
AKBANK
1Q23 Earnings Call
Management Discussion
26 April 2023
Participants:
Hakan Binbaşgil, CEO
Türker Tunalı, CFO
Ebru Güvenir, SVP IR & Sustainability
Gülçe Deniz, VP IR

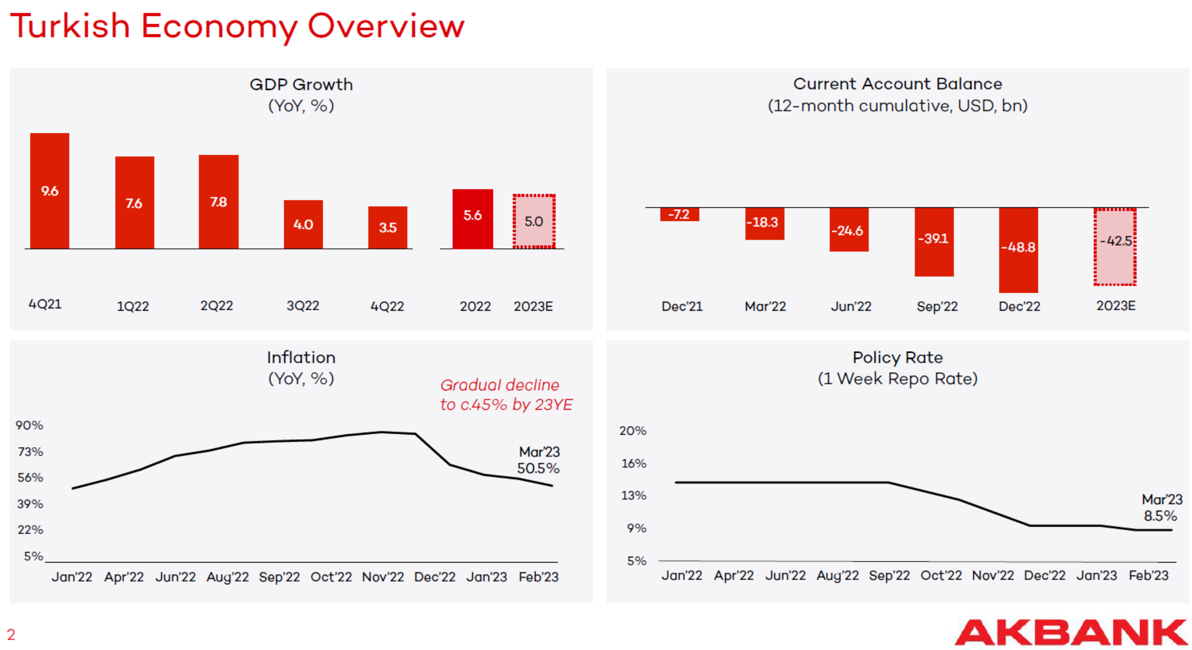
Dear Friends,

This is Hakan speaking, the CEO of Akbank. Thank you all, for joining us today for our first quarter results. I hope you are all well. And today, I have with me Türker our CFO and also Ebru and Gülçe from our IR department.

And first of all, as a country we have gone through extraordinary times. As you know, a few months ago, we were struck by a heart-breaking earthquake.

We are all deeply saddened. Our hearts are with those who have lost their lives, their families, and the many whose lives have been dramatically changed. I have full confidence, together, we will endure, and recover from one of the greatest disasters in our history.

Before leaving the floor to Ebru, I would like to share some highlights regarding the operating environment, and our solid start to the year.



Since our last call, global markets have received some positive signals, indicating that worst is left behind on the multi-decade high inflation front. But now, we have another challenge. Financial stability, which has been raised by the collapse of some US banks, and then the takeover of Credit Suisse by UBS. Price vs financial stability discussions will likely to continue for quite a while.

Economic activity heat map

	Q1'22	Q2'22	Q3'22	Q4'22	Jan'23	Feb'23	Mar'23
Growth (yoy, %)	7.6	7.8	4.0	3.5			
Industrial Production (yoy, %)	10.9	10.3	2.1	0.6	4.6	-8.2	
Manufacturing PMI	50.1	48.8	47.1	46.7	50.1	50.1	50.9
Electricty Consumption (yoy, %)	4.6	1.2	-2.9	-6.0	-3.5	-5.0	-6.7
White Goods Sale (yoy, %)	-9.4	-7.0	0.9	12.5	26.9	1.7	
Automotive Sales (yoy, %)	-25.3	4.9	-2.8	52.2	28.5	56.5	57.9
Home Sales (yoy, %)	21.7	40.2	-16.5	-21.1	10.6	-18.0	-21.4
Real Sector Confidence Index (s.a.)	110.0	106.4	101.4	101.6	103.4	102.4	104.1
Capacity Utilization Rate (s.a.)	77.8	77.9	77.3	76.3	75.8	75.7	74.2
Consumer Confidence Index (s.a.)	72.3	66.1	70.8	76.1	79.1	82.5	80.1
Services Sector Confidence Index (s.a.)	116.7	118.6	117.4	119.1	118.1	115.5	116.8
Retail Sector Confidence Index (s.a.)	120.1	119.8	114.0	122.9	126.2	123.1	117.7
Construction Sector Confidence Index (s.a.)	83.1	82.7	86.4	91.6	93.2	89.8	88.5
Unemployment Rate (s.a.)	11.1	10.7	10.0	10.2	9.8	10.0	
Budget Balance (bn TL)	30.8	62.8	-139.1	-93.6	-32.2	-170.6	-47.2
Current Account Balance (bn USD)	-17.8	-11.0	-9.2	-10.8	-10.0	-8.8	
Export (yoy, %)	20.3	19.4	11.6	2.6	10.3	-6.4	4.4
Import (yoy, %)	42.0	39.3	39.9	18.3	20.7	10.1	4.2
Foreign Tourist Arrivals (yoy, %)	151	204	56	37	57	21	

Best Average Worst

3 Sources: CBRT, Treasury, TURKSTAT, Akbank

AKBANK

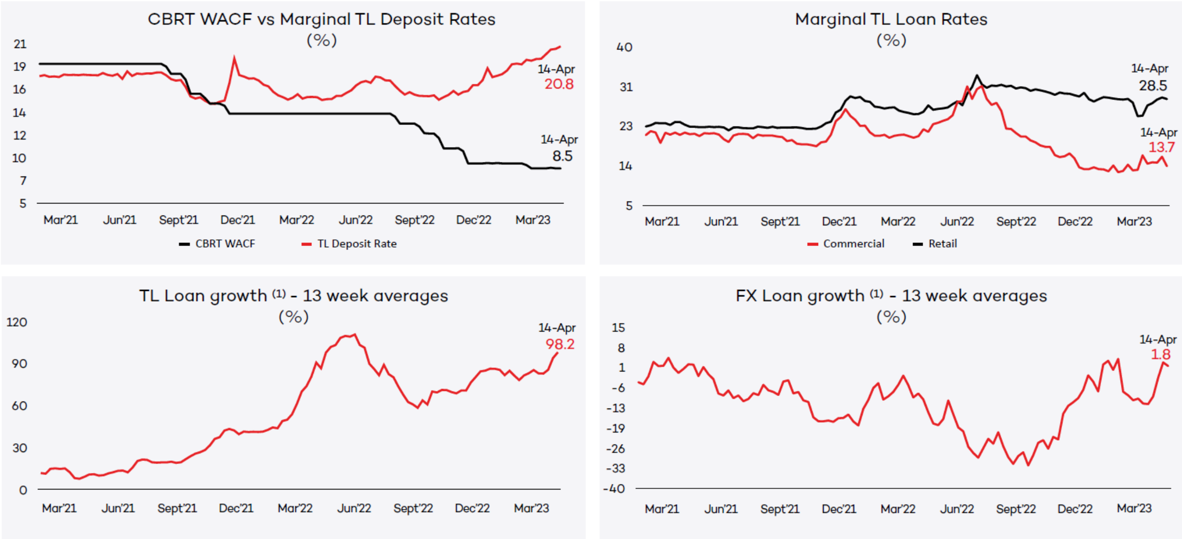
In Türkiye, the earthquake has hit economic activity not only in the region, but also across the whole country. The Presidency of Strategy and Budget, estimated, the total economic cost of the earthquake, as USD 103 billion which is more than 10% of our GDP.

