates. A prolonged period of low or negative inflation will have a material impact on the income received from such securities. Moreover, Turkish government securities have come under pressure as a result of a wide variety of factors (see "*—Risks Related to Turkey and Other Related Risks*") which can negatively impact the value of such securities. In addition to any direct losses that Akbank might incur, a default by the Turkish Government in making payments on its treasury bills would have a significant negative impact on the Turkish economy and the Turkish banking system generally and thus would significantly negatively affect Akbank's business, financial condition, results of operations and prospects.

Security interests or loan guarantees provided in favour of Akbank may not be sufficient to cover any losses in the event of defaults by debtors and may entail long and costly enforcement proceedings.

The practice of pledging assets to secure a bank loan is subject to certain limitations and administrative restrictions under Turkish law. As a result, Akbank may have difficulty foreclosing on collateral or enforcing guarantees or other third party credit support arrangements when debtors default on their loans and would likely face further difficulties if any of Akbank's key customers were to default on their loans. In addition, the time and costs associated with enforcing security interests in Turkey may make it uneconomical for Akbank to pursue such proceedings, adversely affecting Akbank's ability to recover its loan losses. Any decline in the value or liquidity of such collateral may prevent Akbank from foreclosing on such collateral for its full value or at all, in the event that a borrower becomes insolvent and enters composition or bankruptcy, and could thereby adversely affect Akbank's ability to recover any loan losses.

Changes in interest rate levels may affect the value of Akbank's assets sensitive to interest rates and spread changes, as well as Akbank's net interest margins and borrowings costs.

Akbank's results of operations depend upon the level of its net interest income, which is the difference between interest income Akbank receives from interest-earning assets and interest expense on interest-bearing liabilities. The difference between average interest income and average interest expense is net interest margin. Net interest income contributed 43% of gross interest income for the three months ended 31 March 2021 and 59%, 46% and 44% of gross interest income for the years ended 31 December 2020, 2019 and 2018, respectively. Net interest margin (excluding time deposit placements) was 3.62%, 5.07%, 4.93%, 4.62% for the same periods, respectively.

Interest rates are highly sensitive to many factors beyond Akbank's control, including monetary policies pursued by the Central Bank, fiscal policies of the Turkish government, domestic and international economic and political conditions and other factors, and Akbank may be unable to take action to mitigate any adverse effects of interest rate movements. The years ended 31 December 2020, 2019 and 2018 and the three months ended 31 March 2021 were characterised by a high degree of volatility in interest rates and changes in Central Bank policy, as a result of a number of factors, including continued global volatility as well as increased political volatility in Turkey, which, among other factors, led Standard & Poor’s and Moody's to downgrade Turkey's sovereign credit rating. Income from financial operations is particularly vulnerable to interest rate volatility, as further illustrated below (see also "*—The Central Bank's policy on reserve requirements could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.*").

Changes in market interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and thereby affect results of operations. An increase in interest rates, for instance, could cause interest expense on deposits (which for Turkish banks are typically short-term and reset frequently) to increase more significantly and quickly than interest income from loans (which are short, medium and long-term), resulting in a reduction in net interest income. Moreover, an increase in interest rates could reduce demand for Akbank's loans, resulting in a further reduction in net interest income. In addition, a significant fall in average interest rates charged on loans to customers that is not fully matched by a decrease in interest rates on funding sources, or a significant rise in interest rates on funding sources that is not fully matched by a rise in interest rates charged, to the extent such exposures are not hedged, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank uses derivative instruments to manage exposures to interest rate and foreign currency risks, including exposures arising from forecast transactions and firm commitments. In order to manage particular risks, Akbank applies hedge accounting for transactions that meet specific criteria. However, there is a risk that these hedging arrangements will not be adequate to protect Akbank from the risks of changing interest rates or that hedging counterparties may default which could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The Turkish banking system is subject to systemic risks

The Turkish financial sector has gone through major changes as a result of the financial liberalisation programme that started in the early 1980s. The abolition of directed credit policies, the liberalisation of deposit and credit interest rates and liberal exchange rate policies, as well as the adoption of international banking regulations have accelerated the structural transformation of the Turkish banking sector. Since the 1980s, the Turkish banking sector has experienced a significant expansion and development in the number of banks, employment in the sector, diversification of services and technological infrastructure. The significant volatility of the Turkish Lira and foreign exchange markets experienced in 1994, 1998 and in 2001, combined with the short foreign exchange positions held by many Turkish banks at those times, affected the profitability and liquidity of certain Turkish banks. In 2001, this resulted in the collapse of several banks.

Following this crisis, the Turkish Government made structural changes to the Turkish banking system to strengthen the private (i.e., non-governmental) banking sector and to allow it to compete more effectively against the state-controlled banks (Türkiye Halk Bankası ("**Halkbank**"), Türkiye Vakıflar Bankası T.A.O. ("**Vakıfbank**") and T.C. Ziraat Bankası ("**Ziraat**")). In 2017, the state shares in Ziraat and Halkbank were transferred to the Turkish Sovereign Wealth Fund (Türkiye Varlık Fonu) (the "**TWF**"). However, there has been no change in the legal status of any of the banks transferred to the TWF, and the TWF is expected to be managed by the Turkey Wealth Fund Management Joint Stock Corporation (Türkiye Varlık Fonu Yönetimi A.Ş.), the sole shareholder of which is the Ministry of Treasury and Finance Presidency of Privatization Administration (T.C.Hazine ve Maliye Bakanlığı Özelleştirme İdaresi Başkanlığı) of the Republic of Turkey. Notwithstanding these changes, the Turkish banking sector remains subject to volatility.

If the general macro-economic conditions in Turkey and the Turkish banking sector in particular were to suffer another crisis, there can be no assurance that this would not result in further bank failures, reduced liquidity and weaker public confidence in the Turkish banking system. See "*Turkish Regulatory Environment for Banks*" for a further discussion of the Turkish banking regulatory environment.

Increased competition in the Turkish banking sector could have a material adverse effect on Akbank

The level of competition in the Turkish banking sector has remained intense, with a mix of public, private and foreign banks. According to the Bank's Association of Turkey, as at 31 December 2020, the top seven banking groups in Turkey (including Akbank), three of which are state-controlled, held in aggregate, approximately 76% of the Turkish banking sector's total loan portfolio, approximately 75% of total banking assets in Turkey and approximately 82% of total deposits in Turkey. Loan growth in the banking sector in Turkey was 14% during 2018, 11% during 2019 and 35% during 2020 and 30% during the first quarter of 2021, while deposit growth was 19%, 26% and 35% and 30% respectively, according to BRSA monthly data.

In addition to private banks, Akbank also faces competition from state-owned financial institutions, such as Halkbank, Vakıfbank and Ziraat. These government-owned financial institutions historically focused on government and government-related projects but are increasingly focusing on the private sector (including retail and SMEs), thereby increasing competition and pressure on margins. In particular, such government-owned institutions may have access to payroll accounts of state employees, low cost deposits (on which such institutions pay low or no interest) through State Economic Enterprises owned or administered by the Turkish Government, which could result in a lower cost of funds that cannot be duplicated by private banks. Such actions by government-owned financial institutions, in addition to ongoing competitive pressures from private financial institutions, have caused net interest margins to decline across the Turkish banking market.

During recent years, foreign banks have shown an increased interest in the banking sector in Turkey. Foreign banks such as BNP Paribas, Banco Bilbao Vizcaya Argentaria S.A., Industrial and Commercial Bank of China, Burgan Bank, ING, Qatar National Bank, Commercial Bank of Qatar and Emirates NBD have acquired interests in Turkish banks. In addition, various banks, such as Odeabank, Intesa San Paolo and Bank of China, have also established their own franchises. Akbank believes that further entries into the Turkish banking sector by foreign competitors, either directly or in collaboration with existing Turkish banks, could further increase competition in the market. In addition to direct investment, foreign banks are expanding their business presences in Turkey, further increasing competitive pressures. Most recently, the transfer of a 99.85% stake in Denizbank to Emirates NBD was completed on 31 July 2019 and UniCredit sold its 11.93% stake in Yapı Kredi through an accelerated bookbuilding in February 2020. There can be no assurance that further competitive pressures will not result in continued margin compression, which may have a material adverse effect on Akbank's business, financial condition and/or results of operations.

Akbank's increased exposure to intense competition in each of its key areas of operation may, among other things, limit Akbank's ability to increase its client base and expand its operations, reduce its asset growth rate and profit margins on services it provides and increase competition for investment opportunities. There can be no assurance, therefore, that the continuation of existing levels of competition or increased competition will not have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

The interests of Akbank's controlling shareholder may not coincide with the interests of the Noteholders and transactions entered into with such shareholders may not be at arm's length.

The Sabancı family and the Sabancı Group (the "**Controlling Shareholders**") owned 49% of the outstanding share capital of Akbank as at 31 March 2021. The Controlling Shareholders have the power to elect all of Akbank's directors and to determine the outcome of most matters to be decided by a vote of shareholders of Akbank. There can be no guarantee that the interests of the Controlling Shareholders will coincide with those of the Noteholders.

Although it is Akbank's policy that transactions with parties related to, or affiliated with, its Controlling Shareholders are priced at market rates, are otherwise undertaken on an arm's length basis, are in compliance with applicable Turkish legislation and are subject to the same loan or account approval procedures and limits as applied by Akbank to transactions with parties not related to or affiliated with Akbank, there can be no assurance that such transactions with parties related to, or affiliated with, Akbank's Controlling Shareholders have been or will be extended on the above basis and terms. Moreover, although Akbank has not experienced pressure from its Controlling Shareholders to date to conduct transactions upon more favourable terms with parties related to, or affiliated with, such Controlling Shareholders, or to deviate from its credit and lending policies and procedures, there is no guarantee that Akbank may not come under pressure to enter into investments with a lower profit margin than it would otherwise pursue, or to provide financing to certain companies or entities on favourable or non-market terms, in the future. Such activities, which are not permitted by BRSA and CMB rules and tax rules, could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank has incurred, and continues to incur, a risk of counterparty default that arises, for example, from entering into swaps or other derivative contracts under which counterparties have financial obligations to make payments to Akbank.

Akbank routinely executes transactions with counterparties in the financial services industry, including commercial banks, investment banks, central banks and other institutional clients, resulting in a significant credit concentration. A significant portion of Akbank's hedging and derivative transactions are entered into with non-Turkish financial institutions. Akbank is exposed to counterparty risks which increased as a result of financial institution failures and nationalisations during the global financial crisis and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. In addition, Akbank's credit risk would be exacerbated if the collateral it holds cannot be realised at, or is liquidated at, prices that are not sufficient to recover the full amount of the loan or derivative exposure it is intended to secure. In addition, a default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material and adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank's loans and receivables may be concentrated among its largest borrowers and in certain industries

As at 31 March 2021 and 31 December 2020, Akbank's loans and receivables from its 20 largest borrowers or borrower groups amounted to TL 55.7 billion and TL 51.8 billion, or 19.4% and 19.4%, of its total loans and receivables, respectively, as compared to TL 39.8 billion, or 18.5%, of its total loans and receivables as at 31 December 2019 and TL 36.6 billion, or 18.2%, of its total loans and receivables as at 31 December 2018. Any impairment in the ability of one or more of these borrowers or borrower groups to service or repay their obligations to Akbank could have a material adverse effect on Akbank's financial condition and results of operations. The Banking Law, restricts the total financial exposure (including extension of credits, issuance of guarantees, etc.) that a bank may have to any one customer or a risk group directly or indirectly to 25% of its equity capital.

As at 31 March 2021 and 31 December 2020, Akbank's top ten sectors accounted for 48% and 48%, respectively, of Akbank's gross cash loans. A further downturn or slower recovery in any of these sectors (particularly the construction and energy sectors, which are primary areas of focus for Akbank), individually or in the aggregate, may adversely affect the financial condition of the companies operating in such sectors and may result in, among other things, a decrease of funds that such corporate customers hold on deposit with Akbank, a default on their obligations owed to Akbank or a need for Akbank to increase its provisions in respect of such obligations. Similarly, the deterioration of any one or more of Akbank's largest customers' financial positions may have similar effects.

Akbank's business, financial condition, results of operations and prospects have been affected by liquidity risks in a volatile Turkish market, and would likely be affected by liquidity risks, particularly if financial market conditions deteriorate.

Liquidity risk comprises uncertainties in relation to Akbank's ability, under adverse conditions, to access funding necessary to cover obligations to customers, meet the maturity of liabilities and to satisfy capital requirements. It includes both the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of Akbank's liabilities reasonably in line with assets, as well as the risk of not being able to meet payment obligations on time at a reasonable price due to liquidity pressures. Akbank's inability to meet its net funding requirements due to inadequate liquidity could have a material adverse effect on its business, financial condition, results of operations and prospects.

Akbank primarily relies on short-term liabilities in the form of deposits (typically, term deposits with terms of 30 days to three months) as its source of funding and has a mix of short, medium and long-term assets in the form of retail, consumer and corporate loans, mortgages and credit cards, which may result in asset-liability maturity gaps and ultimately liquidity problems.

Akbank has an internal limit for its loan-to-deposit ratio, which is a maximum of 105%. Its loan-to-deposit ratio was 97.7% as at 31 March 2021, 96% as at 31 December 2020, 95.4% as at 31 December 2019 and 103.5% as at 31 December 2018. If deposit growth does not remain at a similar level to loan and asset growth (for example, due to competition), then Akbank would be increasingly dependent upon other sources of financing. The need to rely upon shorter-term funds or the inability to raise financing via the capital or loan markets, may adversely affect Akbank's liquidity profile and could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

There can be no assurance that depositors will not withdraw their funds at a rate faster than the rate at which borrowers repay. An inability on Akbank's part to access funds or to access the markets from which it raises funds may put Akbank's positions in liquid assets at risk and lead Akbank to be unable to finance its operations and growth plans adequately. Akbank may be unable to secure funding in the international capital markets if conditions in these markets, or its credit ratings, were to deteriorate.

A rising interest rate environment could compound the risk of Akbank not being able to access funds at favourable rates. These and other factors could lead creditors to form a negative view of Akbank's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, Akbank's ability to raise or access funds may be impaired by factors that are not specific to its operations, such as general market conditions, severe disruption of the financial markets or negative views about the prospects of the sectors to which Akbank provides its loans. While Akbank aims to maintain at any given time an adequate level of liquidity reserves, strains on liquidity caused by any of these factors or otherwise could adversely affect Akbank's business, financial condition, results of operations and prospects.

Despite Akbank's liquidity policies, there can be no assurance that Akbank will not experience liquidity issues in the future. In the event that Akbank experiences liquidity issues, market disruptions and credit downgrades may cause certain sources of funding to become unavailable. For example, in the case of a liquidity crisis, wholesale funding becomes increasingly costly and more difficult to obtain which may adversely affect borrowing using certain capital market instruments including asset-backed securities and Eurobonds. It is possible that Akbank would not be able to obtain additional funding on commercially reasonable terms as and when required, or at all. Akbank's inability to refinance or replace deposits and devalued assets with alternative funding could result in its failure to service its debt, fulfil loan commitments or meet other on- or off-balance sheet payment obligations on specific dates, which could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

A downward change in the ratings published by rating agencies of either Turkey or the Issuer might reduce the availability or increase the costs of new indebtedness and/or the refinancing of the Issuer's existing indebtedness. See "*—Political Developments In Turkey May Have A Material Adverse Effect On Akbank's Business, Financial Condition, Results Of Operations And Prospects*" and "*— Akbank's Credit Ratings May Not Reflect All Risks, And Changes To Turkey's Or Its Credit Ratings May Affect Its Ability To Obtain Funding*".

***Akbank relies on short-term demand and time deposits as its primary source of funding, but primarily has medium- and long-term assets, which may result in asset-liability maturity gaps*.**

In common with other Turkish banks, many of Akbank's liabilities are demand and time deposits, whereas its assets are generally medium- to long-term (such as loans and mortgages). Although Akbank has accessed wholesale funding markets (through syndicated loans facilities and international capital markets) in order to diversify its funding sources, such short- to medium-term borrowings have not eliminated asset-liability maturity gaps.

As at 31 March 2021 and 31 December 2020, 2019 and 2018, 58%, 59%,61% and 57% respectively, of Akbank's total liabilities (which includes amounts due to banks and financial institutions, customers' deposits) had repricing maturities of one year or less or were payable on demand. As at the same dates, Akbank had a negative cumulative repricing gap (more short-term liabilities than short-term assets) of TL 135 billion, TL 133 billion, TL 119 billion and TL 90 billion, respectively.

If a substantial portion of Akbank's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, or Akbank fails to refinance some of its large short- to medium-term borrowings, Akbank may need to utilise more expensive sources of financing to meet its funding requirements, including wholesale funding. No assurance can be given that Akbank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. Akbank's inability to refinance or replace such deposits or other borrowings with alternative funding could have a material adverse effect on Akbank's liquidity, business, financial condition, results of operations and prospects.

Fluctuations in foreign currency exchange rates, to the extent they are not adequately hedged against, may adversely affect Akbank's financial position and cash flows.

Akbank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. A portion of Akbank's financial assets and liabilities is denominated in, or indexed to, foreign currencies, primarily U.S. Dollars and Euro. As at 31 March 2021 and 31 December 2020, 36% and 34% of Akbank's total loans and receivables to customers and banks (of which 15% and 13% were denominated in U.S. Dollars and 22% and 21% were denominated in Euro) and 61.6% and 63% of Akbank's total deposits (of which 33.8% and 33.9% were in denominated U.S. Dollars and 20.1% and 20.8% were denominated in Euro) were denominated in foreign currencies (as at 31 March 2021 and 31 December 2020, foreign currency denominated balances were translated into Turkish Lira using the exchange rates of TL 8.33 and TL 7.42 for U.S. Dollars and TL 9.77 and TL 9.12 for Euro), respectively. Akbank has a policy of not carrying foreign currency risk and holds foreign currency asset and liability items together with derivatives to hedge against the foreign currency risk. Akbank manages foreign currency risk by using natural hedges that arise from offsetting foreign currency-denominated assets and liabilities. The remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps.

Akbank calculates its capital adequacy ratios according to the Capital Adequacy Regulation, which allows Akbank to use ratings of eligible external credit assessment institutions (namely Fitch, Standard & Poor's, Moody's, Japan Credit Rating Agency, Ltd., DBRS Ratings Ltd. and, as at 12 January 2017, International Islamic Rating Agency ("**IIRA**")) while calculating the risk-weighted assets for capital adequacy purposes. Akbank uses only Fitch's credit rating for such purposes.

In addition, there can be no assurance that the financial conditions of the borrowers to whom Akbank provides foreign currency loans will not deteriorate due to the depreciation of the Turkish Lira.

Akbank's risk management strategies and internal control capabilities may leave it exposed to unidentified or unanticipated risks.

There can be no assurance that Akbank's risk management and internal control policies and procedures will adequately control or protect Akbank against all credit, liquidity, market and other risks. In addition, certain risks could be greater than Akbank's empirical data would otherwise indicate.

Akbank's risk management procedures may not be fully effective or consistently implemented in mitigating Akbank's exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of Akbank's methods of managing risk are based upon its use of historical market behaviour, which, as evidenced by the global financial crisis, may not always accurately predict future risk exposures that could be significantly greater than historical measures indicate. It is as yet undetermined if Akbank’s risk management framework and provisioning policies will adequately reflect the risk of the COVID-19 pandemic to Akbank’s business. In addition, the credit bureaus responsible for surveying the credit histories of prospective Akbank customers may not have access to, and may not accurately profile, such persons' credit histories. As a result, the behavioural scorecards that are used to appraise the credit risk of prospective bank customers may not serve to adequately measure that risk. It is also possible that certain of Akbank's valuation models, including assets such as derivative contracts that are not publicly traded, may incorrectly value Akbank's assets, resulting in unanticipated losses if such assets are discovered to be incorrectly valued.

Other risk management practices, including "know-your-customer" practices, depend upon evaluation of information regarding the markets in which Akbank operates, its customers or other matters that are publicly available or information otherwise accessible to Akbank. As such practices are less developed in Turkey than they are in other, non-emerging markets, and may not have been consistently and thoroughly implemented in the past, this information may not be accurate, complete, up to date or properly evaluated in all cases.

Akbank also cannot give assurances that all of its staff have adhered or will adhere to its policies and procedures. Akbank is susceptible to, amongst other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders. Given Akbank's high volume of transactions, fraud or errors may be repeated or compounded before they are discovered and rectified. Akbank's risk management and internal control capabilities are also limited by the information tools and technologies available to it.

Any material deficiency in Akbank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that Akbank will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Any failure or interruption in or breach of Akbank's information systems, and any failure to update such systems, may result in lost business and other losses.

Akbank relies increasingly heavily on information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing and/or loan origination systems. Although Akbank has developed back-up systems and business continuity plans for cases of emergency, if Akbank's information systems were to fail, even for a short period of time, it could be unable to serve some customers' needs on a timely basis and could thus lose their business. Likewise, a temporary shutdown of Akbank's information systems could result in costs that are required for information retrieval and verification. Business continuity will remain a top priority for Akbank with increasing focus on cybersecurity and infrastructure with the impact of increasing digitalisation conditions. No assurance can be given that such failures or interruptions will not occur or that Akbank will adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that Akbank will be unable to comply with its obligations as a company with debt securities admitted to the Official List.

Labour disputes or other industrial actions could disrupt operations or make them more costly to run.

Akbank may be exposed to collective labour disputes, strikes and work stoppages which may negatively affect its operations. In particular, in the past Akbank and the Bank and Insurance Employees Union (BANKSİS) have had prolonged negotiations on collective bargaining agreements including unsuccessful mediation processes. There can be no assurance that work stoppages or labour disputes will not occur in the future. Any such action could disrupt operations, result in increased wages and benefits or otherwise have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Akbank is dependent on its senior management and other personnel.

Akbank is dependent upon its senior management to implement its strategy and the operation of its day-to-day business. In particular, it is dependent upon the expertise of its CEO, Hakan Binbaşgil, its Executive Vice President - Retail Banking, Bülent Oğuz, and its Executive Vice President - Corporate & Investment Banking, Levent Çelebioğlu. In addition, retail, corporate and other business relationships of members of senior management are important to the conduct of Akbank's business. See "*Senior Management*" for further details of these individuals. If members of Akbank's senior management were to leave Akbank, this could have a material adverse effect on Akbank's business, financial condition and/or results of operations. In addition, Akbank's continuing success depends, in part, upon its ability to attract, retain and motivate qualified and experienced banking and management personnel. Any failure to recruit and retain necessary personnel or manage its personnel successfully could have a material adverse effect on Akbank's business, financial condition and/or results of operations.

Turkish corporate governance standards differ from those of more developed countries.

The standards of corporate governance under Turkish law or regulation may not be as high (or cover the same areas) as those set out by the rules of other jurisdictions (such as the United States or the United Kingdom) and are subject to change. Many aspects of laws and regulations in Turkey relating to public companies and the capital markets have not yet been subject to judicial or regulatory interpretation or review and are therefore still subject to certain uncertainties with respect to their applications. The Corporate Governance Communiqué contains principles relating to (i) shareholders; (ii) public disclosure and transparency; (iii) the stakeholders of the listed company; (iv) board of directors of the listed company; and (v) related party transactions. A number of the Corporate Governance Principles are mandatory, and the remainder apply on a "comply or explain" basis. The Corporate Governance Communiqué dated 3 January 2014 is applicable to all companies incorporated in Turkey and listed on the Borsa Istanbul, including Akbank. There can be no assurance that investors who are unfamiliar with the Turkish corporate governance rules will be familiar with Turkish Government rules applicable to Akbank compared to that of a similar bank in other jurisdictions. For more information, see "*Turkish Regulatory Environment for Banks—Corporate Governance Principles*" below.

Disclosure requirements for banks in Turkey may differ from those in other countries.

Historically, the reporting, accounting and financial practices of Turkish banks have differed in certain respects from those applicable to similar banks in the European Union ("**EU**") or in other developed economies. There is less publicly available information on businesses in Turkey than is regularly published by similar businesses in the EU or in other developed markets and any information that is published may only be presented in Turkish. In recent years, Turkish banks have applied IAS and IFRS in accounting and reporting, which are similar to BRSA Principles, except in certain respects, such as provisioning requirements for loans. The BRSA Principles require Turkish banks to publish their financial reports on their websites. Annual financial reports comprise audited financial statements and unaudited activity reports, and quarterly financial reports comprise reviewed financial statements and un-reviewed interim management reports. Quarterly financial statements are generally available first under BRSA Principles, and only subsequently made available in IFRS statements. Most Turkish banks, like Akbank, have English versions of their financial statements available on their websites. In addition, banks that are listed on the Borsa Istanbul are also required to publish their financial statements on a quarterly basis and those banks are required to disclose any significant development that is likely to have an impact on investors' decisions. Akbank maintains its accounting systems and prepares its accounts and publishes quarterly financial results in accordance with BRSA Principles. These accounts are not prepared on a basis consistent with IFRS as applied in preparing Akbank's IFRS financial statements. Akbank is not required by law to prepare its accounts under any accounting standards other than BRSA and only Akbank's annual and semi-annually published financial statements are prepared in accordance with IFRS. There are differences between Akbank's BRSA financial statements and its IFRS financial statements. For a discussion of the differences between BRSA Principles and IFRS, see *"Appendix 1 - Overview Of Significant Differences Between IFRS And BRSA Accounting Principles*". There can be no assurance that investors who are unfamiliar with the Turkish banking system will have the same level of access to relevant information as that of a similar bank in the EU. For more information, see "*Turkish Regulatory Environment for Banks — Annual Reporting*" below.

The independent auditor's reports in relation to each of the Akbank BRSA Annual Financial Statements incorporated by reference into this Prospectus and the auditor's review report in relation to the Akbank BRSA Interim Financial Statements include a qualification.

The independent auditor's reports for each of the Akbank BRSA Annual Financial Statements incorporated by reference into this Prospectus and the auditor's review report in relation to the Akbank BRSA Interim Financial Statements incorporated by reference into this Prospectus include a qualification regarding a free provision provided by Akbank's management. The free provision as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018 amounted to TL 1.15 billion, TL 1.5 billion, TL 550 million and TL 650 million, respectively. Akbank may have similar qualifications in its consolidated financial statements in the future in its consolidated financial statements. See the independent auditor's reports in respect of each of the Akbank BRSA Annual Financial Statements and the auditors' review report in respect of the Akbank BRSA Interim Financial Statements, all incorporated by reference herein. This provision may be reversed or re-allocated by Akbank in future periods, which may cause Akbank's net profit to be higher in future periods than it otherwise would be in the absence of such reversal or re-allocation. Provisions of this type do not currently impact Akbank's level of tax or its capitalisation ratios, although the expected phased implementation by the BRSA of Basel III capital standards may lead to a negative impact on capital ratios. See "*—Changes in the Turkish banking regulatory framework may require Akbank to increase the level of capital that it holds to meet revised capital adequacy standards, which it may not be able to do on acceptable terms or at all.*".

As mentioned in Section Five Part II h.4 (i) of Explanations and Notes to the Akbank 2020 BRSA Annual Financial Statements, such financial statements as at 31 December 2020 include a free provision amounting to TL 1.15 billion, which consists of TL 650 million recognised in prior years by Akbank's management. As at 31 March 2021, free provisions remained flat at TL 1.15 billion.

The Akbank BRSA Financial Statements were not prepared under IFRS.

Akbank has prepared its consolidated financial statements in accordance with BRSA Principles, rather than in accordance with IFRS, with which some investors may be more familiar. As a consequence, the Akbank BRSA Financial Statements may not provide investors with the financial information they would typically have received if the financial statements were prepared under IFRS, and investors should take note of the differences between IFRS and BRSA Principles, and how these differences impact their analysis and interpretation of the Akbank BRSA Financial Statements.

In addition to the differences in presentation, and the different disclosure requirements, BRSA Principles also differ in certain other significant respects from IFRS. For example, under BRSA Principles, only subsidiaries and associates in the financial sector are consolidated and equity accounted, whilst others are carried at cost or fair value. Additionally, under BRSA Principles, the definition of control is based on the power to appoint or remove the decision making majority of members of the board of directors or those having control over the majority of the voting rights as a consequence of holding privileged shares or agreements with other shareholders although not owning the majority of capital. This differs from IFRS 10, whereby an investor is deemed to control an investee when the investee is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

For more information on the differences between the accounting principles, see "*Appendix 1 - Overview Of Significant Differences Between IFRS And BRSA Accounting Principles".* Potential investors should consult their own professional advisors for an understanding of the difference between IFRS and BRSA Principles and how these differences might affect Akbank's financial information presented in this Prospectus.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of Akbank's financial statements, which may cause unexpected reductions in profitability or losses in the future.

Akbank is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss reserves and the fair value of certain assets and liabilities, among other items. Akbank's provisioning policy was also impacted in 2018 by the adoption of TFRS 9, which in effect increased the sensitivity of Akbank's provisions to macroeconomic volatility, including the impact of exchange rate depreciation on Stage 1 and Stage 2 provisions. Should the estimated values for such items prove substantially inaccurate, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future BRSA rules or interpretations, Akbank may experience unexpected reductions in profitability or losses.

Akbank may not be able to fully comply with anti-money laundering regulations, which could result in governmental fines and reputational damage.

Although Akbank has implemented comprehensive anti-money laundering ("**AML**") and "know your customer" ("**KYC**") policies and procedures and seeks to adhere to all requirements under Turkish legislation aimed at preventing it being used as a vehicle for money laundering there can be no assurance that these policies and procedures will be completely effective. Moreover, to a certain extent, Akbank must rely upon correspondent banks to maintain and properly apply their own appropriate AML and KYC policies and procedures. In the past, Akbank has failed to comply with certain AML and KYC policies and procedures, as a result of which a number of administrative fines were imposed on Akbank. However, following challenges by Akbank, approximately 85% of the fines were rescinded in 2014. If Akbank in the future fails to comply with timely reporting requirements or other AML or KYC regulations and/or is associated with money laundering and/or terrorist financing, its reputation, business, financial condition, results of operations and prospects could be adversely affected. In addition, involvement in such activities may carry criminal or regulatory fines and sanctions.

Akbank and its subsidiaries have been and may in the future be subject to administrative fines and penalties.

On 6 June 2017, tax inspection reports on Akbank were prepared by the Tax Supervision Committee for the fiscal years 2012 through 2014, which provide that Akbank has been fined TL 72,492,719.33 due to its failure to apply RUSF on the commissions received from consumer loans. Akbank filed an administrative lawsuit requesting cancellation of the administrative decision regarding the tax penalty. The court decided to cancel the fine for the 2012, 2013 and 2014 years. The tax authority has appealed the relevant court's decisions for cancellation of these fines. The regional court of appeals also ruled in favour of Akbank confirming the decision of the court of first instance. The tax authority has then appealed the relevant decision before the Council of State. As at the date of this Prospectus, the lawsuits are pending and currently under review by the Council of State. The outcome of the lawsuit is unforeseeable as at the date of this Prospectus.

Akbank has been acting as the agent of its insurance subsidiary (Ak Sigorta A.Ş.), and the insurance regulator on 13 December 2019 imposed an administrative fine on Akbank for breaching insurance laws, of TL 94.7 million. Akbank subsequently announced that it will pay the fine immediately, permitting it to benefit from a 25% discount, and paid the fine in the amount of TL 71 million on 6 February 2020. In addition, Akbank's insurance agency activities were suspended from 30 January 2020 to 13 February 2020. While management does not believe that the suspension and monetary fine will have any material effect on its business or results of operations, subsequent suspensions and fines in relation to its insurance agency could cause Akbank to experience unexpected reductions in profitability or losses.

In July 2020, the BRSA issued an administrative monetary fine in the amount of TL 155.5 million on the basis of violations of its directive on the limitation of COVID-19 effects requiring Turkish banks to provide certain accommodations to their customers in relation to the terms and conditions (e.g., maturity extension) of their loans. The above-mentioned administrative monetary fine was paid pursuant to Clause 17/6 of the Law No 5326 on Misdemeanors by using a 25% advance payment discount. While management does not believe that this monetary fine will have any material effect on its business or results of operations, similar fines in the future could cause Akbank to experience unexpected reductions in profitability or losses.

In August 2020, tax inspection reports on Akbank were prepared by the Tax Supervision Committee in respect of the Corporate Tax and Banking and Insurance Transaction Tax ("**BITT**") returns for the 2017-2018 fiscal years. Akbank has been fined approximately TL 40.4 million (approximately TL 23.2 million in corporate tax and TL 17.3 million BITT) due to transactions examined by the tax inspectors. Although the tax inspectors claimed that certain categories of costs (e.g. marketing costs, sponsorship costs, amortisation) should not have been taken into consideration as "costs" regarding the Corporate Tax Law and certain contingency fees payable to lawyers should have been subject to BITT, Akbank did not agree with these claims and appealed the decision before the Reconciliation Board of Tax Authority for review of reports. If this fine is not cancelled; Akbank will file an administrative lawsuit requesting the cancellation of the tax fine. Currently, the case is under review by the Reconciliation Board of Tax Authority and Akbank does not intend to pay the fine until the first instance decision.

In August 2020, a specific tax inspection report on Akbank was prepared by the Tax Supervision Committee regarding VISA payments in 2016. The report was also delivered to other member banks of VISA in Turkey. VISA made one off payment regarding the sale of VISA Europe shares to VISA Inc. Therefore, the payment was considered a "capital gain" regarding the sales of shares. In this case, the banks benefited from the exemption for "sales of participation shares" set forth in the Corporate Tax Law. Akbank has been fined approximately TL 66.7 million (approximately TL 50.1 million in corporate tax and TL 16.6 million in BITT) due to the tax inspector's claim that the gains obtained were a "membership fee" instead of a "sale of shares". Akbank did not agree with these claims and appealed the decision before the Reconciliation Board of Tax Authority for review of the reports. If the fine is not cancelled, Akbank will file an administrative lawsuit requesting the cancellation of the tax fine. Currently, the case is under review by the Reconciliation Board of Tax Authority and Akbank does not intend to pay the fine until the first instance decision.

Akbank is dependent on its banking licence from the BRSA as well as other licences.

The banking and other operations performed by Akbank and its subsidiaries require licences by the relevant authorities in each jurisdiction in which they operate. Substantially all of Akbank's assets are located in Turkey and it therefore depends to a significant degree on its Turkish banking licence from the BRSA. If Akbank were to lose its general banking licence, then it would cease to be able to operate as a bank in Turkey. According to Article 67 of Banking Law, if the results of consolidated and unconsolidated audits show that Akbank's assets are likely to become insufficient to cover its obligations as they become due, that it is not complying with liquidity requirements, that its profitability is not sufficient to conduct its business in a sound manner, that its regulatory equity capital is not sufficient or is likely to become insufficient, that the quality of its assets have been impaired in a manner potentially weakening its financial structure and in certain other instances, then the BRSA may require Akbank's Board of Directors to take one or more remedial actions. If Akbank does not take appropriate remedial action within the specified time period, the BRSA, with the affirmative vote of at least five of its board members, may ultimately revoke Akbank's licence and take certain other actions. Although Akbank remains in compliance with its regulatory obligations and believes that it and its subsidiaries have the necessary licences for their banking and other operations and that Akbank and its subsidiaries are currently in compliance with their existing material licences and reporting obligations, there is no assurance that Akbank will be able to maintain its banking licence in the future. Akbank and its subsidiaries also depend on certain other licences, the loss of any of which could adversely affect its business. The loss of a licence, a breach of the terms of any licence or the failure to obtain any further required licences in the future could have a material adverse effect on Akbank's financial condition and/or results of operations. Further description of the applicable regulatory requirements is set out in "*Turkish Regulatory Environment for Banks*" and "*Turkish Regulatory Environment for Banks—Cancellation Of Banking Licence*". Any of the foregoing could have a material adverse effect on Akbank's business, financial condition and/or results of operations.

II. GENERAL RISKS

Risks Related to Turkey and Other Related Risks

Any claims against the Issuer under the Notes and the transaction documents will be unsecured claims payable from, among other sources, the Issuer's funds in Turkey. The ability of the Issuer to make any such payments from Turkey will depend, among other factors, upon the Turkish Government not having imposed any prohibitive foreign exchange controls, its ability to obtain U.S. Dollars in Turkey and its ability to secure any applicable necessary approval from the relevant authority, which could be affected by the circumstances described below. Any such restrictions or failure to obtain the necessary approval could affect the Issuer's ability to make payment of interest and principal under the Notes.

Akbank is predominantly engaged in business in Turkey and its results of operations and financial condition are to a large extent dependent upon the overall level of economic activity and political stability in Turkey. Even though in recent years Turkey has undergone significant political and economic transformation which has resulted in increased stability and economic growth, Turkey is still generally considered by international investors to be an emerging market.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or other similar jurisdictions. Summarised below are a number of risks relating to operating in Turkey and other emerging markets.

Political developments in Turkey may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey has from time to time experienced volatile political social conditions, including a failed coup d'état attempt in July 2016. The Justice and Development Party (Adalet ve Kalkinma Partisi) (the "**AKP**") has been in power since 2002 and has been able to govern without reliance upon a coalition partner.

Following the November 2015 elections, the AKP announced its intention to replace the existing constitution with a new constitution and to create an executive presidency and Mr. Recep Tayyip Erdoğan was elected President. In the referendum held on 16 April 2017, the majority of the votes cast approved proposed amendments to certain articles of the Turkish Constitution. Such amendments include articles to extend the powers of the president. As a result (inter alia): (a) the then-current parliamentary system has been transformed into a presidential one, (b) the president has been entitled to be the head of a political party and to appoint the cabinet, (c) the office of the prime minister has been abolished, (d) the parliament's right to interpellate (i.e., the right to submit questions requesting explanation regarding an act or a policy) the cabinet members has been annulled and (e) the president has increased powers over the selection of members of the Board of Judges and Prosecutors (currently the Supreme Board of Judges and Prosecutors (Hakimler ve Savcılar Yüksek Kurulu)).

Following the constitutional amendments enacted with the referendum held on 16 April 2017, on 21 May 2017, Mr. Recep Tayyip Erdoğan was re-elected as the chairperson of the AKP. Mr. Recep Tayyip Erdoğan was re-elected in snap elections held on 24 June 2018. On 9 July 2018, Mr. Recep Tayyip Erdoğan announced the new cabinet, including non-AKP members and Mr. Berat Albayrak as the new treasury and finance minister. More recently, on 6 July 2019 President Erdoğan announced the removal of Murat Çetinkaya, the governor of the Central Bank, a year before his four-year term was scheduled to end. Murat Çetinkaya has been replaced by his former deputy, Murat Uysal.

On 8 November 2020, Mr. Berat Albayrak resigned from his position as Minister of Treasury and Finance and was promptly replaced by Mr. Lutfi Elvan, a former Minister of Development and Minister of Transport, Maritime and Communication. Following the depreciation of the Turkish Lira to its weakest value to date (exceeding TL 8.5 per U.S. dollar), the governor of the Central Bank was replaced by a Presidential Decree on 7 November 2020 and then (on 20 March 2021) was replaced again after a series of rate increases.The dismissal of Mr. Naci Ağbal, the then-governor of the Central Bank on 20 March 2021, led to a negative market reaction,with investors'sales of certain Turkish assets leading to the value of the Borsa İstanbul 100 stock index declining by 9.6% in one week and the Turkish Lira depreciating by 9.9% against the U.S. dollar (from TL 7.27 per U.S.dollar before the dismissal of the governor to TL 7.99 per U.S. Dollar) during the same period. Any failure of the Central Bank and/or the Turkish Treasury to implement effective policies might adversely affect the Turkish economy and thus have a material adverse effect on the Group's business, financial condition and/or results of operations.

Local elections took place on 31 March 2019. However, the Supreme Election Board of Turkey (T.C. Yüksek Seçim Kurulu) has cancelled the results of the elections in İstanbul (which showed a narrow lead for the opposition party). The repeat local elections were held on 23 June 2019 and resulted in the transition of the control of the İstanbul metropolitan municipality from AKP to the main opposition party the Republican People's Party (Cumhuriyet Halk Partisi).

The events surrounding any future political developments could contribute to the volatility of Turkish financial markets and/or have an adverse effect on investors' perception of Turkey, including Turkey's ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions, which could in turn have a material adverse effect on the Akbank's business, financial condition and/or results of operations.

Turkey's economy may be impacted by uncertainty in the EU.

The EU is Turkey's principal export market. If the EU economies suffer any growth setback or if other factors have an adverse impact on Turkey's exports to EU, the country's growth performance would suffer, exposing Akbank and its customers to macroeconomic and operational risks.

Furthermore, in July 2016, the United Kingdom (the "**UK**") voted to withdraw from the EU. The UK government invoked Article 50 of the Lisbon Treaty on 29 March 2017 marking the beginning of negotiations with the EU relating to the UK's exit. Following the negotiation of a withdrawal agreement between the UK and the EU, and the results of parliamentary elections in the UK on 12 December 2019, the UK ceased to be a member of the EU at 11:00 p.m. (London time) on 31 January 2020. The economic and political consequences for the UK, the EU and other countries like Turkey as a result of this process, including any impact on the European and global economic and market conditions and its possible impact on Sterling, Euro and other European exchange rates, and the related uncertainty, during the following negotiations on the future trade relationship between the UK and the EU, are difficult to predict.

In addition, any future withdrawal by another Member State from the EU and/or European Monetary Union, any significant changes to the structure of the EU and/or European Monetary Union or any uncertainty as to whether such a withdrawal or change might occur could have a material adverse effect on Akbank's business, financial condition, results of operations and prospects.

Turkey's economy has been undergoing a significant transformation and remains subject to ongoing structural and macroeconomic risks.

Since the mid-1980s the Turkish economy has moved from a highly protected state-directed system to a market-oriented free enterprise system. Reforms have, among other things, largely removed price controls and reduced subsidies, reduced the role of the public sector in the economy, emphasised growth in the industrial and service sectors, liberalised foreign trade, reduced tariffs, promoted export growth, eased capital transfer and exchange controls, encouraged foreign investment, strengthened the independence of the Central Bank, led to full convertibility of the Turkish Lira by accepting Article VIII of the International Monetary Fund's (the "**IMF**") Articles of Agreement and overhauled the tax system.

However, the Turkish economy has also experienced a succession of financial crises and severe macroeconomic imbalances. These include substantial budget deficits, significant current account deficits, high rates of inflation and high real rates of interest. These factors have resulted in a substantial depreciation of the Turkish Lira against major foreign currencies, particularly between 1994 and 2001. As at 31 December 2020, general government nominal debt to GDP ratio was 39.5%. This ratio has remained relatively stable and was 30.2% and 32.6% as at 31 December 2018 and 31 December 2019, respectively.

After having successfully completed the two stand-by arrangements with the IMF in 2001 and 2005, Turkey paid the last instalment to the IMF in May 2013 and is currently not liable for further payments. Although there were negotiations on the conditions of a new stand-by agreement between Turkey and the IMF in 2009, these negotiations were unsuccessful and the Turkish Government has refrained from signing a new agreement with the IMF, citing disagreement over issues such as funding for local government.

In March 2019, the United States announced that imports from Turkey and India would no longer be eligible for tariff relief under the "Generalized System of Preferences" programme, which programme seeks to promote economic growth in countries identified as developing countries. In Turkey's case, the United States cited Turkey's rapid economic development since its entry into the programme and that it thus no longer qualified to benefit from these tariff preferences. Regulatory changes such as these reflect increasing challenges faced by some exporters, which might have a material adverse effect on Turkey's economy and/or the financial condition or one or more industries within Turkey.

Furthermore, Turkey may not be able to remain economically stable during any periods of renewed global economic weakness due to its reliance on external demand and external financing. In 2017, with the contribution from government incentives targeting recovery of the economic activity, GDP growth increased to 7.5%. In 2018, even with the contribution of government spending, GDP growth decreased to 2.8%. GDP increased by 0.9% in 2019 according to data from TurkStat, despite the negative impact of reduced domestic demand mostly driven by contraction in private consumption and investments. On the other hand, external demand supported GDP in the first nine months of 2019, as a result of increase in exports and weakening imports mostly due to depressed consumption and investments. The Turkish economy, after having recovered in 2019 and having posted strong growth performance in January and February in 2020, lost momentum since mid-March due to the economic lockdowns. Despite the loss in growth momentum, GDP grew by 4.5% annually as at 31 March 2020. Private consumption made the most significant contribution to growth. Public consumption rose significantly to support the economy which have been negatively impacted by COVID-19 lockdown measures. Investments fell moderately. Net exports pulled down overall GDP growth because of rising imports due to strong domestic demand and subdued export demand. As was the case in the three months ended 31 December 2019, stock formation continued to make a significant contribution to growth. Future negative developments in the Turkish economy and the failure to achieve growth targets could impair Akbank's business strategies and have a material adverse effect on Akbank's business, financial condition and results of operations.

In October 2016, the Turkish Government announced a three-year medium-term economic program from 2017 to 2019. Under this program, the Turkish Government set growth targets of 4.4% for 2017 and 5.0% for each of 2018 and 2019, as well as a gradual decrease in the current account deficit-to-GDP ratio, according to the Ministry of Development. In October 2017, the Ministry of Development announced a new medium-term economic program, covering the years from 2018 to 2020, setting growth targets of 5.5% for each of 2018, 2019 and 2020, and inflation rates of 7.0%, 6.0% and 5.0% for 2018, 2019 and 2020, respectively. This medium-term economic programme was replaced in September 2018 by a new medium-term economic programme announced by the Directorate of Strategy and Budget of the Presidency of the Republic of Turkey (T.C. Cumhurbaşkanlığı Strateji ve Bütçe Başkanlığı) (the "**Strategy and Budget Directorate**"), which includes projections for 2019 to 2021. According to the programme for 2019 to 2021, GDP growth estimates were revised to be 3.8%, 2.3%, 3.5% and 5.0% for 2018, 2019, 2020 and 2021, respectively (the actual 2018 figure has since been announced as only 2.8%) and the inflation rate was estimated to be 20.8%, 15.9%, 9.8% and 6.0% for 2018, 2019, 2020 and 2021, respectively (the actual 2018 figure has since been announced as 20.3%).This medium-term economic programme was replaced in October 2019 by a new medium-term economic programme announced by the Strategy and Budget Directorate, which includes projections for 2020 to 2022. The new programme set the GDP growth estimates as 0.5% for 2019 and 5.0% for each of 2020, 2021 and 2022. Further, it has estimated the inflation rate as 12.0%, 8.5%, 6.0% and 4.9% for 2019, 2020, 2021 and 2022, respectively. In September 2020, the Turkish Treasury and Finance Minister announced a new medium term economic program named the New Economic Program (the "**New Economic Programme**") for the 2021 to 2023 period. The New Economic Programme set GDP growth estimates as 0.3% for 2020, 5.8% for 2021 and 5.0% for each of 2022 and 2023. Furthermore, it has estimated the inflation rate as 10.5%, 8.0%, 6.0% and 4.9% for 2020, 2021, 2022 and 2023, respectively.

There can be no assurance that these targets will be reached, that the Turkish Government will continue to implement its current and proposed economic and fiscal policies successfully or that the economic growth achieved in recent years will continue considering external and internal circumstances, including the Central Bank's efforts to curtail inflation and simplify monetary policy while maintaining a lower funding rate, the current account deficit and macroeconomic and political factors, such as changes in oil prices and uncertainty related with conflicts in Iraq and Syria (See "—*Conflict and uncertainty within Turkey or in neighbouring and nearby countries may have a material adverse effect on Akbank's business, financial condition, results of operations or prospects*") and the political developments in Turkey, including the uncertainty resulting from the structural changes to implement the new constitutional presidential system entered into force with the snap general and presidential elections held on 24 June 2018. (See "*—Political developments in Turkey may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects*").

Any of these developments might cause Turkey's economy to experience macro-economic imbalances, which might impair Akbank's business strategies and/or have a material adverse effect on Akbank's business, financial condition and/or results of operations. See "*—Risks Related to Turkey and Other Related Risks—*

The profitability and profitability growth of Turkish banks in recent periods may not be sustainable as a result of regulatory, competitive and other factors impacting the Turkish banking sector".

The value of the Turkish Lira has fluctuated significantly against other currencies and may continue to do so.

A significant portion of Akbank's assets and liabilities are denominated in foreign currencies, particularly U.S. Dollars and euros. Akbank translates such assets and liabilities, as well as interest earned or paid on such assets and liabilities, and gains/(losses) realised upon the sale of such assets, to Turkish Lira when preparing its financial statements. As a result, Akbank's reported income is affected by changes in the value of the Turkish Lira against foreign currencies (primarily the U.S. Dollar and euro). The overall effect of exchange rate movements on Akbank's results of operations depends on the rate of depreciation or appreciation of the Turkish Lira against its principal trading and financing currencies. In addition, Akbank has a portfolio of derivative securities which expose it to fluctuations in the value of the Turkish Lira against foreign currencies. For a description of Akbank's risk management strategies, see "*Risk Management*".

Until February 2001, it was the stated policy of the Central Bank to devalue the Turkish Lira against the U.S. Dollar in line with inflation. However, in recent years the depreciation of the Turkish Lira has not been consistent with inflation rates as a result of a variety of factors, including both domestic and international factors. The value of the Turkish currency against the U.S. Dollar has been volatile over the last years, primarily as a result of uncertainties surrounding the political and economic landscape. The Turkish Lira depreciated by 25%, 12.5% and 39.3% against the U.S. Dollar in 2020, 2019 and 2018, respectively. Depreciation of the Turkish Lira was 10.9% from 2020 year-end to 31 March 2021. The exchange rate was TL 5.29 per U.S. Dollar as at 30 December 2018, TL 5.95 per U.S. Dollar as at 31 December 2019, TL 7.44 per U.S. Dollar as at 31 December 2020 and TL 8.25 per U.S. Dollar as at 31 March 2021 (*Source: Bloomberg*). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Akbank's Results of Operations—Exchange Rates*".

Any significant depreciation of the Turkish Lira against the U.S. Dollar or other major currencies, or any actions taken by the Central Bank or the Turkish Government to protect the value of the Turkish Lira (such as increased interest rates or capital controls) may adversely affect the financial condition of Turkey as a whole, including its inflation rate, current account deficit and level of foreign currency reserves, which in turn may have an adverse effect on the customers of the Issuer which in turn may have a negative effect on the Issuer's business, financial condition and/or results of operations.

Turkey's economy is subject to inflation and risks relating to its current account deficit.

In the past, Turkey has experienced high annual rates of inflation. This has historically been considered one of the most significant problems faced by the Turkish economy.

Although prior policies have had some success in reducing inflation from its formerly high levels, inflation has increased again in recent years and such policies may not be successful in the future, especially given Turkey's substantial current account deficit and global liquidity conditions. As at 31 December 2017, consumer price index (CPI) stood at 11.9%, increasing as at 31 December 2018, to 20.30%, mainly driven by the increase in the prices of home appliances and food and non-alcoholic beverages. In 2019, CPI, which had peaked at 20.35% in January and reached the lowest level of the last three years at 8.55% in November, ended the year at 11.84%. The main contributors to annual inflation in 2019 were food, transportation, alcoholic beverages and tobacco and housing items, which accounted for 2.54 ppt, 2.05 ppt, 1.82 ppt and 1.50 ppt respectively. In 2020, CPI fell gradually reaching 11.39% in May 2020. The fall in oil prices was the main driver of the fall in inflation, but fuel oil prices started to rise again in May because of both the recovery in oil prices and depreciation of the Turkish Lira. In 2021, CPI gradually increased and reached 16.59% in May 2021 on a yearly basis after having reached 14.97%, 15.61%, 16.19% and 17.14 in January, February, March and April 2021.

If the level of inflation in Turkey fluctuates or increases significantly (for any reason), then Akbank's costs may increase, and, if not accompanied by an increase in interest rates, then its operating and net margins may decrease. Inflationary pressures may also curtail Akbank's ability to access foreign financial markets and may lead to further Government intervention in the economy, including the introduction of Government policies that may adversely affect the overall performance of the Turkish economy. The various impacts of inflation thus may have a material adverse effect on Akbank's business, financial condition and/or results of operations.

The size of Turkey's current account deficit or adverse changes in its balance of payments position (including the availability of external financing for Turkey) could lead to exchange rate adjustments and higher inflation, which could have a material adverse effect on Akbank's business, financial condition and/or results of operations. Turkey had current account deficits of U.S.$40.8 billion (4.7% of GDP) in 2017. However, Turkey's current account deficit significantly decreased to U.S.$21.7 billion (2.7% of GDP) in 2018, on a 12-month basis. Turkey's current account posted a U.S.$6.8 billion surplus (0.9% of GDP) in 2019. Turkey's current account deficit increased significantly to U.S.$37.3 billion (%5.2 of GDP) in 2020. As at March 2021, Turkey's current account deficit is U.S.$36.2 billion. Various events including any deterioration in economic conditions in Turkey's primary export customers and geopolitical risks (such as tariffs imposed by the United States on imports from Turkey), as well as an increase in energy prices, might result in an increase in the current account deficit, including due to the possible impact on Turkey's foreign trade and tourism revenues.

Turkey is an energy-dependent country and any geopolitical development concerning energy security could have a material impact on Turkey's current account balance. In 2017, Turkey's current account deficit and net energy imports stood at U.S.$40.8 billion and U.S.$32.9 billion, respectively. In 2018, Turkey's current account deficit and energy imports were U.S.$21.7 billion and U.S.$37.8 billion, respectively. As at December 2019, Turkey's 12-months rolling current account posted a U.S.$6.8 billion surplus and net energy imports were U.S.$33.3 billion.. As at December 2020, Turkey's current account deficit and energy imports were U.S.$37.3 billion and U.S.$9.5 billion, respectively. Recovering oil prices since 2016 have had an adverse impact on Turkey's current account balance and may face further adverse impacts if oil prices continue to increase. If geopolitical tensions escalate in the Middle East and lead to further concerns around global energy supply, such as any events prejudicing the oil trade in the Strait of Hormuz or any country which is a major global oil supplier (such as Saudi Arabia) or any prospective sanctions imposed by the United States and/or the EU on Iran; oil prices may increase and this may entail a higher current account deficit for Turkey. A higher current account deficit may have an adverse effect on the overall performance of the Turkish economy and thus may have a material adverse effect on Akbank's business, financial condition and/or results of operations.

The current account deficit still remains a significant concern for policy makers and may be subject to further intervention. Should the Central Bank adopt any additional measures to limit any increase in the current account deficit, such measures would likely reduce economic growth and, in turn, have a material adverse effect on Akbank's business, financial condition and/or results of operations. However, given Turkey's savings and investments structure, it is not possible for Turkey to achieve its targeted growth figures without current account imbalances. Should the current account deficit widen persistently, this may lead to a sudden adjustment in the Turkish Lira with inflationary consequences, similar to the depreciation in the value of Turkish Lira against foreign currencies and the subsequent rise in inflation in the second half of 2018.

The market for Turkish securities is subject to a high degree of volatility due to developments and perceptions of risks in other countries.

The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, the EU and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including the Issuer's, which could adversely affect the market price of the Issuer's securities.

Emerging markets such as Turkey are subject to a greater risk of being perceived negatively by investors based upon external events (for example, volatility in the emerging markets, monetary policies in the United States and the Eurozone, continued violence in Syria and Iraq or a slowdown in China's growth) than more-developed markets are, and financial turmoil in any emerging market (or global markets generally) could have a "contagion" effect and disrupt the business environment in Turkey. Moreover, financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of issuers in other emerging market countries, as investors may move their investments to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. There can be no assurance that investors' interest in Turkey will not be negatively affected by events in other emerging markets or the global economy in general.

An increase in the perceived risks associated with investing in emerging economies could adversely affect the Turkish economy, and the investors' interests in the Notes (and thus their market price) might be subject to fluctuations that might not necessarily be related to economic conditions in Turkey or the financial performance of Akbank. While the impact of the recent global financial crisis on Turkey was relatively limited, Turkey has been adversely affected by such contagion effects on a number of occasions in the past, including following the financial crises in 1994 and 2000 to 2001. Similar developments can be expected to affect the Turkish economy in the future, which might, in turn have an adverse impact on the prices of obligations of Turkish capital markets issuances, including the Notes.

Conflict and uncertainty within Turkey or in neighbouring and nearby countries may have a material adverse effect on Akbank's business, financial condition, results of operations or prospects.

Turkey is located in a region that has been subject to on-going political and security concerns, especially in recent years. Political uncertainty within Turkey and in certain neighbouring and nearby countries, such as Iraq, Syria, Iran, Georgia, Cyprus, Egypt, Ukraine and Armenia has historically been one of the potential risks associated with an investment in Turkish securities.

Since December 2010, political instability has increased markedly in a number of countries in the Middle East and North Africa, such as Syria, Iraq, Egypt, Libya, Tunisia, Jordan, Bahrain and Yemen. Tensions have also increased between a number of Middle Eastern states, notably Iran and Saudi Arabia. Unrest in these countries (as well as global tensions with Iran and between Russia and Ukraine) may have political implications in Turkey or otherwise have a negative impact on Turkish economy, including through both financial markets and the real economy.

Risks associated with the conflicts in Syria and Iraq

Political instability in the Middle East was recently exemplified by the internal conflict in Syria and Iraq and tension between Iran and Israel.

Although Akbank does not have significant direct exposure with respect to Iraq, many Turkish companies, including many of Akbank's clients, do have such exposure. Therefore, the unrest in Syria and Iraq could have a material negative impact on the Turkish economy, the business of Akbank's clients and consequently also Akbank.

On 25 September 2017, the Kurdish Regional Government in Northern Iraq held a referendum for the independence of the region administered by the Kurdish Regional Government in Northern Iraq. Turkish Government officials announced that Turkey will not recognise the outcome of the referendum and might take punitive measures, including economic sanctions (e.g. cutting off the pipeline that allows the transport of oil from Northern Iraq to third countries) and closing its airspace and border crossing to Northern Iraq. On 16 October 2017, Turkey closed its airspace to the Northern Iraqi Kurdish region and, in 2018, the Turkish military began a cross-border operation in Northern Iraq to prevent terrorist activities against Turkey. Furthermore, on 14 June 2020, the Turkish military launched an air-strike called "Claw-Eagle" against the terrorist groups, mainly the PKK in northern Iraq.

On 20 January 2018, Turkish officials announced that the Turkish military had started an operation in the Afrin area of Syria targeting organisations that Turkey deems to be terrorist organisations. On 13 April 2018, the United States, the United Kingdom and France launched airstrikes against targets in Syria following a suspected chemical attack on civilians by the Syrian forces in Damascus, Syria, escalating tensions between Russia and the United States. Turkish Government officials announced that they consider the United States-led operation to be an appropriate response to the suspected chemical attack. In the meantime, the Turkish military's operations against organisations that Turkey deems to be terrorist organisations continue in Syria. Given the continuing hostilities in Syria and the number of parties involved, it is very difficult to predict the impact of the continuing tensions on the geopolitical stability in the broader region, including Turkey, and any potential resulting adverse effect on the Turkish economy, as well as on Akbank's business, financial condition, results of operations and prospects.

Elevated levels of conflict in Iraq and Syria have also caused a significant displacement of people. The high number of refugees within Turkey's borders and foreign intelligence agents infiltrating both refugee camps and local communities remain current threats. Turkey is among the countries that have taken a significant number of Syrian refugees with a negative economic, political and social impact on Turkey.

The ongoing conflict in Syria has been the subject of significant international attention and its impact and resolution is difficult to predict. Turkey has been involved in armed conflict in Syria and such conflicts are inherently susceptible to volatility and escalation, particularly given the involvement of a number of international parties. The Presidency made a statement after the Turkish Security Council meeting of 30 July 2019 chaired by the President Recep Tayyip Erdoğan, that Turkey will continue its operations against the PKK in the northern Iraq and is determined to make efforts to create a "peace corridor" along the Turkish border with Syria. On 9 October 2019, the Turkish Air Force launched "Operation Peace Spring" with airstrikes in northern Syria intended to expel armed groups which the Turkish Government views as terrorist organisations, including the Syrian Democratic Forces ("**SDF**") which Turkey views as linked to the PKK, from the border area and create a "peace corridor". On 14 October 2019, the President of the United States issued an executive order and the OFAC added the Turkish Ministry of Energy and Natural Resources and the Turkish Ministry of National Defence, as well as the relevant ministers, to its list of specially designated nationals and blocked persons. Several European countries imposed an arms embargo on Turkey. On 17 October 2019, the U.S. and Turkey agreed on a deal in which Turkey agreed to suspend its operations in Syria for 5 days in return for a complete withdrawal by the SDF from a safe zone south of the Syria-Turkey border. On 22 October 2019, the President of Turkey Recep Tayyip Erdoğan and the President of the Russian Federation Vladimir Putin agreed to maintain the status quo in the northern Syria reached as a result of "Operation Peace Spring". On 23 October 2019, the President of the United States announced that there was a "permanent" ceasefire in the region and sanctions on Turkey would therefore be lifted. On 29 October 2019, in response to the recent operations in northern Syria, the U.S. House of Representatives passed a bill with a majority of 403 votes to 16, envisaging potential sanctions on Turkey and on any foreign financial institution that the U.S. State Department determines to have knowingly facilitated significant transactions for the Turkish Armed Forces or Turkey's defence industry related to "Operation Peace Spring"; however, such bill has not been introduced to the Senate yet and does not have legal power as at the date of this Prospectus. Further, on 27 February 2020, the Syrian army launched an airstrike against Turkish military forces in Idlib, a city located in northern Syria which resulted in casualties of Turkish soldiers. Following the airstrike, on 1 March 2020, Turkey announced that it had launched "Operation Spring Shield" against the Syrian forces with an aim to stabilise the Idlib region. The fighting in the Idlib region, however, halted after the ceasefire brokered by Turkey and Russian Federation came into effect on 6 March 2020.

As a result of any further events in northern Syria (including continued operations of Turkey), tensions with international stakeholders could further increase, and Turkey may face increased economic and/or security risks, if terrorists seek to retaliate for increased military actions, or if the U.S. or European countries take restrictive or punitive actions against Turkey, Turkish economy or Turkish institutions. Such restrictive or punitive actions, escalating diplomatic and political tensions with the U.S. or other countries, and/or other political circumstances (and related actions, rumours and/or uncertainties) might have a material adverse effect on Akbank's business, financial condition and/or results of operations and/or on the market price of the Notes. In addition, any escalation of political instability or international military intervention in Syria and/or a more aggressive stance by Assad's allies, Russia, Iran, and China against Turkey and opposition supporters may act as a destabilising factor for Turkey.

Risks from events affecting Turkey's relationship with Russia

Heightened tensions between Turkey and Russia over Syria or events in Ukraine could materially negatively affect the Turkish economy, including through any negative impact on Turkey's tourism revenues or its access to Russian energy supplies. Russia has become Turkey's second largest trading partner and the largest supplier of natural gas to Turkey. Any disruption to the relationship with Russia might have a material adverse effect on Akbank's business, financial condition and/or results of operations and on the market price of the Notes.

In late 2015, Russian war planes started air strikes in Syria in support of the Syrian government. On 24 November 2015, Turkey shot down a Russian military aircraft near the Syrian border claiming a violation of Turkey's airspace, which has resulted in deterioration in the relationship between Turkey and Russia and led to Russia implementing certain sanctions against Turkey.

In addition, in early 2014, political unrest and demonstrations in Ukraine led to a change in the national government. While the United States and the EU recognised the new government, Russia claimed that the new government was illegitimate and was violating the rights of ethnic Russians living in the Crimean peninsula and elsewhere in Ukraine. Escalating military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea (followed by Crimea's independence vote and absorption by Russia) have combined with Ukraine's very weak economic conditions to create great uncertainty in Ukraine and the global markets. In addition, the United States and the EU have implemented increasingly impactful sanctions against certain Russian entities, persons and sectors, including Russian financial, oil and defence companies, as a result of the conflict. While not directly impacting Turkey's territory, the dispute could negatively affect Turkey's economy, including through its impact on the global economy and the impact it might have on Turkey's access to Russian energy supplies. This, in turn, may have an adverse effect on Akbank's business, financial condition, results of operations and prospects.

Risks from events affecting Turkey's relationship with the United States

On 8 October 2017, the United States suspended all non-immigrant visa services for Turkish citizens in Turkey following the arrest of an employee of the United States consulate in İstanbul. On the same date, Turkey retaliated by issuing a statement that restricts the visa application process for United States citizens. While visa services have since returned to normal, relations between the two countries remained strained on various topics, including the conviction of an executive of a state-controlled bank, Türkiye Halk Bankası A.Ş. (who was released in July 2019 after serving his sentence), for alleged bank fraud and conspiracy to violate U.S. sanctions laws in assisting Iran to evade U.S. sanctions and the related judicial process against Halkbank. Furthermore, in August 2018 the United States had imposed sanctions on two Turkish ministers and increased import taxes on Turkish steel and aluminium. Nonetheless, on 12 October 2018, a Turkish court released a detained American pastor who had been arrested in October 2016, and the United States removed the sanctions imposed on Turkish ministers. In addition, on the week of 2 November 2018, certain U.S. sanctions on Iranian financial and energy sectors and on certain other imports from Iran, were re-imposed.

Nevertheless, the United States granted Turkey a partial exemption allowing it to import limited amounts of oil from Iran for six months. However, such exemption was not renewed at the end of the six month period and it remains uncertain whether Turkey will, or will be able to, comply with such U.S. sanctions against Iran.

Any similar events in the future, including any operations of the Turkish armed forces in Syria targeting organisations that Turkey deems to be terrorist organisations related to People's Congress of Kurdistan (formerly known as the PKK), in connection with the potential U.S. withdrawal from Syria, including any restrictive or punitive actions adopted by the U.S. and/or EU institutions in connection with operations and/or actions of Turkey in the northern Syria and/or Turkey's compliance with any further prospective U.S. sanctions against Iran might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and/or the United States and might have a negative impact on the Turkish economy. The relationship with the United States was also impacted by Turkey's agreement to acquire a U.S.$2.5 billion S-400 air and missile defence system from Russia in December 2017. In response to these events, the United States Congress has considered potential sanctions on Turkey and limited Turkey's ability to acquire fighter jets from the United States. In December 2020, the United States imposed sanctions that targeted the Presidency of Defense Industries ("**SSB**") of Turkey, its chairperson and three other employees.

Pursuant to the Countering America's Adversaries Through Sanctions Act of 2017 ("**CAATSA**"), the U.S. Secretary of State issued a Public Note numbered 11396 which came into force on 7 April 2021 and set forth sanctions targeting certain Turkish officials and institutions. It has been explained that the SSB has knowingly engaged on or after 2 August 2017, in a significant transaction with an individual who is a member of, or works for or on behalf of, the Russian Federation's defense or intelligence sectors. Further, the sanctions cover, among other things, the prohibition of issuing any particular license or granting any other specific authorisation or authority pursuant to any law that includes the prior examination or approval of the United States Government as a prerequisite for the export or re-export of products or technology to SSB, certain restrictions to issue loans or credits to SSB by United States financial institutions and certain sanctions, as decided by the Secretary of State, on the SSB's principal executive officer or officers, or on individuals performing similar roles and with similar authority.

Furthermore, certain regulatory actions, investigations, allegations of past or current wrongdoing and similar actions (including the judicial process against Halkbank) might lead to related actions, rumours and/or uncertainties surrounding breaches by Turkish banks of international sanctions laws or other financial markets misconduct. As at the date of this Prospectus, the final outcome in relation to the judicial process, including any appeal and whether any sanction, fine or penalty will be imposed by the OFAC or any other U.S. regulatory body on Halkbank or any other Turkish bank or person in connection with those matters, as well as the possible reaction of the financial markets to any such events or speculation regarding such events, is unknown.

Following the U.S. election held on 3 November 2020, a new administration took office on 20 January 2021. It is uncertain whether the positions that the new administration might take with respect to Turkey, including relating to any of the aforementioned topics, might materially alter the relationship between Turkey and the United States.

Actual or perceived political instability in Turkey, escalating diplomatic and political tensions with the United States or other countries, and/or other political circumstances (and related actions, rumours and/or uncertainties) might have a material adverse effect on Akbank's business, financial condition and/or results of operations and/or on the market price of the Notes.

Risks from events affecting Turkey's relationship with the EU

In March 2016, Turkey signed an agreement with the EU in an effort to control the irregular flow from Turkey to the EU of the refugees, mainly displaced due to the conflict in Syria. However, such agreement has not been fully implemented in accordance with its terms as at the date of this Prospectus, and the Turkish officials stated in 2019 that the EU has not fulfilled yet its undertakings made under such agreement. On 25 April 2017, the Parliamentary Assembly of the Council of Europe voted to restart monitoring Turkey in connection with human rights, the rule of law and the state of democracy. Diplomatic or political tensions between Turkey and member states of the EU or other countries might impact trade or demand for imports and exports.

In the recent years, several important natural gas reserves have been discovered in the eastern Mediterranean, in the territorial waters and exclusive economic zone of the island of Cyprus. Both the Republic of Southern Cyprus, an EU member but not legally recognised by Turkey, supported by Greece, and the Turkish Republic of Northern Cyprus, not legally recognised by the EU and supported by Turkey, lay claim to gas in these waters and launched drilling activities. In its conclusions of 15 July 2019, the Council of the EU recalled its previous conclusions, and stated that (i) such drilling activities of Turkey, which the Council deems illegal, have a serious immediate negative impact across the range of EU-Turkey relations, (ii) it has decided not to hold further meetings of the EU-Turkey high-level dialogues for the time being, (iii) it endorses the European Commission's proposal to reduce the pre-accession assistance to Turkey for 2020, and (iv) it invites the European Investment Bank to review its lending activities in Turkey, notably with regard to sovereign-backed lending. On 11 November 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, these drilling activities. In October 2020, both France and Greece asked the EU to consider suspending the bloc’s customs union agreement with Turkey, decision on which the EU only recently relented at the European Council summit held on 25 March 2021. In May 2021, the European Parliament called for the suspension of the negotiation concerning Turkey's EU accession. Any decision by the EU to abolish the customs union with Turkey, end Turkey’s EU accession bid or impose additional sanctions on Turkey might cause a deterioration of the relationship between Turkey and the EU, impede Turkey’s access to EU funding and have a material adverse impact on Turkey’s economy.

The events described above and any similar events in the future, including deterioration of the relations between Turkey and Greece due to the matter of eastern Mediterranean natural gas reserves and any prospective actions which might be taken by the EU in response to Turkey's aforementioned activities in the eastern Mediterranean or northern Syria, might result in (or contribute to) a deterioration of the relationship between Turkey and the EU and might have a negative impact on the investors' perceptions of Turkey and the broader Turkish economy, for reasons including the lack of Turkey's access to EU funding.

Risks relating to domestic terrorism

Terrorist attacks and the threat of future terrorism have had and could continue to have a material adverse effect on Turkey's capital markets, the level of tourism, foreign investment and other elements of the Turkish economy and ultimately on Akbank's financial condition and results of operations. On 1 January 2017, 39 people were killed and 69 were injured following a shooting in a nightclub in Istanbul. The attack was linked to ISIL. On 5 January 2017, two people were killed and 11 other were wounded in a terrorist attack in Izmir which was further claimed by TAK.

While Akbank's property and business interruption insurance covers damage to insured property directly caused by terrorism, such amounts may be insufficient to cover any losses that it may incur.

Other risks from events affecting Turkey's international relations

On 2 October 2018, a Saudi journalist went missing after entering the Saudi consulate in Istanbul. The Istanbul prosecutors started a criminal investigation about the incident, and on 31 October 2018, the chief prosecutor of Istanbul issued a written statement about the investigation. According to such statement, evidence was found that the Saudi journalist was killed intentionally in the Saudi consulate and investigations are continuing. As at the date of this Prospectus and to the best of Akbank's knowledge, judicial process in Turkey and Saudi Arabia is continuing, and the outcome of such process and their implications on the relationship between Turkey and Saudi Arabia are not clear or predictable.

Akbank's credit ratings may not reflect all risks, and changes to Turkey's or its credit ratings may affect its ability to obtain funding

As a bank that depends significantly on the issuance of senior and subordinated debt securities in the international capital markets, Akbank is dependent upon the credit ratings assigned to such securities, to itself as an issuer and to the Turkish sovereign. Moody's has assigned Akbank a long-term foreign currency deposit rating and a long-term local currency deposit rating of B2. Fitch has assigned Akbank a long-term foreign currency issuer default rating and long-term local currency issuer default rating of B+. If either of these credit rating agencies were to downgrade Akbank or change the outlook of these ratings, this could adversely affect Akbank's ability to access the international capital markets. Furthermore, any change in Akbank's credit rating could adversely affect its calculation of its capital adequacy ratio, since Akbank calculates its capital adequacy ratio according to the Capital Adequacy Regulation published by the BRSA, which allows Akbank to use only Fitch ratings to calculate the risk-weighted assets for capital adequacy purposes. See "*Selected Statistical And Other Information—Capital Adequacy*".

In addition, since substantially all of Akbank's assets are located in Turkey, any downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the perception of Akbank and could lead to a corresponding downgrade in its own credit ratings, which could adversely affect its ability to raise capital. For example, on 11 September 2020, Moody’s downgraded Turkey’s long-term issuer and senior unsecured debt ratings to “B2” from “B1” and affirmed its “negative” outlook. On 16 September 2020, Moody’s downgraded the ratings of mortgage covered bonds issued by Akbank and certain other Turkish banks. Akbank's credit rating or those of its financial products following the downgrade or negative review of the Turkish sovereign's rating, debt rating or its foreign currency deposit ceiling. Any future such downgrades could adversely affect Akbank's access to capital and hence its business, financial condition and/or results of operations. Investors should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by its assigning rating agency at any time. As at the date of this Prospectus, each rating agency rating the Notes is established in the EU and registered under the CRA Regulation. As such, these rating agencies are included in the list of credit rating agencies published by the European Securities and Markets Authority in accordance with the CRA Regulations.

Certain sectors of the Turkish economy might have been or become overdeveloped, which might result in a negative impact on the Turkish economy

Certain sectors of the Turkish economy might have been (or might become) overdeveloped, including in particular the construction of luxury residences, shopping centres, office buildings, hotels and other real estate related projects and various renewable energy-related projects. For example, significant growth in the number of hotels is projected to occur over the coming years in anticipation of a continuing growth in international tourism, which might or might not in fact occur in light of geopolitical, economic or other factors. Any such overdevelopment might lead to a rapid decline in prices of these and other properties or the failure of some of these projects. Even if this does not occur, the pace of development of such projects might decline in coming years as developers and project sponsors seek to reduce their risk, which might negatively affect the growth of the Turkish economy. Should any of such events occur, then this could have a material adverse effect on Akbank's business, financial condition and/or results of operations.

Turkey is subject to the risk of earthquakes.

Seismologists classify almost all of Turkey as a high-risk earthquake zone. Furthermore, a significant portion of Turkey's population and most of its economic resources are located in a first-degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes). In October 2011, an earthquake measuring 7.2 on the Richter scale struck the eastern part of the country, causing significant property damage and loss of life. On 6 February 2017, two earthquakes with preliminary measurements of 5.3 on the Richter scale struck Turkey's northern Aegean coast and damaged dozens of homes in at least five villages and injured at least five people. On 2 March 2017, an earthquake measuring 5.5 on the Richter scale struck the southeastern region of Turkey and injured at least five people. More recently, on 26 September 2019, an earthquake measuring 5.8 on the Richter scale struck the Sea of Marmara, damaging a number of buildings in Istanbul, and on 24 January 2020, an earthquake measuring 6.8 on the Richter scale struck the eastern province of Elazığ. A more recent earthquake with a magnitude of 6.9 in Izmir on the western coast of Turkey on 30 October 2020, with 1,034 people being injured and 116 people dying. A number of Akbank's properties, businesses and customers are located in earthquake risk zones in Turkey and the direct impact of future earthquakes could have a material adverse effect on Akbank's business, financial condition and results of operations.

Akbank maintains earthquake insurance but does not have additional business interruption insurance or insurance for loss of profits, as such, insurance is not generally available in Turkey. The occurrence of a severe earthquake could adversely affect one or more of the Issuer's facilities, therefore causing an interruption in, and an adverse effect on, the Issuer's business. In addition, a severe earthquake could harm the Turkish economy in general, which could adversely affect the Akbank's business, financial condition, results of operations and prospects.

The profitability and profitability growth of Turkish banks in recent periods may not be sustainable as a result of regulatory, competitive and other factors impacting the Turkish banking sector.

The activities of Akbank are highly regulated and changes to other applicable regulations might have a material adverse effect on Akbank's profitability, especially as competition or regulation limit the ability of Akbank to control interest rates or loan rates.

For example, the Central Bank has adjusted reserve requirements for various banking products for different purposes, including to both support and limit credit growth and as a result of foreign currency fluctuations. Further revisions to such reserve requirements, particularly any increased requirements, could have a negative impact on the profitability of the banking sector (including Akbank), especially if competition or other factors limit banks' ability to increase loan pricing or loan growth (see also "*Turkish Regulatory Environment for Banks—Liquidity, Coverage Ratio and Reserve Requirements*" for a summary of the current reserve requirements).

In addition, the Regulation on Equities of Banks published in the Official Gazette No. 28756 dated 5 September 2013 (the "**Equity Regulation**") and the Regulation on the Calculation and the Evaluation of Banks' Capital Adequacy the "**Capital Adequacy Regulation**") published in the Official Gazette No. 29511 dated 23 October 2015, which regulate, among other things, stress testing for liquidity and the calculation of internal capital adequacy, have been subject to frequent amendment in recent years in order to, among other aims, accomplish BRSA's target of promulgating Basel III (as defined below in "*Turkish Regulatory Environment for Banks—Basel III*") requirements by April 2014 (see also "*—Changes in the Turkish banking regulatory framework may require Akbank to increase the level of capital that it holds to meet revised capital adequacy standards, which it may not be able to do on acceptable terms or at all."*), introduce changes to BRSA's authority to write off Tier 1 and Tier 2 debt instruments and change the items included in equity calculation, introduce changes to the calculation of risk-weighted assets and the risk-weighing of mortgages. If further amendments prove adverse to Akbank they could have a material impact on its profitability and results.

The BRSA and the Central Bank have recently published various communiqués in late 2019 and early 2020 imposing limitations to fees and commissions that Turkish banks may collect from their clients. Pursuant to theSE communiqués, deposit interest, loan interest and participation rates to profit and loss in participation accounts are capped, and the type of fees to be collected from commercial clients (except for banks and financial leasing, factoring and finance companies) are categorised under four main types of fees, all of which can be freely determined unless restricted under the communiqué. The recent amendment has been published in the Official Gazette No. 31410 dated 1 March 2021 which updates the utilisation fees and prepayment fees that banks can charge their commercial clients. As of the date of this Prospectus, the upper limit for utilisation fees that banks can charge commercial clients is 1.1%. See "*Turkish Regulatory Environment for Banks—Consumer Loan, Provisioning and Credit Card Regulations*".

Still other regulations limit the expansion of individual loans (especially credit card instalments) and set the fees and commissions that banks may charge customers and limits their levels. The Central Bank's approval is required for any Turkish bank to charge any fees and commissions other than as cited in the regulation. See "*Turkish Regulatory Environment for Banks*" and "*Management's Discussion And Analysis Of Financial Condition And Results Of Operations—Significant Factors Affecting Akbank's Results of Operations*" for details on these amendments and other regulations impacting Akbank.

Akbank's profitability may be materially and negatively affected in the short term and possibly in the long term as a result of a number of such regulatory factors that are generally impacting the Turkish banking sector.

If the pressure on net reversals on loans, investment securities and credit related commitments continues, this may have a material adverse effect on Akbank's financial condition and results of operations as well as Akbank's ability to make payments under the Notes. Such factors include increased competition, particularly as it impacts net interest margins (see "*—Risks Related to Turkey and Other Related Risks—Increased competition in the Turkish banking sector could have a material adverse effect on Akbank*") and the Central Bank and BRSA regulatory actions that seek to limit the growth of Turkish banks through various conventional and unconventional policy measures, including increased interest rates, increased reserve requirements, increased general provisioning requirements, changes in the foreign exchange legislation and higher risk weighting for general purpose loans.

Akbank is also subject to competition and antitrust laws. Akbank from time to time has been, and in the future might be, subject to investigations by the Turkish Competition Board (Rekabet Kurulu) (the **"Competition Board**") some of which have resulted in material fines. See also "*Business— Legal Proceedings*."

III. RISKS RELATED TO THE NOTES

Set out below is a description of material risks relating to the Notes.

Risks Relating to the "Green" Nature of the Notes

The application of the net proceeds of the Notes as described in "Use of Proceeds" might not meet investor expectations or be (or remain) suitable for an investor's investment criteria.

The net proceeds of the issuance of the Notes are intended to be used towards the financing and/or refinancing of certain eligible green ("**Green Projects**") and/or social projects ("**Social Projects**" and, together with Green Projects, "**Sustainable Projects**") in accordance with the Issuer's Sustainable Finance Framework (the "**Sustainable Finance Framework**"), as further described in *"Use of Proceeds"*. The Issuer intends to engage a third-party assurance provider or external reviewer to provide an annual assessment on the alignment of the allocation of such proceeds with the criteria set out in the Sustainable Finance Framework. A prospective investor in the Notes should have regard to the information in *"Use of Proceeds"* regarding the use of the net proceeds of the Notes and must determine for itself the relevance of such information (together with any other investigation that such investor deems necessary, including a review of the then-applicable Sustainable Finance Framework) for the purpose of any investment by such investor in the Notes. In addition, the Sustainable Finance Framework can be amended by the Issuer from time to time. In particular, no assurance is given by the Issuer or the Joint Bookrunners that the use of such proceeds for any such Sustainable Projects will satisfy, whether in whole or part, any present or future expectations of such investor or any of such investor's requirements with respect to any investment criteria or guidelines with which such investor and/or its investments are required to comply.

There is no clear definition (legal, regulatory or otherwise) of, nor any market consensus as to what constitutes, a "green", "social", "sustainable" or similarly labelled project or as to what attributes are required for a particular project to be so considered, nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. The EU's proposed regulation on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy**"), which is subject to a phased implementation, may provide some definition for such topics within the EU. However, the full scope and applicability of the EU Taxonomy, as well as exactly when it will take effect, remains uncertain. Accordingly, no assurance is or can be given (whether by the Issuer, the Joint Bookrunners or any other person) to any investor in the Notes that: (a) any project or uses the subject of, or related to, any Sustainability Projects will meet all or any of such investor's expectations regarding any "green," "social", "sustainability" or similarly labelled performance objectives or investment criteria, (b) any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Sustainability Projects or (c) the Sustainable Finance Framework will be aligned with the EU Taxonomy or any other sustainability framework.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) that might or might not be made available in connection with the issuance of the Notes, including (in particular) to the extent addressing whether any Sustainability Project fulfils any environmental, social, sustainability and/or other criteria. Any such report, assessment, opinion or certification does not, nor shall be deemed to, constitute a part of, nor is incorporated into, this Prospectus. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, any Joint Bookrunner or any other person to invest in any Sustainability Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors in the Notes must determine for themselves the relevance of any such report, assessment, opinion or certification, the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in the Notes. The providers of such reports, assessments, opinions and certifications might not be subject to any specific oversight or regulatory or other regime.

In the event that the Notes are listed or admitted to trading on any dedicated "green", "environmental", "social", "sustainability" or other similarly labelled securities exchange or market (or segment thereof), whether or not regulated, no representation or assurance is given by the Issuer, any Joint Bookrunner or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. In addition, the criteria for any such listings or admission to trading might vary from one securities exchange or market to another. No representation or assurance is given or made by the Issuer, any Joint Bookrunner or any other person that any such listing or admission to trading will be obtained in respect of the Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the net proceeds of the Notes and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in *"Use of Proceeds"* there can be no assurance that the Issuer will be able to do so. In addition, there can be no assurance that any Sustainability Projects will be completed within any specified period or at all or with respect to the results or outcome (whether or not related to the environment, social goals, sustainability goals or similar) as originally expected or anticipated by the Issuer.

Should any such reports, assessments, opinions and certifications not be obtained and irrespective of the results or outcome or otherwise of any Sustainability Project, this will not give rise to any event of default under the Notes or any other claim of an investor in respect of the Notes against the Issuer. The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification concluding that the Issuer is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is obtained, and/or the Notes no longer being listed or admitted to trading on any securities exchange or market, as above, might have a material adverse effect on the value of an investment in such the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks Relating to the Structure of the Notes

Terms used but not defined in this section shall have the meanings given in the Conditions.

Subordination – Claims of Noteholders under the Notes will be subordinated and unsecured

On any distribution of the assets of the Issuer on its dissolution, winding-up or liquidation (as further described in the definition of "Subordination Event" in Condition 3.4), and for so long as such Subordination Event continues, the Issuer's obligations under the Notes will rank subordinate in right of payment to the payment of all Senior Obligations and no amount will be paid under the Notes until all such Senior Obligations have been paid in full. Unless the Issuer has assets remaining after making all such payments, no payments will be made on the Notes. Consequently, although the Notes may pay a higher rate of interest than comparable notes that are not subordinated, there is a real risk that an investor in the Notes will lose all or some of its investment upon the occurrence of a Subordination Event.

Potential Permanent Write-Down – The Prevailing Principal Amount of the outstanding Notes will be permanently written-down by the amount determined by the BRSA upon the occurrence of a Non-Viability Event with respect to the Issuer

If a Non-Viability Event occurs at any time, then the Prevailing Principal Amount of each outstanding Note will be permanently Written-Down in the manner described in Condition 6.1.

A Non-Viability Event is defined in Condition 6.2 as the determination by the BRSA that, upon the incurrence of a loss by the Issuer (on a consolidated or non-consolidated basis), the Issuer has become, or it is probable that the Issuer will become, Non-Viable. The Issuer is Non-Viable at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law that (a) its operating licence is to be revoked and the Issuer liquidated or (b) the rights of all of its shareholders (except to dividends), and the management and supervision of the Issuer, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders.

As of the date of this Prospectus, there are a number of corrective, rehabilitative and restrictive measures that the BRSA may require to be taken under Articles 68 to 70 of the Banking Law prior to any determination of Non-Viability of the Issuer (see "*Turkish Regulatory Environment for Banks*" for further information regarding such corrective, rehabilitative and restrictive measures). It is only, as determined by the BRSA (a) where such measures are not taken either completely or partially, or are taken but the bank's financial structure is not strengthened or it is considered that the bank's financial structure cannot be strengthened, or (b) where the continuation of the operations of the bank is considered as endangering the position for deposit holders and the security and stability of the financial system, or (c) upon the default or insolvency of the bank or fraud of its management, that the BRSA is then authorised under Article 71 of the Banking Law to make the relevant determination that the bank's operating licence is to be revoked and the bank liquidated or its shareholders rights and management and supervision are to be transferred to the SDIF.

In conjunction with any determination of Non-Viability by the BRSA, the relevant loss(es) of the Issuer may be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law upon: (a) the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, as it is a condition of any such transfer that losses are deducted from the capital of existing shareholders, or (b) the revocation of the Issuer's operating license and its liquidation; *however*, the Write-Down of the Notes may take place before any such transfer or liquidation.

Condition 6.1 provides, among other things, that a Write-Down of the Notes shall only take place in conjunction with any such transfer or liquidation, which is intended to ensure that while the Write-Down of the Notes may take place before such transfer or liquidation, the intended respective rankings of the Issuer's obligations (as described in Condition 3.1) are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible or otherwise allowed by law. Where a Write-Down of the Notes does take place before any such liquidation of the Issuer, Noteholders would only be able to claim and prove in the liquidation of the Issuer in respect of the Prevailing Principal Amount of the Notes outstanding following such Write-Down.

Notwithstanding the above, should the BRSA determine that the Notes are to be Written-Down before the absorption of the relevant loss(es) by shareholders of the Issuer pursuant to Article 71 of the Banking Law or any other Statutory Loss Absorption Measure, there can be no assurance that such loss absorption will take place or that it will be taken into account by the BRSA in the determination of the Write-Down Amount.

Should such loss absorption not take place or be so taken into account by the BRSA, subject as described in "Limited Remedies" below, a Noteholder may institute proceedings against the Issuer to enforce the above provisions of the Notes; *however*, to the extent any judgment was obtained in the United Kingdom on the basis of English law as the governing law of the Notes (other than those provisions of the Conditions governed by Turkish law), there is uncertainty as to the enforceability of any such judgment by the Turkish courts. In addition, there are certain circumstances in which the courts of Turkey might not enforce a judgment obtained in the courts of another country, which are more fully described under the section entitled "*Enforcement of Judgments and Service of Process*" on page 63 of the Base Prospectus. Therefore, there can be no assurance that a Noteholder would be able to enforce in Turkey any judgment obtained in the courts of another country in these circumstances.

Any Write-Down of the Notes would be permanent and Noteholders will have no further claim against the Issuer in respect of any amount of the Notes subject to any Write-Down. Consequently, there is a real risk that an investor in the Notes will lose all or some of its investment upon the occurrence of a Non-Viability Event. Therefore, the occurrence of any such event or any suggestion of such occurrence could materially adversely affect the rights of Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. See Condition 6 for further information on any such potential Write-Down of the Notes, including for the definitions of various terms used in this risk factor.

No Limits on Senior Obligations or Parity Obligations – There will be no limitation on the amount of Senior Obligations or Parity Obligations that the Issuer may incur

There will be no restriction in the documentation relating to the issuance of the Notes on the amount of Senior Obligations or Parity Obligations that the Issuer may incur. The incurrence of any such obligations might reduce the amount recoverable by the Noteholders on any dissolution, winding-up or liquidation of the Issuer and might result in an investor in the Notes losing all or some of its investment.

Limited Remedies – Investors will have limited remedies under the Notes

A holder of a Note will only be able to accelerate payment of its principal amount, together with interest accrued and unpaid to the date of repayment, upon the occurrence of a Subordination Event or otherwise on the winding-up, dissolution or liquidation of the Issuer as described in Condition 11 and then claim or prove in the winding-up, dissolution or liquidation. Noteholders may institute proceedings against the Issuer as described in Condition 11 to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to the provisions above, any obligation for the payment of any principal or interest in respect of the Notes) but will not have any other right of acceleration under the Notes, whether in respect of any default in payment or otherwise, and the only remedy of a Noteholder on any default in a payment on the Notes will be to institute proceedings for the Issuer's winding-up, dissolution or liquidation as described in Condition 11 and to claim or prove in the winding-up, dissolution or liquidation.

No other remedy will be available to Noteholders against the Issuer, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations, covenants or undertakings under the Notes, and Noteholders will not be able to take any further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Notes.

Reset Interest Rate – The interest rate on the Notes will be reset on the Reset Date, which could affect interest payments on an investment in the Notes and the market price of any such investment

The Notes will initially bear interest at the Initial Interest Rate until (but excluding) the Reset Date, at which time the Rate of Interest will be reset to the Reset Interest Rate. The Reset Interest Rate could be less than the Initial Interest Rate and thus could affect the market value of the Notes. See Condition 5 for further information of such resetting of the Rate of Interest, including for the definitions of various terms used in this paragraph.

Substitution and variation of the Notes without Holder consent

Subject to Condition 8.9, if a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of redeeming the Notes, at any time either substitute the Notes or vary their terms accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities. Qualifying Tier 2 Securities are, among other things, notes that have terms not materially less favourable to a Noteholder, as reasonably determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes as specified in Condition 8.5.

There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Tier 2 Securities will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Tier 2 Securities are not materially less favourable to Noteholders than the terms of the Notes. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Noteholder).

Early Redemption – The Notes may be subject to early redemption at the option of the Issuer

The Issuer will have the right to redeem the outstanding Notes at their then Prevailing Principal Amount on the Reset Date, together with interest accrued and unpaid to (but excluding) the Reset Date, subject to having obtained the prior approval of the BRSA in accordance with Condition 8.3 of the Notes. Any such prior approval of the BRSA is subject under Article 8(2)(d) of the Equity Regulation to the conditions that, among other things: (a) the Notes are replaced with an equivalent, or higher, quality of capital, and such replacement does not restrict the Issuer's ability to continue its operations and (b) the Issuer continues to satisfy its applicable capital requirements following the exercise of the redemption option (see paragraph (e) of "*Turkish Regulatory Environment for Banks – New Tier 2 Rules*"). This optional redemption feature is likely to limit the market value of the Notes because, in the period leading up to when the Issuer may elect to so redeem the Notes, the market price of the Notes generally will not rise substantially above the price at which they can be redeemed.

An investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and might only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Redemption upon a Capital Disqualification Event - The Issuer will have the right to redeem the Notes upon the occurrence of a Capital Disqualification Event

If a Capital Disqualification Event (as defined in Condition 8.4) occurs at any time after the Issue Date, the Issuer will have the right to redeem the Notes at their then Prevailing Principal Amount together with interest accrued and unpaid to (but excluding) the date of redemption. A Capital Disqualification Event includes any changes in applicable law (including the Equity Regulation), or the application or official interpretation thereof (which change in application or official interpretation is confirmed in writing by the BRSA), that results in all or any part of the Prevailing Principal Amount of the outstanding Notes not being eligible for inclusion as Tier 2 capital of the Issuer. Upon such a redemption, the market value of the Notes is unlikely to rise above the price at which they are to be redeemed and investors in the Notes might not be able to reinvest the amounts received at a rate that will provide the same rate of return as their investment in the Notes. This redemption feature is also likely to limit the market value of the Notes during any period in which the Issuer may elect to redeem them, as the market price during this period generally will not rise substantially above the price at which they can be redeemed. This may similarly be true in any prior period when any relevant change in law is yet to become effective.

Redemption for Taxation Reasons – The Issuer will have the right to redeem the Notes upon the occurrence of certain changes requiring it to pay increased withholding taxes with respect to interest or other payments on the Notes or which result in it no longer being entitled to claim a deduction in calculating its tax liability in respect of the payment of interest or the value of such deduction being reduced

The withholding tax rate on interest payments in respect of bonds issued by Turkish legal entities outside of Turkey varies depending upon the original maturity of such bonds as specified under Decree No. 2009/14592 dated 12 January 2009, which has been amended by Decree No. 2010/1182 dated 20 December 2010 and Decree No. 2011/1854 dated 26 April 2011 and Presidential Decree No. 842 dated 20 March 2019 (together, the "**Tax Decrees**"). Pursuant to the Tax Decrees, with respect to bonds with a maturity of three years or more, the withholding tax rate on interest is 0 per cent. Accordingly, the initial withholding tax rate on interest on the Notes will be 0 per cent. However, in case of early redemption, the redemption date might be considered to be the maturity date and higher withholding tax rates might apply in this regard. The Issuer is also entitled to claim a deduction in calculating its tax liability under Turkish tax law in respect of payments of interest on the Notes.

The Issuer will have the right to redeem all, but not some only, of the Notes, subject to having obtained the prior approval of the BRSA (see "- *Early Redemption – The Notes may be subject to early redemption at the option of the Issuer*" above for a description of the conditions for any such approval of the BRSA), at any time at their then Prevailing Principal Amount together with interest accrued to (but excluding) the date of redemption if, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9.1) or any change or clarification in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change, clarification or amendment becomes effective after 18 June 2021, on the next Interest Payment Date, the Issuer would:

(a) be required to (i) pay additional amounts as provided or referred to in Condition 9 and (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction, at a rate in excess of the prevailing applicable rates on such date, where such requirement cannot be avoided by the Issuer taking reasonable measures available to it; or

(b) no longer be entitled to claim a deduction in calculating its tax liability in a Relevant Jurisdiction in respect of the payment of interest to be made on the next Interest Payment Date, or the value of such deduction to the Issuer, as compared to what it would have been on 18 June 2021, is reduced.

Upon such a redemption, investors in the Notes might not be able to reinvest the amounts received at a rate that will provide an equivalent rate of return as their investment in the Notes.

This redemption feature is also likely to limit the market value of the Notes at any time when the Issuer has the right to redeem them as provided above, as the market price at such time will generally not rise substantially above the price at which they can be redeemed. This may similarly be true in any prior period when any relevant change in law or regulation is yet to become effective.

Transfer Restrictions – Transfers of Notes will be subject to certain restrictions and interests in Global Notes can only be held through Euroclear, Clearstream, Luxembourg.

Although the Notes have been authorised by the CMB pursuant to Decree 32 regarding the Protection of the Value of the Turkish Currency and the Capital Markets Law and its related legislation as debt securities to be offered outside of Turkey, the Notes have not been and are not expected to be registered under any applicable state's or other jurisdiction's securities laws, or any applicable state's or other jurisdiction's regulatory authorities. The offering of the Notes (or beneficial interests therein) will be made outside of the United States pursuant to exemptions from the registration requirements of the Securities Act and from other securities laws. Accordingly, reoffers, resales, pledges and other transfers of investments in the Notes may be subject to certain transfer restrictions. Each investor is advised to consult its legal advisers in connection with any such reoffer, resale, pledge or other transfer.

Because transfers of interests in the Global Notes can be effected only through book entries at DTC, Clearstream, Luxembourg and/or Euroclear (as applicable) for the accounts of their respective participants, the liquidity of any secondary market for investments in the Global Notes may be reduced to the extent that some investors are unwilling to invest in notes held in book-entry form in the name of a participant in DTC, Clearstream, Luxembourg or Euroclear, as applicable. The ability to pledge interests in the Notes (or beneficial interests therein) may be limited due to the lack of a physical certificate. In the event of the insolvency of DTC, Euroclear, Clearstream, Luxembourg or any of their respective participants in whose name interests in the Notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on the Notes may be impaired.

Enforcement of Judgments - Investors may have difficulty enforcing foreign judgments against the Issuer or their respective management.

Akbank is a public joint stock company organised under the laws of Turkey. Many of the Issuer's directors and executive officers are residents of Turkey and a substantial portion of the assets of the Issuer and such persons are located in Turkey. As a result, it may be difficult for investors to effect service of process upon the Issuer or such persons outside Turkey, or to enforce judgments or arbitral awards obtained against such parties outside Turkey.

Under the International Private and Procedure Law of the Republic of Turkey (Law No. 5718), a judgment of a court established in a country, other than the Republic of Turkey, may not be enforced in Turkish courts in certain circumstances. Although Turkish courts have recognised enforceable judgments of English courts on the basis that there is *de facto* reciprocity between the United Kingdom and Turkey with respect to enforcement of judgments of their respective courts, there is no treaty between the United Kingdom and Turkey setting out the reciprocal enforcement of judgments expressly. For further information, see "*Enforcement Of Judgments And Service Of Process*".

The Conditions of the Notes are governed by English law and the terms are specified with reference to that law as in effect as at the date of this Prospectus. Similarly, the enforcement rights of the Noteholders against the Issuer and its assets in Turkey assume the application of Turkish law as presently in effect. Any possible judicial decision or change to English or Turkish law or administrative practice after the date of this Prospectus may impact the Notes.

Furthermore, any claim against the Issuer which is denominated in a foreign currency would, upon pronouncement of bankruptcy of the Issuer, only be payable in Turkish Lira, thereby shifting the currency exchange risk from the Issuer to the Noteholders. The relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favourable to a Noteholder than the rate of exchange prevailing at the relevant time.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders.

The Notes will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each as defined under "*Form Of The Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to vote upon matters affecting their interests generally or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority. As a result, such binding decisions made by majorities of Noteholders may be adverse to the interests of potential investors.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could have a material adverse effect on the value of any Notes affected by it.

Further Notes may be issued without the consent of Noteholders.

The Issuer may from time to time create and issue further Notes without the consent of Noteholders, subject to terms and conditions which are the same as those of existing Notes, or the same except for the amount of the first new payment of interest. Such new Notes may be consolidated and form a single series with outstanding Notes, provided, however, that such further notes will be fungible with the original Notes for U.S. federal income tax purposes.

IV. RISKS RELATED TO THE MARKET

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

No Secondary Market – An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

The Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's and its group's operating results, adverse business developments, changes to the regulatory environment in which the Issuer and its group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the trading market for notes issued by or on behalf of the Republic of Turkey as a sovereign borrower. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's and its group's results of operations or financial condition.

Financial turmoil in emerging markets could cause the price of the Notes to suffer.

While in recent years Turkey has undergone significant political and economic reform, which has increased domestic political and economic stability and contributed to economic growth, Turkey is nonetheless considered by international investors to be an emerging market. In general, investing in the securities of issuers that have operations primarily in emerging markets, like Turkey, involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or similar jurisdictions. The market price of the Notes is influenced by economic and market conditions in Turkey and, to a varying degree, economic and market conditions in both emerging market countries and more developed economies, including those in the EU and the United States. Financial turmoil in Turkey and emerging markets in the past have adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the Turkish economy remains relatively stable, financial turmoil in these countries could have a material adverse effect on the market price of the Notes.

Exchange rate risks and exchange controls - If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. Dollars would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal. An investor may also not be able to convert (at a reasonable exchange rate or at all) amounts received in U.S. Dollars into the Investor's Currency, which could have a material adverse effect on the market value of the Notes. There may also be tax consequences for investors.

Interest Rate Risk – The value of the Notes may be adversely affected by movements in market interest rates.

Investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

Credit ratings - Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency. Similar ratings on different types of notes do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA

Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

United Kingdom regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in UK regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

Akbank is a public joint stock company under the Turkish Commercial Code. Substantially all of the assets of the Issuer are located in Turkey. As a result, it may not be possible for investors to effect service of process upon the Issuer outside Turkey or to enforce against it in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions. In order to enforce such judgments in Turkey, investors should initiate enforcement lawsuits before the competent Turkish courts. In accordance with Articles 50 - 59 of Turkey's International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

(a) there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments,

(b) there is *de facto* enforcement in such country of judgments rendered by Turkish courts, or

(c) there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and the United Kingdom providing for reciprocal enforcement of judgments. Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between Turkey and the United Kingdom; *however*, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United Kingdom by Turkish courts. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Turkey based upon non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

(i) the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed,

(ii) the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey,

(iii) the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey,

(iv) the judgment is not of a civil nature,

(v) the judgment is clearly against public policy rules of Turkey,

(vi) the judgment is not final and binding with no further recourse for appeal or similar revision process under the laws of the country where the judgment has been rendered, or

(vii) the judgment was rendered by a foreign court that has deemed itself competent even though it has no actual relationship with the parties or the subject matter at hand.

As a result, it may not be possible to:

- effect service of process outside Turkey upon any of the directors and executive officers named in this Prospectus; or

- enforce, in Turkey, court judgments obtained in courts of jurisdictions other than Turkey against Akbank or any of the directors and executive officers named in this Offering Memorandum in any action.

In addition, it may be difficult or impossible to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon securities laws of the United States.

In any suit or action against a company in the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*), provided however that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Turkey by Law No. 1574); save for legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Turkey which is duly ratified and contains, inter alia, a waiver of the cautio judicatum solvi requirement on a reciprocal basis.

Process may be served on the Issuer at Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London, EC2V 7EX in relation to any proceedings in England in connection with the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Prospectus:

(a) the convenience translation into English of the Akbank 2020 BRSA Annual Financial Statements (including PwC's independent auditor's report dated 31 January 2021 issued in respect thereof), published at: https://www.akbankinvestorrelations.com/en/images/pdf/consalidated/akbank_en_consolidated_4q20.pdf

(b) the convenience translation into English of the Akbank 2019 BRSA Annual Financial Statements (including PwC's independent auditor's report dated 31 January 2020 issued in respect thereof), published at: https://www.akbankinvestorrelations.com/en/images/pdf/akbank_en_consolidated_4q19.pdf

(c) the convenience translation into English of the Akbank 2018 BRSA Annual Financial Statements (including PwC's independent auditor's report dated 31 January 2019 issued in respect thereof), published at: https://www.akbankinvestorrelations.com/en/images/pdf/akbank_en_consolidated_4q18.pdf

(d) the convenience translation into English of the Akbank BRSA Interim Financial Statements (including PwC's independent auditor's review report dated 28 April 2021 issued in respect thereof), published at: https://www.akbankinvestorrelations.com/en/images/pdf/consalidated/akbank_en_consolidated_1q21.pdf

Where only parts of a document are being incorporated by reference, the non-incorporated parts of that document are either not material for an investor in the Notes or are covered elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The financial statements, including relevant PwC independent auditors' reports thereto, incorporated by reference into this Prospectus and referred to above, all of which are in English, were prepared as convenience translations of the publicly announced consolidated financial statements of Akbank as of and for the relevant periods stated above, originally issued in Turkish (which translations Akbank confirms were direct and accurate). See note I.b of Section three in notes to the convenience translations of each of the Akbank 2020 BRSA Annual Financial Statements, the Akbank 2019 BRSA Annual Financial Statements and the Akbank 2018 BRSA Annual Financial Statements, incorporated by reference into this Prospectus.

OVERVIEW OF THE ISSUER AND THE NOTES

*The following overview does not purport to be complete and is taken from, should be read in conjunction with, and is qualified in its entirety by, the remainder of this Prospectus. Prospective investors should see "*Risk Factors*" above for a discussion of certain factors that should be considered in connection with an investment in the Notes (or beneficial interests therein).*

Overview of the Issuer

*The following overview should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Prospectus, including "*Information About Akbank*" and the Akbank BRSA Financial Statements.*

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

Akbank's core business is banking activities, consisting of consumer banking, commercial banking, SME banking, corporate banking, private banking, foreign currency exchange, money markets and securities trading, and international banking services. In addition to traditional banking activities, Akbank also carries out insurance agency operations through its branches on behalf of Ak Insurance and AvivaSA Pensions and Life Insurance.

Akbank conducts overseas operations through its subsidiary in Germany (Akbank AG) as well as through a branch in Malta. Akbank's other subsidiaries; AkInvestment, AK Asset Management, AKLease, and AkÖde provide non-banking financial services alongside capital markets, investment and E-Money services.

In addition to providing banking services through approximately 714 branches, Akbank's traditional delivery channel, Akbank also serves customers through Akbank Direkt Internet Branches, Akbank Direkt Mobile, a full-service call centre (the "**Call Center**"), 5,202 ATMs and approximately 627,000 point-of-sale terminals. Since its establishment, a majority of the shares in Akbank have been owned or controlled by the Sabancı family and the Sabancı Group, which is one of the two largest financial and industrial corporate groups in Turkey. Floated to the public in 1990, Akbank's shares began trading on international markets and as American Depository Receipts ("**ADRs**") after its secondary public offering in 1998.

Overview of the Notes

The following sets out certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. The following is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this overview. See "Terms and Conditions of the Notes."

Issue:	U.S.$500,000,000 Fixed Rate Resettable Sustainability Tier 2 Notes due 2031
Issuer:	Akbank T.A.Ş.
	LEI: 789000TUMN63Z28TJ497
Interest and Interest Payment Dates:	The Notes will bear interest from (and including) the Issue Date (i.e., 22 June 2021) to (but excluding) the

	Reset Date (i.e., 22 June 2026 at a fixed rate of 6.80 per cent. per annum. From (and including) the Reset Date to (but excluding) the Maturity Date (i.e., 22 June 2026) the Notes will bear interest at a fixed rate of 6.015 per cent. per annum above the CMT Rate.
	Interest will be payable semi-annually in arrear on each Interest Payment Date (i.e., 22 June and 22 December in each year) up to (and including) the Maturity Date; *provided that*, as described in Condition 7.4, if any such date is not a Payment Day (as defined in Condition 7.4), then such payment will be made on the next Payment Date and Noteholders shall not be entitled to further interest or other payment in respect of such delay.
Maturity Date:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will be redeemed by the Issuer at their then Prevailing Principal Amount on the Maturity Date (i.e., 22 June 2031).
Use of Proceeds:	The net proceeds of the offering of the Notes is expected to be U.S.$500,000,000. The net proceeds from the offering of the Notes are intended to be used towards the financing and/or refinancing of certain Sustainable Projects in accordance with the Sustainable Finance Framework, as described in more detail in *"Use of Proceeds"*.
Regulatory Treatment:	Application was made by the Issuer to the BRSA for confirmation that the full principal amount of the Notes will qualify for initial treatment as "Tier 2" capital (as provided under Article 8 of the Equity Regulation), which approval (i.e., the BRSA Tier 2 Approval) isnumbered E-20008792-101.01.03[23]-13834 and received through registered electronic mail *(kayıtlı elektronik posta*) on 11 May 2021.
Status:	The Notes (and claims for payment by the Issuer in respect thereof) will constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank: (a) subordinate in right of payment to the payment of all Senior Obligations; (b) *pari passu* without any preference among themselves and with all Parity Obligations; and (c) in priority to all payments in respect of Junior Obligations.
	By virtue of the subordination of the Notes set out in Condition 3.1, no amount will, in the case of a

	Subordination Event and for so long as that Subordination Event subsists, be paid under the Notes until all payment obligations in respect of Senior Obligations have been satisfied. Please refer to Condition 3.1 for further information.
Non-Viability/Write-Down of the Notes:	If a Non-Viability Event occurs at any time, then the Issuer will: (a) *pro rata* with the other Notes and any other Parity Loss-Absorbing Instruments and (b) in conjunction with, and such that no Write-Down shall take place without there also being, the maximum possible reduction in the principal amount of and/or corresponding conversion into equity being made in respect of all Junior Loss-Absorbing Instruments and other absorption to the maximum extent allowed by law (within the framework of Article 71 of the Banking Law and/or otherwise under Turkish law and regulations) of the relevant loss(es) by all other Junior Obligations, reduce the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount in the manner described in Condition 6.1. Please refer to Condition 6 for further information on such potential Write-Downs, including for the definitions of various terms used in this section.
No Set-off or Counterclaim:	All payment obligations of, and payments made by, the Issuer under and in respect of the Notes must be determined and made without reference to any right of set-off or counterclaim of any holder of the Notes, whether arising before or in respect of any Subordination Event. By virtue of the subordination of the Notes, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no holder of the Notes shall exercise any right of set-off or counterclaim in respect of any amount owed to such holder by the Issuer in respect of the Notes and any such rights shall be deemed to be waived.
No Link to Derivative Transactions, Guarantees or Security:	The Issuer will not: (a) link its obligations in respect of the Notes to any derivative transaction or derivative contract in a way which would result in a violation of Article 8(2)(b) of the Equity Regulation or (b) provide in any manner for such obligations to be the subject of any guarantee or security.
Certain Covenants:	The Issuer will agree to certain covenants, including covenants limiting transactions with affiliates. Please refer to Condition 4 for further information.
Issuer Call:	The Issuer may, having given not less than 30 and not more than 60 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption) redeem all, but not some only, of the Notes

	then outstanding, subject to having obtained the prior approval of the BRSA, on the Reset Date (i.e. 22 June 2026 at their then Prevailing Principal Amount together with interest accrued to (but excluding) the Reset Date. Please refer to Condition 8.3 for further information.
Optional Redemption for Capital Disqualification Event:	The Issuer may, having given not less than 30 and not more than 60 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption, which date shall not be earlier than the date on which the Notes (or the applicable portion thereof) cease to be eligible for inclusion as Tier 2 capital of the Issuer) redeem all, but not some only, of the Notes then outstanding at any time at their then Prevailing Principal Amount together with interest accrued to (but excluding) the date of redemption upon the occurrence of a Capital Disqualification Event. Please refer to Condition 8.4 for further information.
Taxation; Payment of Additional Amounts:	Subject to Condition 9, all payments by the Issuer under the Notes will be made without withholding or deduction for or on account of any taxes in Turkey, unless the withholding or deduction of the taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order for the net amounts received by the holders of the Notes after such withholding or deduction to be equal to the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction. Please refer to Condition 9 for further information. Under current Turkish law, withholding tax at the rate of 0% applies to interest on the Notes. See "*Taxation—Certain Turkish Tax Considerations*" in the Base Prospectus.
Optional Redemption for Tax Event:	The Issuer may, having given not less than 30 and not more than 60 days' notice to the Noteholders (which notice will be irrevocable and will specify the date fixed for redemption), redeem all, but not some only, of the Notes outstanding at any time at their then Prevailing Principal Amount together with interest accrued to (but excluding) the date of redemption upon the occurrence of a Tax Event. Please refer to Condition 8.2 for further information.
Substitution or Variation instead of Redemption	If at any time a Capital Disqualification Event or a Tax Event occurs, the Issuer may either substitute all (but not some only) of the Notes for, or vary the terms of the Notes accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities. See Condition 8.5.

Events of Default:	Upon the occurrence of certain events, the holder of any Note may exercise certain limited remedies. Please refer to Condition 11 for further information.
Form, Transfer and Denominations:	Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Common Depositary and registered in the name of a nominee for the Common Depositary. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Rule 144A Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued to investors in exchange for beneficial interests in the Global Notes. Interests in the Global Notes will be subject to certain restrictions on transfer. See "*Subscription and Sale and Transfer and Selling Restrictions*" below. Interests in the Regulation S Global Note will be represented in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg (or their respective direct or indirect participants, as applicable). Interests in the Rule 144A Global Note will be represented in, and transfers thereof will be effected only through, records maintained by DTC (or its direct or indirect participants, as applicable). Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 thereafter.
ERISA:	Subject to certain conditions, the Notes may be invested in by an "employee benefit plan" as defined in and subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), a "plan" as defined in and subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), or any entity whose underlying assets include "plan assets" of any of the foregoing. See "*Certain Considerations for ERISA and other U.S. Employee Benefit Plans*" below.
Governing Law:	The Notes (except for the provisions of Condition 3 which will be governed by, and construed in accordance with Turkish law), the Agency Agreement, the Deed Poll and the Deed of Covenant and any non-contractual obligations arising out of or in connection with any of

	them will be governed by, and construed in accordance with, English law.
Listing:	An application has been made to Euronext Dublin to admit the Notes to listing on the Official List and trading on the Euronext Dublin Regulated Market; however, no assurance can be given that such application will be accepted. The estimate of the total expenses related to admission to trading on the Euronext Dublin Regulated Market is EUR 5,000.
Turkish Selling Restrictions:	The offer and sale of the Notes (or beneficial interests therein) are subject to restrictions in Turkey in accordance with applicable CMB and BRSA laws and regulations. See "*Subscription and Sale and Transfer and Selling Restrictions—Selling Restrictions—Turkey*" in this Prospectus.
Other Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the U.S. or other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes is also subject to restrictions in the EEA, THE United Kingdom, the People's Republic of China, Hong Kong, Japan, Singapore and Switzerland. See "*Subscription and Sale and Transfer and Selling Restrictions*" below.
Risk Factors:	For a discussion of certain risk factors relating to Turkey, the Issuer and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, including certain risks relating to the structure of the Notes and certain market risks, see "*Risk Factors*".
Issue Price:	100 per cent. of the principal amount of the Notes.
Yield to the Reset Date:	6.80 per cent. per annum.
Regulation S Notes Security Codes:	ISIN: XS2355183091
	Common Code: 235518309
Rule 144A Notes Security Codes:	CUSIP: 00971Y AJ9
	ISIN: US00971YAJ91
	Common Code: 235510367

Representation of Noteholders:	There will be no trustee.
Expected Ratings:	B- by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Fiscal Agent, Exchange Agent, Principal Paying, Calculation and Transfer Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Europe AG

USE OF PROCEEDS

The Issuer will incur various expenses in connection with the issuance of the Notes, including underwriting fees, legal counsel fees, rating agency expenses and listing expenses. The net proceeds from the issuance of the Notes is expected to be U.S.$500,000,000.

The net proceeds from the issue of the Notes are intended to be used towards the financing and/or refinancing of certain Sustainable Projects in accordance with the Sustainable Finance Framework. An amount equal to such net proceeds will be allocated by the Issuer to finance or refinance, individually or on a portfolio basis and in part or in full, Sustainable Projects consisting of Green Projects and/or Social Projects (each as further described in the Sustainable Finance Framework published on the Issuer's website (which can be found at https://www.akbankinvestorrelations.com/en/images/pdf/akbank-sustainable-finance-framework.pdf, including the financing of new Sustainable Projects and the refinancing of existing and/or on-going Sustainable Projects. In addition, the proceeds of the Notes will not be used to finance businesses and projects that do not comply with the Issuer's non-financing activities (exclusion) list, general lending policies, sustainable lending policies and minimum environmental and social requirements stipulated by national laws and regulations. Coal related activities are also excluded, as further described in the Sustainable Finance Framework.

Pending the allocation or reallocation, as the case may be, of any net proceeds of the Notes in financing the relevant Sustainable Project(s), such proceeds are intended to be held by the Issuer in cash and/or cash equivalent and/or other liquid marketable instruments.

The Issuer engaged Sustainalytics to provide a second party opinion (the "**Second Party Opinion**") on the Sustainable Finance Framework. This opinion is available at https://www.akbankinvestorrelations.com/en/images/pdf/second-party-opinion.pdf.

As outlined in the Sustainable Finance Framework, a report will be published by the Issuer with respect to the Notes within 12 months following the Issue Date including details on the allocation of the net proceeds of the Notes to Green Projects or Social Projects, the share of such proceeds used for new financing and refinancing, and the amount remaining unallocated proceeds. The Issuer intends to engage a third-party assurance provider or external reviewer to provide an annual assessment of the compliance of the Notes against the Sustainable Finance Framework.

Under the Sustainable Finance Framework, eligible Green Projects include projects falling within the categories of energy efficiency, green buildings, sustainable water management and wastewater management, renewable energy, environmentally sustainable management of natural resources, clean transportation, pollution prevention and control, and eco-efficient and/or circular economy adapted products, production technologies and processes. Eligible Social Projects include projects falling within the categories of employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance, access to essential services and affordable housing

Neither the Sustainable Finance Framework nor any of the reports, verification assessments, opinions or contents of any of the websites referenced in this *"Use of Proceeds"* section are, or shall be deemed to, constitute a part of, nor are incorporated into, this Prospectus.

INFORMATION ABOUT AKBANK

Selected Historical Consolidated Financial Information

The following tables set forth, for the periods indicated, Akbank's selected historical consolidated financial and other information. Akbank's selected historical consolidated financial information as at and for the three-month period ended 31 March 2021 is derived from the unaudited Akbank BRSA Interim Financial Statements. Its selected historical consolidated financial information as at and for each of the years ended 31 December 2020, 2019, and 2018 is derived from the audited Akbank BRSA Annual Financial Statements all incorporated by reference herein. The following selected historical consolidated financial and other information should be read in conjunction with, and is qualified in its entirety by reference to, the Akbank BRSA Financial Statements incorporated by reference herein. The Akbank BRSA Financial Statements are presented in Turkish Lira and have been prepared in accordance with BRSA Principles and TFRS for the matters not regulated by the BRSA Principles, as described in more detail in the notes to the Akbank BRSA Financial Statements.

Prospective investors should read the following information in conjunction with "*Presentation Of Financial And Other Information*" and the Akbank BRSA Financial Statements incorporated by reference herein.

Consolidated Balance Sheet Data

	As at 31 March 2021	As at 31 December 2020	2019	2018
		(TL thousands)		
ASSETS				
Cash and Balances with Central Bank..	50,099,932	47,676,321	29,893,929	30,113,824
Financial Assets at Fair Value Through Profit or (Loss) (Net)................	9,266,226	9,179,412	7,264,839	6,869,024
Banks..	26,189,063	17,362,587	17,940,027	18,959,365
Money Markets...	1,160	488,547	66,120	544,657
Financial Assets at Fair Value Through Other Comprehensive Income	61,701,016	58,204,145	67,518,440	44,340,042
Loans and Receivables (Net)[(1)]..	281,813,678	262,658,173	214,470,932	201,332,183
Factoring Receivables...	-	-	-	-
Financial Assets Measured at Amortised Cost.......................................	43,206,282	41,872,677	15,565,525	12,215,096
Investments in Associates (Net)..	18,129	14,795	5,521	5,521
Subsidiaries (Net)..	-	-	-	-
Joint Ventures (Net)..	-	-	-	-
Financial Lease Receivables (Net)...	5,397,273	5,188,395	4,738,608	5,914,353
Derivative Financial Assets..	27,416,596	22,858,366	16,517,762	22,605,903
Property and Equipment (Net)...	5,908,119	6,003,406	4,919,697	3,959,052
Intangible Assets (Net)..	1,180,939	1,190,909	953,188	646,193
Investment Property (Net)...	-	-	-	-
Current Tax Asset	-	-	9,971	-
Deferred Tax Asset..	132,073	147,990	9,971	306,304
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)...	277,008	250,778	666,067	264,384
Other Assets..	4,682,300	5,220,074	6,505,838	6,462,171
Total assets..	**517,289,794**	**478,316,575**	**387,172,437**	**354,681,610**
LIABILITIES				
Deposits..	310,008,392	292,519,007	244,712,333	208,629,900
Trading Derivative Financial Liabilities...	11,113,506	13,401,135	8,044,598	12,180,045
Borrowings...	44,032,246	40,262,614	34,836,481	43,649,883
Money Markets...	37,029,398	20,907,344	10,106,550	14,275,016
Securities Issued (Net)...	19,407,832	19,306,217	13,536,945	13,071,447
Funds..	-	-	-	-
Miscellaneous Payables...	17,020,390	13,000,645	9,152,859	8,009,180
Other Liabilities..	2,912,082	3,001,989	2,251,872	3,364,070
Factoring Payables..	-	-	-	-
Financial Lease Payables (Net)..	554,082	542,559	624,154	-
Hedging Derivative Financial Liabilities...	1,158,731	1,439,839	901,104	644,958
Provisions...	2,524,480	2,501,055	1,592,642	1,342,384
Tax Liability...	969,338	1,791,700	1,668,911	943,208
Liabilities for Property And Equipment Held for Sale...........................	-	-	-	-
Subordinated Loans..	7,521,772	6,718,414	5,381,534	4,784,477
Shareholders' Equity...	63,037,546	62,924,057	54,362,453	43,787,041
Total liabilities and shareholders' equity..	**517,289,794**	**478,316,575**	**387,172,437**	**354,681,610**

Note:
(1) The balances of loans at fair value profit or loss are not included.

Consolidated Income Statement Data

For the three-month period ended 31 March 2021	2020	For the year ended 31 December 2020	2019	2018
		(TL thousands)		

INCOME AND EXPENSES ITEMS					
Interest Income	9,762,643	8,460,481	35,128,018	36,498,492	35,445,105
Interest Expense	5,569,920	3,219,355	14,429,250	19,560,065	19,849,235
Net Interest Income	**4,192,723**	**5,241,126**	**20,698,768**	**16,938,427**	**15,595,870**
Net Fee and Commission Income	**1,461,662**	**1,263,983**	**4,549,000**	**4,958,293**	**3,718,214**
Dividend Income	5,394	235	4,866	6,743	6,567
Trading Income/(Loss) (Net)	620,353	(485,684)	(675,547)	(1,145,675)	(637,489)
Other Operating Income	762,526	393,246	1,395,938	855,488	1,015,593
Total Operating Income	**7,042,658**	**6,412,906**	**25,973,025**	**21,613,276**	**19,698,755**
Expected Credit Loss	1,195,058	1,455,271	6,954,251	6,704,938	6,657,054
Other Provision Expenses	1,203,665	1,128,704	2,628,521	1,099,204	102,920
Personnel Expense	809,877	807,898	3,040,221	2,757,578	2,261,321
Other Operating Expense	1,277,195	1,247,109	5,065,873	4,124,730	3,541,026
Net Operating Income/(Loss)	**2,556,863**	**1,773,924**	**8,284,159**	**6,926,826**	7,136,434
Excess Amount Recorded as Income After Merger,	-	-	-	-	-
Income/(Loss) from Investments in Subsidiaries Consolidated Based on Equity Method	-	-	-	-	-
Income/(Loss) on Net Monetary Position	-	-	-	-	-
Profit/Loss before Tax from Continued Operations	**2,556,863**	**1,773,924**	**8,284,159**	**6,926,826**	**7,136,434**
Tax Provision for Continued Operations	528,714	471,253	2,024,511	1,574,487	1,427,281
Current Period Profit/Loss from Continued Operations	**2,028,149**	**1,302,671**	**6,259,648**	**5,352,339**	**5,709,153**
Income from Discontinued Operations	-	-	-	-	-
Expenses for Discontinued Operations	-	-	-	-	-
Profit/Loss Before Tax from Discontinued Operations	-	-	-	-	-
Tax Provision for Discontinued Operations	-	-	-	-	-
Current Period Profit/Loss from Discontinued Operations	-	-	-	-	-
Net Income/(Loss)	**2,028,149**	**1,302,671**	6,259,648	**5,352,339**	**5,709,153**
Income/(Loss) from Akbank Group	**2,028,142**	**1,302,666**	**6,259,625**	**5,352,325**	**5,709,166**

Key Ratios

The following tables set out certain key ratios calculated based on the Akbank BRSA Interim Financial Statements as at and for the three-month period ended 31 March 2021 and on the Akbank BRSA Annual Financial Statements as at and for each of the years ended 31 December 2020, 2019, and 2018 incorporated by reference herein. These ratios are not calculated on the basis of BRSA Principles and are not BRSA Principles measures of financial performance. The basis for calculation of ratios that are non-BRSA financial measures is set out in the notes below. Non-BRSA Principles financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with BRSA Principles.

	As at or for the three-month period ended 31 March		**As at or for the year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
			(%)		
Return on average shareholders' equity excluding minority interest	12.9	9.6	10.9	10.9	13.6
Net interest margin(1-a)	3.62	5.62	5.07	4.93	4.62
Capital adequacy ratio(2)	19.95	20.4	20.7	19.66	16.8
Cost to income(3)	40.0	33.8	33.8	32.9	30.4
Free capital ratio(4)	10.8	11.3	11.6	12.4	11.0
Non-performing loans to total cash loans	5.8	6.9	6.3	6.7	3.8
Cost to average total assets(5)	1.7	2.0	1.8	1.8	1.6
Cost of Risk(6)	0.2	1.6	1.4	2.6	1.1
Fees to Cost(7)	70.0	61.5	56.1	72.0	64.1
Tier I Ratio	16.9	17.4	17.8	16.9	14.3
Loan-to-deposit ratio(8)	97.7	86.9	96.0	95.4	103.5
NPL coverage ratio(9)	63.7	58.8	62.4	56.2	58.2

Notes:

(1-a) In the calculation of net interest margin, annualised net interest income is divided by the average of interest earning assets published in the quarterly financial statements of the related year and previous year end. Interest earning assets consist of Reserve Requirement, Banks, Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, Financial Assets at Amortised Cost, Interbank Money Market Placements, Loans and Financial Lease Receivables.

(1-b) In the calculation of net interest margin, annualised net interest income is divided by average of interest earning assets published in the quarterly financial statements of related year and previous year end. Interest earning assets consist of Reserve Requirement, Banks, Financial Assets at Fair Value through Profit or Loss (Net), Interbank Money Market Placements, Available for Sale Financial Assets (Net), Loans, Held to Maturity Investments (Net) and Financial Lease Receivables.

(2) Calculated in accordance with BRSA regulations.

(3) In the calculation of the cost to income ratio, the Other Operating Expenses balance is divided by income items of the related year after the deduction of NPL collections. Income items consist of Net Interest Income, Net Fee and Commission Income, Dividend Income, Trading Income/(Loss) and Other Operating Income.

(4) In the calculation of the free capital ratio, Total Shareholders' Equity excluding intangible assets, tangible assets, assets held for resale, investments in equity participations, is divided by total assets.

(5) In the calculation of the cost to average total assets ratio, the annualized Other Operating Expenses balance is divided by the average of Total Assets published in the quarterly financial statements of the related year and previous year end.

(6) In the calculation of the Cost of Risk ratio, the annualised Net Provisions for Loan Loss (additions to non-performing balance minus collections and sales premium balance from NPL) during the period is divided by the average of loans published in the quarterly financial statements of the related year and previous year end.

(7) In the calculation of the Fees-to-Cost ratio, Net Fees and Commission Income is divided by Other Operating Expense, which is published in the quarterly financial statements of the related year and previous year end.

(8) For 31 December 2018 and 31 December 2019, in the calculation of the Loan-to-Deposit ratio, Loans and Receivables is divided by Deposits, which is published in the quarterly financial statements of the related year and previous year end. Calculations include loans provided to LYY. As of 31 March 2020 in the calculation of the Loan-to-Deposit ratio, Loans and Receıvables is divided by sum of Deposits and Securities Issued, which is published in the quarterly financial statements of the related year and previous year end. Calculations include loans provided to LYY.

(9) In the calculation of the NPL coverage ratio, Specific Provisions are divided by Loans Under Follow-up, which is published in the quarterly financial statements of the related year and previous year end.

Capitalisation

The following tables, which are extracted from the Akbank BRSA Financial Statements, set forth the consolidated capitalisation of Akbank as at 31 March 2021, 31 December 2020, 2019 and 2018. These tables should be read in conjunction with the Akbank BRSA Financial Statements and the notes thereto, incorporated by reference in this Prospectus. All Turkish Lira amounts in this section, unless otherwise indicated, are presented in thousands of Turkish Lira.

	As at 31 March 2021	**As at 31 December**		
		2020	**2019**	**2018**
				(TL thousands)
Long-term debt[(1)(2)]	44,180,763	53,293,404	45,036,347	52,397,241
Capital stock; legal reserves, retained earnings and other equity accounts	52,603,577	56,664,250	49,009,069	38,077,749
Current period income or (loss) attributable to Akbank's Equity Holders	1,302,666	6,259,625	5,352,324	5,709,166
Total shareholders' equity	53,906,243	62,924,057	54,362,294	43,786,915
Total capitalisation[(3)]	**98,087,006**	116,217,279	**99,397,740**	**96,184,156**

Notes:

(1) See Notes (c) and (d) of Part II of Section Five to the Akbank BRSA Annual Financial Statements.

(2) Long-term debt includes funds borrowed and securities in issue (net) with an original maturity over one year.

(3) Total capitalisation is equivalent to the sum of long-term debt and total shareholders' equity.

As at 31 March 2021 and 31 December 2020, 29% and 33%, respectively, of listed shares in Akbank were held by foreign investors.

Business

Overview

Akbank T.A.Ş. is a Turkish banking institution organised as a joint stock company with registration number 90418. Founded as a local privately-owned commercial bank in Adana on 30 January 1948, it was originally established with the core objective of providing funding for local cotton growers. Akbank opened its first branch in the Sirkeci district of Istanbul on 14 July 1950. Akbank operates under the Turkish Commercial Code. Akbank currently carries out its activities from its head office and 19 regional offices throughout Turkey.

Akbank's head office is currently located at Sabancı Center 4, Levent 34330, Istanbul, Turkey. Akbank's telephone number is +90 212 385 55 55.

Akbank's core business is banking activities, consisting of corporate, investment and private banking, commercial banking, SME banking, consumer banking, payment systems and treasury transactions, and international banking services. In addition to traditional banking activities, Akbank also carries out insurance agency operations through its branches on behalf of Ak Insurance and AvivaSA Pensions and Life Insurance.

Akbank conducts overseas operations through its subsidiary in Germany (Akbank AG) as well as a branch in Malta. Akbank's other subsidiaries, AkInvestment, AK Asset Management, AkLease, and AkÖde provide non-banking financial services alongside capital markets, e-money and investment services.

Akbank has an expanding digital footprint combined with a wide distribution network with 714 branches (approximately 60% of which are designed as technology-driven "phygital" branches in which the physical service model is combined with digital capabilities) as at 31 March 2021 and around 18.7 million customers, as well as a large network of alternative delivery channels, which include Akbank Direkt, Akbank Direkt Mobile, and the call centre, approximately 627,000 point-of-sale terminals and 5,202 ATMs as at 31 March 2021.

There has been a gradual shift in consumer dynamics from physical banking to mobile banking due to the digitalisation trend. Akbank has catered for the changing needs of its customers by investing in digitalisation and direct banking. Due to its successful strategy, Akbank's digital banking customers have grown from 4.7 million as at 31 December 2018 to 5.1 million and 5.5 million as at 31 December 2019 and 2020, respectively, and 5.7 million as at 31 March 2021. Digitalisation has helped Akbank to optimise its traditional channels, continuing to improve the cost/income ratio since 2015. During the COVID-19 outbreak and the ensuing lockdowns, Akbank's digital banking has grown further. The number of average daily financial transactions through Akbank Mobile from March 2020 to 3 March 2021 increased by 106%. The share of Akbank Mobile in Akbank's financial transactions increased by 16 percentage points over the same period. The share of digital channels in credit card sales and general purpose loans sold increased significantly to 64% and 77% of the total as at 31 March 2021, respectively. This has demonstrated Akbank's ability to support its customers during this difficult time. Akbank's management plans to continue to invest in further digitalisation.

Since its establishment, a majority of the shares in Akbank have been owned or controlled by the Sabancı family and the Sabancı Group, which is one of the two largest financial and industrial corporate groups in Turkey. The Sabancı Group currently holds a 49% stake in Akbank's issued share capital. The balance of Akbank's share capital, 51%, is listed on the Istanbul Stock Exchange, with 29% of the listed shares being held by foreign investors. Akbank's Level 1 ADRs are traded on the over the counter market in the United States. Akbank's market capitalisation stood at U.S.$7.1 billon as at 31 December 2019 and U.S.$4.9 billon as at 31 December 2020 and U.S.$2.9 billion as at 31 March 2021.

For the three months ended 31 March 2021, Akbank's net profits were TL 2.0 billion, which reflected a 55.7% increase compared to the same period in 2020. For the year ended 31 December 2020, Akbank's net profits were TL 6.3 billion, which reflected a 17.0% increase compared to the same period in 2019. For the year ended 31 December 2019, Akbank's net profits were TL 5.4 billion, which reflected a 6.3% decrease compared to the same period in 2018. For the year ended 31 December 2018, Akbank's net profits were TL 5.7 billion, which reflected a 5.2% decrease compared to the same period in 2017 (TL 6.0 billion).

As at 31 March 2021, total assets stood at TL 517.3 billion, an increase of 8.1% from TL 478.3 billion as at 31 December 2020. As at 31 December 2020, total assets stood at TL 478.3 billion, an increase of 23.5% from TL 387.2 billion as at 31 December 2019. As at 31 December 2019, total assets stood at TL 387.2 billion, an increase of 9.2% from TL 354.7 billion as at 31 December 2018, which in turn represented a 3.8% increase from TL 341.6 billion as at 31 December 2017.

As at 31 March 2021, Akbank's total shareholder's equity stood at TL 63.0 billion, an increase of 0.2% from TL 62.9 billion as at 31 December 2020. As at 31 December 2020, Akbank's total shareholder's equity stood at TL 62.9 billion, an increase of 15.7% from TL 54.4 billion as at 31 December 2019. As at 31 December 2019, Akbank's total shareholders' equity stood at TL 54.4 billion, an increase of 24.2% from TL 43.8 billion as at 31 December 2018. As at 31 December 2018, Akbank's total shareholders' equity stood at TL 43.8 billion, an increase of 7.8% from TL 40.6 billion as at 31 December 2017.

Financial Reporting Segments and Operational Business Units -- Overview

As at 31 March 2021, Akbank has three main financial reporting segments: (i) Retail Banking; (ii) Corporate, Commercial, SME and Private Banking; and (iii) Treasury.

Akbank currently operates across twelve Business Units, six of which are considered principal Business Units. Akbank's principal Business Units are: (i) Retail Banking; (ii) Corporate and Investment Banking; (iii) Commercial Banking; (iv) Private Banking and Wealth Management, (v) Strategy, Digital Banking and Payment Systems, and (vi) Treasury. For details of the remaining Business Units, see *"—Organisation"* below.

The Retail Banking reporting segment includes the following two principal Business Units: (i) Retail Banking; and (ii) Strategy, Digital Banking and Payment Systems. Through these Business Units, Akbank offers a variety of retail services such as deposit accounts, consumer loans, commercial instalment loans, credit cards, insurance products and asset management services.

The Corporate, Commercial, SME and Private Banking reporting segment includes the following three principal Business Units: (i) Corporate and Investment Banking; (ii) Commercial Banking, and (iii) Private Banking and Wealth Management. Through these Business Units, Akbank provides financial solutions and banking services to large-, medium- and small-sized corporate and commercial customers.

The Treasury reporting segment includes the following principal Business Unit: Treasury. Through this Business Unit, Akbank conducts TL and foreign currency spot and forward transactions, treasury bonds, government bonds, Eurobond and private sector bond transactions and also derivative trading activities.

The Other and Unallocated reporting segment includes the operations of Ak Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş. and Ak Portföy Yönetim A.Ş., which are consolidated as subsidiaries of Akbank.

Retail Banking

On 22 November 2018, the Retail Banking Business Unit was established by merging the Consumer Banking Business Unit and the SME Banking Business Unit. Bülent Oğuz was appointed as the Executive Vice President for the Retail Banking Business Unit.

Akbank seeks to continuously place the customer at the focal point of the products and services that it develops, and seeks to develop technological innovations. Akbank has an extensive domestic branch network with 12,399 employees (excluding security officers) as at 31 March 2021 and 12,459 employees (excluding security officers) as at 31 December 2020. As part of the "Next Generation Akbank Branch Model", as at 31 March 2021, Akbank had completed the transformation of 412 branches across Turkey to Akbank's new human-focused and technology-driven "phygital" branch model in which the physical service model is combined with digital capabilities.

Retail Banking

Akbank seeks to place the customer at the focal point of the products and services that it develops, and seeks to develop technological innovations continuously. Akbank provides an extensive domestic branch network with 12,399 employees (excluding security officers) as at 31 March 2021. In an effort to get to know the customers, differentiate their needs, and offer suitable solutions, the Retail Banking Business Unit seeks to generate fast, tailor made solutions for the financial needs and expectations of its customers. The Retail Banking Business Unit works closely with its customers to protect family assets and assist customers in passing these on to the next generation. The Business Unit seeks to make available information regarding alternative investment products consistent with the needs, risk profile, and return expectations of each customer.

This Business Unit also provides retail services such as deposit accounts, consumer loans, credit cards, insurance products and wealth management services. Akbank's line of retail banking products and services also includes bankcards, mutual funds, bonds and T-bills brokerage, equity brokerage, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, ATM, telephone and internet banking.

The Retail Banking Business Unit includes the following four divisions: (i) Retail Banking Sales Management; (ii) Retail Banking Marketing, (iii) Affluent Banking Sales and Marketing, and (iv) Bancassurance and Consumer Finance.

Strategy, Digital Banking and Payment Systems

On 31 May 2019, Emin Tolga Ulutaş, Executive Vice President for Digital Banking Business Unit resigned. The Digital Banking Business Unit was renamed as Strategy, Digital Banking and Payment Systems Business Unit.

On 31 May 2019, Burcu Civelek Yüce was appointed as the Executive Vice President for Strategy, Digital Banking and Payment Systems Business Unit.

As the variety of transactions that can be performed through direct banking channels expands, customers are increasingly using direct banking channels to execute their banking transactions. According to a December 2019 report of the Banks Association of Turkey, more than 10.7 million retail banking customers in Turkey actively use internet banking. Active users of mobile banking number more than 47.8 million in Turkey. The number of customers using online banking increases every day along with rising internet and smartphone penetration. Direct banking channels are very popular particularly for viewing account information and balances, money transfers, and payment transactions.

Anticipating changes in consumer dynamics and a shift to direct banking channels, Akbank established The Direct Banking division in December 2012 when the Alternative Delivery Channels division of the Retail Banking Business Unit was reorganised as a separate unit and renamed "Akbank Direkt Banking".

In addition to traditional branches, Akbank provides services to consumers through various alternative distribution channels. Akbank's digital channels include internet and mobile services, the Call Centre, ATMs, in-branch kiosks and social media. Currently, Akbank has approximately 5.7 million digital customers. Akbank had 5,202 ATMs and had a 10% market share of the cash-in/cash-out machine network in Turkey as at 31 March 2021 (*Source: BRSA*).

Corporate, Commercial, SME and Private Banking

The Corporate, Commercial, SME and Private Banking reporting segment includes the following three principal Business Units: (i) Corporate and Investment Banking; (ii) Commercial Banking; and (iii) Private Banking and Wealth Management.

Corporate and Investment Banking

In addition to financial intermediation, Akbank aims to offer broad and structured corporate finance solutions in line with international standards in accordance with customer needs. For example, it has begun offering digital solutions customised to individual customer needs.

During 2015 and 2016, the former Corporate Banking Business Unit was reorganised in order to meet evolving market needs and began serving customers as the Corporate, Investment and Private Banking Business Unit. On 2 January 2018 the Corporate, Investment and Private Banking Business Unit was renamed the Corporate and Investment Banking Business Unit. Export credit programmes, infrastructure investments, acquisition finance and project finance deals all registered significant growth in 2016.

The Corporate and Investment Banking Business Unit includes the following three divisions: (i) Corporate Banking; (ii) Investment Banking; and (iii) International Banking.

International Banking. Akbank's International Banking division manages the international fund raising activities of Akbank, as well as Akbank's correspondent banking relationships.

Commercial Banking

The Commercial Banking Business Unit offers financial solutions and banking services to medium-sized corporate customers, including hedging products such as interest rate swaps and cross currency derivatives, export financing as well as working capital loans (which are based on length of relationship and financial capability).

Private Banking and Wealth Management

On 2 January 2018, the Private Banking and Wealth Management Business Unit was established and Alp Keler was appointed as the new Executive Vice President for Private Banking and Wealth Management Business Unit. The Private Banking and Wealth Management Business Unit has two divisions: (i) Private Banking; and (ii) Wealth Management.

Treasury Reporting Segment

The Treasury reporting segment comprises the Treasury Business Unit.

Treasury

The Treasury Business Unit operates through four divisions: (i) Liquidity Management; (ii) Treasury Marketing; (iii) Trading; and (iv) Economic Research. It primarily manages Akbank's securities investment portfolio, asset-liability management activities and overall liquidity and provides treasury services to Akbank's Retail Banking and Corporate, Commercial, SME and Private Banking customers.

Competitive Strengths

Akbank believes that it has the following competitive strengths:

Strong and Well Known Turkish Franchise, Trusted Brand, Diversified Portfolio of Banking Assets

Akbank believes that it has established itself as one of the most widely recognised and trusted private banks in Turkey as a result of its more than 73 year operating history through often turbulent Turkish financial markets, its longstanding focus on prudent risk management and its record of financial stability. Akbank's business is almost solely concentrated in Turkey and substantially all of its assets are located in Turkey since this is the market it knows best and where it has a strong competitive position. Akbank is Turkey's fourth largest private bank in terms of assets as at 31 December 2020 (*Source: The Banks Association of Turkey*). As at 31 March 2021, Akbank is the second largest bank in Turkey in terms of market capitalization (*Source: Borsa Istanbul*). It offers a wide range of consumer and commercial products and has well-established relationships with its client base. Akbank has a wide distribution network with 714 branches as at 31 March 2021 and around 18.7 million customers, as well as a large network of alternative delivery channels, which include Akbank Direkt, Akbank Direkt Mobile, and the call centre, approximately 627,000 point-of-sale terminals and 5,202 ATMs as at 31 March 2021. Akbank believes that its strong franchise and position in consumer, corporate, commercial and SME banking enable it to benefit from economies of scale and provide a strong platform for sustained profitability in the Turkish banking market. Akbank also has stable controlling shareholders, which facilitate an agile decision-making process, continued stability in a difficult global environment and the ability to implement Akbank's vision.

Strong Capital Structure; Conservative Liquidity and Funding Policy

As at 31 March 2021 and 31 December 2020, Akbank's strong capital structure was demonstrated by its capital adequacy ratio of 20.0% and 20.7% (under BRSA standards) (including forbearances), Tier 1 ratio of 16.9% and 17.8% (including forbearances), leverage ratio (calculated as total assets divided by total equity) of 8.2x and 7.6x and shareholders' equity of TL 63 billion and TL 63 billion, respectively. Supporting its capital structure, Akbank maintains strong liquidity, with a liquidity coverage ratio of 201.2% as at 31 March 2021, 223.3% as at 31 December 2020 and 198.1% at 31 December 2019. Akbank's funding strategy includes maintaining a substantial percentage of its liabilities in the form of customer deposits. Although customer deposits in Turkey are typically short-term (with durations of less than 90 days), a majority of Akbank's deposits have been reinvested. Akbank's deposits grew at a rate of 6.0% from TL 292.5 billion as at 31 December 2020 to TL 310 billion as at 31 March 2021 and at a rate of 17.3% from TL 208.6 billion as at 31 December 2019 to TL 244.7 billion as at 31 December 2020.

Akbank has been a market leader among Turkish financial institutions in the domestic and international capital markets, with the first direct issuance of a Eurobond in 2010, the first TL-denominated Eurobond in 2013 and the first mortgage-covered bond out of Turkey in 2015. Its total outstanding domestic bonds amounted to TL 6.5 billion (including mortgage covered bonds), its outstanding U.S.$ denominated benchmark senior unsecured issuances amounted to approximately U.S.$1.55 billion (including green bond issuance) and it had U.S.$900 million of subordinated debt (Basel III compliant Tier 2) as at 31 March 2021.

In an environment where banks' financial strength is an indicator of growth prospects, Akbank's strong capital ratio, low loan-to-deposit ratio, low leverage and effective risk management policy are indicative of its financial strength and support Akbank's profitable growth.

Prudent and Effective Risk Management; High Asset Quality

Akbank's management believes that it has instilled a prudent and effective risk management culture at all levels of the organisation, beginning with careful customer selection to support a high quality asset base and continuing through to establishing conservative provisioning policies. Under the Sabancı family and group ownership, Akbank successfully weathered the 2000-2001 banking crisis in Turkey with a low NPL ratio and was able to strengthen its position in the market, making strong market share gains in the aftermath of the crisis. Akbank was similarly able to weather the effects of the 2008 global crisis. This has largely been due to the prudent approach of Akbank's Board and management prior to the crises and decisive action taken in managing risk. In anticipation of increased credit risks, Akbank has implemented and enhanced its risk management systems with the aim of ensuring a consistently high level of asset quality. Akbank had always believed that banking involves balancing risk and matching assets to liabilities. The Board and management have continuously stressed the importance of a solid balance sheet and a strong financial position. This approach has contributed to Akbank's 16.93% and 15.52% Tier 1 capital ratio (excluding forbearances), 19.80% and 18.45% capital adequacy ratio (excluding forbearances) and its 7.6x and 8.2x leverage ratio as at 31 December 2020 and 31 March 2021, respectively. Despite its low leverage, Akbank has generated sound pre-provision income and has solid reserve build with total provisions having exceeded TL 17 billion as of 31 March 2021, and an additional TL 1,150 billion of free provisions as an additional buffer. Net provision charges for the first quarter of 2021 were TL 700 million.

Akbank's NPL ratio was 5.8% and 6.3% as at 31 March 2021 and 31 December 2020, respectively, compared to 3.8% and 4.1% for the Turkish banking sector as a whole at the same dates. Akbank also has a separate risk division below the level of the Board such that all risks are monitored by its Executive Risk Committee which reviews all aspects of Akbank's business, including Akbank's risks. In addition to the Audit Committee, Akbank has a Corporate Governance Committee overseeing such risks.

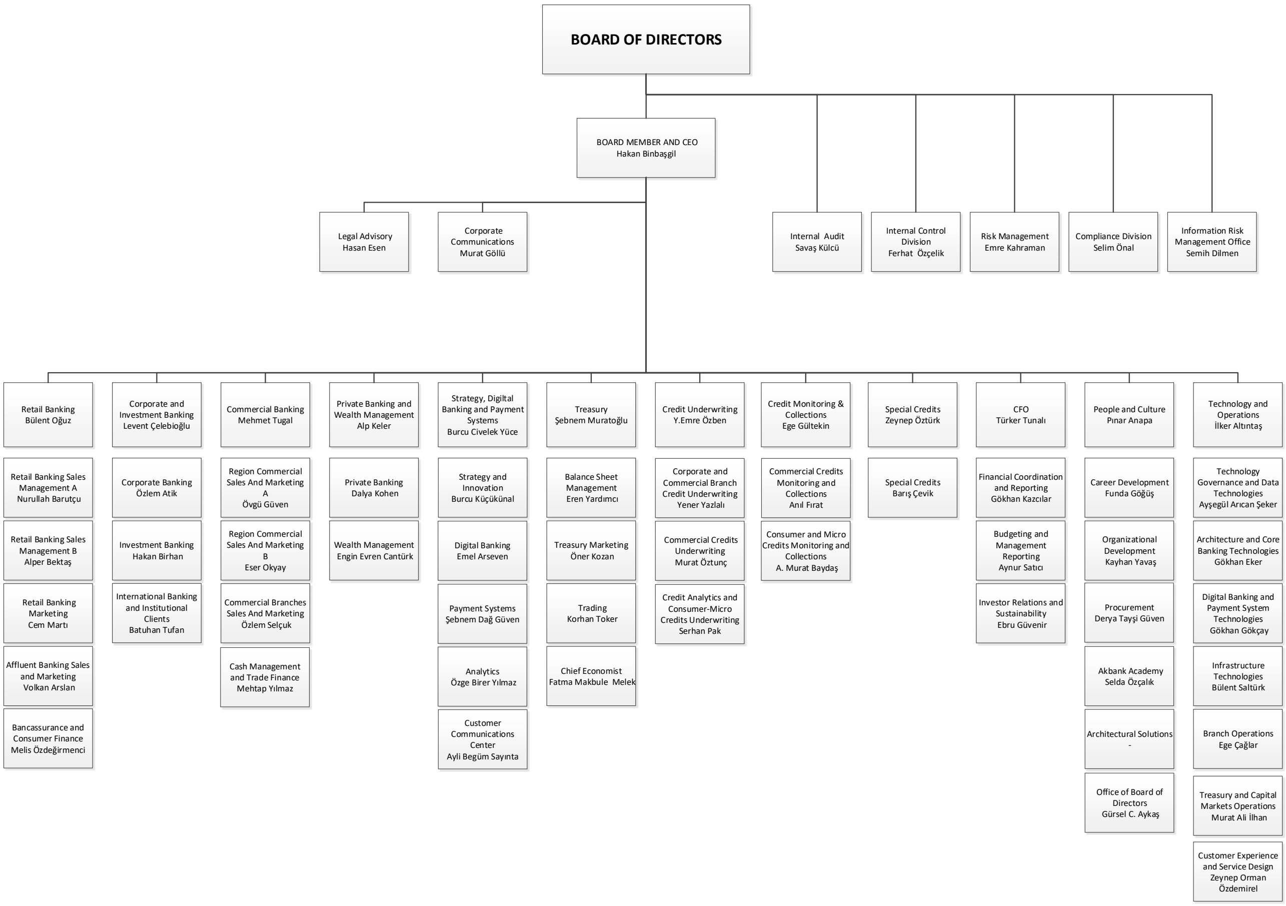
Strategy

Akbank's corporate goals and strategy are closely aligned with its commitment to the development of the Turkish economy and the Turkish financial system by providing high quality specialised banking products and services that are both innovative and comprehensive. Akbank's objective is to become the leading multi-specialist bank in Turkey while sustaining its profitability. To achieve this objective, Akbank has identified the following strategic priorities for 2021 and beyond.

- Focusing on Prudent and Sustainable Growth in Turkey: Akbank plans to continue to focus on the Turkish market where it has substantial local knowledge, enhancing its product and service offerings in the following ways:
    - Increase customer driven profitability;
    - Improve output and cost efficiency;
    - Pursue a balanced loan growth strategy;
    - Diversify funding mix and expand the deposit base;
    - Continue to focus on fee and commission generating businesses;
    - Increase cross sell ratio through successful Customer Relationship Management ("**CRM**");
    - Concentrate on superior customer service and excellence in distribution (physical and digital);
    - Mitigate risk through focus on prudent risk management;
    - Continue to focus on recruitment, development and retention of talent;
- Solidifying its position as house bank for foreign trade and investment flows of Turkish and international companies;
- Serving the investment needs of customers through Akbank Wealth Management;
- Customer acquisition with increased mobile penetration;
- Increasing the use of digital channels; and
- Managing risks related to climate change while seizing opportunities driven by transition to a more sustainable economy.

Organisational Structure

The following chart shows Akbank's organisational structure as at the date of this Prospectus. Akbank's organisational structure consists of twelve Business Units. Each Business Unit is managed by an Executive Vice President. Six of the Business Units are considered principal Business units: (i) Retail Banking; (ii) Corporate and Investment Banking (iii) Commercial Banking; (iv) Private Banking and Wealth Management, (v) Strategy, Digital Banking and Payment Systems; and (vi) Treasury.



Recent Developments

On 9 April 2021, Akbank secured a multi-currency syndicated term loan facility from international banks, comprised of two tranches: USD 344.5 million and EUR 279 million, with a maturity of 367 days. The all-in cost for the tranches was LIBOR+2.50% per annum and EURIBOR+2.25% per annum, respectively.

On 4 May 2021, Fitch affirmed Akbank’s long-term foreign currency issuer default rating at 'B+' with negative outlook.

Distribution Network

Akbank has an extensive distribution network, consisting of traditional banking outlets, including branches, representative offices, ATMs, automated cash deposit machines, and point-of-sale credit and debit card terminals, and non-traditional distribution outlets such as home and office banking (through the use of the Internet, personal computers and screen-based telephones).

One of Akbank's primary strategies is to continue to develop its digital offering. Akbank currently has approximately 5.7 million digital customers.

In order to continue the trend towards digitalisation, Akbank's current strategy is to increase its digital presence by acquiring new digital customers, migrating existing customers to digital channels, increasing its share of the digital banking market, increasing the number of products available on its digital platforms, expanding digital marketing and increasing effectiveness of it, preparing for mobile-only banking, continuing to expand mobile payment methods, and acting as a pioneer in the market. With this strategy in mind, Akbank has commenced the implementation of a campaign called "Next Generation Akbank", which focuses on a number of initiatives including the increased digitalisation of the business, as well as a branch optimisation programme and other initiatives. Akbank mainly targets customers aged 25 to 35 and has around 60% digital penetration within this group. The digital penetration ratio increases to around 80% for the white collar segment of this age group.

Other projects undertaken by Akbank to attract more customers to its branches include a branch renovation project. In line with this strategy, Akbank has also implemented a customer service representation system in each branch to further improve quality of service. The following table sets out Akbank's principal distribution outlets as at 31 March 2021:

	Total Number
Branches	714
Regional Offices	19
Foreign Branches	1
POS Terminals	627,000 (approximate)

Retail Banking Reporting Segment

Retail Banking Business Unit

Akbank's Retail Banking strategy primarily comprises the following elements: (i) grow its high-value customer base; (ii) increase its retail market share; (iii) improve customer loyalty; and (iv) increase efficiency and convenience through migration to digital channels. Akbank continuously invests in building core capabilities in these perspectives, and drives improvements in the customer base and market share. The Retail Banking Business Unit covers customers with annual revenue of up to TL 40 million, with customers with annual revenue above this amount being included in the Corporate and Investment Banking and Commercial Business Units.

Akbank delivers its consumer banking products and services through its branches together with approximately 1,854 relationship managers. Akbank centralised its operations so that back office functions have been moved out of the branches, enabling Akbank's retail branches to focus on providing services and marketing products to retail customers.

Consumer Deposits. Akbank has traditionally been one of the preferred savings banks for clients. Akbank's market share in deposits was 8.07% as at 31 March 2021 and 8.16% as at 31 December 2020 (7.43% and 7.34% in TL deposits and 8.61% and 8.82% in foreign currency deposits, respectively) (*Source: Weekly BRSA statistics and based on the un-consolidated financials*). Akbank also maintained its strong position in foreign currency deposits particularly in the retail market. With a view to growing its retail deposit base at a relatively low cost, Akbank thoroughly analyses its customer database and potential competition in its regions of operation. Akbank then introduces deposit rate promotions aimed at low cost customer segments in the regions with lower competition levels. Akbank currently uses what it refers to as a Deposit Pricing Optimisation Tool, which is based on customer penetration, local competition, growth pattern, customer and relationship manager behaviour and market developments. Akbank also reinforces such promotions through extensive low cost local marketing. Akbank also aims to lower its operational costs by migrating its time deposit customers to alternative delivery channels.

Consumer Lending. Akbank's retail lending business includes mortgages, car loans and unsecured lending, which comprises general purpose loans (including personal loans and overdrafts) and credit cards. Between 2018 and 2020, retail loans grew at a compound annual growth rate ("**CAGR**") of 21%. As at 31 March 2021 and 31 December 2020, mortgages accounted for 16.1% and 15.9%, car loans accounted for 0.5% and 0.4%, personal loans accounted for 53.5% and 53.2%, overdrafts accounted for 3.0% and 2.9% and credit cards accounted for 29.9% and 30.5% and of gross retail loans, respectively. These products are described in further detail below:

- *Mortgages.* Akbank's market share of the residential mortgage lending market in Turkey was 4.2%, 3.8% and 5.0%, as at 31 March 2021, 31 December 2020 and 31 December 2019, respectively (*Source: BRSA*). Akbank was the first Turkish bank to enter into a strategic partnership with real estate agents and extends mortgage loans to numerous residential construction projects. As at 31 March 2021 and 31 December 2020, Akbank had TL 10.6 billion and TL 9.6 billion of retail mortgage loans, with an average remaining term of 5.8 years and 5.6 years, respectively.

- *Car loans*. Akbank's market share of the car loan market in Turkey was 3.3%, 2.7% and 2.6% as at 31 March 2021, 31 December 2020 and 31 December 2019, respectively (*Source: BRSA*).

- *General purpose loans.* Akbank's market share of the general purpose loan market in Turkey was 8.8%, 8.3% and 8.7% as at 31 March 2021, 31 December 2020 and 31 December 2019, respectively (*Source: BRSA*). Akbank experienced growth in personal loans from 31 December 2018 to 31 December 2020 at a CAGR of 34%. With the use of its technologically advanced lending system, Akbank offers its customers pre-approved loan limits and loans through all direct channels (internet, mobile and the Call Centre), with the ability to respond to requests on virtually a real-time basis, which provides further opportunities for sales alongside the branch network. 77% and 74% of personal loans are sold through digital channels as at 31 March 2021 and 31 December 2020 respectively. Akbank was the first bank in Turkey to introduce "mobile loans" in 2005, and also pioneered "self-service loan machines", which have been recognised in banking awards.

  In the third quarter of 2020, the BRSA introduced a 36-month maximum term cap for general purpose loans as part of macroprudential measures. As a consequence of that regulation, general purpose loans have an average maturity of 25 months and amounted to TL 34.8 billion with an overdraft balance as at 31 March 2021 and TL 31.7 billion at 31 December 2020.

- *Credit Cards*. See *"—Payment Systems"* below for further detail of Akbank's credit card offering.

Capital Markets Transactions. One of the main objectives of the Retail Banking Unit is to establish and develop appropriate service models to increase Akbank's market share of equity and futures products for retail clients. This is done through Akbank Investment Products Management, which acts as an intermediary in equity and futures markets on behalf of the Retail Banking Business Unit as well as Corporate, Commercial, SME and Private Banking customers.

Bancassurance. Akbank sells the products of AKSigorta Insurance Company and AvivaSA Pensions and Life Insurance Company, both of which are among the leading companies in their respective sectors. Akbank's growth in bancassurance in recent years continued in 2020 mainly as a result of the diversified product offering for clients and efficient use of distribution channels. More than 1.9 million active customers had chosen Akbank for nearly 3.3 million active insurance and Private Pension System (BES) products as at 31 March 2021.

Affluent Banking. Akbank places particular emphasis on its affluent customers (customers whose assets under management ("**AUM**") with Akbank exceed TL 200,000 or who have a mortgage with an appraisal value greater than TL 750,000). Akbank Affluent Banking, referred to as One-to-One Banking, provides value propositions to cover the financial and non-financial needs and expectations of affluent customers. One-to-One Banking, launched in 2004, serves more than 278,000 affluent customers with 320 relationship managers in 260 branches and 110 remote relationship managers across the country. Specially trained dedicated relationship managers provide financial support to customers seeking professional and qualified investment services for their assets on a priority and privileged platform.

Strategy, Digital Banking and Payment Systems Business Unit

The Direct Banking Business Unit was formed in December 2012 when the Alternative Delivery Channels Division of the Retail Banking Business Unit was reorganised as a separate unit and renamed "Akbank Direkt Banking". On 31 May 2019, Emin Tolga Ulutaş, Executive Vice President for the Digital Banking Business Unit resigned. The Digital Banking Business Unit was renamed as the Strategy, Digital Banking and Payment Systems Business Unit. On 3 June 2019, Burcu Civelek Yüce was appointed as the Executive Vice President for the Strategy, Digital Banking and Payment Systems Business Unit.

Under its new organisation structure, all alternative delivery channels and the CRM Division are managed by the Strategy, Digital Banking and Payment Systems Business Unit. Akbank's direct channels include internet and mobile services, call centre, ATMs, in-branch kiosks and social media. The purpose of this reorganisation was to increase the efficiency of branches as well as to generate revenue through new and current delivery channels. Akbank is enhancing the range of available delivery channels and alternative products in order to move more banking transactions away from traditional branches. Currently, the total number of active Akbank Direkt customers is more than 4 million with over 360 million transactions per month by digital channels.

The Call Centre has become one of the key support channels of Akbank. In addition to using product centric divisions like the Equity Team and the Personal Loans, Akbank has also continued its development by utilising more complicated service structures such as the Affluent Remote Centre, the POS Support Remote Centre, the Expat Banking Remote Centre and the SME Remote Centre.

As at 31 March 2021, Akbank had 5,202 ATMs. Akbank had a 10% market share of the cash in/cash out machine network in Turkey (*Source: BRSA*). The total number of monthly active telephone banking customers was 1.53 million as at 31 March 2021, with 43.8 million calls received in the year ended 31 December 2020 and 9.4 million calls received in the three months ended 31 March 2021. The total number of monthly active telephone banking customers was 1.61 million as at 31 December 2020, with 43.8 million calls received in the year ended 31 December 2020.The total number of monthly active telephone banking customers was 1.75 million as at 31 December 2019, with 42.1 million calls received in the year ended 31 December 2019.The total number of monthly active telephone banking customers was 1.86 million as at 31 December 2018, with 46.7 million calls received in the year ended 31 December 2018.

Akbank's digital channels include internet and mobile services, the Call Centre, ATMs, in-branch kiosks and social media. Currently, Akbank has approximately 5.7 million digital customers. Akbank's internet site received an average of approximately 50 million page views per month in the year ended 31 December 2020.

Analytics Division. Since 1 October 2013, the CRM Division has been a part of the Direct Banking Unit, while previously it was a part of a separate Strategy Unit. With a view to design a strategy aimed at creating competitive advantage in the market, the CRM team comprises seven groups in charge of setting up a comprehensive structure towards designing, planning, executing and monitoring customer relationship management systems. On 8 December 2016, the CRM Division was renamed as the "Analytics Division", and a separate division titled "Direct Banking Designing and Innovation Division" was formed.

Payment Systems. Akbank's payment systems business was reorganised in 2017. The Issuing-Acquiring Businesses are managed together and the unit is covered by five divisions: Consumer Cards Sales and Marketing, Acquiring and Commercial Cards Sales and Marketing, Portfolio Management, Brand Partnership and New Payment Systems.

Credit Cards. Credit card products in Turkey have "instalment" and "revolving" features by which a customer does not have to repay its credit card balance in full at the end of the credit card statement period, but can pay only a minimum amount while the outstanding portion of the credit card balance is rolled over into the next credit card statement period. With the advantage of a low cost of funding and a cash advance feature, which generates both commission and interest rate payments, credit cards generate profit faster than other loan instruments, provided the portfolio is properly managed in terms of cost of credit, NPLs and other costs.

Akbank's Axess card offers a loyalty scheme through which Akbank cardholders accrue points that are redeemable for products and services from participating vendors. As at 31 March 2021, Akbank had issued approximately 18.4 million cards (6.5 million credit cards and 11.9 million debit cards). Akbank's share of the domestic credit card issuing business, based on the number of cards issued, decreased from approximately 10.5% in 2017 to 8.3% as at 31 March 2021. The volume of outstanding retail credit card loans was TL 19.8 billion as at 31 March 2021 (compared to TL 18.4 billion, TL 13.5 billion and TL 12.1 billion as at 31 December 2020, 2019 and 2018, respectively) and TL 13.6 billion as at 31 March 2020. Akbank's market share of retail credit card loans in Turkey was 12.8%, 11.5% and 11.4% as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively and 12.85% as at 31 March 2021 (*Source: BRSA*).

Corporate Banking Reporting Segment

The Corporate, Commercial, SME and Private Banking reporting segment includes the following three principal Business Units: (i) Corporate and Investment Banking; (ii) Commercial Banking, and (iii) Private Banking and Wealth Management. The Corporate and Investment Banking Business Unit is responsible for customers with annual revenue in excess of TL 300 million, the Commercial Banking Business Unit covers customers with annual revenues between TL 25 million and TL 300 million.

Corporate and Investment Banking Unit

Akbank has more than 2,500 active Corporate customers to which it offers a full range of products and services. Active customers are defined by Akbank as customers who currently use at least one product or service of Akbank.

Akbank has eight corporate banking branches (dedicated branches for corporate customers): six in Istanbul and one in each of Ankara and İzmir. The Corporate and Investment Banking Business Unit at Akbank's head office monitors the activities of the corporate banking branches. Akbank offers a full range of products and services to corporate clients, in addition to conventional banking products and services, such as project finance, trade finance, cash management, treasury and hedging services. The Corporate and Investment Banking Business Unit also has the advantage of being part of a full service group and offers leasing, portfolio management, investment banking services, capital markets services and insurance services through synergies created with Akbank's subsidiaries. Within this framework, the Corporate and Investment Banking Business Unit manages its relationships through its branch coverage, while its centrally located teams in the head office offer specialised services. Due to an increase in foreign investment in Turkey, Akbank launched the "Multinational Desk" within the Corporate and Investment Banking Unit in 2013 to provide customised solutions and superior quality services to multinational clients in various fields through eight branches and dedicated relationship managers. In addition, due to its presence in Frankfurt and Malta, the Corporate and Investment Banking Business Unit has developed international commercial relationships with globally recognised, large multinational companies over the last few years, in order to diversify its portfolio and take the first steps into new markets.

Investment Banking and Project Finance. As part of its long-term strategy, Akbank has been increasing its focus on investment banking and project finance activities, as well as infrastructure, real estate, leveraged and structured finance markets in Turkey. Increases in domestic and foreign investment through privatisation and acquisition transactions have fuelled growth in these specialised loan markets and the syndicated loan market. Akbank plans to increase the volume of specialised loan markets and syndicated loan markets products it offers as these products are typically "high value-added" products and offer cross-selling opportunities. Akbank extends these loans to customers operating in a variety of sectors, including infrastructure and transportation, construction, telecommunications, energy and tourism. In addition, the Corporate and Investment Banking Business Unit monitors privatisation programmes closely and provides financing for large scale projects such as direct asset sales, transfers of companies' land use and development rights, share transfers, transfer of operating rights and hydroelectric power generation projects.

Turkey's exports mainly comprise manufactured industrial goods for which most of the raw materials are imported. In other words, Turkish industries process mostly imported raw materials for production and export industrial products. This has been the main driver of the Turkish economy for decades. Turkish manufacturing exporters require pre-shipment credits to finance not only the imported raw material but also the working capital for their production processes. Turkish exports are mostly (almost 60% of whole export) on a Cash Against Documents ("**CAD**") basis, so the appetite for pre-export loans in the sector is higher in comparison with post-financing facilities. Akbank's aim is to carry on its performance in terms of supporting its clients by providing them working capital by way of pre-export loans as well as post-financing facilities such as direct loans, letters of credit discounts and forfeiting. Due to the structure of Turkish exports, Akbank offers credit insurance and factoring to mitigate commercial and political risks and for finance insured or guaranteed by factoring receivables. Akbank offers competitive rates and products, such as the Discounting Loans Program of the Central Bank, to support Turkish exports.

Akbank provides cash and non-cash loan products to finance imports through Turkish Lira and foreign currently laws and through letters of credit and trade finance facilities.

In addition to the working capital facilities mentioned above, Akbank also offers long term investment loans of up to ten years either directly or through ECAs within its network.

Loans to Corporate customers accounted for 39% of Akbank's total loan portfolio as at 31 March 2021, 39% as at 31 December 2020, 37% as at 31 December 2019 and 36% as at 31 December 2018.

International Banking. Akbank's International Banking division manages the international fund raising activities of Akbank, as well as Akbank's correspondent banking relationships, which are essential for supporting Akbank's customers in their cross-border payments and foreign trade transactions in the form of letters of credit and letters of guarantee. Akbank has a comprehensive network of international correspondent banks spanning around 130 countries. Through its international business development activities, the division offers a complementary service to clients to support their business activities internationally and to originate proprietary deals for Akbank. Akbank's international fund raising activities are focused around obtaining long-term and short-term funding at competitive rates by using various borrowing instruments and diversifying sources of funding by reaching new investors.

Commercial Banking Business Unit

On 15 September 2017, Mehmet Tugal was appointed as the new Executive Vice President for the Commercial Banking Business Unit.

The Commercial Banking Business Unit branch organisation is administered by Akbank's head office and 20 regional head offices. Currently, Akbank has 15 fully dedicated Commercial Banking branches which provide services to businesses with annual revenues of between TL 40 million and TL 500 million. The business unit also serves corporate customers in locations where there are no corporate branches. These branches are generally located in the developed regions of Turkey where there is high commercial activity and they report to Akbank's head office directly. There are a further 167 branches with both Commercial and SME customer relationship managers. These branches are located in 57 cities and report to Akbank's head office via regional head offices.

The Commercial Banking Business Unit offers financial solutions and banking services to medium sized corporate customers, including hedging products such as interest rate swaps and cross currency derivatives, export financing as well as working capital loans (which are based on length of relationship and financial capability). When pricing loans, Commercial Banking uses "Smart Pricing" infrastructure (a system adopted across various business segments of Akbank in 2009) which applies Akbank's internal rating system and the indemnity structure of the relevant loan. Akbank believes that this approach provides improved pricing on a client by client basis as it takes into account the creditworthiness of the customer and the collateral provided.

Commercial customer relationship managers working in Commercial Banking branches are each assigned a portfolio of approximately 60 Commercial customers. Commercial customer relationship managers have detailed specialised knowledge of commercial products and services and offer additional expertise, particularly in the areas of export/import financing and trade finance. Akbank's aim is to capture a greater share of the amount spent by each of its Commercial customers on commercial banking through the further development of its product offerings to Commercial customers and to increase its market share and number of customers in the long term.