Despite the adverse impact of the earthquake, current economic policies are putting strong emphasis on growth and employment. And this is mainly due to negative real rates, targeted credit facilities and fiscal easing. Even with the projected slowdown during the second half, in our baseline, we think that 5% growth is attainable this year.

Turning to consumer prices, annual inflation came down to 50% in March from 64% at the year-end. Looking forward, inflation is expected to decline further in the first half, due to not only strong base impact, but also the relatively stable exchange rate, and moderating imported cost pressures. We project annual inflation to be around 45% by year-end.

On the external balances, we are running a large trade deficit; and external financing need still remains.

Banking Sector: Key indicators



Sources: BRSA & CBRT weekly data

(1) Excluding participation banks

AKBANK

As you all know, we have the elections within a few days. Elections, in every country, usually come with some uncertainty in financial markets. At the same time, there are some ongoing regulatory changes, which the banks respond to by taking several necessary actions. These regulatory changes have led to lower margins, and have put pressure on overall profitability of the system. Nevertheless, banks remain healthy and resilient with solid capital buffers and liquidity.

Demonstration of financial strength & operational resilience

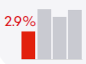
CAR (1)
18.6%

Superior Capital Buffers
- Significant competitive advantage for sustainable & profitable growth
- 20.4% excl. temporary RW increases (2) applied by BRSA for certain consumer & commercial loans

Stage 2+3 coverage
33.4%

Prudent Risk Management
- Optimized portfolio supported by AI based loan decision models & solid reserve build
- Stage 2+3 loans / total is limited to 8.6% with strong coverage
- Proactive TL 930 mn provisioning for earthquake impacted regions (Qly. RoE impact of 180 bps)

ΔEVE (3)



Lowest TL Interest Rate Risk
- Agile ALM, active BS hedging, strategic & timely positioning in securities
- 80% of TL loan will reprice / mature by 23YE (4)

Sticky TL Deposits
64.0%

Solid Deposit Franchise
- Broad-base deposits with sticky & low cost TL Time Deposits (6) up +222% since 21YE
- +70bps market share gain in TL deposits under 1 mn on top of 250bps in 2022 (7)

CBRT pledged bonds / assets
~2%

Proactive Compliance with Regulations
- TL deposit / Total deposits (5) reached 60% as of Feb'23
- Fixed rate bonds for CBRT pledge is around TL 30 bn as of Apr'23

FX liquidity (8)
$ 10.1 bn

Robust FX Liquidity Buffer
- More than 4x FX liquidity buffer vs ST FX debt
- USD 500 mn first social syndicated loan
- Average FX LCR is 457%

(1) w/o forbearances: Fixing MtM losses of securities & FX rate for RWA calculation to 2022YE FX rate
(2) BRSA implemented higher RW for newly generated consumer CCs, GPLs (from 75% to 150%) & comm. loans excl. SME, export, investment (from 100% to 200%)
(3) Change in Economic Value of Equity calculation for 500 bps increase in TL interest rate according to BRSA (2022 YE, Unconsolidated Financials)
(4) Excluding CC, overnight and overdraft loans
(5) CBRT's securities maintenance ratio calculation incorporates bank-only figures
(6) Consumer & SME according to MIS segmentation
(7) Among private banks, based on BRSA monthly data as of February 2023
(8) Consolidated FX liquidity buffer includes FX reserves under ROM, swaps, money market placements and CBRT eligible unencumbered securities

AKBANK

That being said, for long-term success, the following has become even more important for banks: relative and higher capital and liquidity levels, prudent risk management, low cost base and efficiency, ability to focus on future, while struggling with the daily challenges, agile management.

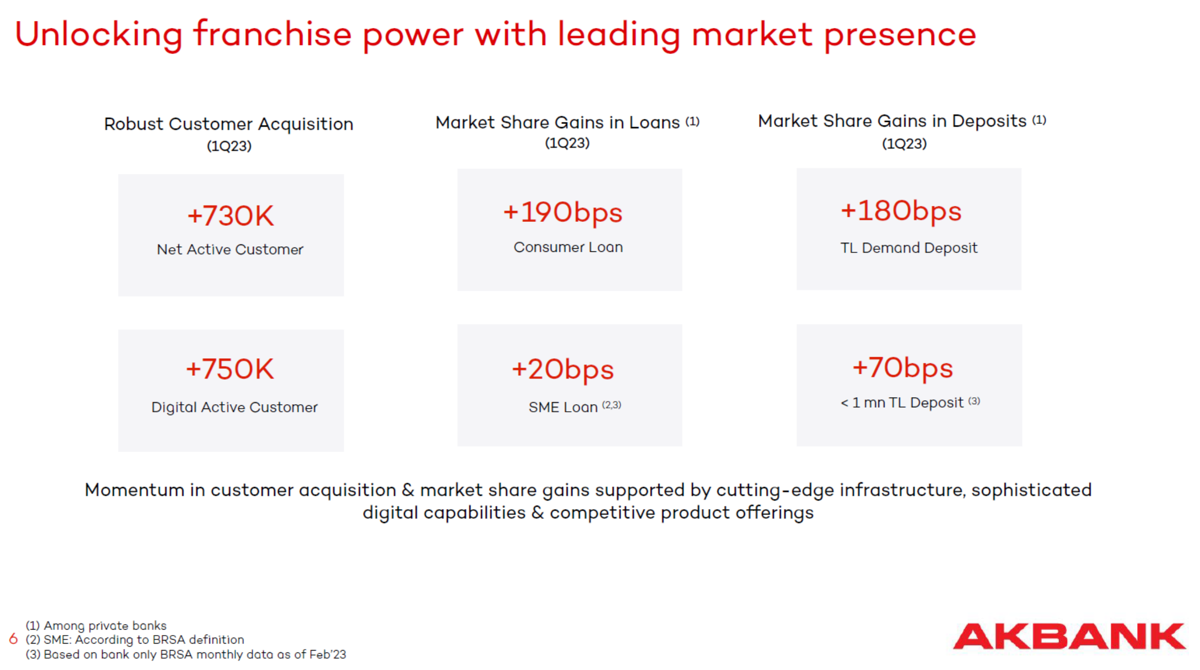
And here I'm extremely proud to say that Akbank ticks all the boxes. With regard to the regulations, banks have implemented different strategies, making short-term core spread evolution, and growth trend comparison difficult.

We continue to focus on keeping our balance sheet intact, by avoiding maturity mismatch, and keeping long duration, fixed-rate bond purchases at minimum level. Therefore, we achieved the 60% threshold for TL deposits in February, resulting in total size of fixed rate bond purchases to be limited at TL 30 billion, or only 2% of our total assets. This strategy was implemented to maintain our lowest mismatch positioning among our peers.

We made a choice for long-term vs short-term financial results. And we without any doubt preferred the long-term view, and protected our capital for future profitable growth. But obviously, due to rising TL time deposit costs, this had some negative impact on our NIM but that's ok. Because it is only temporary and better than eroding our capital.

And as you know, we do not carry any material mismatch on the FC side either.

And last but not the least, we took some proactive actions on the asset quality side, and set aside TL 930 million additional provisions for the earthquake.