Akbank's management believes that the diversity of its commercial products is a competitive advantage. Akbank offers a wide range of loan options to its Commercial customers to meet their investment financing needs and to increase their competitiveness in local and foreign markets. Akbank provides its Commercial customers with the same or similar products and services as provided to its larger corporate customers. These products include specialised export related loans, such as instalment based export loans, loans for cash against goods transactions, discounting of export receivables, export loans against letters of credit, factoring and forfeiting services, export letter of credit discounts, Turkish Eximbank loans and short-term export loan insurance (KVIKS). Akbank also offers tailored solutions for its Commercial customers, including machinery and equipment financing, raw material procurement loans, truck fleet loans and tourism loans. The common characteristics of these loans are fixed interest rates, repayment in equal instalments, and relatively long-term financing periods. Additionally, Akbank offers various commercial financing models to accommodate its customers' unique financial structures. For example, instead of providing loans directly to a customer, Akbank may provide loans directly to a customer's potential buyers, thereby increasing both Akbank's customer base and the volume of its loans.

Akbank diversifies the service it provides to its customers via digital channels. It develops value propositions for digital channels for its customers.

The Cash Management & Trade Finance Division is administered by the Commercial Banking Business Unit. It offers products and services for all Business Units, including Corporate, Commercial, SME, Retail and Private Banking. The Cash Management & Trade Finance Division offers payment and collection solutions, early financing and trade finance products for all clients. Akbank’s main focus is digitisation of cash management and trade finance products to enhance the customer experience and increase efficiency and improve the cash flow of clients to help to grow their businesses. The Cash Management & Trade Finance Division invests in new technologies such as blockchain, artificial intelligence and application programme interfaces ("**APIs**") to develop innovative products and to offer clients best customer experience. Akbank has integration processes for different products with ERPs, supplier finance platforms and licensed payment institutions in order to increase channel and product options for its clients. This gives Akbank a competitive advantage. Akbank also offers tailored solutions for its Corporate & Commercial clients for payments and collection products.

Akbank's management aims to retain its existing customers and maintain a loyal customer base through the effective use of customer relationship management programmes, thorough monitoring of business generated, and devoting sufficient resources such as through a steady increase in the number of account managers. As at 31 March 2021, Akbank had 361 Commercial Banking account managers, compared to 362 as at 31 December 2020 and 360 as at 31 December 2019 and 390 as at 31 December 2018.

Private Banking and Wealth Management Business Unit

Akbank Private Banking. In 2018, Akbank Private Banking launched its new business model with its investment affiliates, Ak Asset Management and Ak Investment under the name “Akbank Private Banking and Wealth Management”.

Akbank Private Banking serves clients with AUM in a minimum amount of TL 3 million, with talented and experienced private bankers across its branch network in four major citites and solid technological infrastructure. Akbank Private Banking offers a wide range of investment products in accordance with global standards, including easily acessible services, and values the lifestyles of its clients.

Akbank Private Banking has a differentiated its positioning with its ultra-high net worth ("**UHNW**") segment, which serves clients with AUM in excess of TL 30 million. The strategy for wealth management for UHNW clients is based on synergies between Akbank Private Banking and Ak Asset Management. UHNW clients are offered an extensive investment universe that spans global public and private sector fixed income instruments, equities, precious metals, commodities, real estate and private equity.

In 2020, Akbank Private Banking launched a new platform under the name of “Winvestors” to connect entrepreneurs and investors. On this platform, it hosts a series of online events where it enables clients to meet different stakeholders in the ecosystem such as angel investors and corporate venture executives.

With its long-term approach to its clients, Akbank Private Banking aims to build a long lasting relationship with its clients, protect and pass wealth from one generation to the other and transform its business model according to the needs of the next generation. Akbank Private Banking’s “Next Generation Program” is the first of its kind in Turkey. The programme prepares the next generation for the future. Akbank Private Banking meets high school and college students who are the children of its clients to advise them on wealth management, investment products, the concept of risk, global trends and philanthropy.

As at 31 March 2021, the total AUM of Akbank Private Banking amounted to TL 40.6 billion, compared to TL 39.4 billion, TL 30.9 billion and TL 25.2 billion as at 31 December 2020, 2019 and 2018, respectively.

Akbank Wealth Management. In order to provide specialised services and assistance to customers investing in the financial markets, Akbank consolidated the products of Ak Investment, Ak Asset Management and Akbank Treasury under its Wealth Management brand “Akbank Investment Services". Moving steadily toward its goal of being Turkey’s leading investment brand, “Akbank Investment Services" demonstrated continuous improvement in performance from 2018 to 2021. Under this brand, Akbank maintained its focus on the growth potential of capital markets in Turkey in recent years. By capitalising on its robust technology infrastructure, it continued to enrich its wide array of investment products in accordance with customer needs in core products such as investment funds, stock trading and bonds/bills. Factors that differentiate Akbank in the industry include knowing the customer well, its experienced and expert staff, the capability to create customised solutions and its financial strength. With this approach, Akbank recorded market share growth across these segments.

In 2020, Akbank had 920,000 total Wealth Management customers and reached a record customer market share of 19.6% in Mutual Funds (non money-market) and 10.2% in Equities, demonstrating Akbank's leadership in investment services during the year. Akbank's Wealth Management revenues recorded growth of 92%, most of which came from fund management income and stock trading revenues.

Akbank's new Wealth Management value proposition “Investing in the Future” – which consists of a product group of technology sector funds and ESG funds- attracted significant customer interest and reached total AUM of TL 2.5 billion in a very short time. Nearly 40,000 customers invested TL 500 million in Akbank's Alternative Energy Fund and Health Fund, which were the first products of its Sustainability Investments offering.

To offer the best customer experience, Akbank continuously renews its way of doing business by effectively utilising advanced technology. In line with the digital transformation of Akbank, it completely renewed its Akbank Mobile Wealth Mamangement Services with a new experience and design. Akbank also improved its Branch Wealth Management interfaces with new investment platforms and a unique functionality called “Finish with Akbank Mobile”, allowing most investment product agreements to be completed rapidly and easily by the application without a wet ink signature. In this way, customers can open investment accounts without visiting branch offices and can conduct their transactions securely.

At Akbank Investment Services, Akbank plans to continue to refine its tech-savvy investment experience in the coming year with the continuous enhancement and enrichment of Wealth Management services in the Akbank Mobile application.

Treasury Reporting Segment

Akbank's Treasury is based at Akbank's head office and provides Treasury Management services to domestic and foreign branches of Akbank. The Treasury reporting segment consists of the Liquidity Management, Treasury Marketing, Trading and Economic Research divisions. Akbank's Treasury function engages in proprietary trading according to comprehensive value at risk ("**VaR**") limits on the product types set by the Board.

Liquidity Management

The Liquidity Management division manages the foreign currency and Turkish Lira liquidity of Akbank. The division engages in foreign currency and Turkish Lira borrowings and placements through domestic and international money markets. Foreign currency swaps are another product which the division actively uses for liquidity purposes. The division also provides quotations in the interbank market and engages in foreign currency and Turkish Lira OTC money market trading. Akbank also actively participates in the open market operations of the Central Bank.

The Liquidity Management division is responsible for the management of Akbank's reserve requirement obligations. In this respect, Akbank's foreign currency/Turkish Lira reserve requirement obligations are met flexibly in accordance with the liquidity policy. The Liquidity Management division also operates Akbank's banknote business, including the import and export of cash if needed.

Treasury Marketing Department

The Treasury Marketing division prices and markets treasury products and financial solutions to Corporate, Commercial, SME and Private Banking and Retail Banking customers by direct contact and through alternative delivery channels. These products include spot and forward foreign currency transactions, fixed-income products, derivatives, Turkish Lira and foreign currency deposits, and repos.

The customer-related derivatives business includes foreign currency forwards, foreign currency options-based products (such as plain vanilla options, collars, and binary options), interest rate swaps, and currency swaps. The Treasury Marketing division analyses Corporate and Commercial customers' needs and creates products for corporate risk management. The division also offers return enhancing products, such as dual currency deposits for all of its clients.

The Treasury Marketing division plays a key role in the pricing of both domestic and foreign currency deposits. In addition to providing regular updates on markets, the Treasury Marketing division's sales section regularly visits existing and potential customers to introduce new products and services.

Trading Department

The Trading division consists of three areas: Foreign Exchange Trading, Rates Trading and Derivatives Trading.

The Foreign Exchange Trading area is responsible for providing competitive spot and forward prices to all internal and external customers for Turkish Lira and G7 currency pairs as well as spot gold prices. It also focuses on managing the fixed income portfolio of Akbank according to limits set by the Board. The section engages in high volume transactions executed via the ISE, OTC markets, brokers and electronic trading channels. Akbank is officially a primary dealer for domestic fixed income securities.

The Derivative Trading area prices Akbank's client derivative flow and manages Akbank's foreign exchange options book. Akbank provides two-way prices to international banks and to the Borsa İstanbul options market. It closely monitors its risks and dynamically hedges with respect to market sensitivities and risk limits.

Economic Research

The Economic Research division is responsible for macroeconomic research, as well as global and domestic financial analysis. Moreover, the division makes projections to be used in Akbank's short- and long-term plans.

The division aims to expand the relationship between Akbank and the financial institutions and corporates in target countries, to strengthen the market share of Akbank in foreign trade business, to identify potential clients in target countries and refer potential deals to the related business lines.

Capital Markets and Non-Banking Financial Activities

Akbank conducts its non-banking financial activities through its subsidiaries, namely AkInvestment, Ak Asset Management and AKLease. Product and service offerings of these subsidiaries are also marketed through Akbank branches.

AkInvestment

Founded in 1996 to provide brokerage services for capital markets, AkInvestment is a 100% owned subsidiary of Akbank. Domestic retail customers perform their transactions through Akbank's Private Banking branches, Akbank Capital Markets Unit and 714 Akbank branches. In addition, customers have remote access for capital markets transactions on the internet 24 hours a day (www.akbank.com). Through its International Institutional Sales division, AkInvestment offers foreign institutional customers' brokerage services for Turkish capital markets products. With its specialized and experienced employees, and comprehensive research reports and customer-oriented service approach, AkInvestment serves both individual and corporate investors. Delivering a range of international and domestic capital markets products to individual and corporate investors, AkInvestment has ten branches in six major Turkish cities. AkInvestment branches are committed to offering capital markets products and services tailored for customers' needs and expectations, and in line with market conditions. The branches establish long-running relations that generate added value for the customers.

AK Asset Management

Established in 2000 to provide asset management services in capital markets to institutional and individual investors, AK Asset Management is a wholly-owned subsidiary of Akbank. AK Asset Management conducts operations in three core business lines: pension fund management, discretionary portfolio management and mutual funds. AK Asset Management is the market leader in pension fund management and the sector leader in total assets managed outside liquid investment funds. AK Asset Management also designs and manages the investor risk profile tests that form the basis of the Akbank Investment Services and Akbank Robo Advisory concepts, as well as investment management products such as Portfolio Ideas, which aim to help investors with different profiles manage their savings via asset distribution recommendations.

AK Asset Management is one of the leading companies in the Turkish pension investment fund sector. As at 31 March 2021, AK Asset Management managed assets of TL 63.4 billion, with a fund size of TL 31.4 billion and market share of 18.5%. As at 31 December 2020, AK Asset Management managed assets of TL 59.8 billion, with a fund size of TL 31.8 billion and market share of 18.6 %. As at 31 December 2019, AK Asset Management managed assets of TL 44.3 billion, with a fund size of TL 24.1 billion and market share of 18.9%.

AKLease

AKLease provides financial leasing support to corporate and commercial segment customers who are keen to undertake investments, expand, enter new markets and enhance their capacity. AKLease helps its customers finance investments in new machinery and equipment purchases or new investments, in line with the concept of Akbank One-Stop Corporate and Investment Banking. AKLease offers long-term funds to clients at attractive interest rates, and provides one-to-one solutions that are perfectly suited to meet the changing needs of clients, thanks to its vast funding capacity.

AKLease continued to offer ongoing support to the national economy with its strong financial and partnership structure, robust shareholders' equity, ten branch locations as at 31 March 2021, vast funding network, and most importantly, a dynamic workforce highly specialised in the field.

AKLease has started work to upgrade its technology platform and software, which the company employs to perform financial leasing transactions, so that they function in a swift, practical, mobile-enabled fashion in sync with the latest technologies, and are readily accessible by clients.

AKLease has ramped up its investments in cutting edge technologies to measure customer loyalty and satisfaction by means of specialized companies.

AKLease's net leasing receivables decreased to TL 4.9 billion in 2019, down 15.6% compared to year-end 2018, while net profit went up by 274% year-on-year to TL 95 million. AKLease's net leasing receivables increased TL 5.0 billion as at 31 December 2020, a 9.8% increase compared to 31 December 2019, while net profit increased by 63% year-on-year to TL 155 million. AKLease's net leasing receivables increased to TL 5.2 billion as at 31 March 2021, compared to 31 March 2020, while net profit increased by 31% year-on-year to TL 44.8 million. Securing its position among the sector's leaders by recording solid financial results based on high return on equity and asset quality, AKLease's operations are characterised by a consistent, healthy and stable growth performance.

AKLease is committed to conducting its operations in a sustainable manner and intends to remain a complementary force for growth with its investments in Turkey's future.

Other Business Units

Akbank's other Business Units include: the Credit Underwriting Business Unit, the Credit Monitoring and Collections Business Unit, the Special Credits Business Unit, the CFO Business Unit, the People and Culture Business Unit and the Technology & Operations Business Unit.

Credit Underwriting

The Credit Underwriting Business Unit evaluates Akbank's loan offers in line with Akbank's objectives and credit policies. It plays an active role in Akbank's growth by ensuring optimal operation and development of Akbank's processes related to risk analysis, financial analysis, risk monitoring, scoring and intelligence. The department strives to maintain Akbank's asset quality through dynamic operations sensitive to cyclical developments and periodic portfolio scanning.

Credit Monitoring and Collections

With an organisational change in January 2015, the Credit Unit was divided into a Credit Allocation Unit and a Credit Monitoring and Collections Unit. The Credit Monitoring and Collections Unit is comprised of two divisions, namely the Commercial Credits Monitoring and Collections Division and Consumer and Micro Credits Monitoring and Collections Division.

Special Credits

On 4 January 2019, the Special Credits Business Unit was established and Zeynep Öztürk was appointed as the Executive Vice President for the Special Credits Business Unit.

Financial Coordination Unit (CFO)

The Financial Coordination Business Unit is divided into the Financial Coordination and Reporting division, the Budgeting and Management Reporting division, and the Investor Relations and Sustainability division. The Financial Coordination Business Unit is mainly responsible for the preparation of statutory financial statements as well as reports to regulatory authorities, coordination of Akbank's financial accounting process, budget preparation, various management reports and coordination of relations with investors, analysts and rating agencies.

People and Culture

On 11 September 2019, the Human Resources Business Unit was renamed as the People and Culture Business Unit. The People and Culture Unit consists of Career Development, Organisational Development, Procurement, Architectural Solutions, Office of the Board of Directors, and Akbank Academy.

As at 31 March 2021, Akbank had 12,399 employees (excluding security officers), 7,454 of whom were based in regional directorates and branches. The average age of employees as at that date was 37 years old, with 53% of Akbank's employees being female. The following table sets out the number of domestic branch employees (excluding security officers) as at 31 March 2021, and as at 31 December 2020, 2019 and 2018.

	Number of Employees
31 March 2021	6,836
31 December 2020	6,929
31 March 2020	7,606
31 December 2019	7,666
31 December 2018	8,106

Akbank places emphasis on ensuring that employees have the level of education suitable for operational effectiveness and a career at Akbank. Approximately 11% of employees at Akbank have PhD or Masters Degrees, which Akbank believes to be among the highest percentage among Akbank's peers. Approximately 53% of employees at Akbank are women. Akbank has also introduced a redesigned and flexible working model for its employees working at Akbank’s headquarters.

Akbank Academy serves numerous training programmes designed for all levels of Akbank's staff. Akbank's employees receive comprehensive orientation and training regarding Akbank's strategy in an effort to enable them to gain an understanding, sense of ownership, and proficiency in the business of Akbank.

Systematic studies and educational content revision studies have been carried out since 2016 in order to make the existing career diplomas within Akbank more segment-specific, compact, personal, independent of time and space, and allowed easier access.

Employees complement their technical training, which has been redesigned with new generation learning techniques, through online methods, and reinforce and improve their competencies by hands on applications in their classroom training.

Akbank's leadership programme is designed for Akbank's leaders and future leaders in different levels. In order to enrich multidisciplinary approach of Akbank's employees, Akbank Academy provides seminars, events, workshops in several fields such as art, culture, parenting, design, trends and innovation.

Akbank put into practice the "Akbanker: Reflection of the Future" programme as a holistic "talent" and "competency development program" involving around 13 thousand Akbankers. The program focuses on the employees and personal development.

The "Geleceğe Hazırız" technological development program was launched in 2018, which includes modules on digital transformation, design thinking, advanced analytics and digital marketing.

Akbank Academy supports its training programmes with the latest educational technological trends such as Adaptive Learning Journeys, Mobile Learning, Social Learning, Video Tube, Gamification and Virtual Reality.

Akbank Lab, an innovation centre within Akbank, provides opportunities for employees to collaborate with more than 100 international FinTech companies.

Technology & Operations

Akbank's Technology & Operations Unit is divided into seven divisions: (i) the Technology Governance and Data Technologies division, (ii) the Architecture and Core Banking Technologies division, (iii) Digital Banking and Payment System Technologies Division, (iv) the Infrastructure Technologies division, (v) the Branch Operations division, (vi) the Customer Experience and Service Design division, and (vii) the Treasury and Capital Markets Operation division.

Akbank continues to make technology investments for future readiness. Overall expenditure on IT, including infrastructure as well as software projects and new distribution channels, was approximately U.S.$180 million in 2019, U.S.$150 million in 2020, U.S.$196 million budgeted in 2021 and approximately U.S.$9 million in the three months ended 31 March 2021.

In 2020, Akbank's IT production environment, has been migrated to new data centre located in ABM (Akbank Banking Campus) at Kocaeli.

The new data centre has disaster-proof features such as new generation security systems, continuous operation of data centre (designed to continue through 9.2 Richter scale earthquakes), 24/7 building monitoring and energy automation system, LEED Gold and Uptime TIER3 design certifications, fire proof walls and doors, and 1-month generator backup supply systems.

The new data centre and Sabancı Data centre will also be backed up by a disaster recovery system in the disaster recovery centre managed by IBM, located in Izmir, approximately 400 km from İstanbul. In a disaster recovery situation, the disaster recovery system would serve as Akbank's production system, using the latest available data through digital lines. System and banking application tests at the disaster recovery centre are carried out at least twice a year.

Akbank Technology conducted numerous projects related to digital transformation to move Akbnak forward into the future and to improve the customer experience. Akbank is improving its digitalisation rate each year by migrating customers' manual transactions to digital channels and products. High automation rates result in faster transaction times and improved customer satisfaction. Akbank intends to continue its digitalisation and migration strategy in the following years. Increasing usage of new and innovative technologies, robotic process automation ("**RPA**"), Akbank Digital Card, Akbank Asistant (chatbots), voicebot, machine learning and Artificial Intelligence ("**AI**"), Mobile Banking Face Recognition Login, Mobile Banking IQ (Customer Insights), FIZ (Intelligent CRM), Classification of Fax Orders for Money Transfer with OCR and AI will continue to be focus areas.

Beyond these technology investments, Akbank Technology has carried out one of the largest agile transformation projects in Turkey in recent years. With a new way of working, time-to-market decreased by 35% and the number of projects delivered increased significantly.

Since 2002, Akbank has been centralizing its operations with a primary focus on moving routine operations away from the branches and providing more relationship management services in branch. Many operational processes, such as money transfers, check and bill operations, trade finance operations, loan operations, archiving, direct channel services, insurance transactions and account openings are handled at an operations centre (Akbank Banking Center) located in Şekerpınar, İzmit. The operations centre continuously improves its processes to run more efficiently, at lower costs, with lower operational risks.

Subsidiaries and Affiliated Companies

The following table sets out Akbank's ownership interest in its subsidiaries and affiliates and the carrying value of those interests as at 31 December 2019:

	% of share	**Business**
Ak Portföy Yönetimi A.Ş.(Ak Asset Management)	100%	Portfolio
Ak Finansal Kiralama A.Ş. (AKLease)	99.99%	Leasing
Ak Yatırım Menkul Değerler A.Ş. (AkInvestment)	100%	Brokerage
Akbank AG	100%	Banking
Ak Öde	100%	Payment Systems

Akbank conducts overseas operations through its subsidiary in Germany (Akbank AG) along with a branch in Malta.

Akbank's subsidiaries' contribution to consolidated net profits was 17% in the first quarter of 2021, 15% in 2020 and 12% in 2019.

AK Asset Management

Established in 2000 to provide asset management services in capital markets to institutional and individual investors, AK Asset Management is a wholly owned subsidiary of Akbank. See *" — Capital Markets and Non Banking Financial Activities—AK Asset Management"* for further details of AK Asset Management.

AKLease

Established in 1988, AKLease provides financial leasing support to corporate and commercial customers who are keen to undertake investments, expand, enter new markets and enhance their capacity. See *" — Capital Markets and Non Banking Financial Activities—AKLease"* for further details of AKLease.

AkInvestment

AkInvestment was founded in 1996 to engage in capital markets activities in accordance with the provisions of the Capital Market Law and other applicable legislation. See *" — Capital Markets and Non Banking Financial Activities—AkInvestment"* for further details of AkInvestment.

Akbank AG

Akbank AG's assets were approximately EUR 3.9 billion and shareholder's equity was EUR 790 million as at 31 March 2021. As at 31 March 2021, Akbank AG's loans to Turkish clients exceeded EUR 2.3 billion, equal to nearly 9% of the loans extended from Germany to Turkish firms.

Akbank AG has 7.5% share in terms of consolidated assets and a 6.0% share of the consolidated net profits of Akbank as at 31 March 2021.

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 the bank's incorporation, Akbank AG has remained committed to maintaining asset quality and recorded an NPL ratio of 0% in 2019, 0% in 2020 and 0% as at 31 March 2021.

Akbank AG has an extensive portfolio of funding sources, including retail, corporate and German public sector deposits as well as funding through the European Central Bank's refinancing program (MRO and LTRO).

Also active in retail banking, Akbank AG serves nearly 22,000 retail deposit customers in Germany with a direct banking model. All these sources of funding help Akbank AG to diversify its funding base.

Ak Öde

Ak Öde is a wholly owned subsidiary of Akbank, established on 19 February 2018, which provides digital cash and payment services.

Ak Öde launched its first mobile application "Tosla", in September 2019. Tosla targets the youth market segment, primarily between ages 15-25, and provides core financial services.

Competition

The banking industry in Turkey is highly competitive across each banking segment and sector, and despite some ownership changes, international banks have maintained a presence through local operations or investments. Moreover, public banks, which typically focused on government and related projects are increasingly focused on the private sector, leading to increased competition and pressure on margins. HSBC Bank plc acquired, through its 2002 acquisition of Demirbank A.Ş., a broad network of branches in Turkey. UniCredito Italiano acquired 50% of the holding company of Koçbank in 2002 and, in February 2005, BNP Paribas acquired 50% of the shares of TEB Mali Yatırımlar A.Ş., which owns 84.3% of the shares of Türkiye Ekonomi Bankası A.Ş. In 2005, the Koçbank holding company (50% owned by UniCredito Italiano, as described above) acquired 57.4% of the shares of Yapı ve Kredi Bankası A.Ş. with the merger being completed in 2006. In the same year, Fortis Bank acquired 89.3% of the share capital of Türk Dış, Ticaret Bankası A.Ş. and General Electric Financial Services acquired 25.5% of the shares of Türkiye Garanti Bankası A.Ş. In 2006, the National Bank of Greece announced its acquisition of 46% of Finansbank from Finansbank's founding shareholder owners and Zorlu Holding sold its 75% stake in Denizbank to Dexia. Also in 2006, Şekerbank's owners, Şekerbank Social Security Fund and Şekerbank Personnel Fund, signed a share purchase agreement with Kazakh Turan Alem regarding the acquisition by Kazakh Turan Alem of a 34% stake of Şekerbank while Arap Bank Plc and Bank Med participated in the acquisition of 91% of MNG Bank. In 2007, Eurobank EFG Holding (Luxembourg) S.A. acquired a 70% stake in Tekfenbank A.Ş. The sale of 100% of the shares of Oyakbank to ING Bank of The Netherlands was approved by the BRSA at the end of 2007. In 2007, Citigroup acquired a 20% stake in Akbank, which was reduced to 9.9% in May 2012 and sold its remaining holding of 9.9% of Akbank's shares through an accelerated equity offering on 4 March 2015. On 2 November 2010, Banco Bilbao Vizcaya Argentaria entered into an agreement to acquire a 24.9% stake in Türkiye Garanti Bankası A.Ş comprising of 18.6% of the share capital of the bank held by General Electric Financial Services and 6.3% held by Doğuş Holding A.Ş., together with an option to acquire further shares from Doğuş Holding A.Ş. in five years' time. On 14 February 2011, Fortis Bank A.Ş., a fully owned subsidiary of Fortis Bank, merged into Türkiye Ekonomi Bankası A.Ş., a joint venture of BNP Paribas, with Türkiye Ekonomi Bankası A.Ş. becoming the surviving entity. On 9 April 2012, Burgan Bank and EFG signed a definitive agreement for the acquisition of 70% of Eurobank Tekfen A.Ş.'s issued share capital of Eurobank Tekfen A.Ş. On 8 June 2012, Sberbank and a shareholder of DenizBank (Dexia Participation Belgique) signed a definitive agreement for the acquisition of 99.85% of DenizBank's issued share capital by Sberbank. Thereafter, Bank Audi and Commercial Bank of Qatar have acquired interests in Turkish banks. On 20 December 2012 Bank of Tokyo Mitsubishi UFJ Türkiye A.Ş., and on 4 September 2014, Rabobank A.Ş. were granted operation licences by the BRSA to commence banking operations in Turkey. On 19 November 2014, Doğuş Holding sold 14.89% of its shares in Garanti Bank A.Ş. to BBVA, a transaction approved by the BRSA in July 2015 and which increased BBVA's total shares to approximately 40%. On 2 April 2015, the BRSA approved the acquisition of approximately 75% issued shares in Tekstilbank A.Ş. by Industrial and Commercial Bank of China and on 22 May 2015, Industrial and Commercial Bank of China acquired 75.5% issued shares in Tekstilbank A.Ş. from the textile group GSD Holding. The acquisition of 99.81% of Finansbank A.Ş.'s shares by Qatar National Bank was approved by the BRSA and the Turkish Competition Board on 7 April 2016 and 3 May 2016, respectively. It later changed its business name to QNB Finansbank A.Ş. on 5 May 2016. The transfer of 99.9% of shares of HSBC Bank A.Ş. owned by HSBC Bank plc to HSBC Middle East Holding B.V. and HSBC Bank Middle East Limited was approved by the BRSA on 21 June 2017 and was completed on 29 June 2017. The transfer of 99.85% shares of Denizbank A.Ş. to Emirates NBD was approved by the BRSA on 27 June 2019 and was completed as at 31 July 2019. Most recently, UniCredit S.P.A. acquired 31.93% of shares of Yapı ve Kredi Bankası A.Ş. pursuant to the BRSA's approval on 26 December 2019 and the Turkish Competition Board's approval on 29 January 2020. Later on 6 February 2020, Yapı ve Kredi Bankası A.Ş. announced that 11.93% of its shares owned by UniCredit S.P.A. was sold to third parties.

The BRSA granted the establishment and operation license to Bank of China to commence banking operations in Turkey. Türkiye Halk Bankası A.Ş. (state-owned bank) (51.11%) and Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (largest state-owned bank) (100%) were transferred to the Turkey Wealth Fund.

The Turkish banking sector has been restructured substantially and has been harmonising its legislation in line with EU standards. During the restructuring, the sector has undergone a substantial consolidation as the number of banks has declined from 84 in 1999 to 47 in 2019. Overall, the banking system capital base has been strengthened, fragmentation has been decreased and market risks have been reduced. Akbank's management believes that it is well positioned to compete in the market due to its strong brand, robust capital structure, strong liquidity and conservative funding policy, the diversity and size of its customer portfolio and its widespread branch network.

According to the latest announced data of the Banks Association of Turkey, as at 31 December 2020, state banks represent approximately 41% of the sector's assets, the four largest private banks approximately 35.3%, and the remaining banks including the medium sized banks and the smallest banks have approximately 23.8% of the sectors assets.

As at 31 December 2020, Akbank had a 7% market share in total loans (standalone) in Turkey (7.3% in TL loans and 6.5% in foreign currency loans) while its market share in total deposits was 8.16% (7.34% in TL deposits and 8.82% in foreign currency deposits) (*Source: Weekly BRSA statistics and based on the unconsolidated financials (excluding accruals))*. As at 31 March 2021, Akbank had a 7% market share in total loans (standalone) in Turkey (7.2% in TL loans and 6.6% in foreign currency loans) while its market share in total deposits was 8.07% (7.43% in TL deposits and 8.61% in foreign currency deposits).

Properties

As at 31 March 2021, the total net book value of the properties of Akbank (comprising land and buildings) was TL 5.9 billion. As at 31 December 2020, the total net book value of the properties of Akbank (comprising land and buildings) was TL 6.0 billion. As at 31 December 2019, the total net book value of the properties of Akbank (comprising land and buildings) was TL 4.9 billion compared to TL 4.0 billion as at 31 December 2018. As at 31 March 2021, 341 branches (as compared to 343 as at 31 December 2020) were located on sites owned by Akbank, and the remainder were leased by Akbank. As at 31 December 2020, 343 branches (as compared to 361 as at 31 December 2019) were located on sites owned by Akbank, and the remainder were leased by Akbank. In addition, Akbank owns its head office, which had an appraisal value of TL 621.2 million as at 31 March 2021, compared to TL 621.9 million as at 31 December 2020.

Legal Proceedings

Akbank is subject to various on-going legal proceedings, as described below, but Akbank's management does not believe that such proceedings, individually or taken together, are likely to have a significant effect on Akbank's financial position or profitability.

Competition Board Investigations

Competition in Turkey is mainly regulated by Law No. 4054 on the Protection of Competition (the "**Competition Law**"). The Competition Law is enforced by the Competition Board, which has the power to investigate possible breaches and impose fines.

The Competition Law entitles those who have been harmed due to a violation of the Competition Law to claim damages. As at 11 June 2021, there were 494 pending cases initiated by individual customers claiming damages. As at 11 June 2021, 300 lawsuits were finally resolved and 295 of them were concluded in favour of Akbank. Five lawsuits which were concluded against Akbank became final with the decision of court of first instance, since the court decisions were not appealable due to the claims being under the monetary appeal limit. However, the customers will have to prove the actual damages incurred in order to prevail in these cases and in order to show actual damages, the customer will have to prove the interest rate, commissions and fees had there been no violation of the Competition Law.

In addition to the foregoing, in January 2020, the Competition Board initiated a preliminary inquiry (*ön araştırma*) against a number of Turkish banks, the names of which have not been disclosed, including Akbank. The purpose of the preliminary inquiry is to check banks' compliance with competition laws in their activities relating to deposits, loans, foreign exchange, bonds, shares and brokerage services, and as at the date of this Prospectus, no formal investigation has been initiated.

18th Term Collective Bargaining

The 18th period Collective Bargaining Agreement expired on 31 December 2020. The union has not yet submitted a certificate of authorisation to Akbank certifying that it is authorised to negotiate a collective barganing agreement with Akbank.

Customer Protection

An administrative fine of TL 116,254,138 was imposed on Akbank pursuant to Consumer Protection Law No. 6502 in respect of allegations of violating consumer legislation while providing banking services, following the audit carried out by the Ministry of Trade. The administrative fine amounts to TL 87,190,603.50 was paid in advance to take advantage of the discount in accordance with Article 17/6 of Misdemeanors Law No. 5326, reserving all objection rights.

Akbank filed a lawsuit in Istanbul Administrative Court for the cancellation of the fine. The lawsuit has been rejected by the Istanbul Administrative Court and Akbank appealed the judgement before the Regional Administrative Court. As at the date of this Prospectus, the lawsuit is currently pending before the Regional Administrative Court.

Tax Fine

Akbank filed a lawsuit before the 9th Administrative Court of Istanbul for the cancellation of the administrative decision of the Tax Inspection Board Istanbul Large-Scale Taxpayers Group Presidency on accrual of principal and penalty interest for RUSF, after which the Istanbul Administrative Court decided to suspend the decision.

The 9th Administrative Court of Istanbul has cancelled the RUSF principal amounting to TL 3,665,872.93 and penalty interest amounting to TL 7,807,027.84 which were accrued for 2011. The relevant legal process has been completed in favour of Akbank with the decision of 10th Chamber of the Counsel of State.

The 9th Administrative Court of Istanbul decided to cancel the RUSF principal of TL 11,463,336.17 and penalty interest of TL 8,231,914.68 that accrued for 2014, and principal of TL 23,488,296.32 and the penalty of TL 29,309,172.15 that accrued for 2012 and 2013. The Tax Inspection Board Istanbul Large-Scale Taxpayers Group Presidency has appealed the 9th Administrative Court of Istanbul's decisions for cancellation. The regional court of appeals also ruled in favour of Akbank confirming the decision of the court of first instance. The tax authority has then appealed the relevant decision before the Council of State. As at the date of this Prospectus, the lawsuits amounting to TL 52,797,468.47 in total (principal of TL 23,488,296.32 and the penalty of TL 29,309,172.15 that accrued for 2012 and 2013) are pending and currently under the Council of State's review.

Risk Management

General

Akbank's management philosophy is to integrate a risk management culture into its strategic decision processes as well as its daily operational activities. Akbank believes that assessment and control of risk is an essential component of the performance of Akbank. Akbank seeks to closely identify, measure, monitor, model, report and manage the risks arising from its operations. The principal risks inherent to its business are credit risk, liquidity risk, interest rate risk, market risk, counterparty credit risk and operational risk. The objective of Akbank's asset and liability management and use of financial instruments is to limit Akbank's exposure to its inherent risks, whilst ensuring that Akbank has sufficient capital adequacy and is using its capital to maximise net interest income. In order to achieve this objective, Akbank monitors and manages the mismatch of maturities, the size and degree of its interest rate and exchange rate exposure and its counterparty credit quality. Akbank's system of risk control and risk management is designed to be fully integrated into its internal systems for planning, management and control.

The Board of Directors is responsible for Akbank's fundamental approach to risk identification, risk principles and the determination of risk appetite and capacity. The Board of Directors manages risk through the ERC supported by the Risk Management Office. Akbank's risk management function is independent of the commercial business lines, but at the same time is integrated into Akbank's business processes.

Risk Management Organisation

The Board of Directors and senior management are responsible for building up a risk appetite framework, developing risk management policies and strategies. The Board of Directors approves Akbank's general principles of risk control and risk management, its limits for all relevant risks and the procedures that Akbank applies in controlling and managing its risks. There are five committees which Board members attend periodically: the Audit Committee, Credit Committee, Executive Risk Committee, the Conduct Risk Management Committee and the Information Security Committee. In addition to these Board level committees, Risk Management Office, Information Risk Management Office ("**IRMO**"), Internal Control, Compliance and Internal Audit divisions report directly to the Board. The risk management organisation also encompasses the Assets and Liabilities Committee (the "**ALCO**"), the Retail Credits Committee, the Information Risk Governance Committee and the Operational Risk Committee.

Audit Committee

The Audit Committee conducts auditing and oversight activities on behalf of the Board of Directors. 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. The committee contains two boardmembers and convenes at least four times each year.

Credit Committee

The Credit Committee is comprised of two members of the Board of Directors including CEO and is responsible for lending processes at Akbank. The Credit Committee has ultimate authority to ratify lending decisions and to assess the compliance of approved loan applications with applicable legislation, banking principles, objectives and Akbank's internal lending policies. The Credit Committee is supported by an Appraisal Committee which conducts an initial assessment of loan applications submitted by the branches.

Executive Risk Committee

The Executive Risk Committee (the "**ERC**") has ultimate responsibility for risk management and reports to the Board of Directors. The ERC meets twice a year to review Akbank's position and other developments in the economy. The ERC is comprised of two Executive Board Members and CEO. The ERC establishes the policies, procedures and rules for risk management at Akbank, and develops risk management strategies which are incorporated into Akbank's long-term strategy. Subject to approval of the Board of Directors, the ERC also sets risk limits for liquidity risk, credit risk, counterparty credit risk, interest rate risk, market risk and operational risk in line with Akbank's risk appetite. Through close monitoring of the markets and overall economy, the ERC adjusts such limits as necessary. Risk limits and the implementation of risk management policies are broken down into various levels of authority within the relevant Business Units in order to enhance effectiveness. Akbank's risk positions are reported to the members of the ERC on a regular basis. Additionally, the ERC reviews the latest figures and projections for Akbank's profit and loss account and balance sheet, liquidity position, interest and foreign exchange exposures, as well as the latest analysis of yield and macroeconomic environment.

Conduct Risk Monitoring Committee

Conduct risk is defined as any action or behaviour of Akbank and its employees towards customers, stakeholders or markets that is unfair and leads to customer detriment, financial penalties or reputational damage within Akbank. The members of the Conduct Risk Monitoring Committee are Vice Chairperson of the Board, CEO, CRO and related executives. This committee meets twice a year and aims to measure, monitor and decide on action plans if necessary.

Information Security Committee

Information Security Committee is established for conducting information security policy and managing information risk effectively in the name of the Board of Directors. The members of the committee are Vice Chairperson of the Board of Directors, CEO, CIRO, CRO and related executives.

Risk Management Office

The Risk Management Office is responsible for identifying, measuring, modelling, monitoring, managing and reporting all major risk types. Within this Office, there are separate teams for credit risk, liquidity risk, interest rate risk, market risk, counterparty credit risk, operational risk and other material risks for Akbank. The Office is also responsible for developing risk management systems and infrastructure, analysing results and reporting on the management and integration of the risks. Additionally, the Office has responsibility for on-going work within the framework of compliance with the Basel Guidelines, as implemented in Turkey and for handling Akbank's relationships with the Turkish regulatory authorities, principally the BRSA and the Central Bank.

Information Risk Management Office

The IRMO reports directly to Board through the Chief Information Risk Officer (the "**CIRO**"). The coverage area of this organisation is not only information security but, rather, the broader information risk. The advantages of having such an organisation are: governance and coordination of all information risk management activities, closer Board oversight (Especially for Information Security), strong coordination with Information Risk Governance Committee.

The responsibilities of the IRMO include:

- Providing an information risk perspective to the Board and establishing the processes, tools and systems required to identify, assess, measure, manage, monitor and report information risks;

- Implementing security technologies and security threat and incident management via the Security Operations Center;

- Owning the process for developing information risk policies and procedures and approval authorities;

- Performing necessary controls via an "Information Systems Control" function to identify and reporting information risks within the organisation, including those necessary for compliance with relevant regulations and legislation. With these activities, the IRMO ensures that information risk policies and controls are being delivered by responsible parties in the businesses;

- Coordinating the follow-up of the actions notified by the official institutions, especially by the BRSA; and

- Implementing and following necessary controls and actions to prevent external fraud and protect Akbank's customers.

Internal Control

Internal control is carried out by the Internal Control Division (the "**ICD**"), which is independent of all business and management units and reports directly to the Audit Committee. The ICD is intended to ensure that Akbank is able to achieve its goals, sustainable customer relationship and long-term profitability targets in a safe, prudent and controllable manner by ensuring that business operations are efficient and effective, recorded transactions are accurate, all financial and management reporting is reliable and complete and Akbank complies with applicable laws, regulations, internal policies, and procedures. Besides its headquarters in İstanbul, ICD carries out its activities from various regions of Turkey.

The ICD consists of three teams, namely Branch Controls (Branch Control Tests & Monitoring Systems & Analytical Reporting), Head Office and Process Controls. ICD personnel comprises one Chairperson, three Vice Chairmen, eight managers, and 51 controllers.

Branch Control Tests comprises two different control approaches/teams, which are on-site and off-site (remote) control tests. Both control tests are carried out in branches that belong to 19 regional offices as well as corporate, commercial, and private branches. All core banking functions/processes of the branches (deposits, consumer and corporate loans, bank and credit cards, insurance, accounting, digital channels, treasury and derivative products and payment systems) are controlled and evaluated.

In addition to Branch Control Tests, starting from 2018, with the help of in-house monitoring systems, namely Employee Fraud, Device Monitoring, Transactions and the Cash Operation Centre Monitoring Systems- the trends and anomalies in respective areas can effectively be monitored and communicated.

Also, a specialised team named Analytical Reporting, carries out centralised monitoring projects on the basis of the data taken from different operating areas within Akbank's database with the aim of mitigating operational, credit and internal fraud risks throughout Akbank.

Head office and process controls consist of the establishment and execution of an effective control environment for the processes of Akbank, risk recognition and assessment, control activities, monitoring and remediation.

Head office and process controllers make control tests for control the following Bank processes: deposit process, consumer/corporate credit process, accounting process, bank and credit cards process, merchant process, financial reporting process, insurance process, foreign trade, treasury/securities and fund management process and conduct risk process. Misselling controls are made through monitoring systems, recommendations are made for process improvements and actions are taken for a good customer experience. Malta Branch activities are also subjected to routine control tests to evaluate the existence and adequacy of the control points in its processes. In addition to those processes, new procedures and workflows to be established in Akbank are also evaluated by ICD controllers.

Akbank's Regulatory Affairs team became a part of the ICD in May 2014, having previously been a separate division. The Regulatory Affairs team facilitates communication with regulators and provides information on regulatory issues.

Internal Audit

The Board of Internal Audit (the "**BIA**") audits Akbank's head office units, domestic and foreign branches, the companies under its control and the business activities of all units with respect to compliance with Akbank's mission, strategies and policies, as well as relevant laws and regulations. The BIA's function is to support Akbank by providing internal audit and consulting services in compliance with international standards and to ensure that the Board of Directors' objectives and policies prevail throughout the organisation.

The BIA reports directly to the Board of Directors through the Board Member in Charge of Internal Audit and Audit Committee, but also shares the findings of its audits with the top management and, unless confidential, with the audited units. The BIA also provides copies of auditor reports to the public authorities such as the BRSA. The BIA personnel comprises one Chief Audit Executive, five deputy heads and 108 auditors.

The BIA evaluates risk management, internal control and governance processes in accordance with the BRSA directives and Audit Charter of Akbank. While auditing Akbank's branches in a risk-oriented manner, the Board of Internal Audit also examines systems, models and many of the activities of Akbank's head office and subsidiaries. Additionally, the Central Auditing Unit assesses the loan portfolio according to rating classes, industry sectors, categorisation types among other criteria, manages R&D and examines processes products and applications. The financial statements and accounting system are also reviewed through financial statement auditing. Furthermore, IT practices are audited through the evaluation of information systems security and IT processes. The BIA is also responsible for conducting fraud investigations and inquiries.

Evaluating Loan Approval Processes. Audit procedures for loan approval processes are as follows:

- Department/Process Audit: departments which are in charge of granting loans and the loan approval processes for Corporate, Commercial and SME loans, consumer loans and credit cards are evaluated and audited in terms of, among other things, efficiency of workflows, policies and procedures and governance of human resources and organisation;

- Branch Audit: branches in charge of providing loans which are approved by branch directors, regional directorates, head office or board of directors are evaluated and audited in terms of, among other things, governance, risk management, internal controls and the creditworthiness of the portfolio;

- Model Audit: scoring/rating models are evaluated and audited in terms of, among other things, managerial processes, strategy, policies, data collection, design, analysis, modelling, validation, calibration and reporting;

- Portfolio Audit: credit portfolio as a whole and/or sub portfolios which have been broken down according to markets, regions, scores/ratings are evaluated and audited in terms of, among other things, credit worthiness, capability to be repaid and profitability; and

- Product and Campaign Audit: products and campaigns which have been designed to promote the growth of loan portfolios are evaluated and audited based on the corresponding loan repayment schedules and compliance with existing criteria.

Allegations of Illegal Conduct. A separate team within the BIA deals with customer and/or employee complaints, which are processed according to their seriousness and importance. Separately, fraudulent activities and other breaches of applicable rules and legislation are evaluated by internal auditors, following which further investigations and enquiries may be made.

Significant Outstanding Matters. Significant outstanding matters are categorised in terms of importance and risk level. Findings from head office and subsidiary audits are categorised as low, moderate or high risk. Findings from branch audits are rated on a scale from one to five, from very low risk to very high risk.

Outstanding matters categorised as "high" or "5" are processed as follows: (i) results of subsidiaries' audits are reported via internal memoranda and executive summary to the Board of Directors; (ii) results of branch audits are reported, considering the control deficiencies and the importance of the findings, to the executive management via an executive summary; and (iii) results of important investigations and enquires are reported to the Board of Directors via an internal memorandum.

These matters are also uploaded to an internal network (intranet), and the action dates given and uploaded to this intranet system by the relevant business lines and their progress is closely monitored. If necessary measures have not been taken, the reasons for not taking such measures are questioned and additional information is requested.

Following the meeting of the Audit Committee which takes place each quarter, the Board of Directors is informed of any outstanding high-risk findings.

Assets and Liabilities Committee

The primary objective of Akbank's asset and liability management is to satisfy the dual requirements of controlling exposure to liquidity and market risks whilst maximising profitability by the appropriate holdings of assets and liabilities. Akbank aims to maintain a structure of assets and liabilities that optimises both long-term and short-term profitability while minimising income volatility within the constraints of general market conditions. Akbank monitors and manages the mismatch of maturities in order to minimise the effect of these risks on profitability, while maintaining sufficient liquidity and capital adequacy. Through Akbank's asset and liability management activities, the balance sheet is structured taking into account interest rate, liquidity and foreign exchange risks as well as demand for credit, existing asset and liability positions, and general market conditions.

In order to achieve the primary objective of Akbank's asset and liability management, the ALCO manages adherence to risk limits by the various Business Units of Akbank. The ALCO's responsibilities include developing investment, pricing and funding strategies and making decisions on day-to-day liquidity management. The ALCO consists of CEO, EVP in charge of Treasury, CFO and each of EVPs in charge of Retail Banking, Corporate & Investment Banking, Commercial Banking, Private Banking & Wealth Management, Strategy, Digital Banking and Payment Systems and Chief Risk Officer ("**CRO**"). The ALCO meets twice a week to review the latest data on its liquidity position, interest rate risk exposures, credit exposures and to discuss developments in the macroeconomic environment.

Retail Credits Committee

The Retail Credits Committee evaluates macroeconomic indicators, market conditions, portfolio growth and risk limits to decide on retail credit politics. The analyses are conducted by Credits Department and validated by Risk Management Office. The Retail Credits Committee consists of CRO and EVPs in charge of Credit Underwriting, Retail Banking, Credit Monitoring and Collection, Digital Banking and Payment Systems.

Market Risk Committee

The Market Risk Committee monitors market and interest rate risk, evaluates the analysis of risks and proposes measures for risk mitigation. In addition to risk monitoring, the committee provides alternative scenarios and revisions for risk limits. The Market Risk Committee meets quarterly and consists of CRO, CFO and EVP in charge of Treasury.

Information Risk Governance Committee

Information risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of Information Technology within an organisation. Akbank has an independent unit named IRMO (Information Risk Management Office), which is described above. It is responsible for information risk management and reports directly to the Board. Regular members include CIRO, CRO, CFO, CIO, Head of Internal Control, Head of Human and Culture and Legal Affairs Manager. The committee meets quarterly and is responsible for effective information risk management, developing risk policies and procedures.

Operational Risk Committee

Operational Risk Committee monitors operational risk, evaluates inherent risks and proposes measures for risk mitigation. In addition to risk monitoring, the committee also determines risk policies and procedures and reviews alternative risk scenarios. The Operational Risk Committee meets quarterly and consists of CRO, CFO, CIO, Head of Internal Control and EVP in charge of Human and Culture.

Credit Risk

Credit risk is the risk that counterparties may be unable to meet their obligations in accordance with the terms of their agreements with Akbank.

Akbank's exposure to credit risk is concentrated in Turkey, where the majority of Akbank's activities are carried out. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, economic group, industry or country. Credit risks are determined for each individual customer, enterprise and economic group separately. Credit risk is generally diversified due to the large number of entities comprising the customer base across the Corporate, Commercial, SME and Private Banking and Retail Banking reporting segments, and their diversification across different industries and geographic areas and by size.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed by obtaining collateral such as mortgages, corporate and personal guarantees and other security where appropriate. For example, approximately 50% of Akbank's Corporate portfolio and approximately 90% of its Commercial and SME portfolios are collateralised, according to Akbank's management estimates.

Various application and behavioural scorecards are in use at Akbank to improve its loan evaluation and underwriting, loan monitoring, collection, pricing and IFRS 9 processes. The models include corporate, commercial, and small business rating models, consumer loans, overdraft and credit cards applications models, and behavioural models for the Retail and Corporate Banking portfolios. The performances of the rating models are monitored periodically, and when found necessary models are redeveloped/realigned. Akbank believes that by using advanced models, it can better assess the creditworthiness of its loan customers. For this purpose, Akbank has started to develop rating models/scorecards with Machine Learning ("**ML**") algorithms and has embedded ML models into certain daily processes of the bank.

IFRS 9

Rating models are at the core of IFRS 9 Expected Credit Loss calculations. PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) models used in IFRS 9 processes are reviewed and revised on at least an annual basis and more frequently if needed. Akbank also uses macro-economic models (projections) for the next three years for provision calculations. In terms of forming different scenarios for calculation, there are three versions, namely base, favourable and adverse scenarios with different weights.

Market Risk

Banks are exposed to market risk due to movements in foreign currency exchange rates, interest rates and market prices for stocks.

Akbank measures market risk according to both the "Internal Model" and the "Standard Model" (also known as the regulatory model).

Internal Model

The internal model calculates market risk on the basis of the VaR methodology. Akbank uses the VaR to measure the potential loss in value of a particular asset or portfolio from adverse market movements over a specified period for a given confidence interval. For example, when the VaR for an asset is U.S.$100 million at a one-week, 99% confidence level, it means that there is only a 1% chance that the value of the asset will decrease more than U.S.$100 million over any given week.

Akbank applies historical simulation models for VaR calculations. Akbank uses software that can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of a 99% confidence interval and a ten-day retention period. VaR is reported to senior management on a daily basis in order to assess the possible expected loss. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which can have a significant impact. Retrospective tests of model outputs are performed regularly.

Standard Model

For regulatory capital adequacy calculations, Akbank uses its standard model which is similar to the capital adequacy framework commonly known as Basel 2.5, designed to measure market risks on a monthly basis taking into account interest rate risks, currency risks, equity risks and specific risk.

The Risk Management Office prepares market risk analysis reports according to the standard model in line with BRSA requirements.

Currency Risk

Foreign currency-denominated assets and liabilities, together with forward purchase and sale commitments, give rise to foreign exchange exposure. This risk is managed by using natural hedges that arise from offsetting foreign currency-denominated assets and liabilities, and the remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps. The Board of Directors, taking into account the recommendations from the ERC, sets limits for the size of foreign exchange exposure, which are closely monitored by the ALCO.

Foreign exchange risk exposure is measured in terms of both aggregate foreign currency open position and foreign currency open position for each currency. There are separate limits for both aggregate and individual exposures set in compliance with the legal standard ratio of net foreign currency position. According to the applicable regulatory limits, Turkish banks can carry a maximum of 20% net open position relative to their capital base. However, Akbank has traditionally maintained a nearly square open position.

The ERC sets the maximum foreign currency open position limit (short or long). The ERC also determines under what circumstances the maximum amount can be utilised. This overall limit is generally broken down into two authority levels; the initial level is the open position limit assigned to EVP in charge of Treasury under his/her discretion in order to respond to market developments and fluctuations. The second level is the remaining portion of the overall limit, which is under the authority of the ALCO and it is monitored on a daily basis.

The tables below summarise Akbank's exposure to foreign currency exchange rate risk as at 31 March 2021 and as at 31 December 2020, 2019 and 2018. Included in the table are Akbank's assets and liabilities and shareholders' equity shown at carrying amounts categorised by currency.

	As at 31 March 2021			
	EUR	**USD**	**Other FC[(1)]**	**Total**
	(TL thousands)			
Assets				
Cash Equivalents and Central Bank[(1)]	17,095,003	23,262,681	2,849,680	**43,207,364**
Banks	6,071,673	18,325,483	1,163,708	**25,560,864**
Financial Assets at Fair Value through Profit or Loss (Net)	18,723	7,866,416	-	**7,885,139**
Interbank Money Market Placements	-	-	-	**-**
Financial Assets measured at other comprehensive income	2,357,849	33,110,317	1,524,987	**36,993,153**
Loans[(2)]	68,484,318	44,490,139	55,821	**113,030,278**
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	**-**
Financial assets measured at amortised cost	94,424	6,877,234	-	**6,971,658**
Hedging Derivative Financial Assets	-	-	165,979	**165,979**
Tangible Assets (Net)	38,309	17,764	-	**56,073**
Intangible Assets (Net)	5,342	7	-	**5,349**
Other Assets [(3)]	(758,882)	3,942,423	34,928	**3,218,469**
Total Assets	**93,406,759**	**137,892,464**	**5,795,103**	**237,094,326**
Liabilities				
Bank Deposits [(4)]	1,167,177	5,625,954	2,188,026	**8,981,157**
Foreign Currency Deposits [(5)]	61,201,092	99,003,004	21,859,705	**182,063,801**
Funds from Interbank Money Market	1,961,287	15,691,232	-	**17,652,519**
Borrowings	11,407,753	32,059,721	-	**43,467,474**
Marketable Securities Issued (Net) [(6)]	97,828	20,357,819	-	**20,455,647**
Miscellaneous Payables	3,140,029	6,681,258	6,929	**9,828,216**
Hedging Derivative Financial Liabilities	-	663,046	-	**663,046**
Other Liabilities	1,302,483	2,490,906	6,261	**3,799,650**
Total Liabilities	**80,277,649**	**182,572,940**	**24,060,921**	**286,911,510**
Net on Balance Sheet Position	**13,129,110**	**(44,680,476)**	**(18,265,818)**	**(49,817,184)**
Net off-Balance Sheet Position	**(12,995,384)**	**49,487,097**	**18,799,691**	**55,291,404**

Notes:

(1) Of the Cash Equivalents and Central Bank and Other FC, TL 2,494,177 (31 December 2020: TL 2,173,647) are precious metal deposit account in demand.
(2) The foreign currency indexed loans balance in the Turkish Lira accounts is TL 488,076 (31 December 2020: TL 554,548).
(3) Derivative financial assets and expected credit losses are classified under other assets. The expected loss amount of foreign currency indexed loans balance is TL 8,390 (31 December 2020: TL 9,785). Prepaid assets amounted TL 55,290 (31 December 2020: TL 62,570) is excluded in the financial statements.
(4) Of Bank Deposits Other FC of the TL 23,283 (31 December 2020: TL 22,911) and the foreign currency deposits TL 17,409,954 (31 December 2020: TL 17,561,462) are precious metal deposit account in demand.
(5) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(6) 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.

	As at 31 December 2020			
	EUR	**USD**	**Other FC[(1)]**	**Total**
	(TL thousands)			
Assets				
Cash Equivalents and Central Bank	17,494,677	23,266,567	2,516,447	**43,277,691**
Banks	3,601,136	7,482,174	1,320,528	**12,403,838**
Financial Assets at Fair Value through Profit or Loss (Net)	70,541	7,841,975	-	**7,912,516**
Interbank Money Market Placements	-	-	-	**-**

Financial Assets measured at other comprehensive income	4,616,068	28,251,236	1,586,516	**34,453,820**
Loans	60,596,698	38,281,612	62,632	**98,940,942**
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost	1,231,959	6,129,992	-	**7,361,951**
Hedging Derivative Financial Assets	-	-	12,998	**12,998**
Tangible Assets (Net)	36,733	17,799	-	**54,532**
Intangible Assets (Net)	5,247	9	-	**5,256**
Other Assets	2,788,091	6,375,343	4,072	**9,167,506**
Total Assets	**90,441,150**	**117,646,707**	**5,503,193**	**213,591,050**
Liabilities				
Bank Deposits	1,625,849	6,430,640	2,405,906	**10,462,395**
Foreign Currency Deposits	59,198,667	92,710,618	21,785,555	**173,694,840**
Funds from Interbank Money Market	1,470,384	15,407,153	-	**16,877,537**
Borrowings	10,302,173	29,593,030	-	**39,895,203**
Marketable Securities Issued (Net) (2)	92,203	18,219,500	-	**18,311,703**
Miscellaneous Payables	3,026,859	2,869,695	123,574	**6,020,128**
Hedging Derivative Financial Liabilities	156,928	858,251	-	**1,015,179**
Other Liabilities	1,831,580	1,551,988	28,222	**3,411,790**
Total Liabilities	**77,704,643**	**167,640,875**	**24,343,257**	**269,688,775**
Net on Balance Sheet Position	**12,736,507**	**(49,994,168)**	**(18,840,064)**	**(56,097,725)**
Net off-Balance Sheet Position	**(14,675,745)**	**57,816,372**	**18,840,769**	**61,981,396**

	As at 31 December 2019			
	EUR	**USD**	**Other FC (1)**	**Total**
		(TL thousands)		
Assets				
Cash Equivalents and Central Bank	9,942,565	16,281,123	1,427,015	**27,650,703**
Banks	6,241,860	9,244,553	2,361,889	**17,848,302**
Financial Assets at Fair Value through Profit or Loss (Net)	76,564	6,992,556	-	**7,069,120**
Interbank Money Market Placements	-	-	-	-
Financial Assets measured at other comprehensive income	5,340,645	25,018,710	955,812	**31,315,167**
Loans	49,359,650	37,056,191	99,635	**86,515,476**
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost	34,448	3,726,311	-	**3,760,759**
Hedging Derivative Financial Assets	83,764	35,156	65,807	**184,727**
Tangible Assets (Net)	46,194	6,976	-	**53,170**
Intangible Assets (Net)	4,867	16	-	**4,883**
Other Assets	1,867,752	4,935,184	2,322	**6,805,258**
Total Assets	**72,998,309**	**103,296,776**	**4,912,480**	**181,207,565**
Liabilities				
Bank Deposits	2,222,713	1,135,325	2,468,154	**5,826,192**
Foreign Currency Deposits	54,008,179	81,655,611	7,368,072	**143,031,862**
Funds from Interbank Money Market	1,480,827	7,862,525	-	**9,343,352**
Borrowings	7,595,238	26,692,628	-	**34,287,866**
Marketable Securities Issued (Net) (2)	67,154	13,927,049	-	**13,994,203**
Miscellaneous Payables	2,628,523	1,109,794	9,193	**3,747,510**
Hedging Derivative Financial Liabilities	-	244,871	-	**244,871**
Other Liabilities	983,381	1,046,532	38,430	**2,068,343**
Total Liabilities	**68,986,015**	**133,674,335**	**9,883,849**	**212,544,199**
Net on Balance Sheet Position	**4,012,294**	**(30,377,559)**	**(4,971,369)**	**(31,336,634)**
Net off-Balance Sheet Position	**(1,675,480)**	**30,698,654**	**4,940,754**	**33,963,928**

Notes:

(1) "Other" includes GBP, JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.
(2) Including subordinated loans.

	As at 31 December 2018			
	EUR	**USD**	**Other FC(1)**	**Total**
		(TL thousands)		
Assets				

Cash Equivalents and Central Bank	9,326,100	12,382,346	3,680,044	25,388,490
Banks	4,107,382	13,347,369	1,492,441	18,947,192
Financial Assets at Fair Value through Profit or Loss (Net)	-	137,461	-	137,461
Interbank Money Market Placements	-	539,374	-	539,374
Financial Assets measured at other comprehensive income	5,391,376	13,703,750	623,000	19,718,126
Loans	47,130,022	43,377,526	41,218	90,548,766
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost	951,599	5,369,038	-	6,320,637
Hedging Derivative Financial Assets	337	296,048	68,272	364,657
Tangible Assets (Net)	724	7,039	-	7,763
Intangible Assets (Net)	5,570	24	-	5,594
Other Assets	5,912,694	7,436,714	7,180	13,356,588
Total Assets	**72,825,804**	**96,596,689**	**5,912,155**	**175,334,648**
Liabilities				
Bank Deposits	2,297,302	2,089,238	1,917,785	6,304,325
Foreign Currency Deposits	39,683,901	76,413,283	4,843,763	120,940,947
Funds from Interbank Money Market	1,212,378	9,144,340	-	10,356,718
Borrowings	10,451,055	32,440,600	1,515	42,893,170
Marketable Securities Issued (Net) (2)	60,868	12,805,970	134,358	13,001,196
Miscellaneous Payables	2,451,422	840,953	5,739	3,298,114
Hedging Derivative Financial Liabilities	-	41,041	-	41,041
Other Liabilities	1,002,239	1,135,127	70,137	2,207,503
Total Liabilities	**57,159,165**	**134,910,552**	**6,973,297**	**199,043,014**
Net on Balance Sheet Position	**15,666,639**	**(38,313,863)**	**(1,061,142)**	**(23,708,366)**
Net off-Balance Sheet Position	**(13,231,096)**	**38,120,115**	**831,974**	**25,720,994**

Notes:

(1) "Other" includes GBP, JPY, CHF, NOK, SEK, DKK, CAD, AUD, SAR.
(2) Including subordinated loans.

Interest Rate Risk

Akbank is exposed to interest rate risk either through market value fluctuations of balance sheet items, i.e. price risk, or the impact of rate changes on interest-sensitive assets and liabilities. Interest rate risk is the key component of Akbank's asset and liability management. Interest rate risk is managed on a portfolio basis by applying different strategies such as using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, or building hedge relationships in order to minimise the effects of changes in interest rates. Special emphasis is given to providing a balance between the duration of assets and liabilities. Repricing/duration, gap, sensitivity and scenario analysis are the main methods used to manage the risks.

The tables below summarise Akbank's exposure to interest rate risk as at 31 March 2021, as at 31 December 2020, 31 December 2019 and 31 December 2018. Included in the table are Akbank's assets and liabilities and shareholders' equity shown at carrying amounts categorised by currency.

	As at 31 March 2021						
	Up to 1 Month	**1 to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**5 Years and Over**	**Non-interest Bearing**	**Total**
				(TL thousands)			
Assets							
Cash Equivalents and Central Bank	5,223,012	-	-	-	-	44,876,920	**50,099,932**
Banks	4,964,888	1,447,526	-	-	-	19,809,609	**26,222,023**
Financial Assets at Fair Value through Profit or Loss (Net)	16,738	93,488	7,379,596	83,662	31,056	1,661,686	**9,266,226**
Interbank Money Market Placements	1,160	-	-	-	-	-	**1,160**
Financial Assets at measured Fair Value Other Comprehensive Income	7,124,668	5,503,575	12,187,656	27,485,203	8,872,023	527,891	**61,701,016**
Loans(1)	85,969,627	45,092,046	64,603,722	83,455,865	7,972,059	17,762,044	**304,855,363**
Financial Assets measured at amortised cost	59,378	14,503,474	17,794,528	9,695,480	1,166,343	-	**43,219,203**

	As at 31 March 2021						
	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Non-interest Bearing	Total
				(TL thousands)			
Other Assets[(2)]	344,285	352,046	22,764,337	5,181,751	34,057	(6,751,605)	**21,924,871**
Total Assets	**103,703,756**	**66,992,155**	**124,729,839**	**125,901,961**	**18,075,538**	**77,886,545**	**517,289,794**
Liabilities							
Bank Deposits	8,435,262	1,855,826	13,486	-	-	507,602	**10,812,176**
Other Deposits	140,137,619	33,397,771	19,017,553	10,831,840	1,030,381	94,781,052	**299,196,216**
Funds from Interbank Money Market	20,767,436	7,451,198	8,016,659	794,105	-	-	**37,029,398**
Miscellaneous Payables	45,459	26,868	8,138,777	1,083,490	18,041	7,707,755	**17,020,390**
Marketable Securities Issued (Net) [(3)]	2,483,470	1,935,183	763,328	7,382,633	14,351,549	13,441	**26,929,604**
Borrowings	15,582,781	22,926,780	3,756,549	1,766,136	-	-	**44,032,246**
Other Liabilities[(4)]	250,628	100,086	11,086,325	1,682,477	549,562	68,600,686	**82,269,764**
Total Liabilities	**187,702,655**	**67,693,712**	**50,792,677**	**23,540,681**	**15,949,533**	**171,610,536**	**517,289,794**
Balance Sheet Long Position	-	-	73,937,162	102,361,280	2,126,005	-	**178,424,447**
Balance Sheet Short Position	(83,998,899)	(701,557)	-	-	-	(93,723,991)	**(178,424,447)**
Off- Balance Sheet Long Position	(89)	56,829	16,083,072	(12,757)	-	-	**16,127,055**
Off-Balance Sheet Short Position	(10,576)	(352)	(21,038)	(833,022)	-	-	**(864,988)**
Total Position	**(84,009,564)**	**(645,080)**	**89,999,196**	**101,515,501**	**2,126,005**	**(93,723,991)**	**15,262,067**

Notes:

(1) 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 at 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.
(2) Derivative financial assets and expected credit losses are classified under other assets.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

	As at 31 December 2020						
	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Non-interest Bearing	Total
				(TL thousands)			
Assets							
Cash Equivalents and Central Bank	2,627,707	-	-	-	-	45,048,614	**47,676,321**
Banks	28,207	1,118,581	-	-	-	16,269,287	**17,416,075**
Financial Assets at Fair Value through Profit or Loss (Net)	16,862	20,202	7,426,015	107,610	48,403	1,560,320	**9,179,412**
Interbank Money Market Placements	488,547	-	-	-	-	-	**488,547**
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	**58,204,145**
Loans[(1)]	75,512,873	34,422,911	71,705,957	78,477,567	6,688,433	18,008,342	**284,816,083**
Financial Assets measured at amortised cost	8,835,555	2,287,297	19,059,289	10,526,018	1,176,900	-	**41,885,059**
Other Assets[(2)]	5,571,782	8,977,709	6,301,169	3,173,131	105,494	(5,478,352)	**18,650,933**
Total Assets	**102,457,964**	**52,274,057**	**114,906,577**	**116,448,172**	**16,314,882**	**75,914,923**	**478,316,575**
Liabilities							
Bank Deposits	7,795,846	3,792,220	704,937	-	-	280,804	**12,573,807**
Other Deposits	134,522,966	32,469,410	11,968,798	8,870,972	1,085,209	91,027,845	**279,945,200**
Funds from Interbank Money Market	10,019,030	7,416,294	2,730,948	741,072	-	-	**20,907,344**
Miscellaneous Payables	1,947,451	2,340,060	1,247,428	227,435	-	7,238,271	**13,000,645**
Marketable Securities Issued (Net) [(3)]	3,013,848	2,526,286	1,082,283	8,996,764	10,390,107	15,343	**26,024,631**
Borrowings	13,819,271	20,707,922	4,445,398	1,290,023	-	-	**40,262,614**
Other Liabilities[(4)]	4,460,892	6,732,581	3,947,744	865,978	574,419	69,020,720	**85,602,334**
Total Liabilities	**175,579,304**	**75,984,773**	**26,127,536**	**20,992,244**	**12,049,735**	**167,582,983**	**478,316,575**
Balance Sheet Long Position	-	-	88,779,041	95,455,928	4,265,147	-	**188,500,116**
Balance Sheet Short Position	(73,121,340)	(23,710,716)	-	-	-	(91,668,060)	**(188,500,116)**
Off- Balance Sheet Long Position	3,900,378	11,078,296	77,555	2,827,555	56,135	-	**17,939,919**
Off-Balance Sheet Short Position	193,278	9,140	(8,572,053)	37,805	8,202	-	**(8,323,628)**
Total Position	**(69,027,684)**	**(12,623,280)**	**80,284,543**	**98,321,288**	**4,329,484**	**(91,668,060)**	**9,616,291**

Notes:

(1) 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 at 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.
(2) Derivative financial assets and expected credit losses are classified under other assets.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

	As at 31 December 2019						
	Up to 1 Month	**1 to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**5 Years and Over**	**Non-interest Bearing**	**Total**
				(TL thousands)			
Assets							
Cash Equivalents and Central Bank....	726,416	-	-	-	-	29,167,513	**29,893,929**
Banks	3,978,963	13,417	-	-	-	13,948,294	**17,940,674**
Financial Assets at Fair Value through Profit or Loss (Net)	20,042	2,672	6,860,315	121,421	27,121	233,268	**7,264,839**
Interbank Money Market Placements .	21,263	44,857	-	-	-	-	**66,120**
Financial Assets at measured Fair Value Other Comprehensive Income ..	5,617,995	5,626,542	20,937,234	25,214,664	9,680,956	441,049	**67,518,440**
Loans(1)..	64,889,342	24,291,100	51,365,711	69,302,548	6,506,434	15,561,482	**231,916,617**
Financial Assets measured at amortised cost	2,843,838	1,155,013	6,008,502	4,907,947	659,558	-	**15,574,858**
Other Assets(2)	5,442,631	6,180,818	4,844,638	2,885,880	1,066,276	(3,423,283)	**16,996,960**
Total Assets......................................	**83,540,490**	**37,314,419**	**90,016,400**	**102,432,460**	**17,940,345**	**55,928,323**	**387,172,437**
Liabilities							
Bank Deposits	3,296,911	1,664,155	258,941	-	-	1,555,546	**6,775,553**
Other Deposits...................................	132,490,853	33,970,761	11,311,844	7,469,389	980,691	51,713,242	**237,936,780**
Funds from Interbank Money Market.	2,997,414	4,393,016	2,226,509	-	-	489,611	**10,106,550**
Miscellaneous Payables	891,208	1,363,963	1,111,225	176,860	2,155	5,607,451	**9,152,862**
Marketable Securities Issued (Net) (3)	4,474,181	1,136,751	246,560	4,878,114	8,182,873	-	**18,918,479**
Borrowings..	11,396,262	20,443,056	1,883,764	1,028,179	85,220	-	**34,836,481**
Other Liabilities(4)..............................	1,973,290	3,799,673	3,277,469	649,051	633,535	59,112,714	**69,445,732**
Total Liabilities................................	**157,520,119**	**66,771,375**	**20,316,312**	**14,201,593**	**9,884,474**	**118,478,564**	**387,172,437**
Balance Sheet Long Position	-	-	69,700,088	88,230,867	8,055,871	-	165,986,826
Balance Sheet Short Position.............	(73,979,629)	(29,456,956)	-	-	-	(62,550,241)	**(165,986,826)**
Off- Balance Sheet Long Position	6,118,715	8,950,376	-	1,876,541	921,275	-	**17,866,907**
Off-Balance Sheet Short Position	(37,065)	(14,222)	(7,849,822)	-	-	-	**(7,901,109)**
Total Position................................	**(67,897,979)**	**(20,520,802)**	**61,850,266**	**90,107,408**	**8,977,146**	**(62,550,241)**	**9,965,798**

Notes:

(1) 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 at 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.
(2) Derivative financial assets and expected credit losses are classified under other assets.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

	As at 31 December 2018						
	Up to 1 Month	**1 to 3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**	**5 Years and Over**	**Non-interest Bearing**	**Total**
				(TL thousands)			
Assets							
Cash Equivalents and Central Bank....	14,451,277	-	-	-	-	15,662,547	**30,113,824**
Banks	5,669,725	691,374	-	-	-	12,598,299	**18,959,398**
Financial Assets at Fair Value through Profit or Loss (Net)	7,759	4,134	10,113	-	-	156,810	**178,816**
Interbank Money Market Placements .	544,657	-	-	-	-	-	**544,657**
Financial Assets at measured Fair Value Other Comprehensive Income ..	3,678,381	4,880,167	13,649,466	15,263,375	6,617,448	251,205	**44,340,042**
Loans(1)..	58,270,975	25,574,235	58,416,662	63,467,197	7,843,859	363,816	**213,936,744**
Financial Assets measured at amortised cost	2,486,106	1,484,991	4,220,066	2,968,019	1,104,299	-	**12,263,481**
Other Assets(2)	6,154,935	10,223,954	5,407,231	2,593,071	2,392,992	7,572,465	**34,344,648**
Total Assets......................................	**91,263,814**	**42,858,855**	**81,703,538**	**84,291,662**	**17,958,598**	**36,605,142**	**354,681,610**
Liabilities							

	As at 31 December 2018						
	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Non-interest Bearing	Total
				(TL thousands)			
Bank Deposits	4,793,806	1,364,602	406,303	-	-	1,486,674	**8,051,385**
Other Deposits	113,941,371	24,915,246	18,030,445	5,511,751	535,332	37,644,369	**200,578,514**
Funds from Interbank Money Market	6,411,083	4,890,617	2,529,534	443,782	-	-	**14,275,016**
Miscellaneous Payables	1,144,009	1,264,025	730,525	186,714	4,232	4,679,675	**8,009,180**
Marketable Securities Issued (Net) [(3)]	764,991	2,408,787	566,668	6,802,096	7,313,382	-	**17,855,924**
Borrowings	6,007,889	28,133,604	8,091,870	1,220,030	196,490	-	**43,649,883**
Other Liabilities[(4)]	3,295,363	5,533,259	3,363,956	991,854	90,491	48,986,785	**62,261,708**
Total Liabilities	**136,358,512**	**68,510,140**	**33,719,301**	**15,156,227**	**8,139,927**	**92,797,503**	**354,681,610**
Balance Sheet Long Position	-	-	47,984,237	64,816,933	10,184,783	-	**126,938,343**
Balance Sheet Short Position	(45,094,697)	(25,651,285)	-	-	-	(56,192,361)	**(126,938,343)**
Off- Balance Sheet Long Position	9,526,754	12,226,615	-	1,712,968	1,699,121	-	**25,165,458**
Off-Balance Sheet Short Position	-	-	(11,734,925)	-	-	-	**(11,734,925)**
Total Position	**(35,567,943)**	**(13,424,670)**	**36,249,312**	**70,848,403**	**11,517,792**	**(56,192,361)**	**13,430,533**

Notes:

(1) 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 at 1 January 2018, said amount was indicated on "without interest" column since there is no other suitable column in the above table.
(2) Derivative financial assets and expected credit losses are classified under other assets.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' equity is presented under "Other liabilities" item at "Non-interest bearing" column.

The tables below summarise the range for effective average interest rates by major currencies for monetary financial instruments as at 31 March 2021 and as at 31 December 2020, 2019 and 2018, respectively:

	As at 31 March 2021			
	EUR	USD	YEN	TL
		(%)		
Assets				
Cash Equivalents and Central Bank	-	-	-	13.50
Banks	0.42	0.34	-	18.76
Financial Assets at Fair Value Through Profit or Loss (Net)	3.42	4.09	-	21.58
Interbank Money Market Placements	-	-	-	18.73
Financial Assets at Fair Value Other Comprehensive Income	3.08	4.85	3.09	13.67
Loans	3.96	5.69	-	14.67
Financial Assets measured at amortised cost	4.29	5.86	-	11.94
Liabilities				
Bank Deposits	0.42	0.98	-	16..66
Other Deposits	0.20	0.89	0.01	12.94
Funds from Interbank Money Market	-	0.96	-	18.87
Miscellaneous Payables	-	0.08	-	-
Marketable Securities Issued (Net)	4.00	6.21	-	15.98
Borrowings	2.10	2.42	-	14.00

	As at 31 December 2020			
	EUR	USD	YEN	TL
		(%)		
Assets				
Cash Equivalents and Central Bank	-	-	-	12.00
Banks	0.47	0.54	-	17.36
Financial Assets at Fair Value Through Profit or Loss (Net)	3.36	5.80	-	14.92
Interbank Money Market Placements	-	-	-	17.97
Financial Assets at Fair Value Other Comprehensive Income	2.92	5.20	3.09	12.75
Loans	3.78	5.15	7.69	13.21
Financial Assets measured at amortised cost	1.70	5.86	-	12.18

Liabilities				
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

	As at 31 December 2019			
	EUR	**USD**	**YEN**	**TL**
		(%)		
Assets				
Cash Equivalents and Central Bank	-	-	-	10
Banks	0.03	1.41	-	10.7
Financial Assets at Fair Value Through Profit or Loss (Net)	0.9	5.62	-	11.17
Interbank Money Market Placements	-	-	-	17.78
Financial Assets at Fair Value Other Comprehensive Income	2.7	5.2	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
Liabilities				
Bank Deposits	0.05	2.15	-	9.43
Other Deposits	0.36	1.7	-	8.42
Funds from Interbank Money Market	0.21	2.34	-	9.64
Miscellaneous Payables	-	2.16	-	-
Marketable Securities Issued (Net)	4	5.68	-	12.14
Borrowings	2.11	4.08	-	13.12

	As at 31 December 2018			
	EUR	**USD**	**YEN**	**TL**
		(%)		
Assets				
Cash Equivalents and Central Bank	-	2	-	13
Banks	0.22	2.35	-	23.83
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	13.22
Interbank Money Market Placements	-	2.27	-	23.64
Financial Assets at Fair Value Other Comprehensive Income	2.38	4.55	3.09	20.97
Loans	4.28	7.26	9.06	18.41
Financial Assets measured at amortised cost	3.58	4.89	-	26.7
Liabilities				
Bank Deposits	0.26	3.51	-	22.55
Other Deposits	0.9	3.42	0.01	17.18
Funds from Interbank Money Market	0.15	3.19	-	23.8
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	4	5.63	1.29	19.42
Borrowings	2.32	4.57	-	14.04

Liquidity Risk

Akbank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and guarantees as well as Akbank's own maturity exposures. A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available at all times to meet the commitments to customers and to satisfy our own liquidity needs. Akbank maintains cash and near cash resources to meet all of these needs.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of liquidity risk. The ability to fund Akbank's existing and prospective debt requirements is managed by seeking to maintain sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and a broad deposit base, and the ability to close out market positions. Akbank maintains additional resources to provide liquidity when necessary through allocated limits at the Central Bank. Short-term funding needs are provided using customer deposits and repos. Long-term funding is provided through deposits and long-term foreign funds. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of Akbank and its exposure to changes in interest rates and exchange rates.

Akbank's liquidity risk management policy requires Akbank to develop a policy that seeks to ensure strong liquidity levels and funds-management practices. In particular, the ERC sets limits for key risk indicators for liquidity risk management on the maturity mismatch of assets and liabilities. Akbank also seeks to maintain a diversified deposit base.

The tables below analyse assets and liabilities of Akbank into relevant maturity groupings based on the remaining period between the contractual maturity dates and the relevant balance sheet date as at 31 March 2021 and 31 December 2020, 2019 and 2018.

	As at 31 March 2021							
	Demand	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Unallocated(1)	Total
					(TL thousands)			
Assets								
Cash Equivalents and Central Bank	27,538,037	22,432,870	129,025	-	-	-	-	**50,099,932**
Banks	19,809,609	4,964,888	1,447,526	-	-	-	-	**26,222,023**
Financial Assets at Fair Value through Profit or Loss	1,661,686	9,990	49,410	7,400,066	114,018	31,056	-	**9,266,226**
Interbank Money Market Placements	-	1,160	-	-	-	-	-	**1,160**
Financial Assets measured at other comprehensive income	527,891	385,328	628,402	8,161,994	42,453,989	9,543,412	-	**61,701,016**
Loans (1)	71,428	65,221,016	36,337,336	61,696,473	97,753,139	26,085,355	17,690,616	**304,855,363**
Financial Assets measured at amortised cost	-	11,799	7,033,866	8,783,545	17,684,564	9,705,429	-	**43,219,203**
Other Assets (2)	1,650,210	344,246	-	9,803,250	10,903,257	7,112,848	(7,888,940)	**21,924,871**
Total Assets	**51,258,861**	**93,371,297**	**45,625,565**	**95,845,328**	**168,908,967**	**52,478,100**	**9,801,676**	**517,289,794**
Liabilities								
Bank Deposits	507,602	8,435,262	1,855,826	13,486	-	-	-	**10,812,176**
Other Deposits	94,781,052	140,137,619	32,800,768	19,570,213	10,876,183	1,030,381	-	**299,196,216**
Borrowings	-	5,476,946	3,765,133	15,809,709	17,839,407	1,141,051	-	**44,032,246**
Funds from Interbank Money Market	-	21,629,280	5,406,491	3,777,225	3,768,605	2,447,797	-	**37,029,398**
Marketable Securities Issued (Net) (3)	-	2,489,740	1,942,354	763,328	7,382,633	14,351,549	-	**26,929,604**
Miscellaneous Payables	1,421,266	47,054	-	1,914,923	5,538,984	1,786,401	6,311,762	**17,020,390**
Other Liabilities (4)	1,931,110	2,396,001	77,562	3,006,214	7,589,418	2,919,541	64,349,918	**82,269,764**
Total Liabilities	**98,641,030**	**180,611,902**	**45,848,134**	**44,855,098**	**52,995,230**	**23,676,720**	**70,661,680**	**517,289,794**
Net Liquidity Excess/(Gap)	**(47,382,169)**	**(87,240,605)**	**(222,569)**	**50,990,230**	**115,913,737**	**28,801,380**	**(60,860,004)**	**-**

Notes:

(1) Included lease receivables. The non-performing loans is presented "Unallocatable" column.
(2) 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.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

	As at 31 December 2020							
	Demand	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Unallocated(1)	Total
				(TL thousands)				
Assets								
Cash Equivalents and Central Bank	24,841,249	22,771,976	63,096	-	-	-	-	**47,676,321**
Banks	11,264,425	28,207	1,118,581	-	-	-	-	**12,411,213**
Financial Assets at Fair Value through Profit or Loss (Net)	1,560,320	16,393	15,941	7,428,920	109,435	48,403	-	**9,179,412**
Interbank Money Market Placements	-	488,547	-	-	-	-	-	**488,547**
Financial Assets measured at other comprehensive income	506,712	3,100,740	1,402,377	4,843,979	38,802,077	9,548,260	-	**58,204,145**
Loans(1)	128,049	55,434,659	27,255,824	67,007,590	93,682,182	23,427,486	17,880,293	**284,816,083**

	As at 31 December 2020							
	Demand	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Unallocated[1]	Total
				(TL thousands)				
Financial Assets measured at amortised cost	-	-	1,309,410	15,434,265	18,779,766	6,361,618	-	**41,885,059**
Other Assets[2]............................	2,686,155	1,314,151	3,565,714	5,712,041	11,138,189	7,026,271	(7,786,726)	**23,655,795**
Total Assets	**40,986,910**	**83,154,673**	**34,730,943**	**100,426,795**	**162,511,649**	**46,412,038**	**10,093,567**	**478,316,575**
Liabilities								
Bank Deposits............................	280,804	7,795,846	3,792,220	704,937	-	-	-	**12,573,807**
Other Deposits	91,027,845	134,522,966	32,381,372	12,011,180	8,916,628	1,085,209	-	**279,945,200**
Borrowings	-	314,521	1,884,521	20,414,317	16,499,700	1,149,555	-	**40,262,614**
Funds from Interbank Money Market	-	7,793,205	2,747,527	2,302,403	5,872,637	2,191,572	-	**20,907,344**
Marketable Securities Issued (Net)[3]	-	3,029,191	2,526,285	1,082,283	8,996,765	10,390,107	-	**26,024,631**
Miscellaneous Payables	1,276,831	1,223,429	873,858	395,793	2,275,550	993,745	5,961,439	**13,000,645**
Other Liabilities[4]	1,679,872	4,786,804	2,599,255	1,712,679	6,639,759	3,410,836	64,773,129	**85,602,334**
Total Liabilities	**94,265,352**	**159,465,962**	**46,805,038**	**38,623,592**	**49,201,039**	**19,221,024**	**70,734,568**	**478,316,575**
Net Liquidity Excess/(Gap)	**(53,278,442)**	**(76,311,289)**	**(12,074,095)**	**61,803,203**	**113,310,610**	**27,191,014**	**(60,641,001)**	**-**

Notes:

(1) Included lease receivables. The non-performing loans is presented "Unallocatable" column.
(2) 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.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

	As at 31 December 2019							
	Demand	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Unallocated[1]	Total
				(TL thousands)				
Assets								
Cash Equivalents and Central Bank	17,359,130	12,527,839	6,960	-	-	-	-	**29,893,929**
Banks..	13,948,294	3,978,963	13,417	-	-	-	-	**17,940,674**
Financial Assets at Fair Value through Profit or Loss (Net)	233,268	9,925	530	6,872,173	121,822	27,121	-	**7,264,839**
Interbank Money Market Placements.................................	-	21,263	44,857	-	-	-	-	**66,120**
Financial Assets measured at other comprehensive income.......	441,049	444,121	2,126,573	13,755,388	38,853,989	11,897,320	-	**67,518,440**
Loans[1]......................................	130,937	50,318,181	24,201,764	42,137,606	78,158,642	21,538,941	15,430,546	**231,916,617**
Financial Assets measured at amortised cost	-	147,301	280,173	3,752,287	10,735,539	659,558	-	**15,574,858**
Other Assets[2]............................	859,332	1,638,135	1,135,076	1,258,717	11,704,683	4,683,633	(4,282,616)	**16,996,960**
Total Assets	**32,972,010**	**69,085,728**	**27,809,350**	**67,776,171**	**139,574,675**	**38,806,573**	**11,147,930**	**387,172,437**
Liabilities								
Bank Deposits............................	1,555,546	3,296,911	1,664,154	258,942	-	-	-	**6,775,553**
Other Deposits	51,713,242	132,490,853	33,937,379	11,321,205	7,493,410	980,691	-	**237,936,780**
Borrowings	-	370,785	2,700,010	13,921,226	14,187,643	3,656,817	-	**34,836,481**
Funds from Interbank Money Market	-	1,209,681	654,391	2,253,559	4,236,210	1,752,709	-	**10,106,550**
Marketable Securities Issued (Net)[3]	-	4,474,181	1,136,750	246,560	4,878,115	8,182,873	-	**18,918,479**
Miscellaneous Payables	610,543	298,188	145,697	282,834	2,001,636	703,013	5,110,951	**9,152,862**
Other Liabilities[4]	528,379	2,284,987	495,401	1,231,865	5,581,003	2,372,071	56,952,026	**69,445,732**
Total Liabilities	**54,407,710**	**144,425,586**	**40,733,782**	**29,516,191**	**38,378,017**	**17,648,174**	**62,062,977**	**387,172,437**
Net Liquidity Excess/(Gap)	**(21,435,700)**	**(75,339,858)**	**(12,924,432)**	**38,259,980**	**101,196,658**	**21,158,399**	**(50,915,047)**	**-**

Notes:

(1) Included lease receivables. The non-performing loans is presented "Unallocatable" column.
(2) 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.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

	As at 31 December 2018							
	Demand	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Unallocated[1]	Total
				(TL thousands)				
Assets								
Cash Equivalents and Central Bank	18,742,274	11,232,472	139,078	-	-	-	-	**30,113,824**
Banks..	12,598,299	5,669,725	691,374	-	-	-	-	**18,959,398**
Financial Assets at Fair Value through Profit or Loss (Net)	156,810	-	-	10,113	11,893	-	-	**178,816**

	As at 31 December 2018							
	Demand	Up to 1 Month	1 to 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years and Over	Unallocated(1)	Total
				(TL thousands)				
Interbank Money Market Placements	-	544,657	-	-	-	-	-	**544,657**
Financial Assets measured at other comprehensive income	251,205	2,941	1,212,652	3,997,085	29,373,727	9,502,432	-	**44,340,042**
Loans(1)	407,234	37,596,615	24,049,587	50,028,752	78,223,864	23,674,110	(43,418)	**213,936,744**
Financial Assets measured at amortised cost	-	-	678,442	2,840,029	7,640,711	1,104,299	-	**12,263,481**
Other Assets(2)	358,452	2,921,536	1,098,924	3,471,242	12,851,902	7,980,050	5,662,542	**34,344,648**
Total Assets	**32,514,274**	**57,967,946**	**27,870,057**	**60,347,221**	**128,102,097**	**42,260,891**	**5,619,124**	**354,681,610**
Liabilities								
Bank Deposits	1,486,674	4,793,806	1,364,602	406,303	-	-	-	**8,051,385**
Other Deposits	40,647,162	110,938,582	24,885,087	18,030,441	5,541,910	535,332	-	**200,578,514**
Borrowings	-	853,715	3,130,426	19,696,579	13,969,786	5,999,377	-	**43,649,883**
Funds from Interbank Money Market	-	3,986,527	702,961	1,843,865	5,879,572	1,862,091	-	**14,275,016**
Marketable Securities Issued (Net)(3)	-	764,991	2,408,787	566,668	6,802,096	7,313,382	-	**17,855,924**
Miscellaneous Payables	177,393	5,266,600	348,566	474,823	1,157,968	583,830	-	**8,009,180**
Other Liabilities(4)	16,577	4,972,862	1,918,740	2,569,140	6,429,147	2,568,201	43,787,041	**62,261,708**
Total Liabilities	**42,327,806**	**131,577,083**	**34,759,169**	**43,587,819**	**39,780,479**	**18,862,213**	**43,787,041**	**354,681,610**
Net Liquidity Excess/(Gap)	**(9,813,532)**	**(73,609,137)**	**(6,889,112)**	**16,759,402**	**88,321,618**	**23,398,678**	**(38,167,917)**	**-**

Notes:

(1) Included lease receivables. The non-performing loans is presented "Unallocatable" column.
(2) 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.
(3) Securities issued as subordinated loan classified under subordinated loans in the balance sheet are included.
(4) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

Management believes that in spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors, together with the past experience of Akbank, provides a long-term and stable source of funding for Akbank. The major part of mandatory cash balances with the Central Bank is included within the "up to three months" column, as the majority of liabilities to which these balances relate are also included in this category.

Operational Risk

The Basel Committee defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Risk Management Office, IRMO, Internal Audit, Internal Control, Compliance and Technology and Operations Business Unit are responsible for Akbank's operational risk management framework. Akbank has implemented policies and procedures, control/check points in practice that have been developed by business units, internal audit department and internal control department.

Akbank uses Basel definitions in identifying business lines and event types. Akbank's online internal data collection system was put into place in September 2009.

For regulatory reporting purposes, the capital charge is calculated by the basic indicator approach based on the past three years' gross income. The tables below set out total risk weighted assets according to risk types (which are not calculated in accordance with IFRS but rather for regulatory capital purposes) as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 March 2021	
	(TL thousands)	*(%)*
Credit Risk	321,651,966	85.08%
Market Risk	15,562,117	4.12%
Operational Risk	40,838,939	10.80%
Total	**378,053,022**	**100.00%**

	As at 31 December 2020	
	(TL thousands)	*(%)*
Credit Risk	303,841,173	85,76%
Market Risk	16,091,736	4.54%
Operational Risk	34,367,848	9.70%
Total	**354,300,757**	**100.00%**

	As at 31 December 2019	
	(TL thousands)	*(%)*
Credit Risk	21,483,326	88.4%
Market Risk	500,491	2.1%
Operational Risk	2,311,413	9.5%
Total	**24,295,230**	**100.00%**

	As at 31 December 2018	
	(TL thousands)	*(%)*
Credit Risk	19,905,334	90.0%
Market Risk	407,019	1.8%
Operational Risk	1,813,258	8.2%
Total	**22,125,611**	**100.00%**

Loan Approval Process

The credits approval group by which the credit approval process for a particular loan is managed depends largely on which segment the applicant falls under and the type of branch that prepares and submits the loan application to Akbank's headquarters.

Retail Banking - Loans to Individuals

Product features. As a legal requirement, consumer loans are required to have a maximum maturity of 36 months while car loans are required to have a maximum maturity of 60 months. Further, the maximum maturity of the mortgage loans imposed by Akbank is generally ten years (240 months in certain specific cases).

Mortgage, consumer and car loans are denominated in Turkish Lira as Turkish law prohibits the use of foreign currency loans or foreign currency indexed loans to individuals.

For mortgages, the financed property or another property must be secured. If the property is under construction, then a guarantee commitment can be secured. For car loans, the vehicle can be pledged and for second-hand car loans, Akbank is able to grant an unsecured loan.

Most loans to individuals are fixed rates but they may also be offered as floating rates.

Individuals can apply for a loan from a local branch or a number of other alternative delivery channels (for consumer loans, these alternative delivery channels consist of SMS, websites, ATMs, call centres and contracted shops; for car loans, these alternative delivery channels consist of websites, call centres and contracted car distributors; and for mortgages these alternative delivery channels consist of websites and call centres). Akbank can offer loans to customers automatically using the customer management tool (Experian-CMDS). Experian-CMDS scans the entire profile of the customer and assigns a pre-approved credit limit which the customer can borrow.

Loan application evaluation process. Retail loans are evaluated based on application scoring models. Any applications below the cut-off score are automatically declined.

The models which are used for personal loans, credit cards and overdrafts were developed by Akbank's Model Development Team who work under the Risk Management Unit. The models used for mortgages and auto loans were developed by FICO.

Applicants are generally required to declare their income and provide documentation evidencing the stated amount. There is also a model income, which calculates applicant's income by taking into account information obtained from the Credit Bureau Database, the national Turkish customer database and demographic information. Then a decision is made as to whether the declared income or calculated income will be used as the customer's income on the application. In some instances, such as the customer's income being paid directly into an Akbank bank account, income documents are not required up to a specific amount of borrowing (the relevant amount is dependent on the nature of the loan). For those customers Akbank use the calculation method of income.

A decision support system (Power Curve SM by Experian) is used to evaluate any application. The system considers credit enquiry and credit policy rules. Then the decision support systems evaluate the application and generates three possible outcome, as follows:

- If the application does not trigger any of the credit enquiry or policy rules, then the application is accepted up to the automatically approved limit;

- If the application triggers one or more of the grey area credit enquiry or policy rules but does not trigger any of the decline rules, then the application is reviewed further. These applications are automatically submitted for manual evaluation by an underwriter. If the requested amount is over the automatically approved limit it is included in the decision review; or

- If the application triggers one or more of the decline credit enquiry or policy rules, then the application is declined. These applications can then be manually submitted from a branch for evaluation by an underwriter.

The decision support system uses Credit Bureau and Central Bank databases in tandem with Akbank's own customer database. The decision support system is used to evaluate consumer loan limit management. Akbank additionally reviews all customers' past performance on a monthly basis to decide pre-approved consumer loan limits.

Legal regulations and originated loans' statistics. As a legal requirement in relation to mortgages, Akbank imposes a credit limit of 80% of the value of the asset. Akbank imposes no limit on credit value, but the average size of Akbank's mortgages in 2020 was TL 226,563. The maximum maturity of these mortgages imposed by Akbank is generally ten years (240 months in some specific cases).

As a legal requirement in relation to car loans, if the value of a vehicle is up to TL 120,000, Akbank imposes a credit limit of 70% of the value of the vehicle. If the value of the vehicle is more than TL 120,000, Akbank imposes a credit limit of 70% of the value of the vehicle on the first TL 120,000 and 50% on amounts in excess of TL 120,000. There is no limit to the credit value of car loans but the average size of Akbank's car loans in 2020 was TL 123.000. If the value of a vehicle is up to TL 120,000, the maximum maturity of car loans is 60 months, if the value of a vehicle is up to TL 300,000, the maximum maturity of car loans is 48 months, if the value of a vehicle is up to TL 750,000, the maximum maturity of car loans is 36 months and if the value of a vehicle is above TL 750,000 the maximum maturity of car loans is 24 months. For second-hand cars, Akbank is able to grant unsecured loans in comparison to new car loans which require the car as collateral and the relevant car insurance details to be provided.

Collateral valuation. The collateral valuation process for consumer loans depends on the nature of the loan. For mortgages, branches request appraisal of collateral for loans from the Appraisal Department. The Appraisal Department outsources real estate valuation to one of its contracted independent appraisal firms. It uses 37 appraisal firms in total, all of which have a valuation license from the CMB. The Appraisal Department employs ten specialists who review all appraisal reports prepared by the contracted firms. These ten specialists are also licensed by the CMB. All valuation reports are managed in Akbank's "EKON" digital system. All mortgage collateral values are transferred from EKON into the control loan approval system.

Organisation. The Consumer Credits Allocation Group, a sub-division of the Consumer and Micro Credits Allocation Division, is responsible for approval of loans and credit cards to individuals which cannot be approved automatically by the system. Loans to individuals comprise consumer loans, car loans and mortgage loans.

Credit Cards

Product features. Individuals can apply for credit cards and request increases in credit limits at a local branch or through an alternative delivery channel (including SMS, websites, ATMs, Akbank Direkt Internet Branch for individuals and call centres). Akbank can offer credit cards to certain pre-authorised customers automatically.

Credit cards application evaluation process. Credit card applications are evaluated based on the application of a scoring model and credit card limit increase requests are evaluated based on a behavioural scoring model. Applications below the cut-off score are automatically declined.

The scoring model which is used for determining credit card limits is developed by the Model Development Team who work under the Risk Management Unit.

A decision support system (Power Curve SM by Experian) is used to evaluate any application (both for credit cards and person loans). The system considers credit enquiry and credit policy rules. Then the decision support systems evaluate the application and generates three possible outcomes, as follows:

- If the application does not trigger any of the credit enquiry or policy rules, then the application is accepted up to automatically approved limit;

- If the application triggers one or more of the grey area credit enquiry or policy rules but does not trigger any of the decline rules, then the application is reviewed further. These applications are automatically submitted for manual evaluation by an underwriter. If the requested amount is over the automatically approved limit it is included in the decision review; or

- If the application triggers one or more of the decline credit enquiry or policy rules, then the application is declined. These applications can then be manually submitted from a branch for evaluation by an underwriter.

The decision support system uses Credit Bureau and Central Bank databases in tandem with Akbank's own customer database. The decision support system is used to evaluate consumer loan limit management. Akbank additionally reviews all cardholders' past behaviours on a monthly basis to decide whether to increase or decrease their current credit limits.

Legal regulations. Under current regulations in Turkey, the total limit of credit cards held by an individual holding a credit card for the first time cannot exceed twice the monthly average net income of the customer for the first year and four times thereof for the following years.

Monthly income is declared by each applicant for each credit card application and is compared with results of Akbank's income estimation model. The income model calculates applicant's income by taking into account information obtained from the Credit Bureau Database, the Customer Database and demographic information.

Then a decision is made as to whether the declared income or calculated income will be used as the customer's income on the application. In some cases the applicant's occupation, length of employment and monthly net income are verified by the Payment Systems and the Direct Banking divisions.

Organisation. The Consumer Credits Allocation Group, a sub-division of the Consumer and Micro Credits Allocation Division, is responsible for approval of credit cards and loans to individuals which cannot be approved automatically by the system.

Classification of Loans and Provisioning[1]

Classification of Loans and Other Receivables

Akbank monitors loans and other receivables according to the categories set out below which reflect respective recovery capabilities and debtors' creditworthiness levels, having regard to the procedures and principles established by BRSA Principles:

- Group I – Loans of a Standard Nature and Other Receivables: this group includes loans and other receivables showing no signs of weakness or deterioration and are either timely repaid or repaid with a delay for less than 30 days. The 30 days referred herein has been replaced with 90 days, resulting in loans remaining categorised as Group I loans for a longer period and then moving into Group II loans at 90 days. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021.

- Group II – Loans Under Close Monitoring (Watchlist): this group includes loans and other receivables which do not presently show any problems in terms of principal and/or interest payments but which require close monitoring due to reasons such as observation of negative trends in the debtor's payment capability or cash flow positions or where repayment is highly likely but capital and/or interest payments are delayed for more than 30 days, but less than 90 days. The 30 days referred herein has been replaced with 90 days, resulting in loans remaining categorised as Group I loans for a longer period and then moving into Group II loans at 90 days. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021.

- Group III – Loans with Limited Collection Possibility: this group includes loans and other receivables with limited potential for total recovery of payments due thereunder either because the debtor's equity or guarantee is considered inadequate to cover payment or because payment is likely to be delayed by more than 90 days due to various reasons, such as problems encountered by the debtor over its operating capital, financing or ability to create additional liquidity. The 90 days referred herein is replaced with 180 days, resulting in loans remaining categorised as Group II loans longer. On 8 December 2020, the BRSA extended this temporary rule until 30 June 2021.

- Group IV – Loans with Doubtful Collection Possibility: this group includes loans and other receivables for which repayment is considered unlikely or for which the delay of recovery of principal and/or interest exceeds 180 days but does not exceed one year.

- Group V – Loans Having the Nature of Loss: this group includes loans and other receivables for which repayment is considered impossible or for which the delay of recovery of principal and/or interest exceeds one year.

See "*—Turkish Regulatory Environment for Banks—Loan Loss Reserves*".

[1] As at 1 January 2018, Akbank recognises provisions for impairment in accordance with TFRS 9 requirements. For Classification of Loans and Provisioning under TFRS 9, please refer to the sections "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies—Loans*" to "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Taxation*".

Due to the COVID-19 outbreak and its impact on the Turkish economy, on 17 March 2020, the BRSA announced that the default period in order for loans to be classified as NPLs has been increased from 90 days to 180 days. Accordingly, until 31 December 2020, Group I and Group II loans will be classified as NPLs if defaulted for more than 180 days. Moreover, pursuant to the BRSA's decision dated 27 March 2020 and numbered 8970, the 30-day default period for Group I loans to be classified as Group II loans was increased to 90 days. Effective from 17 March 2020 and until 31 December 2020, Group I loans will be classified as Group II loans if defaulted for more than 90 days. For loans that continue to be classified in Group I despite the 30-day default and Group II despite the 90-day default, banks are required to continue to set aside provisions in accordance with their own risk models used in the calculation of expected loan loss under TFRS 9. On 8 December 2020, the BRSA extended the implementation of this temporary rule until 30 June 2021. Moreover, banks are no longer required to classify (i) the loans restructured and classified as performing loans and (ii) loans having the principal and/or interest payments that have been overdue for more than 30 days or restructured again within the one-year monitoring period as Group III. The BRSA's decision was effective until 31 December 2020. On 8 December 2020, the BRSA extended the implementation of this temporary rule until 30 June 2021.

Identification and Remediation of Problem Loans

Identification and remediation of problem loans throughout Akbank's Business Units is organised and divided into either the non–retail segment or the retail segment.

Non-Retail Segment

The non-retail segment is organised according to the loan classification criteria noted below:

- Group Two – Loans and Other Receivables Under Close Monitoring (Watchlist) – is executed by two separate credit monitoring groups covering Corporate/Commercial loans and SME loans including project finance loans.

- Group Three, Four and Five are executed by the Non-Performing Loans Follow-Up Division covering all segments. Together with the Commercial Legal Advisory Group, they are responsible for Corporate, Commercial and SME segments.

- The Non-Performing Loans Follow-Up Group is in charge of negotiating with customers and debt restructuring. Akbank negotiates with the customer regarding repayment of the loan including possible restructuring of the debt, or if necessary, liaises with the in house lawyers of Commercial Legal Advisory Group or contracted lawyers to have the collateral liquidated or to take other legal action.

Credit Monitoring Groups. In addition, there are three subsections within the Corporate and Commercial Monitoring Division:

- The Corporate/Commercial/Credits Monitoring Group, which monitors Corporate and Commercial clients;

- The SME Credits Monitoring Group, which monitors SME clients; and

- The Project Finance Loans Monitoring Group which monitors the credit facilities involved in the project finance line allocations.

Each division and group is responsible for the identification and remediation of loans of the relevant segments that have shown indications of potential problems and are classified under Group Two. There are also regional monitoring teams who are principally responsible for monitoring small SME credit clients with an exposure below TL 3 million. Regional Monitoring Teams work in coordination with the SME Credits Monitoring Group.

Collecting and examining up-to-date financial and non-financial data of projects periodically comparing the projected cash flows and the real performance of the projects, testing the covenants in the loan documentation and paying on-site visits are the main responsibilities of the Project Finance Loans Monitoring Group.

A common monitoring system is used by both Corporate/Commercial and Retail Credits Monitoring Divisions with parametric monitoring triggers in the system designed to take into account the peculiarities of each segment. Problem loans are identified automatically by Akbank's Monitoring computer system which monitors using internal or external data resources on a daily basis. Akbank's Credit Monitoring software monitors all overdue interest, commission and principal repayments, unpaid cheques, fraud records and sequestration records on a daily basis.

If a problem is identified, the input is classified by the system as pre-monitoring, blocked pre-monitoring or close monitoring for each segment peculiarity. Pre-monitoring is considered to be an early indication of a potential problem and does not have any effect on the existing credit lines. Blocked pre-monitoring is evaluated as a more serious early indication and credit lines are blocked from additional limit utilisation. Close monitoring – Group Two – indicates that the customer has internal or external weakness that carries potential risk of default. These customers are also blocked by the system from utilising any additional limits. In addition to the automatic identification of problem loans, indicators that cannot be identified by the monitoring system, such as audit reports and market intelligence, are also reviewed periodically by members of the Credit Monitoring Group, and loans are manually put on credit watch if necessary.

A repayment plan is negotiated with the customer and set up if necessary. If this process is not successful in clearing the arrears, legal action is taken and the matter is referred to the Non-Performing Loans Follow-Up Group.

Retail Segment (including SME (Micro) Segment Customers)

Identification and remediation of problem loans including NPLs are managed by the Retail Monitoring and Legal Follow Up Group.

The Retail and SME Credit Monitoring and Legal Follow up Division is composed of two units:

- The Monitoring and Restructuring Group, which monitors, makes collection calls and restructures retail clients starting with the early collections stage up to legal follow up; and

- The Retail and SME Segment Credits Legal Follow up Group which is in charge of following up the legal agencies performance on collection of customers in legal follow-up. The Retail and SME Segment Credits Legal Follow up Group is responsible for non-performing loans and negotiates with the customer regarding repayment of the loan including possible restructuring of the debt, or, if necessary, liaises with the in-house or contracted lawyers to have the collateral liquidated or to take other legal action.

There is one common monitoring system which is used by the Retail Monitoring Group as noted above.

All clients, regardless of the segment, are subject to the same risk controls. Because of the number of clients in the Retail Banking segment, the process is carried out at Akbank's head office by the Retail Credits Monitoring and Collection Team. A repayment plan is negotiated with the customer and set up if necessary. If this process is not successful in clearing the arrears, legal action is taken and the matter is referred to the Retail Non-Performing Loans Follow-Up Division.

Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies

Turkey has adopted anti-money laundering laws and regulations in compliance with the 40 Recommendations of the FATF. Formed by the G7 Economic Summit in 1989, the FATF comprises 39 countries, including the

United States and Turkey, as well as two regional organisations, namely the European Commission and the Gulf Cooperation Council. The FATF is dedicated to promoting the development of effective anti-money laundering controls and enhanced co-operation in counter-money laundering efforts among its membership and around the world. Its 40 recommendations issued in 1990 are designed to provide countries with a blueprint for the establishment and implementation of anti-money laundering laws and programmes.

Turkish anti-money laundering legislation requires financial institutions in Turkey to identify their customers when (i) establishing permanent business relationships (regardless of the monetary amount involved), (ii) the amount of a single transaction or the total amount of multiple linked transactions is equal to or more than TL 75,000, (iii) the amount of a single transaction or the total amount of multiple linked transactions is equal to or more than TL 7,500 in wire transfers, (iv) in cases requiring suspicious transaction reporting (regardless of the monetary amount), (v) in cases where there is suspicion about the adequacy and the accuracy of previously acquired identification information (regardless of the monetary amounts) and (vi) in case of a permanent business relationship, information is obtained about the purpose and nature of the business relationship. Financial institutions in Turkey are required to maintain and record certain official identification documents, to provide all relevant information and documents requested by the officers of the Turkish Financial Crimes Investigation Council (the "**FCIC**") for a period of eight years, and to gather available information on, and report to the FCIC, all transactions suspected of involving funds stemming from illegal activities. In addition to money transfers of TL 75,000 and above, Akbank's policies on customer identification are applied to safe deposit box rentals, insurance and leasing transactions, and account openings. The principal requirements, obligations and penalties are contained in Law No. 5549 on Prevention of Laundering Proceeds of Crime (the "**Law No. 5549**") and the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism (the "**Anti-Money Laundering Regulation**") published in the Official Gazette No. 26751 on 9 January 2008.

Law No. 6415 on the Prevention of the Financing of Terrorism came into force on 16 February 2013. With this law, offences constituting "financing of terrorism" have been redefined, an administrative mechanism has been established in order to execute the United Nations Security Council's Resolutions, and formal procedure relating to gaining access to frozen funds for necessary expenses, has been introduced. In all cases, the Council of Ministers will have the authority to decide whether to freeze assets based on the information provided by the Financial Intelligence Unit of Turkey ("**MASAK**") and other related institutions. Decision on asset freezing will gain legal validity upon its publication on the Official Gazette. All the necessary procedures before and after the asset freezing decision of the Council of Ministers will be implemented by MASAK. Akbank has established internal anti-money laundering programmes, policies and procedures pursuant to both domestic legislation and international anti-money laundering standards. All Akbank's branches and subsidiaries, regardless of their geographic location, must comply with such programmes, policies and procedures. Akbank has instituted KYC procedures, to record the identity of Akbank's customers when conducting transactions, to maintain copies or records of official identification documents for a period of eight years, to identify and report to the relevant Turkish authorities' suspicious transactions, to co-operate with law enforcement agencies and to establish internal training programmes for Akbank's employees. Akbank's policies require account officers to take into account the customer's background, country of origin, business activities, and other risk indicators. Akbank's anti-money laundering policies and procedures also include procedures to identify and verify the source of requests to make outgoing international funds transfers.

The Law No. 7262 on the Prevention of the Financing of Weapons of Mass Destruction has been published in the Official Gazette No.31351 dated 31 December 2020. It aims to regulate the implementation of the sanction decisions of the United Nations Security Council for the prevention of the financing of the proliferation of weapons of mass destruction, and the provisions of the law are applied depending on the scope of the United Nations Security Council resolutions.

Scope of Akbank's Policies and Procedures

Akbank's AML and KYC standards policy is based on (i) compliance with AML and CFT laws and regulations, including local laws (Turkish AML Act, Criminal Act and CFT Act) and regulatory guidance, UN Security Council Resolutions, EU Directives and the USA Patriot Act; (ii) FATF recommendations for standards on AML and CFT as well as application methodology criteria; and (iii) evaluation of KYC principles and customer identification regulations, such as the Basel Principles (customer due diligence for banks), the Wolfsberg Principles and The Banks Association of Turkey's Local Industry Guidance and Best Practices.

Akbank has established a high-level committee, called the Compliance Committee, to carry out all necessary measures and decisions to manage compliance risks within the framework of compliance with financial crimes. The Compliance Committee works across a wide range of working procedures and principles, from evaluating the measures taken by Akbank to manage compliance risks to evaluating the awareness and knowledge levels of employees in terms of compliance risks. On the other hand, a new adaptation approach has been developed to ensure that the first line of defense takes a more effective role within the framework of preventive adaptation approach.

The objectives of the policy are to ensure that Akbank complies with obligations regarding the prevention of laundering proceeds of crime and financing of terrorism and to establish strategies to mitigate potential risks, as well as setting internal controls, measures and operating rules. Akbank aims to discharge its responsibilities through a risk-based approach to its customers, transactions, products and services. It also develops and raises awareness among its existing and new employees on matters relating to its AML and KYC standards policy.

AML/CFT Programme and Applications

Akbank has put in place procedures designed to control activities to comply with applicable laws and regulations in Turkey as well as international standards and has put in place systems and controls to mitigate the risk of Akbank being used to facilitate financial crime. Akbank's AML/CFT programme includes (i) having a designated AML compliance officer; (ii) written policies, procedures and guidelines; (iii) risk based controls, including an AML software programme that monitors on-going transactions and customer account activities and screens existing and prospective customers for AML and CFT purposes; (iv) procedures for reporting suspicious activity internally and to the relevant law enforcement authority; (v) record keeping obligations in accordance with local laws; (vi) on-going training in order to improve existing and new employees' awareness of how Akbank's products and services may be used to facilitate money laundering or terrorist financing and to enhance existing and to raise new employees' awareness of their legal obligations; and (vii) internal audit and independent audit testing.

Customer Due Diligence Policy

Akbank's customer due diligence policy contains KYC procedures meeting national and international regulations for compliance with the prevention of money laundering and CFT. Akbank undertakes customer due diligence and proceeds with the evaluation of the customer according to the results of monitoring progresses. Despite the termination of active monitoring with the end of the customer relationship, Akbank retains acquired information inside internal intelligence systems. In relation to customer due diligence monitoring, Akbank uses internal intelligence systems that assign a risk score for each customer based on designated criteria within due diligence requirements. This risk assessment is applicable not only for new customers but also for existing clients. Where appropriate, Akbank takes necessary actions, including but not limited to enhanced due diligence procedures, termination of customer relationship and reporting to senior management.

Akbank is also required to establish the ultimate beneficiary of an account and has defined record making and record keeping duties as well as internal security measures. It also has specific account opening requirements. In the case of an individual, Akbank will require an official identity document, as well as the individual's ID number. In the case of a corporation and other legal entities, Akbank will require the customer's name, details of its legal form, address, list of directors and shareholders, as well as the corporate bylaws, powers of attorney, any other reliable identifying information and their tax number.

Due to Akbank's "Customer Due Diligence Policy", (i) individuals who refuse to provide the required information and documentation; (ii) individuals with businesses that make it impossible to verify the legitimacy of their activities or the source of funds; (iii) shell banks; (iv) anonymous accounts or accounts using fictitious names; (v) individuals who are included in lists prepared by international institutions and organisations showing money launderers and supporters of terrorism financing, such as OFAC, the EU, the UN or the HMT; and (vi) individuals who have a negative record in Akbank's internal intelligence system for money laundering, financing of terrorism and financial crimes, such as fraud, counterfeiting, organised crime and similar activities are not accepted as a customer.

Within the framework of Akbank's risk-based approach, risk is divided into four main categories as High Risk Products and Services; High Risk Customers; High-Risk Geographical Locations and High Risk Technology/ Delivery Channels. High Risk Products and Services include (i) cross border transfers (ii) cash transactions, such as cash deposits and withdrawals; (iii) "non-face-to-face banking services", such as transactions conducted via internet banking, ATM or telephone banking and credit allocation transactions; (iv) donations; (v) Trade Finance; and (vi) Project Finance. Enhanced due diligence procedures are applied to High Risk Customers at account opening. High Risk Customers include (i) associations, foundations, charities and other non-governmental organisations; (ii) off-shore banks; (iii) exchange offices; (iv) internal watchlist; (v) cash intensive businesses; (vi) private banking customers; (vii) correspondent banks; (viii) politically exposed persons ("**PEPs**"); (ix) persons or entities listed under Article 2 of the Law No. 5549; (x) Logistics, (xi) Gambling/betting (xii) Gate Keepers; and (xiii) Precious Metals High-Risk Geographical locations, which include (a) tax havens (according to FATF criteria); (b) countries subject to partial or complete embargo by the EU; (c) countries subject to embargo by OFAC; (d) countries and regions included in the list of countries and regions refusing cooperation with FATF; and (e) countries specified in the FINCEN list. Finally, High Risk Technology/ Delivery Channels include (i) Internet Banking; (ii) Mobile/Application; (iii) ATM; (iv) call centre; (v) block chain; and (vi) Fintech.

Among all above high risk categories, Akbank recognises politically exposed persons (including Turkish politically exposed persons) as requiring need special attention and electronic due diligence measures are applied to those accordingly. During the process of account opening, the business sector and occupation of the customer are questioned by customer representative and log it into the system. The system generates alerts upon the related information and escalate the process to the Compliance Department in order to identify whether the customer is a PEP.

Akbank continues to seek new methods of improving its anti-money laundering standards. Akbank uses the "Actimize SAM" software system. Actimize SAM software monitors transactional and customer data on a scenario basis and provides coverage to identify and report suspicious transactions related to money laundering and terrorist financing. Alerts generated by Actimize are also analysed using artificial intelligence technology for certain scenarios and robotics technology is used in the process of making SAR files. In implementing this approach, Akbank drew on the experience provided by other available analytical models used by other banks in supporting European, US and Turkish anti-money laundering policies. Additionally, Akbank's cyber-security systems are designed to detect the location of payments for non-face to face transaction.

Akbank also has AI based solutions, through which customers can be screened based on sanctions programmes and AML policies. Link analyses should be performed via AI based solutions. In addition, Akbank is able to analyse not only customers being monitored, but also all customer connections with AI solutions.

Actimize software is used to screen cross border wire transfers. This comprehensive software screens Akbank's customers and transactions according to watch lists of individuals, companies, or geographic locations issued by authorities such as the OFAC, the UN, the EU or the HMT. If any party in a transaction falls within any of the watch lists, the system creates an alert and automatically forwards this transaction to Akbank's Compliance Department. As part of on-going sanctions controls, Trade Finance transactions are also subject to automated screening. Additionally, all vessels including ownerships, previous routes and movements involving in all transactions are closely monitored by using Lloyds List Intelligence vessel tracking system.

Akbank screens all customer on-boarding transactions to detect any sanctioned party. Akbank has a partnership with Dow Jones as a data provider. In addition, high risk countries listed on the Transparency International and Basel Index are added to Akbank's customized country lists and are now subject to Akbank's automated screening performed by the Actimize WLF system. Akbank's systems are highly capable and continuously upgraded.

In addition, the compliance testing team (control room) is responsible for control of all compliance business processes including assessment of methodology based on not only local laws but also international regulations as well as internal policies and procedures. As a result of analysis of parameters in the testing process, threshold values, and control points, Akbank is able to take necessary actions to manage compliance risks effectively due to the testing function’s monitoring outputs which are reported regularly to senior management.

Capital Management

Basel II

The BRSA has published regulations regarding the implementation of Basel II in Turkey. These regulations took full effect in July 2012. All Turkish banks are reporting their risk-weighted assets calculated under the standard approach of Basel II as contained in the "Turkish National Discretions". As well as implementing more stringent capital ratios, the main benefit of Basel II is to have more structured approach to capital management and stress testing, as embedded in the second pillar of the accord. Parallel with Pillar I regulations, the BRSA also announced regulations for Pillar II regarding ICAAP in order to enhance the link between an institution's risk profile, risk management systems and its capital. The BRSA required major Turkish banks to prepare ICAAP reporting in accordance with the Pillar II principles by June 2013. The BRSA published the new Regulation regarding the Internal Systems and Internal Capital Adequacy Assessment Process of Banks on 11 July 2014 (the " **Internal Systems Regulation**") and "Guidelines for ICAAP Report" on 31 March 2016. The Internal Systems Regulation requires banks to internally calculate the amount of capital to cover the risks to which they are or may be exposed on a consolidated basis and with a forward-looking perspective taking into account banks' near- and medium-term business and strategic plans. This process referred to as "Internal Capital Adequacy Assessment Process - ICAAP" should be designed according to the bank's needs and risk attitude and should constitute an integral part of the decision-making process and corporate culture of the bank. In this context, each bank is required to prepare an ICAAP Report representing the bank's own assessment of its capital requirements. The first ICAAP Report covering Akbank's activities in 2013 was submitted to the BRSA at the end of September 2014. Since then, the ICAAP Report has been submitted at the end of March each year.

Basel III

In 2013, the Basel Committee adopted further revisions to Basel III, which was implemented in Turkey in phases through 2019. The Basel III regulations mainly include requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements. The BRSA has issued regulations for the implementation of new Basel III capital standards and leverage ratios, which came into force on 1 January 2014. Regulations for the implementation of a liquidity coverage ratio came into force on 1 January 2015 (except for the net stable funding ratio and counterparty credit risk requirements), in line with the Basel III road map. In order to further align Turkish banking legislation with Basel principles, the BRSA also amended some of its other regulations and communiqués as published in the Official Gazette dated 23 October 2015 No. 29511 and 20 January 2016 No. 29599, which amendments also entered into force on 31 March 2016. Furthermore, in February 2016, the BRSA published a regulation (the "**D-SIBs Regulation**") regarding systemically important banks ("**D-SIBs**") including Akbank, which introduced additional capital requirements for D-SIBs in line with the requirements of Basel III. Akbank has not experienced any difficulty in meeting the new capital requirements due to the nature of its existing capital base, mostly composed of common equity and retained earnings.

Management

For an overview of Akbank's organisational structure, see "*—Business—Organisational Structure" and "—Business— Financial Reporting Segments and Operational Business Units -- Overview*" above.

Board of Directors

Akbank is managed by its Board of Directors. The Board of Directors makes all major decisions affecting Akbank and acts as a supervisory body for Akbank's activities. It meets at least monthly according to Akbank's Articles of Association. The minimum number of directors required by Turkish Banking Law is five. The maximum number of directors is ten according to Akbank's Articles of Association. A meeting of the Board of Directors has a quorum if at least six of its members are present. Akbank's Board of Directors is also responsible for Akbank's vision, mission and short and long-term strategic targets.

The following individuals are currently members of the Board of Directors:

Name	Position	Year first appointed to the Board of Directors	Term expires
Suzan Sabancı Dinçer...........	Chairperson	1997	2022
Eyüp Engin	Vice Chairperson and Executive Member of Board of Directors	2019	2022
Ahmet Fuat Ayla	Executive Member of Board of Directors	2017	2022
İsmail Aydın Günter	Member of Board of Directors	1998	2022
Şakir Yaman Törüner	Member of Board of Directors	1998	2022
Nafiz Can Paker....................	Member of Board of Directors	2015	2022
Emre Derman.......................	Member of Board of Directors	2015	2022
Özgür Demirtaş	Member of Board of Directors	2018	2022
Mehmet Tuğrul Belli	Member of Board of Directors	2020	2022
Hakan Binbaşgil	Member of Board of Directors and CEO	2012	According to Turkish law, CEO is the Member of the Board of Directors

The address of the Board of Directors is Akbank T.A.Ş., Sabancı Center 4, Levent 34330, İstanbul, Turkey.

The following individuals have been members of the Board of Directors for the last three years: Suzan Sabancı Dinçer, Şakir Yaman Törüner, Aydın Günter, Emre Derman, Nafiz Can Paker and Hakan Binbaşgil (CEO).

The following individuals are former members of the Board of Directors who left the office within the last three years: Erol Sabancı, Hayri Çulhacı, Cem Mengi and Aziz Aykut Demiray.

Set forth below is brief biographical information on the members of Akbank's Board of Directors.

Suzan Sabancı Dinçer CBE

Suzan Sabancı Dinçer is the Chairperson of Akbank. Mrs. 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, Mrs. Sabancı Dinçer founded the Akbank International Advisory Board and currently serves as its chairperson.

Suzan Sabancı Dinçer began her career in banking in 1986 and joined Akbank as Executive Vice President in charge of Treasury in 1989. Having specialised in Treasury and Risk Management, she has been active in these two areas since 1993. In 1997, she was named Executive Board Member for Treasury and International Banking Relations. Mrs Sabancı Dinçer was appointed as Executive Board Member to oversee the bank-wide change and transition program in 2001. She was named Chairperson in March 2008.

Mrs. 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 chairperson of the Turkish-British Business Council for two terms. From 2009 to 2016, Mrs. Sabancı Dinçer sat on the Global Board of Advisors of Chatham House. In 2012, Her Majesty Queen Elizabeth II awarded Mrs. 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.

Mrs. 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, Mrs. 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 chairperson of the Executive Advisory Board and member of the board of patrons of the Contemporary Istanbul Art Fair. Mrs. Sabancı Dinçer is also Luxembourg's Honorary Consul in Istanbul. In 2014, Mrs. 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. Mrs. Sabancı Dinçer is married with two children.

Eyüp Engin

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 Chairperson and Executive Board Member in March 2020. Eyüp Engin also serves as Vice Chairperson 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 Chairperson of Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.

Ahmet Fuat Ayla

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.

İsmail Aydın Günter

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 Gunter is a graduate of the Faculty of Political Sciences at Ankara University.

Şakir Yaman Törüner

Yaman Törüner became a member of the Board of Directors in March 1998. Having served as a Member of Parliament between 1995 and 1999, he also served as a Minister of State in 1996. Between 1990 and 1994, he served as the President of the Istanbul 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.

Nafiz Can Paker

Narfiz Can Paker received his master's degree from Berlin Technical University and continued his education at Yıldız Technical University to receive his PhD 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 Sabanci Holding, Sabanci 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 Chairperson 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.

Emre Derman

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 Istanbul University Law School and an LL.M. from Harvard Law School.

Özgür Demirtaş

Özgür Demirtaş received 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 chairperson of the Center of Excellence in Finance (CEF) at Sabanci University.

Mehmet Tuğrul Belli

Mehmet Tuğrul Belli started his professional career at Iktisat 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. Mr. Belli taught at İstanbul Ticaret University on "Banking Management" between 2006 and 2012. Mr. 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

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. Mr. 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 Chairperson of Akbank AG Supervisory Board.

Prior to joining Akbank, Mr. Binbaşgil worked as a Management Consultant in the London and Istanbul offices of Accenture, and as Executive Vice President in a different private sector bank. Mr. Binbaşgil also served on the boards of directors of numerous companies domestically and abroad.

After graduating from Robert College, Hakan Binbaşgil graduated from Bosphorus University, Faculty of Mechanical Engineering. Binbaşgil also holds MBA and MS degrees in Finance from Louisiana State University-Baton Rouge, USA.

Senior Management

Each Corporate Management Unit and each Business Unit is managed by an Executive Vice President that reports to the CEO. Set forth below is brief biographical information regarding Akbank's Executive Vice Presidents:

Hakan Binbaşgil - Board Member and CEO

For Mr. Binbaşgil's biographical information, see *"—Board of Directors"* above.

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. He 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. Before joining Akbank, Mr. Oğuz held various managerial positions at Corporate Banking and Loans divisions at different private sector banks. Mr. 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. She 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. She is an alumni of IIF Future Leaders and a mentee in Women on Boards Initiative. She also acts as the Chairwoman of e-payment company AkÖde, and Board Member of Akbank AG, AkInvestment, Sabancı DX and Interbank Card Center (BKM).

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 Follow Up of Consumer, Corporate, Commercial and SME Loans. Before joining Akbank, she held various senior management positions at different banks and asset management companies. Mrs. 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. He is also the Chairperson of Akbank AG and AkInvestment. He is a graduate of 9 Eylul University, Faculty of Economics, Monetary Economics & Banking Department.

İlker Altıntaş – Executive Vice President - Technology and Operations

İlker Altıntaş joined Akbank in March 2012 as Vice President of IT Enterprise Architecture and later became 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. Before joining Akbank, he completed two banking transformation projects during his career as an executive of technology companies, involved in the development of finance/banking products and led engineering processes. Mr. Altıntaş is a graduate of Middle East Technical University, Department of Computer Engineering and holds a PhD degree of software engineering from the same university. 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. Mr. Tugal is also the Chairperson of AKLease and Vice Chairperson of AkInvestment. Prior to joining Akbank, he held various senior management positions at different private sector banks. Mehmet Tugal is a graduate of Bilkent University, Business Administration and holds an MBA degree from Central Michigan University.

Türker Tunalı – Chief Financial Officer (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. He is the Vice Chairperson of Ak Asset Management and a board member of AKLease and Akbank AG. Mr. Tunalı is a graduate of Boğaziçi University, Department of Business Administration and is a CFA (Chartered Financial Analyst) since 2006.

Alp Keler, PhD – 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 served as CEO of Ak Asset Management since 2011. He has over 20 years of experience in capital markets and asset management. He is also the Chairperson 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 PhD in Banking from Marmara University. Mr. Keler is a CFA charterholder. He served as a chairperson, board and audit member in various local and global capital market associations.

Yunus Emre Özben – Executive Vice President – Credit Underwriting

After working at various companies since 1996, Yunus Emre Özben joined Akbank in October 2005 as Assistant Manager in the Project Finance Division and was promoted to Senior Vice President in charge of Investment Banking in March 2011. He was appointed as Executive Vice President in charge of Credit Allocation in August 2018. Mr. Özben is also the Board Member of Ak Asset Management, a subsidiary of Akbank. Mr. 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

After working at various companies in the sector since 1990, Zeynep Öztürk 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. Mrs. Öztürk was appointed as Executive Vice President in charge of Special Credits in January 2019. Mrs. 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 April 1995 as Management Trainee. Muratoğlu has been working at the Risk Management since 2002 and appointed as Vice President in charge of Risk Management in November 2003, Senior Vice President responsible from Risk Management in November 2006 and CRO in March 2017. She was appointed as Executive Vice President in charge of Treasury in January 2019. Mrs. Muratoğlu is a graduate of University of Kent in Economics and holds a Master's degree from Macquarie University and FRM (Financial Risk Manager) certificate holder since 2003.

Pınar Anapa- Executive Vice President - People and Culture

Pınar Anapa joined Akbank in 1999 and after taking various responsibilities in the Internal Audit division, she worked as Deputy Head of Internal Audit between 2007-2014. She began serving as Human Resources

Management Senior Vice President in 2014. She was appointed as Executive Vice President in charge of Human Resources in June 2019. Her areas of responsibility cover human resources and branch channel development. She is a graduate of METU Economics and received Executive MBA degree from Sabancı University. She attended in trainings on the transformation of human resources in London Business School and she is also a member of Ethics Committee in Banking.

The address of the Senior Management is Akbank T.A.Ş., Sabancı Center 4, Levent 34330, Istanbul, Turkey.

Conflict of Interests

There is no actual or potential conflict of interests between the duties of any of the members of the Board of Directors and the Senior Management team and their respective private interests or other duties.

Remuneration and Related Party Transactions

The members of the Board of Directors receive a fee for attending Board meetings. In addition, a maximum of 0% of the distributable profits remaining after taxes, legal reserves and a first dividend to shareholders may be distributed to members of the Board.

The aggregate amount of the remuneration paid and benefits in hand granted to the Directors and senior management for the year ended 31 December 2020 was TL 91.2 million.

None of the Directors or executive officers has or has had any interest in any transaction effected by Akbank and which are or were unusual in their nature or conditions or significant to the business of Akbank and which were effected during the current or immediately preceding financial year or were effected during an earlier financial year and remain in any respect outstanding or unperformed.

Corporate Governance

Akbank recognises the importance of maintaining sound corporate governance practices. The relationship between Akbank's management, shareholders, employees and third parties including customers, legal authorities, suppliers and various other individuals and institutions with whom Akbank does business are based on fundamental governance principles including integrity, credibility, non-discrimination, compliance, confidentiality, transparency and sustainability.

Akbank complies with the capital markets legislation and the regulations of the CMB and the Borsa Istanbul in the matter of public disclosure and expends maximum effort to implement the principles stipulated in the CMB Corporate Governance Principles. The Corporate Governance Principles stipulated by the CMB consisting of four major sections are implemented by Akbank in general. The Board has established an Audit Committee, a Corporate Governance Committee, a Credit Committee and an Executive Risk Committee.

Audit Committee

Responsible for assisting the Board of Directors in its auditing and supervision activities, the Audit Committee is charged with overseeing the functioning and adequacy of the internal systems as well as the accounting and reporting systems.

The members of the Audit Committee include:

- Eyüp Engin, Chairperson (Executive Board Member); and
- Şakir Yaman Törüner, Member (Board Member).

Corporate Governance Committee

The Corporate Governance Committee is responsible for attaining, overseeing and communicating Akbank's compliance with the Corporate Governance Principles; overseeing the activities of the Investor Relations and Sustainability Department; creating a transparent system in the areas of identification, evaluation and training of suitable candidates for the Board of Directors and devising policies and strategies in this matter.

The members of the Corporate Governance Committee include:

- Eyüp Engin, Chairperson (Executive Board Member);
- Şakir Yaman Törüner, Member (Board Member); and
- Türker Tunalı, Member (Executive Vice President – CFO).

Sustainability Committee

The Sustainability Committee sits under the Corporate Governance Committee. The Board recognises and has taken ownership of sustainability as an integral part of Akbank's strategy. The Sustainability Committee is responsible for overseeing the bank's sustainability strategy and performance, in line with business strategy, market conditions and trends.

The members of the Sustainability Committee include:

- Eyüp Engin, Chairperson (Executive Board Member);
- Şakir Yaman Törüner, Member (Board Member);
- Hakan Binbaşgil, Member (Board Member and CEO);
- Türker Tunalı, Member (Executive Vice President – CFO); and
- Ebru Güvenir, Member (Senior Vice President, Investor Relations and Sustainability).

Credit Committee

The Credit Committee is the ultimate decision-making body for loan allocation and reviews loan applications over certain amounts to ensure that it conforms to legislation and regulations, banking principles and Akbank's goals and loan policies.

The members of the Credit Committee include:

- Ahmet Fuat Ayla, Chairperson (Executive Board Member);
- Eyüp Engin, Member (Executive Board Member); and
- 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 risk, setting commensurate risk limits and monitoring their performance. All risk policies formulated are documented in writing and incorporated in the overall long-term strategy of Akbank. Unless excused, all Committee members attend the meetings.

The members of the Executive Risk Committee include:

- Eyüp Engin, Chairperson (Executive Board Member);
- Ahmet Fuat Ayla, Member (Executive Board Member); and
- Hakan Binbaşgil, Member (Board Member and CEO).

Share Ownership and the Sabancı Group

Share Capital of Akbank

As at 31 March 2021, the issued and paid-in share capital of Akbank was TL 5,200,000,000, consisting of 520,000,000,000 shares, each with a nominal value of TL 0.01. Consolidated total shareholders' equity as at 31 March 2021 amounted to TL 63 billion. As at 31 December 2020, the issued and paid-in share capital of Akbank was TL 5,200,000,000, consisting of 5,200,000,000 shares, each with a nominal value of TL 0.01. Consolidated total shareholders' equity as at 31 December 2020 amounted to TL 62.9 billion. At the Annual General Assembly of Akbank held on 28 March 2017, the registered capital ceiling of Akbank was increased to TL 10,000,000,000 from TL 8,000,000,000, consisting of 10,000,000,000,000 shares, each with a nominal value of TL 0.01. The registered capital ceiling permit granted by the CMB in respect of this new ceiling will be valid for five years. The Board of Directors is entitled to increase the capital within the registered capital ceiling limit and issue new shares without requiring any affirmative resolution of the general assembly of Akbank. However, in order to increase the capital after 2021, even if the registered capital ceiling has not been reached by that time, the Board of Directors must obtain a new permit from the CMB either for the current permitted ceiling (if not reached by then) or for a new capital ceiling.

Pursuant to the Banking Law, shares are issued in registered form.

In April 1998, 4.03% of the outstanding share capital of Akbank was offered and sold in an international offering istoutside of Turkey in the form of Ordinary Shares and ADRs. As at 31 March 2021, approximately 51% of the shares are publicly traded, including the ADRs. As at 31 December 2019, Akbank's market capitalisation was U.S.$7.1 billion. As at 31 March 2021 and December 2020, Akbank's market capitalisation was U.S.$2.9 billion and U.S.$ 4.9 billion, respectively.

Principal Shareholders

Shareholdings in Akbank as at 31 March 2021 are set forth below.

	Percentage of Outstanding Shares
Total Sabancı Group, affiliated companies and family......................................	49%
Other..	51%
Historical share capital	100.00%

Controlling Shareholders

The Sabancı family and the Sabancı Group (the "**Controlling Shareholders**") owned 49 of the outstanding share capital of Akbank as at 31 March 2021. The Controlling Shareholders have the power to elect all of Akbank's directors and to determine the outcome of most matters to be decided by a vote of shareholders of Akbank. There are no other parties who exercise or could exercise control over Akbank. Akbank's code of corporate governance provides that minority shareholders' rights are protected in conformity with all applicable Turkish Commercial Code (TTK) and Capital Markets Board (SPK) regulations.

The Sabancı Group

Sabancı Holding is the parent company of the Sabancı Group, one of the largest financial and industrial conglomerates in Turkey by market capitalization.

Hacı Ömer Sabancı, the founder of many of the financial and industrial companies within the Sabancı Group, started business in the 1920s in the cotton trade. From this business, he expanded into various other sectors, including the food sector with the acquisition of Marsa in 1946, the financial services sector with the establishment of Akbank in 1948, and the textile sector with the establishment and expansion of Bossa in the 1950s. After the death of Hacı Ömer Sabancı in 1966, his six sons continued his legacy through the establishment of Sabancı Holding in 1967. Sabancı Holding has become the principal vehicle through which Sabancı family has acquired and holds interests in many sectors of the Turkish economy. Sabancı Family is collectively Sabancı Holding's majority shareholder.

As at 31 March 2021, the Sabancı Group is composed of 66 companies many of which are recognized market leaders in their respective sectors and 12 of which are listed on Borsa Istanbul (BIST). Sabancı Holding's own shares are also listed on Borsa Istanbul with a free float of 49.1% as at 31 March 2021. Sabancı Holding's main business ventures are widely diversified, encompassing banking and financial services, as well as energy, retail, building materials, automotive, tyre and tyre reinforcement materials, IT, and tourism.

As at December 2020, companies of the Sabancı Group currently operate in 14 foreign countries and market their products in various parts of Europe, the Middle East, Asia, North Africa and North and South America. Capitalizing on its strong reputation and name recognition, in addition to its positive local relationships and knowledge of and experience in the Turkish market, the Sabancı Group has grown through the expansion of existing core businesses and the formation of joint ventures. Sabancı Holding's multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni Corporation, Skoda and Philip Morris.

In addition to coordinating finance, planning and human resources functions, Sabancı Holding determines the Sabancı Group's vision and strategies, thus creating shareholder value through synergies across the Sabancı Group companies. As at 31 March 2021 consolidated revenues of Sabancı Holding stand at 6.2 billion TL and net income stands at 1.8 billion TL.

In addition to Akbank, other Sabancı Group companies are listed below.

Financial Services. **Aksigorta**: Aksigorta is a non-life insurance company established in 1960. Continuing to build upon its strong brand recognition and value with the partnership of Ageas and Sabancı Holding in the company since 2011, Aksigorta seeks to maintain profitable growth in the insurance business. As at 31 March 2021, Aksigorta is the fourth largest non-life insurance company in the Turkish market, rendering service to retail and corporate customers all over Turkey with its 674 employees, ten regional headquarters, around 3,300 independent agencies, and 5,750 contracted institutions.

Avivasa: The Avivasa joint venture was formed in 2007 with the merger of AK Emeklilik, a subsidiary of Sabancı Holding, and Aviva Hayat ve Emeklilik, a subsidiary of UK insurance company Aviva operating in Turkey. It became one of the leading private pension and life insurance companies in Turkey under the name of Avivasa Emeklilik ve Hayat (Avivasa Pension and Life Insurance). As at 31 March 2021, Avivasa Emeklilik ve Hayat has the leading position among private sector pension companies in terms of private pension AUM with a market share of 18.3%, conducting its operations through the channels of direct sales, bancassurance, institutional projects, agencies, and telesales.

Other Financial Services Companies: The Sabancı Group's other financial services are provided by Akbank and are described above under *"—Business—Subsidiaries and Affiliated Companies"*.

Industrials. **Brisa**: Brisa was originally founded by Sabancı Holding and its partners in 1974 and the company began tire manufacturing under the Lassa brand name in 1978. Pursuant to the developments in the global tire industry, the company was named Brisa following the partnership between Bridgestone Corporation and Sabancı Holding in 1988. As one of the world's biggest tire manufacturing facilities under a single roof, Brisa's products and services are provided at approximately 1,300 sign boarded sales points domestically while Lassa branded tyres manufactured with the manual labour of Brisa workers are at the disposal of the vehicle owners in more than 87 countries and at 600 sign boarded sales points and over 6,000 sales points as at 31 March 2021.

Kordsa: Kordsa was established in 1973 with Sabancı Holding's investment in Izmit to produce tire cord fabric for tire manufacturers. Kordsa, primarily producing tire reinforcement technologies, has expanded its lines of business to composite and construction reinforcement technologies, with its investments in 2014. As a global player of tire and construction reinforcement and composites markets, Kordsa operates in 12 facilities throughout five countries including Turkey, Brazil, Indonesia, Thailand, and USA with its approximately 4,500 employees as at 31 March 2021 and with its tire reinforcement technologies, Kordsa reinforces one out of every three automobile tires and two out of every three aircraft tires worldwide.

Retail. **Carrefoursa**: Carrefoursa is a joint venture of Sabancı Holding and Carrefour, the top retailer in Europe and the second largest in the world with over 12,000 stores in over 30 countries, formed in 1996. In 2013, Sabancı Holding acquired an additional 12% stake in Carrefoursa, bringing its share up to 51%, and took over control of and responsibility for the company's operations. Following multiple corporate actions in 2020, Sabanci Holding increased its Carrefoursa stake to 57%. With its store network of over 650 markets spanning total net sales area of 527 thousand square metres as at 31 March 2021, Carrefoursa continues its aim to take advantage of projects that promise growth and value creation potential with the focus on lean practices and operational efficiency, product range optimization, advanced data analytics applications and alternative channels.

Teknosa: Teknosa, established in 2000, operates with the philosophy of "Technology for Everyone." Starting out in 2000 with five store locations, Teknosa, as a leading widespread technology retail company in Turkey, provides fast, reliable, uninterrupted, and high-quality services with 207 stores and a total net sales area of 97 thousand square metres as at 31 March 2021 and an e-commerce website, Teknosa.com. The company is executing a transformation programme, New Generation Teknosa, with the aim of accelerating its digitalization initiatives as well as achieving operational excellence targets.

Energy. **Enerjisa Enerji**. Enerjisa was established as an auto producer company in 1996 to meet the electricity requirements of Sabancı companies and became one of the leading players of the growing and developing electricity market of Turkey with its customer and market oriented business models based on efficiency and technology and with its competitive strategies. As at April 2013, a 50% partnership between Enerjisa and E.ON, which is one of the leading global private electricity and natural gas companies, was successfully completed. In 2017, distribution and sales operations were transferred to Enerjisa Enerji while generation and trade operations were transferred to Enerjisa Üretim. Enerjisa Enerji achieved the largest private sector public offering of Turkey by taking 20% of its shares public on February 8, 2018 (each Sabancı Holding and E.ON hold 40% of shares) and started trading on Borsa Istanbul. As at 31 March 2021, Enerjisa Enerji was the leading downstream electricity company, with 11.5 million distribution connection points and with approximately 10.1 million customers.

Enerjisa Üretim: Enerjisa Üretim manages two main business lines of electricity generation and trading along with a growing portfolio in natural gas sector. Respecting life and functioning with the mission of producing energy for a better future, Enerjisa Üretim has a leading position in private sector with 3.607 MWh balanced and secured electricity generation portfolio and solidified its focus on renewable growth with an additional 565 MW in wind power capacity. By combining strong operational and trading capabilities, the company achieves high trade volumes and is positioned as one of the top players in the Turkish energy market. The company also provides significant contributions to sustainability via carbon reduction opportunities through renewable energy based generation including hydro, wind and solar energy power plants along with technology and efficiency focused investments.

Building Materials. Akçansa: Formed with the merger of Akçimento and Çanakkale Çimento in 1996, Akçansa is the largest Turkish cement producer and a leader company in its industry. The company is a Sabancı Holding and Heidelberg Cement joint venture. Akçansa, which operates in the cement and ready mixed concrete production industry in the Marmara, Aegean and Black Sea regions, operates under the brand 'Betonsa' in nearly 40 ready-mixed concrete plants spread across the Marmara and Aegean regions as a result of its merger with its subsidiary Betonsa in 1998. Today, as the leader of the Turkish cement industry, Akçansa meets approximately 13% of Turkey's cement need as well as 10% of Turkey's total cement and clinker exports as at 31 March 2021 with its products complying with global quality standards. Akçansa Port provides services to third parties from its ports with a modern port management approach and 'boutique service' as well as general cargo, bulk cargo, project cargo, international and internal Ro-Ro, storage, warehouse, container operations, CFS and bulk liquid cargo services.

Çimsa: Commencing operations in 1972, Çimsa is an international cement and building materials company. In addition to grey cement, Çimsa also produces special products such as white cement and calcium aluminate cement. One of the world's top white cement brands, Çimsa is an international cement manufacturer with terminals in Hamburg (Germany), Trieste (Italy), Seville and Alicante (Spain), Famagusta (TRNC), Constanta (Romania), Novorossiysk (Russia) and a cement grinding plant in Houston (USA). Thanks to this extensive organization, the company is capable of marketing its products to over 65 countries under the Çimsa brand.

Related Party Transactions

Akbank primarily has four types of exposure to related parties: (i) loans that Akbank makes to Sabancı Group companies; (ii) guarantees that Akbank has assumed on behalf of Sabancı Group companies; (iii) deposits that Akbank receives from Sabancı Group companies; and (iv) derivative transactions made by Sabancı Group companies.

Turkish banking regulations limit exposure to related parties, and Akbank's exposure to Sabancı Group companies was within the limit permitted by the regulations as at 31 March 2021. See *"—Turkish Regulatory Environment for Banks—Lending Limits"*. As at 31 March 2021, Akbank has not entered into any material transactions with any other member of the Sabancı Group except for certain cash and non-cash credits that Akbank has provided to members of the Sabancı Group as set out below. Akbank enters into credit transactions with other members of the Sabancı Group in the ordinary course of business and on an arms-length basis and expects to continue to do so in the future. Akbank's cash loans and receivables to related parties were TL 8,037,052 thousand, TL 7,661,495 thousand, TL 5,476,437 thousand and TL 5,605,978 thousand as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018, respectively. Loans provided to employees were TL 145,612,000, TL 152,213,000, TL 132,254,000 and TL 114,675,000 as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

The following table indicates the level of Akbank's relationships (on a consolidated basis) with other members of the Sabancı Group as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
	(TL thousands, except percentages)			
Cash loans	8,037,052	7,661,495	5,476,437	5,605,978
As a % of assets	1.6%	1.6%	1.5%	1.6%
As a % of total cash loans	2.7%	2.7%	2.6%	2.7%
As a % of shareholders' equity	12.7%	12.2%	12.5%	10.8%
Non-cash credits[(1)]	2,010,982	2,175,254	1,073,121	923,453
As a % of assets	0.4%	0.5%	0.3%	0.3%
As a % of non-cash loans	3.4%	4.2%	2.0%	1.8%
As a % of shareholders' equity	3.2%	3.5%	2.5%	1.8%

Total group exposure	**10,048,034**	**9,836,749**	**6,549,558**	**6,529,431**

Note:

(1) Non-cash credits consist primarily of letters of credit issued or confirmed and exposures under guarantees and performance bonds.

Akbank (on a consolidated basis) had deposits from members of the Sabancı Group as follows as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

		As at 31 December		
	As at 31 March 2021	**2020**	**2019**	**2018**
		(TL thousands)		
Deposits (including cash collateral)	7,673,939	6,569,570	5,975,949	6,240,268

Turkish Banking System

The Turkish financial sector has gone through major structural changes as a result of the financial liberalisation programme that started in the early 1980s. The abolition of directed credit policies, liberalisation of deposit and credit interest rates and liberal exchange rate policies as well as the adoption of international best standard banking regulations have accelerated the structural transformation of the Turkish banking sector. Since the 1980s, the Turkish banking sector has experienced a significant expansion and development in the number of banks, employment in the sector, diversification of services and technological infrastructure. The significant volatility in the Turkish currency and foreign exchange markets experienced in 1994, 1998 and 2001, combined with the short foreign exchange positions held by many Turkish banks at those times, affected the profitability and liquidity of certain Turkish banks. In 2001, this resulted in the collapse of several institutions. The banking sector also experienced a sharp reduction in shareholders' equity in 2001, with the capital for 22 private sector banks declining to U.S.$7,727 million at the end of 2001 from U.S.$8,551 million for 28 banks at the end of 2000, according to the Central Bank.

The Turkish money markets and foreign exchange markets have stabilised since 2001. In order to enhance disclosure and require management to maintain adequate capital, the BRSA required banks to undergo a three-part audit during the end of 2001 and the first half of 2002. Following the audit, all private commercial banks were either found to be in compliance with the 8% minimum capital requirement (which was the case for Akbank, as declared by the BRSA in mid-2002), transferred to the SDIF or asked to increase their capital level.

According to SDIF's official data, since 1994, a total of 25 private banks have been transferred to the SDIF due to, among other things, weakened financial stability and liquidity. The transparency of the system has improved along with the establishment of an independent supervisory and regulatory framework and new disclosure requirements. Structural changes undertaken have strengthened the private banking sector and resulted in a level playing field among banks. Unfair competition from state banks was diminished while the efficiency of the system increased in general as a result of consolidation. Efforts are continuing on the resolution of the SDIF banks while restructuring and privatisation of the state banks is progressing.

This restructuring in the Turkish financial sector has been significantly aided through the three-stage audit process referred to above. According to Provisional Article 11 of the Banking Law, Provisional Article 4 added to the Banks Act (Law No. 4389) (the "**Banks Act**"), though Act No. 4743 will remain applicable until the collection of receivables and finalisation of procedures against the banks taken over by the SDIF. Pursuant to Provisional Article 4 mentioned above, privately-owned deposit banks (including Akbank) under the scope of the programme went through the above-mentioned three-stage audit process. Banks appointed their own independent audit companies of each bank to conduct the first audit. To ensure that the first audit was undertaken according to agreed-upon principles, a different independent audit company appointed by the BRSA carried out the second audit. The Sworn Bank Auditors of the BRSA conducted the third and final audit. This multi-phase auditing procedure was applied so as to minimise conflicts and increase reliability in the

Turkish banking system. The "audit and assessment" phase of the programme was successfully completed through close cooperation with banks and independent audit institutions. The audit and assessment phase carried out within the framework of the programme not only increased the chances of success of the programme, but also brought about positive long-term effects on the Turkish banking system. Firstly, the transparency of the banking sector increased. Announcements made by the BRSA regarding aggregate figures and the bank-specific information to be provided by banks after their general assemblies provided a platform for the sharing of reliable information, including group risks, open positions and in-kind credit risks. As a result, the true financial health of Turkish banks has become more transparent. Secondly, with the success of the audit and assessment phase, the ability of the Turkish public authorities to design and apply sound policies towards the establishment of a healthy and efficient banking sector was strengthened.

Pursuant to Council of Ministers Decision No.: 2012/4116 dated 24 December 2012, published in the Official Gazette No. 28515 of 1 January 2013, RUSF rates applicable to cross-border foreign exchange borrowings by Turkish non-financial institution borrowers are as follows:

Average Maturity	RUSF
Up to one year	3%
One (1) year (including) up to two (2) years	1%
Two (2) years (including) up to three (3) years	0.5%
Three (3) years and longer	0%

The RUSF rate on non-commercial consumer loans is 15%.

In accordance with the regulations of the BRSA made in 2003 (decision of BRSA dated 3 July 2003 and numbered 1084), the practice of a full insurance guarantee over savings deposits was removed on 5 July 2004. Under the new limited deposit guarantee scheme that replaced the full insurance guarantee, Turkish Lira and foreign exchange-denominated savings deposits up to TL 150,000 (since 25 September 2019) opened by any natural person customer in each bank are under the insurance guarantee of SDIF. Transition from full deposit insurance guarantee to limited deposit insurance guarantee in July 2004 was the result of the positive developments realised in the economy and the financial sector and is considered a new stage in the improvement of the Turkish banking sector.

Turkish Regulatory Environment for Banks

Turkish banking legislation has changed substantially in the last 20 years and the Banking Law abolishing and replacing Banks Act No. 4389 came into force upon publication thereof in the Official Gazette dated 1 November 2005. The purpose of enacting a new Banking Law is to establish confidence and stability in financial markets, to ensure efficient operation of the credit system and to protect the rights and interests of the depositors. The Banking Law should be regarded as a positive progress due to its provisions regarding capital adequacy, efficiency of the control and audit to be carried out by public authority, creation of a market discipline by prevention of the possible lack of control, and enforcement of the obligation of the liability insurance.

Turkish banks and also branches in Turkey of foreign banks established abroad are governed by two primary regulatory authorities in Turkey, the BRSA and the Central Bank.

The Role of BRSA

In June 1999, the Banks Act established the BRSA which ensures that banks observe banking legislation, supervises the application of banking legislation and monitors the banking system. The BRSA has administrative and financial autonomy, and its head office is in Ankara.

Articles 82 and 93 of the Banking Law state that the BRSA, having the status of a public legal entity with administrative and financial autonomy, was established in order to ensure application of the Banking Law and other relevant acts, to ensure that savings are protected and to carry out other activities as necessary by issuing regulations within the limits of authority granted to it by the Banking Law. The BRSA is obliged and authorised to take and implement any decisions and measures in order to prevent any transaction or action which could jeopardise the rights of depositors and the regular and secure operation of banks and lead to substantial damages to the national economy, and to ensure efficient functioning of the credit system.

By law, the BRSA has responsibility for all banks operating in Turkey, including foreign banks and participation banks. The BRSA sets various mandatory ratios such as capital adequacy and liquidity ratios. In addition, all banks must provide the BRSA, on a regular and timely basis, with information adequate to permit off-site analysis by the BRSA of such bank's financial performance, including balance sheets, profit and loss accounts, board of directors' reports and auditors' reports. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and annual basis, depending on the nature of the information to be reported.

The BRSA conducts both on-site and off-site audit and supervises implementation of the provisions of the Banking Law and other legislation, examination of all banking operations and analysis of the relationship and balance between assets, receivables, equity capital, liabilities, profit and loss accounts and all other factors affecting a bank's financial structure.

Pursuant to the Internal Systems Regulation, the banks are obliged to establish, manage and develop (for themselves, all their branches and units and all of their consolidated affiliates) internal audit and risk management systems in line with the scope and structure of their organisations, in compliance with the provisions of such regulation. Pursuant to such regulation, the internal audit and risk management systems are to be vested in a department of the bank that has the necessary independence to accomplish its purpose, provided that such departments report to the bank's board of directors. To achieve this, according to the regulation, the internal audit personnel cannot also be appointed to work in a role conflicting with their internal audit duties. The Internal Systems Regulation also requires banks to internally calculate the amount of capital required to cover the risks to which they are or may be exposed on a consolidated basis and with a forward-looking perspective, taking into account the bank's near and medium-term business and strategic plans. This process, referred to as the "Internal Capital Adequacy Assessment Process," should be designed according to the bank's needs and risk attitude and should constitute an integral part of the decision-making process and corporate culture of the bank. In this context, each bank is required to prepare an internal capital adequacy assessment process report (the "**ICAAP Report**") representing the bank's own assessment of its capital requirements. An ICAAP Report is required to be submitted annually to the BRSA, together with the stress test analysis, the internal audit report on the internal capital adequacy assessment process and the model validation report by the end of March of the following year. The board of directors of a bank is responsible for maintenance of adequate equity to ensure establishment and implementation of the ICAAP Report.

The Role of the Central Bank

The Central Bank was founded in 1930 and performs the traditional functions of a Central Bank, including the issuance of bank notes, provision of price stability and its continuity, regulation of the money supply, management of official gold and foreign exchange reserves, monitoring of the financial system and advising the Turkish Government on financial matters. The Central Bank exercises its powers independently. The Central Bank is empowered to determine the inflation target together with the Turkish Government, and to adopt a monetary policy in compliance with such target. The Central Bank is the only authorised and responsible institution for the implementation of such monetary policy.

The Central Bank has responsibility for all banks operating in Turkey, including foreign banks. The Central Bank sets mandatory reserve levels and liquidity ratios. In addition, as per the Central Bank Law, all banks, which are operating in Turkey, must provide the Central Bank with their balance sheets and profit and loss accounts together with their auditor's report within one month of their general assembly meeting, and audit reports to be prepared by independent audit companies within one month of their preparation. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and semi-annual basis, depending on the nature of the information to be reported.

Pursuant to the recent amendments introduced to the Banking Law, the Central Bank has been empowered to determine maximum interest rates for lending and deposit taking activities of banks, as well as fees, expenses and commissions charged by banks to their clients for any sort of activities.

Furthermore, effective from 1 January 2020, the Central Bank has been designated as the new payment and e-money services watchdog of Turkey, replacing the BRSA by way of stripping it of its powers under the Law on the Payment Systems and Securities Settlement Systems, Payment Services and Electronic Money Institutions No. 6493.

The Role of the Banks Association of Turkey

The Banks Association of Turkey acts as an organisation with limited supervision and coordination. All banks in Turkey are obliged to become members of this association. As the representative body of the banking sector, the association aims to examine, protect and promote its members' professional interests. However, despite its regulatory and disciplinary functions, it does not possess any of the powers to regulate banking as the BRSA does.

Shareholding

The direct or indirect acquisition of shares, which represent 10% or more of the share capital of any bank, or the direct or indirect acquisition or transfer of shares resulting in the total number of shares held by a shareholder increasing above or falling below 10%, 20%, 33% or 50% of the share capital of a bank, requires the permission of the BRSA in order to preserve full voting and other shareholders' rights associated with such shares. In addition, irrespective of the above thresholds, an assignment and transfer of privileged shares with the right to nominate a member to the board of directors or audit committee or issuance of new shares with such privileges is also subject to the authorisation of the BRSA. In the absence of such authorisation for the share transfers, a holder of such thresholds of shares cannot be registered in the share register, which effectively deprives such shareholder of the ability to participate in shareholder meetings or to exercise voting or other shareholders' rights with respect to the shares, but not of the right to collect dividends declared on such shares. Additionally, the direct and indirect acquisition or the transfer of the shares of a legal entity owning more than 10% of a bank is also subject to BRSA approval if such transfer directly or indirectly results in the total number of the shares held by a shareholder increasing above or falling below 10%, 20%, 33% or 50% of the share capital of such legal entity. If such approval is not sought, then the relevant shares would merely entitle its owner to the dividend rights. In such case, the voting and other shareholding rights are exercised by the SDIF.

The board of directors of a bank is responsible for ensuring that shareholders attending general assemblies have obtained the applicable authorisations from the BRSA. If the BRSA determines that a shareholder has exercised voting or other shareholders' rights (other than the right to collect dividends) without due authorisation as described in the preceding paragraph, then it is authorised to direct the board of directors of the applicable bank to initiate proceedings for cancellation. If the shares are obtained on the stock exchange, then the BRSA may also impose administrative fines on shareholders who exercise their rights or acquire or transfer shares as described in the preceding paragraph without BRSA authorisation. Unless and until a shareholder obtains the necessary share transfer approvals from the BRSA, the SDIF has the authority to exercise such voting and other shareholders' rights (other than the right to collect dividends and priority rights) attributable to such shareholder.

Lending Limits

Turkish law sets out certain limits on the asset profile of banks and other financial institutions designed to protect those institutions from excessive exposure to any one counterparty (or group of related counterparties), in particular:

Credits extended in the amounts of 10% or more of a bank's shareholders' equity are classified as large credits and the total of such credits cannot be more than eight times the bank's shareholders' equity. In this context, credits include cash credits and non-cash credits such as letters of guarantee, counter guarantees, sureties, avals, endorsements and acceptances extended by a bank, bonds and similar capital market instruments purchased by it, loans (whether deposits or other), receivables arising from the future sales of assets, overdue cash credits, accrued but not collected interest, amounts of non-cash credits converted into cash and futures and options and other similar contracts, partnership interests and shareholding interests.

The Banking Law restricts the total financial exposure (including extension of credits, issuance of guarantees, etc.) that a bank may have to any one customer or a risk group directly or indirectly to 25% of its equity capital. In calculating such limit, a credit extended to a partnership is deemed to be extended to the partners in proportion to their liabilities. A risk group is defined as an individual, his or her spouse and children and partnerships in which any one of such persons is a director or general manager as well as partnerships that are directly or indirectly controlled by any one of such persons, either individually or jointly with third parties, or in which any one of such persons participate with unlimited liability. Furthermore, a bank, its shareholders holding 10% or more of the bank's voting rights or the right to nominate board members, its board members, general manager, deputy general managers and, notwithstanding their title, managers employed in equivalent or higher positions in the hierarchy and partnerships directly or indirectly, individually or jointly, controlled by any of these persons or a partnership in which these persons participate with unlimited liability or in which these persons act as directors or general managers constitute a risk group, for which the lending limits are reduced to 20% of a bank's equity capital, subject to the BRSA's discretion to increase such lending limits up to 25% or to lower it to the legal limit.

Loans made available to a bank's controlling shareholders or registered shareholders holding more than 1% of the share capital of the bank and their risk groups may not exceed 50% of the bank's capital equity.

The BRSA determines the permissible ratio of non-cash loans, futures and options, other similar transactions, avals, acceptances, guarantees and sureties, and bills of exchange, bonds and other similar capital markets instruments issued or guaranteed by, and credit and other financial instruments and other contracts entered into with, governments, central banks and banks of the countries accredited with the BRSA for the purpose of calculation of loan limits.

The BRSA has taken certain decisions to mitigate the adverse effects of the COVID-19 outbreak on the Turkish economy. In this regard, on 5 May 2020, the BRSA announced that the total amount of Turkish Lira placements, depots, repos and loans of Turkish banks entered into with financial institutions abroad cannot exceed 0.5% of their latest regulatory equity capital, so long as the extraordinary circumstances due to COVID-19 outbreak continue. This ratio was increased to 2.5% effective November 2020.

Pursuant to Article 55 of the Banking Law, the following credits are exempt from the above-mentioned lending limits:

(a) transactions backed by cash, cash-like instruments and precious metals;

(b) transactions made with the Ministry of Treasury and Finance, the Central Bank, the Privatisation Administration, the Housing Development Administration of Turkey, Türkiye Varlık Fonu Yönetimi A.Ş. or Turkish Sovereign Wealth Fund or against bonds and bills or other securities issued by or payment of which is guaranteed by these institutions;

(c) transactions carried out in markets established by the Central Bank or other money markets created pursuant to special laws;

(d) any increase in a credit resulting from an increase in the value of the respective currency and interests accrued and other charges on overdue credits provided that subsequently allocated credits in a foreign currency shall be taken into consideration at the exchange rate applied on the date of utilisation thereof for calculation of lines of credit in the event a new credit is allocated to the same person;

(e) equity participations acquired at no cost and any increase in the value of equity participations not requiring any payment;

(f) transactions carried out amongst banks on the basis set out by the BRSA;

(g) equity participations acquired through underwriting commitments in public offerings provided that such participations are disposed of in a manner and at a time determined by the BRSA;

(h) transactions which are taken into account as deductibles in calculation of own funds; and

(i) other transactions to be determined by the BRSA.

Loan Loss Reserves

Pursuant to Article 53 of the Banking Law, banks must formulate, implement and regularly review policies regarding: compensation for losses that have arisen or are likely to arise in connection with loans and other receivables and to reserve an adequate level of provisions against impairment in the value of other assets and receipt of guarantees and measurement of their value and reliability. In addition, such policies must address issues such as monitoring the loans, follow up procedures and the repayment of overdue loans. Banks are under an obligation to establish and operate systems performing all of the foregoing.

Procedures relating to loan loss reserves for NPLs are set out in regulations issued by the BRSA. The Regulation on the Principles and Procedures Related to the Determination of Qualifications of the Loans and other Receivables by Banks and the Provisions to be Set Aside (the "**Old Regulation**") published in the Official Gazette No. 26333 dated 1 November 2006 was in force before 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 came into effect.

Pursuant to the Old Regulation (i.e., prior to 1 January 2018), banks were required to classify their loans and receivables in one of the following groups:

Group I: Loans of a Standard Nature and Other Receivables

Group II: Loans and Other Receivables Under Close Monitoring

Group III: Loans and Other Receivables with Limited Recovery

Group IV: Loans and Other Receivables with Suspicious Recovery

Group V: Loans and Other Receivables Considered as Losses

Pursuant to the Old Regulation, all loans and receivables in Groups III, IV and V above, irrespective of whether any interest or other similar obligations of the debtor are applicable on the principal or whether the loans or receivables have been refinanced, were defined as "NPLs". If several loans have been extended to a loan customer by the same bank and if any of these loans are considered an NPL, then all outstanding risks of such loan customer were classified in the same group as the NPLs even if such loans did not otherwise fall under the same group as such NPLs. If an NPL was repaid in full, then the other loans of the loan customer may have been re-classified into the applicable bank as if there were no related NPLs.

Pursuant to the amendment dated 21 September 2012 to the Old Regulation, banks were required to reserve adequate provisions for loans and other receivables until the end of the month during which the payment of such loans and receivables had been delayed. This regulation also required Turkish banks to provide a general reserve calculated at 1% of the total cash loan portfolio plus 0.2% of the total non-cash loan portfolio except for some cases listed in the Old Regulation. In addition to the general provision, banks were also required to set aside special provisions for NPLs and receivables in Groups III, IV and V, in the amounts of 20%, 50% and 100%, respectively, of the relevant loan or receivable.

On 22 June 2016, the BRSA published the Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside (the "**Provisioning Regulation**") which entered into force on 1 January 2018 in lieu of the Regulation on Provisions and Classification of Loans and Receivables published in the Official Gazette dated 1 November 2006 and No. 26333. The Provisioning Regulation aims at ensuring compliance with the requirements of IFRS and the Financial Sector Assessment Programme, which is a joint programme by the International Monetary Fund and the World Bank. The Provisioning Regulation requires banks to have adopted Turkish Financial Reporting Standards 9, which is the TFRS 9 compliant financial reporting standards of Turkey ("**TFRS 9**") principles (unless an exemption is granted by the BRSA) related to the assessment of credit risk by the end of 2017 and to set aside general provisions in line with such principles. According to the Provisioning Regulation, banks are still required to classify their loans and receivables in groups, but there are certain changes in the content of the groups compared to the Regulation on Provisions and Classification of Loans and Receivables. Please note that group classification and provision levels for periods before and after 1 January 2018 are not directly comparable. Pursuant to the 2016 Provisioning Regulation, banks are required to classify their loans and receivables into one of the following groups:

(a) Group I: Loans of a Standard Nature and Other Receivables:

This group involves each loan (which, for purposes of the Provisioning Regulation, includes other receivables and shall be understood as such elsewhere in this Base Prospectus):

(i) that has been disbursed to financially creditworthy natural persons and legal entities;

(ii) the principal and interest payments of which have been structured according to the solvency and cash flow of the debtor;

(iii) repayments of which have been made within due dates or have not been overdue for more than 30 days, for which no repayment problems are expected in the future, and that have the ability to be collected in full without recourse to any security;

(iv) in respect of which no weakening of the creditworthiness of the applicable debtor has been found; and

(v) to which 12 months expected credit loss reserve applies under TFRS 9.

On 27 March 2020 (with retroactive effect from 17 March 2020), the BRSA announced, as part of the measures taken to combat the impact of the COVID-19 pandemic, a temporary rule (effective until 31 December 2020) providing that the 30 days referred to in clause (iii) is replaced with 90 days, resulting in loans remaining categorised as Group I loans longer and then moving into Group II loans at 90 days. On 8 December 2020, the BRSA extended the implementation of this temporary rule until 30 June 2021.

(b) Group II: Loans Under Close Monitoring:

This group involves each loan:

(i) that has been extended to financially creditworthy natural and legal persons and where negative changes in the debtor's solvency or cash flow have been observed or predicted due to adverse events in macroeconomic conditions or in the sector in which the debtor operates, or other adverse events solely related to the respective debtor;

(ii) that needs to be closely monitored due to reasons such as significant financial risk carried by the debtor at the time of the utilisation of the loan;

(iii) in connection with which problems are likely to occur as to principal and interest payments in accordance with the conditions of the loan agreement, and where the failure to resolve such problems might result in risk of non-collection in full without recourse to any security;

(iv) where although the credit standing of the debtor has not weakened in comparison with its credit standing on the day the loan is granted, there is likelihood of a weakening due to the debtor's irregular and unmanageable cash flow;

(v) the collection of principal and/or interest payments of which are overdue for more than 30 but less than 90 days following its payment due date (including the maturity date) for reasons that cannot be interpreted as a weakening in credit standing;

(vi) in connection with which the credit risk of the debtor has notably increased pursuant to TFRS 9;

(vii) repayments of which are fully dependent upon security and the net realisable value of such security falls under the receivable amount;

(viii) that has been subject to restructuring when monitored under Group I or Group II without being able to be classified as an NPL; or

(ix) that has been subject to restructuring while being monitored as an NPL and classified as a performing loan upon satisfaction of the relevant conditions stated in the regulation.

On 27 March 2020 (with retroactive effect from 17 March 2020), the BRSA announced, as part of the measures taken to combat the impact of the COVID-19 pandemic, a temporary rule (effective until 31 December 2020) providing that the 30 days referred to in clause (v) is replaced with 90 days, resulting in loans remaining categorised as Group I loans longer and then moving into Group II loans at 90 days. On 8 December 2020, the BRSA extended the implementation of this temporary rule until 30 June 2021.

(c) Group III: Loans with Limited Collection Possibility:

This group involves each loan:

(i) in connection with which the debtor's creditworthiness has weakened;

(ii) that has limited possibility for the collection of the full amount without recourse to any security due to the insufficiency of net realizable value of the security or the debtor's equity to meet the repayment of the full amount on the due date, and that would likely result in losses in case such problems are not resolved;

(iii) collection of the principal and interest (or both) of which has/have been delayed for more than 90 days but not more than 180 days from the payment due date;

(iv) in connection with which the bank is of the opinion that collection by the bank of the principal or interest of the loan or both will be delayed for more than 90 days from the payment due date owing to reasons such as the debtor's difficulties in financing working capital or in creating additional liquidity as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or other adverse events solely related to the debtor; or

(v) that has been classified as a performing loan after restructuring but principal and/or interest payments of which have been overdue for more than 30 days within one year of a restructuring or have been subject to another restructuring within such one year of the previous restructuring.

On 17 March 2020, the BRSA implemented, as part of the measures taken to combat the impact of the COVID-19 pandemic, a temporary rule (effective until 31 December 2020) providing that the 90 days referred to in clauses (iii) and (iv) are replaced with 180 days, resulting in loans remaining categorised as Group II loans longer. As of the date of this Prospectus, the temporary rule does not provide any guidance as to classificiation of loans with payment delays of more than 180 days. On 8 December 2020, the BRSA extended the implementation of this temporary rule until 30 June 2021.

(d) Group IV: Loans with Doubtful Collection Possibility:

This group involves each loan:

(i) principal and/or interest payments of which will probably not be collected in full under the terms of the loan agreement without recourse to any security;

(ii) in connection with which the debtor's creditworthiness has significantly deteriorated, but which loan is not yet considered as an actual loss by virtue of contribution expected from factors such as merger, the possibility of finding new financing or a capital increase to the debtor's creditworthiness and the collection possibility of the credit;

(iii) the collection of principal and/or interest payments of which has been overdue for more than 180 days but less than one year following its payment due date (including the maturity date); or

(iv) the collection of principal and/or interest payments of which is expected to be overdue for more than 180 days following its payment due date (including the maturity date) as a result of adverse events in macroeconomic conditions or in the sector in which the debtor operates or adverse events solely related to the debtor.