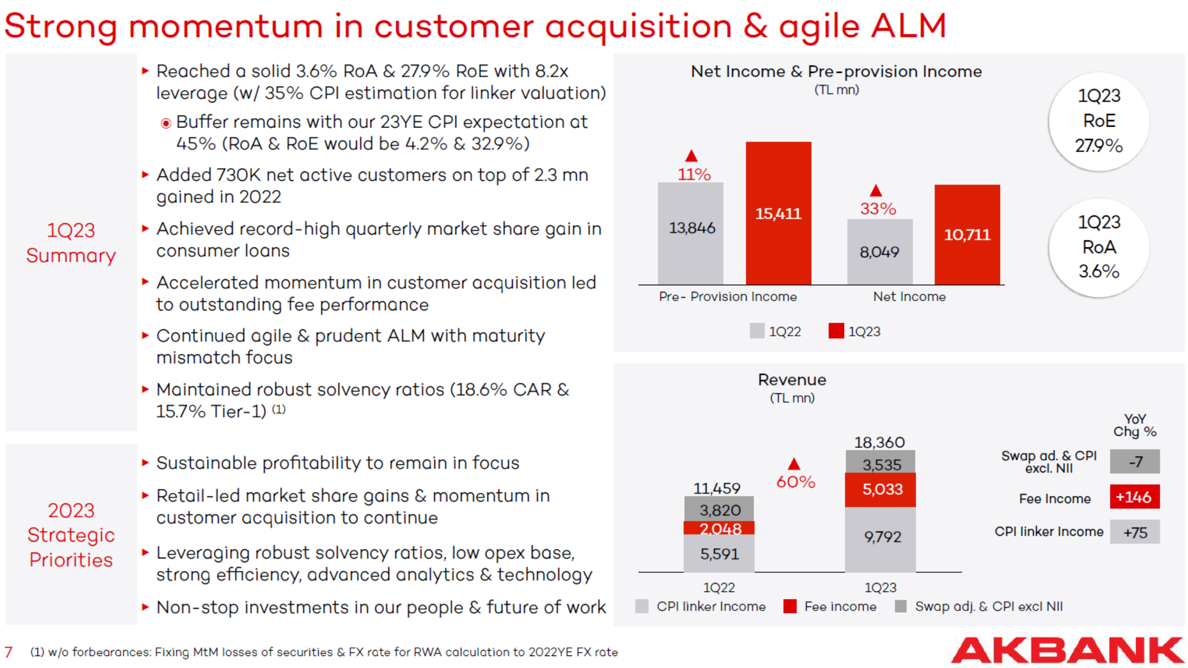
Moving onto our organic growth achievements, as shared over the last two years, retail banking is a strategic focus area for us. I am extremely delighted to say that, our outstanding momentum in customer acquisition, despite the earthquake accelerated further during first quarter, as we gained 730k new customers, on top of 2.3 million that we gained last year.

This year, 60% of new to bank customers were acquired via digital onboarding. Resulting, in our year on year, digital customer acquisition to quadruple. This customer acquisition has resulted in record high market share gains across the board, in consumer loans, demand deposits and broad-based deposit base.

Achievements on the customer acquisition has shown itself in outstanding fee income evolution, which continued to enhance quarter on quarter. The importance of especially investing through cycles has been a key driver in this performance. Our level of sophistication in digitization and advanced analytics, ability to attract and keep new clients through digital and most importantly, talent quality and attraction, all played key roles in this success.

Our customer-centric organization, as well as our dedication to clients, puts us in a position of strength. We will continue to leverage our strong capital – highest among peers, and invest, innovate, and grow.

And now, I would now like to leave the floor to Ebru for details.



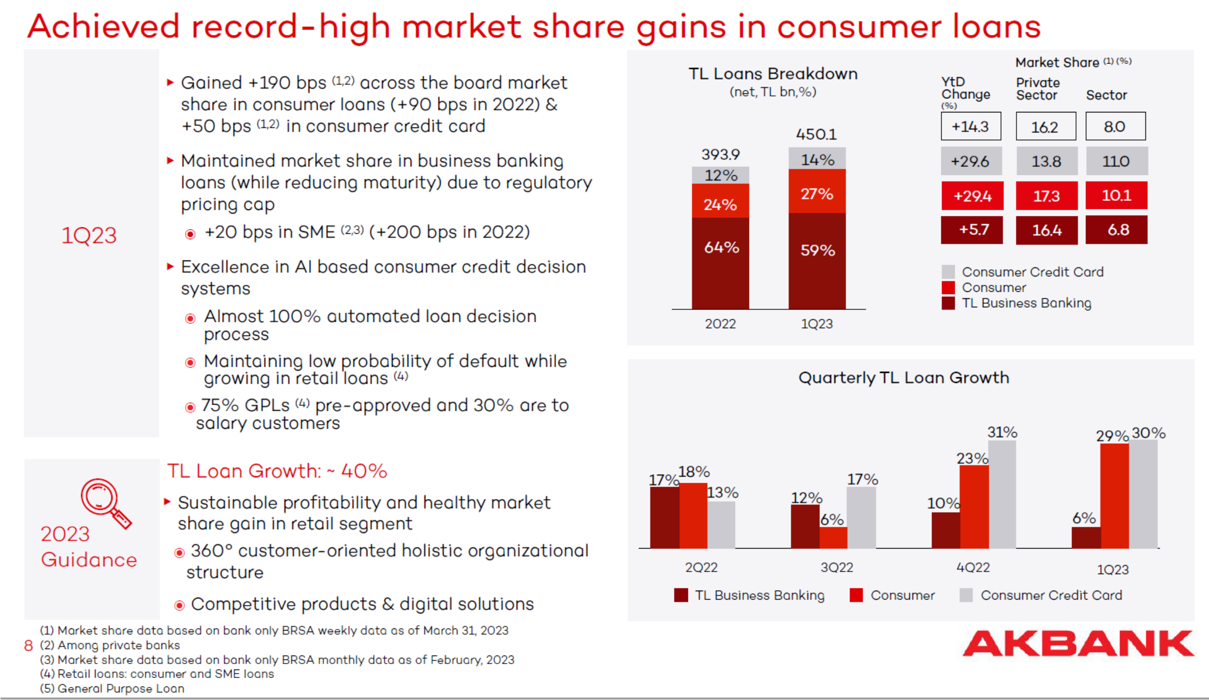
Thank you Hakan Bey.

We ended the quarter with 10 billion, 7 hundred and 11 million net income, resulting in solid 3.6% ROA and 27.9% ROE, while maintaining a low leverage of 8.2x.

Buffers remain for both ROA and ROE, as we used 35% for our CPI-linker valuation vs our YE expectation of 45%. Had we used 45%, our reported ROA and ROE would have been notably higher at 4.2% and 32.9%, respectively.

I am happy to share that our strong momentum in customer acquisition, has led for us to record a remarkable 2.5x increase in fee income year on year, supporting our core revenue generation.

Looking at the current run rate of our fee generation, there is significant upside risk to our FY guidance.



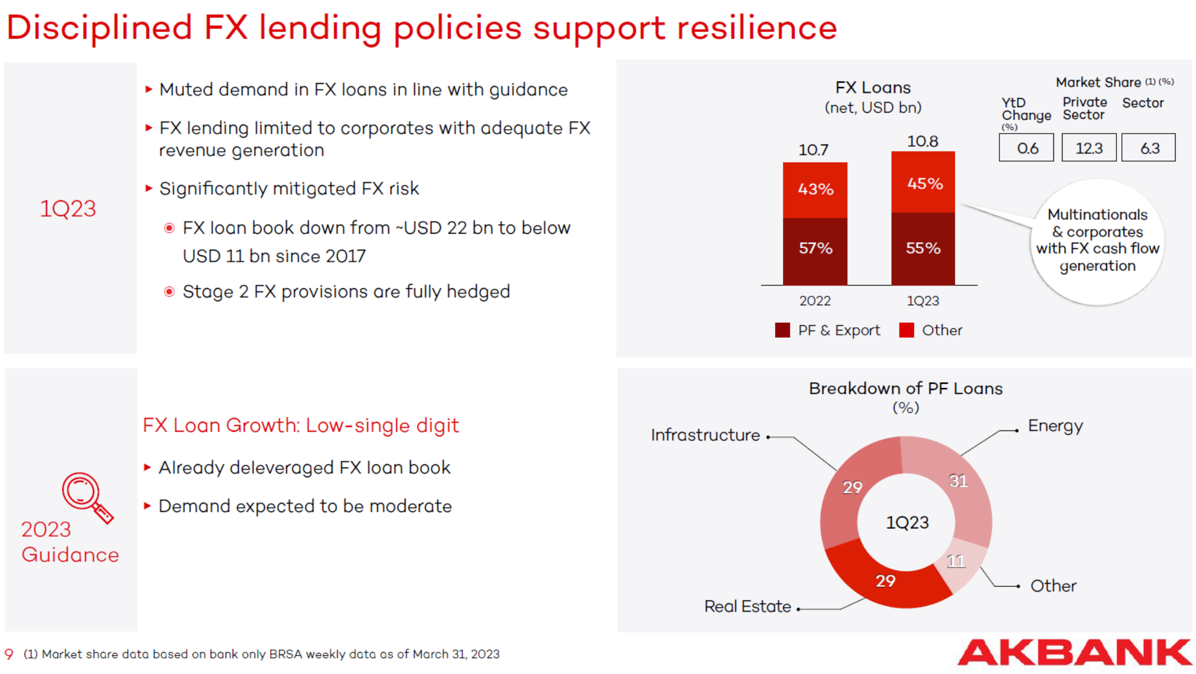
Moving onto the key drivers of our solid start to the year in more detail. Our TL loans were up by around 14% ytd, where our focus remained on maturity mismatch and lucrative small tickets.

Main contributor was consumer loans, up 29% ytd. As shared in several occasions, the Bank's motivation in consumer and SME loans continues at full pace. This motivation has resulted in a record high & broad-base 190 bps market share gain among private banks in consumer loans. This is on top of 90 bps gained last year. We also gained 50bps in consumer credit cards ytd.

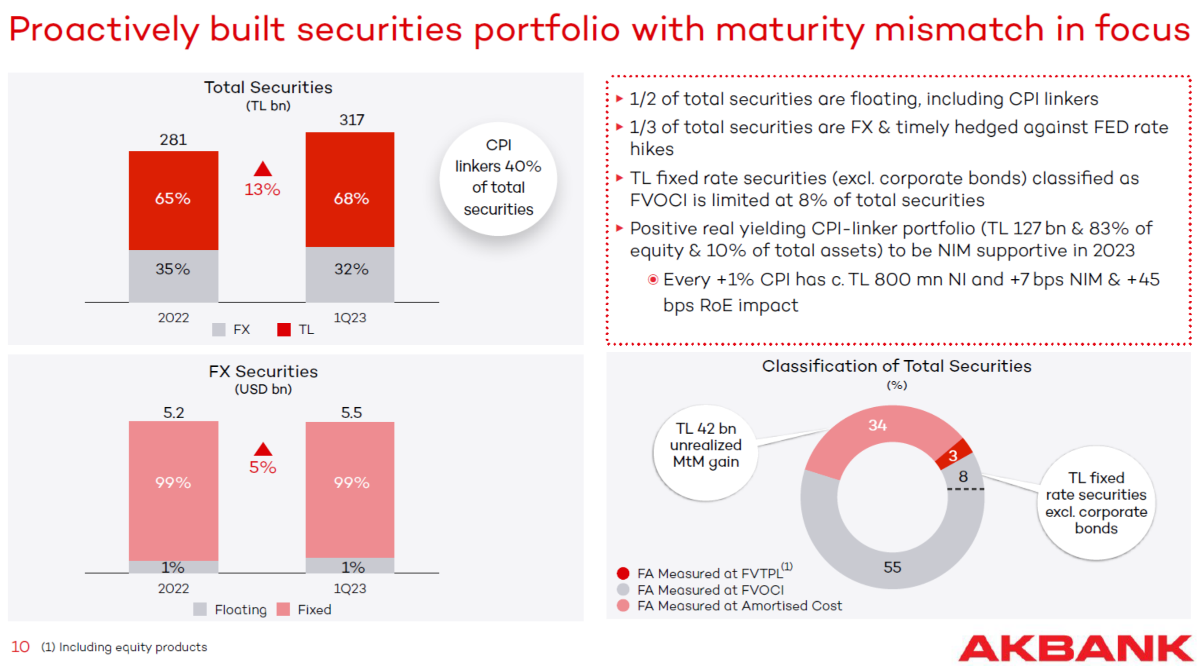
In business banking, we shortened the maturities while maintaining our market share due to regulatory pricing cap. I would especially like to highlight our ongoing success in the SME segment, where we gained additional 20 bps market share, reaching a cumulative 220 bps since the beginning of last year.

Thanks to our advanced analytics and excellence in AI based loan decision systems, the PDs of the retail loan portfolio remains at low levels, while growing.

We are on track with our FY TL loan growth guidance of around 40%, targeting market share gains in high yielding retail loans. Our 360-degree customer oriented holistic organization structure as well as competitive products and advanced digital solutions will continue to be supportive factors.



On the FX loan side, demand remained muted in the first quarter of the year. Our net FX loans were up only by 0.6% to USD 10.8 billion, which is in line with our low-single digit growth guidance given our already deleveraged FX loan book.

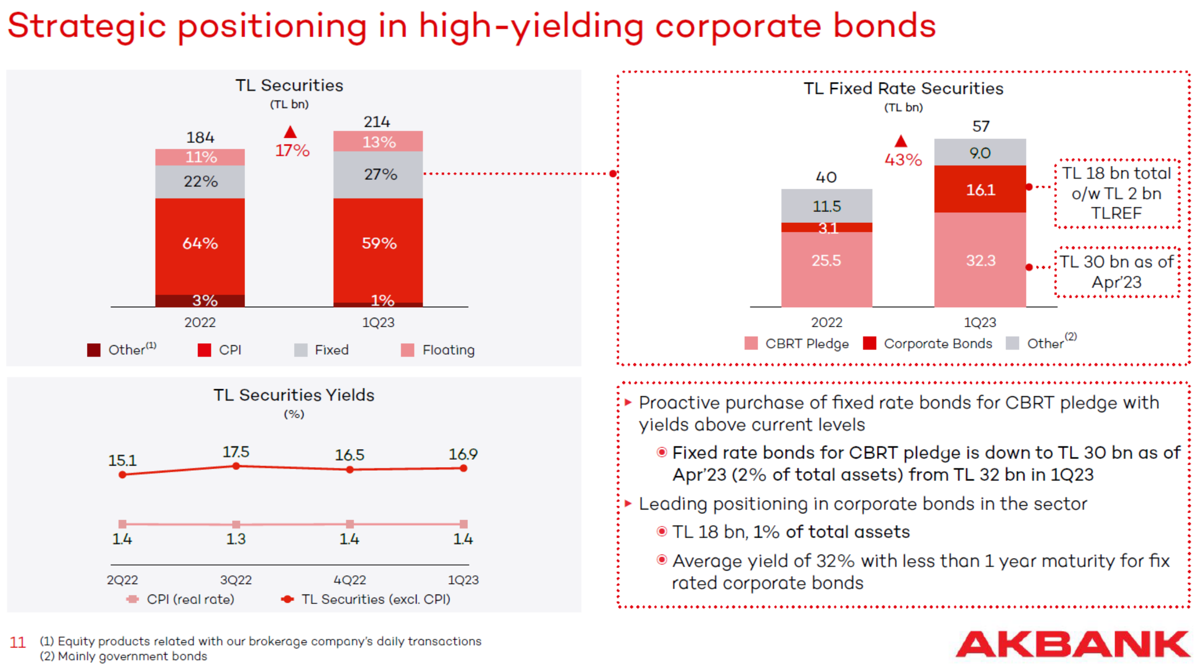


Moving onto the securities side. Interest rate risk management remains in focus for our securities positioning as well. Our total securities were up by 13% ytd mainly led by: high yielding, TL corporate bond purchases from primary issuances, having an average maturity of less than 1 year, and CPI-linker accruals. As a result, half of our total securities portfolio consists of floating rates, which include CPI-linkers.

As for TL securities alone, more than 70% is floating. TL fixed rate securities (excluding the corporates bonds) classified under fair value through other comprehensive income, or in other words available for sale, is limited to only 8% of total securities. Also, our Treasury's proactive positioning in positive yielding CPI linkers is helping to mitigate the negative impact of inflation.

Our CPI-linker portfolio now stands at TL 127 billion, which equates 83% of our equity, or 10% of our total assets. As shared earlier, a significant buffer remains with our 35% inflation valuation of CPI-linkers vs our YE expectation of 45% for inflation. Every 1% CPI has TL 800 million net income, 7 bps NIM and 45 bps ROE contribution on a full year basis.