(e) Group V: Loans Having the Nature of Loss:

This group involves each loan:

(i) for which, as a result of the complete loss of the debtor's creditworthiness, no collection is expected or only a negligible part of the total receivable amount is expected to be collected;

(ii) although having the characteristics stated in Groups III and IV, the collection of the total receivable amount of which, albeit due and payable, is unlikely within a period exceeding one year; or

(iii) the collection of principal and/or interest payments of which has been overdue for more than one year following its payment due date.

Pursuant to the Provisioning Regulation, loans: (a) that are classified under Groups III, IV and V, (b) the debtors of which are deemed to have defaulted pursuant to the Communiqué on the Calculation of Principal Subject to Credit Risk by Internal-Ratings Based Approaches (published in the Official Gazette dated 23 October 2015 and numbered 29511) or (c) to which, as a result of a debtor's default, the lifetime expected credit loss reserve applies under TFRS 9 are classified as NPLs. Financial guarantees are also classified as NPLs on the basis of their nominal amounts in situations where: (i) a risk of a compensation claim by the creditor has occurred or (ii) the debt assumed under the relevant financial guarantee falls within the scope of any of the circumstances stated in limbs (a), (b) or (c) above. If several loans have been extended to a debtor by the same bank and any of these loans is classified as an NPL, then all other loans extended to such debtor by such bank shall also be classified as NPLs; however, for consumer loans, even if any of these loans is classified as an NPL, other consumer loans granted to the same debtor may be classified in the respective applicable group other than Group I. If loans extended to a debtor are classified as an NPL, the creditworthiness of other debtors within the same risk group with that debtor should be evaluated at the date of classification as

NPL of that debtor's loans. Accordingly, the loans extended to such other debtors should also be classified as an NPL if such loans fall within the scope of any of the circumstances stated in limbs (a), (b) or (c) above.

The Provisioning Regulation includes detailed rules and criteria in relation to concepts of the "reclassification" and "restructuring" of loans. As for the reclassification of loans, banks are required to evaluate such loans with a view as to whether such loans are to be reclassified under different groups, such evaluation is to be made at least once during each three-month financial statement term or (irrespective of this period) upon the occurrence of developments that pose a risk on such debtor's performance of its obligations, in macroeconomic circumstances, or in the sector in which the respective debtor operates, or solely related to the respective debtor regardless of the macroeconomic circumstances and the sector. Such evaluation shall be conducted independently from the credit and risk analysis made at the time of the extension of the loan.

The reclassification of NPLs as performing loans is subject to the following conditions: (a) all overdue repayments that have caused the relevant loan to be classified as an NPL have been collected in full without recourse to any security, (b) as at the date of the reclassification, there has been no overdue repayment and the last two repayments preceding such date (except the repayments mentioned in limb (a)) have been realised in full by their due date, and (c) conditions for such loans to be classified under Group I or II have been fulfilled. Furthermore, loans (i) that have been fully or partially excluded from the assets of the banks, (ii) security for which has been enforced to satisfy the debt or (iii) repayment of which has been made in kind, cannot be classified as a performing loan. According to a non-public BRSA decision on 8 November 2019, the one-year period described in clause (ii) was reduced to six months through 31 December 2020 (which, by a BRSA decision on 8 December 2020, was then extended until 30 June 2021). In addition, this non-public BRSA decision provides that loans that are partially repaid through the foreclosure on colleteral or have been paid in kind are exempt from this regulation through 30 June 2021.

The restructuring of a loan is defined as privileges granted to a debtor who faces or would probably face financial difficulties in relation to the repayment of the loan, to which privileges would not be granted to other debtors not facing such repayment difficulties. These privileges consist of: (a) amendments to the conditions of the loan agreement or (b) partial or full refinancing of the loan. In this respect, an NPL may be reclassified as a restructured loan under Group II subject to the following conditions: (i) upon evaluation of the financial standing of the debtor, it has been determined that the conditions for the applicable loan to be classified as an NPL have disappeared, (ii) the loan has been monitored as an NPL for at least one year following a restructuring, (iii) as at the date of reclassification as a Group II loan, there has been no delay in principal and/or interest payments or any expectation of any such delay in the future and (iv) overdue payments and/or principal payments excluded from assets in relation to the restructured loan have been collected. According to a non-public BRSA decision on 8 November 2019, the one-year period described in clause (ii) was reduced to six months through 31 December 2020 (which, by a BRSA decision on 8 December 2020, was then extended until 30 June 2021). Furthermore, such restructured NPL being reclassified as a performing restructured Group II loan may be excluded from the scope of the restructuring if all the following conditions are met: (A) such loan has been monitored as a restructured loan under Group II at least for one year, (B) at least 10% of the outstanding debt amount has been repaid during such one year monitoring period, (C) there has not been any delay of more than 30 days in principal and/or interest payments of any loan extended to the applicable debtor during such monitoring period and (D) the financial difficulty that led to the restructuring of the loan no longer exists. On 15 August 2018, the BRSA published an amendment regulation to the Provisioning Regulation, introducing the possibility of a performing restructured loan being classified as a Group I loan, after being monitored as a restructured loan at least for three months and if the conditions (C) and (D), above, are met (without seeking the satisfaction of conditions (A) and (B), above). Further, the same amendment regulation has provided that changes to the loan terms for, or partial or full refinancing of, the companies, the loans of which are classified as Group I and that are not in distress, will not be classified as restructuring and may be monitored under Group I.

Pursuant to the Provisioning Regulation, the general rule is that banks shall apply provisions for their loans pursuant to TFRS 9; *however*, the BRSA may, on an exceptional basis, authorise a bank to apply the applicable provisions set forth in the Provisioning Regulation instead of those required by TFRS 9, subject to the presence of detailed and acceptable grounds. With respect to the requirements under TFRS 9, "twelve-months expected credit loss reserve" and "lifetime expected credit loss reserve set aside due to significant increase in credit risk profile of the debtor" are considered as general provisions while "lifetime expected credit loss reserve set aside due to debtor's default" is considered as special provisions.

Banks that have been authorised not to apply provisions under TFRS 9 are required to determine their general and special provisions in accordance with Articles 10 and 11 of the Provisioning Regulation. In this respect, such banks shall set aside general provisions for at least 1.50% and 3.00% of their total cash loans portfolio under Groups I and II, respectively. For non-cash loans, undertakings and derivatives, general provisions to be set aside shall be calculated by applying the foregoing percentages to the risk-weighted amounts determined pursuant to the Capital Adequacy Regulation. Subject to the presence of a written pledge or assignment agreement, loans secured with cash, deposit, participation funds and gold deposit accounts; bonds that are issued by the Turkish government and the Central Bank, and guarantees and sureties provided by such, are not subject to the general set aside calculation. Loans extended to the Turkish government and the Central Bank are not to be considered in such calculation. As to special provisions, banks are required to comply with provision rules for NPLs under Groups III, IV and V at 20%, 50%, and 100%, respectively.

In respect of both general and special provisions, banks are required to consider country and transfer risks. In addition, the BRSA may increase such provision requirements on the basis of banks or loans, taking into account the concentration from time to time in matters such as loans' size, type, due date, currency, interest structure, sector to which loans are extended, geographic circumstances, security, and the credit risk level and management.

Regarding the monitoring of security by the banks that have been authorised not to apply provisions under TFRS 9, the Provisioning Regulation increased the number of categories on collaterals (from four to five), amended the content of such categories, and amended the proportions to be deducted, in order to determine the net realisable values of the collaterals, from the borrower's NPLs as follows:

Discount Ratio	**(%)**
Category I Collateral	100
Category II Collateral	80
Category III Collateral	60
Category IV Collateral	40
Category V Collateral	20

According to the amendments to the Equity Regulation (as defined below) and the Capital Adequacy Regulation that will become effective as at 1 January 2022, general provisions will, from that date, no longer be allowed to be included in the supplementary capital (i.e. Tier 2 capital) of Turkish banks and will be deducted from their risk-weighted assets.

TFRS 9 Financial Instruments Standard

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 was published by the POA in the Official Gazette numbered 29953 dated 19 January 2017. TFRS 9 replaced TAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. The POA later included amendments to TFRS 16 (Leases) in TFRS 9 and republished the new version of TFRS 9 Standards, including the said amendments, in the Official Gazette dated 15 January 2019 and numbered 30656.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

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" (SPPI).

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, Akbank 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, Akbank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit Akbank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

Akbank fulfils 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 ("**FVTPL**"), amortised cost or fair value through other comprehensive income ("**FVOCI**"). As the requirements under TFRS 9 are different than the assessments under the previous TAS 39 rules, the classification and measurement of financial liabilities remain largely unchanged under TAS 39.

Capital Adequacy

Basel II was first implemented into Turkish law by the BRSA, by a regulation on measurement and assessment of capital adequacy of banks which entered into force on 1 July 2012. Article 45 of the Banking Law defines "Capital Adequacy" as having adequate equity against losses that could arise from the risks encountered. Pursuant to the same article, banks must calculate, achieve, perpetuate and report their capital adequacy ratio, which, within the framework of the BRSA's regulations, cannot be less than 8%. Despite the 8% minimum capital adequacy ratio requirement, the BRSA has declared in the press that its approach is, and will continue to be, to prohibit banks with a capital adequacy ratio less than 12% from opening new branches.

The BRSA is authorised to increase the minimum capital adequacy ratio and the minimum consolidated capital adequacy ratio, to set different ratios for each bank and to revise the calculation and notification periods, but must consider each bank's internal systems as well as its asset and financial structures.

The BRSA published several new regulations and communiqués or amendments to its existing regulations and communiqués (as published in the Official Gazette dated 23 October 2015 No. 29511 and 20 January 2016 No. 29599) in accordance with the Basel Committee's RCAP, which is conducted by Akbank for BIS and reviews Turkey's compliance with Basel regulations. These amendments, which entered into force on 31 March 2016, include revisions to the Equity Regulation and the Capital Adequacy Regulation.

The BRSA has published the Capital Adequacy Regulation, which entered into force on 31 March 2016 and replaced the former Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks, which was published in the Official Gazette dated 28 June 2012 and numbered 28337. The Capital Adequacy Regulation sustains the capital adequacy ratios introduced by the former regulation, but changes the risk weights of certain items. Accordingly, amendments to the Capital Adequacy Regulation, entered into force on 31 March 2016, lower the risk weights of certain assets, including reducing: (a) the risk weights of residential mortgage loans from 50% to 35%, (b) the risk weights of consumer loans (excluding residential mortgage loans and credit cards) qualifying as retail loans in accordance with the Capital Adequacy Regulation and instalment payments of credit cards from a range of 100% to 250% (depending upon their outstanding tenor) to 75% (irrespective of their tenor); provided that such receivables are not re-classified as non-performing loans and (c) the credit conversion factors of commitments for credit cards and overdrafts from 20% to 0%. The Issuer's management believes that these amendments will have a positive impact on its capital adequacy ratio.

Currently, all Turkish Lira-denominated claims on sovereign entities in Turkey and the Central Bank shall have a 0% risk weight. The risk weights for foreign currency-denominated claims on the Turkish sovereign and the Central Bank were 50% or 100% depending on the external credit assessment institutions used for calculating the risk-weighted assets for capital adequacy purposes. However, the BRSA, with its decision dated 24 February 2019 and numbered 7234, determined that banks may apply a risk weight of 0% for foreign currency required reserves (including gold) at the Central Bank under the Capital Adequacy Regulation. Most recently, on 16 April 2020, the BRSA announced that banks may apply 0% risk weights for foreign currency-denominated claims on the Turkish Government.

On 9 December 2016, the BRSA amended the definition of SME under the Capital Adequacy Regulation. Accordingly, SMEs are now defined as "Enterprises whose turnover is under a threshold to be determined by the BRSA." The BRSA, with its decision dated 18 January 2019 and numbered 8199, determined such threshold value as TL 150,000,000 and that such threshold will not be applied to SMEs whose headquarters are abroad. The BRSA further decided that threshold of such SMEs will be determined by their local banking authorities.

The BRSA issued a press release on 23 March 2020, announcing certain measures to facilitate the calculation of the capital adequacy ratio and net foreign currency positions on banks' balance sheets due to financial market fluctuations caused by the COVID-19 outbreak. Pursuant to the measures introduced by the BRSA, until 30 June 2021, banks will be entitled to:

- use the Central Bank's average buying exchange rate for the 252 business days prior to the relevant calculation date in calculating the amount subject to credit risk as per Capital Adequacy Regulation for the calculation of (i) the valuated amounts as per TAS and (ii) the relevant reserves to set aside related to their cash and non-cash assets, excluding the assets in foreign currency measures in historical cost;

- calculate the equity amount to be used for capital adequacy ratio in accordance with the Equity Regulation, by disregarding the negative net valuation differences related to the securities the banks held in their "Securities the fair value difference of which is reflected on other comprehensive income" portfolio prior to 23 March 2020 (for the avoidance of doubt, securities acquired after 23 March 2020 will not be subject to this exception); and

- calculate their net foreign currency position by disregarding the value decrement of the securities held by the banks in their portfolio prior to 23 March 2020 (for the avoidance of doubt, the portfolios acquired after 23 March 2020 will not be subject to this exception).

Asset Ratio

On 18 April 2020, the BRSA introduced a new test referred to as the "Asset Ratio", which banks were required to meet on a weekly basis starting from 1 May 2020. This test, which was a modified form of the financial assets to deposits ratio, was intended to measure and encourage banks' use of deposits for active lending as opposed to investing in securities or other financial assets. The asset ratio was not to be lower than 100% for deposit-taking banks and 80% for participation banks (later reduced to 90% and 70%). Any failure to satisfy this minimum level would have subjected the applicable bank to a fine of up to 5% of the shortfall, which fine was not to be less than TL 500,000 in any case. As of 24 November 2020, this requirement was eliminated by the BRSA (effective as of 31 December 2020) as part of the normalisation process after the initial impact of the COVID-19 pandemic.

Equity

Under the Equity Regulation, the bank's own funds consist of main capital (consisting of common capital and additional main capital) (i.e., Tier I capital) and supplementary capital (i.e., Tier II capital) minus capital deductions. Subordinated debts of a bank are grouped as "primary subordinated debts" (including utilisations in loan and bond format) and "secondary subordinated debts" (including utilisations in loan and bond format) and are listed as one of the items that constitute Tier I and Tier II capital, respectively.

Pursuant to the BRSA Decisions on cyclical capital buffer, the cyclical buffer for Turkish banks' exposures in Turkey was initially set at 0% of a bank's risk-weighted assets in Turkey (effective as at 1 January 2016); however, such ratio might fluctuate between 0% and 2.5% as announced from time to time by the BRSA. Any increase to the cyclical capital buffer ratio is to be effective one year after the relevant public announcement, whereas any reduction is to be effective as at the date of the relevant public announcement.

Under the Equity Regulation debt instruments and their issuance premia could be included either in additional Tier I capital or in Tier 2 capital subject to certain conditions; however in accordance with the amendment published in the Official Gazette dated 23 October 2015 and numbered 29511, as at 31 March 2016, such amount is required to be reduced (for the purpose of calculating capital) by any investment by a Turkish bank in additional Tier 1 or Tier 2 capital of another bank or financial institution holding such Turkish bank's additional Tier 1 or Tier 2 capital, as applicable.

According to the amendments to the Equity Regulation and the Capital Adequacy Regulation that will become effective as at 1 January 2022, general provisions will, from the effective date, no longer be allowed to be included in the supplementary capital (i.e. Tier 2 capital) of Turkish banks and will be deducted from their risk-weighted assets.

Basel III

In December 2009, the Basel Committee published a draft proposal of a new regulatory regime for capital and liquidity standards for banks. A comprehensive quantitative impact study was conducted by banks during the spring 2010 based on the draft proposal, and the Basel Committee issued a final comprehensive framework in December 2010 ("**Basel III**"). Revisions to the Basel III regulations were subsequently issued in 2011 and 2013. The Basel III regulations mainly include requirements regarding regulatory capital, liquidity adequacy, leverage ratio and counterparty credit risk measurements.

More specifically, the Basel III framework includes several key initiatives, which change the Basel II framework. The key changes are, among others:

- The quality, consistency and transparency of the capital base were increased. Under the new framework, the regulatory deductions should mainly be applied to the common equity component of the capital base. Further, to be eligible as Tier I and Tier II capital, instruments will need to meet more stringent requirements.

- The risk coverage was further strengthened, which impacted the calculations of risk-weighted assets. These changes concerned increased capital requirements for trading book and securitisation activities, and were implemented in December 2011 throughout Europe. Further changes, implemented from 2013, are proposed for counterparty credit risk in OTC market instruments and exposures to banks and other financial intermediaries. In particular, a new capital requirement is proposed for risk of changes in the credit value adjustment ("**CVA**").

- Increased minimum requirements and new capital buffer requirements were introduced. The Basel Committee defined increased minimum thresholds that banks should at all times exceed, that is, minimum 4.5% common equity Tier I ratio, 6.0% Tier I ratio and 8.0% capital ratio. In addition, the Basel III framework introduced a capital conservation buffer of 2.5% on top of these minimum thresholds. If banks do not meet this buffer, constraints will be imposed on the bank's capital distribution, such as the payment of dividends. In addition, in periods of excess growth, banks are required to hold an additional cyclical buffer of up to 2.5% in order not to face restrictions.

Given the nature of Akbank's existing capital base, mostly composed of common equity and retained earnings, the impact of the Basel III framework on its capital base has been relatively limited and Akbank is in compliance with the capital requirements set forth within the Basel III framework.

The Basel Committee also proposed that the risk sensitive capital framework should be supplemented with a non-risk based measure, the leverage ratio. The leverage ratio is calculated as the Tier I capital divided by the exposure (on and off-balance sheet exposures, with certain adjustments for selected items such as derivatives). A minimum leverage ratio of 3% will be evaluated during a parallel run period.

Another key component of the Basel III framework is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. The Basel Committee developed two quantitative liquidity standards as part of the Basel III framework, which are the liquidity coverage ratio and the net stable funding ratio. The liquidity coverage ratio aims to ensure that a bank maintains an adequate level of unencumbered, high quality assets that can be converted into cash to meet its liquidity needs for a 30-day time horizon under an acute liquidity stress scenario. The net stable funding ratio, on the other hand, establishes a minimum acceptable amount of stable funding, based on the liquidity characteristics of an institution's assets and activities over a one-year horizon. These standards aim to set the minimum levels of liquidity for internationally active banks.

In 2013, the BRSA announced its intention to adopt the Basel III requirements and, as published in the Official Gazette dated 5 September 2013 and numbered 28756, adopted the Equity Regulation and amendments to the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks, both of which entered into effect on 1 January 2014. The Equity Regulation introduced core Tier I capital and additional Tier I capital as components of Tier I capital, while the amendments to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks: (a) introduced a minimum core capital adequacy standard ratio (4.5%) and a minimum Tier I capital adequacy standard ratio (6.0%) to be calculated on a consolidated and non-consolidated basis (which are in addition to the previously existing requirement for a minimum total capital adequacy ratio of 8.0%) and (b) change the risk weights of certain items that are categorised under "other assets." The Equity Regulation also introduced new Tier II rules and determined new criteria for debt instruments to be included in the Tier II capital.

In addition to these regulations: (a) the Regulation on the Capital Maintenance and Cyclical Capital Buffer, which regulates the procedures and principles regarding the calculation of additional core capital amount, and (b) the Regulation on the Measurement and Evaluation of Leverage Levels of Banks, through which the BRSA seeks to constrain leverage in the banking system and ensure maintenance of adequate equity on a consolidated and non-consolidated basis against leverage risks, were published in the Official Gazette dated 5 November 2013 and numbered 28812 and entered into effect on 1 January 2014 with the exception of certain provisions of the Regulation on the Measurement and Evaluation of Leverage Levels of Banks that have entered into effect as at 1 January 2015 (except net stable funding ratio and counterparty credit risk requirements).

Lastly, the Regulation on Liquidity Coverage Ratios (defined below), through which the BRSA seeks to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period both on a consolidated and unconsolidated basis, was published in the Official Gazette, dated 21 March 2014 and numbered 28948, and entered into effect immediately with the provisions thereof becoming applicable as at 1 January 2014 (with the exception of certain provisions relating to minimum coverage ratio levels and the consequences of failing to maintain compliance, which entered into effect on 1 January 2015).

On 23 February 2016, the BRSA issued its regulation on domestic systemically important banks ("**D-SIBs**") (the "**D-SIBs Regulation**"), introducing a methodology for assessing the degree to which banks are considered to be systemically important to the Turkish domestic market and setting out the additional capital requirements for those banks classified as D-SIBs. The methodology requires the identification and classification of D-SIBs in Turkey under four different categories. The D-SIBs are initially determined based upon their 2014 year-end consolidated financial statements. According to the D-SIBs Regulation, banks that are identified as D-SIBs will be required to keep additional core capital buffers up to a further 3.0% buffer for Group 4 banks, 2.0% for Group 3, 1.5% for Group 2 and 1.0% for Group 1 as at 1 January 2019. Akbank is currently Group 2 bank that applies a 1.5% buffer.

The table below sets forth the buffer ratios for D-SIBs for the indicated years (at 31 December unless otherwise indicated):

Groups	**2017**	**2018**	**2019**	**2020**	**31 March 2021**
Group 4 (empty)	1.5	2.25	3.0	3.0	3.0
Group 3	1.0	1.5	2.0	2.0	2.0
Group 2	0.75	1.125	1.5	1.5	1.5
Group 1	0.5	0.75	1.0	1.0	1.0

Liquidity, Coverage Ratio and Reserve Requirements

Article 46 of the Banking Law requires banks to calculate, attain, maintain and report the minimum liquidity level in accordance with principles and procedures set out by the BRSA. Within this framework, a comprehensive liquidity arrangement has been put into force by the BRSA, following the consent of the Central Bank.

The Regulation on the Calculation of Banks' Liquidity Coverage Ratios, through which BRSA seeks to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day period, both on a consolidated and unconsolidated basis, was published in the Official Gazette, dated 21 March 2014 and numbered 28948 and most recently amended on 15 August 2017 (the "**Regulation on Liquidity Coverage Ratios**") and entered into effect immediately with the provisions thereof becoming applicable as at 1 January 2014 (with the exception of certain provisions relating to minimum coverage ratio levels, which entered into effect on 1 January 2015). The Regulation on Liquidity Coverage Ratios provides that the ratio of the high quality asset stock to the net cash outflows, both of which are calculated in line with the regulation, cannot be lower than 100% in respect of total consolidated and non-consolidated liquidity and 80% in respect of total consolidated and non-consolidated foreign exchange liquidity.

The BRSA adopted a phased implementation approach, starting with a minimum liquidity coverage ratio requirement of 60% in 2015. Thereafter, the minimum has been raised annually by ten points until it reached 100% in 2019. In addition to the minimum total liquidity coverage ratio requirement, the BRSA also requires banks to meet a foreign currency liquidity coverage ratio. The foreign currency liquidity coverage ratio is based on a bank's total net outflows in foreign currency. As for the domestic liquidity coverage ratio, the minimum foreign currency liquidity coverage ratio requirement is implemented in a gradual manner, starting at 40% in 2015 and rising annually by ten points until it reaches 80% in 2019.

Pursuant to the Regulation on Liquidity Coverage Ratios, unconsolidated total and foreign currency liquidity coverage ratios cannot be non-compliant more than six times within a calendar year, which includes non-compliances that have already been remedied. With respect to consolidated total and foreign currency liquidity coverage, these cannot be non-compliant consecutively within a calendar year and such ratios cannot be non-compliant for more than two times within a calendar year, including the non-compliances that have already been remedied. Starting from the first quarter of 2020, due to the COVID-19 outbreak, banks were exempt from this requirement until 31 December 2020, as per the BRSA's decision dated 26 March 2020 and numbered 8967.

Pursuant to Communiqué Regarding Reserve Requirements numbered 2013/15 and published in the Official Gazette dated 25 December 2013 and numbered 28862 (the "**Communiqué Regarding Reserve Requirements**") and as at the date of this Prospectus, the reserve requirements regarding foreign currency liabilities vary by category and tenor. Pursuant to the amendments to the Communiqué Regarding Reserve Requirements, published in the Official Gazette dated 24 February 2021 and numbered 31405, the reserve requirements starting from 19 February 2021 and onwards for foreign currency liabilities are as set forth below:

Category of Foreign Currency Liabilities Required	**Reserve Ratio**
Demand deposits, notice deposits and the deposit/participation accounts with up to (and including) 1-month, 3-month, 6-month and up to 1-year maturities	19%
Deposit/participation accounts with 1-year and longer maturities	13%
Precious metal demand deposits, notice deposits, precious metal deposit accounts with up to (and including) 1-month, 3-month, 6-month and up to 1-year maturities	22%
Precious metal deposit accounts with 1-year and longer maturities	18%
Other liabilities up to 1-year maturity (including 1-year)	21%
Other liabilities up to 2-year maturity (including 2-year)	16%
Other liabilities up to 3-year maturity (including 3-year)	11%
Other liabilities up to 5-year maturity (including 5-year)	7%
Other liabilities longer than 5 year maturity	5%
Borrowers' deposit accounts held at development and investment banks(1)	19%

Note:

(1) Due to laws applicable to development and investment banks, the amount deposited in such accounts cannot exceed the total outstanding loan amount extended by the relevant development and investment bank to such borrower.

The Provisional Article 6 of the Communiqué Regarding Reserve Requirements, regulating the exemptions relating to the reserve requirement for foreign currency liabilities other than deposits and participation banks, has been abolished. The amendment was published on the Official Gazette dated 19 January 2019 and numbered 30660.

Pursuant to the amendments to the Communiqué Regarding Reserve Requirements, the reserve requirements starting from 19 February 2021 regarding Turkish Lira liabilities vary by category, as set forth below:

Category of Turkish Lira Liabilities Required	**Reserve Ratio**
Demand deposits, notice deposits	8%
Deposits/participation accounts up to 1-month maturity (including 1-month)	8%
Deposits/participation accounts up to 3-month maturity (including 3-month)	8%
Deposits/participation accounts up to 6-month maturity (including 6-month)	6%
Deposits/participation accounts up to 1-year maturity	4%

Deposits/participation accounts with 1-year and longer maturities	3%
Other Turkish Lira liabilities up to 1-year maturity (including 1-year)	8%
Other Turkish Lira liabilities up to 3-years maturity (including 3-years)	5.5%
Other Turkish Lira liabilities longer than 3-year maturity	3%
Borrowers' deposit accounts held at development and investment banks(1)	8%

Notes:

(1) Due to laws applicable to development and investment banks, the amount deposited in such accounts cannot exceed the total outstanding loan amount extended by the relevant development and investment bank to such borrower.

The reserve ratios listed in the table above are subject to continuous changes by the Central Bank. Furthermore, pursuant to the Communiqué Regarding Reserve Requirements amended on 24 February 2021, banks are permitted to maintain (a) up to a maximum of 20% of the Turkish Lira reserve requirements in U.S. Dollars and/or Euro, (b) up to a maximum of 15% of the Turkish Lira reserve requirements in standard gold (at 1.6 times) and (c) up to a maximum of 15% of the Turkish Lira reserve requirements in the form of scrap or processed standard gold mined in Turkey, in blocked accounts. In addition, pursuant to the Communiqué Regarding Reserve Requirements banks are required to maintain their required reserves against their U.S. Dollar denominated liabilities in U.S. Dollars only.

Furthermore, pursuant to the Communiqué Regarding Reserve Requirements entered into force on 17 January 2014, a bank must establish additional mandatory reserves if its financial leverage ratio falls within certain parameters. Differentiation as per the leverage ratio is calculated according to the division of a bank's capital into the sum of the following items:

(a) its total liabilities,

(b) its total non-cash loans and obligations,

(c) its revocable commitments multiplied by 0.1,

(d) the total sum of each of its derivatives commitments multiplied by its respective loan conversion rate, and

(e) its irrevocable commitments.

This additional mandatory reserve amount is calculated quarterly according to the arithmetic mean of the monthly leverage ratio.

A bank also must maintain mandatory reserves for six mandatory reserve periods beginning with the fourth calendar month following an accounting period and additional mandatory reserves for liabilities in Turkish Lira and foreign currency, as set forth below:

Calculation Period for the Leverage Ratio	**Leverage Ratio**	**Additional Reserve Requirement**
	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.25%	1.5%
From the 4th quarter of 2013 through the 3rd quarter of 2014	From 3.25% (inclusive) to 3.5%	1.0%
	Below 3.0%	2.0%
	From 3.0% (inclusive) to 3.50%	1.5%
From the 4th quarter of 2014 through the 3rd quarter of 2015	From 3.50% (inclusive) to 4.0%	1.0%
	Below 3.0%	2.0%
	From 3.0% (inclusive) to 4.0%	1.5%
Following the 4th quarter of 2015 (inclusive)	From 4.0% (inclusive) to 5.0%	1.0%

Banks have been required to notify the Central Bank of their leverage ratios starting from 31 December 2012, and the above described additional reserve requirements were first implemented in 2014 starting with the 2013 year end financials.

Starting in September 2010 and until November 2014, reserve accounts kept in Turkish Lira became non-interest bearing (reserve accounts in foreign currencies have not been interest bearing since 2008).

Starting in November 2014, reserve accounts kept in Turkish Lira became interest bearing and reserve accounts in US Dollar became interest bearing, starting from 5 May 2015 until 19 September 2019.

Pursuant to the Regulation on Liquidity Coverage Ratios, the liquidity adequacy ratio of a bank is the ratio of high quality liquid asset reserves to net cash outflows of the bank. A bank must maintain an arithmetic average of 100% liquidity adequacy (both consolidated and unconsolidated) (to be calculated based on a weekly average of the ratios of days for the unconsolidated ratio as defined by the regulation and (to be calculated based on a monthly average of the ratios of the days for the consolidated ratio) and 80% liquidity adequacy (both consolidated and unconsolidated) for its foreign currency liabilities.

Effective from 10 January 2020, the Central Bank began applying a new commission on required reserves held in foreign exchange and on notice-foreign exchange deposit accounts held with the Central Bank, which commission seeks to encourage a reverse dollarization process for deposit/participation funds. As a result, the annual commission rate on U.S. Dollar-denominated deposits/participation funds was 2.5% while the annual commission rate for foreign currency-denominated deposits/participation funds other than U.S. Dollar-denominated ones was 0.25%. Starting from 27 November 2020, the annual commission rate on U.S. Dollar-denominated deposits/participation funds is 1.25% while the annual commission rate for foreign currency-denominated deposits/participation funds other than U.S. Dollar-denominated deposits is 0.125%.

Foreign Exchange Requirements

Pursuant to a regulation on foreign exchange net position/capital base issued by the BRSA and published in the Official Gazette dated 1 November 2006 and numbered 26333, the ratio of a bank's foreign exchange net position to its capital base should not exceed 20%, which calculation is required to be made on a weekly basis. The net foreign exchange position is the difference between the Turkish Lira equivalent of a bank's foreign exchange assets and its foreign exchange liabilities. For the purpose of computing the net foreign exchange position, foreign exchange assets include all active foreign exchange accounts held by a bank (including its foreign branches), its foreign exchange indexed assets and its subscribed forward foreign exchange purchases; for purposes of computing the net foreign exchange position, foreign exchange liabilities include all passive foreign exchange accounts held by a bank (including its foreign branches), its subscribed foreign exchange-indexed liabilities and its subscribed forward foreign exchange sales. If the ratio of a bank's net foreign exchange position to its capital base exceeds 20%, then the bank is required to take steps to move back into compliance within two weeks following the bank's calculation period. Banks are permitted to exceed the legal net foreign exchange position to capital base ratio up to six times per calendar year.

Basel II

The BRSA has published regulations regarding the implementation of Basel II in Turkey. These regulations took full effect in July 2012. All Turkish banks are reporting their risk weighted assets calculated under the standard approach of Basel II as contained in the "Turkish National Discretions". As well as implementing more stringent capital ratios, the main benefits of Basel II is to have more structured approach to capital management and stress testing, as embedded in the second pillar of the accord. Parallel to Pillar I regulations, the BRSA also announced the regulations about Pillar II regarding ICAAP in order to enhance the link between an institution's risk profile, risk management systems and its capital. The BRSA required major Turkish banks to prepare ICAAP report in accordance with the Pillar II principles by June 2013. The BRSA published the Internal Systems Regulation on 11 July 2014 and "Guidelines for ICAAP Report" on 31 March 2016. The Internal Systems Regulation requires banks to internally calculate the amount of capital to cover the risks to which they are or may be exposed on a consolidated basis and with a forward-looking perspective taking into account banks' near- and medium-term business and strategic plans. This process named "Internal Capital Adequacy Assessment Process - ICAAP" should be designed according to the bank's needs and risk attitude and should constitute an integral part of the decision-making process and corporate culture of the bank. In this context, each bank is required to prepare an ICAAP Report representing the bank's own assessment of its capital requirements. The first ICAAP Report covering the bank's activities in 2013 was submitted to the BRSA by the end of September 2014. Since then, the ICAAP Report has been submitted by the end of March each year.

Audit of Banks

Pursuant to Article 24 of the Banking Law, a bank's board of directors shall establish an audit committee for the execution of the audit and monitoring functions of the board of directors. Audit committees shall consist of a minimum of two members who must be appointed from among the members of the board of directors who do not have executive duties. The duties and responsibilities of the audit committee include the supervision of the efficiency and adequacy of the banks' internal control, risk management and internal audit systems, functioning of these systems and accounting and reporting systems within the framework of the Banking Law and the relevant legislation, and integrity of the information produced; conducting the necessary preliminary evaluations for the selection of independent audit firms by the board of directors; regularly monitoring the activities of independent audit firms selected by the board of directors; and, in the case of parent undertakings covered by the Banking Law, ensuring that the internal audit functions of the relevant institutions are carried out in a consolidated and coordinated manner, on behalf of the board of directors.

The BRSA, as the principal regulatory authority, has the right to monitor banks' compliance with the relevant legislation.

As part of exercising this right, the BRSA reviews audit reports prepared for banks by their independent auditing firms. Banks are required to select an independent audit firm in accordance with the Regulation Regarding the Independent Audit of the Banks, published in the Official Gazette on 2 April 2015, numbered 29314 (as amended from time to time). Independent auditors are held liable for certain liabilities defined in the regulations. Professional liability insurance is required for independent auditors, evaluators, rating agencies and certain other support services. Furthermore, banks are required to consolidate their financial statements on a quarterly basis in accordance with certain consolidation principles established by the BRSA. The year-end consolidated financial statements are required to be audited, whereas other quarters' consolidated interim financial statements are subject only to a limited review by independent audit firms.

The reports prepared by independent audit firms are also filed with the CMB if the banks' shares are quoted on the Borsa Istanbul. The CMB has the right to inspect the accounts and transaction records of any publicly traded company. In addition, quarterly reports that are subject to limited review must also be filed with the CMB.

All banks (public and private) also undergo annual and interim audits by the BRSA. Prior to the enactment of the Banks Act, the supervision used to be carried out by the Treasury and the Central Bank. Annual audits encompass all aspects of a bank's operations, its financial statements and other matters affecting the bank's financial position, including its domestic banking activities, foreign exchange transactions and tax liabilities. Additionally, such audits seek to ensure compliance with applicable laws and constitutional documents of the bank. The Central Bank has the right to monitor compliance by banks with the Central Bank's regulations, to obtain all necessary information needed for its supervisory activities from banks and to investigate the accuracy of the information provided by banks.

Pursuant to the Internal Systems Regulation, as issued by the BRSA and published in the Official Gazette dated 11 July 2014 and numbered 29057 and most recently amended on 4 March 2017, banks are required to establish, manage and develop (for themselves and all of their consolidated affiliates) internal control, internal audit and risk management systems commensurate with the scope and structure of their activities, in compliance with the provisions of the regulation. Pursuant to such regulation, internal control and internal audit and risk management systems are to be vested in a department of the bank that has the necessary independence to accomplish its purpose, provided that such department reports to the bank's board of directors. To achieve this, according to the regulation, the internal control, the internal audit and risk management duties may only be carried out by the members of the board of directors who do not have executive duties, committees comprised of the members of the board of directors who do not have executive duties or the audit committee of the bank which shall consist of members of the board of directors who do not have executive duties. The Internal Systems Regulation also requires banks to internally calculate the amount of capital required to cover the risks to which they are or may be exposed on a consolidated basis and with a forward-looking perspective, taking into account the bank's near- and medium-term business and strategic plans. This process, referred to as the "Internal Capital Adequacy Assessment Process" should be designed according to the bank's need and risk attitude and should constitute an integral part of the decision-making process and corporate culture of the bank.

Savings Deposit Insurance Fund

Article 111 of the Banking Law relates to the SDIF and its principles. The SDIF has been established to develop trust and stability in the banking sector by strengthening the financial structures of Turkish banks, restructuring Turkish banks as needed, and insuring the savings deposits held by Turkish banks. The SDIF is a public legal entity set up to insure savings deposits held by banks. The SDIF is responsible for and authorised to take measures to restructure, transfer to third parties and strengthen the financial structures of banks, the shares of which and/or the management and control of which have been transferred to the SDIF in accordance with Article 71 of the Banking Law, to restructure such banks and to transfer them to third persons, as well as other duties imposed on it.

The main powers and duties of the SDIF pursuant to the SDIF Organisation Regulation published in the Official Gazette dated 25 March 2006 and numbered 26119 are as follows:

(a) Ensuring the enforcement of the SDIF Board's decisions;

(b) Establishing the human resources policies of the SDIF;

(c) Becoming members of international financial, economic and professional organisations, in which domestic and foreign equivalent agencies participate, and signing memoranda of understanding with the authorised bodies of foreign countries regarding the matters that fall under the SDIF's span of duty;

(d) To insure the savings deposit and participation funds in the credit institutions;

(e) To determine the scope and amount of the savings deposit and participation funds which are subject to insurance with the opinion of the Central Bank, BRSA and Treasury Undersecretaries, to determine risk based insurance premiums timetable, collection time and form and other issues in cooperation with the opinion of BRSA;

(f) To pay the insured deposits and participation funds from its sources, in the credit institutions whose operating permission have been revoked, directly or through another bank;

(g) To fulfil the necessary operations regarding the transfer, sale and merger of the banks whose shareholder rights except dividends and management and supervision transferred to the SDIF by BRSA, with the condition that the losses of the partners are reduced from the capital;

(h) To take management and control of the banks whose operating permission has revoked and fulfil the necessary operations regarding the bankruptcy and liquidation of them;

(i) To request from the public institutions, agencies, real persons and legal entities to provide the all information, document and book, continuously, regularly and timely for the SDIF in the framework of the Article 123 of the Law through the activities of the SDIF personnel or written requests;

(j) To make regulations and communiqué's for the enforcement of the Law with SDIF Board's decision; and

(k) To fulfil the other duties that the Law and other related legislation assign.

Premiums paid by a bank into the SDIF are to be treated as an expense in the calculation of that bank's corporate tax.

In the event of the bankruptcy of a bank, the SDIF is a privileged creditor and may liquidate the bank under the provisions of the Execution and Bankruptcy Law No. 2004, exercising the duties and powers of the bankruptcy office and creditors' meeting and the bankruptcy administration.

The owners of deposits and participation funds are treated as privileged creditors with respect to the part of their accounts not subject to insurance, pursuant to article 206, line three of the Execution and Bankruptcy Law No. 2004, and receive their receivables after the payment of the receivables of the SDIF and the claims of the state and social security organisations covered by the Law No. 6183 on Collection Procedures of Public Receivables in case of the bankruptcy of credit institutions.

The resources available to the SDIF pursuant to Article 130 of the Banking Law are: (a) insurance premiums paid by banks; (b) deposits, custody accounts, contributions/funds and claims that have been prescribed; (c) contributions deposited by the founders of a bank in an amount equal to 10% of the minimum capital deposited within one year following the commencement of their activities; (d) if permission is granted by the BRSA for the acquisition of shares beyond the limits set forth in the Banking Law, 1% of the nominal or market value of all allocated shares; (e) 50% of judicial and 90% of administrative fines imposed on account of violation of the provisions of the Banking Law; (f) revenue from the assets of the SDIF and other revenues; and (g) the funds to be transferred to the SDIF and not sought by their owners for ten years (whereas a certain notification procedure is followed by SDIF annually) following a voluntary liquidation of a bank in accordance with the Banking Law.

Under Article 131 of the Banking Law, the SDIF may, in extraordinary situations, borrow with the authorisation of the Treasury or borrow long-term government securities from the Treasury. Principles and procedures regarding government securities, including interest rates and terms and conditions of repayments to the Treasury, are determined jointly by the Treasury and the SDIF.

Cancellation of Banking Licence

According to Article 67 of Banking Law, if the results of consolidated and unconsolidated audits show that:

- the assets of a bank are likely to become insufficient to cover its obligations as they become due;
- the bank is not complying with liquidity requirements;
- the bank's profitability is not sufficient to conduct its business in a secure manner due to disturbances in the relation and balance between expenses and profit;
- the regulatory equity capital of such bank is not sufficient or is likely to become insufficient;
- the quality of assets of such bank have been impaired in a manner potentially weakening its financial structure;
- the decisions, transactions or applications of such bank are in breach of the Banking Law, relevant regulations or the decisions of the BRSA;

- such bank fails to establish internal audit, internal control and risk management systems or to effectively and sufficiently conduct such systems, or any other factor impedes the audit;

- imprudent acts of such bank's management materially increase the risks stipulated under the Banking Law and relevant legislation or potentially weaken the bank's financial structure; or

- failure to immediately take the measures foreseen in the prevention plan prepared in accordance with Article 66/A of the Banking Law, or failure to resolve the issues despite that the measures have been taken, or determination that the issues could not be resolved even if the measures were taken,

then, depending on which events listed above are applicable, the BRSA may require the board of directors of such bank to take one or more of the following actions or any other actions that the BRSA deems necessary:

- to increase its equity capital;

- not to distribute dividends for a temporary period and to transfer its distributable dividend to the reserve fund;

- to increase its loan provisions;

- to stop extension of loans to its shareholders;

- to dispose of its assets in order to strengthen its liquidity;

- to limit or stop its new investments;

- to limit its salary and other payments;

- to cease its long-term investments;

- to comply with the relevant banking legislation;

- to cease its risky transactions by re-evaluating its credit policy; and/or

- to take all actions to decrease any maturity, foreign exchange and interest rate risks,

for a period determined by the BRSA and in accordance with a plan approved by the BRSA.

In the event the aforementioned actions are not taken by that bank or its financial structure cannot be strengthened despite the fact that such actions have been taken, or the BRSA determines that taking such actions will not lead to a result, then the BRSA may require such bank:

- to strengthen its financial structure, increase its liquidity and/or capital adequacy;

- to dispose of its fixed assets and long-term assets within a reasonable time determined by the BRSA;

- to decrease its operational and management costs;

- to postpone its payments under any name whatsoever, excluding the regular payments to be made to its members;

- to limit or prohibit extension of any cash or non-cash loans to certain third persons, legal entities, risk groups or sectors;

- to convene an extraordinary general assembly in order to change the members of the board of directors or assign new member(s) to the board of directors, in the event any board member is responsible for the failure to comply with the relevant legislation or the increase in risk as set out above; and/or

- to implement short-, medium- or long-term plans and projections that are approved by the BRSA to decrease the risks incurred by the bank, and the members of the board of directors and the shareholders with qualified shares must agree to the implementation of such plan in writing.

In the event that the aforementioned actions are not taken by that bank, or its financial structure cannot be strengthened despite the fact that such actions have been taken, or the BRSA determines that taking these actions will not lead to a result, then the BRSA may require such bank:

- to limit or cease its business or its whole organisation by its field of activity for a temporary period, including its relations with its local or foreign branches and correspondents;

- to apply various restrictions, including restrictions on interest rate ratio and maturity with respect to resource collection and utilisation;

- to remove from office (in whole or in part) its members of the board of directors, general manager and deputy general managers and department and branch managers and obtain approval from the BRSA as to the persons to be appointed to replace these;

- to make available long-term loans, provided that these will not exceed the amount of deposit or participation funds subject to insurance, and be served by the shares of other assets of the controlling shareholders;

- to limit or cease its non-performing operations and to dispose of its non-performing assets;

- to merge with one or several banks;

- to procure new shareholders in order to increase its equity capital; and/or

- to cover its losses with its equity capital.

In the event that: (a) the aforementioned actions are not (in whole or in part) taken by such bank within a period of time stipulated by the BRSA or in any case within twelve months; (b) the financial structure of such bank has not been strengthened despite the fact that such actions have been taken; (c) the BRSA determines that taking these actions will not strengthen the bank's financial structure; (d) the continuation of the activities of such bank would jeopardise the rights of the depositors and the participation fund owners and the security and stability of the financial system; (e) such bank cannot cover its liabilities as they become due; (f) the total amount of the liabilities of such bank exceeds the total amount of its assets; or (g) the controlling shareholders or managers of such bank are found to have utilised such bank's resources for their own interests, directly or indirectly or fraudulently, in a manner that jeopardised the secure functioning of the bank or caused such bank to sustain a loss as a result of such misuse, then the BRSA, with the affirmative vote of at least five of its board members, may revoke the licence of such bank to engage in banking operations and/or accept deposits, and transfer the management, supervision and control of the shareholding rights (excluding dividends) of such bank to the SDIF for the purpose of the whole or partial transfer or sale of such bank to third persons or merger thereof, provided that the loss is deducted from the share capital of the current shareholders.

In the event that the licence of a bank to engage in banking operations and/or to accept deposits is revoked, then that bank's management and audit will be taken over by the SDIF. Any and all execution and bankruptcy proceedings (including preliminary injunction) against such bank would be discontinued as from the date on which the BRSA's decision to revoke such bank's licence is published in the Official Gazette. From the date of revocation of such bank's licence, the creditors of such bank may not assign their rights or take any action that could lead to the assignment of their rights. The SDIF must take measures to protect the rights of depositors and other creditors of such bank. The SDIF is required to pay the insured deposits of such bank either by itself or through another bank it may designate. In practice, the SDIF may designate another bank that is under its control. The SDIF is required to institute bankruptcy proceedings in the name of depositors against a bank whose banking licence is revoked.

Annual Reporting

Pursuant to the Banking Law, Turkish banks are required to follow the BRSA's principles and procedures (that are established in consultation with the TAS Board and international standards) when preparing their annual reports. In addition, they must ensure uniformity in their accounting systems, correctly record all their transactions and prepare timely and accurate financial reports in a format that is clear, reliable and comparable, as well as suitable for auditing, analysis and interpretation.

Furthermore, Turkish companies (including banks) are required to comply with the Regulation regarding Determination of the Minimum Content of the Companies' Annual Reports published by the Ministry of Trade, as well as the Corporate Governance Communiqué, when preparing their annual reports. These reports include the following information: management and organisation structures, human resources, activities, financial situations, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

Banks cannot settle their balance sheets without ensuring reconciliation with the legal and auxiliary books and records of its branches and domestic and foreign correspondents.

The BRSA is authorised to take necessary measures where it is determined that a bank's financial statements are misrepresented.

When presenting a bank's financial reports to the approval of the board of directors, the chairperson of the board, the members of the audit committee, the general manager the deputy general manager responsible for financial reporting and the relevant unit manager (or equivalent authorities) must sign banks' financial reports indicating their full names and titles and declare that the financial report complies with relevant legislation and accounting records. In addition, foreign banks must have the members of the board of managers of their Turkish branches sign the annual reports.

Banks are required to submit their financial reports to related authorities and publish them in accordance with the BRSA's principles and procedures.

Further, banks are required to submit and publish annual activity reports that comply with the BRSA's established guidelines. These reports include the following information: management and organisation structures, human resources, activities, financial situation, assessment of management and expectations and a summary of the directors' report and independent auditor's report.

The Regulation on Procedures and Principles of Preparation and Publication of Annual Activity Reports by the Banks, published in the Official Gazette No. 26333 dated 1 November 2006 (as amended with the Official Gazette dated 23 October 2015 and numbered 29511), regulates the procedures and principles regarding the annual activity reports of banks to be published at the end of each fiscal year. According to the regulation, among other things, a bank's financial performance and the risks that it faces need to be assessed in the annual activity report. The annual activity report is subject to the approval of the board of directors and must be submitted to shareholders at least 15 days before the annual general assembly of the bank. Each bank must keep a copy of such report in its headquarters and each branch and publish it on its website at the latest by the end of May following the end of relevant fiscal year.

Disclosure of Financial Statements

Pursuant to the Communiqué on Financial Statements to be Disclosed to the Public by Banks and Financial Explanations and Footnotes published in the Official Gazette No. 28337 dated 28 June 2012, new principles of disclosure of annotated financial statements of banks were promulgated. The amendments to the calculation of risk-weighted assets and their implications for capital adequacy ratios are reflected in the requirements relating to information to be disclosed to the public and new standards of disclosure of operational, market, currency and credit risk. In addition, new principles were determined with respect to the disclosure of position risks relating from (*inter alia*) securitisation transactions and investments in quoted stocks.

The BRSA published amendments, which entered into force on 31 March 2016, to the Communiqué on Financial Statements to be Disclosed to the Public by Banks and Financial Explanations and Footnotes setting forth principles of disclosure of annotated financial statements of banks in accordance with the Communiqué on Public Disclosure regarding Risk Management of Banks and the Equity Regulation. The amendments reflect the updated requirements relating to information to be disclosed to the public in line with the amendments to the calculation of risk-weighted assets and their implications for capital adequacy ratios, liquidity coverage ratios and leverage ratios. Rules relating to equity items presented in the financial statements were also amended in line with the amendments to the Equity Regulation. Furthermore, the changes require publication of a loan agreement of the bank or a prospectus relating to a loan or debt instrument, which will be taken into account in the calculation of the capital of a (parent company) bank as an element for additional principal capital (*i.e.*, additional Tier I capital) and supplementary capital (*i.e.*, Tier II capital), on the bank's website. Additionally, banks are required to make necessary disclosures on their websites immediately upon repayment of a debt instrument, depreciation or conversion of a share certificate or occurrence of any other material change.

Further, the BRSA published the Communiqué on Public Disclosure regarding Risk Management of Banks, which expands the scope of public disclosure to be made in relation to risk management (which entered into force on 31 March 2016) in line with the disclosure requirements of the Basel Committee. According to this regulation, each bank is required to announce information regarding their consolidated and/or unconsolidated risk management related to risks arising from or in connection with securitisation, counterparty, credit, market and its operations in line with the standards and procedures specified in this regulation. In this respect, banks are required to adopt a written policy in relation to its internal audit and internal control processes.

On 15 September 2018, the Ministry of Commerce issued a communiqué setting forth the procedures and principles relating to the application of Article 376 of the Turkish Commercial Code, which regulates the measures that Turkish companies (*i.e.* joint stock companies, limited liability companies and limited partnerships, in which the capital is divided into shares, including financial institutions) are required to adopt in case of loss of capital or insolvency. This communiqué aims to clarify and complement the remedial actions that can be taken in relation to the treatment of foreign exchange losses in the calculation of the loss of capital or insolvency. As companies in Turkey prepare their financial statements in Turkish Lira, the value of any foreign currency-denominated asset and liability is converted into Turkish Lira based on the currency rate applicable as at the date of such financial statements; however, until 1 January 2023, the communiqué allows companies to disregard any losses arising from the exchange rate volatility of any outstanding foreign currency-denominated liability while making any capital loss or insolvency calculations. In this respect, companies will not be required to apply any measures set forth in Article 376 of the Turkish Commercial Code to maintain their capital if the relevant loss of capital or insolvency arises from currency fluctuations.

Financial Services Fee

Pursuant to Tariff 8 of the Law No. 492 on Fees, as amended by the Law No. 5951, banks are required to pay a financial services fee for each of their branches each year. The amount of the fee is determined by reference to the population of the district in which the relevant branch is located.

Corporate Governance Principles

On 3 January 2014, the Corporate Governance Communiqué was published by the CMB and entered into force, providing certain compulsory and non-mandatory principles applicable to all companies incorporated in Turkey and listed on the Borsa İstanbul, including Akbank. There are certain other additional miscellaneous corporate governance requirements under other Turkish law and regulations.

As at the date of this Prospectus, Akbank is subject to the Corporate Governance Principles stated in the banking regulations and the regulations for capital markets that are applicable to banks. Where Akbank does not comply with any of the non-mandatory principles applicable to it under the Corporate Governance Communiqué, it will explain any such non-compliance in its annual Corporate Governance Principles Compliance Report, which is published as part of Akbank's annual report.

The Corporate Governance Communiqué contains principles relating to: (a) companies' shareholders, (b) public disclosure and transparency, (c) the stakeholders of companies and (d) the board of directors. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis. The Corporate Governance Communiqué classifies listed companies into three categories according to their market capitalisation and the market value of their free-float shares, subject to recalculation on an annual basis. Akbank is classified as a "Tier I" company.

The mandatory principles under the Corporate Governance Communiqué include provisions relating to: (a) the composition of the board of directors, (b) appointment of independent board members, (c) board committees, (d) specific corporate approval requirements for related party transactions, transactions that may result in a conflict of interest and certain other transactions deemed material by the Corporate Governance Communiqué and (e) information rights in connection with general assembly meetings.

Listed companies are required to have independent board members, which should constitute one third of the board of directors and should not be fewer than two; *however*, publicly traded banks are required to appoint three independent board members to their board of directors, which directors may be selected from the members of the bank's audit committee; *provided* that, at least one member should meet the mandatory qualification required for independent board members as set out in the applicable legislation if all independent board members are also the members of the audit committee. The Corporate Governance Communiqué further initiated a pre-assessment system to determine the "independency" of individuals nominated as independent board members in "Tier I" companies (for banks, to the extent such independent board members are not members of that bank's audit committee). Those nominated for such positions must be evaluated by the "Corporate Governance Committee" or the "Nomination Committee", if any, of the board of directors for fulfilling the applicable criteria stated in the Corporate Governance Communiqué. The board of directors is required to prepare a list of nominees based upon this evaluation for final review by the CMB, which is authorised to issue a "negative view" on any nominee and prevent their appointment as independent members of the board of directors. The Corporate Governance Communiqué also requires listed companies to establish certain other board committees.

In addition to the mandatory principles regarding the composition of the board and the independent board members, the Corporate Governance Communiqué introduced specific corporate approval requirements for all material related party transactions. All of these types of transactions shall be approved by a majority of independent board members. If this is not the case, it must be disclosed to the public, following which the transactions must be brought before the general assembly meeting where related parties to those transactions are not permitted to vote. A meeting quorum shall not be sought for these resolutions and the resolution quorum shall be a simple majority of attendees entitled to vote. For banks and other financial institutions, transactions with related parties arising from their ordinary activities are not subject to the requirements concerning related party transactions.

The Capital Markets Law authorises the CMB to require listed companies to comply with the corporate governance principles in whole or in part and to take certain measures with a view to ensure compliance with the new principles, which include requesting injunctions from the court or filing lawsuits to determine or to revoke any unlawful transactions or actions that contradict with these principles.

In addition to the provisions of the Corporate Governance Communiqué related to the remuneration policies of publicly traded companies, the BRSA publishes guidelines on best remuneration practices in banks. These guidelines set out the general principles for employee remuneration as well as standards for remuneration to be made to the board of directors and senior management of banks. These guidelines operate in accordance with the proportionality principle, which means that a bank must implement the principles set out under the guidelines by taking its risk profile, volume, nature and complexity of its transactions into account.

Dividend Distribution

Pursuant to the Capital Markets Law, public companies are required to have a dividend distribution policy which must be determined by the general assembly of shareholders of the relevant company. Pursuant to the Communiqué on Dividend Distribution II-19.1 of the CMB, the dividend distribution policy is required to include information as to whether the public company will distribute dividends and if so, the relevant dividend distribution ratio, form of payment, timing of dividend distribution and whether interim dividends will be paid by the public company.

In addition, at the end of 2019, the BRSA issued a letter instructing Turkish banks to prevent cash output in connection with bonus, dividend or similar payments to be made to the shareholders and/or managers/employees of banks.

On 29 January 2021, the Banks Association of Turkey published a public announcement regarding an assessment by the BRSA on banks' dividend distributions. In relation to the financial year 2020, The BRSA stated that it would be advisable for banks not to distribute dividends generated during the financial year 2020 or from reserves generated prior to 2020 but that were not distributed and retained as equity in order to avoid cash outflow. Otherwise, the BRSA allowed the banks to distribute dividends up to 10% of net profit for the year of 2020.

Anti-Money Laundering

Turkey is a member country of the FATF and has enacted laws and regulations to combat money laundering, terrorist financing and other financial crimes. In Turkey, all banks are obligated to implement and fulfil certain requirements regarding the treatment of activities that may be referred to as money laundering set forth in the Law No. 5549. See *"Information About Akbank— Anti-Money Laundering, Combatting the Financing of Terrorism and Anti-Bribery Policies."*

Minimum standards and duties under such law and related legislation include customer identification, record keeping, suspicious transaction reporting, employee training, monitoring activities and the designation of a compliance officer. Suspicious transactions must be reported to the Financial Crimes Investigation Board, which is the Turkish financial intelligence unit.

New measures against the financing of terrorist activities in Turkey were introduced with the entry into force of the Law No. 6415 on Combating the Financing of Terrorism on 16 February 2013 (the "**CFT Law**"). The CFT Law expands the scope of the offence of financing of terrorism (as currently defined under Turkish anti-terrorism laws). The CFT Law also presents new principles and mechanisms for identifying and freezing terrorist assets and facilitates the implementation of United Nations Security Council decisions, in particular, those relating to entities and/or individuals place on sanction lists.

Manipulation and Misleading Transactions in Financial Markets

On 20 February 2020, a new market manipulation concept has been introduced into Turkish law by way of amendments made to the Banking Law.

According to Article 76/A of the Banking Law, manipulation in financial markets will be deemed to occur, where a bank within the remit of the Banking Law, by way of undertaking banking activities as set forth under Article 4 of the Banking Law, (i) engages in activities with a view to making or creating artificial, false or misleading demand or supply in financial markets or price formation (including foreign exchange rates), (ii) disseminates false or misleading information through various media, including internet, or (iii) engages in such other activities that would create misleading information for, or otherwise mislead, investors.

On 7 May 2020, the Regulation on Manipulative and Misleading Transactions in the Financial Markets (the "**Manipulation Regulation**") was published in the Official Gazette. The Manipulation Regulation aims to clarify, which activities fall within the ambit of the recently introduced manipulation offence, thereby aiming at curbing manipulative transactions that could worsen the current volatility of the Turkish Lira or, otherwise, harm the Turkish economy at large.

Pursuant to the Manipulation Regulation, the following acts performed by banks are deemed to be manipulative and misleading transactions and practices in financial markets:

- to be intentionally involved in, mediate, order or carry out similar activities for (i) transactions that give or may give a false or misleading impression of supply, demand or price of a financial instrument; or (ii) transactions that ensure or may ensure that the price of a financial instrument including exchange and interest rates, is abnormal or artificial;

- to be involved in, mediate, order or carry out similar activities that will affect the price of a financial instrument or reference values such as interest, exchange rate, credit default swaps, in times when the supply-demand balance does not occur under normal conditions by taking advantage of the fluctuations or shallowness of financial markets, in a way that increases the irregularity of financial markets or negatively affects its stability;

- to overcome, by using indirect methods including early redemption of transactions, deferring due transactions and/or not fulfilling obligations, perform or mediate processes and applications for inactivation of the decisions and limitations of the BRSA regarding foreign currency and TL swap, forward, option and other derivative transactions of banks with foreign residents and provision of TL liquidity abroad by banks;

- to be involved in, mediate, order similar activities regarding transactions that affect or may affect the price of a financial instrument, including exchange rate and interest, through a deceptive mechanism or fiction;

- to disseminate false or misleading information or rumours that may or have made false or misleading impressions or keeps or might keep the price abnormally or artificially regarding the supply, demand, or exchange rate and interest price of a financial instrument, by any means of mass media, or by any other means;

- to influence or try to influence the price including interest rate and exchange rate, of a financial instrument that was previously positioned by hiding the conflict of interest regarding the position taken from the public, by giving opinions via the internet or other mass media;

- to disseminate false or misleading information about a reference value, although it is known or should have been known that it is false or misleading, providing false or misleading inputs or taking any action to manipulate the calculation of a reference value;

- taking actions to fix the purchase and sale prices of a financial instrument or to provide another unfair gain by using the dominant role on the supply or demand of the financial instrument;

- to mislead investors that take positions according to the opening or closing prices of the financial markets by conducting purchase or sale transactions that affect or may affect the opening or closing prices of a financial instrument, including interest and exchange rates;

- to direct savings holders in a false or misleading way; and

- to disseminate information and rumours that may harm the trust in the financial system and cause systemic risk.

Turkish banks that engage in manipulative and misleading transactions may have a fine imposed of up to 5% of the sum of interest, profit share income, fees and commissions and other income of banking operations specified in the bank's most recent year-end financial statements, with such fine being no less than twice the benefit that such bank has derived from the concerned transaction.

Consumer Loan, Provisioning and Credit Card Regulations

On 8 October 2013, the BRSA introduced amendments to the Regulation on Bank Cards and Credit Cards and other banking regulations that aim to limit the expansion of individual loans, especially credit card instalments. The rules: (a) include overdrafts on deposit accounts and loans on credit cards in the category of consumer loans for purposes of provisioning requirements, (b) set a limit to be determined by the BRSA for credit cards issued to consumers who apply for a credit card for the first time if their income cannot be determined by the bank and (c) require credit card issuers to monitor cardholders' income levels before each limit increase of the credit card. A bank should not increase the limit of the credit card if the aggregate card limit exceeds four times the consumer's monthly income. On 9 July 2020, the BRSA increased the credit limit to 2,000 TLfor credit cards issued to first-time applicants if an applicant's income cannot be determined by the bank.

Before increasing the limit of a credit card, a bank is required to monitor the income level of the customer and it should not increase the credit card limit if the customer's aggregate credit card limit exceeds four times his or her monthly income. In addition, pursuant to the amendment published in the Official Gazette dated 28 March 2020 and numbered 31082, minimum payment ratios for credit cards will be determined by the BRSA at a rate between 20% and 40%. The amendment also entitles the BRSA to set a minimum payment amount which must be paid by the cardholder for credit cards. Accordingly, with its decision dated 30 March 2020 and numbered 8975, the BRSA decided that the minimum payment limit may not be lower than 20% of the credit card term debt. The decisions numbered 8975 and 9312 also provide that banks are allowed to not request any payments from cardholders, including minimum payment amount, and define non-payment periods instead of cancelling the cardholder's credit card until 30 June 2021 due to economic impacts of COVID-19 pandemic.

The Capital Adequacy Regulation lowered the risk weight for instalment payments of credit cards to 75% irrespective of their tenor, which was in a range of 100% to 250% depending upon their outstanding tenor.

The Consumer Protection Law, which entered into force in May 2014, imposes rules applicable to Turkish banks, such as requiring banks to offer to its customers at least one credit card type for which no annual subscription fee (or other similar fee) is payable. Furthermore, while a bank is generally permitted to charge its customers fees for accounts held with it, no such fees may be payable on certain specific accounts (such as fixed term loan accounts and mortgage accounts). In addition, the consumers have the right of withdrawal from consumer credit agreements within 14 days without presenting any reason or penalty payment. For mortgage loans, if the payments are made before the relevant maturity dates, the prepayment fee cannot be more than 2% of the prepaid amount which is calculated upon the required interest discount, whereas for the loans of which the remaining maturity is less than 36 months the prepayment fee cannot be more than 1% of such amount.

The Regulation Amending the Regulation on Bank Cards and Credit Cards dated 8 October 2013, introduced some changes on the credit limits for credit cards and income verification so that: (a) the total credit card limit of a cardholder from all banks will not exceed four times his/her monthly income in the second and the following years (two times for the first year) and (b) banks will have to verify the monthly income of the cardholders in the limit increase procedures and will not be able to increase the limit if the total credit card limit of the cardholder from all banks exceeds four times his/her monthly income. The amending regulation also provided that if the cardholder does not pay at least three times the minimum payment amount on his/her credit card statement in a year, then his/her credit card cannot be used for cash advance and also will not allow limit upgrade until the total statement amount is paid.

On 27 November 2018, the BRSA amended the regulation on bank cards and credit cards published in the Official Gazette dated 10 March 2007 and numbered 26458. The amendment increased the maximum instalment restriction applicable for payments with credit cards for domestic airlines, travel agencies and accommodation expenses from six months to nine months.

The Regulation on Bank Cards and Credit Cards was further amended on 11 January 2019 to revoke the restrictions on the purchase of goods and services. After consultation with the Presidency of Turkey Strategy and Budget Directorate, the Ministry of Treasury and Finance, and the Ministry of Trade, the maximum instalments applicable to purchase of goods and services through credit card will be determined by the BRSA rather than the Regulation on Bank Cards and Credit Cards. On 11 January 2019, the BRSA issued a decision (as amended on 25 February 2019, 27 March 2019 and 12 June 2019, 25 October 2019, 13 January 2020, 9 June 2020 and 17 December 2020) providing that the instalment payment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals from credit accounts (including for computer purchases, health and social services) is not permitted to exceed 12 months; provided that such limit is only four months for electronic appliance purchases, six months for jewellery expenditures (except for pressed and bullions jewellery), six months for payments made to clubs and associations, three months for payments made to travel agencies assisting with international travel, airlines and accommodation, 18 months for domestic expenditures relating to travel agencies, airlines and accommodation and 12 months for the purchase of televisions up to TL 3,500, purchases of health and social services and tax payments. In addition, credit card instalment payments (except for corporate credit cards) are not allowed for pressed and bullion jewellery expenditures, telecommunication related expenses, expenses related to direct marketing, expenditures made outside of Turkey and purchases of nutriment, liquor, fuels, cosmetics, office equipment, gift cards, gift checks and other similar intangible goods. With respect to corporate credit cards, the instalment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals from credit accounts is not permitted to exceed 18 months.

On 27 November 2018, the BRSA amended the regulation governing banks' loan transactions published in the Official Gazette dated 1 November 2006 and numbered 2633 (the "**Regulation on Loan Transactions of Banks**") and increased the maximum instalment restriction on loans used to purchase mobile phones that cost less than TL 3,500, from six months to twelve months. The same amendment also included a provisional article that increased the maximum instalment restriction from six months to twelve months for mobile phones that exceed TL 3,500. However, this provisional amendment for mobile phones that exceed TL 3,500 was only valid until 31 January 2019.

On 25 January 2019, the Regulation on Loan Transactions of Banks was further amended. Accordingly, the board of directors of a bank must determine, in writing, the procedures for assessment, approval and workflow in respect of loan transactions, service agreements, purchase agreements for goods or such other agreements to be entered into with (i) the risk group that such bank is involved in (i.e., a bank, its shareholders holding 10% or more of the bank's voting rights or the right to nominate board members, its board members, its general manager, deputy general managers and, notwithstanding their title, managers employed in equivalent or higher positions in the hierarchy and partnerships directly or indirectly, individually or jointly, controlled by any of these persons or a partnership in which these persons participate with unlimited liability or in which these persons act as directors or general managers); or, (ii) individuals or legal entities specified in Article 50(1) of the Banking Law. In addition, the aforesaid transactions exceeding the materiality threshold to be determined by the board of directors of a bank shall become subject to board of directors' approval. The BRSA is also entitled to introduce restrictions on the materiality thresholds that banks will determine.

On 31 December 2013, the BRSA adopted rules on loan-to-value and instalments of certain types of loans and, on 7 June 2018, 15 August 2018, 27 November 2018, 25 January 2019, 26 February 2019 and 14 January 2020 the BRSA made certain amendments to such rules. Pursuant to these rules, the maximum loan-to-value requirement for housing loans extended to consumers and for loans (except auto loans) secured by houses is 80%. However, under the BRSA's decision dated 19 March 2020 and numbered 8949, the maximum loan-to value ratio is set as 90% for houses worth TL 500,000 and below. In addition, for auto loans extended to consumers, for loans secured by autos and for financial lease transactions for autos, the loan-to-value requirement is set at 70%; provided that in each case, the sale price of the respective auto is not higher than TL 120,000. If the sale price of the respective auto is above this TL 120,000 threshold, then the minimum loan-to-value ratio for the portion of the loan below the threshold amount is 70% and the remainder is set at 50%.

As for limitations regarding instalments (as amended by the BRSA from time to time), the maturity of consumer loans (other than loans to consumers for housing finance and complementary goods and services in relation to home renovation/improvement, financial leasing arrangements regarding houses and other loans for the purpose of purchasing real estate and any refinancing of the same) are not permitted to exceed 60 months. The maximum maturity of car loans is 60 months if the value of a vehicle is up to TL 120,000; whereas the maximum maturity of car loans is 48 months, if the value of a vehicle is above TL 120,000. However, the BRSA recently published a decision dated 27 March 2020 and numbered 8971 and decided the aforementioned maturity limitations will not be applicable for principal and interest payments of consumer and car loans, if the payment was postponed until 31 December 2020 upon the request of the customer.

The amendments on 25 January 2019 (i) require that a credit rating note from authorised institutions be obtained prior to the extension of certain loans, the scope of which will be determined by the BRSA; and, (ii) have exempted the loans extended to banks that are majority owned, jointly or solely, by the Treasury, the Privatisation Administration, Türkiye Varlık Fonu Yönetimi A.Ş. Fund or other public institutions within the central administration from the lending limits set forth in Article 54 of the Banking Law.

Caps on Credit Card Interest Rates, POS Commission Rates, Demand Deposit Accounts Interest Rates and Fees for Commercial Customers

The Central Bank adjusts from time to time the monthly cap on individual credit card interest rates. According to the Communiqué on the Maximum Interest Rates for Credit Card Transactions published in the Official Gazette dated 31 October 2020, the Central Bank publishes the maximum monthly contractual and default interest rates for credit card transactions on its website at the fifth to last business day of each month. The interest rates published by the Central Bank are applicable for the following month. On 31 October 2020, the Central Bank announced the maximum rates that will apply starting from 1 November 2020. For transactions in TL, the maximum contractual interest rate is currently set at 1.46%, while the maximum default interest rate is set at 1.76%. For foreign currency transactions, the maximum contractual rate is currently set at 1.17%, while the maximum default interest rate is set at 1.47%.

Moreover, the Central Bank published two communiqués amending current legislation relating to commission rates, both published in the Official Gazette dated 10 February 2020 and has become effective as at 1 March 2020. With the entry into force of the first communiqué, titled the "Communiqué on Deposit and Loan Interest

Rates and Participation Accounts Profits and Loss Participation Rates" (the "**New Communiqué on Deposit and Loan Interest Rates**"), the Communiqué on Deposit and Loan Interest Rates regulating the commission rates mentioned above was abolished. Pursuant to the New Communiqué on Deposit and Loan Interest Rates, deposit interest, loan interest and participation rates to profit and loss in participation accounts are capped. Accordingly, banks may freely determine fixed and variable interest rates, with an annual cap of 0.25% on current deposit interest rate. Variable interest rate can be applied to Turkish lira deposits with at least three months maturity date and foreign exchange deposits with at least six months maturity date. Similarly, banks can determine interest rates for any loan freely except for rediscount and advance credits. The contractual and default interest rates cannot exceed ratios determined by the Central Bank pursuant to Article 26 of Law on Bank and Credit Cards No. 5464.

The Communiqué on Rules and Procedures for Fees Applied by the Banks to Commercial Customers (the "**Commercial Customers Communiqué**") regulates types of fees arising from services provided by banks to commercial clients (except for banks and financial leasing, factoring and finance companies) and applicable caps for each type of fee in order to prevent banks from overpricing commercial clients. Pursuant to the Commercial Customers Communiqué, fees that banks can charge to their commercial clients for products and services are classified as "Commercial Loans", "Foreign Trade", "Cash Management" and "Payment Systems", and are generally subject to certain quantitative and qualitative restrictions. Banks are prohibited from charging any kind of fees to their commercial clients that are not listed thereunder.

Other than the type of fees specifically restricted under the Commercial Customers Communiqué, banks can freely determine the amount and/or percentage of the fees to be collected from their commercial clients. As at the date of this Prospectus, the following fees are restricted under the Commercial Customers Communiqué in particular:

- annual loan allocation fees subject to a cap of 0.25% (loan allocation fees are determined pro rata to the number of months for loans allocated for less than one year);
- loan utilisation fees subject to a cap of 1%;
- prepayment fee subject to a cap of 1% of prepaid amount for loans with up to 24 months of remaining maturity (2% if the remaining maturity exceeds 24 months);
- merchant fees subject to a cap of the sum of the then-applicable monthly reference rate plus 0.45% (in case of payments through instalments, the cap can be increased up to 1.5 times of the foregoing cap); and
- cash advance fee subject to a cap of 1%.

The effective date of the Commercial Customers Communiqué was initially set as 1 March 2020; however, the Central Bank published an amendment in the Official Gazette dated 29 February 2020 and postponed the effective date of certain provisions enacted by the Commercial Customers Communiqué. Accordingly, other than Article 15, which sets out the principles regarding electronic fund transfers, fund transfers and precious metal transfers, and Article 20 determining the merchant fees, the effective date of the remaining provisions of the Commercial Customers Communiqué became effective as at 1 April 2020.

Lastly, pursuant to the recent amendments introduced to the Banking Law, the Central Bank has been empowered to determine maximum interest rates for lending and deposit taking activities of banks, as well as the types and maximum amounts of fees, expenses and commissions charged by banks to their clients for any sort of activities.

Caps on Fees Applicable to Financial Consumers

The Central Bank published the Communiqué on Rules and Procedures for Fees Applicable to Financial Consumers on the Official Gazette dated 7 March 2020 and numbered 31061 (the "**Financial Consumers Communiqué**"), which regulates the types and maximum amounts of the fees and commissions applicable to financial consumers with respect to the products and services offered by institutions (i.e., banks, financial institutions extending consumer loans and card issuers). Products and services chargeable by these institutions are classified under five categories: "Personal Loans", "Deposit/Participation Fund", "Money and Precious Metals Transfer", "Credit Cards" and "Others". The relevant institutions are prohibited from charging any kind of fees to financial consumers that are not listed under the Financial Consumer Communiqué; however, the amounts paid to third parties can be charged to the financial consumers. Further, in order to determine a new product or service or a new fee that are not listed under the Financial Consumer Communiqué, the institutions must obtain the Central Bank's approval. The Central Bank is authorized to amend the categories of the fees thereunder.

Risk Management Disclosure

The BRSA issued Communiqué on Disclosures to Public Regarding Risk Management published in the Official Gazette dated 23 October 2015 and numbered 29511 (as amended by a regulation published in the Official Gazette dated 20 January 2016 and numbered 29599) which entered into force on 31 March 2016 and outlines procedures and principles of consolidated and unconsolidated risk management disclosure to be made by the banks. According to the Communiqué, any information regarding risk management must be included in financial reports as a separate section. Disclosures must be easily accessible and must enable measurement and assessment of information given by banks. Banks must keep an online disclosure database, showing five years' worth of records and the online database must be available on a bank's website from 31 March 2016 onward. Disclosures made within the scope of the Communique are subject to independent audit.

Banks' Information Systems

The BRSA enacted the Regulation on Banks' Information Systems and Electronic Banking Services (the "**IT Systems Regulation**") which was published in the Official Gazette No. 31069 dated 15 March 2020. The IT Systems Regulation was initially going to enter into force on 1 July 2020. However, the BRSA amended the IT Systems Regulation on 22 June 2020 and postponed the effective date from 1 July 2020 to 1 January 2021, except for certain provisions including those relating to track record mechanism, management of the outsourcing of services, reverse transaction in electronic banking, transaction security in mobile banking, electronic and mobile banking in authentication mechanism, transfer of sensitive and/or confidential information to customers via electronic banking, telephone banking and ATM banking.*Risk Management and Control Mechanisms on Information Systems*

As per the IT Systems Regulation, a bank's board of directors is liable for conducting effective supervision to manage any risks arising from the use of information systems. Accordingly, the IT Systems Regulation sets out that the board of directors must approve and establish a strategic plan, a strategy committee and a guidance committee related to information systems.

The IT Systems Regulation also sets forth the standards regarding the following points to control information systems:

- Establishment of authentication mechanisms;
- Establishment of track record mechanism for transactions related to information systems;
- Establishment of network security control systems;
- Security configuration management;

- Security vulnerability management;
- Cyber-attack management and cyber information sharing; and
- Creation of an information security awareness training programme.

Banks' Primary and Secondary Systems

The IT Systems Regulation clarifies the scope of primary and secondary systems, while requiring banks to keep these systems in Turkey. In this regard, except for banking transactions such as payments, and messaging systems that require interaction abroad by nature, the Regulation requires banks to carry out their banking transactions without an approval procedure through a system abroad, and to continue providing banking services in Turkey through their primary and secondary systems even in cases of any disconnection with the networks abroad.

Continuity of Information Systems

As per the IT Systems Regulation, banks are required to set up back-up or hibernation schemes for critical hardware and systems, as well as, to create appropriate alternative communication channels should any interruptions to the network and communication infrastructure occur. Banks are obliged to keep records regarding the frequency, the method and the location of back-ups. Further, banks are required to procure the data requested by (i) the judicial authorities conducting an investigation or prosecution; or (ii) the BRSA, and to retain the original copies of the data and back up the data.

Electronic Banking Services

Pursuant to the IT Systems Regulation, banks must apply an authentication mechanism consisting of at least two independent components and to take measures to ensure the confidentiality of the authentication data. Further, banks are required to establish tracking mechanisms to detect and prevent unusual or fraudulent transactions under the scope of electronic banking services. Clients using the electronic banking services provided by banks will be explicitly informed of the terms, risks and exceptional circumstances regarding such services. The IT Systems Regulation provides for authentication and transaction security provisions related to online banking, mobile banking, telephone banking, open banking services and ATM banking.

Personal Data Protection

The Law on Protection of Personal Data (the "**Law No. 6698**") was accepted on 24 March 2016 and published in the Official Gazette dated 7 April 2016 and numbered 29677. The Law No. 6698 has become fully effective as at 7 October 2016.

Under the Law No. 6698, the main rule to collect and process personal data is to obtain explicit consent of the person whose data will be collected/processed (the "**Data Subject**"). However, personal data can also be collected and processed without the Data Subject's consent if any of the conditions stated below exists:

- if collection and processing is permitted by any specific law provision;
- if the Data Subject is under a circumstance that prevents him/her from providing consent (due to an actual impossibility or lack of legal capacity) and processing is necessary for protection of Data Subjects' or third parties' life or physical integrity;
- if processing is necessary for forming or performance of a contract to which the Data Subject will be/is party;
- if processing is mandatory for data controller to perform his/her legal duties;

- if personal data has been made available to public by the Data Subject himself/herself;

- if processing is mandatory for assigning, using or protecting a right; and

- if processing is mandatory for the data controller's legitimate interest, on the condition that it does not harm the Data Subject's fundamental rights and freedoms.

As per the Turkish Data Protection Authority's (DPA) guidance, data controllers must rely on processing grounds other than explicit consent, where available, and obtaining explicit consent from the data subject must be seen as a last resort.

Any personal data that is related to a Data Subject's race, ethnicity, political views, philosophical beliefs, religion, sect or other beliefs, way of appearance and dressing, association, foundation or union memberships, information related to health, sex life, past criminal convictions and biometric data are considered special categories of data. The conditions to legally process sensitive personal data are as follows:

- obtaining explicit consent of the Data Subject; and

- taking necessary precautions determined by the Data Protection Board.

However, explicit consent of the Data Subject is not required under any of the conditions below:

- except for data related to health or sexual life, collection and processing is permitted by any specific law provision; and

- for data related to health or sexual life, collection and processing by parties or relevant authorities under confidentiality obligations for the purposes of protection of public health, preventive medicine, medical diagnosis, treatment and nursing and for planning, financing and management of health services.

Personal data can be transferred to third parties with explicit consent of the Data Subject. However, personal data can be transferred to third parties without consent of the Data Subject:

- if collection and processing is permitted by any specific law provision;

- if Data Subject is under a circumstance that prevents him/her from providing consent (due to an actual impossibility or lack of legal capacity) and processing is necessary for protection of Data Subjects' or third parties' life or physical integrity;

- if processing is necessary for forming or performance of a contract to which the Data Subject will be/is party to;

- if processing is mandatory for the data controller to perform his/her legal duties;

- if personal data has been opened to public by Data Subject himself/herself;

- if processing is mandatory for assigning, using or protecting a right; and

- if processing is mandatory for the data controller's legitimate interest, on the condition that it does not harm the Data Subject's fundamental rights and freedoms.

For data related to health and sexual life, data may be transferred by parties under confidentiality obligation or relevant authorities for the purposes protection of public health, preventive medicine, medical diagnosis, treatment and nursing and for planning, financing and management of health services.

Personal data can be transferred to third countries with Data Subject's explicit consent. Further, the criteria that is applied for transfer of personal data to third parties shall be applied to transfer of personal data to third countries if:

- third country has sufficient protection;
- data controllers in Turkey and third country guarantee protection of personal data in writing and Data Protection Board allows such transfer; or
- data controllers execute Binding Corporate Rules with their group companies and obtain Data Protection Board's approval.

The Data Protection Board will decide whether a certain third country is qualified as providing sufficient protection for personal data. All personal data processed or collected before the enactment of the Law No. 6698 should be brought in conformity with the articles of Law No. 6698 within two years.

In addition to above, the Banking Law introduced the term "client secret" in February 2020. Consequently, a client secret is any information related to a real or legal person generated upon the bank-customer relationship being established. In that regard, the scope of a client secret is broader than that of "personal data", which is defined under the Law No. 6698. While personal data only belongs to a real person and data only qualifies as personal if it identifies a real person on its own or when matched with other data, a client secret includes all information related to any real or legal person generated in connection with the client relationship.

Pursuant to the amendment introduced to the Banking Law, except for the exemptions enumerated under Article 73 of the Banking Law, client secrets may not be disclosed or transferred to any third party located in Turkey or abroad without a request from the client to this effect, even if the explicit consent of the client is collected in line with the Law No. 6698. The BRSA is authorised to prohibit the transfer of client secrets to third parties abroad after it assesses the client secret's economic security.

Foreign Exchange Legislation

Decree 32 and the Capital Movements Circular of the Central Bank (the "**Capital Movements Circular**") were amended, effective as at 2 May 2018, in order to introduce restrictions on Turkish resident legal entities utilising foreign currency loans. While this regime maintained the previous prohibition on Turkish individuals utilising foreign exchange loans and foreign exchange-indexed loans, it introduced a strict prohibition on Turkish resident non-financial institution legal entities (each a "**Corporate Borrower**") utilising foreign currency-indexed loans and also imposed restrictions on Corporate Borrowers utilising foreign currency loans (the "**F/X Loan Restrictions**").

Accordingly, a Corporate Borrower shall be permitted to utilise foreign exchange loans if (i) it generates sufficient foreign exchnage denominated revenue, which is defined as "the revenue derived from export, transit trade, sales and deliveries considered as export and foreign exchange generating activities ("**FX Revenue Exemption**") in the new legislation; (ii) the purpose of the loan is to finance an activity that is exempt from the FX Loan Restriction ("**Activity Exemption**"); or (iii) if as at the date of the utilisation of the new FX loan, the unpaid outstanding balance of its total foreign exchange loans and/or foreign exchange indexed loans ("**Loan Balance**") is more than U.S.$15 million.

As far as the FX Revenue Exemption is concerned, if the Loan Balance of a Corporate Borrower is below U.S. Dollar 15 million, the sum of (i) the foreign exchange loan to be utilised; and, (ii) the existing Loan Balance must not be more than the combined value of its foreign exchange revenues as stated in its last three years financials. Otherwise, the exceeding portion of the foreign exchange loan must either be cancelled or converted into Turkish Lira. Turkish-resident financial institution lenders are required to control whether a Corporate Borrower complies with this rule. In case of any non-compliance with the F/X Loan Restrictions, Turkish-resident financial institution lenders are required either to cancel or convert into Turkish Lira the portion of the foreign currency loans granted to such Corporate Borrower that exceeds this value. In case of a breach of this obligation, an administrative monetary fine might be imposed.

In regards to the Activity Exemption, a legal entity must qualify as a public institution, bank, factoring, financial leasing or financing company resident in Turkey in order to utilise foreign exchange loans. In the case of Corporate Borrowers, the Activity Exemption must relate to an activity in the context of (i) a domestic tender with an international element awarded to such Corporate Borrower; (ii) defence industry projects approved by the Undersecretariat of Defence Industry; (iii) public private partnership projects; (iv) renewable energy investments made under the framework of the Law No. 5346 on Use of Renewable Energy Resources for the Purposes of Generating Electricity; (v) an acquisition finance transaction where the Corporate Borrower is a special purpose vehicle established to acquire the shares of a Turkish company and utilises the foreign exchange loan (up to the amount of the purchase price) for the purpose of such acquisition; (vi) tenders launched in accordance with Privatization Law No. 4046 and other public tenders in which the price was determined in a foreign currency; (vi) an investment incentive certificate or a transaction for financing of the purchase of certain machines and devices; (vii) an export, transit trade, sales and related deliveries subject to the relevant Corporate Borrower certifying the scope of its relevant activity and its potential sources of foreign currency revenues (*muhtemel döviz geliri*), (viii) foreign currency loans to be extended by foreign companies to fully owned Corporate Borrowers, (ix) loans to be used by shareholders of Corporate Borrowers who conduct public private partnership projects in order to finance the public private partnership project. Further, foreign exchange loans to be extended by banks to Turkish residents in Turkey which do not exceed the amount of the receivables kept as foreign exchange in the Turkish branches of banks as collateral and/or the amount of issued securities by the centralized governments and central banks of the member countries of the Organization for Economic Cooperation and Development (OECD) or the amount of securities issued through their sureties are also exempted.

In addition, under the new regime, a Corporate Borrower is not allowed to extend foreign exchange loan to another Corporate Borrower.

However, a Corporate Borrower is allowed to extend foreign exchange loans or Turkish Lira denominated loans to (i) the legal entities where it holds shares; (ii) its parent company; or, (iii) group companies, in each case outside of Turkey, and provided that such loans are transferred through Turkish banks. Therefore, intercompany loans between Corporate Borrowers in Turkey would only be allowed if such loans were denominated in Turkish Lira.

Turkish financial institutions intermediating the foreign exchange borrowing transactions are required to notify the Ministry of Treasury and Finance of any breach of these foreign exchange borrowing restrictions upon becoming aware of them. On 13 September 2018, Decree 32 was amended to impose restrictions on the use of, or indexing to, foreign currency in the following contracts executed between persons residing in Turkey: sale and purchase of movable and immovable property, leasing of all kinds of movable and immovable property (including vehicle and financial leasing), employment, service and construction contract. According to such amendment, Turkish residents were required to amend any relevant contract so that the contract price and all other payment obligations thereunder were re-determined in Turkish Lira within a 30-day transition period (*i.e.* by 13 October 2018). On 6 October 2018 and 16 November 2018, the Ministry of Treasury and Finance issued an amending communiqué that broadened the scope of, but provided certain exemptions to, these restrictions. Among other exemptions, capital market instruments (including any notes issued directly to Turkish investors) are exempt from these restrictions. Accordingly, the issuance, purchase and sale of capital market instruments in accordance with the Capital Markets Law may be denominated in, or indexed to, foreign currency.

A communiqué numbered 2018-32/48 regarding export prices was published in the Official Gazette dated 4 September 2018 and numbered 30525. This communiqué requires exporters to transfer export revenues to Turkish banks within 180 days following the date of the export transaction and to sell 80% of their export revenues to Turkish banks (the latter was abolished by an amendment to the communiqué dated 31 December

2019). This obligation applies to all Turkish resident exporters and the exporters are liable for fulfilment of those obligations, which the intermediary banks are required to monitor.

In addition to the foregoing principles, the BRSA capped Turkish banks' exposure under swap, spot and forward transactions with foreign entities (except transactions with such banks' non-resident financial subsidiaries and other affiliates that are subject to consolidation) to 25% of a bank's regulatory capital in 17 August 2018. However, with its press release dated 9 February 2020, the BRSA lowered this threshold to 10% for transactions under which the Turkish bank initially pays TL and receives foreign currency, and at the maturity date, such bank pays foreign currency and receives TL. In this respect, in case of a bank exceeding this level (i.e., 10%), new transactions may not be executed or renewed until the 10% level (which is calculated on a daily basis) is attained; however, transactions conducted between local banks and their consolidated affiliates located abroad that qualify as a bank or financial institution are exempt from this restriction. On 12 April 2020, the BRSA introduced further measures and lowered the 10% cap to 1% for forward transactions purchasing Turkish Lira with residents abroad. The level was then returned to 10% on 25 September 2020. In the case of a bank exceeding this level, new transactions may not be executed or renewed until this level (which is calculated on a daily basis) is attained. On 11 November 2020, the BRSA decided that for such transactions under which the Turkish bank initially pays foreign currency and receives TL, and at the maturity date, such bank pays TL and receives foreign currency, the Turkish banks' exposure may not exceed (i) 5% of its regulatory capital for transactions with a remaining maturity date of seven days, (ii) 10% of its regulatory capital for transactions with a remaining maturity date of 30 days and (iii) 30% of its regulatory capital for transactions with a remaining maturity date of one year. Moreover, banks are required to obtain the BRSA's written approval in order to change the maturity of the foregoing transactions.

Recent Amendments to the Turkish Insolvency and Restructuring Regime

The Enforcement and Bankruptcy Law No. 2004 prevents a contractual arrangement by which a contractual event of default clause is stipulated to be triggered in case any application is made by a Turkish company for debt restructuring upon settlement (*uzlaşma yoluyla yeniden yapılandırma*) within the scope of this law. The same restriction has become applicable for composition (*konkordato*) following the amendments to this law effective as at 15 March 2018.

On 15 August 2018, the BRSA published the Regulation on Restructuring of Debts in the Financial Sector (the "**Restructuring Regulation**"), which was amended on 21 November 2018 and 12 September 2019, with a view to regulate a financial restructuring opportunity for Turkish companies that have entered into loan transactions with (a) Turkish banks, (b) Turkish financial leasing, factoring and financing companies, (c) banks and financial institutions established outside Turkey, (d) multilateral banks and institutions that directly invest in Turkey, (e) special purpose companies established by the foregoing institutions for collection of receivables and/or (f) investment funds established as per the Capital Markets Law ("Creditor Institutions").

The Banking Law was amended after the entry into force of the Restructuring Regulation to regulate financial restructuring. On 19 July 2019, a provisional article related to financial restructuring (the "**Provisional Article**") in the Banking Law has entered into force. The Provisional Article will be in force for two years from the date of its publication, which can be extended by the president for another two years. The Provisional Article aims to incentivise financial restructuring by providing various tax exemptions, as well as a provision which states that reduction of collateral pool, write-off of principal or other receivables or such other actions taken by banks to effectuate the restructuring of loans shall not constitute embezzlement offence set out under Article 160 of the Banking Law.

The Provisional Article and the Restructuring Regulation sets forth the procedures and principles on financial restructuring and also on framework agreement(s) (a "**Framework Agreement**") to be executed amongst the Creditor Institutions and on the respective financial restructuring agreements to be entered into by and between each respective debtor and the relevant Creditor Institutions within the scope of such Framework Agreement(s).

Accordingly, some Creditor Institutions (including most of the Turkish banks) have initially executed a Framework Agreement dated 11 September 2018 (as amended and restated with two respective amendment protocols, the "**First Framework Agreement**") prepared by the Banks Association of Turkey, which entered into force on 19 September 2018. The Banks Association of Turkey then divided the First Framework Agreement into two different framework agreements (i.e., a Large Scale Framework Agreement (the "**Large Scale FA**"), applicable to debtors with an aggregate principal debt equal to, or more than, TL 25 million, and a Small Scale Framework Agreement (the "**Small Scale FA**"), applicable to other debtors who have less debt).The Large Scale FA and the Small Scale FA (together, the "**Framework Agreements**") have been executed by a majority of Turkish banks and other financial institutions and entered into force.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains an analysis of the consolidated results of operations of Akbank as at and for the three months ended 31 March 2021 and 2020 and as at and for the years ended 31 December 2020, 2019, and 2018, derived from the Akbank BRSA Financial Statements incorporated by reference herein. The following discussion should be read in conjunction with the Akbank BRSA Financial Statements and notes thereto. The Akbank BRSA Financial Statements have been prepared in accordance with BRSA Principles and TFRS for the matters not regulated by the BRSA Principles, as described in "Presentation Of Financial And Other Information". Certain information herein is derived from Akbank's unaudited underlying accounting records. This discussion includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in "Risk Factors" in this Prospectus.

Significant Factors Affecting Akbank's Results of Operations

Numerous factors affect Akbank's results of operations, some of which are outside of Akbank's control. The following identifies certain of such factors that have been significant during the periods under review.

Turkish Economy

The majority of Akbank's operations are in Turkey and its business and results of operations are affected by general economic conditions in Turkey. As at 31 March 2021, 86.7% of Akbank's total assets were located in Turkey. Accordingly, Akbank's results of operations and financial condition have been and will continue to be significantly affected by Turkish political and economic factors, including the economic growth rate, the rate of inflation and fluctuations in exchange and interest rates, as well as wages, and consumer spending which particularly impacts its retail business. See *"Risk Factors—General Risks— Risks Related to Turkey and Other Related Risks— Turkey's economy has been undergoing a significant transformation and remains subject to ongoing structural and macroeconomic risks" and "Risk Factors—General Risks— Risks Related to Turkey and Other Related Risks—Political developments in Turkey may have a material adverse effect on Akbank's business, financial condition, results of operations and prospects"*.

Global and emerging market uncertainties have continued for the past several years, driven by U.S. and global monetary policies, high inflation and low growth risk in emerging markets, low commodity prices, concerns about slowdown of global growth rates, particularly in China, global trade tensions, particularly between the United States and China and geopolitical tensions, particularly in the Middle East. Turkey's GDP grew by 3.0% in 2018, 0.9% in 2019, 1.8% in 2020 and 7.0% in the three months ended 31 March 2021, according to TurkStat.

In 2018, capital formation had a negative impact on GDP, whereas external demand provided the only strong positive impact. Private consumption had no impact. The GDP growth rate was 0.9% for the full year of 2019. On a quarter-on-quarter basis, after dipping in the fourth quarter of 2018, GDP growth rates were positive in each quarter of 2019, implying the continuation of economic acceleration. Exports had the highest contribution to 0.9% annual growth in 2019, with 2.3% growth. The contributions of private and public consumption were 0.4% and 0.6%, respectively. Investments, which declined by 12.4% on a year-on-year basis, depressed overall GDP by 3.6%. In 2020, the GDP growth rate was 1.8% for the full year. Growth in 2021 is expected to improve from 2019 and 2020. However, this remains dependent upon the progression of the pandemic in Turkey and elsewhere, the rate of economic growth in the EU and elsewhere, and the successful implementation of Turkey's economic policies.

The current account deficit increased to 4.7% of GDP in 2017, then decreased to 2.7% of GDP in 2018, and turned into a current account surplus of 0.9% of GDP in 2019, with a surplus of U.S.$6.8 billion. The current account deficit was 5.2% of GDP or U.S.$37.3 billion, in 2020. Various events, including any deterioration in economic conditions in Turkey's primary export customers due to COVID-19 or other factors and geopolitical risks (such as tariffs imposed by the United States on imports from Turkey) as well as an increase in energy prices could result in an increase in the current account deficit, including due to the possible impact on Turkey's foreign trade and tourism revenues. CPI reached 20.3%, 11.8%, 14.6%, 16.2% and 16.6% in the years ended 31 December 2018, 31 December 2019 and 31 December 2020, in 31 March 2021 and 31 May 2021 respectively, mainly due to the pass-through effect from the depreciation of the Turkish Lira and rising food prices. See *"Risk Factors—General Risks—Risks Related to Turkey and Other Related Risks—Turkey's economy is subject to inflation and risks relating to its current account deficit"*.

On 14 June 2019, Moody's downgraded Turkey's long-term issuer and senior unsecured bond ratings to "B1" from "Ba3" and maintained the negative outlook, on the back of its view that the risk of a balance of payments crisis continues to rise, and with it the risk of a government default, which Moody's mainly attributes to the Turkey's high reliance on external capital across all sectors of the economy. On 11 September 2020, Moody’s downgraded Turkey’s long-term issuer and senior unsecured debt ratings to “B2” from “B1” and affirmed its “negative” outlook.

On 12 July 2019, Fitch downgraded Turkey's sovereign rating to "BB-" from "BB", mainly based on (i) the dismissal of the Central Bank governor on 6 July 2019, which heightened doubts over the Turkish authorities' tolerance for a period of sustained below-trend growth and deflation according to Fitch and (ii) the risk of U.S. sanctions triggered by the delivery of S-400 missile components from Russia, which Fitch expects to be of a "relatively mild form with minimal direct economic effect" but which might have a significant impact on sentiment according to Fitch. On 1 November 2019, Fitch revised the outlook on Turkey's sovereign rating to stable from negative, and affirmed at "BB-", citing continued progress in rebalancing and stabilisation of the Turkish economy with an improved current account balance, however noting Turkey's gross external financing requirement as a source of vulnerability.

On 12 November 2019, following its revision of Turkey's long-term foreign-currency issuer default rating, Fitch revised the rating outlooks for 20 Turkish banks to stable, including that of Akbank. On 21 February 2020, Fitch affirmed Turkey's long-term foreign currency issuer default rating at "BB+" with a stable outlook. On 5 March 2020, Fitch placed the ratings of 19 emerging market banks in Europe, the Middle East and Africa under Criteria Observation, including Akbank. On 19 May 2020, Fitch affirmed Akbank at 'B+', stating that the affirmation reflects Akbank's still significant capital and foreign currency capital liquidity buffers but at the same time, the increase in the standalone credit profile as a result of the economic downturn and financial market volatility. On 19 February 2021, Fitch revised the outlook on Turkey’s long-term foreign-currency issuer default credit rating from negative to stable. On 28 February 2021, Fitch revised Akbank’s long-term local currency issuer default credit rating from negative to stable. On 4 May 2021, Fitch affirmed Akbank’s long-term foreign currency issuer default rating at 'B+' with negative outlook.

A slowdown in global economic activity (and in particular in the United States and China), weaker economic conditions across EU markets, the impact of any post-Brexit developments, a sell-off in emerging markets, central bank actions (including the pace of rises in U.S. interest rates), U.S. foreign, monetary and trade policy or even uncertainty over the anticipation of these events, are potential sources of volatility and fragility for the Turkish economy. In addition any material negative impact on the growth of Turkey's trade and investment partners is likely to negatively affect the Turkish economy's growth rate. Moreover, any further disruption in the Turkish domestic economy as a result of the continuing spread of COVID-19 in Turkey cannot currently be predicted. See also *"Risk Factors—The outbreak of COVID-19 has negatively affected the global and Turkish economy and financial markets and might continue to disrupt and/or otherwise negatively impact the operations of Akbank and/or its clients."*

On 20 September 2018, the Turkish Treasury and Finance Minister announced the Turkish Government's Medium Term Program, renamed the New Economic Programme for the period 2019 to 2021. The objectives of the New Economic Programme are rebuilding financial and price stability, ensuring budget discipline and economic rebalancing and achieving sustainable economic growth via transformation in manufacturing and exports. As part of the rebalancing objective, the Turkish Government targeted 2.3% GDP growth in 2019. The New Economic Programme contemplated for the ratio of the budget deficit to GDP to be 1.9% in 2018 and 1.8% in 2019. The Turkish Government also expected inflation to reach 20.8% by the end of 2018 and to decrease to 15.9% by the end of 2019. The New Economic Programme was updated in October 2019. The updated New Economic Programme set GDP growth estimates at 0.5% for 2019 and 5.0% for each of 2020, 2021 and 2022. Further, the inflation rate was forecast to be 12.0%, 8.5%, 6.0% and 4.9% for 2019, 2020, 2021 and 2022, respectively.

In September 2020, the Turkish Treasury and Finance Minister announced the New Economic Programme for the 2021 to 2023 period. The New Economic Program set GDP growth estimates as 0.3% for 2020, 5.8% for 2021 and 5.0% for each of 2022 and 2023. Furthermore, it has estimated the inflation rate as 10.5%, 8.0%, 6.0% and 4.9% for 2020, 2021, 2022 and 2023, respectively.

In addition, in order to tackle inflation and tighten monetary policy, the Central Bank increased the policy rate by 625 bps to 24% in September 2018. On 26 April 2017, the average cost of funding for banks using the late liquidity facility (the TL borrowing facility provided by the Central Bank for banks to meet temporary liquidity needs) increased from 11.75% to 12.25%, and on 14 December 2017 to 12.75%. The average cost of funding for banks using the late liquidity facility remained at 12.75% until 25 April 2018. From 25 April 2018 to date the average cost of funding for banks using the late liquidity facility fluctuated depending on changing macro economic developments. It stood at 11.25% as at 30 June 2020. After September 2018, the Central Bank kept the interest rate stable at an elevated level of 24% in order to combat inflation, until July 2019. Furthermore, the Turkish Government's action plan, announced in April 2019, was aimed at controlling food inflation. Accordingly, agricultural products were regulated and subsidised through the wholesale market, and greenhouses were regulated through the establishment of SERA A.Ş. With the impact of the appreciation of the Turkish Lira, a decline in food prices and suppressed domestic demand, inflation declined to 15.7% in June 2019. In addition to declining inflation, the global environment improved for emerging economies, helping the Central Bank to ease monetary policy. The Central Bank decreased the one-week repo rate by 425 bps to 19.75% in July 2019. Further, the Central Bank continued its rate-cutting cycle and cut the one-week repo rate by 325 bps to 16.50% in September 2019, by 250 bps to 14.00% in October 2019 and by 200 bps to 12.00% in December 2019 by 75 bps to 11.25% in January 2020 and by 50 bps to 10.75% in February 2020. Economic activity started to weaken in mid-March due to the ongoing adverse impact of the COVID-19 outbreak. In response, the Central Bank cut the one-week repo rate by 100 bps to 9.75% in March 2020, by 100 bps to 8.75% in April 2020 and by 50 bps to 8.25% in May 2020. The Central Bank decided to retain the one week repo-rate at 8.25% in June 2020. The rate remained unchanged until September and on 24 September 2020 the Central Bank increased the policy rate by 200 bps to 10.25%. In its meeting on 22 October 2020, the Central Bank did not change the rate but the Central Bank increased the Late Liquidity Window lending rate to 14.75% from 13.25%. The market responded negatively to this decision as a rate hike was expected. The Central Bank subsequently hiked the policy rate by 475 bps to 15.00%, in line with market expectations, on 19 November 2020. Furthermore, the Central Bank decided to provide all funding through the main policy rate, which is the one-week repo auction rate. The market expectations for a rate hike, simplification of monetary policy and greater clarity from the Central Bank were each met as the result of the meeting on 19 November 2020. On 24 December 2020, the Central Bank increased its policy rate from 15.00% to 17.00%. The Central Bank continued to increase its policy rate from 17.00% to 19.00% through its decision dated 18 March 2021.

The following table sets forth key Turkish economic indicators as at and for the three-month period ended 31 March 2021 and as at and for each of the years 2020, 2019 and 2018 (unless otherwise indicated).

	As at 31 March 2021	**As at 31 December**		
		2020	**2019**	**2018**
GDP *(TL billions)*	n.a.	5,048	4,320	3,758
GDP *(U.S$ billions)*	n.a.	717	761	797
GDP growth *(%)*	n.a.	1.8	0.9	3.0
GDP per capita *(U.S.$)*	n.a.	8,599	9,213	9,792

Unemployment *(%)*(2)	13.1	13.2	13.7	11.0
Central Bank policy rate *(%)*(3)	19	17	12	24
Benchmark yield *(%)*(3)	17.94	14.96	11.78	19.73
Inflation (Consumer prices) *(%)*(4)	17.14	14.60	11.84	20.30
Exports *(U.S$ billions)*(1) (2)	177.0	169.7	180.8	177.2
Imports *(U.S$ billions)*(1) (2)	224.9	219.5	210.3	231.2
Trade deficit *(U.S$ billions)*(1) (2)	(47.9)	(49.9)	(29.5)	(54.0)
Current account deficit *(U.S$ billions)* (2)	(36.2)	(37.3)	6.8	(21.7)
Budget deficit *(TL billions)*(2)	(120.4)	(172.7)	(123.7)	(72.8)

Note:

(1) Foreign trade by years (general trade system).

(2) As of March 2021

(3) As of 11 May 2021

(4) As of April 2021

Sources of macro-economic data: Central Bank, TurkStat, Turkish Treasury, Turkish State Planning Organisation (DPT), IMF and other public sources.

Loan Portfolio Growth

The tables below set forth Akbank's total loans, total securities, and total deposits in Turkish Lira and foreign currency as at 31 March 2021 and as at and for the years 31 December 2020, 2019 and 2018.

	As at 31 March 2021		
	TL	**Foreign currency**	**Total**
		(TL billions)	
Total Loans	190.8	108.4	299.1
Total Securities	62.1	44.3	106.5
Total Deposits	119.0	191.0	310.0

	As at 31 December								
	2020			**2019**			**2018**		
	TL	**Foreign currency**	**Total**	**TL**	**Foreign currency**	**Total**	**TL**	**Foreign currency**	**Total**
					(TL billions)				
Total Loans	184.9	94.4	279.2	144.8	82.0	226.8	127.3	82.0	209.3
Total Securities	59.4	42.2	101.6	48.2	35.2	83.4	30.6	26.0	56.6
Total Deposits	108.4	184.2	292.5	95.9	148.9	244.7	81.4	127.2	208.6

Akbank's total loans were TL 299.1 billion as at 31 March 2021 and TL 279.2 billion as at 31 December 2020, which represented a 7.1% increase, due primarily to growth in TL consumer loans.

Akbank's total loans were TL 279.2 billion as at 31 December 2020 and TL 226.8 billion as at 31 December 2019, which represented a 23.1% increase, due primarily to growth in TL loans across the board.

Akbank's total loans were TL 226.8 billion as at 31 December 2019 and TL 209.3 billion as at 31 December 2018, which represented a 8.4% increase, due primarily to due primarily to accelerated consumer and corporate loan demand during the second half of the year, driven by affordable loan rates and improving economic outlook.The share of loans as a percentage of Akbank's total assets increased marginally to 58% as at 31 March 2021, as compared to 58% as at 31 December 2020, and 59% as at 31 December 2019 .

Total loan growth of the Turkish banking sector was approximately TL 920 million in the year ended 31 December 2020 and TL 201 million in the first three months of 2021 (*Source: BRSA*).

Asset Quality

Akbank's NPL ratio was 5.8% as at 31 March 2021, compared to 6.3%, 6.7% and 3.8% as at 31 December 2020, 2019 and 2018. As at the same dates, the NPL ratio of the Turkish banking sector was 3.8%, 4.1%, 5.4% and 3.9%, respectively. The decrease in the NPL ratio in the first quarter of 2021 was due to due to the fact that despite the BRSA staging forbearances, Akbank did not deviate from IFRS 9, and as in the past, booked necessary provisions for potentially problematic assets even before classifying into Stage 2 or stage 3. The bank had only TL 25 million write-off during the quarter, which had a neglible NPL impact. Akbank did not have any NPL sales. Second quarter in a row, Akbank's monthly average collection performance continues to be above pre-pandemic levels, leading to net negative NPL inflow for the quarter.

Akbank believes that it is well-positioned to manage asset quality as a result of its prudent risk management and provisioning policies described above. However, fluctuations in market conditions may lead to deterioration in asset quality.

For example, significant corporate or other large loan restructurings or defaults can have a material impact on asset quality. For instance, a syndicate of Turkish and international banks, including Akbank, entered into a USD 4.75 billion syndicated loan with OTAŞ in 2013. OTAŞ was the owner of 55% of the shares in Türk Telekomünikasyon A.Ş. (Turkey's largest telecommunications company) ("**Türk Telekom**"). Approximately 30% of Türk Telekom's outstanding shares are owned by the Turkish government.

An agreement was made in December 2018 for the restructuring of the syndicated loan extended to Ojer Telekomünikasyon A.Ş ("**OTAŞ**"), the main shareholder of Türk Telekom, among all creditors, including Akbank. 1,925,000,000 Class A Shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities, were taken over on 21 December 2018 by a special purpose vehicle (Levent Yapılandırma Yönetimi A.Ş.) ("**LYY**") owned directly or indirectly by the creditors with the intention of transferring Türk Telekom shares to an outside investor as soon as possible. Akbank received a 35.56% share in LYY for its share of receivables owed by OTAŞ.

Within the scope of the acquisition of Türk Telekom shares by LYY and related agreements, the amount of credit extended to LYY by Akbank for the acquisition of shares (constituting the security for the OTAŞ loans) was U.S.$1,272 million (TL 6,990 million) as at 31 December 2018 in the form of a one-year extendable loan. This loan was reclassified under "Loans" under "Fair Value through Profit or Loss". It was anticipated in the loan agreement that a portion of the loan would serve to increase LYY's capital in the future by way of a capital increase. The shares of Türk Telekom are pledged for this loan.

At the Ordinary General Assembly Meeting of LYY which was held on 23 September 2019, it was decided to convert some of the abovementioned loan into capital and add it to the capital of LYY. The nominal value of Akbank's shares in LYY increased from TL 18 to TL 1,416,090. This amount is classified in the Akbank BRSA Financial Statements under "Assets for Sale and Discontinued Operations".

As at 31 March 2021, the value of the portion classified as a loan was TL 7,342,910, 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 2,829,110. TL 1,416,090 of this amount is accounted for under "Assets Held for Sale and Discontinued Operations" and TL 1,416,090 is accounted under "Other Financial Assets" which is a sub-item of "Financial Assets at Fair Value through Profit or Loss".

In the event that any material loans become non-performing or there is a slowdown in economic conditions, this could have a material adverse effect on the asset quality of Turkish banks, including Akbank. See *"Risk Factors—Risks Related To Akbank—Credit risks, including risks arising from exposure to clients and the Turkish Government, have materially adversely affected and could continue to have a material adverse effect on Akbank's business, financial condition, results of operations and prospects."*.

Interest Rate Environment in Turkey

There have been and are expected to continue to be significant changes in interest rates in Turkey reflecting both macroeconomic factors and conventional and unconventional action by the Central Bank. In general, increases in interest rates allow Akbank to increase its income from loans due to higher rates that Akbank is able to charge. However, such an increase may adversely affect Akbank's results of operations as a result of reduced overall demand for loans and greater risk of default by Akbank's customers. In addition, increased interest rates affect Akbank's funding costs and can adversely affect Akbank's net income if Akbank is unable to pass on the increased funding costs to its customers. On the other hand, a decrease in interest rates can reduce Akbank's revenue from loans as a result of lower rates on Akbank's loans. This reduction of revenue may however be offset in whole or in part by an increase in the volume of Akbank's loans resulting from increased demand for loans, less risk of default by Akbank's customers and by a decrease in Akbank's funding costs.

On average, principally due to the short-term nature of the majority of Akbank's customers' time deposits, Akbank's interest-bearing liabilities are generally repriced faster than its interest-earning assets. Reductions in interest rates are repriced into Akbank's liabilities after approximately 290 days as at 31 December 2020. At the same time, the repricing of its loans and securities is slower, at between 380 and 1042 days as at 31 December 2020, due to their longer maturities, resulting in a widening of the net interest margin earned by Akbank. Accordingly, an increase in interest rates results in narrowing margins in the short term.

Since the beginning of 2016 through to mid-2019, the Central Bank has generally tightened monetary policy in order to cope with significant deterioration in the Turkish Lira and the resulting pressure on inflation, including a number of large rate hikes of which the most notable was the increase in the policy rate by 625 bps to 24% in September 2018, following a number of earlier increases in 2018 with CPI hitting 25.2% in October 2018. The policy rate was 7.50% in early 2016 and peaked at 24% in September 2018. The then-Governor of the Central Bank was replaced on 6 July 2019 and the Central Bank cut interest rates by 425 bps on 25 July 2019 on the back of weaker global economic activity and reduced inflationary pressure. More recently, the Central Bank has continued its rate-cutting cycle down to 11.25% in January 2020. In the context of the COVID-19 outbreak, the Central Bank took further steps to loosen monetary policy. On 17 March 2020, it cut rates by 100 bps to 9.75% and by 100 bps to 8.75% in April 2020 and by 50 bps to 8.25% in May 2020. The rate remained unchanged until September and on 24 September 2020 the Central Bank increased the policy rate by 200 bps to 10.25%. In its meeting on 22 October 2020, the Central Bank did not change the rate but the Central Bank increased the Late Liquidity Window lending rate to 14.75% from 13.25%. The market responded negatively to this decision as a rate hike was expected. The Central Bank subsequently hiked the policy rate by 475 bps to 15.00%, in line with market expectations, on 19 November 2020. Furthermore, the Central Bank decided to provide all funding through the main policy rate, which is the one-week repo auction rate. The market expectations for a rate hike, simplification in monetary policy and greater clarity from the Central Bank were each met as the result of the meeting on 19 November 2020. On 24 December 2020, the Central Bank increased its policy rate from 15.00% to 17.00%. The Central Bank continued to increase its policy rate from 17.00% to 19.00% through its decision dated 18 March 2021. See *"Risk Factors—General Risks—Risks Related to Turkey and Other Related Risks—The value of the Turkish Lira has fluctuated significantly against other currencies"*.

The following table sets forth Akbank's net interest margin (computed as net interest income for the period as a percentage of average interest earning assets) for the indicated periods from 1 January 2018 to 31 March 2021:

First Half 2018...	4.36%
Second Half 2018...	4.62%
First Half 2019...	4.56%
Second Half 2019...	4.93%
First Half 2020...	5.32%

Second Half 2020	5.07%
First Quarter 2021	3.62%

For further information, see *"Selected Statistical and Other Information—Interest Earning Assets: Yield, Margin and Spread"*.

Exchange Rates

A significant portion of Akbank's assets and liabilities are denominated in foreign currencies, particularly in U.S. Dollars and Euro. As at 31 March 2021, 46% of Akbank's total assets and 55% of its total liabilities were denominated in foreign currencies. As at 31 December 2020, 45% of Akbank's total assets and 56% of its total liabilities were denominated in foreign currencies. As at 31 December 2019, 47% of Akbank's total assets and 55% of its total liabilities were denominated in foreign currencies. As at 31 December 2018, 49% of Akbank's total assets and 56% of its total liabilities were denominated in foreign currencies. Akbank monitors its net open position in foreign currencies and historically has sought to be fully hedged in terms of foreign currency exposure through entering into derivative foreign exchange transactions.

In addition, according to the applicable regulatory limits, Turkish banks can carry a maximum of 20% net open position relative to their capital base.

Akbank's foreign currency net open position ratio was 9.6% as at 31 March 2021 and 11.7% as at 31 December 2020, compared to 8.1% and 6.7% as at 31 December 2019 and 2018.

Akbank converts foreign currency assets and liabilities and interest earned from and paid on those assets and liabilities into Turkish Lira in preparing its financial statements. As a result, Akbank's financial results are impacted by changes in foreign exchange rates. For the three months ended 31 March 2021, Akbank recorded a net foreign exchange loss of TL 5,358.5 million. For the years ended 31 December 2020, 2019 and 2018, Akbank recorded a net foreign exchange gain of TL 3,129.2 million, a loss of TL 2,565.7 million and a loss of TL 4,178.8 million, respectively.

Exchange rate movements also affect the Turkish Lira-equivalent value of Akbank's foreign currency-denominated assets and capital, which can affect capital adequacy either positively (for example, if the Turkish Lira appreciates, then assets in foreign currencies convert into fewer Turkish Lira in the calculations of capital adequacy ratios and thus increase the capital adequacy ratios) or negatively (for example, if the Turkish Lira depreciates, then assets in foreign currency convert into more Turkish Lira in the calculations of capital adequacy ratios and thus reduce the capital adequacy ratios).

Exchange rates may also impact Akbank's asset quality, particularly when there is significant depreciation of the Turkish Lira, as some of Akbank's corporate and commercial customers borrow in foreign currencies and may not have sufficient foreign currency income or reserves to service higher relative costs.

Securities Portfolio

The share of Akbank's securities portfolio, which comprises primarily Turkish government securities and smaller holdings of other securities such as corporate debt securities, in its total assets remained almost flat at 21% as at 31 December 2020 and 31 March 2021, compared to 22% as at 31 December 2019 in line with Akbank's overall strategy.

The share of total interest income from Akbank's marketable securities increased to 22.1% in the year ended 31 December 2020 and decreased to 21.1% in the three months ended 31 March 2021, as compared to 18.1% in the three months ended 31 March 2020 and 17.6% and 17.3% in the years ended 31 December 2019 and 2018, respectively. In the three months ended 31 March 2020, interest income from marketable securities was TL 2.1 billion and interest income on loans was TL 6.1 billion. In the three months ended 31 March 2021, interest income on marketable securities was TL 2.3 billion and interest income on loans was TL 7.1 billion.

As at 31 March 2021, Akbank's total securities comprised 61% fixed rate securities, 6% floating rate securities (excluding CPI-linked securities) and 3% CPI-linked securities. As at 31 December 2020, Akbank's total securities comprised 63% fixed rate securities, 4% floating rate securities (excluding CPI-linked securities) and 32% CPI-linked securities, compared to 70%, 4% and 26%, respectively, as at 31 December 2019, and 60%, 7% and 32%, respectively, as at 31 December 2018.

As Akbank's securities portfolio is comprised largely of Turkish government debt, it does not expect any significant credit losses on its securities portfolio. Its trading portfolio and available-for-sale investment securities portfolio are marked-to-market with the mark-to-market losses or gains being included in income (for the trading portfolio and where there is a permanent impairment of available-for-sale securities) or shareholders' equity (for the available-for-sale portfolio) as appropriate. In case of permanent impairments of held-to-maturity securities, such impairment losses are also recognised in income.

See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Securities Portfolio"*.

Akbank's Provisioning Policy for Impaired Loans

Akbank applies the TFRS methodology for its NPL and Stage 2 provisions. As at 31 December 2020 and 31 March 2021, Akbank has set aside provisions of 62.4% and 63.7%, respectively, of its NPLs through Stage 3 provisioning for its non-performing loans. This percentage exceeds the minimum required Stage 3 provisions set forth in the relevant BRSA regulations, which among other factors take into account a loan's level of collateralisation. Together with general provisioning, Akbank's total provisions equalled 99.74% of its NPLs as at 31 March 2021 and 94.91% as at 31 December 2020. See "*—Risk Management - Classification of Loans and Provisioning*". "*—Turkish Regulatory Environment for Banks—Loan Loss Reserves*".

The independent auditor's reports in respect of the Akbank 2020 BRSA Annual Financial Statements, the Akbank 2019 BRSA Annual Financial Statements and the Akbank 2018 BRSA Annual Financial Statements and the auditor's review report in respect of the Akbank BRSA Interim Financial Statements included a qualification relating to the general reserve allocated by Akbank's management for the possible effects of changes in the economy and market conditions. This free provision may be reversed or re-allocated by management in future periods, which may cause Akbank's net profit to be higher in future periods than it otherwise, would be in the absence of such reversal or re allocation.

See *"Accounting Policy Changes" and "Risk Management—Identification and Remediation of Problem Loans"* for further discussion.

Critical Accounting Policies

The accounting policies adopted by Akbank are critical to understanding its financial condition, results of operations and the Akbank BRSA Financial Statements and the notes thereto. These accounting policies are described in detail in the notes to the Akbank 2020 Annual BRSA Financial Statements incorporated by reference herein under *"Section Three—Accounting Policies"*. Certain of Akbank's accounting policies require significant managerial judgement on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption of estimates and assumptions based on historical experience and other factors considered reasonable and significant by Akbank's management. Akbank has established policies and control procedures intended to ensure that stringent valuation methods are applied in accordance with applicable accounting principles during the preparation of its financial statements for the relevant period. The following is a brief description of Akbank's current accounting policies that require significant managerial judgement or otherwise are critical to the results of operations and financial condition presented in the Akbank BRSA Financial Statements.

Interest Income and Expense

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

Fees and Commission Income and Expense

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

Financial Assets

Akbank categorises its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortised Cost". Such financial assets are recognised or derecognised 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 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, Akbank 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, Akbank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit Akbank's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

Akbank 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.

Akbank recognise 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 Akbank's management and the nature of contractual cash flows of the financial asset are taken into consideration.

When the business model determined by 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 recognised in the financial statements.

Financial assets at the fair value through profit or loss

Akbank's "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 recognised at fair value and re-measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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 recognised 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 re-measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

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

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

During initial recognition Akbank can choose in an irrevocable way 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.

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 recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised 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 Akbank includes 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. Akbank 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.

Derivative Financial Assets

The major derivative instruments utilised by Akbank are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

Derivative financial instruments of Akbank 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 recognised in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. 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.

Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognised 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".

Loans measured at amortised cost. These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

- Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

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

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

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

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

Akbank 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 recognised 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; and

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

Definition of increase in the probability of default is the comparison between the probability of default on loan's opening date, obtained from Akbank'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. Akbank considers that there is a default on the relevant debt in the following two cases:

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

- *Subjective Default Definition*: it is determined the debt will not be paid off. If the borrower is deemed to be unable to fulfill the debt obligations, the borrower should be considered as defaulted no matter how many days the payment is overdue.

Write-off Policy. Akbank writes off financial assets where there is no expectation that it will be recovered, in cases where these expectations are documented by legal means or are not classified under the "fifth group" (uncollectable loans and other receivables) and do not have reasonable expectations for recovery. This policy is applied to all 100% fraud and fraud-based follow-up accounts.

Akbank applies a partial write-off policy where the financial asset will be reimbursed at a certain rate by the debtor, with the amount remaining after the payment of the amount in question or the part that is classified under the "fifth group" (uncollectable loans and other receivables) and which does not have reasonable expectations to be recovered is to be written off.

Explanations on Expected Credit Loss. Akbank allocates impairment for expected loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income.

As at 1 January 2018, Akbank recognise 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 at 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 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. Whether it has been calculated for 12 months or lifetime depends on the increase of the borrower's credit risk.

- *Loss Given Default (LGD)*: In case of default of the borrower, Loss Given Default is 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), Loss 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.

- Customer type (retail or corporate / commercial);
- Product type;
- IRB rating notes /scores;
- Customer credit performance;
- Collateral type;
- Collection Period; and
- Exposure at default;

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

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

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

There has been no change in the assumptions in forecasting techniques.

Model risk parameters and macroeconomic forecast models have been updated with recent data.

The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

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

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

Consumer/Commercial	**Portfolio**
Retail	Consumer
Retail	Automotive
Retail	Mortgage
Retail	Credit Card
Retail	Overdraft Account

Commercial	Micro
Commercial	Company
Commercial	Commercial
Commercial	Corporate

In forward-looking expectations, three scenarios are being used: the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios.

Provisions and Contingent Liabilities

Provisions are recognised when Akbank has a present legal or contingent 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 recognised in the same period of occurrence in accordance with the periodicity principle. When the amount of the obligation cannot be reliably estimated and/or there is no possibility of an outflow of resources from Akbank, it is considered that a contingent liability is disclosed in the related notes to the financial statements.

Taxation

Current tax

In Turkey, the general corporate tax rate is 20%, however it will be applicable on 25% for 2021 and on 23% for 2022 regarding to temporary article of Corporate Tax Law. Corporate tax is calculated on Akbank's total income after adjusting for certain disallowable expenses, tax-exempt income and other allowances. No further tax is payable unless the profit is distributed. 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 must file their tax returns by the 30th day of the fourth month following the closing of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year following the date of filing during which time period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Current tax, related to items recognised directly in equity, is also credited or charged directly to equity.

Deferred tax

Akbank 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 at the balance sheet date. A Law amending the Certain Tax Laws and other Laws ("**Law No. 7061**") was approved in The Grand National Assembly of Turkey on 28 November 2017 and subsequently published in the Official Gazette on 5 December 2017. The law increased the corporate income tax rate from 20% to 22% for the years 2018, 2019 and 2020. The Law means that deferred tax on assets and liabilities shall be measured at the tax rate of 22% for those assets which are realised or the liability is settled in 2018, 2019 or 2020. From 2021 onwards deferred tax assets and liabilities will be subject to a 20% tax rate.

Information on taxation in foreign associates

Akbank AG (Germany). German-resident corporations (i.e. corporations with legal or business centres 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. The effective corporate tax rate is 15.825% since an additional solidarity tax of 5.5% is applied over the calculated corporate tax. In addition to that, trade income tax at an approximate rate of 11.55% is levied by the local city governance. Accordingly, the total tax burden including all types of tax (corporate tax, solidarity tax and trade income tax) is 27.375%.

Accounting Policy Changes

Leasing Transactions

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

Akbank 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 recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

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

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

Akbank 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. Akbank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right to use assets are first recognised by the cost method and include:

- 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; and
- all initial direct costs incurred by Akbank.

When Akbank applies the cost method:

- accumulated depreciation and accumulated impairment losses are deducted; and
- the restatement of the lease obligation is measured at the restated cost.

Akbank applies the provisions of depreciation regulated under the TMS 16 Tangible Assets Standards, while depreciating the rights of use assets.

At the effective date of the lease, Akbank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using Akbank'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, Akbank measures the leasing liability as follows:

- increase the book value to reflect the interest on the lease obligation;
- reduce the book value to reflect the lease payments made; and
- the book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as at 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.

The "TFRS 16 Leasing" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. Akbank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as at 1 January 2019, the date of first implementation. The impact of this transition on equities were classified under "Other Capital Reserves" in expense equities amounting to TL 118,848. Within this scope, a deferred tax asset amounting TL 26,168 was reflected in the financial figures as at 1 January 2019 and classified under "Other Capital Reserves" in equities. Akbank re-arranged the comparable amounts for the previous year by using a retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Rights and liabilities to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

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

Analysis of Results of Operations and Financial Condition

The tables below set out Akbank's summary income statement for the three-month periods ended 31 March 2021 and 31 March 2020 and for each of the years ended 31 December 2020, 2019, and 2018.

	For the three-month period ended 31 March		
	2021	**2021/2020 Change**	**2020**
	(TL thousands)	*(%)*	*(TL thousands)*
Interest income	9,762,643	15.4%	8,460,481
Interest expense	5,569,920	73.0%	3,219,355
Net interest income	**4,192,723**	**(20.0)%**	**5,241,126**
Net fee and commission income	1,461,662	15.6%	1,263,983
Dividend income	5,394	2,195.3%	235
Trading income/(loss) (net)	620,353	(227.7)%	(485,684)
Other operating income	762,526	93.9%	393,246
Total operating income	**7,042,658**	**9.8%**	**6,412,906**
Provision for loan losses and other receivables	2,398,723	(7.2)%	2,583,975
Other operating expenses(1)	2,087,072	1.6%	2,055,007
Net operating income/(loss)	**2,556,863**	**44.1%**	**1,773,924**

Tax provision for continuing operations	528,714	12.2%	471,253
Net income/(loss)	**2,028,149**	**55.7%**	**1,302,671**

Note:

(1) Includes personnel expenses.

	For the year ended 31 December				
	2020	**2020/ 2019 Change**	**2019**	**2019/ 2018 Change**	**2018**
	(TL thousands)	*(%)*	*(TL thousands)*	*(%)*	*(TL thousands)*
Interest income	35,128,018	(3.8)%	36,498,492	3.0%	35,445,105
Interest expense	14,429,250	(26.3)%	19,560,065	(1.5)%	19,849,235
Net interest income	**20,698,768**	22.2%	**16,938,427**	**8.6%**	**15,595,870**
Net fee and commission income	4,549,000	(8.3)%	4,958,293	33.4%	3,718,214
Dividend income	4,866	(27.9)%	6,743	2.7%	6,567
Trading income/(loss) (net)	(675,547)	(41.0)%	(1,145,675)	79.7%	(637,489)
Other operating income	1,395,938	63.2%	855,488	(15.8)%	1,015,593
Total operating income	**25,973,025**	20.2%	**21,613,276**	**9.7%**	**19,698,755**
Provision for loan losses and other receivables	9,582,772	22.8%	7,804,142	15.4%	6,759,974
Other operating expenses[1]	8,106,094	17.8%	6,882,308	18.6%	5,802,347
Net operating income/(loss)	**8,284,159**	19.6%	**6,926,826**	**(2.9)%**	**7,136,434**
Tax provision for continuing operations	2,024,511	28.6%	1,574,487	10.3%	1,427,281
Net income/(loss)	**6,259,648**	17.0%	**5,352,339**	**(6.2)%**	**5,709,153**

Note:

(1) Includes personnel expenses.

The following tables identify the share that net interest income, net fee and commission income, dividend income, trading income and other operating income have represented in Akbank's total operating income for each of the periods indicated.

	For the three-month period ended 31 March	
	2021	**2020**
Net interest income	59.5%	81.7%
Net fee and commission income	20.8%	19.7%
Dividend income	0.1%	0.0%
Trading income/(loss) (net)	8.8%	(7.6)%
Other operating income	10.8%	6.1%
Total operating income	**100.0%**	**100.0%**

	For the year ended 31 December		
	2020	**2019**	**2018**
Net interest income	79.7%	78.4%	79.2%
Net fee and commission income	17.5%	22.9%	18.9%
Dividend income	0.0%	0.0%	0.0%
Trading income/(loss) (net)	(2.6)%	(5.3)%	(3.2)%
Other operating income	5.4%	4.0%	5.2%
Total operating income	**100.0%**	**100.0%**	**100.0%**

The ordinary general assembly meeting of Akbank was held on 24 March 2021 and the general assembly decided to distribute TL 626,080 in cash dividends from TL 6,267,167 in net income from operations in 2020.

Net Income

The following tables set out the principal components of Akbank's net income for the three-month periods ended 31 March 2021 and 2020 and for each of the years ended 31 December 2020, 2019 and 2018.

	For the three-month period ended 31 March		
	2021	**2020**	**% change**
	(TL thousands, except percentages)		
Interest and similar income	9,762,643	8,460,481	15.4%
Interest expense and similar charges	5,569,920	3,219,355	73.0%
Non-interest income[(1)]	2,849,935	1,171,780	143.2%
Provision for loan losses and other receivables	2,398,723	2,583,975	(7.2)%
Other operating expenses	2,087,072	2,055,007	1.6%
Tax provision for continuing operations	528,714	471,253	12.2%
Income/(loss) from the group	2,028,142	1,302,666	55.7%
Income/(loss) from minority interest	7	5	40.0%
Net income	**2,028,149**	**1,302,671**	**55.7%**

	For the year ended 31 December		
	2020	**2019**	**% change**
	(TL thousands, except percentages)		
Interest and similar income	35,128,018	36,498,492	(3.8)%
Interest expense and similar charges	14,429,250	19,560,065	(26.3)%
Non-interest income[(1)]	5,274,257	4,674,849	12.8%
Provision for loan losses and other receivables	9,582,772	7,804,142	22.8%
Other operating expenses	8,106,094	6,882,308	17.8%
Tax provision for continuing operations	2,024,511	1,574,487	28.6%
Income/(loss) from the group	6,259,625	5,352,325	17.0%
Income/(loss) from minority interest	23	14	64.3%
Net income	**6,259,648**	**5,352,339**	**17.0%**

	For the year ended 31 December		
	2019	**2018**	**% change**
	(TL thousands, except percentages)		
Interest and similar income	36,498,492	35,445,105	3.0%
Interest expense and similar charges	19,560,065	19,849,235	(1.5)%
Non-interest income[(1)]	4,674,849	4,102,885	13.9%
Provision for loan losses and other receivables	7,804,142	6,759,974	15.4%
Other operating expenses	6,882,308	5,802,347	18.6%
Tax provision for continuing operations	1,574,487	1,427,281	10.3%
Income/(loss) from the group	5,352,325	5,709,166	(6.3)%
Income/(loss) from minority interest	14	(13)	(207.7)%
Net income	**5,352,339**	**5,709,153**	**(6.2)%**

Note:

(1) Non-interest income comprises net fee and commission income, dividend income, trading income/(loss) (net) and other operating income.

Akbank's net income for the three months ended 31 March 2021 was TL 2.0 billion, which represented a 55.7% increase compared to TL 1.3 billion for the three months ended 31 March 2020. Akbank's net income for the year ended 31 December 2020 was TL 6.3 billion, a 17.0% increase compared to TL 5.4 billion for the year ended 31 December 2019. Akbank's net income for the year ended 31 December 2019 was TL 5.3 billion, a 6.2% decrease compared to TL 5.7 billion for the year ended 31 December 2018.

Return on average total assets was 1.6% for the three months ended 31 March 2021 and 1.4% for the year ended 31 December 2020, compared to 1.4% and 1.6% for the years ended 31 December 2019 and 31 December 2018, respectively.

Return on average shareholders' equity (excluding non-controlling interest) was 12.9% for the three months ended 31 March 2021, compared to 9.6% for the three months ended 31 March 2020. Return on average shareholders' equity (excluding non-controlling interest) was 10.9% for the year ended 31 December 2020, compared to 10.9% and 13.6% for the years ended 31 December 2019 and 2018, respectively. The sector average return on average shareholders' equity was 11.4% (11.36 for two decimals) for the three months ended 31 March 2021 and 11.0% (19.97 for two decimals) for the year ended 31 December 2021 on a standalone basis (*Source: BRSA monthly data*).

Net Interest Income

Akbank's net interest income is the difference between the interest income that it earns on its interest-earning assets and the interest expense that it pays on its interest-bearing liabilities. Its primary sources of interest income are interest on loans and interest on marketable securities (principally Turkish government securities denominated in Turkish Lira).

The tables below set out the principal components of Akbank's net interest income for the three-month periods ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018.

	For the three-month period ended 31 March			For the year ended 31 December				
	2021	**Change (%)**	**2020**	**2020**	**Change (%)**	**2019**	**Change (%)**	**2018**
	(TL thousands, except percentages)							
Interest Income – Interest Expense:								
Interest on loans	7,075,320	16.0%	6,099,429	24,225,442	(13.9)%	28,136,339	6.6%	26,383,644
Interest from reserve requirements	129,025	842.5%	13,689	96,440	(73.5)%	364,578	(22.8)%	472,136
Interest from banks	48,191	(51.0)%	98,403	289,994	(61.6)%	754,821	(4.9)%	793,556
Interest from money market transactions	68,051	39.5%	48,775	546,482	141.4%	226,360	(0.4)%	227,286
Interest from marketable securities	2,283,777	9.7%	2,081,498	9,471,535	47.7%	6,411,341	(8.1)%	6,974,975
Financial lease income	120,020	13.7%	105,532	434,689	(5.6)%	460,232	(9.4)%	508,121
Other interest income	38,259	190.8%	13,155	63,436	(56.2)%	144,821	69.6%	85,387
Total interest income	**9,762,643**	**15.4%**	**8,460,481**	35,128,018	(3.8)%	**36,498,492**	**3.0%**	**35,445,105**
Interest on deposits	3,732,097	63.6%	2,281,394	9,224,039	(36.8)%	14,599,127	(1.8)%	14,864,744
Interest on funds borrowed	260,369	(23.4)%	340,071	1,179,023	(28.6)%	1,650,489	(1.0)%	1,667,243
Interest on money market transactions	1,016,564	543.0%	158,109	1,668,235	55.6%	1,071,788	(36.7)%	1,692,320
Interest on securities issued	533,954	61.3%	331,098	1,928,619	(9.7)%	2,135,409	31.6%	1,623,025
Other interest expense	26,936	(75.2)%	108,683	429,334	315.8%	103,252	5325.7%	1,903
Total interest expense	**5,569,920**	**73.0%**	**3,219,355**	**14,429,250**	**(26.2)%**	**19,560,065**	**(1.5)%**	**19,849,235**
Net interest income	**4,192,723**	**(20.0)%**	**5,241,126**	20,698,768	22.2%	**16,938,427**	**8.6%**	**15,595,870**

Net interest income decreased by 20.0% for the three months ended 31 March 2021, from TL 5.2 billion for the three months ended 31 March 2020 to TL 4.1 billion, mainly driven by an increase in funding costs, which was somewhat offset by higher interest on loans. Akbank's total interest expense increased by 73.0% for the three months ended 31 March 2021, while interest income increased by 15.4%, compared to the three months ended 31 March 2020. The increase in interest expense was primarily driven by an increase in funding costs. Akbank's total deposits increased by 6.0% in line with its strategy to maintain a prudent and well diversified funding base despite the higher deposit costs. For the same period, total loans increased by 7.1% and total investment securities increased by 4.8%. Akbank's net interest margin (unadjusted for swap costs) was 3.62% in the three months ended 31 March 2021, compared to 5.62% for the three months ended 31 March 2020.

Net interest income increased by 22.2% for the year ended 31 December 2020, from TL 16.9 billion for the year ended 31 December 2019 to TL 20.7 billion, mainly driven by lower funding costs and proactive securities positioning.

Akbank's total interest expense decreased by 26.2% between the year ended 31 December 2020 and 2019 while interest income decreased by 3.8% during the same period. The decrease in the cost of funding was primarily driven by a decrease in deposit costs for most of the year until the higher rate environment during the latter part of 2020. Akbank's total deposits increased by 19.5% in-line with the overall loan growth to maintain its prudent funding strategy. Akbank actively sought to grow its source of deposits as part of its funding mix compared to money market transactions with the aim of achieving a more stable and sustainable funding base. For the same period, total loans increased by 23.13% and total investment securities increased to 73.0%. Akbank's net interest margin (unadjusted for swap costs) increased to 5.07% in the year ended 31 December 2020 from 4.93% in the year ended 31 December 2019.

Net interest income increased by 8.6% for the year ended 31 December 2019, from TL 15.6 billion for the year ended 31 December 2018 to TL 16.9 billion, mainly driven by broad- based TL loan growth which especially gained pace in the fourth quarter of 2019 and higher income from securities excluding negative CPI-linked securities impact due to lower inflation in 2019. This was offset by weak demand for foreign currency loans, which decreased in 2019. Akbank's total interest expense decreased by 1.8% between the year ended 31 December 2018 and 2019 while interest income increased by 2.8% during the same period. The decrease in the cost of funding was primarily driven by easing in deposit costs especially in the second half of 2019. Akbank's total deposits increased by 17.3% in-line with the overall loan growth to maintain its prudent funding strategy. Akbank actively sought to grow its source of deposits as part of its funding mix compared to money market transactions with the aim of achieving a more stable and sustainable funding base. For the same period, total loans increased by 8.4% and total investment securities increased by 47.3%. Akbank's net interest margin (unadjusted for swap costs) increased to 4.93% in the year ended 31 December 2019 from 4.62% as at 31 December 2018.

Akbank has inflation-indexed (CPI) government bonds in its available-for-sale and held-to-maturity portfolios with semi-annual fixed real coupon rates and maturities of five to ten years. These securities are valued using an index which is calculated by considering the estimated inflation rate as at the balance sheet date. This estimated inflation rate is updated during the year when necessary. As at 31 December 2020 and 31 March 2021, the valuation index of the related securities was based on actual coupon rates and the change between the reference inflation rate at the issue date and the inflation index as at the reporting date.

The tables below set out certain additional information about Akbank's net interest margin for the periods indicated:

	For the three-month period ended 31 March	
	2021	**2020**
	(%)	
TL Loans	13.07	14.16
TL Deposits (blended)	11.73	7.60
TL Time Deposits	15.30	9.59
FX Loans	4.23	5.29
FX Deposits (blended)	0.65	0.82
FX Time Deposits	1.04	1.07
Loan-Deposit impact		
TL Securities	11.54	13.20
FX Securities	3.80	3.84
Securities Impact	—	—
Repo and other impact	—	—
Net Interest Margin(1)	**3.62**	**5.62**

	For the year ended 31 December		
	2020	2019	2018
		(%)	
TL Loans	12.01	15.78	18.2
TL Deposits (blended)	9.43	9.99	17.5
TL Time Deposits	12.68	12.65	21.6
FX Loans	4.77	5.66	5.6
FX Deposits (blended)	0.91	1.29	3.4
FX Time Deposits	1.44	1.65	4.2
Loan-Deposit impact			
TL Securities	0.00	11.38	34.5
FX Securities	0.00	3.91	3.9
Securities Impact	—	—	—
Repo and other impact	—	—	—
Net Interest Margin(1)	**5.07**	**4.93**	**4.62**

Note:

(1) The net interest margin figures presented above have been calculated on a quarterly basis and have been derived from Akbank's unaudited management accounting records and are not directly comparable to Akbank's net interest margin figures presented elsewhere in this prospectus or the financial statements.

See *"Selected Statistical and Other Information—Analysis of Changes in Net Interest Income and Interest Expense"*.

Interest income and interest expense are discussed in greater detail below.

Interest Income

Interest income is a function of both volume of, and yield earned on, Akbank's interest-earning assets, mainly from loans and debt securities. Interest income was TL 9.7 billion for the three months ended 31 March 2021, an increase of 14.1% compared to TL 8.5 billion for the three months ended 31 March 2020. The increase in interest income was principally due to an increase in interest on loans in line with the higher interest rate environment. Total assets increased by 22.8% to TL 517.3 billion as at 31 March 2021 from TL 478.3 billion as at 31 December 2020. Investment securities increased by 4.8% from TL 101.9 billion as at 31 December 2020 to TL 106.8 billion as at 31 March 2021 and total loans increased by 7.1% from TL 279.2 billion as at 31 December 2020 to TL 299.1 billion as at 31 March 2021. See *"—Significant Factors Affecting Akbank's Results of Operations—Loan Portfolio Growth "*.

Interest income was TL 35.1 billion for the year ended 31 December 2020, a decrease of 3.8% compared to TL 36.5 billion for the year ended 31 December 2019. For the year ended 31 December 2020, the decrease in interest income was principally due to a decrease in interest on loans given the relatively lower rate environment that prevailed through most of 2020. Total assets increased by 23.6% as at 31 December 2020 to TL 478.3 billion from TL 387.1 billion as at 31 December 2019. Investment securities increased by 21.9% from TL 83.6 billion as at 31 December 2019 to TL 101.9 billion as at 31 December 2020 due to Akbank’s asset and liability management strategy and total loans increased by 23.1% from TL 226.8 billion as at 31 December 2019 to TL 279.2 billion as at 31 December 2020. See *"—Significant Factors Affecting Akbank's Results of Operations—Loan Portfolio Growth "*.

Interest income was TL 36.5 billion for the year ended 31 December 2019, an increase of 2.8% compared to TL 35.5 billion for the year ended 31 December 2018. For the year ended 31 December 2019, the increase in interest income was principally due to a 6.6% increase in interest income from loans primarily driven by broad-based TL loan growth which especially gained pace in the fourth quarter of 2019 and foreign currency loan growth. Total assets increased by 9.1% as at 31 December 2019 to TL 387.1 billion from TL 354.7 billion as at 31 December 2018. Investment securities increased by 47% from TL 56.8 billion as at 31 December 2018 to TL 83.6 billion as at 31 December 2019 due to Akbank being active in the investment securities market during a slow loan growth period and ahead of the rate cut cycle (in particular in relation to fixed rate bonds) and total loans increased by 8.34% from TL 209.3 billion as at 31 December 2018 to TL 226.8 billion as at 31 December 2019. See *"—Significant Factors Affecting Akbank's Results of Operations—Loan Portfolio Growth "*.

Interest Income from Loans. The tables below set out certain key components of Akbank's total loans for the three-month period ended 31 March 2021 and the years ended 31 December 2020, 2019 and 2018.

	For the three-month period ended 31 March		For the year ended 31 December				
	2021	**Change %**	**2020**	**Change %**	**2019**	**Change %**	**2018**
			(TL thousands, except percentages)				
Consumer loans	46,369	10.63%	41,913	30.51%	32,114	10.2%	29,142
SME loans	97,106	7.04%	90,717	13.56%	79,882	(3.1)%	82,445
Credit cards	23,269	7.43%	21,660	34.37%	16,120	9.2%	14,773
Corporate loans	115,170	7.00%	**107,631**	28.43%	83,802	11.6%	75,116
Performing loans	**281,914**	**7.63%**	261,921	**23.60%**	**211,918**	**5.2%**	**201,476**
Non-performing loans	17,210	(0.59)%	**17,313**	16.53%	14,857	89.5%	7,839
Total loans and advances to customers[(1)]	**299,124**	**7.12%**	279,234	**23.13%**	**226,775**	**8.3%**	**209,288**
Allowance for loan losses[(2)]	10,965	1.54%	**10,799**	29.38%	8,347	82.9%	4,563
Net loans and advances to customers	**288,159**	**7.35%**	**268,435**	**22.89%**	**218,428**	**6.7%**	**204,752**

Notes:

(1) The balances of loans at fair value thorugh profit or loss are not included.
(2) Stage 3 provisions are not included.

As at 31 March 2021, Akbank's loan portfolio comprised 40.9% corporate clients (both Turkish Lira and foreign currency), 34.4% small and micro and commercial businesses, 16.4% consumer and 8.3% credit card loans. Interest income from loans was TL 7.1 billion in the three months ended 31 March 2021, an increase of 16% compared to TL 6.1 billion in the three months ended 31 March 2020 primarily due to the increasing interest rate environment.

As at 31 December 2020, Akbank's loan portfolio comprised 41.1% corporate clients and commercial businesses (both Turkish Lira and foreign currency), 34.6% small and micro, 16.0% consumer and 8.3% credit card loans. Interest income from loans was TL 24.2 billion in the year ended 31 December 2020, a decrease of 13.9% compared to TL 28.1 billion in the year ended 31 December 2019 primarily due to rising funding costs towards the end of 2020.

As at 31 December 2019, Akbank's loan portfolio comprised 39.5% corporate clients and commercial businesses (both Turkish Lira and foreign currency), 37.7% small and micro, 15.2% consumer and 7.6% credit card loans. Interest income from loans was TL 28.1 billion in the year ended 31 December 2019, an increase of 6.4% compared to TL 26.4 billion in the year ended 31 December 2018, primarily due to higher loan yields as well as growth in loans.

As at 31 December 2018, Akbank's loan portfolio comprised 37.3% corporate clients and commercial businesses (both Turkish Lira and foreign currency), 40.9% small and micro, 14.5% consumer and 7.3% credit card loans.

In the three months ended 31 March 2021, small and micro and commercial loans increased by 7.0%, credit card loans increased by 7.4%, consumer loans increased by 10.6% (principally driven by an increase in general purpose loans supported by a significant contribution from digital channels) and corporate loans increased by

7.0%. As at 31 March 2021, Akbank had a 7.0% market share in total loans (standalone) in Turkey (7.2% in TL loans and 6.6% in foreign currency loans) (*Source: Weekly BRSA*).

In the year ended 31 December 2020, small and micro and commercial loans increased by 13.6%, credit card loans increased by 34.4%, consumer loans increased by 30.5% (principally driven by increased consumer demand especially in the fourth quarter) and corporate loans increased by 28.4%. As at 31 December 2020, Akbank had a 7.0% market share in total loans (standalone) in Turkey (7.3 % in TL loans and 6.5% in foreign currency loans) (*Source: Weekly BRSA*).

In the year ended 31 December 2019, small and micro and commercial loans decreased by 3.1%, credit card loans increased by 9.1%, consumer loans increased by 10.2% and corporate loans increased by 11.6%. The decrease in loans was due to muted loan growth environment. As at 31 December 2019, Akbank had a 7.4% market share in total loans (standalone) in Turkey (7.8% in TL loans and 6.8% in foreign currency loans) (*Source: Weekly BRSA*).

In the year ended 31 December 2018, small and micro and commercial loans decreased by 5.5%, credit card loans increased by 5.2%, consumer loans decreased by 9.3% and corporate loans decreased by 1.0%. The decrease in loans was due to muted loan growth environment. As at 31 December 2018, Akbank had a 7.8% market share in total loans (standalone) in Turkey (8.2% in TL loans and 7.2% in foreign currency loans) (*Source: Weekly BRSA*).

Interest Income from Marketable Securities. Akbank's interest income from marketable securities amounted to TL 2.3 billion in the three months ended 31 March 2021, which was an increase of 9.5% compared to TL 2.1 billion in the three months ended 31 March 2020. On the TL side, Akbank continues to increase the share of CPI-linked and floating rate instruments, which made up 66% of the TL portfolio as at 31 March 2021. As at 30 June 2020, Akbank’s CPI-linked and floating rate portfolio stood at 49%. In light of the rising inflation outlook, the main increase over the last three quarters took place in CPI-linked instruments, which were 57% of total TL portfolio as at 31 March 2021, an increase of 14 percentage points since 30 June 2020. This portfolio operates as a hedge in a higher inflation environment.

Akbank's interest income from marketable securities amounted to TL 9.5 billion in the year ended 31 December 2020, which was an increase of 48.4% compared to TL 6.4 billion in the year ended 31 December 2019. This decrease was primarily due to a negative impact from CPI-linked securities due to lower inflation rates compared to 2019.

Akbank's interest income from marketable securities amounted to TL 6.4 billion in the year ended 31 December 2019, a decrease of 7.2% compared to TL 6.9 billion in the year ended 31 December 2018. This decrease was primarily due to the impact of CPI.

For an analysis of changes in Akbank's interest income between 31 December 2020 and 31 December 2018 and between 31 March 2021 and 31 March 2020, see *"Selected Statistical and Other Information—Analysis of Changes in Net Interest Income and Interest Expense"*.

Interest Expense

Akbank's liabilities predominantly consist of short-term deposits from retail and corporate customers, as well as debt from securities issuances, funds provided under repurchase agreements and borrowings from other banks.

Total liabilities excluding shareholders' equity increased by 9.4% from TL 415.3 billion as at 31 December 2020 to TL 454.3 billion as at 31 March 2021. Deposits increased by 6.0% from TL 292.5 billion as at 31 December 2020 to TL 310.0 billion as at 31 March 2021. Funds borrowed increased by 9.5% from TL 40.2 billion as at 31 December 2020 to TL 44.0 billion as at 31 March 2021. Debt securities increased by 6.0% from TL 58.2 billion as at 31 December 2020 to TL 61.7 billion as at 31 March 2021.

Interest expense for the three months ended 31 March 2021 increased by 71.9% to TL 5.5 billion from TL 3.2 billion in the three months ended 31 March 2020. The increase in interest expense was principally due to increasing funding costs.

Outstanding average TL deposits increased by 5.6% in the three months ended 31 March 2021 as compared to 31 December 2020. The average volume of foreign currency denominated deposits decreased by 12.0% in the three months ended 31 March 2021 as compared to 31 December 2020. In U.S. Dollar terms, there was an decrease in foreign currency deposits of 7.6% from USD 24.8 billion to USD 22.9 billion over the same period driven by market conditions and the interest rate environment.

In terms of outstanding deposits, TL 95.3 billion were demand deposits and TL 214.7 billion were time deposits as at 31 March 2021, compared to TL 91.3 billion demand deposits and TL 201.7 billion time deposits as at 31 December 2020.

The annual average cost of TL time deposits increased to 16.9% in the three months ended 31 March 2021 from 9.83% in the three months ended 31 March 2020 due to interest rate inclines following the Central Bank's rate policies.

Interest expense on funds borrowed decreased to TL 260.4 million in the three months ended 31 March 2021 from TL 340.1 million in the three months ended 31 March 2020. Foreign currency funds borrowed were 23%lower as at 31 March 2021 compared to 31 March 2020.

Total liabilities excluding shareholders' equity increased by 24.8% in 2020, from TL 332.8 billion as at 31 December 2019 to TL 415.4 billion as at 31 December 2020. Deposits increased by 19.5% in 2020, from TL 244.7 billion as at 31 December 2019 to TL 292.5 billion as at 31 December 2020 (*Source: Weekly BRSA statistics*). Funds borrowed increased by 15.8% in 2020, from TL 34.8 billion as at 31 December 2019 to TL 40.3 billion as at 31 December 2020, mainly due to currency impact. Debt securities increased by 42.6% in 2020, from TL 13.5 million as at 31 December 2019 to TL 19.3 million as at 31 December 2020.

Interest expense for the year ended 31 December 2020 decreased by 26.2% to TL 14.4 billion from TL 19.6 billion in the year ended 31 December 2019. The decrease in interest expense in 2020 was principally due to a decline in interest on deposits due to lower deposit costs.

Outstanding average TL deposits increased by 13% in the year ended 31 December 2020 as compared to the year ended 31 December 2019. In U.S. Dollar terms, there was a decrease in foreign currency deposits of 1.3% from TL 25.1 billion to TL 24.8 billion over the same period.

In terms of outstanding deposits, TL 91.3 billion were demand deposits and TL 201.2 billion were time deposits as at 31 December 2020, compared to TL 53.3 billion demand deposits and TL 191.4 billion time deposits as at 31 December 2019.

The annual average cost of TL time deposits increased to 15.75% in the year ended 31 December 2020 from 10.69% in the year ended 31 December 2019 due to interest rate inclines following the Central Bank's rate policies.

Interest expense on funds borrowed decreased to TL 1.2 billion in the year ended 31 December 2020 from TL 1.6 billion in the year ended 31 December 2019. Foreign currency funds borrowed were 7% in TL terms lower as at 31 December 2020 compared to 31 December 2019.

Total liabilities excluding shareholders' equity increased by 7.0% in 2019, from TL 310.9 billion as at 31 December 2018 to TL 332.8 billion as at 31 December 2019, with deposits increasing by 17.3% in 2019, from TL 208.6 billion as at 31 December 2018 to TL 244.7 billion as at 31 December 2019.

Funds borrowed decreased by 20.2% in 2019, from TL 43.6 billion as at 31 December 2018 to TL 34.8 billion as at 31 December 2019. Debt securities increased by 3.6% in 2019, from TL 13.1 billion in 2018 to TL 13.5 billion in 2019.

Interest expense for the year ended 31 December 2019 decreased by 1.0% to TL 19.6 billion from TL 19.8 billion in the year ended 31 December 2018. The decrease in interest expense in 2019 was principally due to easing deposit costs, especially in the second half of 2019 with lower interest rates.

Outstanding average TL-denominated deposits increased by 18% in the year ended 31 December 2019 as compared to the year ended 31 December 2018. The average volume of foreign currency denominated deposits increased by 17% in the year ended 31 December 2019 as compared to the year ended 31 December 2018, mainly due to depreciation of the Turkish Lira. In U.S. Dollar terms, there was an increase in foreign currency deposits of 4% from TL 24.2 billion to TL 25.1 billion over the same period.

In terms of outstanding deposits, TL 53.3 billion were demand deposits and TL 191.4 billion were time deposits as at 31 December 2019, compared to TL 42.1 billion demand deposits and TL 166.5 billion time deposits as at 31 December 2018.

The annual average cost of TL time deposits decreased to 8.42% in the year ended 31 December 2019 from 17.18% in the year ended 31 December 2018 due to changes in interest rates.

Interest expense on funds borrowed decreased to TL 1.65 billion in the year ended 31 December 2019 from TL 1.67 billion in the year ended 31 December 2018. Foreign currency funds borrowed were 18% lower as at 31 December 2019 compared to 31 December 2018.

For an analysis of changes in Akbank's consolidated interest expense and similar charges as a result of these factors between 31 December 2020 and 31 December 2018 and between 31 March 2021 and 31 March 2020, see *"Selected Statistical and Other Information—Analysis of Changes in Net Interest Income and Interest Expense"*.

Provision for Loan Losses

Akbank's provisions for loan losses decreased by 7.7% to TL 2.4 billion as at 31 March 2021 from TL 2.6 billion as at 31 March 2020. Provisions remained almost flat excluding TL 250 million of free provisions set aside in the first quarter of 2020. Despite the BRSA staging forbearances, Akbank did not deviate from IFRS 9 and, as in the past, booked necessary provisions for potentially problematic assets even before classifying them into Stage 2 or Stage 3. Akbank's provisions for loan losses increased by 22.8% to TL 9.6 billion in the year ended 31 December 2020 from TL 7.8 billion in the year ended 31 December 2019. Akbank's provisions for loan losses increased by 15.4% to TL 7.8 billion in the year ended 31 December 2019 from TL 6.8 billion in the year ended 31 December 2018.

Akbank's NPL ratio decreased to 5.8% as at 31 March 2021 compared to 6.3% as at 31 December 2020 and 6.7% and 3.8% as at 31 December 2019 and 2018, respectively. Turkish sector averages for the same periods were 3.8%, 4.1%, 5.4%, and 3.9%, respectively (*Source: BRSA*).

Akbank's segment NPL breakdown as at 31 March 2021 consisted of an NPL ratio of 6.6% for business loans, 3% for consumer loans and 3.8% for credit cards. The banking sector's breakdown in the respective segments were 4.3%, 1.7% and 3.3% (*Source: BRSA*).

Akbank's segment NPL breakdown as at 31 December 2020 consisted of an NPL ratio of 7.1% for business loans, 3.3% for consumer loans and 3.9% for credit cards. The banking sector's breakdown in the respective segments were 4.7%, 1.7% and 3.6% (*Source: BRSA*).

Akbank's segment NPL breakdown for the year ended 31 December 2019 consisted of an NPL ratio of 7.1% for business loans, 4.8% for consumer loans and 6.0% for credit cards. The banking sector's breakdown in the respective segments over the same period were 5.5%, 2.8% and 5.3% (*Source: BRSA*). Akbank's total NPL coverage ratio as at 31 December 2020 was 62.4% and as at 31 March 2021 was 63.7%.

For additional information on Akbank's loan losses, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Akbank's Provisioning Policy for Impaired Loans"; "Selected Statistical and Other Information—*

Non-performing Loans; Provisioning; Loan **Losses**" and *"Selected Statistical and Other Information—Allowance for Loan Losses".*

Total Non-interest Income

The tables below set forth the components of Akbank's non-interest income for the three-month periods ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018.

	For the three-month period ended 31 March				
	2021	**% of Total non-interest income**	**% Change y-o-y**	**2020**	**% of Total non-interest income**
	(TL thousands, except percentages)				
Net fee and commission income	1,461,662	51.3%	15.6%	1,263,983	107.9%
Dividend income	5,394	0.2%	2,195.3%	235	0.0%
Trading income/(loss)	620,353	21.8%	(227.7)%	(485,684)	(41.4)%
Other operating income	762,526	26.8%	93.9%	393,246	33.6%
Total non-interest income	**2,849,935**	**100.0%**	**143.2%**	**1,171,780**	**100.0%**

	For the year ended 31 December				
	2020	**% of Total non-interest income**	**% Change y-o-y**	**2019**	**% of Total non-interest income**
	(TL thousands, except percentages)				
Net fee and commission income	4,549,000	86.2%	(8.3)%	4,958,293	106.1%
Dividend income	4,866	0.1%	(27.8)%	6,743	0.1%
Trading income/(loss)	(675,547)	(12.8)%	(41.0)%	(1,145,675)	(24.5)%
Other operating income	1,395,938	26.5%	63.2%	855,488	18.3%
Total non-interest income	**5,274,257**	**100.0%**	**12.8%**	**4,674,849**	**100%**

	For the year ended 31 December				
	2019	**% of Total non-interest income**	**% Change y-o-y**	**2018**	**% of Total non-interest income**
	(TL thousands, except percentages)				
Net fee and commission income	4,958,293	106.1%	33.4%	3,718,214	90.6%
Dividend income	6,743	0.1%	2.7%	6,567	0.2%
Trading income/(loss)	(1,145,675)	(24.5)%	79.7%	(637,489)	(15.5)%
Other operating income	855,488	18.3%	(15,8)%	1,015,593	24.8%
Total non-interest income	**4,674,849**	100.0%	13.9%	**4,102,885**	100.0%

Akbank earns fee and commission income mainly from credit cards, bancassurance, asset management, consumer and commercial loans, including mortgage loans and project finance loans. The principal drivers for fee and commission income are money transfers, payment systems, wealth management, bancassurance and consumer and business loans. Net fee and commission income increased by 15.6% in the three months ended 31 March 2021 compared to the three months ended 31 March 2020. Net fee and commission income decreased by 8.3% in 2020 compared to 2019 and increased by 33.4% in 2019 compared to 2018. Although such fees potentially grow in parallel to the growth in consumer banking, changes in regulation have imposed limits or prohibition on fees and commissions that a bank may charge for banking services and such regulations have had and may in the future have an adverse impact on fee and commission income. In particular, regulatory changes in the beginning of 2021 are likely to limit growth of fee and commission income in 2021.

Total non-interest income increased by 133% in the three months ended 31 March 2021 to TL 2.8 billion from TL 1.2 billion in the three months ended 31 March 2020, primarily due to trading income.

Total non-interest income increased by 12.8% in 2020 to TL 5.3 billion from TL 4.7 billion in 2019, primarily due to trading and other operating income.

Total non-interest income increased by 14.6% in 2019 to TL 4.7 billion from TL 4.1 billion in 2018, primarily due to net fees and commissions income.

Total Non-interest Expense

The following tables show the components of Akbank's non-interest expense for the three-month periods ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018.

	For the year ended 31 March				
	2021	**% of Total non-interest income**	**% Change y-o-y**	**2020**	**% of Total non-interest income**
	(TL thousands, except percentages)				
Personnel expenses	815,815	39.1%	0.4%	812,372[(1)]	39.5%
Depreciation expenses	192,335	9.2%	23.2%	156,178	7.6%
Operational leasing expenses	31,675	1.5%	11.4%	28,446	1.4%
Maintenance expenses	10,212	0.5%	(9.1)%	11,230	0.5%
Advertisement expenses	20,541	1.0%	(37.6)%	32,927	1.6%
Other expenses	1,016,494	48.7%	0.3%	1,013,854	49.3%
Total non-interest expense	**2,087,072**	**100.0%**	**1.6%**	**2,055,007**	**100.0%**

	For the year ended 31 December				
	2020	**% of Total non-interest expense**	**% Change y-o-y**	**2019**	**% of Total non-interest expense**
	(TL thousands, except percentages)				
Personnel expenses	3,075,575	37.9%	10.7%	2,778,055	40.4%
Depreciation expenses	686,481	8.5%	29.9%	528,520	7.7%
Operational leasing expenses	119,993	1.5%	7.5%	111,643	1.6%
Maintenance expenses	51,152	0.6%	(7.4)%	55,221	0.8%
Advertisement expenses	150,218	1.9%	4.8%	143,359	2.1%
Other expenses	4,022,675	49.6%	23.2%	3,265,510	47.4%
Total non-interest expense	**8,106,094**	**100.0%**	**17.8%**	**6,882,308**	**100.0%**

	For the year ended 31 December				
	2019	**% of Total non-interest expense**	**% Change y-o-y**	**2018**	**% of Total non-interest expense**
	(TL thousands, except percentages)				
Personnel expenses	2,778,055	40.4%	22.2%	2,273,545	39.2%
Depreciation expenses	528,520	7.7%	47.6%	358,014	6.2%
Operational leasing expenses	111,643	1.6%	(53.6)%	240,461	4.1%
Maintenance expenses	55,221	0.8%	(9.3)%	60,861	1.0%
Advertisement expenses	143,359	2.1%	14.1%	125,642	2.2%
Other expenses	3,265,510	47.4%	19.0%	2,743,824	47.3%
Total non-interest expense	**6,882,308**	**100.0%**	**18.6%**	**5,802,347**	**100.0%**

Total non-interest expense increased by 0.2% in the three months ended 31 March 2021 to TL 2.1 billion from TL 2.1 billion in the three months ended 31 March 2020 and almost remained flat.

Total non-interest expense increased by 17.8% in 2020 to TL 8.1 billion from TL 6.9 billion in 2019 due to an increase in operational expenses and annual inflation.

Total non-interest expense increased by 19.0% in 2019 to TL 6.9 billion from TL 5.8 billion in 2018 due to an increase in operational expenses and annual inflation.

Akbank was inspected by the Department of Guidance and Investigation of the Ministry of Trade regarding the compliance of its customer agreements and applications with the Consumer Protection Law and related regulations from January 2015 to May 2016 in accordance with Consumer Protection Law - No: 6502. As a result of this inspection, an administrative fine of TL 116.3 million was imposed on Akbank due to non-compliance with the Consumer Protection Law and related regulations with respect to Akbank's practices regarding calculation of annual costs, expertise fees, mortgage release fees, prepayment interest discounts and commissions relating to consumer loans. Benefiting from the statutory discount for due payment of administrative fines, three-fourths of the administrative fine (TL 87,191 thousand) was paid, after which Akbank filed a lawsuit for the cancellation of this administrative fine and the lawsuit is still pending. The Ministry of Trade has also conducted inspections and imposed administrative fines on other Turkish banks on or about the same dates on the grounds that their practices with respect to the calculation of annual costs and the fees received from the customers do not comply with the Consumer Protection Law and related regulations. The lawsuits filed by other banks are also pending. Part of this fine, amounting to TL 87.2 million, is included as "non-interest expense" as a result of a 25% cash allowance according to the Misdemeanour Law - No: 5326 Provisional Article 17/6. Specifically, the Custom Ministry officials reviewed the content of Akbank's standard loan agreements executed with the consumers (e.g., housing loans, auto loans, overdraft loans, general purpose loans and credit card agreements) and fees and commissions that are charged to consumers. Akbank has filed a lawsuit at the administrative courts for nullification of the fine and return of the paid amount. The case against the Ministry of Trade for the monetary fines imposed is dismissed by the court of first instance and subsequently appealed by Akbank. The appeal case is still pending and currently the file is being evaluated by an expert appointed by the court.

Akbank has taken a number of initiatives to increase operational efficiency and reduce the growth of non-interest expenses. These initiatives have included centralising back office operations. Akbank also made improvements in processes, for example reducing the time and the number of personnel needed to finalise processes, while increasing Akbank's capacity to handle such processes. Moreover, as part of Akbank's digitalisation strategy, Akbank was able to optimise its branch network in 2018, 2019 and 2020 and decrease the number of branches from 781 in as at 31 December 2018 to 771 as at 31 December 2019, 716 as at 31 December 2020 and 714 as at 31 March 2021 while continuing to increase its assets and the number of customers during the same period.

Income Taxes

Akbank's income tax expense was TL 0.6 billion and its effective tax rate was 20.7% in the three months ended 31 March 2021, compared to TL 0.5 billion and 26.6% in the three months ended 31 March 2020. Income tax expense was TL 2.0 billion and Akbank's effective tax rate was 24.4% in the year ended 31 December 2020 as compared to TL 1.6 billion income tax expense and a 22.7% effective tax rate in the year ended 31 December 2019 and TL 1.4 billion income tax expense and a 20.0% effective tax rate in the year ended 31 December 2018. The variations in effective tax rate were primarily due to differences in BRSA and Ministry of Finance regulations. The difference arising from regulations has a temporary effect and will be eliminated over the years.

In addition to the general provisions required by the BRSA, Akbank may take additional prudential provisions for adverse circumstances that may arise from any changes in the economy or market conditions. Turkish tax laws do not recognise changes related to general provisions from its taxable income. Accordingly, Akbank's effective tax rate may vary depending on the additional general provisions taken by Akbank.

Liquidity and Funding

Akbank's principal sources of funding are short-term deposits from retail and corporate customers, as well as other banks. Currently, Akbank's strategy is to utilise deposits from its extensive customer base as the main funding source, while opportunistically using repurchase transactions, borrowings from international banks and securities issuances particularly for the medium-term or long-term funding needs although this approach is subject to change depending on market opportunities and changes in prevailing rates for deposits and other funding sources. Although deposits are typically short-term in nature in the Turkish market, Akbank has historically benefited from a high degree of stickiness in its deposits, although competition can be fierce from time to time. In recent years, Akbank has typically deployed excess liquidity from growth in its deposit base and shareholders' equity to fund loans, given the attractive yields compared to marketable securities in the form of Turkish government bonds, with an emphasis on higher yielding loans. See *"Selected Statistical and Other Information—Capital Adequacy"* below.

Akbank's customer deposits constituted in aggregate 60%, 61%, 63% and 58% of its total liabilities as at 31 March 2021 and as at 31 December 2020, 2019 and 2018, respectively. As at 31 March 2021, Akbank's customer deposits amounted to TL 281.8 billion, an increase of 7.1% from TL 262.4 billion as at 31 December 2020. As at 31 December 2020, Akbank's customer deposits amounted to TL 262.4 billion, an increase of TL 29 billion from TL 233.4 billion as at 31 December 2019, which was a TL 35.3 billion increase from TL 198.1 billion as at 31 December 2018. For more information on Akbank's deposits, see *"Selected Statistical and Other Information—Deposits"*.

The remaining major sources of funds are shareholder's equity, funds borrowed under repurchase transactions and borrowings. Such funds represented 32%, 31%, 26% and 29% of Akbank's total liabilities as at 31 March 2021 and as at 31 December 2020, 2019 and 2018, respectively. Akbank maintains an opportunistic borrowing mix, including repo transactions, syndicated loans, Eurobonds, private placements and securitisations, and covered bonds, based on market conditions and expected growth.

A principal source of liquidity has been Akbank's syndicated loan facilities, which Akbank typically offers on a one year terms, with regular rollovers at maturity. Akbank signed a USD 1.1 billion equivalent syndicated loan agreement in March 2018. The facilities are comprised of a USD denominated 367-day term facility, a EUR denominated 367-day term facility and a 2-year plus 1 business day USD denominated facility. Akbank signed 367-day syndicated loan agreements of: USD 980 million equivalent in September 2018; USD 700 million in March 2019; USD 810 million equivalent in October 2019 and USD 560 million equivalent in April 2020. Akbank signed an approximately USD 700 million equivalent syndicated loan agreement on 13 October 2020. The 367-day term facility comprised two separate tranches: USD 288 million and EUR 348.5 million. Pursuant to an accordion feature, the total loan amount increased to USD 388 million and EUR 348.5 million, or a USD equivalent of approximately USD 800 million. Akbank signed a USD 675 million equivalent syndicated loan agreement on 9 April 2021. The 367-day term facility comprised two separate tranches: USD 344.5 million and EUR 279 million. As a general policy Akbank has been reducing the sizes of its syndicated term loan borrowings due to its strong liquidity position and lower need for foreign exchange liquidity.

Akbank future flow securitisation program was established in 1999 and is backed by trade and diversified payment rights, including workers' remittances, cash against goods, cash against documents, letters of credit, cheque remittances and other third party payment orders. As at 31 March 2021, the total issuance under this programme had reached approximately USD 10.2 billion equivalent, and the principal amount outstanding under this programme was USD 2.3 billion equivalent.

On 23 December 2013, Akbank also established a GMTN Programme and as at 31 March 2021, the total amount raised under this programme was approximately USD 2.5 billion, of which EUR 10 million (approximately USD 12 million) was outstanding. On 23 December 2014, Akbank established a €1 billion mortgage-covered bond programme and has since issued TL 1.8 billion in mortgage-covered bonds under that programme of which approximately TL 1.4 billion was outstanding.

Off-Balance Sheet Arrangements

Akbank offers its customers products such as guarantees and letters of credit to meet its customers' needs for commercial banking services, frequently in connection with their customers' export and import activities. These products do not appear on Akbank's balance sheet.