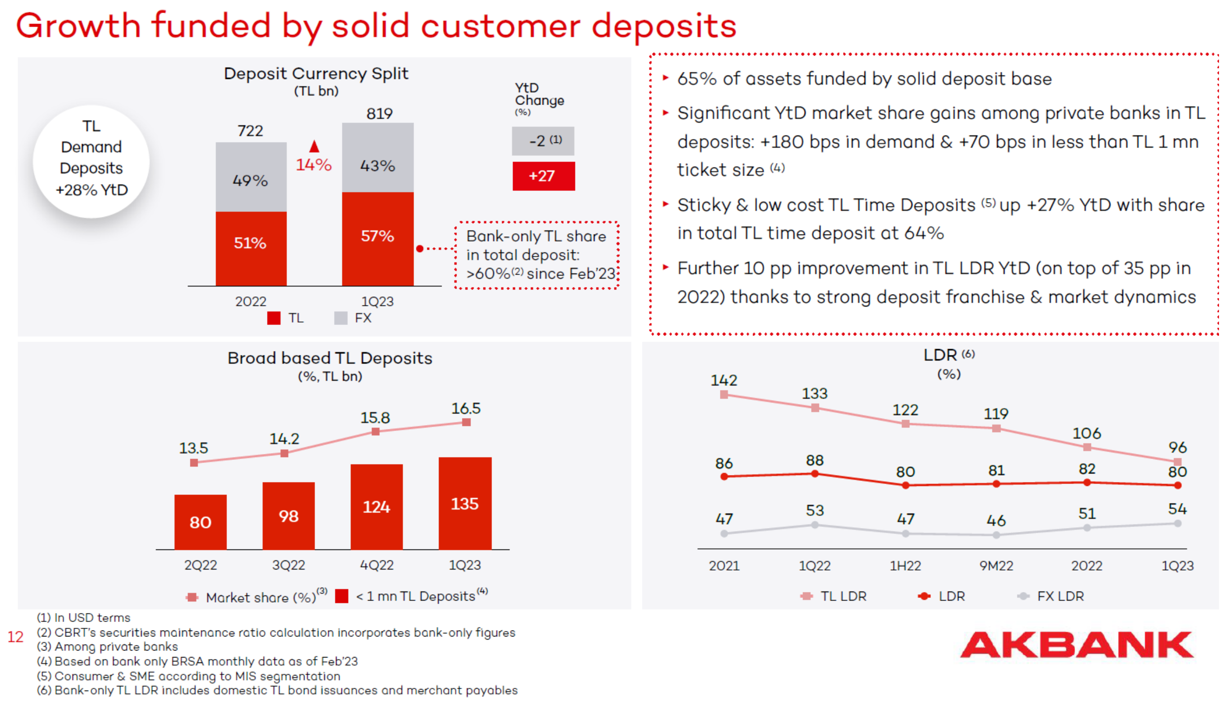
Moving onto our FC securities, which make up one-third of total. They were timely hedged against Fed rate hikes, mainly in 2021.



Having met the regulatory 60% threshold in TL deposits as of February, we have been able to manage the regulatory fixed rate securities portfolio around TL 30 billion, or 2% of our total assets. We used some portion of the fixed rate bond portfolio for: purchasing, high yielding (above 30%), up to 1 year maturity corporate bonds at primary issuances and, utilizing mainly TLREF indexed loans with significant positive spreads.

We have a leading position in these high yielding corporate bonds, which stand at TL 18 billion, or around 1% of our total assets. This strategy helps mitigate some of the negative impact of the lower yielding regulatory fixed rate commercial loans.

Also for optimization purposes, switch transactions have been executed by selling bonds with higher market prices to CBRT and replacing them with higher yielding securities mainly through Treasury auctions. Our prudent and agile ALM, along with our solid customer based revenue growth will continue to be supportive for net interest income evolution going forward.



On the funding side, we maintain our focus on well-diversified and disciplined funding mix. Deposits continue to be our main source of funding with 65% share in total liabilities.

Our total TL deposits were up by a solid 27% ytd, resulting in a further 10 ppts improvement in our TL LDR on top of an eye-catching 35 ppts in 2022, reaching 96% as of first quarter. Worth to mention that our sticky low cost TL time deposits & zero cost demand deposits were also up by an outstanding 27% and 28% YTD, respectively.

Thanks to our sound customer franchise and our success in gaining further 730k customers just in the first quarter, our market share in TL deposit among private banks has increased significantly (80bps).

Especially worth to underline our 180 bps market share in zero cost demand deposits among private banks during the quarter. Also, during the first two months of this year, we added 70 bps market share in below the 1 million ticket size deposits, which supports our broad-base, small ticket deposit base.

On the regulatory side, as shared earlier, TL share in total deposits is above 60% since end of February.

Agile ALM with prudent & proactive maturity mismatch management

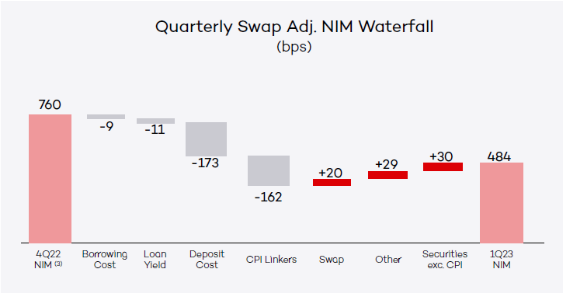
1Q23

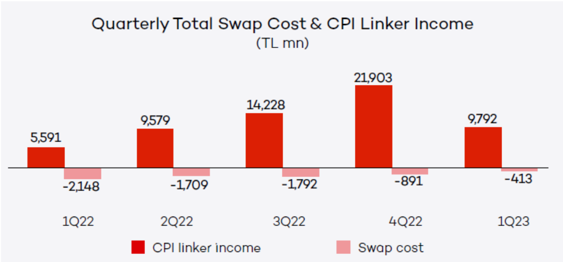
- 1Q23 NIM at 4.8% inline with FY guidance
- Strategically designed & well-positioned BS for quick recovery in core spreads
  - Lowest TL interest rate risk among peers with 2.9% ΔEVE (1)
  - c. 80% of TL loan book will reprice / mature by 23YE(2)
- Strategically built CPI-linker portfolio
  - Every +1% CPI has c. TL 800 mn NI and +7 bps NIM & +45 bps RoE impact
  - 2023 Oct-Oct CPI linker valuation estimate: 35%
- Buffer remains with our 23YE CPI expectation at 45%
  - Quarterly net income would have been TL 2bn higher leading to RoA & RoE of 4.2% & 32.9%, respectively

2023 Guidance

NIM (Swap Adj.): 4-5%

- Agile asset-liability management & proactive CPI linker positioning to be supportive for NIM evolution





13 (1) Change in Economic Value of Equity calculation for 500 bps increase in TL interest rate according to BRSA (2022 YE, Unconsolidated Financials)
(2) Excluding CC, overnight and overdraft loans
(3) 4Q22 NIM normalized for 85.5% Oct to Oct 2022 CPI

AKBANK

We ended first quarter with 4.8% NIM, in line with our guidance shared at the beginning of the year. During the quarter, regulations supporting liralisation strategy, have led for deposit costs to rise significantly in the sector, while most of lending yields have been capped. This resulted in notable decline on TL core spreads.

However, with regards to the 60% TL deposit regulation, banks applied different strategies, making it difficult to compare NIM evolution. With our management's focus on maintaining low maturity mismatch, in order to keep the regulatory fixed rate bond purchases at low levels, we aimed to reach the 60% threshold as early as February.

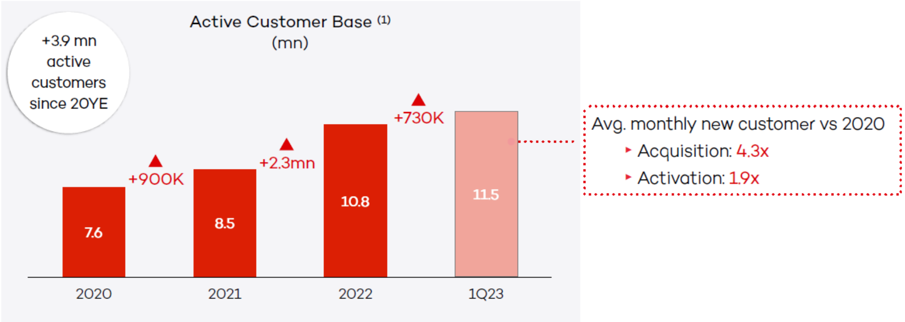
Our balance sheet is strategically designed for a quick recovery in core spreads, should there be a rise in lending rates going forward. As proof, according to the change in economic value of equity calculation of BRSA, Akbank has the lowest interest rate risk. This data is reported on a yearly basis.

As a side note, 80% of our TL loans will either reprice or mature until YE.

Also I shared earlier the buffer remaining in our CPI-linker valuation.

Going forward thanks to our solid customer deposit franchise and agile asset-liability management we remain confident in our full year NIM guidance.

Accelerated momentum in customer acquisition & activation



- Strong momentum in digital customer acquisition via DoB (2)
  - 60% of new to bank customer acquisition (+20pp vs 2022)
  - 4x monthly digital customer acquisition YoY
- Further penetrated in demand deposits and daily cash flow by almost doubling salary & pension customers
- Active young customer base (18-26) reached 1.7x YoY

- Boosted customer acquisitions with innovative offerings
- Customer-based revenue generation solidified with active product portfolio(3) +35% YoY, reaching all time high thanks to
  - Accelerated customer activation / acquisition
  - Higher x-sell

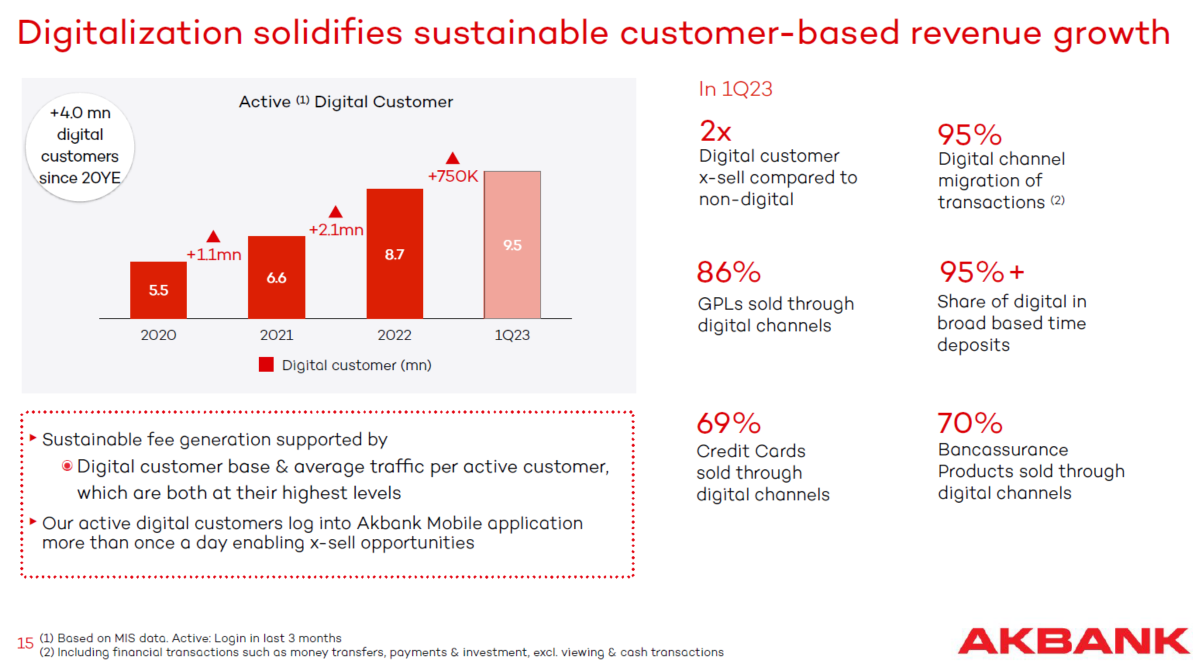
14 (1) Based on MIS data
(2) Digital Onboarding
(3) Active customer base (x) avg. cross sell per active customer based on MIS data

AKBANK

As Hakan Bey mentioned earlier, our momentum in customer acquisition continues at full pace. Our active customer base reached 11.5 million, with 730k addition in 1Q alone. 60% of our new to bank customers were acquired via digital onboarding, underlining the strength of our digital capabilities. We have to further penetrated into demand deposits and the daily cash flows of our customers.

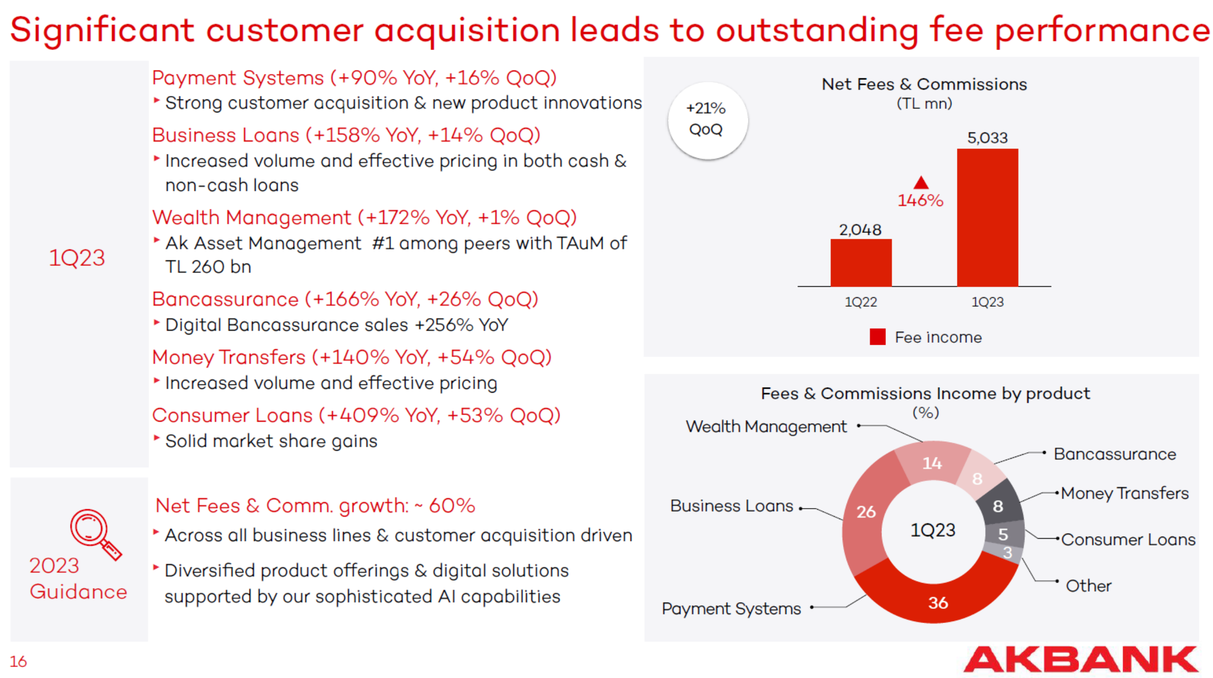
We are also leveraging digital on boarding and holistically revamping our value proposition for young customers aged between 18-26.

Our active product portfolio, a function of active customer base and average cross-sell per customer, has increased by 35% year on year, reaching all time high. This solidifies our customer-based revenue generation for the coming periods.



The success of our digital strategy which is based on our customer's journey, continues to show in the numbers. We reached 9.5 million digital customers, while also increasing the traffic, as monthly average mobile login frequency is also at all time high. Our active digital active customer visit our mobile application more than once a day, giving us cross-sell opportunities.

Most importantly, mobile active customers conducting financial transactions continues to increase, supporting sustainable fee income.

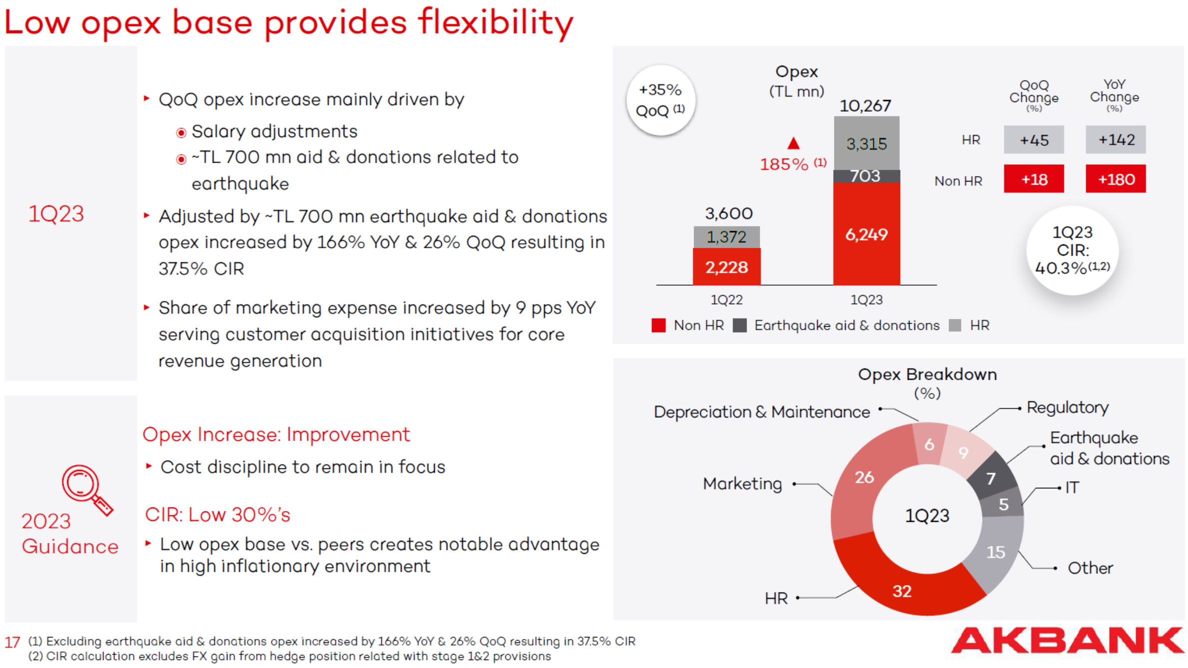


On the commission revenue side, we further excelled our outstanding performance across the board during the quarter. Our net fees & commission income is up by an outstanding 146% year on year and remarkable 21% quarter on quarter. This is well ahead of our full year guidance of around 60%.