The tables below set forth Akbank's total off-balance sheet arrangements as at the dates indicated.

		As at 31 December		
	As at 31 March 2021	**2020**	**2019**	**2018**
		(TL thousands)		
Letters of guarantee	41,260,360	37,524,618	31,137,117	34,942,643
Acceptance credits	79,839	47,814	50,678	2,740,341
Letter of credit	5,994,040	4,660,989	4,404,510	6,532,762
Other guarantees	12,285,480	9,202,231	7,106,720	8,579,625
Total	**59,619,719**	**51,435,652**	**42,699,025**	**52,795,371**

As at 31 March 2021, Akbank had forward, swap, futures, options, purchases and sales contracts, amounting to TL 626.1 billion on a net basis compared to TL 607.1 billion as at 31 December 2020. As at 31 December 2020, Akbank had forward, swap, futures, options, purchases and sales contracts, amounting to TL 607.1 billion on a net basis compared to TL 536.5billion as at 31 December 2019. Akbank enters into forward and swap contracts to provide hedging services for itself and its clients.

The tables below set forth Akbank's total derivative transactions as at 31 March 2021 and as at 31 December 2020, 2019 and 2018.

	As at 31 March 2021
	(TL thousands)
Trading Derivative Financial Instruments:	
Forward foreign currency buy/sell transactions	18,044,405
Swap transactions	255,283,068
Foreign currency, interest rate and securities options	214,526,288
Foreign currency futures	-
Other	53,933,730
Hedging Derivatives Financial Instruments:	84,322,543
Fair Value Hedge	25,070,696
Cash Flow Hedge	59,251,847
Total derivative transactions[(1)]	**626,110,034**

	As at 31 December		
	2020	**2019**	**2018**
	(TL thousands)		
Trading Derivative Financial Instruments:			
Forward foreign currency buy/sell transactions	20,445,780	20,850,732	28,251,475
Swap transactions	262,687,956	243,036,385	285,000,395
Foreign currency, interest rate and securities options	190,708,198	174,645,064	157,184,043
Foreign currency futures	-	-	-
Other	48,715,680	33,301,767	81,123,826
Hedging Derivatives Financial Instruments:	84,518,339	**64,659,015**	**62,174,245**
Fair Value Hedge	29,780,002	26,813,770	21,278,727
Cash Flow Hedge	54,738,337	37,845,245	40,895,518
Total derivative transactions[(1)]	**607,075,953**	**536,492,963**	**613,733,984**

Note:

(1) Figures presented in the tables above show the total of "sale" and "purchase" amounts of the related transactions.

Akbank has seen varying levels of derivatives activity in the past three years. Most of Akbank's derivatives or off-balance sheet transactions are option and swap arrangements with counterparts and customers the risks of which are managed on a portfolio basis or transferred to third parties.

Akbank holds Turkish Lira and foreign currency interest swaps mainly for hedging its balance sheet and for interest rate risk management. Akbank also uses foreign currency secured swaps for liquidity management.

Guarantees represent irrevocable assurances that Akbank will make payments in the event that a customer cannot meet its performance-related or financial obligations to third parties and thus carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by Akbank on behalf of a corporate customer authorising a third party to draw drafts on Akbank up to a stipulated amount under specific terms and conditions, generally relate to trade and may be collateralised by the underlying shipments of goods to which they relate, by cash deposits or otherwise. The total outstanding contractual amount of letters of credit and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Property, Plant and Equipment

The tables below set forth the components of Akbank's plant, property and equipment as at 31 March 2021 and as at 31 December 2020, 2019 and 2018.

	As at 31 March	As at 31 December		
	2021	**2020**	**2019**	**2018**
		(TL thousands)		
Land and Buildings	4,997,672	5,006,004	4,261,023	2,965,883
Equipment and vehicles	2,717,937	2,719,643	2,159,285	1,623,832
Constructions in progress	12,844	10,224	7,069	347,795
Leasehold improvements	155,399	154,039	144,864	129,851
Total	7,883,852	7,889,910	6,572,241	5,067,361
Depreciation	(1,975,733)	(1,886,504)	(1,652,544)	(1,108,309)
Net book value	**5,908,119**	**6,003,406**	**4,919,697**	**3,959,052**

Akbank's property, plant and equipment comprise expenditure made on acquiring buildings, renovations to leasehold property, leasing of equipment (such as IT equipment), acquiring furniture, fixtures and office equipment and leasing intangible assets (such as IT software).

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain selected statistical information and ratios for Akbank as at and for the periods indicated. The selected statistical information should be read in conjunction with the Akbank BRSA Financial Statements, and the information included in *"Management's Discussion and Analysis of Financial Condition and Results of Operations"*. All Turkish Lira amounts in this section, unless otherwise indicated, are stated in thousand Turkish Lira.

Average Balances and Interest Rates

Assets

The tables below (derived from Akbank's management accounts) show Akbank's consolidated average balances and interest rates for the three-month period ended 31 March 2021 and for the years ended 31 December 2020, 2019 and 2018. In such tables average balances for interest-earning assets are calculated from daily balances and average balances for all other assets are calculated from period-end balances. Average balances exclude interest accruals.

	For the three-month period ended 31 March 2021			
	Average Balance	Share of Total %	Interest	Average Rate %
	(TL thousands, except percentages)			
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[(1)]				
TL	6,380,284	1.39	223,105	13.99
Foreign currency	62,848,990	13.68	22,163	0.14
Total	**69,229,274**	**15.07**	**245,268**	**1.42**
Marketable securities:[(2)]				
TL	51,591,261	11.23	1,792,095	13.89
Foreign currency	39,263,310	8.54	491,683	5.01
Total	**90,854,571**	**19.77**	**2,283,778**	**10.05**
Loans:				
TL	164,136,915	35.72	5,898,867	14.38
Foreign currency	100,512,321	21.87	1,176,452	4.68
Total	**264,649,236**	**57.59**	**7,075,319**	**10.69**
Leasing receivables:				
TL	1,416,697	0.31	67,362	19.02
Foreign currency	4,214,649	0.92	52,658	5.00
Total	**5,631,346**	**1.23**	**120,020**	**8.53**
Total interest-earning assets:				
TL	223,525,157	48.65	7,981,429	14.28
Foreign currency	206,839,270	45.01	1,742,956	3.37
Total	**430,364,427**	**93.66**	**9,724,385**	**9.04**
Investments in affiliated companies:				
TL	11,825	0.00	0	0.00
Foreign currency	0	0.00	0	0.00
Total	11,825	0.00	0	0.00
Total earnings assets:				
TL	223,536,982	48.65	7,981,429	14.28
Foreign currency	206,839,270	45.01	1,742,956	3.37
Total	**430,376,252**	**93.66**	**9,724,385**	**9.04**
Cash and due from banks:				
TL	1,593,209	0.35	0	0.00
Foreign currency	2,603,718	0.57	0	0.00
Total	**4,196,927**	**0.92**	**0**	**0.00**
Allowance for possible loan losses:	**0**	**0.00**	**0**	**0.00**
TL	(9,656,009)	(2.10)	0	0.00
Foreign currency	0	0.00	0	0.00
Total	**(9,656,009)**	**(2.10)**	**0**	**0.00**
Premises and equipment (TL):	**6,480,972**	**1.41**	**0**	**0.00**
Other non-interest-earning assets:				
Derivative financial instruments				
TL	16,542,183	3.60	0	0.00
Foreign currency	5,501,038	1.20	0	0.00
Total	**22,043,221**	**4.80**	**0**	**0.00**
Deferred taxes (TL)	**139,008**	**0.03**	**0**	**0.00**
Other assets and prepayments				
TL	3,768,963	0.82	0	0.00
Foreign currency	2,192,671	0.48	0	0.00
Total	**5,961,634**	**1.30**	**0**	**0.00**
Other interest income:	**0**	**0.00**	**38,259**	**0.00**
Total average assets:				
TL	242,405,308	52.76	8,019,688	13.23
Foreign currency	217,136,697	47.26	1,742,956	3.21
Total	**459,542,005**	**100.02**	**9,762,644**	**8.50**

Notes:
(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.
(2) None of Akbank's marketable securities are tax-exempt.

	For the year ended 31 December 2020			
	Average Balance	Share of Total %	Interest	Average Rate %
	(TL thousands, except percentages)			
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[1]				
TL	8,336,592	1.96	837,809	10.05
Foreign currency	50,636,107	11.90	95,107	0.19
Total	**58,972,699**	**13.86**	**932,916**	**1.58**
Marketable securities:[2]				
TL	49,874,483	11.73	7,693,275	15.43
Foreign currency	37,414,728	8.80	1,778,260	4.75
Total	**87,289,211**	**20.53**	**9,471,535**	**10.85**
Loans:				
TL	147,939,838	34.78	19,353,704	13.08
Foreign currency	95,808,069	22.52	4,871,738	5.08
Total	**243,747,907**	**57.30**	**24,225,442**	**9.94**
Leasing receivables:				
TL	1,394,221	0.33	203,483	14.59
Foreign currency	4,132,687	0.97	231,206	5.59
Total	**5,526,908**	**1.30**	**434,689**	**7.86**
Total interest-earning assets:				
TL	207,545,134	48.80	28,088,271	13.53
Foreign currency	187,991,591	44.19	6,976,311	3.71
Total	**395,536,725**	**92.99**	**35,064,582**	**8.87**
Investments in affiliated companies:				
TL	10,158	0.00	0	0.00
Foreign currency	0	0.00	0	0.00
Total	10,158	0.00	0	0.00
Total earnings assets:				
TL	207,555,292	48.80	28,088,271	13.53
Foreign currency	187,991,591	44.19	6,976,311	3.71
Total	**395,546,883**	**92.99**	**35,064,582**	**8.86**
Cash and due from banks:				
TL	1,643,890	0.39	0	0.00
Foreign currency	2,571,771	0.60	0	0.00
Total	**4,215,661**	**0.99**	**0**	**0.00**
Allowance for possible loan losses:	**0**	**0.00**	**0**	**0.00**
TL	(9,572,810)	(2.25)	0	0.00
Foreign currency	0	0.00	0	0.00
Total	**(9,572,810)**	**(2.25)**	**0**	**0.00**
Premises and equipment (TL):	**6,533,600**	**1.54**	**0**	**0.00**
Other non-interest-earning assets:				
Derivative financial instruments				
TL	14,031,066	3.30	0	0.00
Foreign currency	5,798,748	1.36	0	0.00
Total	**19,829,814**	**4.66**	**0**	**0.00**
Deferred taxes (TL)	**146,967**	**0.03**	**0**	**0.00**
Other assets and prepayments				
TL	4,069,428	0.96	0	0.00
Foreign currency	4,574,706	1.08	0	0.00
Total	**8,644,134**	**2.03**	**0**	**0.00**
Other interest income:	**0**	**0.00**	**63,436**	**0.00**
Total average assets:				
TL	224,407,433	52.77	28,151,707	12.54
Foreign currency	200,936,816	47.23	6,976,311	3.47
Total	**425,344,249**	**99.99**	**35,128,018**	**8.26**

Notes:
(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.
(2) None of Akbank's marketable securities are tax-exempt.

	For the year ended 31 December 2019			
	Average Balance	Share of Total %	Interest	Average Rate %
		(TL thousands, except percentages)		
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[(1)]				
TL	4,884,944	1.37	687,869	14.08
Foreign currency	47,241,950	13.28	657,890	1.39
Total	**52,126,894**	**14.65**	**1,345,759**	**2.58**
Marketable securities:[(2)]				
TL	30,949,794	8.70	4,940,334	15.96
Foreign currency	33,122,913	9.31	1,471,007	4.44
Total	**64,072,707**	**18.01**	**6,411,341**	**10.01**
Loans:				
TL	122,846,957	34.53	22,788,087	18.55
Foreign currency	85,367,190	23.99	5,348,252	6.26
Total	**208,214,147**	**58.52**	**28,136,339**	**13.51**
Leasing receivables:				
TL	1,366,754	0.38	199,698	14.61
Foreign currency	3,935,260	1.11	260,534	6.62
Total	**5,302,014**	**1.49**	**460,232**	**8.68**
Total interest-earning assets:				
TL	160,048,449	44.98	28,615,988	17.88
Foreign currency	169,667,313	47.69	7,737,683	4.56
Total	**329,715,762**	**92.67**	**36,353,671**	**11.03**
Investments in affiliated companies:				
TL	4,722	0.00	0	0.00
Foreign currency	0	0.00	0	0.00
Total	4,722	0.00	0	0.00
Total earnings assets:				
TL	160,053,171	44.98	28,615,988	17.88
Foreign currency	169,667,313	47.69	7,737,683	4.56
Total	**329,720,484**	**92.67**	**36,353,671**	**11.03**
Cash and due from banks:				
TL	3,010,337	0.85	0	0.00
Foreign currency	1,425,181	0.40	0	0.00
Total	**4,435,518**	**1.25**	**0**	**0.00**
Allowance for possible loan losses:				
TL	(1,983,372)	(0.56)	0	0.00
Foreign currency	0	0.00	0	0.00
Total	**(1,983,372)**	**(0.56)**	**0**	**0.00**
Premises and equipment (TL):	**4,888,671**	**1.37**	**0**	**0.00**
Other non-interest-earning assets:				
Derivative financial instruments				
TL	9,010,583	2.53	0	0.00
Foreign currency	4,024,976	1.13	0	0.00
Total	**13,035,559**	**3.66**	**0**	**0.00**
Deferred taxes (TL)	**91,735**	**0.03**	**0**	**0.00**
Other assets and prepayments				
TL	2,541,411	0.71	0	0.00
Foreign currency	3,074,014	0.86	0	0.00
Total	**5,615,425**	**1.58**	**0**	**0.00**
Other interest income:	**0**	**0.00**	**144,821**	**0.00**
Total average assets:				
TL	177,612,536	49.91	28,760,809	16.19
Foreign currency	178,191,484	50.08	7,737,683	4.34
Total	**355,804,020**	**100.00**	**36,498,492**	**10.26**

Notes:

(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.

(2) None of Akbank's marketable securities are tax-exempt.

	For the year ended 31 December 2018			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
	(TL thousands, except percentages)			
ASSETS				
Interest-earning deposits in banks & reserve requirements & interbank money market:[(1)]				
TL	2,959,428	0.88	686,800	23.21
Foreign currency	49,735,595	14.72	806,178	1.62
Total	**52,695,023**	**15.60**	**1,492,978**	**2.83**
Marketable securities:[(2)]				
TL	1,866,995	0.55	5,776,125	309.38
Foreign currency	32,453,833	9.61	1,198,850	3.69
Total	**34,320,828**	**10.16**	**6,974,975**	**20.32**
Loans:				
TL	128,603,055	38.07	21,600,195	16.85
Foreign currency	85,821,410	25.41	4,783,449	5.57
Total	**214,424,465**	**63.48**	**26,383,644**	**12.34**
Leasing receivables:				
TL	1,488,077	0.44	222,180	14.93
Foreign currency	4,401,809	1.30	285,941	6.50
Total	**5,889,886**	**1.74**	**508,121**	**8.63**
Total interest-earning assets:				
TL	134,917,555	39.94	28,285,300	21.02
Foreign currency	172,412,647	51.04	7,074,418	4.10
Total	**307,330,202**	**90.98**	**35,359,718**	**11.53**
Investments in affiliated companies:				
TL	4,722	0.00	0	0.00
Foreign currency	0	0.00	0	0.00
Total	**4,722**	**0.00**	**0**	**0.00**
Total earnings assets:				
TL	134,922,277	39.94	28,285,300	21.02
Foreign currency	172,412,647	51.04	7,074,418	4.10
Total	**307,334,924**	**90.98**	**35,359,718**	**11.53**
Cash and due from banks:				
TL	3,150,199	0.93	0	0.00
Foreign currency	1,445,952	0.43	0	0.00
Total	**4,596,151**	**1.36**	**0**	**0.00**
Allowance for possible loan losses:				
TL	(91,378)	(0.03)	0	0.00
Foreign currency	0	0.00	0	0.00
Total	**(91,378)**	**(0.03)**	**0**	**0.00**
Premises and equipment (TL):	**4,254,851**	**1.26**	**0**	**0.00**
Other non-interest-earning assets:				
Derivative financial instruments				
TL	11,672,156	3.46	0	0.00
Foreign currency	4,356,962	1.29	0	0.00
Total	**16,029,118**	**4.75**	**0**	**0.00**
Deferred taxes (TL)	**243,684**	**0.07**	**0**	**0.00**
Other assets and prepayments				
TL	2,464,970	0.73	0	0.00
Foreign currency	2,959,073	0.88	0	0.00
Total	**5,424,043**	**1.61**	**0**	**0.00**
Other interest income:	**0**	**0.00**	**85,387**	**0.00**
Total average assets:				
TL	156,616,759	46.36	28,370,687	18.16
Foreign currency	181,174,634	53.64	7,074,418	3.90
Total	**337,791,393**	**100.00**	**35,445,105**	**10.52**

Notes:

(1) Interest income from central bank deposits is included in total interest earning deposits in banks, but is not tracked as a separate statistic by Akbank.

(2) None of Akbank's marketable securities are tax-exempt.

Liabilities and Stockholders' Equity

The tables below (derived from Akbank's management accounts) show Akbank's consolidated liabilities and stockholders' equity and interest rates for the three-month period ended 31 March 2021 and for the years ended 31 December 2020, 2019 and 2018. In such tables average balances for interest-bearing liabilities are calculated from daily balances and average balances for all other liabilities are calculated from period-end balances.

	For the three-month period ended 31 March 2021			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
	(TL thousands, except percentages)			
TL saving deposits:				
Time	59,471,843	14.21	2,290,276	15.40
Demand	11,898,945	2.84	0	0.00
Total	**71,370,788**	**17.05**	**2,290,276**	**12.84**
TL other deposits:	**0**	**0.00**	**0**	**0.00**
Time	23,575,926	5.63	984,507	16.70
Demand	10,349,957	2.47	1	0.00
Total	**33,925,883**	**8,10**	**984,508**	**11.61**
TL deposits:				
Time	83,047,769	19.84	3,274,783	15.77
Demand	22,248,902	5.31	1	0.00
Total	**105,296,671**	**25.15**	**3,274,784**	**12.44**
Foreign currency saving deposits:				
Time	70,214,754	16.77	198,425	1.13
Demand	3,456,078	0.83	1,336	0.15
Total	**73,670,832**	**17.60**	**199,761**	**1.08**
Other foreign currency deposits:				
Time	32.966.202	7.87	108,959	1.32
Demand	19.330	0.00	6	0.12
Total	**32.985.532**	**7.87**	**108,965**	**1.32**
Foreign currency deposits:				
Time	103,180,956	24.64	307,384	1.19
Demand	3,475,408	0.83	1,342	0.15
Total	**106,656,364**	**25.47**	**308,726**	**1.16**
Bank deposits:				
TL	3,060,296	0.73	109,955	14.37
Foreign currency	11,519,024	2.75	38,630	1.34
Total	**14,579,320**	**3.48**	**148,585**	**4.08**
Funds provided under repurchase agreements:				
TL	22,860,482	5.46	963,700	16.86
Foreign currency	12,303,571	2.94	31,997	1.04
Total	**35,164,053**	**8.40**	**995,697**	**11.33**
Borrowings:				
TL	707,784	0.17	33,393	18.87
Foreign currency	41,182,369	9.84	247,843	2.41
Total	**41,890,153**	**10.01**	**281,236**	**2.69**
Securities Issued:				
TL	7,455,631	1.78	250,347	13.43
Foreign currency	18,527,035	4.43	283,607	6.12
Total	**25,982,666**	**6.21**	**533,954**	**8.22**
Total interest-bearing liabilities:				
TL	139,380,864	33.29	4,632,179	13.29
Foreign currency	190,188,363	45.43	910,803	1.92
Total	**329,569,227**	**78.72**	**5,542,982**	**6.73**
Other liabilities:				
Derivative financial instruments:				
TL	7,890,785	1.88	0	0.00
Foreign currency	2,718,185	0.65	0	0.00
Total	**10,608,970**	**2.53**	**0**	**0.00**

	For the three-month period ended 31 March 2021			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
	(TL thousands, except percentages)			
Income taxes payable (TL)	458,955	0.11	0	0.00
Deferred tax liabilities (TL)	860,169	0.21	0	0.00
Other liabilities:				
TL	10,305,818	2.46	0	0.00
Foreign currency	7,641,686	1.83	0	0.00
Total	**17,947,504**	**4.29**	**0**	**0.00**
Reserve for emp. termination benefits (TL)	518,832	0.12	0	0.00
Shareholders' equity	58,700,000	14.02	0	0.00
Profit	2,028,149	0.48	0	0.00
Other interest income:	0	0.00	26,936	0.00
Total average liabilities and shareholders:				
TL	218,115,423	52.09	4,659,115	8.54
Foreign currency	200,548,234	47.91	910,803	1.82
Total	**418,663,657**	**100.00**	**5,569,918**	**5.32**

	For the year ended 31 December 2020			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
	(TL thousands, except percentages)			
TL saving deposits:				
Time	53,839,440	12.97	5,276,138	9.80
Demand	13,120,435	3.16	0	0.00
Total	**66,959,875**	**16.13**	**5,276,138**	**7.88**
TL other deposits:	**0**	**0.00**	**0**	**0.00**
Time	21,890,728	5.27	2,342,377	10.70
Demand	10,892,993	2.62	1	0.00
Total	**32,783,721**	**7.89**	**2,342,378**	**7.14**
TL deposits:				
Time	75,730,168	18.24	7,618,515	10.06
Demand	24,013,428	5.78	1	0.00
Total	**99,743,596**	**24.02**	**7,618,516**	**7.64**
Foreign currency saving deposits:				
Time	67,767,444	16.32	687,452	1.01
Demand	7,612,751	1.83	5,523	0.07
Total	**75,380,195**	**18.15**	**692,975**	**0.92**
Other foreign currency deposits:				
Time	42,358,979	10.20	550,567	1.30
Demand	3,473,614	0.84	2	0.00
Total	**45,832,593**	**11.04**	**550,569**	**1.20**
Foreign currency deposits:				
Time	110,126,423	26.52	1,238,019	1.12
Demand	11,086,365	2.67	5,525	0.05
Total	**121,212,788**	**29.19**	**1,243,544**	**1.03**
Bank deposits:				
TL	2,723,040	0.66	237,174	8.71
Foreign currency	8,793,858	2.12	124,807	1.42
Total	**11,516,898**	**2.78**	**361,981**	**3.14**
Funds provided under repurchase agreements:				
TL	13,716,721	3.30	1,381,920	10.07
Foreign currency	13,460,868	3.24	216,403	1.61
Total	**27,177,589**	**6.54**	**1,598,323**	**5.88**
Borrowings:				
TL	627,320	0.15	119,404	19.03
Foreign currency	40,270,288	9.70	1,129,530	2.80
Total	**40,897,608**	**9.85**	**1,248,934**	**3.05**
Securities Issued:				
TL	9,905,411	2.39	976,182	9.86
Foreign currency	15,898,929	3.83	952,437	5.99

	For the year ended 31 December 2020			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
	(TL thousands, except percentages)			
Total	**25,804,340**	**6.22**	**1.928.619**	**7.47**
Total interest-bearing liabilities:				
TL	126,716,088	30.52	10,333,196	8.15
Foreign currency	199,636,731	48.08	3,666,721	1.84
Total	**326,352,819**	**78.60**	**13,999,917**	**4.29**
Other liabilities:				
Derivative financial instruments:				
TL	9,261,381	2.23	0	0.00
Foreign currency	2,631,957	0.63	0	0.00
Total	**11,893,338**	**2.86**	**0**	**0.00**
Income taxes payable (TL)	480,835	0.12	0	0.00
Deferred tax liabilities (TL)	1,249,471	0.30	0	0.00
Other liabilities:				
TL	10,158,376	2.45	0	0.00
Foreign currency	5,964,115	1.44	0	0.00
Total	**16,122,491**	**3.89**	**0**	**0.00**
Reserve for emp. termination benefits (TL)	504,253	0.12	0	0.00
Shareholders' equity	58,643,255	14.12	0	0.00
Profit	6,259,648	1.51	0	0.00
Other interest income:	0	0.00	429,334	0.00
Total average liabilities and shareholders:				
TL	207,013,659	49.86	10,762,530	5.20
Foreign currency	208,232,803	50.15	3,666,721	1.76
Total	**415,246,462**	**100.01**	**14,429,251**	**3.47**

	For the year ended 31 December 2019			
	Average Balance	**Share of Total %**	**Interest**	**Average Rate %**
	(TL thousands, except percentages)			
TL saving deposits:				
Time	46,917,200	12.07	8,106,575	17.28
Demand	10,912,893	2.81	0	0.00
Total	**57,830,093**	**14.88**	**8,106,575**	**14.02**
TL other deposits:				
Time	19,666,409	5.06	3,645,725	18.54
Demand	11,473,383	2.95	1	0.00
Total	**31,139,792**	**8.01**	**3,645,726**	**11.71**
TL deposits:				
Time	66,583,609	17.13	11,752,300	17.65
Demand	22,386,276	5.76	1	0.00
Total	**88,969,885**	**22.89**	**11,752,301**	**13.21**
Foreign currency saving deposits:				
Time	62,387,740	16.06	1,504,417	2.41
Demand	21,483,638	5.53	12,910	0.06
Total	**83,871,378**	**21.59**	**1,517,327**	**1.81**
Other foreign currency deposits:				
Time	45,007,484	11.58	989,730	2.20
Demand	14,618,113	3.76	0	0.00
Total	**59,625,597**	**15.34**	**989,730**	**1.66**
Foreign currency deposits:				
Time	107,395,224	27.64	2,494,147	2.32
Demand	36,101,751	9.29	12,910	0.04
Total	**143,496,975**	**36.93**	**2,507,057**	**1.75**
Bank deposits:				
TL	1,130,873	0.29	193,348	17.10
Foreign currency	7,059,703	1.82	146,422	2.07
Total	**8,190,576**	**2.11**	**339,770**	**4.15**
Funds provided under repurchase agreements:				
TL	2,927,474	0.75	633,109	21.63

	For the year ended 31 December 2019			
	Average Balance	Share of Total %	Interest	Average Rate %
	(TL thousands, except percentages)			
Foreign currency	9,616,382	2.47	302,402	3.14
Total	**12,543,856**	**3.22**	**935,511**	**7.46**
Borrowings:				
TL	820,962	0.21	219,546	26.74
Foreign currency	38,880,440	10.01	1,567,220	4.03
Total	**39,701,402**	**10.22**	**1,786,766**	**4.50**
Securities Issued:				
TL	7,010,178	1.80	1,358,055	19.37
Foreign currency	13,944,744	3.59	777,354	5.57
Total	**20,954,922**	**5.39**	**2,135,409**	**10.19**
Total interest-bearing liabilities:				
TL	100,859,372	25.94	14,156,359	14.04
Foreign currency	212,998,244	54.82	5,300,455	2.49
Total	**313,857,616**	**80.76**	**19,456,814**	**6.20**
Other liabilities:				
Derivative financial instruments:				
TL	9,284,518	2.39	0	0.00
Foreign currency	1,600,835	0.41	0	0.00
Total	**10,885,353**	**2.80**	**0**	**0.00**
Income taxes payable (TL)	624,938	0.16	0	0.00
Deferred tax liabilities (TL)	681,121	0.18	0	0.00
Other liabilities:				
TL	8,938,885	2.30	0	0.00
Foreign currency	4,099,131	1.05	0	0.00
Total	**13,038,016**	**3.35**	**0**	**0.00**
Reserve for emp. termination benefits (TL)	388,067	0.10	0	0.00
Shareholders' equity	49,074,683	12.63	0	0.00
Profit	5,352,339	1.38	0	0.00
Other interest income:	0	0.00	103,252	0.00
Total average liabilities and shareholders:				
TL	169,851,584	43.70	14,259,611	8.40
Foreign currency	218,698,210	56.28	5,300,455	2.42
Total	**388,549,794**	**99.98**	**19,560,065**	**5.03**

	For the year ended 31 December 2018			
	Average Balance	Share of Total %	Interest	Average Rate %
	(TL thousands, except percentages)			
TL saving deposits:				
Time	48,985,978	12.77	7,652,575	15.62
Demand	10,938,923	2.85	0	0.00
Total	**59,924,901**	**15.62**	**7,652,575**	**12.77**
TL other deposits:				
Time	19,254,605	5.02	3,478,678	18.07
Demand	11,389,261	2.97	1	0.00
Total	**30,643,866**	**7.99**	**3,478,679**	**11.35**
TL deposits:				
Time	68,240,583	17.79	11,131,253	16.31
Demand	22,328,184	5.82	1	0.00
Total	**90,568,767**	**23.61**	**11,131,254**	**12.29**
Foreign currency saving deposits:				
Time	49,847,512	13.00	1,517,933	3.05
Demand	15,337,129	4.00	11,206	0.07
Total	**65,184,641**	**17.00**	**1,529,139**	**2.35**
Other foreign currency deposits:				
Time	52,404,475	13.66	1,687,878	3.22
Demand	11,511,032	3.00	0	0.00
Total	**63,915,507**	**16.66**	**1,687,878**	**2.64**
Foreign currency deposits:				
Time	102,251,987	26.66	3,205,811	3.14

	For the year ended 31 December 2018			
	Average Balance	Share of Total %	Interest	Average Rate %
	(TL thousands, except percentages)			
Demand	26,848,161	7.00	11,206	0.04
Total	**129,100,148**	**33.66**	**3,217,017**	**2.49**
Bank deposits:				
TL	1,946,625	0.51	297,023	15.26
Foreign currency	9,940,582	2.59	219,450	2.21
Total	**11,887,207**	**3.1**	**516,473**	**4.34**
Funds provided under repurchase agreements:				
TL	4,425,514	1.15	876,557	19.81
Foreign currency	18,743,493	4.89	598,417	3.19
Total	**23,169,007**	**6.04**	**1,474,974**	**6.37**
Borrowings:				
TL	906,660	0.24	301,363	33.24
Foreign currency	44,802,891	11.68	1,583,225	3.53
Total	**45,709,551**	**11.92**	**1,884,588**	**4.12**
Securities Issued:				
TL	5,765,889	1.50	933,183	16.18
Foreign currency	12,486,135	3.26	689,842	5.52
Total	**18,252,024**	**4.76**	**1,623,025**	**8.89**
Total interest-bearing liabilities:				
TL	103,613,455	27.01	13,539,380	13.07
Foreign currency	215,073,249	56.08	6,307,951	2.93
Total	**318,686,704**	**83.09**	**19,847,331**	**6.23**
Other liabilities:				
Derivative financial instruments:				
TL	7,747,102	2.02	0	0.00
Foreign currency	1,414,770	0.37	0	0.00
Total	**9,161,872**	**2.39**	**0**	**0.00**
Income taxes payable (TL)	447,750	0.12	0	0.00
Deferred tax liabilities (TL)	834,104	0.22	0	0.00
Other liabilities:				
TL	8,485,715	2.21	0	0.00
Foreign currency	3,407,045	0.89	0	0.00
Total	**11,892,760**	**3.10**	**0**	**0.00**
Reserve for emp. termination benefits (TL)	313,101	0.08	0	0.00
Shareholders' equity	42,200,172	11.00	0	0.00
Profit	5,709,153	1.49	0	0.00
Other interest income:	0	0.00	1,903	0.00
Total average liabilities and shareholders:				
TL	163,641,399	42.66	13,541,283	8.27
Foreign currency	219,895,064	57.34	6,307,951	2.87
Total	**383,536,463**	**100.00**	**19,849,234**	**5.18**

Interest Earning Assets: Yield, Margin and Spread

The following tables (derived from Akbank's management accounts) show Akbank's net interest income (excluding other interest income/expense and profit/loss), yield, margin and spread for the three-month periods ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018.

	For the three-month period ended 31 March	
	2021	2020
	(TL thousands, except percentages)	
Net Interest Income:		
TL	3,349,250	4,481,759
Foreign currency	832,151	854,895
Total	**4,181,400**	**5,336,654**

Yield on interest-earning assets[1]:		
TL	14.28%	15.13%
Foreign currency	3.37%	4.00%
Total	**9.04%**	**9.59%**
Yield on interest-bearing liabilities[1]:		
TL	13.29%	7.93%
Foreign currency	1.92%	1.67%
Total	**6.73%**	**3.81%**
Margin[2]:		
TL	1.50%	2.53%
Foreign currency	0.40%	0.49%
Total	**0.97%**	**1.51%**
Spread[3]:		
TL	0.99%	7.20%
Foreign currency	1.46%	2.33%
Total	**2.31%**	**5.79%**

	For the year ended 31 December	
	2020	**2019**
	(TL thousands, except percentages)	
Net Interest Income:		
TL	17,755,075	14,459,629
Foreign currency	3,309,591	2,437,229
Total	**21,064,666**	**16,896,858**
Yield on interest-earning assets[1]:		
TL	13.53%	17.88%
Foreign currency	3.71%	4.56%
Total	**8.87%**	**11.03%**
Yield on interest-bearing liabilities[1]:		
TL	8.15%	14.04%
Foreign currency	1.84%	2.49%
Total	**4.29%**	**6.20%**
Margin[2]:		
TL	8.55%	9.03%
Foreign currency	1.76%	1.44%
Total	**5.33%**	**5.12%**
Spread[3]:		
TL	5.38%	3.84%
Foreign currency	1.87%	2.07%
Total	**4.58%**	**4.83%**

	For the year ended 31 December	
	2019	**2018**
	(TL thousands, except percentages)	
Net Interest Income:		
TL	14,459,629	14.745.919
Foreign currency	2,437,229	766.466
Total	**16,896,858**	**15.512.385**
Yield on interest-earning assets[1]:		
TL	17.88%	17,91%
Foreign currency	4.56%	4,10%
Total	**11.03%**	**10,70%**
Yield on interest-bearing liabilities[1]:		
TL	14.04%	13,07%

Foreign currency	2.49%	2,93%
Total	**6.20%**	**6,23%**
Margin(2):		
TL	9.03%	9,34%
Foreign currency	1.44%	0,44%
Total	**5.12%**	**4,70%**
Spread(3):		
TL	3.84%	4,84%
Foreign currency	2.07%	1,17%
Total	**4.83%**	**4,48%**

Analysis of Changes in Net Interest Income and Interest Expense

The following tables provide a comparative analysis of changes in net interest income and interest expense by reference to changes in average volume and rates for the three-month periods ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018. Net changes in net interest income are attributed to either changes in average balances (volume changes) or changes in average rates (rate changes) for interest-earning assets and sources of funds on which interest is received or paid. Volume change is calculated as the change in volume multiplied by the previous rate, while rate change is the change in rate multiplied by the previous volume. The rate volume change (change in rate multiplied by change in volume) is allocated between volume change and rate change at the ratio each component bears to the absolute value of their total. Average balances represent the average of the daily balances for the respective year. Akbank does not separately track short-term and long-term interest expense for purposes of calculating net interest income and interest expense.

	31 March 2021/2020 Increase/(decrease) due to changes in			
	Volume	Rate	Net Change	Change %
	(TL thousands, except percentages)			
Interest Income				
Interest-earning deposits in banks & reserve requirements & interbank money market:				
TL	131,806	3,156	134,962	153.00
Foreign currency	102,710	(308,113)	(205,403)	(90.00)
Total	**160,869**	**(231,311)**	**(70,442)**	**(22.00)**
Marketable securities:	**0**	**0**	**0**	**0.00**
TL	1,236,064	(680,213)	555,851	45.00
Foreign currency	84,442	97,469	181,911	59.00
Total	**933,443**	**(195,682)**	**737,761**	**48.00**
Loans:	0	0	0	0.00
TL	2,141,205	(2,041,163)	100.042	2.00
Foreign currency	235,303	(371,231)	(135,928)	(10.00)
Total	**2,064,479**	**(2,100,365)**	**(35,886)**	**(1.00)**
Leasing receivables:	0	0	0	0.00
TL	(3,991)	19,613	15,622	30.00
Foreign currency	(1,072)	(17,668)	(18,740)	(26.00)
Total	**(3,868)**	**751**	**(3,117)**	**(3.00)**
Total interest-earning assets:	0	0	0	0.00
TL	3,533,834	(2,727,357)	806,477	11.00
Foreign currency	506,758	(684,917)	(178,159)	(9.00)
Total	**3,393,560**	**(2,765,243)**	**628,317**	**7.00**
Interest Expense				
TL deposits:				
Time	897,287	(813,138)	84,149	3.00
Demand	0	0	0	0.00
Total	**661,803**	**(577,654)**	**84,149**	**3.00**
Foreign currency deposits:				
Time	25,229	(432,751)	(407,522)	(57.00)
Demand	(2,991)	1,016	(1,975)	(60.00
Total	**(153,188)**	**(256,310)**	**(409,498)**	**(57.00)**
Bank deposits:				
TL	58,207	(29,907)	28,300	35.00
Foreign currency	25,557	(26,576)	(1,019)	(3.00)
Total	**79,873**	**(52,592)**	**27,281**	**22.00**
Funds provided under repurchase agreements:				
TL	1,017,252	(372,057)	645,195	203.00
Foreign currency	28,666	(78,716)	(50,050)	(61.00)
Total	**566,235**	**28,911**	**595,146**	**149.00**
Borrowings:				
TL	(27,350)	(17,592)	(44,942)	(57.00)
Foreign currency	(22,128)	(168,357)	(190,485)	(43.00)
Total	**(29,856)**	**(205,570)**	**(235,426)**	**(46.00)**
Total interest-bearing liabilities:				
TL	1,471,844	(814,851)	656,993	17.00
Foreign currency	(128,969)	(425,470)	(554,439)	(38.00)
Total	**338,535**	**(235,982)**	**102,553**	**2.00**

	31 December 2020/2019 Increase/(decrease) due to changes in				31 December 2019/2018 Increase/(decrease) due to changes in				31 December 2018/2017 Increase/(decrease) due to changes in			
	Volume	Rate	Net Change	Change %	Volume	Rate	Net Change	Change %	Volume	Rate	Net Change	Change %
	(TL thousands, except percentages)											
Interest Income												

	31 December 2020/2019 Increase/(decrease) due to changes in				31 December 2019/2018 Increase/(decrease) due to changes in				31 December 2018/2017 Increase/(decrease) due to changes in			
	Volume	Rate	Net Change	Change %	Volume	Rate	Net Change	Change %	Volume	Rate	Net Change	Change %
Interest-earning deposits in banks & reserve requirements & interbank money market:												
TL	796,.983	(47,318)	749,665	851.00	446,858	(445,788)	1,070	0.00	21,325	407,813	429,138	167.00
Foreign currency	154,122	(286,581)	(132,459)	(58.00)	(40,420)	(107,868)	(148,288)	(18.00)	77,277	444,768	522,045	184.00
Total	**361,049**	**256,157**	**617,206**	**195.00**	**(16,096)**	**(131,122)**	**(147,218)**	**(10.00)**	**140,657**	**810,526**	**951,183**	**176.00**
Marketable securities:	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**				
TL	4,615,176	1,841,855	6,457,031	522.00	1,409,947	(2,245,739)	835,792	(14.00)	157,498	2,546,210	2,703,708	88.00
Foreign currency	263,526	1,204,962	1,468,488	474.00	24,716	247,441	272,157	23.00	12,494	38,690	51,184	4.00
Total	**3,344,573**	**4,580,947**	**7,925,520**	**513.00**	**820,192**	**(1,383,826)**	**(563,634)**	**(8.00)**	**118,243**	**2,636,649**	**2,754,892**	**65.00**
Loans:	0	0	0	0.00	0	0	0	0.00				
TL	5,430,723	8,124,156	13,554,879	234.00	(970,127)	2,083,583	1,113,456	5.00	1,099,869	4,683,178	5,783,047	37.00
Foreign currency	651,470	2,907,888	3,559,358	271.00	(25,317)	590,120	564,803	12.00	738,093	680,893	1,418,986	42.00
Total	**5,359,225**	**11,755,011**	**17,114,236**	**241.00**	**(766,298)**	**2,444,557**	**1,678,259**	**6.00**	**2,395,034**	**4,806,999**	**7,202,033**	**38.00**
Leasing receivables:	0	0	0	0.00	0	0	0	0.00				
TL	(18,992)	170,736	151,744	293.00	(18,114)	(4,367)	(22,481)	(10.00)	16,908	14.824	31,732	17.00
Foreign currency	(9,758)	169,566	159,808	224.00	(30,307)	4,900	(25,407)	(9.00)	18,057	46,205	64,262	29.00
Total	**(24,320)**	**335,872**	**311,552**	**253.00**	**(50,716)**	**2,827**	**(47,889)**	**(9.00)**	**34,328**	**61,665**	**95,993**	**23.00**
Total interest-earning assets:	0	0	0	0.00	0	0	0	0.00				
TL	11,073,011	9,840,308	20,913,319	291.00	380,808	(124,555)	256,253	1.00	1,296,332	7,651,292	8,947,624	46.00
Foreign currency	1,142,096	3,913,099	5,055,195	263.00	(112,646)	775,911	663,265	9.00	921,746	1,134,731	2,056,477	41.00
Total	**9,531,295**	**16,437,219**	**25,968,514**	**285.00**	**(67,011)**	**986,528**	**919,517**	**3.00**	**3,041,937**	**7,962,164**	**11,004,101**	**45.00**
Interest Expense					0	0	0	0.0				
TL deposits:												
Time	2,148,351	2,279,530	4,427,881	139.00	(270,282)	891,329	621,047	6.00	(5,879)	2,877,553	2,871,674	35.00
Demand	0	0	0	0,00	0	0	0	0.00	0	0	0	0.00
Total	**1,834,543**	**2,593,338**	**4,427,881**	**139.00**	**(196,509)**	**817,556**	**621,047**	**6.00**	**55,237**	**2,816,437**	**2,871,674**	**35.00**
Foreign currency deposits:					0	0	0	0.00				
Time	300,201	222,904	523,105	73.00	161,251	(872,917)	(711,666)	(22.00)	551,422	948,588	1,500,010	88.00
Demand	(9,156)	11,367	2,211	67.00	3,862	(2,158)	1,704	(15.00)	6,079	(2,367)	3,712	50.00
Total	**(304,285)**	**829,601**	**525,316**	**73.00**	**358,751**	**(1,068,712)**	**(709,961)**	**(22.00)**	**688,407**	**815,315**	**1,503,722**	**88.00**
Bank deposits:					0	0	0	0,00				
TL	171,175	(15,656)	155,519	190.00	(124,470)	20,795	(103,675)	(35.00)	(28,306)	80,757	52,451	21.00
Foreign currency	40,523	44,635	85,158	215.00	(63,99)	(9,429)	(73,028)	(33.00)	22,176	77,038	99,214	83.00
Total	**150,463**	**90,214**	**240,677**	**198.00**	**(160,610)**	**(16,093)**	**(176,703)**	**(34.00)**	**44,529**	**107,136**	**151,665**	**42.00**
Funds provided under repurchase agreements:					0	0	0	0.00				
TL	1,931,900	(868,484)	1,063,416	334.00	(296,715)	53,268	(243,447)	(28.00)	118,979	626,492	745,471	569.00
Foreign currency	156,318	(21,962)	134,356	164.00	(291,398)	(4,617)	(296,015	(49.00)	(71,841)	148,234	76,393	15.00
Total	**1,386,632**	**(188,860)**	**1,197,772**	**299.00**	**(676,413)**	**136,950**	**(539,463)**	**(37.00)**	**(24,042)**	**845,907**	**821,865**	**126.00**
Borrowings:					0	0	0	0,00				
TL	(132,584)	173,653	41,069	52.00	(28,485)	(53,332)	(81,817)	(27.00)	30,296	100,229	130,525	76.00
Foreign currency	(125,381)	816,584	691,203	158.00	(209,285)	193,280	(16,005)	(1.00)	251,175	513,240	764,415	93.00
Total	**(165,563)**	**897,834**	**732,271**	**142.00**	**(247,714)**	**149,892**	**(97,822)**	**(5.00)**	**300,767**	**594,173**	**894,940**	**90.00**
Total interest-bearing liabilities:					0	0	0	0.00				
TL	3,907,607	2,450,402	6,358,009	160.00	(359,882)	976,861	616,979	5.00	985,405	3,245,763	4,231,168	45.00
Foreign currency	(250,337)	2,451,812	2,201,475	150.00	(60,858)	(946,640)	(1,007,498)	(16.00)	1,053,778	1,510,692	2,564,470	69.00
Total	**1,128,542**	**7,430,942**	**8,559,484**	**157.00**	**(300,748)**	**(89,771)**	**(390,519)**	**(2.0)**	**2,852,761**	**3,942,876**	**6,795,637**	**52.00**

Return on Assets and Equity

The following tables (derived from the Akbank BRSA Financial Statements) present certain selected financial ratios of Akbank for the three-month period ended 31 March 2021 and for the years ended 31 December 2020, 2019 and 2018.

	As at and for the three-month period ended 31 March	**As at and for the year ended 31 December**		
	2021	**2020**	**2019**	**2018**
	(TL thousands, except percentages)			
Net profit (attributable to Equity Holders of Akbank)	2,028,149	6,259,648	5,352,339	5,709,153
Average total assets	497,803,185	432,744,506	376,590,225	367,805,985
Average shareholders' equity (attributable to equity holders of Akbank)	62,980,802	58,643,255	49,296,083	42,118,115
Net income as a percentage of:				
Average total assets	1.6%	1.4%	1.4%	1.6%
Average shareholders' equity	12.9%	10.9%	10.9%	13.6%
Average shareholders' equity as a percentage of average total assets	12.7%	13.6%	13.1%	11.5%
Dividend pay-out ratio	0.0%	0.0%	N/A	N/A

Securities

Investment Securities

Akbank's portfolio of marketable securities consists primarily of Turkish government securities (including bonds and treasury bills) denominated in Turkish Lira, U.S. Dollars and Euro.

Financial Assets at fair value through other comprehensive income

The following tables (derived from the Akbank BRSA Financial Statements) show a breakdown of Akbank's financial assets at fair value through other comprehensive income as at 31 March 2021 and 31 December 2020 and 31 December 2019; and available-for-sale securities as at 31 December 2018.

The percentage of fixed compared to floating financial assets at fair value through other comprehensive income securities (excluding equity securities) held by Akbank was 67.3% fixed and 32.7% floating as at 31 March 2021, 65.1% fixed and 34.9% floating as at 31 December 2020, 69% fixed and 31% floating as at 31 December 2019; and 60% fixed and 40% floating as at 31 December 2018.

	As at 31 March 2021		As at 31 December					
			2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
	(TL percentages, except percentages)							
Debt Securities[1]								
Government bonds	24,141,561	39.1%	23,067,781	39.6%	35,534,282	52.6%	23,928,005	54.0%
Treasury bills	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Eurobonds	21,707,984	35.2%	21,352,442	36.7%	14,721,907	23.9%	12,574,559	28.4%
Mutual funds	511,507	0.8%	490,329	0.8%	424,665	0.6%	237,585	0.5%
Other bonds	15,323,580	24.8%	13,277,209	22.8%	15,374,314	22.8%	7,586,273	17.1%
Equity securities	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Listed	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Unlisted	16,384	0.0%	16,384	0.0%	16,384	0.0%	19,141	0.0%
Total	**61,701,016**	**100%**	**58,204,145**	**100%**	**66,071,551**	**100%**	**44,345,563**	**54.0%**

Notes:

(1) All of Akbank's financial assets measured at fair value through other comprehensive income; government bonds, treasury bills and most of its Eurobonds are Turkish government securities, apart from a relatively small amount of Turkish and Dutch corporate bonds and Turkish corporate bonds.

(2) All of Akbank's available-for-sale government bonds, treasury bills and most of its Eurobonds are Turkish government securities, apart from a relatively small amount of Turkish and Dutch corporate bonds and Turkish corporate bonds.

The following tables (derived from the Akbank BRSA Financial Statements) set forth Akbank's financial assets measured at fair value through other comprehensive income and their effective average interest rates on a currency basis, excluding equity securities and mutual funds, by maturity as at 31 March 2021 and as at 31 December 2020 and 31 December 2019.

	As at 31 March 2021				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
			(TL thousands)		
Debt Securities					
Government bonds	514,924	4,535,388	17,419,177	1,672,072	**24,141,561**
Treasury bills	-	-	-	-	-
Eurobonds	36,196	2,410,535	11,389,912	7,871,341	**21,707,984**
Other bonds	462,609	1,216,070	13,644,901	-	**15,323,580**
Total	**1,013,729**	**8,161,993**	**42,453,990**	**9,543,413**	**61,173,125**

	As at 31 December 2020				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
			(TL thousands)		
Debt Securities					
Government bonds	1,615,080	2,716,143	16,473,775	2,262,783	**23,067,781**
Treasury bills	-	-	-	-	**-**
Eurobonds	2,631,864	1,039,697	11,549,528	6,131,353	**21,352,442**
Other bonds	256,172	1,088,139	10,778,774	1,154,124	**13,277,209**
Total	**4,503,116**	**4,843,979**	**38,802,077**	**9,548,260**	**57,697,432**

	As at 31 December 2019				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
			(TL thousands)		
Debt Securities					
Government bonds	629,297	9,237,729	20,415,110	5,252,146	**35,534,282**
Treasury bills	-	-	-	-	**-**
Eurobonds	30,325	3,618,755	6,954,371	5,565,345	**16,168,796**
Other bonds	1,911,072	898,905	11,484,507	1,079,830	**15,374,314**
Total	**2,570,694**	**13,755,389**	**38,853,988**	**11,897,321**	**67,077,392**

	As at 31 December 2018				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
			(TL thousands)		
Debt Securities					
Government bonds	906,173	720,008	17,315,083	4,986,741	**23,928,005**
Treasury bills	-	-	-	-	-
Eurobonds	306,399	1,721,515	6,590,282	3,956,363	**12,574,559**
Other bonds	2,854	1,555,563	5,468,363	559,327	**7,586,107**
Total	**1,215,426**	**3,997,563**	**29,373,728**	**9,502,431**	**44,088,671**

	As at 31 March 2021 Average Interest Rates			As at 31 December 2020 Average Interest Rates			As at 31 December 2019 Average Interest Rates			As at 31 December 2018 Average Interest Rates		
Debt Securities	TL	U.S.$	Euro	TL	U.S.$	Euro	TL	U.S.$	Euro	TL	U.S.$	Euro
Government bonds	13.68	0.00	0.00	12.71	0.00	0.00	14.16	-	-	20.98	-	-
Treasury bills	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-
Eurobonds	0.00	4.46	3.57	0.00	4.49	3.00	-	4.51	2.84	-	4.29	2.48
Other bonds	16.79	6.23	3.86	16.85	6.45	3.86	16.40	0.00	0.00	31.06	5.01	2.08

Financial Assets at amortised cost

The following tables (derived from the Akbank BRSA Financial Statements) show a breakdown of Akbank's financial assets measured at amortised cost as at 31 March 2021, 31 December 2020 and 2019; and held-to-maturity securities as at 31 December 2018.

	As at 31 March 2021		As at 31 December					
			2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%

Debt Securities[1]	(TL thousands, except percentages)							
Government bonds	36,247,545	83.9%	34,523,108	82.4%	11,479,840	73.7%	5,942,844	48.5%
Treasury bills	-	-	-	-	-	-	-	-
Eurobonds	6,223,784	14.4%	6,693,715	16.0%	2,379,418	15.3%	3,811,339	31.1%
Other bonds	747,874	1.7%	668,236	1.6%	1,715,600	11.0%	2,509,298	20.5%
Total	**43,219,203**	**100%**	**41,885,059**	**100%**	**15,574,858**	**100%**	**12,263,481**	**100%**

Notes:

(1) All of Akbank's Financial Assets measured at amortised cost treasury bills and most of its Eurobonds are Turkish government securities, apart from a relatively small amount of Turkish and Dutch corporate bonds and Turkish corporate bonds.

(2) All of Akbank's held-to-maturity government bonds, treasury bills and Eurobonds are Turkish government securities.

The following tables (derived from the Akbank BRSA Financial Statements) set forth Akbank's amortised cost securities and their effective average interest rates on a currency basis, by maturity as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 March 2021				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Debt Securities					
Government bonds	6,741,385	8,050,500	12,916,575	8,539,085	**36,247,545**
Eurobonds	295,260	591,195	4,170,986	1,166,343	**6,223,784**
Other bonds	9,021	141,851	597,002	-	**747,874**
Total	**7,045,666**	**8,783,546**	**17,684,563**	**9,705,428**	**43,219,203**

	As at 31 December 2020				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Debt Securities					
Government bonds	163,645	14,994,281	14,180,464	5,184,718	**34,523,108**
Eurobonds	1,144,755	306,222	4,214,361	1,028,377	**6,693,715**
Other bonds	1,011	133,762	384,940	148,523	**668,236**
Total	**1,309,411**	**15,434,265**	**18,779,765**	**6,361,618**	**41,885,059**

	As at 31 December 2019				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Debt Securities					
Government bonds	93,450	2,959,897	8,426,493	-	11,479,840
Eurobonds	-	164,653	1,555,207	659,558	2,379,418
Other bonds	334,024	627,736	753,840	-	1,715,600
Total	**427,474**	**3,752,286**	**10,735,540**	**659,588**	**15,574,858**

	As at 31 December 2018				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Debt Securities					
Government bonds	-	533,304	5,409,540	-	5,942,844
Eurobonds	678,441	1,008,965	1,032,918	1,091,015	3,811,339
Other bonds	-	1,297,903	1,198,254	13,141	2,509,298
Total	**678,441**	**2,840,172**	**7,640,712**	**1,104,156**	**12,263,481**

	Year ended 31 March 2021 Average Interest Rates		
	TL	U.S.$	EUR
Debt Securities			
Government bonds(2)	11.94	0.00	0.00
Eurobonds	0.00	5.68	4.34
Other bonds	0.00	7.53	4.25

	Year ended 31 December 2020 Average Interest Rates		
	TL	U.S.$	EUR
Debt Securities			
Government bonds(2)	12.18	0.00	0.00
Eurobonds	0.00	5.68	1.61
Other bonds	0.00	7.53	4.25

	Year ended 31 December 2019 Average Interest Rates		
	TL	U.S.$	EUR
Debt Securities			
Government bonds(2)	14.73	-	-
Eurobonds	-	4.50	3.46
Other bonds	15.19	6.49	0.00

	Year ended 31 December 2018 Average Interest Rates		
	TL	U.S.$	EUR
Debt Securities			
Government bonds(2)	26.70	-	-
Eurobonds	-	4.16	3.57
Other bonds	0.0	5.55	3.64

Notes:

(1) All of Akbank's amortised cost government bonds, treasury bills and Eurobonds are Turkish government securities.

(2) All of Akbank's held to maturity government bonds, treasury bills and Eurobonds are Turkish government securities.

As at 31 March 2021, the size of Akbank's investment portfolio increased by 4.8% to TL 106.8 billion from TL 101.9 billion as at 31 December 2020. As at 31 December 2020, the size of Akbank's investment portfolio increased by 21.9% to TL 101.9 billion from TL 83.6 billion as at 31 December 2019. As at 31 December 2019, the size of Akbank's investment portfolio increased by 47.2% to TL 83.6 billion from TL 56.8 billion as at 31 December 2018.

Financial Assets Measured At Fair Value

The following tables (derived from the Akbank BRSA Financial Statements) show a breakdown of Akbank's trading securities as 31 March 2021 and as at 31 December 2020, 2019 and 2018.

	As at 31 March 2021		As at 31 December					
			2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
	(TL thousands, except percentages)							
Government bonds	16,870	0.9%	22,607	1.2%	182,344	33.7%	10,113	5.7%
Eurobonds	116,572	6.1%	167,331	9.1%	92,378	17.1%	-	0.0%

Treasury bills	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Listed equities	373,882	19.4%	305,711	16.6%	232,764	43.0%	150,684	84.3%
Other	1,415,992	73.6%	1,340,853	73.0%	33,934	6.3%	18,019	10.1%
Total	**1,923,316**	**100.0%**	**1,836,502**	**100.0%**	**541,420**	**100.0%**	**178,816**	**100.0%**

The following tables (derived from the Akbank BRSA Financial Statements) set forth Akbank's trading securities and their effective average interest rates on a currency basis, excluding equity securities, by maturity as at 31 March 2021, 31 December 2020, 31 December 2019 and 31 December 2018.

	As at 31 March 2021				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Government bonds	3,523	11,234	2,056	57	16,870
Eurobonds	45,845	14,962	28,271	27,494	116,572
Treasury bills	-	-	-	-	-
Other	182,349	30,961	83,690	3,506	300,506
Total	**231,717**	**57,157**	**114,017**	**31,057**	**433,948**

	As at 31 December 2020				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Government bonds	2,653	16,277	2,665	1,012	22,607
Eurobonds	29,500	24,767	69,016	44,048	167,331
Treasury bills	-	-	-	-	-
Other	158,816	44,966	37,754	3,343	244,879
Total	**190,969**	**86,010**	**109,435**	**48,403**	**434,817**

	As at 31 December 2019				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Government bonds	10,454	73,093	91,920	6,877	182,344
Eurobonds	-	69,635	2,499	20,244	92,378
Treasury bills	-	-	-	-	-
Total	**10,454**	**142,728**	**94,419**	**27,121**	**274,722**

	As at 31 December 2018				
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
Government bonds	-	10,113	-	-	**10,113**
Eurobonds	-	-	-	-	-
Treasury bills	-	-	-	-	-
Total	**-**	**10,113**	**-**	**-**	**10,113**

	As at 31 March 2021 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Government bonds	14.75	-	-
Treasury bills	-	-	-

	As at 31 March 2021 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Eurobonds	-	3.10	3.48
Other	22.37	5.33	2.30

	As at 31 December 2020 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Government bonds	13.75	-	-
Treasury bills	-	-	-
Eurobonds	-	5.40	3.39
Other	16.13	6.51	3.27

	As at 31 December 2019 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Government bonds	11.20	-	-
Treasury bills	-	5.48	-
Eurobonds	-	5.94	0.90

	As at 31 December 2018 Average Interest Rates		
	TL	*U.S.$*	*Euro*
Government bonds	16.13	-	-
Treasury bills	-	-	-
Eurobonds	-	-	-

Loan and Guarantee Portfolio

As at 31 March 2021, Akbank's total performing loans equalled TL 281.9 billion, or 54% of total assets. In addition to loans, Akbank had outstanding as at 31 March 2021 guarantees amounting to TL 41.2 billion, acceptances amounting to TL 80 million and letters of credit amounting to TL 6.0 billion. As at 31 December 2020, Akbank's total performing loans equalled TL 261.9 billion, or 55% of total assets. In addition to loans, Akbank had outstanding as at 31 December 2020 guarantees amounting to TL 37.5 billion, acceptances amounting to TL 48 million and letters of credit amounting to TL 4.7 billion.

The tables below (derived from the Akbank BRSA Financial Statements) set forth the composition of Akbank's cash and non-cash credit exposure as at 31 March 2021, 31 December 2020, 2019 and 2018, respectively.

	As at 31 March 2021	As at 31 December 2020	2019	2018
		(TL thousands)		
Cash loans[1]	281,913,855	261,920,652	211,919,219	201,474,825
Non-cash loans	-	-	-	-
Letters of guarantee[2]	41,260,360	37,524,618	31,137,117	34,942,643
Acceptance credits[2]	79,839	47,814	50,678	2,740,341
Letters of credit	5,994,040	4,660,989	4,404,510	6,532,762
Other guarantees	12,285,480	9,202,231	7,106,720	8,579,625
Total	**341,533,574**	**313,356,303**	**254,618,244**	**254,270,196**

Notes:

(1) Includes overdue loans, net of allowance for loan issues.

(2) Includes TL 2 billion of guarantee and acceptance credits issued to related parties as at 31 March 2021, TL 2.2 billion as at 31 December 2020, TL 1 billion as at 31 December 2019 and TL 1 billion as at 31 December 2018.

Foreign Currency Exposure

The tables below (derived from the Akbank BRSA Financial Statements) show a breakdown of Akbank's loan and guarantee portfolios by currency exposure as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March 2021	As at 31 December 2020	2019	2018
		(TL thousands)		
Loans				
TL	190,764,406	184,860,198	144,802,842	127,299,268
Foreign Currency	108,359,726	94,373,036	81,973,456	82,014,178
U.S.$	43,297,056	37,067,258	35,341,895	34,582,432
EUR	65,006,849	57,243,146	46,531,926	47,390,528
Other	55,821	62,632	99,635	41,218
Total	**299,124,132**	**279,233,234**	**226,776,298**	**209,313,446**
Non-cash loans				
Letters of guarantee				
TL	22,401,912	21,256,883	16,949,962	19,262,070
FC	18,858,448	16,267,735	14,187,155	15,680,573
Acceptance credits				
TL	-	-	-	-
FC	79,839	47,814	50,678	2,740,341
Letters of credit				
TL	30,100	7,931	8,409	47,035
FC	5,963,940	4,653,058	4,396,101	6,485,727
Other guarantees				
TL	4,231,975	3,636,160	2,947,402	2,812,915
FC	8,053,505	5,566,071	4,159,318	5,766,710
Total	**59,619,719**	**51,435,652**	**42,699,025**	**52,795,371**

Distribution of Loans by Type of Borrower

The following tables (derived from the Akbank BRSA Financial Statements) set forth Akbank's cash loans, including accrued interest and excluding allowance for loan losses, by type of loan and the percentage contribution to the total loan portfolio, as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March 2021	%	As at 31 December 2020	%	2019	%	2018	%
			(TL thousands, except percentages)					
Public Sector Loans	3,398,897	1.1%	4,200,482	1.5%	3,079,818	1.3%	1,508,632	0.7%
Private Sector Loans	295,725,235	98.9%	275,032,753	98.5%	228,836,799	98.7%	214,220,350	99.3%
Total Loans	**299,124,132**	**100.0%**	**279,233,235**	**100.0%**	**231,916,617**	**100.0%**	**215,728,982**	**100.0%**

As at 31 March 2021, Akbank's loan portfolio comprised 40.9% corporate, 34.5% commercial and small and micro, 16.4% consumer and 8.3% credit card loans.

As at 31 December 2020, Akbank's loan portfolio comprised 41.1% corporate, 34.6% commercial and small and micro, 16.0% consumer and 8.27% credit card loans.

Loans to the public sector comprise mainly project finance loans representing long-term loans extended in relation to infrastructure construction under the management and guarantee of the Undersecretariat of the Turkish Treasury.

Akbank's strategy in lending is balanced loan growth with keeping its strong presence in the corporate, commercial and consumer banking market, maintaining its customer-focused approach and improving its customer service by continuing to increase its operational efficiency. See "*Information About Akbank—Business—Strategy*" in the Prospectus, which is incorporated herein by reference.

Akbank is as at the date of this Prospectus within the limits imposed by Turkish banking regulations with respect to its exposure to any one borrower or group of borrowers, including to Sabancı Group companies, see "*Information About Akbank—Remuneration and Related Party Transactions*" in the Prospectus, which is incorporated herein by reference. According to Banking Law No. 5411, published in the Reiterated Official Gazette No 25983 dated 1 November 2005, the single exposure limit is set at 20% in the case of a related party group and 25% in the case of a non-related party group.

Distribution of Loans by Sector

The following tables (derived from the Akbank BRSA Financial Statements) show the breakdown of the loan portfolio by sector as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March		As at 31 December					
	2021	**%**	**2020**	**%**	**2019**	**%**	**2018**	**%**
	(TL thousands, except percentages)							
Consumer loans and credit cards	66,126,070	23.5%	60,332,757	23.0%	45,658,569	21.5%	41,202,272	20.5%
Mortgage	10,644,645	3.8%	9,585,929	3.7%	9,309,219	4.4%	10,805,847	4.4%
Automobile	328,917	0.1%	229,142	0.1%	137,471	0.1%	137,982	0.1%
General Purpose	35,395,217	12.6%	32,098,935	12.3%	22,667,642	11.9%	18,198,263	10.7%
Retail Credit Cards	19,757,291	7.0%	18,418,751	7.0%	13,544,237	6.3%	12,060,180	6.4%
Financial institutions	18,008,849	6.4%	16,235,570	6.2%	16,025,627	4.6%	24,666,717	7.6%
Wholesaling	19,185,824	6.8%	18,508,632	7.1%	14,555,443	6.1%	11,601,948	6.9%
Retailers	12,806,159	4.5%	13,106,917	5.0%	13,137,255	5.4%	13,942,887	6.2%
Other manufacturing	9,490,593	3.4%	8,443,025	3.2%	5,996,870	3.7%	7,466,841	2.8%
Automotive	8,945,073	3.2%	7,187,237	2.7%	4,244,575	2.2%	4,620,457	2.0%
Steel and mining	7,560,427	2.7%	6,901,147	2.6%	7,195,015	2.6%	6,146,889	3.4%
Food and beverage	5,203,614	1.8%	5,276,874	2.0%	4,504,319	1.7%	3,898,244	2.1%
Chemicals	15,653,339	5.6%	13,761,436	5.3%	3,754,635	4.6%	4,546,764	1.8%
Textile	6,807,886	2.4%	6,864,515	2.6%	5,958,235	2.9%	5,876,387	2.8%
Telecommunication	1,748,633	0.6%	1,359,428	0.5%	1,330,934	0.1%	6,979,230	0.6%
Construction	36,405,680	12.9%	32,463,757	12.4%	30,329,158	15.6%	32,873,513	14.3%
Agriculture and forestry	2,676,260	0.9%	2,809,606	1.1%	2,612,639	1.0%	1,694,429	1.2%
Electronics	893,413	0.3%	1,259,524	0.5%	706,731	0.3%	1,255,651	0.3%
Tourism	1,964,843	0.7%	1,425,953	0.5%	2,152,088	1.1%	1,885,006	1.0%
Health care and social services	2,524,569	0.9%	2,523,246	1.0%	1,838,413	0.7%	1,582,486	0.9%
Other	65,912,623	23.4%	63,461,028	24.2%	51,918,712	24.6%	31,235,105	24.5%
Performing loans	**281,913,855**	**100%**	**261,920,652**	**100%**	**211,919,218**	**100%**	**201,474,826**	**100%**
Non-performing loans	17,210,277		17,312,583		14,857,080		7,838,621	
Total loans and advances to customers	**299,124,132**		**279,233,235**		**226,776,298**		**209,313,447**	
Allowance for loan losses	**(17,310,454)**		**(16,575,062)**		**(12,305,366)**		**(7,981,264)**	
Net loans and advances to customers	**281,813,678**		**262,658,173**		**214,470,932**		**201,332,183**	

As at 31 December 2020, 2019 and 2018 and 31 March 2021, the share in total loans of domestic Turkish loans was between 95.8% and 96.0% of the remaining loans made to borrowers outside Turkey, borrowers were located predominantly in EU member countries with no material concentration in any one country over time.

Maturity Profile of the Loan and Guarantee Portfolios

The table below (derived from the Akbank BRSA Financial Statements) set forth a breakdown of the maturity profile of Akbank's loan and guarantee portfolios as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	No Maturity	Total
			(TL thousands)			

Loans

31 March 2021	101,629,780	61,696,473	97,753,139	26,085,355	17,690,616	304,855,363
31 December 2020	82,818,532	67,007,590	93,982,182	23,427,486	17,880,293	284,816,083
31 December 2019	74,650,882	42,137,606	78,158,642	21,538,942	15,430,545	231,916,617
31 December 2018	62,053,436	50,028,752	78,223,864	23,674,110	(43,418)	213,936,744

Guarantees[1]

	Up to 1 year	Over 1 year	Total
31 March 2021	18,707,815	40,911,904	59,619,719
31 December 2020	13,839,177	37,596,475	51,435,652
31 December 2019	9,158,096	33,540,928	42,699,024
31 December 2018	25,795,417	26,999,954	52,795,371

Note:

(1) Includes acceptance credits and export commitments.

Distribution of Loans by Size

The following tables (derived from the management accounts) present the distribution of Akbank's loan portfolio by size as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March		As at 31 December					
	2021	**%**	**2020**	**%**	**2019**	**%**	**2018**	**%**
			(TL thousands, except percentages)					
Over TL 1,000,000	204,950,411	72.7%	191,275,385	73.0%	155,394,814	73.3%	148,433,078	73.7%
TL 500,000 – 1,000,000	4,416,313	1.6%	4,148,695	1.6%	4,036,298	1.9%	4,334,048	2.2%
TL 100,000 – 500,000	15,429,870	5.5%	12,667,586	4.8%	9,909,774	4.7%	10,480,180	5.2%
TL 50,000 – 100,000	18,558,034	6.6%	15,009,336	5.7%	8,957,624	4.2%	7,038,689	3.5%
Less than TL 50,000	38,559,227	13.7%	38,819,650	14.8%	33,620,708	15.9%	31,188,831	15.5%
Performing loans	**281,913,855**	**100.0%**	**261,920,652**	**100.0%**	**211,919,218**	**100.0%**	**201,474,826**	**100.0%**
Non-performing loans	17,210,277		17,312,583		14,857,080		7,838,621	
Allowance for loan losses	(17,310,454)		(16,575,062)		(12,305,366)		(7,981,264)	
Net loans and advances to customers	**281,813,678**		**262,658,173**		**214,470,932**		**201,332,183**	

Distribution of Loans by Type

The following tables show a breakdown of Akbank's corporate, commercial and small and micro, consumer and credit card loans by type, derived from the Akbank BRSA Financial Statements as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March		As at 31 December					
	2021	**y-o-y**	**2020**	**y-o-y**	**2019**	**y-o-y**	**2018**	**y-o-y**
			(TL millions, except percentages)					
TL Corporate	44,238	(2%)	45,243	39%	32,542	33%	24,531	(6.6)%
FX Corporate (USD)	8,520	1%	8,409	(3%)	8,659	(10%)	9,617	(27.5)%
TL SME	59,208	2%	58,198	21%	48,264	1%	47,979	(16.4)%
FX SME (USD)	4,552	4%	4,383	(18%)	5,341	(18%)	6,552	(18.1)%
Consumer loans	46,369	11%	41,913	31%	32,114	10%	29,142	(9.3)%
Credit Cards	23,269	7%	21,660	34%	16,120	9%	14,773	5.2%

Geographic Distribution of Loans

The following tables show the geographic distribution of Akbank's loan portfolio (by location of the branch) as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively. Loans shown below as booked by Akbank's foreign branches and subsidiaries are not necessarily made to borrowers in the jurisdictions where those foreign branches and subsidiaries are located.

	As at 31 March		As at 31 December					
	2021	**%**	**2020**	**%**	**2019**	**%**	**2018**	**%**
	(TL thousands, except percentages)							
Istanbul Region	130,217,588	46.2%	123,625,746	47.2%	98,334,277	46.4%	91,805,500	45.6%
Trakya Region	3,150,942	1.1%	2,902,166	1.1%	2,424,920	1.1%	2,362,406	1.2%
Ankara Region	33,714,284	12.0%	31,912,033	12.2%	21,579,169	10.2%	19,431,951	9.6%
Bursa Region	9,549,396	3.4%	8,844,198	3.4%	7,212,034	3.4%	6,684,225	3.3%
Çukurova Region	20,356,865	7.2%	18,776,291	7.2%	14,079,940	6.6%	13,007,105	6.5%
Eastern Black Sea Region	5,362,594	1.9%	5,015,827	1.9%	3,824,813	1.8%	3,594,169	1.8%
Aegean Region	22,085,688	7.8%	20,415,942	7.8%	15,019,789	7.1%	14,734,027	7.3%
Eskişehir Region	1,258,745	0.4%	1,179,045	0.5%	686,361	0.3%	775,889	0.4%
South-eastern Anatolia Region	10,473,370	3.7%	9,561,385	3.7%	6,686,676	3.2%	6,927,960	3.4%
Samsun Region	4,984,486	1.8%	4,618,219	1.8%	3,848,384	1.8%	3,787,907	1.9%
Denizli Region	1,786,640	0.6%	1,631,157	0.6%	2,494,190	1.2%	2,161,438	1.1%
Foreign Branch and Subsidiaries	38,973,259	13.8%	33,438,644	12.8%	35,728,665	16.9%	36,202,249	18.0%
Total Performing Loans	**281,913,855**	**100.0%**	**261,920,652**	**100.0%**	**211,919,218**	**100.0%**	**201,474,826**	**100.0%**
Non-Performing Loans	17,210,277		17,312,583		14,857,080		7,838,621	
Total Loans	**299,124,132**		**279,233,235**		**226,776,298**		**209,313,447**	
Allowance for Loan Losses	(17,310,454)		(16,575,062)		(12,305,366)		(7,981,264)	
Total Net Loans	**281,813,678**		**262,658,173**		**214,470,932**		**201,332,183**	

Non-performing Loans; Provisioning; Loan Losses

If the collectability of any loan or receivable is identified as limited or doubtful by Akbank management, Akbank provides provisions in accordance with the applicable law. Banks are also required to set aside general reserves for cash and non-cash loans depending on the categories they are classified in. The applicable general provision requirements in the relevant financial year were (i) 1.0% of cash loans and 0.2% of non-cash loans if they are classified as standard loans and (ii) 2.0% of cash loans and 0.4% of non-cash if they are classified as closely monitored loans. As a result of the regulation published in the Official Gazette on 27 September 2016 and numbered 29840, the previous requirement that was in force from 8 October 2013 and which required all banks with consumer lending portfolios exceeding 25% of their overall loan bank, or with non-performing consumer loans (classified as illiquid claims (*donuk alacaklar*), excluding mortgage loans) ratios greater than 8% of their total consumer loans, to set aside higher general provisioning of 4% for the outstanding standard loans and 8% for the outstanding closely monitored loans no longer applies.

Akbank has adopted a more conservative policy regarding provisions for NPLs than that required by BRSA. Akbank has set aside 156% specific and general provisioning for its non-performing loans. The provision made during the year is charged against the profit for the year. Loans that cannot be recovered are written-off and charged the allowance for loan losses. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year.

The following tables (derived from the management accounts) show the geographic distribution of the non-performing loan loss portfolio (by location) as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March		As at 31 December					
	2021	%	2020	%	2019	%	2018	%
	(TL thousands, except percentages)							
Istanbul Region	10,332,034	60.0%	10,346,197	59.8%	7,575,197	51.0%	3,413,746	43.6%
Trakya Region	152,285	0.9%	164,036	0.9%	202,796	1.4%	101,025	1.3%
Ankara Region	838,319	4.9%	859,849	5.0%	947,069	6.4%	786,152	10.0%
Bursa Region	376,552	2.2%	398,494	2.3%	408,448	2.7%	274,079	3.5%
Çukurova Region	1,408,331	8.2%	1,436,996	8.3%	1,497,810	10.1%	925,715	11.8%
Eastern Black Sea Region	273,397	1.6%	283,024	1.6%	331,664	2.2%	188,657	2.4%
Aegean Region	1,625,174	9.4%	1,611,278	9.3%	1,688,545	11.4%	717,317	9.2%
Eskişehir Region	77,560	0.5%	84,068	0.5%	84,167	0.6%	91,302	1.2%
South-eastern Anatolia Region	1,169,599	6.8%	1,159,567	6.7%	1,166,041	7.8%	514,433	6.6%
Samsun Region	277,269	1.6%	292,270	1.7%	304,977	2.1%	210,844	2.7%
Denizli Region	69,454	0.4%	73,522	0.4%	74,488	0.5%	53,197	0.7%
Other	610,302	3.5%	603,283	3.5%	575,876	3.9%	562,153	7.2%
Total	**17,210,277**	**100.0%**	**17,312,583**	**100.0%**	**14,857,080**	**100.0%**	**7,838,621**	**100.0%**

For a discussion of Akbank's NPLs, see "*Risk Management—Identification and Remediation of Problem Loans" and "Provision for Loan Losses*".

Non-Performing Loan Ratios

Akbank's NPL ratios as at 31 March 2021 and 31 December 2020, 2019 and 2018 were 5.8%, 6.3%, 6.7% and 3.8%, respectively, as compared to the Turkish banking sector's non-performing loans ratios of 3.8%, 4.1%, 5.4% and 3.9%, respectively, as at the same dates (*Source: BRSA*).

Breakdown of Non-Performing Loan Performance

The following tables show a breakdown of new non-performing loans, collections and NPL sale revenue, derived from the Akbank BRSA Financial Statements as at 31 March 2021 and 31 December 2020, 2019 and 2018:

	As at 31 March	For the year ended 31 December		
	2021	2020	2019	2018
	(TL thousands)			
New NPLs	623,702	5,412,170	10,714,814	9,885,572
Collections	(788,367)	(2,157,372)	(1,824,705)	(1,789,838)
NPL Sale Revenue	0	0	(32.9)	(55.4)

Akbank also periodically engages in sales of non-performing loans. In December 2019, Akbank sold a non-performing loan portfolio of TL 714.5 million for TL 32.9 million to İstanbul Varlık Yönetim A.Ş. and Gelecek Varlık Yönetimi A.Ş. In December 2018, Akbank sold a non-performing loan portfolio of TL 446 million for TL 19.4 million to Arsan Varlık Yönetimi A.Ş., İstanbul Varlık Yönetim A.Ş. and Sümer Varlık Yönetimi A.Ş. In January 2018, Akbank sold a non-performing loan portfolio of TL 774 million for TL 36 million to Güven Varlık Yönetimi A.Ş., Efes Varlık Yönetim A.Ş. and Hayat Varlık Yönetimi A.Ş.

Allowance for Loan Losses

The following tables (derived from the Akbank BRSA Financial Statements) show movements in Akbank's allowance for loan losses including Stage 1, Stage 2 and Stage 3 loan losses as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively. Akbank does not hold other interest-earning assets that would have fallen into the non-performing category other than assets that are classified as loans.

	As at 31 March 2021	As at 31 December 2020	2019	2018
		(TL thousands)		
Balance at beginning of year	17,880,294	15,430,545	8,439,028	4,532,711
Additions	623,702	5,412,170	10,714,814	9,885,572
Collections	788,367	2,157,372	1,824,705	1,789,838
Write-offs	25,013	805,049	1,230,345	3,398,657
NPL Sale	-	-	668,247	1,218,371
Exchange differences	-	-	-	-
Balance at end of year	**17,690,616**	**17,880,294**	**15,430,545**	**8,011,417**

Sources of Funds

Historically, short-term customer deposits have been Akbank's principal source of funding, which has provided Akbank with a competitive advantage in cost of funds and has contributed to the liquidity in Akbank's balance sheet. Akbank's ability to obtain and retain customer deposits is supported by its extensive branch network. With the expansion of its deposit base and growth of the share of its demand deposits among Akbank's top priorities, saving deposits constituted 18.7% of Akbank's total customer deposits as at 31 December 2020 and 18.6% as at 31 March 2021.

Between 31 December 2020 and 31 March 2021, Akbank's deposits increased by 10.0% and reached TL 410.5 billion as at 31 March 2021. Over the same period Akbank demand deposits increased by 4.4% year on year, making up 30.7% of total deposits at the end of the period. The currency mix has remained stable with 38.4% in TL and 61.6% in other currencies.

Between 31 December 2019 and 31 December 2020, Akbank's deposits increased by 23.0% and reached TL 373.0 billion as at 31 December 2020. Over the same period Akbank saw growth in both retail and corporate deposits due to significant growth in demand deposits and TL deposits increased by 13.0%.

The following table (derived from the Akbank BRSA Financial Statements) sets forth the principal sources of funds for Akbank's operations as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March		As at 31 December					
	2021	%	2020	%	2019	%	2018	%
			(TL thousands, except percentages)					
Customer Deposits	281,786,262	68.6%	262,383,738	70.3%	233,444,933	77.0%	198,094,116	70.8%
Saving Deposits	76,348,003	18.6%	69,740,698	18.7%	62,432,633	20.6%	55,868,082	20.0%
Foreign Currency Deposits	164,653,847	40.1%	156,133,377	41.9%	138,540,015	45.7%	118,456,548	42.4%
Public Sector Deposits	1,417,162	0.3%	1,094,351	0.3%	1,183,421	0.4%	1,118,222	0.4%
Commercial Deposits	36,112,769	8.8%	32,064,154	8.6%	27,955,920	9.2%	19,776,579	7.1%
Other Institutions Deposits	3,254,481	0.8%	3,351,158	0.9%	3,332,944	1.1%	2,874,685	1.0%
Gold Vault	17,409,954	4.2%	17,561,462	4.7%	4,491,847	1.5%	2,484,399	0.9%
Bank Deposits	10,812,176	2.6%	12,573,807	3.4%	6,775,553	2.2%	8,051,385	2.9%
Money Markets	37,029,398	9.0%	20,907,344	5.6%	10,106,550	3.3%	14,275,016	5.1%
Funds Borrowed	44,032,246	10.7%	40,262,614	10.8%	34,836,481	11.5%	43,649,883	15.6%
Securities Issued (Net)	19,407,832	4.7%	19,306,217	5.2%	13,536,945	4.5%	13,071,447	4.7%
Total	**410,477,868**	**100.0%**	**372,995,182**	**100.0%**	**303,192,309**	**100.0%**	**279,626,246**	**100.0%**

Deposits

As at 31 March 2021, total deposits were TL 310.0 billion, compared to TL 292.5 billion as at 31 December 2020, TL 244.7 billion as at 31 December 2019 and TL 208.6 billion as at 31 December 2018.

The tables below (derived from the Akbank BRSA Financial Statements) give the breakdown of the total deposit base by type as at 31 March 2021 and as at 31 December 2020, 2019 and 2018.

	As at 31 March 2021			
	Demand	Time	Total	%
	(TL thousands, except percentages)			
Saving deposits	**12,556,603**	**63,791,400**	**76,348,003**	**24.6%**
Located in Turkey	12,556,603	63,791,400	76,348,003	-
Located in foreign countries and foreign countries	-	-	-	-
Foreign Currency Deposits	**51,094,691**	**113,559,156**	**164,653,847**	**53.1%**
Located in Turkey	44,034,631	88,008,193	132,042,824	-
Located in foreign countries and foreign countries	7,060,060	25,550,963	32,611,023	-
Public Sector Deposits	**1,378,623**	**38,539**	**1,417,162**	**0.5%**
Located in Turkey	1,378,623	38,539	1,417,162	-
Located in foreign countries and foreign countries	-	-	-	-
Commercial Deposits	**13,110,131**	**23,002,638**	**36,112,769**	**11.6%**
Located in Turkey	13,110,131	22,952,524	36,062,655	-
Located in foreign countries and foreign countries	-	50,114	50,114	-
Other Institutions Deposits	**336,907**	**2,917,574**	**3,254,481**	**1.0%**
Located in Turkey	336,907	2,917,574	3,254,481	-
Located in foreign countries and foreign countries	-	-	-	-
Gold Vault	**16,304,097**	**1,105,857**	**17,409,954**	**5.6%**
Located in Turkey	16,304,097	1,105,857	17,409,954	-
Located in foreign countries and foreign countries	-	-	-	-
Bank Deposits	**507,602**	**10,304,574**	**10,812,176**	**3.5%**
Located in Turkey	269,810	1,685,267	1,955,077	-
Located in foreign countries and foreign countries	237,792	8,619,307	8,857,099	-
Total	**95,288,654**	**214,719,738**	**310,008,392**	**100.0%**

	As at 31 December 2020			
	Demand	Time	Total	%
	(TL thousands, except percentages)			
Saving deposits	**12,219,978**	**57,520,720**	**69,740,698**	**23.8%**
Located in Turkey	12,219,978	57,520,720	69,740,698	-
Located in foreign countries and foreign countries	-	-	-	-
Foreign Currency Deposits	**49,705,965**	**106,427,412**	**156,133,377**	**53.4%**
Located in Turkey	42,865,558	84,193,446	127,059,004	-
Located in foreign countries and foreign countries	6,840,407	22,233,966	29,074,373	-
Public Sector Deposits	**1,041,580**	**52,771**	**1,094,351**	**0.4%**
Located in Turkey	1,041,580	52,771	1,094,351	-
Located in foreign countries and foreign countries	-	-	-	-
Commercial Deposits	**11,118,180**	**20,945,974**	**32,064,154**	**11.0%**
Located in Turkey	11,118,180	20,945,974	32,064,154	
Located in foreign countries and foreign countries	-	-	-	-
Other Institutions Deposits	**352,519**	**2,998,639**	**3,351,158**	**1.1%**
Located in Turkey	352,519	2,998,639	3,351,158	-
Located in foreign countries and foreign countries	-	-	-	-
Gold Vault	**16,589,623**	**971,839**	**17,561,462**	**6.0%**
Located in Turkey	16,589,623	971,839	17,561,462	-
Located in foreign countries and foreign countries	-	-	-	-
Bank Deposits	**280,804**	**12,293,003**	**12,573,807**	**4.3%**
Located in Turkey	52,099	1,449,286	1,501,385	-
Located in foreign countries	228,705	10,843,717	11,072,422	-
Total	**91,308,649**	**201,210,358**	**292,519,007**	**100.0**

	As at 31 December 2019			
	Demand	Time	Total	%
	(TL thousands, except percentages)			
Saving deposits	**10,127,048**	**52,305,585**	**62,432,633**	**25.5%**
Located in Turkey	10,127,048	52,305,585	62,432,633	-
Located in foreign countries and foreign countries	-	-	-	-
Foreign Currency Deposits	**27,509,477**	**111,030,538**	**138,540,015**	**56.6%**
Located in Turkey	22,472,756	90,373,535	112,846,291	-
Located in foreign countries and foreign countries	5,036,721	20,657,003	25,693,724	-
Public Sector Deposits	**1,137,518**	**45,903**	**1,183,421**	**0.5%**
Located in Turkey	1,137,518	45,903	1,183,421	-
Located in foreign countries and foreign countries	-	-	-	-

Commercial Deposits	**8,514,974**	**19,440,946**	**27,955,920**	**11.4%**
Located in Turkey	8,514,974	19,380,815	27,895,789	-
Located in foreign countries and foreign countries	-	60,131,	60,131	-
Other Institutions Deposits	**272,527**	**3,060,417**	**3,332,944**	**1.4%**
Located in Turkey	272,527	3,060,417	3,332,944	-
Located in foreign countries and foreign countries	-	-	-	-
Gold Vault	**4,151,698**	**340,149**	**4,491,847**	**1.8%**
Located in Turkey	4,151,698	340,149	4,491,847	-
Located in foreign countries and foreign countries	-	-	-	-
Bank Deposits	**1,555,546**	**5,220,007**	**6,775,553**	**2.8%**
Located in Turkey	1,308,910	725,421	2,031,331	-
Located in foreign countries and foreign countries	246,636	4,494,586	4,741,222	-
Total	**53,268,788**	**191,443,545**	**244,712,333**	**100.0%**

	As at 31 December 2018			
	Demand	**Time**	**Total**	**%**
	(TL thousands, except percentages)			
Saving deposits	**6,822,980**	**49,045,102**	**55,868,082**	**26.8%**
Located in Turkey	6,822,980	49,045,102	55,868,082	-
Located in foreign countries and foreign countries	-	-	-	-
Foreign Currency Deposits	**23,465,232**	**94,991,316**	**118,456,548**	**56.8%**
Located in Turkey	19,626,445	70,724,263	90,350,708	-
Located in foreign countries and foreign countries	3,838,787	24,267,053	28,105,840	-
Public Sector Deposits	**1,071,679**	**46,543**	**1,118,222**	**0.5%**
Located in Turkey	1,071,679	46,543	1,118,222	-
Located in foreign countries and foreign countries	-	-	-	-
Commercial Deposits	**6,762,192**	**13,014,387**	**19,776,579**	**9.5%**
Located in Turkey	6,762,192	13,014,387	19,776,579	-
Located in foreign countries and foreign countries	-	-	-	-
Other Institutions Deposits	**250,105**	**2,624,580**	**2,874,685**	**1.4%**
Located in Turkey	250,105	2,624,580	2,874,685	-
Located in foreign countries and foreign countries	-	-	-	-
Gold Vault	**2,274,974**	**209,425**	**2,484,399**	**1.2%**
Located in Turkey	2,274,974	209,425	2,484,399	-
Located in foreign countries and foreign countries	-	-	-	-
Bank Deposits	**1,487,220**	**6,564,165**	**8,051,385**	**3.9%**
Located in Turkey	1,364,018	2,131,827	3,495,845	-
Located in foreign countries and foreign countries	123,202	4,432,338	4,555,540	-
Total	**42,134,382**	**166,495,518**	**208,629,900**	**100.1%**

As at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively, 33.1%, 33.2%, 33.8% and 37.6% of Akbank's total deposits were denominated in U.S. Dollars (54.3%, 53.4% 55.6% and 61.7% of total foreign currency deposits) and 18.4%, 19.0%, 23.0% and 20.1% of total deposits were denominated in Euro (30.2%, 30.5%, 37.8% and 33.0% of total foreign currency deposits).