Our strong customer growth has been reflected to the revenue base with all business lines positively contributing. This underlines the sustainability of our fee income generation going forward.

In addition to the solid customer acquisition, other reasons behind this achievement can be summarized as product innovation and diversity, increased transactions, pricing due to either currency or inflation, and the success of our digital channels.

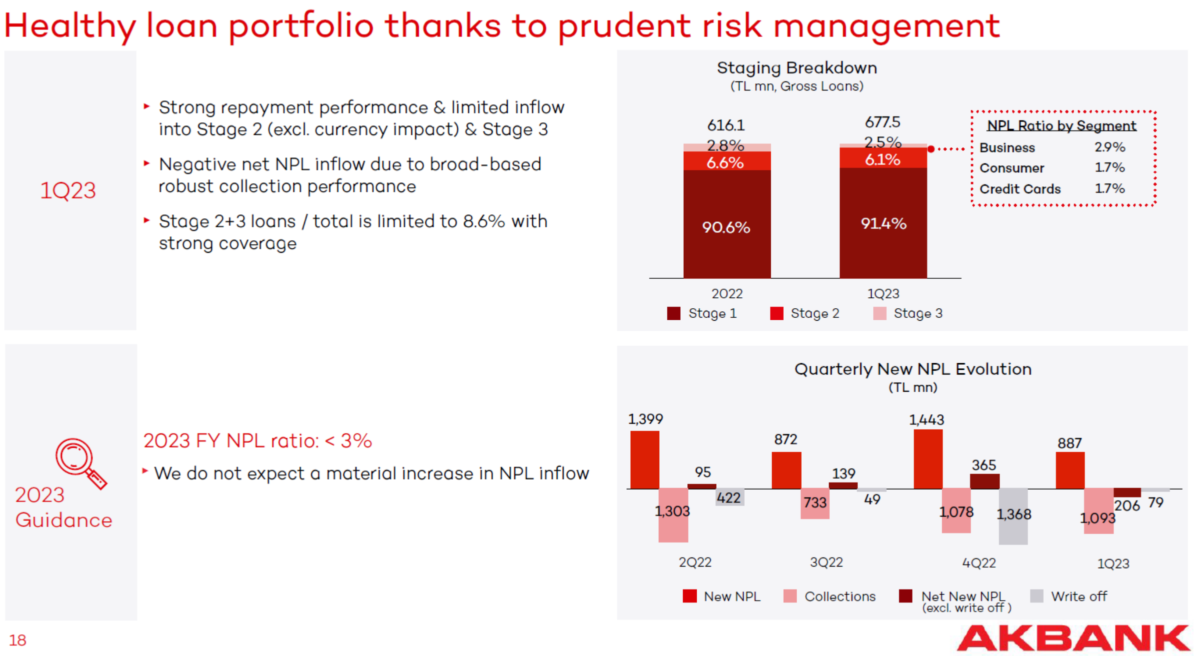
Looking at the current run rate, as I mentioned earlier, I can easily say that there is upside to our full year guidance.



Challenges remain on the opex side. Due to both high global inflationary pressure as well as pass-through of weaker currency.

Our opex increased by 35% quarter on quarter mainly driven by salary adjustments, which is an investments for our future, as well as TL 700 million aid and donations related to earthquake disaster. Adjusted for earthquake aid & donations quarter on quarter opex increase would be 26%, resulting in a 37.5% cost to income.

For year on year comparison, worth to note the relatively low opex base of first quarter of last year. Overall, our lower cost base versus peers gives us significant competitive advantage, and more flexibility. Meanwhile, cost discipline remains in focus.



Moving onto asset quality, our loan portfolio continues to perform well with continuation of strong repayment performance and almost no net inflow into stage 2, when excluded for currency impact. Therefore, share of stage 2 loans declined to 6.1% of gross loans, down by 5pp ytd.

As for stage 3, collection performance remained robust and broad-based, surpassing new NPL inflows, resulting in negative net new NPL evolution in the first quarter of the year. Hence, we completed the quarter with 2.5% NPL - which is in line with our FY guidance of below 3%, with a further 30 bps improvement YTD

Share of stage 2 + 3 in our gross loans, which would be deemed potentially problematic, continued to be limited at 8.6%, with strong coverage.

Further provision build with increased coverages

1Q23

- Increased coverage across all stages reaching total provisions of TL 25.5 bn including free provisions
- CoC performance underlines proactive provisioning & healthy portfolio composition
- Net total CoC (excl. ccy impact) at 125 bps
  - 58 bps (TL 930 mn) due to earthquake related cautious provisioning
- FX provisions are hedged

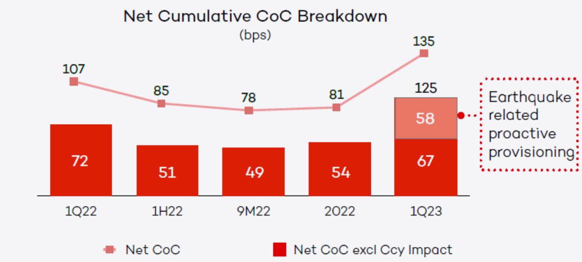
Provision Build & Coverages

(%)	2022	1Q23
Stage 1 Coverage	0.7	0.8
Stage 2 Coverage	16.4	18.5
Stage 3 Coverage	67.6	69.7
Stage 2+3 Coverage	31.6	33.4
Total Provision Build (1) (TL bn)	21.9	24.1
Free Provisions (TL mn)	1,400	1,400

2023 Guidance

2023 CoC (excl. currency): ~ 100 bps

- Significant provision build & solid collateral values to limit additional provision need
- Already strong coverages



 (1) Excluding free provisions

AKBANK

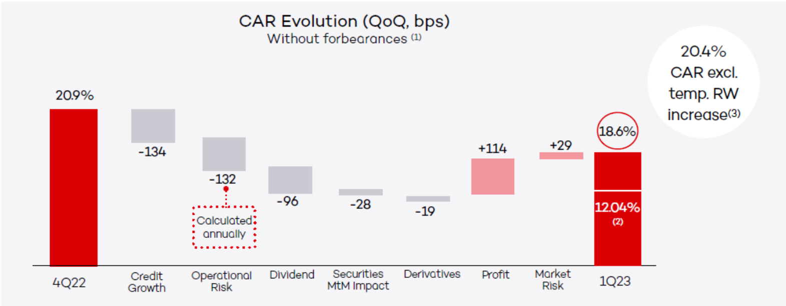
Our CoC evolution underlines our proactive provisioning as well as our healthy loan portfolio composition. We ended the quarter at 125 bps net COC excluding currency impact. This includes our cautious TL 930 million provisioning for the earthquake, yielding a total of 58 bps. Excluding our cautious provisioning for the earthquake, our net COC (excl. currency) would be 67 bps well below our FY guidance of around 100 bps (excl. currency).

Despite our solid loan growth, our coverage ratios have further increased significantly ytd with further loan loss provision build of TL 2.2 billion during the quarter.

For stage 1, our coverage ratio is at 0.8% up from 0.7%. For stage 2 and stage 3 loans, our coverage ratios increased by more than 200 bps ytd to 18.5% and 69.7%, respectively.

We believe our robust provision build and solid collateral values will limit the need for additional provisions while our cautious provisioning related to earthquake is manageable within our FY guidance of 100 bps net COC (excl. currency).