The following tables (derived from the Akbank BRSA Financial Statements) show the maturities of deposits as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Total**
			(TL thousands)		
31 March 2021	278,518,129	19,583,699	10,876,183	1,030,381	310,008,392
31 December 2020	269,801,053	12,716,117	8,916,628	1,085,209	292,519,007
31 December 2019	224,658,086	11,580,147	7,493,410	980,691	244,712,333
31 December 2018	184,115,913	18,436,744	5,541,910	535,332	208,629,899

Business Transactions with Related Parties

Shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associated companies, and other companies within the Sabancı Group are considered and referred to as related parties.

The following tables show the breakdown of the business transactions with related parties as at 31 March 2021 and 31 December 2020, 2019 and 2018, respectively.

	As at 31 March		As at 31 December					
	2021	% of Related Item	2020	% of Related Item	2019	% of Related Item	2018	% of Related Item
			(TL thousands, except percentages)					
Cash loans	8,037,052	2.7%	7,661,495	2.7%	6,723,184	3.0%	5,476,437	2.6%
Non-cash loans	2,010,982	3.4%	2,175,254	4.2%	1,048,264	2.5%	1,073,121	2.0%
Cash and due from banks								
Finance lease receivables	2,854	0.0%	3,325	0.1%	29,421	0.6%	44,520	0.7%
Deposits	7,673,939	2.5%	6,569,570	2.2%	5,975,949	2.4%	6,240,268	3.0%
Derivatives(1)	8,019,073	1.3%	10,166,262	1.7%	11,408,705	2.1%	10,451,000	1.7%

Note:

(1) The balance shows the total of sale and purchase amounts of the related transactions.

Capital Adequacy

Akbank currently satisfies the capital requirements of the BRSA, which correspond to the guidelines adopted by the Basel Committee on Banking Regulations and Supervision Practices of the Bank for International Settlements (the "**Basel Guidelines**"). The Basel Guidelines require a bank to have a ratio of capital to assets and certain off-balance sheet items, determined on a risk-weighted basis, of at least 8.0%. As at 31 March 2021 and 31 December 2020, 2019 and 2018, Akbank's total risk-based capital ratio (consisting principally of Tier 1 capital) on consolidated basis was 18.5%, 19.8%, 19.66% and 16.77%, respectively. As at 31 March 2021, the sector's average capital adequacy ratio on an unconsolidated basis was 18% (Akbank's unconsolidated capital adequacy ratio as at that date was 21.13%) and average Tier 1 ratio was 15% core capital ratio (Akbank's unconsolidated Tier 1 ratio as at that date was 17.99%). As at 31 December 2020, the sector's average capital adequacy ratio on an unconsolidated basis was 18.74% (Akbank's unconsolidated capital adequacy ratio as at that date was 21.84%) and average Tier 1 ratio was 15.68% core capital ratio (Akbank's unconsolidated Tier 1 ratio as at that date was 18.80%). Akbank reports its capital adequacy ratio according to the Standard Method under the Basel II and Basel III Guidelines. Akbank intends to maintain capital ratios in excess of those required by Turkish law and the Basel Guidelines. See also "*Risk Factors—General Risks—Risks Related to Turkey and Other Related Risks*", "*Risk Factors—General Risks—Risks Related to Turkey and Other Related Risks— Akbank's credit ratings may not reflect all risks, and changes to Turkey's or its credit ratings may affect its ability to obtain funding*", and "*Risk Factors—Risks Related To Akbank* " and *"Turkish Regulatory Environment for Banks—Basel III"*.

The following tables show the risk-weighted assets and qualifying capital of Akbank for the three months ended 31 March 2021 and the years ended 31 December 2020, 2019 and 2018, respectively.

	As at 31 March	As at 31 December		
	2021	2020	2019	2018
		(TL thousands)		
Tier 1				
Share capital	10,520,613	10,520,613	10,520,613	7,607,551
Legal reserves	1,929,592	1,882,950	1,626,891	1,621,374
Extraordinary reserves	43,994,458	38,235,013	32,949,515	27,340,023
Other reserves	8,549,763	8,224,705	5,122,290	4,537,131
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	9,581	9,581	3,895	3,895
Retained earnings	2,447,173	6,851,198	6,120,251	6,382,004
Deductions	3,467,342	2,769,483	(2,099,565)	(4,639,445)
Total Tier 1 capital	**63,983,938**	**62,954,577**	**54,243,890**	**42,852,533**
Tier 2				
General loans loss reserves	4,020,650	3,798,015	3,540,059	2,650,648
Subordinated loans	7,411,669	6,604,755	5,328,000	4,734,000
Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures	0	0	-	-
Other reserves	0	0	-	-
Deductions	(313)	(458)	(1,649)	(3,508)
Total qualifying capital	**75,415,944**	**73,356,889**	**63,110,300**	**50,233,673**
Risk-weighted assets				
With 2% risk	27,433	23,505	21,208	22,790
With 20% risk	6,008,216	4,322,773	4,105,342	4,732,560
With 35% risk	3,085,633	2,850,095	2,878,316	3,943,177
With 50% risk	23,298,281	22,177,430	14,962,563	13,863,350
With 75% risk	60,353,927	55,661,195	44,649,515	38,344,835
With 100% risk	220,133,013	210,069,172	212,594,944	202,145,038
With 150% risk	2,419,803	2,473,800	1,389,068	2,069,999
With 200% risk	-	-	-	-
With 250% risk	-	-	-	-
With CVA risk	6,325,660	6,263,204	5,225,746	6,739,551
Total risk-weighted assets	**321,651,966**	**303,841,173**	**285,826,701**	**271,861,300**
Market risk	15,562,117	16,091,736	6,256,135	5,013,060
Operational risk	40,838,939	34,367,848	28,892,666	22,665,719
Total risk-weighted assets and market risk	**378,053,022**	**354,300,757**	**320,975,502**	**299,540,079**
Risk-adjusted capital ratio	**19.95%**	**20.70%**	**19.66%**	**16.77%**

Akbank's excess capital, which is calculated as Tier 1 plus Tier 2 capital, less economic capital (which is the sum of regulatory capital and additional capital to cover other risks) was TL 25,376,236 (thousands) as at 31 March 2021 and TL 26,530,950 (thousands) as at 31 December 2020.

FORM OF THE NOTES

Global Notes

The Notes offered and sold in reliance on Regulation S in offshore transactions to persons other than U.S. persons will initially be represented by a global note in registered form (the "**Regulation S Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes, the Regulation S Notes or beneficial interests therein may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and such beneficial interests in the Regulation S Global Note may not be held otherwise than through Euroclear or Clearstream, Luxembourg and the Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Notes (or beneficial interests therein) offered and sold in the United States or to, or for the account or benefit of, U.S. persons may only be offered and sold in private transactions to QIBs in reliance upon Rule 144A. The Notes sold to QIBs in reliance upon Rule 144A will be represented by a global note in registered form (the "**Rule 144A Global Note**").

The Regulation S Global Note will be deposited on or about the Issue Date with the Common Depositary, and will be registered in the name of a nominee for the Common Depositary. Except as described in this Prospectus, beneficial interests in the Regulation S Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect account holders in Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note will be deposited on or about the Issue Date with the Custodian and will be registered in the name of Cede & Co. as nominee for DTC. Except as described in this Prospectus, beneficial interests in the Rule 144A Global Note will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Persons holding beneficial interests in the Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.2) as the registered holder of the Global Notes on the relevant Record Date. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.2) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of the Rule 144A Global Note, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of the Regulation S Global Note, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in the relevant Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Note. No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **The Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions; see "*Subscription and Sale and Transfer and Selling Restrictions*" below.**

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (except for the paragraphs in italics) will be incorporated by reference into each Global Note (as defined below) and endorsed on or attached to each definitive Note.

The U.S.$500,000,000 Fixed Rate Resettable Sustainability Tier 2 Notes due 2031 (the "**Notes**") are issued by Akbank T.A.Ş. (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note"**), units of each Specified Denomination in U.S. Dollars;

(b) any Global Note; and

(c) any definitive Notes in registered form (whether or not issued in exchange for a Global Note in registered form).

The Notes have the benefit of an agency agreement dated 22 June 2021 (such agency agreement as modified and/or amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, Citibank, N.A., London Branch as fiscal agent and exchange agent (the "**Fiscal Agent**" and the "**Exchange Agent**", which expression shall, in each case, include any successor fiscal agent and exchange agent) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), and as transfer agent (together with the Registrar, as defined below, the "**Transfer Agents**", which expression shall include any additional or successor transfer agent) and Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any successor registrar).

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

The Noteholders are entitled to the benefit of a deed of covenant dated 22 June 2021 (such deed of covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, a deed poll dated 22 June 2021 (such deed poll as modified and/or supplemented and/or restated from time to time, the "**Deed Poll**") and made by the Issuer and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Fiscal Agent, the Registrar and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such agents and the Registrar being together referred to as the "**Agents**"). The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed Poll and the Deed of Covenant which are applicable to them. The statements in these Terms and Conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and these Conditions, these Conditions will prevail.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in registered form and, in the case of definitive Notes, serially numbered, and are issued in the amounts of U.S.$200,000 and integral multiples of U.S.$1,000 thereafter (each, a "**Specified Denomination**"). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

The Notes are issued pursuant to the Turkish Commercial Code (No. 6102), the Capital Markets Law (No. 6362) of Turkey and Communiqué No. VII-128.8 on Debt Instruments of the Turkish Capital Markets Board (in Turkish: *Sermaye Piyasası Kurulu*) (the "**CMB**"). The proceeds of the Notes shall be paid in cash in a single sum to the Issuer.

1.2 Title

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next two succeeding paragraphs.

For so long as any of the Notes is represented by a Global Note deposited with and registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as the Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer and the Fiscal Agent.

2. TRANSFERS OF NOTES

2.1 Transfers of interests in Global Notes

Transfers of beneficial interests in Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note only in the Specified Denominations and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Notes in definitive form

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in the Specified Denominations). In order to effect any such transfer (a) the holder or holders must (i) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Note in definitive form of a like aggregate nominal amount to the Note (or the relevant part of the Note) being transferred. In the case of the transfer of part only of a Note in definitive form, a new Note in definitive form in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer and/or Agent may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and/or transfer.

3. STATUS OF THE NOTES

3.1 Subordination

The Notes (and claims for payment by the Issuer in respect thereof) will constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(a) subordinate in right of payment to the payment of all Senior Obligations;

(b) *pari passu* without any preference among themselves and with all Parity Obligations; and

(c) in priority to all payments in respect of Junior Obligations.

By virtue of such subordination of the Notes, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid under the Notes until all payment obligations in respect of Senior Obligations have been satisfied.

3.2 No Set-off or Counterclaim

All payment obligations of, and payments made by, the Issuer under and in respect of the Notes must be determined and made without reference to any right of set-off or counterclaim of any holder of the Notes, whether arising before or in respect of any Subordination Event. By virtue of the subordination of the Notes, following a Subordination Event and for so long as that Subordination Event subsists and prior to all payment obligations in respect of Senior Obligations having been satisfied, no holder of the Notes shall exercise any right of set-off or counterclaim in respect of any amount owed to such holder by the Issuer in respect of the Notes and any such rights shall be deemed to be waived.

3.3 No Link to Derivative Transactions

The Issuer will not: (a) link its obligations in respect of the Notes to any derivative transaction or derivative contract in a way which would result in a violation of Article 8(2)(b) of the Equity Regulation or (b) provide in any manner for such obligations to be the subject of any guarantee or security.

3.4 Interpretation

In these Conditions:

"**Additional Tier 1 capital**" means additional tier 1 capital as provided under Article 7 of the Equity Regulation.

"**Additional Tier 1 Instruments**" means any securities or other instruments that at the time of issuance constitute Additional Tier 1 capital of the Issuer.

"**BRSA**" means the Banking Regulation and Supervision Agency (*Bankacılık Düzenleme ve Denetleme Kurumu*) of Turkey or such other governmental authority in Turkey having primary bank supervisory authority with respect to the Issuer.

"**Equity Regulation**" means the BRSA Regulation on the Equity of Banks (published in the Official Gazette dated 5 September 2013 (No. 28756).

"**Junior Obligations**" means any class of share capital (including ordinary and preferred shares) of the Issuer together with any payment obligations of the Issuer (including in respect of any Additional Tier 1 Instruments), which obligations rank, or are expressed to rank, junior to the Issuer's obligations under the Notes.

"**Parity Obligations**" means any obligations of the Issuer in respect of any Tier 2 Instruments or other payment obligations of the Issuer, which in each case rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Notes.

"**Senior Obligations**" means any of the Issuer's present and future indebtedness and other obligations (including, without limitation any obligations of the Issuer (a) in respect of any Senior Taxes, statutory preferences and other legally-required payments, (b) to depositors, trade creditors and other senior creditors, and (c) under hedging and other financial instruments), other than its obligations under: (i) the Notes, (ii) any Parity Obligations and (iii) any Junior Obligations.

"**Senior Taxes**" means any tax, levy, fund, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) including, without limitation, the Banking and Insurance Transactions Tax (*Banka ve Sigorta Muameleleri Vergisi*) imposed by Article 28 of the Expenditure Taxes Law (No. 6802), income withholding tax pursuant to the Decrees of the Council of Ministers of Turkey (No. 2009/14592, 2009/14593 and 2009/14594, as amended by No. 2011/1854 and 2010/1182, and Presidential Decree No. 842 dated 20 March 2019), Articles 15 and 30 of the Corporate Income Tax Law (No. 5520) and Article 94 and Provisional Article 67 of the Income Tax Law (No. 193), any reverse VAT imposed by the VAT Law (No. 3065), any stamp tax imposed by the Stamp Tax Law (No. 488) and any withholding tax imposed by, or anti-tax haven regulations under Article 30.7 of the Corporate Income Tax Law (No. 5520).

"**Subordination Event**" means any distribution of the assets of the Issuer on a dissolution, winding-up or liquidation of the Issuer whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness (*konkordato*) or any analogous proceedings referred to in the Banking Law (No. 5411), the Turkish Commercial Code (No. 6102) or the Turkish Execution and Bankruptcy Code (No. 2004).

"**Tier 2 capital**" means tier 2 capital as provided under Article 8 of the Equity Regulation.

"**Tier 2 Instruments**" means any securities or other instruments that at the time of issuance constitute Tier 2 capital of the Issuer.

"**Turkey**" means the Republic of Turkey.

4. COVENANTS

4.1 Maintenance of Authorisations

So long as any of the Notes remains outstanding, the Issuer shall take all necessary actions to maintain, obtain and promptly renew, and do or cause to be done all things reasonably necessary to ensure the continuance of, all consents, permissions, licences, approvals and authorisations, and make or cause to be made all registrations, recordings and filings, which may at any time be required to be obtained or made in Turkey (including, for the avoidance of doubt, with the CMB and the BRSA) for (a) the execution, delivery or performance of the Agency Agreement, the Deed of Covenant, the Deed Poll and the Notes or for the validity or enforceability thereof, or (b) the conduct by it of the Permitted Business, save for any consents, permissions, licences, approvals, authorisations, registrations, recordings and filings which are immaterial in the conduct by the Issuer of the Permitted Business.

4.2 Financial Reporting

So long as any of the Notes remains outstanding, the Issuer shall deliver to the Fiscal Agent:

(a) not later than six months after the end of each financial year of the Issuer, English language copies of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied and BRSA accounting standards ("**BRSAAS**"), together with the corresponding financial statements for the preceding period, and such financial statements of the Issuer shall be accompanied by the reports of the auditors thereon; and

(b) not later than 120 days after the end of the first six months of the Issuer's financial years, English language copies of its unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied and BRSAAS, together with the corresponding financial statements for the preceding period.

4.3 Merger, Amalgamation, Consolidation, Sale, Assignment or Disposal

So long as any of the Notes remains outstanding, the Issuer shall not merge, amalgamate or consolidate with or into, or sell, assign or otherwise dispose of all or substantially all of its property and assets (whether in a single transaction or a series of related transactions) to, any other person (a "**New Bank**") without the prior approval of the Noteholders by way of an Extraordinary Resolution unless either:

(a) (i) the New Bank is incorporated, domiciled and resident in Turkey and executes a deed poll and such other documents (if any) as may be necessary to give effect to its assumption of all of the obligations, covenants, liabilities and rights of the Issuer in respect of the Notes (together, the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the New Bank shall undertake in favour of each Noteholder to be bound by the Notes, these Conditions and the provisions of the Agency Agreement, the Deed of Covenant and the Deed Poll as fully as if it had been named in the Notes, these Conditions, the Agency Agreement, the Deed of Covenant and the Deed Poll in place of the Issuer; and

(ii) the Issuer (or the New Bank) delivers to the Fiscal Agent a legal opinion from a leading firm of lawyers in each of Turkey and England to the effect that, subject to no greater limitations as to enforceability than those which would apply in any event in the case of the Issuer, the Documents constitute or, when duly executed and delivered, will constitute, legal, valid and binding obligations of the New Bank, with each such opinion to be dated not more than seven days prior to the date of such merger, amalgamation or consolidation or sale, assignment or other disposition;

and provided (A) none of the events or circumstances described in paragraphs (a), (b) or (c) of Condition 11 below has occurred and is continuing and (B) such merger, amalgamation or consolidation or sale, assignment or other disposition does not and would not (I) result in any other default or breach of the obligations and covenants of the Issuer under the Notes or of the New Bank on its assumption of such obligations and covenants in accordance with the provisions of this Condition 4.3 or (II) otherwise have a Material Adverse Effect; or

(b) the surviving legal entity following any such merger, amalgamation or consolidation is the Issuer.

4.4 Interpretation

For the purposes of this Condition 4:

"**Group**" means the Issuer and its Subsidiaries.

"**IFRS**" means the requirements of International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (the "**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

"**Material Adverse Effect**" means a material adverse effect on (i) the business, financial condition or results of operations of the Issuer or the Group, or (ii) the Issuer's ability to perform its obligations under the Notes, which shall be determined by reference to the Issuer and the Group immediately prior to, and to the New Bank and the New Group immediately after, the relevant merger, amalgamation or consolidation or sale, assignment or other disposition.

"**New Group**" means the New Bank and its Subsidiaries.

"**Permitted Business**" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer on the Issue Date (as defined in Condition 5.5).

"**Person**" means (a) any individual, company, unincorporated association, government, state agency, international organisation or other entity and (b) its successors and assigns.

"**Subsidiary**" means, in relation to any Person, any company (a) in which such Person holds a majority of the voting rights or (b) of which such Person is a member and has the right to appoint or remove a majority of the board of directors or (c) of which such Person is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of such Person.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

Each Note bears interest in respect of the period from (and including):

(a) the Issue Date to (but excluding) the Reset Date, at the rate of 6.80 per cent. per annum (the "**Initial Interest Rate**"); and

(b) the Reset Date to (but excluding) the Maturity Date (the "**Reset Period**"), at the rate per annum equal to the aggregate of: (i) the Reset Margin and (ii) the CMT Rate (the "**Reset Interest Rate**" and, together with the Initial Interest Rate, each, a "**Rate of Interest**"), as determined by the Fiscal Agent on the Reset Determination Date.

Interest will be payable semi-annually in arrear on each of 22 June and 22 December (each, an "**Interest Payment Date**") in each year up to (and including) the Maturity Date, commencing on 22 June 2021.

In the case of any Write-Down (as defined in Condition 6.1) of the Notes, interest will be paid on the Notes:

(i) if the Notes are Written-Down in full, on the date of the Write-Down (the "**Write-Down Date**") and in respect of: (A) the period from (and including) the Interest Payment Date immediately preceding the Write-Down Date (or, if none, the Issue Date) to (but excluding) the Write-Down Date and (B) the Prevailing Principal Amount(s) of the outstanding Notes during that period; and

(ii) if the Notes are not Written-Down in full, on the Interest Payment Date immediately following such Write-Down (the "**Partial Write-Down Interest Payment Date**") and calculated as the sum of the amount of interest payable in respect of:

    (A) the period from (and including) the Interest Payment Date immediately preceding the Write-Down Date (or, if none, the Issue Date) to (but excluding) the Write-Down Date; and

    (B) the period from (and including) the Write-Down Date to (but excluding) the Partial Write-Down Interest Payment Date, and, in each case, the Prevailing Principal Amount(s) of the outstanding Notes during those respective periods.

Interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Notes that are represented by a Global Note, the aggregate Prevailing Principal Amount of the outstanding Notes represented by such Global Note, or

(ii) in the case of Notes in definitive form, U.S.$1,000 (the "**Calculation Amount**"),

and, in each case, multiplying such sum by 30/360, and rounding the resultant figure to the nearest U.S.$0.01 (with U.S.$0.005 being rounded upwards). Where the Prevailing Principal Amount of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach such Prevailing Principal Amount, without any further rounding. For any Prevailing Principal Amount of a Note in definitive form that is not a multiple of the Calculation Amount, the amount of interest payable in respect of such Prevailing Principal Amount shall be determined in the same manner as for a Global Note above.

In the case of a period for which interest is to be calculated where different Prevailing Principal Amounts have applied, the above calculation shall be performed separately for each sub-period within that period during which the Prevailing Principal Amount was different and the aggregate of the amounts resulting from such calculations shall be the interest payable in respect of the relevant period.

5.2 Determination and notification of Reset Interest Rate

The Fiscal Agent will at or as soon as practicable after the Relevant Time determine the Reset Interest Rate and cause it to be notified to the Issuer and any stock exchange on which the Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after such determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

5.3 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.4 Accrual of interest

Each Note will cease to bear interest from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

5.5 Interpretation

In these Conditions:

"**30/360**" means the number of days in the Interest Period or the Relevant Period, as the case may be, to (but excluding) the relevant payment date, divided by 360, calculated on the basis of a year of 360 days with twelve 30-day months.

"**Bloomberg Screen**" means the display page on the Bloomberg L.P. information service designated as the "H15T5Y" page or such other page as may replace it on that information service or any successor information service for the purpose of displaying "treasury constant maturities" as reported in H.15(519).

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and New York City.

"**CMT Rate**" means the rate determined by the Fiscal Agent and expressed as a percentage equal to:

(a) the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15(519) under the caption "treasury constant maturities (nominal)", as that yield is displayed on the Bloomberg Screen at the Relevant Time; or

(b) if the yield referred to in paragraph (a) above is not published on the Bloomberg Screen by the Relevant Time, the yield for United States Treasury Securities at "constant maturity" for a designated maturity of five years as published in the H.15(519) under the caption "treasury constant maturities (nominal)" at the Relevant Time; or

(c) if the yield referred to in paragraph (b) above is not published by the Relevant Time, the Reset Reference Bank Rate.

"**H.15(519)**" **means** the weekly statistical release designated as H.15(519), or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/h15 or any successor site or publication.

"**Initial Principal Amount**" means U.S.$1,000 for each U.S.$1,000 of the Specified Denomination of the Notes as of the Issue Date;

"**Interest Period**" means the period from (and including) an Interest Payment Date (or, as the case may be, the Issue Date) to (but excluding) the next (or, as the case may be, first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

"**Issue Date**" means 22 June 2021.

"**Maturity Date**" means 22 June 2031.

"**Prevailing Principal Amount**" means, in respect of a Note at any time, the Initial Principal Amount of that Note as reduced (on one or more occasions) by any Write-Down (as defined in Condition 6.1) at or prior to such time.

"**Relevant Period**" means the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant date of payment.

"**Relevant Time**" means at or around 4:30 p.m. (New York City time) on the Reset Determination Date.

"**Representative Amount**" means a principal amount of United States Treasury Securities that is representative of a single transaction in such United States Treasury Securities in the New York City market at the Relevant Time.

"**Reset Date**" means 22 June 2026.

"**Reset Determination Date**" means the third Business Day immediately preceding the Reset Date.

"**Reset Margin**" means 6.015 per cent. per annum.

“**Reset Reference Bank Rate**” means the rate per annum equal to the semi-annual equivalent yield to maturity of the Reset United States Treasury Securities determined by the Fiscal Agent on the basis of the arithmetic mean of the Reset Reference Bank Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at the Relevant Time. The Fiscal Agent will request the principal office of each of the Reset Reference Banks to provide such quotations. If three or more quotations are so provided, the Reset Reference Bank Rate will be determined by the Fiscal Agent on the basis of the arithmetic mean of those quotations, eliminating the highest such quotation (or, in the event of equality, one of the highest) and the lowest such quotation (or, in the event of equality, one of the lowest). If only two quotations are so provided, the Reset Reference Bank Rate will be determined by the Fiscal Agent on the basis of the arithmetic mean of the quotations provided. If only one quotation is so provided, the Reset Reference Bank Rate will be determined by the Fiscal Agent on the basis of such quotation. If no quotations are provided, the Reset Reference Bank Rate will be 0.785 per cent. per annum.

“**Reset Reference Bank Rate Quotation**” means the secondary market bid prices of the Reset Reference Banks for Reset United States Treasury Securities at the Relevant Time.

“**Reset Reference Banks**” means five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in USD in New York City (excluding the Fiscal Agent or any of its affiliates), as selected by the Issuer.

“**Reset United States Treasury Securities**” means United States Treasury Securities with an original maturity equal to five years, a remaining term to maturity of no less than four years and in a Representative Amount. If two United States Treasury Securities have remaining terms to maturity equally close to five years, the Reset United States Treasury Securities will be the United States Treasury Security with the shorter remaining term to maturity.

“**United States Treasury Securities**” means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

6. LOSS ABSORPTION UPON THE OCCURRENCE OF A NON-VIABILITY EVENT

6.1 Write-Down of the Notes

Under Article 8(2)(ğ) of the Equity Regulation, to be eligible for inclusion as Tier 2 Capital of the Issuer, it should, among other things, be possible pursuant to the terms of the Notes for the Notes to be written-down or converted into equity of the Issuer upon the decision of the BRSA in the event it is probable that (a) the operating licence of the Issuer may be revoked or (b) shareholder rights, and the *management and supervision of the Issuer, may be transferred to the SDIF, in each case pursuant to Article 71 of the Banking Law (No. 5411) (as further defined below, a Non-Viability Event). For the purposes of the Notes, the Issuer has elected pursuant to Article 8(2)(ğ) of the Equity Regulation to provide for the permanent write-down of the Notes and not their conversion into equity on the occurrence of a Non-Viability Event as follows.*

If a Non-Viability Event occurs at any time, the Issuer shall:

(a) *pro rata* with the other Notes and any other Parity Loss-Absorbing Instruments; and

(b) in conjunction with, and such that no Write-Down (as defined below) shall take place without there also being:

(i) the maximum possible reduction in the principal amount of, and/or corresponding conversion into equity being made in respect of, all Junior Loss-Absorbing Instruments (including Additional Tier I (*İlave Ana Sermaye*)) in accordance with the provisions of such Junior Loss-Absorbing Instruments; and

(ii) the implementation of Statutory Loss-Absorption Measures, involving the absorption by all other Junior Obligations (including Common Equity Tier I Capital (*Çekirdek Sermaye*)) to the maximum extent allowed by law of the relevant loss(es) giving rise to the Non-Viability of the Issuer within the framework of the procedures and other measures by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by such Junior Obligations pursuant to Article 71 of Banking Law (No. 5411) and/or otherwise under Turkish law and regulations,

reduce the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount (any such reduction, a "**Write-Down**", "**Written-Down**" and "**Writing Down**" shall be construed accordingly).

For these purposes, any determination of a Write-Down Amount shall take into account the absorption of the relevant loss(es) by all Junior Obligations to the maximum extent possible or otherwise allowed by law and the Writing Down of the Notes *pro rata* with any other Parity Loss-Absorbing Instruments, thereby maintaining the respective rankings described under Condition 3.1 above.

As of the date of this Prospectus, there are a number of corrective, rehabilitative and restrictive measures that the BRSA may require to be taken under Articles 68 to 70 of the Banking Law (No. 5411) prior to any determination of Non-Viability of the Issuer. In conjunction with any such determination by the BRSA, losses may be absorbed by shareholders of the Issuer pursuant to Article 71 of the Banking Law (No. 5411) upon: (a) the transfer of shareholders' rights (except to dividends) and the management and supervision of the Issuer to the SDIF, on the condition that such loss(es) are deducted from the capital of the shareholders, or (b) the revocation of the Issuer's operating licence and its liquidation. However, the Write-Down of the Notes under the Equity Regulation may take place before any such transfer or liquidation.

Pursuant to the first paragraph of this Condition 6.1, while the Notes may be Written-Down before any transfer or liquidation as described in the preceding paragraph, the Write-Down must take place in conjunction with such transfer of shareholders' rights to the SDIF or revocation of the Issuer's operating licence and liquidation pursuant to Article 71 of the Banking Law (No. 5411) in order that the respective rankings described in Condition 3.1 are maintained and the relevant loss(es) are absorbed by Junior Obligations to the maximum extent possible. In this respect, such action will be taken as is decided by the Board of the BRSA. Where a Write-Down of the Notes does take place before the liquidation of the Issuer, Noteholders would only be able to claim and prove in such liquidation in respect of the Prevailing Principal Amount of the outstanding Notes following the Write-Down.

The Issuer shall notify the Noteholders of any Non-Viability Event in accordance with Condition 14 as soon as practicable upon receiving notice thereof from the BRSA; *provided that* prior to the publication of such notice the Issuer shall deliver to the Fiscal Agent the statement(s) in writing received from (or published by) the BRSA of its determination of such Non-Viability Event. The Issuer shall further notify the Noteholders in accordance with Condition 14 and deliver to the Fiscal Agent the statement(s) in writing received from (or published by) the BRSA specifying the Write-Down Amount as soon as practicable upon receiving notice thereof from the BRSA. Any failure by the Issuer to give any such notice to or otherwise to so notify Noteholders shall not in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down, or give Noteholders any rights as a result of such failure.

The occurrence of a Non-Viability Event or any Write-Down will not constitute an event of default or the occurrence of any event related to the bankruptcy or insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or insolvent or for the dissolution, winding-up or liquidation of the Issuer.

A Non-Viability Event may occur on more than one occasion and the Notes may be Written-Down on more than one occasion, with each such Write-Down to involve the reduction of the then Prevailing Principal Amount of each outstanding Note by the relevant Write-Down Amount.

Noteholders will have no further claim against the Issuer in respect of any Written-Down Amount of the Notes and if, at any time, the Notes are Written-Down in full, the Notes shall be cancelled following payment of interest accrued and unpaid to (but excluding) the date of such final Write-Down and Noteholders will have no further claim against the Issuer in respect of any such Notes.

6.2 Interpretation

For the purposes of this Condition 6:

"**Junior Loss-Absorbing Instruments**" means any Loss-Absorbing Instrument that is or represents a Junior Obligation.

"**Loss-Absorbing Instrument**" means any security or other instrument or payment obligation that has provision for all or some of its principal amount to be reduced and/or converted into equity (in accordance with its terms or otherwise) on the occurrence or as a result of a Non-Viability Event (which shall not include ordinary shares or any other instrument that does not have such provision in its terms or otherwise but which is subject to any Statutory Loss Absorption Measure).

"**Non-Viability Event**" means the determination by the BRSA that, upon the incurrence of a loss by the Issuer (on a consolidated or non-consolidated basis), the Issuer has become, or it is probable that the Issuer will become, Non-Viable.

"**Non-Viable**" means, in the case of the Issuer, where the Issuer is at the point at which the BRSA may determine pursuant to Article 71 of the Banking Law (No. 5411) that: (i) its operating licence is to be revoked and the Issuer liquidated or (ii) the rights of all of its shareholders (except to dividends), and the management and supervision of the Issuer, are to be transferred to the SDIF on the condition that losses are deducted from the capital of existing shareholders, and "**Non-Viability**" shall be construed accordingly.

"**Parity Loss-Absorbing Instruments**" means any Loss-Absorbing Instrument that is or represents a Parity Obligation.

"**SDIF**" means the Savings Deposit Insurance Fund (*Tasarruf Mevduatı Sigorta Fonu*) of Turkey.

"**Statutory Loss Absorption Measure**" means the transfer of shareholders' rights and the management and supervision of the Issuer to the SDIF pursuant to Article 71 of the Banking Law (No. 5411) or any analogous procedure or other measure under the laws of Turkey by which the relevant loss(es) of the Issuer giving rise to the Non-Viability Event may be absorbed by Junior Obligations.

"**Write-Down Amount**", in respect of an outstanding Note, means the amount by which the Prevailing Principal Amount of such Note as of the date of the relevant Write-Down is to be Written-Down, which shall be determined as described in Condition 6.1 and may be all or part only of such Prevailing Principal Amount, in each case as specified in writing (including by way of publication) by the BRSA, and "**Written-Down Amount**" shall be construed accordingly.

While a Write-Down of the Notes may take place before the absorption of the relevant loss(es) giving rise to the Non-Viability Event to the maximum extent possible by Junior Obligations, such loss absorption might be taken into account by the BRSA, where relevant, in the determination of the Write-Down Amount in order for the respective rankings described in Condition 3.1 to be maintained on any Write-Down as provided in Condition 6.1.

7. PAYMENTS

7.1 Method of payment

Subject as provided below, payments will be made by credit or transfer to an account in U.S. Dollars (or any account to which U.S. Dollars may be credited or transferred) maintained by the payee or, at the option of the payee, by a cheque in U.S. Dollars drawn on a bank which processes payments in U.S. Dollars.

Payments in respect of principal and interest on the Notes will be subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") or any law implementing an intergovernmental approach to FATCA.

7.2 Payments in respect of Notes

Payments of principal in respect of each Note (whether or not in global form) will be made against surrender (or, in the case of part payment of any sum due, presentation and endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar outside of the United Kingdom (the "**Register**") at (i) where in global form, the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or DTC, as the case may be, are open for business) before the relevant due date, and (ii) in all other cases, at the close of business on the 15th day (or, if such 15th day is not a day on which banks are open for business in the city where the specified office of the Registrar is located, the first such day prior to such 15th day) before the relevant due date (the "**Record Date**"). Notwithstanding the previous sentence, if: (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000, payment will instead be made by a cheque in U.S. Dollars drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means a bank which processes payments in U.S. Dollars.

Payments of interest in respect of each Note (whether or not in global form) will be made by a cheque in U.S. Dollars drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Note appearing in the Register at the close of business on the relevant Record Date at the address of such holder shown in the Register on the Record Date and at that holder's risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Note on redemption will be made in the same manner as payment of the principal amount of such Note.

Holders of Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Notes.

Neither the Issuer nor the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.3 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

7.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Day**" means any day which (subject to Condition 10) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) Istanbul, London and New York City; and

(ii) in the case of Notes in definitive form only, the relevant place of presentation.

7.5 Interpretation of principal and interest

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to such principal or interest under Condition 9.

8. REDEMPTION AND PURCHASE

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each outstanding Note will be redeemed by the Issuer at its then Prevailing Principal Amount on the Maturity Date.

8.2 Redemption for tax reasons

If, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9) or any change or clarification in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change, clarification or amendment becomes effective after 18 June 2021, on the next Interest Payment Date, the Issuer would:

(a) be required to (i) pay additional amounts as provided or referred to in Condition 9 and (ii) make any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of the Relevant Jurisdiction where such requirement cannot be avoided by the Issuer taking reasonable measures available to it; or

(b) no longer be entitled to claim a deduction in calculating its tax liability in a Relevant Jurisdiction in respect of the payment of interest to be made on the next Interest Payment Date, or the value of such deduction to the Issuer, as compared to what it would have been on 18 June 2021, is reduced,

(each a "**Tax Event**") then the Issuer may, at its option, having given not less than 30 and not more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, at any time at their then Prevailing Principal Amount together with interest accrued to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent: (i) a certificate signed by two Directors of the Issuer stating that the requirements referred to in subparagraphs (a) and (b) above will apply on the next Interest Payment Date and, in the case of (a), cannot be avoided by the Issuer taking reasonable measures available to it, (ii) the BRSA's written approval for such redemption of the Notes and (iii) an opinion of independent legal advisers, in the case of subparagraph (a) above or independent tax advisers, in the case of subparagraph (b) above, in each case, of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or no longer be entitled to claim such entitlement or deduction or the value of such deduction will be so reduced, in each case as applicable and as a result of the change, amendment or clarification.

8.3 Redemption at the option of the Issuer (Issuer Call)

The Issuer may, having given not less than 30 and not more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding, subject (if required by applicable law) to having obtained the prior approval of the BRSA, on the Reset Date at their then Prevailing Principal Amount together with interest accrued to (but excluding) the Reset Date.

8.4 Redemption upon a Capital Disqualification Event

If a Capital Disqualification Event occurs at any time after the Issue Date, the Issuer may, having given not less than 30 and not more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption, which date shall not be earlier than the date falling three months prior to the date on which the Notes (or the applicable portion thereof) cease to be eligible for inclusion as Tier 2 capital of the Issuer) redeem all, but not some only, of the Notes then outstanding at any time at their then Prevailing Principal Amount together with interest accrued to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 8.4, the Issuer shall deliver to the Fiscal Agent (i) the required confirmation in writing by the BRSA, if applicable, of the occurrence of the relevant Capital Disqualification Event and (ii) a certificate signed by two Directors of the Issuer stating that such Capital Disqualification Event has occurred.

For the purposes of this Condition 8.4, "**Capital Disqualification Event**" means if, as a result of any change in applicable law (including the Equity Regulation), or the application or official interpretation thereof, which change in application or official interpretation is confirmed in writing by the BRSA, all or any part of the Prevailing Principal Amount of the outstanding Notes is not (or will cease to be) eligible for inclusion as Tier 2 capital of the Issuer.

8.5 Substitution or Variation instead of Redemption

If at any time a Tax Event or a Capital Disqualification Event occurs, the Issuer may, at its sole discretion, instead of giving notice to redeem the Notes pursuant to Condition 8.2 or 8.4, as the case may be, but subject to compliance with applicable Turkish law (including the Equity Regulation and, to the extent so required, the prior approval of the BRSA) and having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), at any time (without any requirement for the consent or approval of the Noteholders) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities.

For the purposes of this Condition 8.5, "**Qualifying Tier 2 Securities**" means any securities or other instruments issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to a Noteholder, as determined by the Issuer following the advice of an independent financial institution of international standing, than the terms of the Notes, provided that they shall (i) include a ranking at least equal to that of the Notes, (ii) have the same interest rate and Interest Payment Dates as those from time to time applying to the Notes, (iii) have the same redemption rights as the Notes, (iv) be eligible for inclusion as Tier 2 capital of the Issuer, and (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation; and

(b) are listed on a recognised stock exchange if the Notes were so listed immediately prior to such substitution or variation.

8.6 Purchases

Except to the extent permitted by applicable law, the Notes shall not be purchased by, or otherwise assigned and/or transferred to, or for the benefit of (a) any entity which is controlled by the Issuer or over which the Issuer has significant influence (as contemplated in the Banking Law (No. 5411) and the Equity Regulation) (a "**Related Entity**") or (b) the Issuer. If so permitted and subject to having obtained the prior approval of the BRSA (if required by applicable law), the Issuer or any Related Entity may purchase or otherwise acquire Notes in any manner and at any price in the open market or otherwise. Subject to applicable law, such Notes may be held, reissued, resold or, at the option of the Issuer or any such Related Entity, surrendered to any Paying Agent and/or the Registrar for cancellation.

8.7 Cancellation

All Notes which are redeemed pursuant to this Condition 8 will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.6 shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

8.8 No other redemption or purchase

Neither the Issuer nor any Related Entity may redeem or purchase the Notes, as applicable, before the Maturity Date other than as provided in this Condition 8.

8.9 Revocation of notice of redemption, substitution or variation upon the occurrence of a Non-Viability Event

If the Issuer has given a notice of redemption of the Notes pursuant to Condition 8.2, 8.3 or 8.4 or a notice of substitution or variation pursuant to Condition 8.5 and, after giving such notice but prior to the date of such redemption, substitution or variation, as applicable a Non-Viability Event occurs, the relevant notice of redemption, substitution or variation, as applicable shall be automatically rescinded and shall be of no force and effect, the Notes will not be redeemed, substituted or varied, as applicable on the scheduled redemption date and, instead, a Write-Down shall occur in respect of the Notes as described under Condition 6.

Following the occurrence of a Non-Viability Event and until such time as the relevant Write-Down has been effected, the Issuer shall not be entitled to give any notice of redemption pursuant to Condition 8.2, 8.3 or 8.4 or a notice of substitution or variation pursuant to Condition 8.5.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any Relevant Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment with respect to any Note:

(a) presented for payment by or on behalf of a holder who is liable for Taxes in respect of the Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of such Note; or

(b) presented for payment in Turkey; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 7.4).

Notwithstanding any other provision of these Conditions, in no event will the Issuer, Paying Agent or any other person be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA (including pursuant to any agreement described in Section 1471(b) of the Code) or any law implementing an intergovernmental approach to FATCA.

For the purposes of these Conditions:

(i) "**Relevant Date**" means with respect to any payment, the date on which such payment first becomes due, except that, if the full amount of the money payable has not been duly received by the Fiscal Agent, on or prior to the due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

(ii) "**Relevant Jurisdiction**" means Turkey or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

9.2 Additional Amounts

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 9.

10. PRESCRIPTION

The Notes will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 9) therefor.

11. EVENTS OF DEFAULT

If:

(a) default is made by the Issuer in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or

(b) a Subordination Event occurs; or

(c) any order is made by any competent court or resolution is passed for the winding-up, dissolution or liquidation of the Issuer,

the holder of any Note may:

(i) in the case of (a) above, institute proceedings for the Issuer to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for the Issuer's winding-up, dissolution or liquidation, and prove in the winding-up, dissolution or liquidation of the Issuer; and/or

(ii) in the case of (b) or (c) above, claim or prove in the winding-up, dissolution or liquidation of the Issuer,

but (in either case) may take no further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Notes and may only claim such payment in the winding-up, dissolution or liquidation of the Issuer.

In any of the events or circumstances described in (b) or (c) above, the holder of any outstanding Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its then Prevailing Principal Amount, together with interest accrued and unpaid to (but excluding) the date of repayment, subject to the subordination provisions described under Condition 3.1 above.

The holder of any Note may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to the provisions above, any obligation for the payment of any principal or interest in respect of the Notes), provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any amount or amounts sooner than the same would otherwise have been payable by it, except with the prior approval of the BRSA.

No remedy against the Issuer other than as provided above shall be available to the holders of Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations, covenants or undertakings under the Notes.

12. REPLACEMENT OF NOTES

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to (a) evidence of such loss, theft, mutilation, defacement or destruction and (b) indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

13. AGENTS

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Fiscal Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Transfer Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer is incorporated.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

For so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, there may be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice to Euroclear and/or Clearstream, Luxembourg and/or DTC shall be deemed to have been given to the holders of the Notes on the second business day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

15.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. of the then Prevailing Principal Amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. of the then Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the Prevailing Principal Amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the Maturity Date or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, modifying Condition 3 by way of any further subordination of the Notes or the imposition or further restriction or limitation on the rights or claims of Noteholders altering the currency of payment of the Notes modifying the provisions of Condition 6, 8.5 or 18, or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds of the then Prevailing Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third of the then Prevailing Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all the Noteholders, whether or not they are present at the meeting.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, (ii) a resolution in writing signed on behalf of the Noteholders of not less than 75 per cent. of the then Prevailing Principal Amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing systems (in a form satisfactory to the Fiscal Agent) by or on behalf of Noteholders of not less than 75 the then

Prevailing Principal Amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

15.2 Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to any modification of any of these Conditions, the Deed of Covenant or any of the provisions of the Agency Agreement which is, in the opinion of the Issuer, either (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (b) following the advice of an independent financial institution of international standing, not materially prejudicial to the interests of the Noteholders.

Any such modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having terms and conditions the same as those of the Notes, or the same in all respects save for the amount and date of the first payment of interest thereon, the date from which interest starts to accrue, the issue date and the issue price, so that such further notes shall be consolidated and form a single Series with the outstanding Notes, provided that such further notes will be fungible with the original Notes for U.S. federal income tax purposes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Deed Poll and the Notes and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Deed Poll and the Notes, are and shall be governed by, and construed in accordance with, English law, except for the provisions of Condition 3 which will be governed by, and construed in accordance with, Turkish law.

18.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, that the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly submits to the exclusive jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales).

The Issuer waives any objection to the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) on the grounds that they are an inconvenient or inappropriate forum. To the extent allowed by law, the Noteholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Notes) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) according to the provisions of Article 54 of the International Private and Procedural Law of Turkey (No. 5718), that in the event that any action is brought in relation to the Issuer in a court in Turkey in connection with the Notes, in addition to other permissible legal evidence pursuant to the Civil Procedure Code of Turkey (No. 6100), any judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against such Issuer, pursuant to the provisions of the first paragraph of Article 193 of the Civil Procedure Code of Turkey (No. 6100) and Articles 58 and 59 of the International Private and Procedural Law of Turkey (No. 5718).

18.4 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, as its agent for service of process in respect of any Proceedings before the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) and agrees that, in the event of such process agent ceasing so to act, it will appoint another person as its agent for service of process for that purpose.

18.5 Other documents

The Issuer has, in the Agency Agreement, the Deed of Covenant and the Deed Poll submitted to the jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) and appointed an agent for service of process, in terms substantially similar to those set out above.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable and such information has been accurately reproduced, but none of the Joint Bookrunners takes any responsibility for the accuracy thereof. As far as Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted that would render reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer is required to notify the CSD within three Turkish business days from the Issue Date of the amount, issue date, ISIN, term commencement date, maturity date, interest rate, name of the custodian, currency of the Notes and the country of issuance. In case of any change to this information, including early redemption, the Issuer is required to notify the CSD, within three Business Day from the date of the relevant change.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its direct participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of notes in registered form among Direct Participants on whose behalf it acts with respect to notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the SEC. Participants with which beneficial owners of DTC Notes ("**Beneficial Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners who hold interests in DTC Notes through Participants will not possess notes in registered form, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the relevant Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of each transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner holds its interest in the DTC Notes. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to DTC or its nominee. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC or its nominee is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for notes in definitive registered form, which it will distribute to its Direct Participants in accordance with their requests and proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to effect such pledge through DTC and its Participants or if not possible to so effect it, to withdraw its notes from DTC as described below.

The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by the Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Clearstream, Luxembourg

Clearstream, Luxembourg is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* and the *Banque Centrale du Luxembourg*, which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

The ability of an owner of a beneficial interest in a Note held through Clearstream, Luxembourg to pledge such interest to persons or entities that do not participate in the Clearstream, Luxembourg system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive note for such interest because Clearstream, Luxembourg can act only on behalf of Clearstream, Luxembourg's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Clearstream, Luxembourg system will receive payments of principal, interest and any other amounts in respect of the Notes only through Clearstream, Luxembourg account holders.

Euroclear

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear is available to other institutions that clear through or maintain a custodial relationship with direct participants in Euroclear.

The ability of an owner of a beneficial interest in a Note held through Euroclear to pledge such interest to persons or entities that do not participate in the Euroclear system, or otherwise take action in respect of such interest, may be limited by the lack of a definitive note for such interest because Euroclear can act only on behalf of Euroclear's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Euroclear system will receive payments of principal, interest and any other amounts in respect of the Notes only through Euroclear participants.

Book-entry Ownership of and Payments in respect of Global Notes

The Issuer has applied to each of Euroclear and Clearstream, Luxembourg to have the Notes represented by the Regulation S Global Note accepted in its book-entry settlement system. Upon the issue of the Regulation S Global Note, Euroclear and/or Clearstream, Luxembourg, as applicable, will credit, on its internal book-entry system, the respective nominal amounts of the interests represented by the Regulation S Global Note to the accounts of persons who have accounts with Euroclear and/or Clearstream, Luxembourg, as applicable. Such accounts initially will be designated by or on behalf of the Joint Bookrunners. Interests in the Regulation S Global Note through Euroclear and/or Clearstream, Luxembourg, as applicable, will be limited to account holders of Euroclear and/or Clearstream, Luxembourg, as applicable. Interests in the Regulation S Global Note will be shown on, and the transfer of such interests will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg or its nominee (with respect to the interests of Euroclear and/or Clearstream, Luxembourg account holders).

Payments with respect to interests in the Notes held through Euroclear and Clearstream, Luxembourg will be credited to cash accounts of Euroclear and Clearstream, Luxembourg account holders in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, respectively, to the extent received by each of them.

The Issuer has applied to DTC in order to have the Notes represented by the Rule 144A Global Note accepted in its book-entry settlement system. Upon the issue of the Rule 144A Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by the Rule 144A Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the Joint Bookrunners.

Ownership of beneficial interests in the Global Notes will be limited to Direct Participants or Indirect Participants, including, in the case of the Regulation S Global Note, the Common Depositary for Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the Rule 144A Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of principal and interest in respect of the Rule 144A Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Fiscal Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Notes

Transfers of any interests in Notes represented by a Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Subject to compliance with the transfer restrictions applicable to the Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian ("**Custodian**") with whom the relevant Global Notes have been deposited.

On or after the Issue Date, transfers of Notes between account holders in Clearstream, Luxembourg and Euroclear and transfers of Notes between participants in DTC will generally have a settlement date three business days after the trade date ("**T+3**"). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between account holders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery-versus-payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in the Global Notes among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Joint Bookrunner will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment by a person who is a non-resident of Turkey in notes of a Turkish company issued abroad. The discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the beneficial interest of a person in the Notes where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Turkey. Each investor should consult its own tax advisers concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Turkey or (b) applicable to a resident of Turkey or a permanent establishment in Turkey resulting either from the existence of a fixed place of business or appointment of a permanent representative.

For Turkish tax purposes, a legal entity is a resident of Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable for Turkish taxes on its trading income made through a permanent establishment or on income otherwise sourced in Turkey.

An individual is a resident of Turkey if such individual has established domicile in Turkey or stays in Turkey more than six months in a calendar year. On the other hand, foreign individuals who stay in Turkey for six months or more for a specific job or business or particular purposes that are specified in the Turkish Income Tax Law may not be treated as a resident of Turkey, depending on the characteristics of their stay. A resident individual is liable for Turkish taxes on his or her worldwide income, whereas a non-resident individual is only liable for Turkish taxes on income sourced in Turkey.

Income from capital investment is sourced in Turkey when the principal is invested in Turkey. Capital gain is considered sourced in Turkey when the activity or transaction generating such income is performed or accounted for in Turkey. The term "accounted for" means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey or apportioned from the profits of the payer or the person on whose behalf the payment is made in Turkey.

Any withholding tax levied on income derived by a non-resident person is the final tax for the non-resident person and no further declaration is required. Any other income of a non-resident person sourced in Turkey that has not been subject to withholding tax will be subject to taxation through declaration where exemptions are reserved.

Interest paid on notes (such as the Notes) issued abroad by Turkish corporates is subject to withholding tax. Through the Tax Decrees, the withholding tax rates are set according to the original maturity of notes issued abroad as follows:

- 7 per cent. withholding tax for notes with an original maturity of less than one year,

- 3 per cent. withholding tax for notes with an original maturity of at least one year and less than three years, and

- 0 per cent. withholding tax for notes with an original maturity of three years and more.

Interest income derived by a resident corporation or individual is subject to further declaration and the withholding tax paid can be offset from the tax calculated on the tax return. For resident individuals, the entire gain is required to be declared if the interest income derived exceeds TL 53,000 for 2021 together with the gains from other marketable securities and income from immovable property that were subjected to withholding. For resident corporations, the total interest income is subject to declaration.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Turkey with respect to the Notes may be subject to declaration. However, pursuant to Provisional Article 67 of the Turkish Income Tax Law, as amended by the Law numbered 6111, special or separate tax returns will not be submitted for capital gains from the notes of a Turkish corporate issued abroad when the income is derived by a non-resident. Therefore, no tax is levied on non-resident persons in respect of capital gains from the Notes and no declaration is required. The Provisional Article 67 is valid until end of 2025.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Capital gains realised by a resident corporation or individual on the sale or redemption of the Notes (or beneficial interests therein) are subject to income tax or corporate income tax. In Turkey, the general corporate tax rate is 20%, however it will be applicable on 25% for 2021 and on 23% for 2022 regarding to temporary article of Corporate Tax Law. The current rate for individuals ranges from 15% to 40% at progressive rates. For resident individuals, the acquisition cost can be increased at the Producer Price Index' rate of increase for each month except for the month of discharge so long as such index increased by at least 10%.

Reduced Withholding Tax Rates

Under current Turkish laws and regulations, interest payments on notes issued abroad by a Turkish corporate to a non-resident holder will be subject to a withholding tax at a rate between 7%. and 0%. in Turkey, as detailed above.

If a double taxation treaty is in effect between Turkey and the country of the holder of the notes (in some cases, for example, pursuant to the treaties with the United Kingdom and the United States, the term "beneficial owner" is used), which provides for the application of a lower withholding tax rate than the local rate to be applied by the corporation, then the lower rate may be applicable. For the application of withholding tax at a reduced rate that benefits from the provisions of a double tax treaty concluded between Turkey and the country where the investor is a resident, an original copy of the certificate of residence signed by the competent authority referred to in Article 3 of the Treaty is required, together with a translated copy translated by a translation office, to verify that the investor is subject to taxation over its worldwide gains in the relevant country on the basis of resident taxpayer status, as a resident of such country to the related tax office directly or through the banks and intermediary institutions prior to the application of withholding tax. In the event the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residence, a refund of the excess tax shall be granted pursuant to the provisions of the relevant double taxation treaty and the Turkish tax legislation.

Value Added Tax

Bond issuances and interest payments over the bonds are exempt from the Value Added Tax ("**VAT**") pursuant to the Article 17/4(g) of the Value Added Tax Law (Law No. 3065), as amended with the Turkish Tax Bill Regarding Improvement of the Investment Environment (Law No. 6728), published in the Official Gazette dated 9 August 2016 and numbered 29796.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" ("**FFI**", as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. Akbank is listed on the FFI list as a foreign financial institution for these purposes (U.S. Internal Revenue Service assigned GIIN No. 08G46B.00000.LE.792). A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

On 29 July 2015, the governments of Turkey and the United States signed an Agreement to Improve International Tax Compliance Through Enhanced Exchange of Information (the "**Turkish IGA**"). Under the Turkish IGA, an entity classified as an FFI that is treated as resident in Turkey is expected to provide the Turkish tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the IRS. The Issuer is an FFI and provided it complies with the requirements of the Turkish IGA and the Turkish legislation implementing the Turkish IGA, it should not be subject to FATCA withholding on any payments it receives and it should not be required to withhold tax on any "foreign passthru payments" that it makes. Although the Issuer may not be required to withhold FATCA taxes in respect of any foreign passthru payments it makes under the Turkish IGA, FATCA withholding may apply in respect of any payments made on the Notes by any paying agent.

U.S. TAXATION

Material U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with U.S. Holders that are initial purchasers of Notes at the Issue Price in this offering and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the purchase, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or other tax laws. This summary does not address, except as set forth below, all of the tax considerations that may be relevant to certain types of investors that are subject to special tax rules such as certain financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, partnerships or other pass-through entities (or investors in such entities), individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers or traders in securities, investors that will hold the Notes as part of a straddle, hedging transaction or conversion transaction for U.S. federal income tax purposes, certain U.S. expatriates, U.S. Holders who are required to include certain items of revenue in income no later than when such item is taken into account in their financial statements, U.S. Holders who hold their Notes through non-U.S. intermediaries, or investors whose functional currency is not the U.S. Dollar. Moreover, this summary does not address non-U.S. taxes, the U.S. federal estate and gift tax, the Medicare tax on net investment income or the alternative minimum tax consequences of the purchase, ownership or disposition of the Notes, and does not address the U.S. federal income tax treatment of holders that do not acquire the Notes as part of the initial distribution at their initial "issue price".

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof, including the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity (or arrangement) treated as a partnership for U.S. federal income tax purposes that holds Notes will generally depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities (or arrangements) treated as partnerships for U.S. federal income tax purposes and their partners should consult their tax advisers concerning the U.S. federal income tax consequences of the purchase, ownership and disposition of Notes.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as at the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS, AND POSSIBLE CHANGES IN TAX LAW.

Characterisation of the Notes

No authority directly addresses the U.S. federal income tax characterisation of securities like the Notes and the Issuer has not and will not seek a ruling from the U.S. Internal Revenue Service ("IRS") as to their characterisation for such purposes. To the extent relevant for U.S. federal income tax purposes, the Issuer intends to treat the Notes as indebtedness for such purposes and this discussion assumes that this treatment is correct. No assurance can be given that the IRS will not assert, or a court would not sustain, a position regarding the characterisation of the Notes that is contrary to this discussion. If the IRS were to successfully challenge the characterisation of the Notes as debt, the timing, amount and character of income inclusions on the Notes may be affected. Prospective investors should seek advice from their own tax advisers as to the consequences to them of alternative characterisations of the Notes for U.S. federal income tax purposes.

Payments of Interest

It is expected and this summary assumes that the Issue Price of the Notes will equal their stated principal amount. Generally, the Notes will be treated as issued with less than a *de minimis* amount of original issue discount ("**OID**") if the excess of the Notes' principal amount over their issue price is less than 0.25% of the principal amount multiplied by the number of complete years to maturity. Therefore, interest on a Note (including additional amounts, if any) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. tax purposes.

In addition to interest on the Notes, a U.S. Holder must include any non-U.S. tax withheld from the interest payment as ordinary income, even though the U.S. Holder does not in fact receive it and must include as ordinary income any additional amounts paid in respect of such tax withheld. For foreign tax credit purposes, interest paid by the Issuer on the Notes (including any additional amounts) generally constitutes income from sources outside the United States and will be categorised as passive or general category income depending upon the U.S. Holder's specific circumstances. Any non-U.S. withholding tax paid at the rate applicable to a U.S. Holder may be eligible for credit against such holder's U.S. federal income tax liability or, at such holder's election, eligible for deductions in computing U.S. federal taxable income. The rules governing foreign tax credits are complex and prospective purchasers of Notes should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Sale, Exchange and Redemption of the Notes

A U.S. Holder will generally recognise gain or loss on the sale, exchange, redemption, retirement at maturity, or other taxable disposition of a Note equal to the difference between the amounts realised on the sale, exchange, redemption, retirement or other disposition, other than accrued but unpaid interest which will be taxable as interest, and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note will generally be the U.S. Dollar amount paid for the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Gain or loss recognised by a U.S. Holder on the sale, exchange, or other disposition of a Note generally will be capital gain or loss and will be considered long-term capital gain or loss if the Note is held by the U.S. Holder for more than one year. Except to the extent attributable to accrued but unpaid interest (which will be taxed as ordinary income to the extent not previously included in income), gain or loss recognised by a U.S. Holder on the sale, exchange, redemption, retirement or other disposition of a Note generally will be U.S. source. In the case of a non-corporate U.S. Holder, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if a Note is held for more than one year. The deductibility of capital losses is subject to limitations.

Substitution or Variation of the Notes

If a Tax Event or a Capital Disqualification Event occurs, the Issuer may, instead of redeeming the Notes, at any time either substitute the Notes or vary their terms accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Tier 2 Securities. See "Terms and Conditions of the Notes—Redemption and Purchase—Condition 8.9". It is possible that any such substitution or variation may result in certain adverse U.S. federal income tax consequences to U.S. Holders including treating such substitution or variation as resulting in a deemed sale of the Notes in which gain and potentially not loss is recognized and/or notes received in connection with such deemed exchange being treated as issued with OID. U.S. Holders are urged to consult their tax advisors regarding any potential adverse tax conseqences that my result from a substitution or variation of the Notes.

Backup Withholding and Information Reporting

Payments of principal, interest on, and the proceeds of sale or other disposition of Notes, by a paying agent within the United States, and by certain paying agents outside the United States, will generally be reported to the IRS and to a U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest required to be shown on such U.S. Holder's U.S. federal income tax returns.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders who, during any taxable year, hold certain foreign financial assets, including debt of non-U.S. entities, are subject to information reporting requirements if the aggregate value of the assets exceeds USD 50,000. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. The Notes are expected to constitute "foreign financial assets" subject to these requirements unless they are held in an account at a foreign financial institution (in which case the account may be reportable if maintained by a foreign financial institution). Depending on the aggregate value of the U.S. Holder's investment in such foreign financial assets, the U.S. Holder may be obligated to file Form 8938. Substantial penalties may be imposed and the period of limitations on assessment and collection of U.S. federal income taxes may be extended in the event of a failure to comply. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Notes.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Notes may be acquired with assets of pension, profit-sharing or other employee benefit plans, as well as individual retirement accounts ("**IRAs**"), Keogh plans and other plans and retirement arrangements, and any entity deemed to hold "plan assets" of the foregoing (each, a "**Plan**").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA and prohibit certain transactions involving the assets of a Plan subject to Title I of ERISA or Section 4975 of the Code (each, a "**Benefit Plan Investor**") and its fiduciaries or other interested parties.

In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Employee benefit plans that are U.S. governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code; however, such plans may be subject to similar restrictions under applicable state, local, other federal or non-U.S. law ("**Similar Law**").

Accordingly, in considering an investment in the Notes that are assets of any Plan, the fiduciary or trustee of the applicable Plan should determine whether the investment in the Notes is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the Plan and such person's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan Investor from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor.

An investment in the Notes by or on behalf of a Benefit Plan Investor could give rise to a prohibited transaction if Akbank is a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to an investment in the Notes by a Benefit Plan Investor depending upon the type and circumstances of the plan fiduciary making the decision to acquire such investment and the relationship of the party in interest to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and non-fiduciary service providers to the Benefit Plan Investor; Prohibited Transaction Class Exemption ("**PTCE**") 96-23, regarding transactions effected by "in-house asset managers"; PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers". Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts that might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective investors that are Benefit Plan Investors and other Plans should consult with their legal advisers regarding the applicability of any such exemption and other applicable legal requirements.

Because of the foregoing, Notes should not be acquired or held by any person investing "plan assets" of any Plan, unless such acquisition, holding and disposition of such Notes will not constitute a non-exempt prohibited transaction under ERISA or the Code or a violation of any applicable Similar Laws.

Representations

By acquiring a Note (or a beneficial interest therein), each investor (and if the investor is a Plan, its fiduciary) is deemed to represent and warrant that either: (a) it is not acquiring the Note (or a beneficial interest therein) with the assets of any Plan, or (b) the acquisition, holding and disposition of the Note (or a beneficial interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Prospective investors are advised to consult their advisers with respect to the consequences under ERISA and similar laws of the acquisition, ownership or disposition of the Notes (or a beneficial interests therein).

PLAN OF DISTRIBUTION

Akbank intends to offer the Notes through the Joint Bookrunners and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement in respect of the Notes entered into on 18 June 2021 among the Joint Bookrunners and Akbank (the "**Subscription Agreement**"), each of the Joint Bookrunners has severally (and not jointly nor jointly and severally) agreed to purchase, and Akbank has agreed to sell to each of the Joint Bookrunners, the principal amount of the Notes set forth opposite each Joint Bookrunner's name below.

Joint Bookrunner	Principal Amount of Notes
Citigroup Global Markets Limited	U.S.$83,335,000
HSBC Bank plc	U.S.$83,333,000
Merrill Lynch International	U.S.$83,333,000
SMBC Nikko Capital Markets Limited	U.S.$83,333,000
Société Générale	U.S.$83,333,000
Standard Chartered Bank	U.S.$83,333,000
Total	**U.S.$500,000,000**

The Subscription Agreement provides that the obligations of the Joint Bookrunners to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Joint Bookrunners is subject to receipt and acceptance and subject to the Joint Bookrunners' right to reject any order in whole or in part.

Akbank has been informed that the Joint Bookrunners propose to resell beneficial interests in the Notes at the offering price set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-U.S. persons in offshore transactions outside the United States in reliance upon Regulation S. See "*Subscription and Sale and Transfer and Selling Restrictions*" below. The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Joint Bookrunners or their affiliates that are registered broker-dealers under the Exchange Act or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or the securities laws of any state of the U.S. or other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Subscription and Sale and Transfer and Selling Restrictions*" below.

In addition, until 40 days after the later of the commencement of the offering of the Notes and the closing date of the offering of the Notes, an offer or sale of Notes (or beneficial interests therein) within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Regulation S or Rule 144A.

To the extent permitted by local law, the Joint Bookrunners and the Issuer have agreed that commissions may be offered to certain brokers, financial advisers and other intermediaries based upon the amount of investment in the Notes purchased by such intermediary and/or its customers. Each such intermediary is required by law to comply with any disclosure and other obligations related thereto, and each customer of any such intermediary is responsible for determining for itself whether an investment in the Notes is consistent with its investment objectives.

Akbank expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date. Under Rule 15c6-l of the Exchange Act, trades in the secondary market through a broker or dealer in the United States generally are required to settle in two New York City business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days should consult their own adviser.

The Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Bookrunners or their respective affiliates may have performed investment banking and advisory services for Akbank and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint Bookrunners or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for Akbank and its affiliates in the ordinary course of their business. Certain of the Joint Bookrunners and/or their respective affiliates have acted and expect in the future to act as a lender to Akbank and/or other members of the Akbank Group and/or otherwise participate in transactions with the Akbank Group.

In the ordinary course of their various business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve Akbank's securities and instruments. In addition, certain of the Joint Bookrunners and/or their respective affiliates hedge their credit exposure to Akbank pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby.

The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

Akbank has agreed to indemnify each Joint Bookrunner against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Joint Bookrunners may be required to make because of those liabilities.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Transfer Restrictions

Because the following restrictions will apply with respect to the Notes, investors in the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes. References to Notes in this section should, as appropriate, be deemed to refer to the Notes themselves and/or beneficial interests therein.

Akbank has not registered the Notes under the Securities Act or the laws of any U.S. State securities commission and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only: (a) to persons reasonably believed to be QIBs in reliance upon Rule 144A under the Securities Act and (b) to non-U.S. persons in offshore transactions in reliance upon Regulation S under the Securities Act.

Each purchaser of Notes (other than a person purchasing an interest in a Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Global Note to another or from global to definitive form will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the U.S. or other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) that, unless it holds an interest in the Regulation S Global Note and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last issue date for the series of Notes and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. Federal and State securities laws;

(d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions, if then applicable;

(e) that Notes initially offered to QIBs will be represented by the Rule 144A Global Note and that Notes offered in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S Global Note;

(f) that the Rule 144A Global Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD PLEDGED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM ANY INTEREST IN THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN

PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(g) if it holds an interest in the Regulation S Global Note, that if it should resell or otherwise transfer such interest in the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i) (A) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. federal and State securities laws; and it acknowledges that the Regulation S Global Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW."; and

(h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each purchaser and transferee of a Note (or a beneficial interest therein) will be deemed to represent and warrant that either: (i) it is not acquiring the Note (or a beneficial interest therein) with the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to the provisions of Title I of ERISA, any "plan" as defined in and subject to Section 4975 of the Code, any entity whose underlying assets include "plan assets" of any of the foregoing or a U.S. governmental plan, church plan or non-U.S. plan that is subject to any Similar Law, or (ii) the acquisition, holding and disposition of such Note will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law.

According to Article 15d(ii) of Decree 32 regarding the Protection of the Value of the Turkish Currency, residents in Turkey will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad, and to transfer funds for the purchase of such securities abroad through licensed banks or licensed brokerage institutions authorised pursuant to Banking Law and/or Capital Markets Law and their related legislation.

Selling Restrictions

Turkey

The offering of the Notes has been authorised by the CMB on 24 January 2020 through the approval of the issuance certificate (*ihraç belgesi*) only for the purpose of the sale of the notes outside of Turkey in accordance with article 11 of the Capital Markets Law, Article 15(b) of Decree 32 and the Communiqué. The notes (or beneficial interests therein) have to be offered or sold outside of Turkey and the CMB has authorised the offering of the notes; provided that, following the primary sale of the notes, no transaction that may be deemed as a sale of the notes (or beneficial interests therein) in Turkey by way of private placement or public offering may be engaged in.

Notwithstanding the foregoing, pursuant to the BRSA decision dated 6 May 2010 No. 3665, the BRSA decision dated 30 September 2010 No. 3875 and in accordance with Article 15(d)(ii) of Decree 32, residents of Turkey: (a) in the secondary markets only, may purchase or sell Notes denominated in a currency other than Turkish Lira (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis in the secondary markets only; and (b) in both the primary and secondary markets, may purchase or sell Notes (or beneficial interests therein) denominated in Turkish Lira in offshore transactions on an unsolicited (reverse inquiry) basis; provided that (for each of clauses (a) and (b)) such purchase or sale is made through licensed banks authorised by the BRSA or licensed brokerage institutions authorised pursuant to the CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use such banks or licensed brokerage institutions while purchasing the Notes (or beneficial interests therein) and transfer the purchase price through such licensed banks.

The Joint Bookrunners have agreed that neither they, nor any of their respective affiliates, nor any person acting on behalf of any of the Joint Bookrunners or any of their respective affiliates, have engaged or will engage in any directed selling efforts within Turkey in connection with the notes. The Joint Bookrunners have further agreed that neither they nor any of their respective affiliates, nor any person acting on behalf of any of the Joint Bookrunners or any of their respective affiliates (i) have engaged or will engage in any form of general solicitation or general advertising in connection with any offer and sale of the notes in Turkey, or (ii) will make any disclosure in Turkey in relation to the issuer, the notes or the Prospectus without the prior consent of the issuer, save as may be required by applicable law, court order or regulation.

Monies paid for purchases of Notes are not protected by the insurance coverage provided by the SDIF.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the U.S. or other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

Each Joint Bookrunner has represented and agreed that it will not offer, sell or deliver such Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes, other than in an offshore transaction to, or for the account or benefit of, persons that are not U.S. persons. Each Joint Bookrunner has further agreed that it will send to each distributor to which it sells any Notes during the applicable distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes other than in an offshore transaction to, or for the account or benefit of, persons that are not U.S. persons. Terms used in the preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the later of the commencement of the offering of any Series of Notes or the closing date of the offering of any Series of Notes, an offer or sale of such Notes other than in an offshore transaction to a person that is not a U.S. person by any distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

ICBC Standard Bank Plc is restricted in its U.S. securities dealings under the United States Bank Holding Company Act and may not underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that are offered or sold in the United States. Accordingly, ICBC Standard Bank Plc shall not be obligated to, and shall not, underwrite, subscribe, agree to purchase or procure purchasers to purchase notes that may be offered or sold by other underwriters in the United States. ICBC Standard Bank Plc shall offer and sell the Securities constituting part of its allotment solely outside the United States.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory restrictions

Each Joint Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

People's Republic of China

Each of the Joint Bookrunners has represented and agreed that neither it nor any of its affiliates has offered, sold or delivered or will offer, sell or deliver any of the Notes to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in the PRC (excluding Hong Kong Special Administrative Region of the PRC, the Macau Special Administration Region of the PRC and Taiwan) in contravention of any applicable laws.

Hong Kong

Each of the Joint Bookrunners has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Joint Bookrunner has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Notes or caused any Notes to be the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

(A) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(B) where no consideration is or will be given for the transfer; or

(C) where the transfer is by operation of law; or

(D) pursuant to Section 276(7) of the SFA; or

(E) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Section 309B(1)(c) of the SFA – In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

In Switzerland, this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering of the Notes has been or will be filed with or approved by any Swiss regulatory authority. The Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the approval of, or supervision by, any Swiss regulatory authority, such as the Swiss Financial Markets Supervisory Authority, and investors in the Notes will not benefit from protection or supervision by any Swiss regulatory authority.

General

Each Joint Bookrunner has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any other Joint Bookrunner shall have any responsibility therefor.

None of the Issuer and any of the Joint Bookrunners represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

LEGAL MATTERS

Certain matters relating to the issuance of the Notes will be passed upon for Akbank by Baker & McKenzie LLP as to matters of English and United States law and by Esin Attorney Partnership, a member firm of Baker McKenzie International as to matters of Turkish law. Certain matters as to English and United States law will be passed upon for the Joint Bookrunners by Allen & Overy LLP, and certain matters as to Turkish law will be passed upon for the Joint Bookrunners by Gedik Eraksoy Avukatlık Ortaklığı.

GENERAL INFORMATION

Authorisation

The issue and sale of the Notes by the Issuer and the execution and delivery by the Issuer of the transaction documents has been duly authorised by a resolution of the Board of Directors dated 21 January 2021 and numbered 10871.

Listing of Notes

An application has been made to Euronext Dublin to admit the Notes to listing on the Official List and to trading on the Euronext Dublin Regulated Market; *however*, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and trading on the Euronext Dublin Regulated Market will be granted on or around the Issue Date, subject only to the issue of the Notes.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for Akbank in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Euronext Dublin Regulated Market for the purposes of the Prospectus Regulation.

The estimated total expenses related to the admission of the Notes to trading on Euronext Dublin are EUR 5,000.

Documents Available

For the life of the Prospectus, copies of the following documents will, when published, be available in physical form for inspection from https://www.akbankinvestorrelations.com/en/whosale-funding/detail/eurobond-senior-unsecured/234/435/0:

(a) the articles of association (with a certified English translation thereof) of the Issuer;

(b) the Agency Agreement, the Deed of Covenant, the Deed Poll and the forms of the Global Notes and the Notes in definitive form; and

(c) a copy of this Prospectus.

Clearing Systems

The Rule 144A Global Note has been accepted into DTC's book-entry settlement system and the Regulation S Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg (CUSIP: 00971Y AJ9, ISIN: US00971YAJ91 and Common Code: 235510367, with respect to the Rule 144A Global Note and ISIN: XS2355183091 and Common Code: 235518309, with respect to the Regulation S Notes).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Interest Payments

Akbank has been advised by DTC that through DTC's accounting and payment procedures DTC will, in accordance with its customary procedures, credit interest payments received by DTC on any Interest Payment Date based upon DTC participant holdings of the Notes on the close of business on the New York Business Day immediately preceding each such Interest Payment Date. A "**New York Business Day**" is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York City are authorised or required by law or executive order to close.

Significant or Material Change

Save as disclosed in this Prospectus at "*Risk Factors*" there has been no significant change in the financial performance or position of either Akbank or the Akbank Group since 31 March 2021, and no material adverse change in the financial position or prospects of either Akbank or the Akbank Group since 31 December 2020.

Litigation

Neither Akbank nor any other member of the Akbank Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Akbank is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of Akbank or the Akbank Group.

Independent Auditors

Akbank's annual financial statements, convenience translations of which are incorporated by reference herein, have been audited by PwC, independent certified accountants in Turkey, located at BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat 9 Akaretler Beşiktaş 34357, Istanbul, Turkey as stated in the convenience translations of PwC's audit report incorporated by reference herein, in accordance with the communiqué "Independent Audit of Banks" as published by the BRSA in the Official Gazette No.29314 dated 2 April 2015 and with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the POA.

PwC are an institution authorised by BRSA, CMB, Turkish Treasury, Energy Market Regulatory Authority and POA to conduct independent audits of companies, including banks, in Turkey. Akbank's accounts are prepared on a quarterly, semi-annual and annual basis in accordance with BRSA and on a semi-annual and annual basis in accordance with IFRS.

Foreign Text

The language of this Prospectus is English. Certain legislative references and technical terms may be cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

APPENDIX 1 - OVERVIEW OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND BRSA ACCOUNTING PRINCIPLES

BRSA Principles differ from IFRS. Such differences are primarily related to the presentation of financial statements, disclosure requirements (e.g., IFRS 7) and certain accounting policies. BRSA presentation and disclosure requirements are prescribed by relevant regulations and do not always meet the requirements of IFRS or IAS 34. Among the differences in accounting policies some of the most important are:

Consolidation and Equity Accounting

Only subsidiaries and associates in the financial sector are consolidated and equity accounted, respectively, under BRSA Principles; others are carried at cost or fair value. The definition of control under BRSA Principles is based on the power to appoint or remove the decision-making majority of members of the board of directors or those having control over the majority of the voting rights as a consequence of holding privileged shares or agreements with other shareholders although not owning the majority of capital, whereas under IFRS 10, an investor is deemed to control an investee when the investee is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Associates

The threshold for "significant influence" for associates differs. Under BRSA Principles, if the parent bank has qualified shares (i.e. shares that represent directly or indirectly 10% or more of the capital or voting rights in the associate or that give the privilege to appoint members to the associate's board of directors even though such rate is below 10%) in the invested entity, unless otherwise proved, it is accepted that the parent bank has significant influence in that associate. In IAS 28 such a threshold is set as 20%.

Assets Held for Sale

Under BRSA Principles, depreciation of assets held for sale is taken into account for assets with probability of disposal within one year, whereas pursuant to IFRS 5, non-current assets held for sale are classified to this category only if their sale is highly probable and is expected to be completed within one year and they are carried at lower of cost or fair value less cost to sell.

For 2017

Specific Provisioning for Loan Losses

BRSA provisioning for loan losses is different from IAS 39 and is based on minimum percentages related to number of days overdue prescribed by relevant regulations, whereas in IFRS, provision for loan loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Furthermore, according to BRSA, collateral is included in the calculation of specific reserves using the percentages provided in the regulation by type of collateral; in IAS 39, the calculation of the present value of the estimated future cash flows of a collateralised financial asset is based on the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

General Loan Loss Provisioning

BRSA requires general loan loss provisions to be calculated over on and off balance sheet financial instruments that carry credit risk using specific percentages as defined in the regulation. Instead, IFRS requires portfolio/collective provisioning for groups of loans and receivables sharing similar characteristics and not individually identified as impaired.

EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

Akbank’s detailed disclosures for related policies in Akbank BRSA Interim Financial Statements are as follows:

Akbank's major derivative instruments consist of foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

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

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

Derivative instruments are re-measured 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 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 at 31 December 2019, Akbank has no embedded derivative instruments.

I. EXPLANATIONS ON FINANCIAL ASSETS:

Akbank categorises its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortised Cost". Such financial assets are recognised or derecognised 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 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, Akbank 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, Akbank considers:

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

Akbank 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.

Akbank recognises a financial asset in the 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, the business model determined by Akbank's management and the nature of contractual cash flows of the financial asset are taken into consideration.

When the business model determined by Akbank's 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 recognised 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 those that are managed with a business model that aims to hold to collect contractual cash flows or a business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; financial assets for which the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; and financial assets that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aimed at short-term profit making. Financial assets at fair value through profit or loss are initially recognised at fair value and re-measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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 recognised 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 re-measured 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 "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

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

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

c. Financial Assets Measured at Amortised Cost:

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

Financial assets measured at amortised cost are initially recognised at acquisition cost including transaction costs which reflect the fair value of those instruments and subsequently recognised 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 Akbank 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) for the prior two months. Akbank 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 utilised by Akbank are foreign currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

Derivative financial instruments of Akbank 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 recognised in the income statement under the trading profit/loss line in profit/loss from derivative financial transactions. 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 recognised 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".

<u>1. Loans measured at amortised cost:</u>

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

<u>2. Loans measured at fair value through profit or loss:</u>

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

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

Akbank 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 recognised 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 to, the following;

- Past due date is 30 or more

- Restructuring of loans

- If the loan classified as under follow-up (as per the legislation of BRSA dated 23 March 2020 and numbered 8970, the 30-day default period for loans to be classified as under follow up was increased to 90 days. This amendment does not include loans that were delayed by 90 days before 17 March 2020.)

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

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

Definition of Default:

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

1. Objective Default Definition: This means that the debt is overdue by more than 90 days. The definition of default, which is applicable to Akbank and its consolidated financial institutions, is based on the criteria that the debt is overdue by more than 90 days. However, due to the impact of the COVID-19 outbreak, the "more than 90 days past due" condition used in the definition of default for the classification of loans has started to be applied as "more than 180 days past due" from 17 March 2020 in accordance with the decision of BRSA. This will be valid until 30 July 2021. In accordance with the related amendment, Akbank has made provision in accordance with its risk policies.

2. Subjective Default Definition: This means that it is determined that the debt will not be paid off. If the borrower is deemed to be unable to fulfill its debt obligations, the borrower should be considered as having defaulted regardless of whether there is a overdue payment or the number of days of such payment being overdue.

Write-off Policy:

Loans and provision ratio of a financial asset 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.

II. EXPLANATIONS ON EXPECTED CREDIT LOSS:

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

As at 1 January 2018, Akbank recognise 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 at 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.

- 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

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

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

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

- There has been no change in the assumptions in forecasting techniques.

- Model risk parameters and macroeconomic forecast models have been updated with recent data.

- The 2-scenario structure consisting of base-case scenario and negative scenario has been increased to 3 with the updated model. The expected credit loss calculation is made through these 3 scenarios.

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

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

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

In forward-looking expectations, 3 scenarios are being used: the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios. Within the scope of COVID-19 impact to the ECL, since the macroeconomic data used in the scenarios are not clearly predictable as of 31 March 2020, the weight of the negative scenario was increased by reducing the weights of the base and positive scenarios from the 3 scenarios used in line with the estimates of the Economic Research Unit of Akbank.

Deferred Taxation

Certain differences exist in this area. According to IAS 12, income taxes' deferred taxation is calculated based on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the issuer, whereas under BRSA Principles, it is not permitted to recognise deferred tax on general loan loss provisions.

Akbank 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 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 at the balance sheet date. The Law regarding amendments on Certain Tax Laws was approved in The Grand National Assembly of Turkey on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate will be increased from 20% to 22% for the years 2018, 2019 and 2020. According to this law, deferred tax asset and liabilities shall be measured at the tax rates that are expected to apply to these periods when the assets is realised or the liability is settled. For the periods 2021 and after deferred tax assets and liabilities were measured by 20% tax rate.

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

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 recognised directly in equity is also credited or charged directly to equity.

Application Period for Hyperinflationary Accounting

Under BRSA Principles, this period ends at 1 January 2005 whereas under IFRS it ends at 1 January 2006, constituting a one year difference between the two.

Related Party Disclosures

Related party transactions and balances are disclosed in IFRS based on the definition provided in IAS 24, whereas in BRSA such disclosures are based on "risk group" as defined in the Banking Law.

Similar differences with IFRS also exist in the accounting policies and disclosure requirements applied to consolidated subsidiaries, especially those providing leasing services which are subject to specific BRSA policies/requirements.

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