Superior capital buffers provide significant competitive advantage



Sensitivity of Solvency Ratios (not linear) (4)
- 10% TL depreciation: c. 50 bps
- 100 bps TL interest rate increase: 12 bps (5)
- 1% NPL increase: c. 25 bps

(%, TL bn)	CAR	Excess Capital (6)	Tier 1	Excess Tier 1 (6)	CET-1	Excess CET-1(6)
Without forbearances (1)	18.6%	61.1	15.7%	52.9	15.7%	67.0
With forbearances (1)	18.9%	64.0	16.0%	55.7	16.0%	69.7

(1) Fixing MtM losses of securities & FX rate for RWA calculation to 2022YE FX rate
(2) Min Basel III required: Including buffers (Capital Conservation Buffer: 2.50%, D-SIB Buffer: 1.50% Countercyclical Capital Buffer: 0.04%)
(3) BRSA implemented higher RW for newly generated consumer CCs, GPLs (from 75% to 150%) & comm. loans excl. SME, export, investment (from 100% to 200%)
(4) Diminishing sensitivity for higher amount of changes
(5) Includes 20 bps real rate change for CPI-linkers (FVOCI)
(6) Basel III min. requirements: CAR: 12.04%, Tier-1: 10.04%, CET-1 8.54%

AKBANK

Our total capital, Tier 1 and CET 1 ratios w/o forbearances remain robust at 18.6% and 15.7%, respectively, despite negative impacts deriving from: significant growth (134 bps), solid dividend payment (96 bps), operational risk which is a sectoral implementation during first quarter of every year (132 bps). Main component of the methodology is the average net income of last 3 years and thus directly correlated with the bank's financial performance.

Our sound profitability also reflected onto our capital position as our internal capital generation added 114 bps to our total capital ytd. Also, please note that, adjusted for the temporary Risk Weight increases applied by BRSA, our Capital would be 180 bps higher at an outstanding 20.4%.

To give some sensitivity, 10% depreciation in TL results in around 50 bps decrease in our capital ratios while the impact diminishes for higher amount of changes. And, 100 bps increase in TL interest rate results in a 12 bps decline in our solvency ratios, again with diminishing impact. Sound capital buffers continue to serve as shield against unprecedented challenges and volatility, and create significant ammunition for sustainable profitable growth.

On track with 2023 guidance

	2023 Guidance	1Q23
TL Loan Growth	~ 40%	14.3%
FX Loan Growth (in USD)	Low-single digit	0.6%
NIM (swap adj.)	4-5%	4.8%
Net fees & com. growth	~ 60%	146%
Opex increase *excl. earthquake impact*	Improvement(1)	185% *166%*
Cost/ income (2) *excl. earthquake impact*	Low 30%'s	40.3% *37.5%*
NPL	< 3%	2.5%
Net total CoC (excl. ccy impact) *excl. earthquake impact*	~ 100 bps	125 bps *67 bps*
ROE *excl. earthquake impact*	~ 30%	27.9% *30.9%*

2023 Guidance Key Drivers

Momentum across all business lines & subsidiaries continue as we advance in innovative offerings, using AI & cutting-edge technology while investing in our people

1. Retail driven growth with sustainable profitability & healthy market share gains in focus
2. Boosting customer acquisition with disruptive new offerings
3. Leveraging robust solvency ratios & strong efficiency
4. Taking advantage of advanced analytics & cutting-edge technology
5. Non-stop investments in our people & future of work
6. Mitigating environmental footprint while increasing positive impact

1Q23 Cheat sheet

21 (1) Indicates lower increase YoY compared to 2022
(2) CIR calculation excludes FX gain from hedge position related with stage 1&2 provisions

AKBANK

On this slide, you may find the summary of our sound start to the year. Momentum continues across all business lines. We remain confident in our full year guidance for all of our financial metrics.

Sustainable finance for green & inclusive transformation

1Q23

On track for long-term goals in sustainable finance
- Provided TL 18 bn in sustainable finance (1)
- Total ESG-themed funds AuM reached TL 1.5 bn, with 66K investors

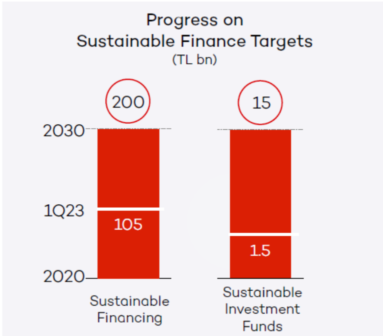
April'23

- Published revised Sustainable Finance Framework with SPO in April
  - More comprehensive green and social use of proceeds
  - Further integration of EU Taxonomy
  - New green and social categories (ex. hydrogen, climate adaptation, disaster relief)

ESG share in total wholesale funding transactions reached 48%
- Turkey's first syndicated social loan in April 2023, providing USD 500 mn for trade finance transactions in the earthquake area

2023 Outlook

- Sustainable Finance Framework revised with recent trends, to be published with SPO
- Continue focus on ESG-linked funding
- Introduce Responsible Investment Policy
- Support decarbonization by engaging with customers and product innovation



For more on sustainable finance

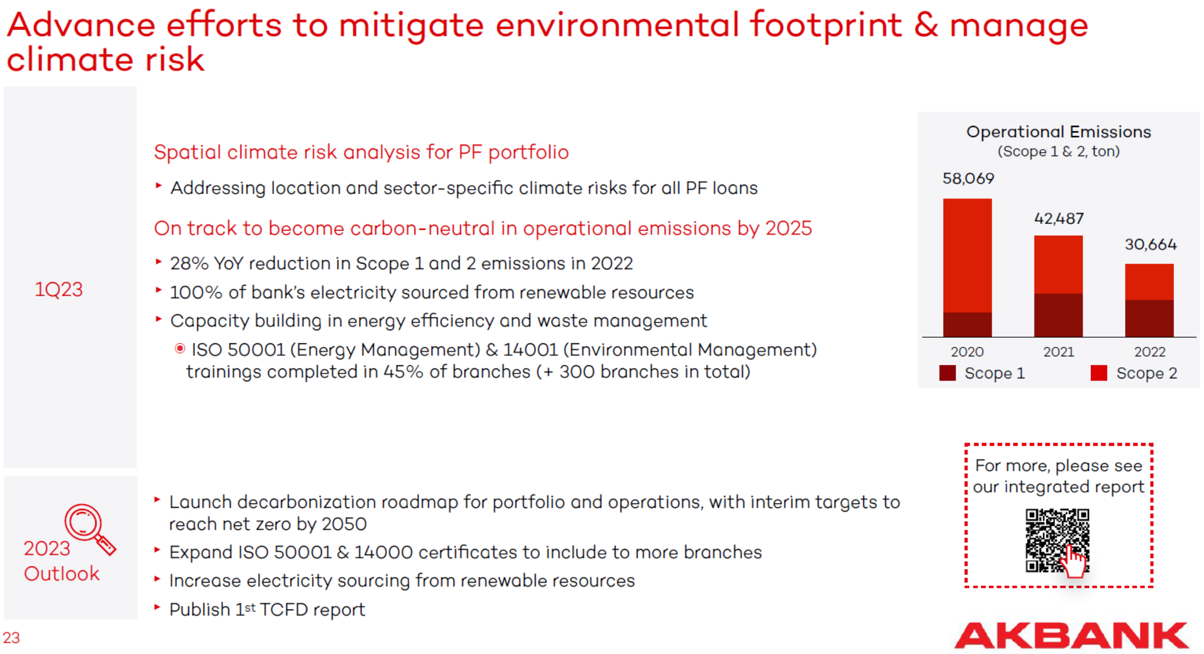
22 (1) Based on bank-only MIS data, includes: Granted SME loans (assessed through ESMS) & renewable loans, other green and social loans in line with Sustainable Framework, and ESG-type Eurobond & syndicated loan purchases

AKBANK

Moving onto a few highlights regarding our ESG performance. In 1Q23, we continued to work towards our long-term sustainability targets. We have provided TL 18 billion sustainable finance ytd, totalling our support to TL 105 billion since beginning of 2021.

We also revised our Sustainable Finance Framework, in line with the needs of our stakeholders, as well as international standards and best practices. Our framework, which has a Second Party Opinion, has been published and shared with our stakeholders. This is another important milestone in our sustainable finance journey.

The new document includes more comprehensive green and social use of proceeds, as well as new green and social categories, such as hydrogen, climate adaptation and disaster relief.



As part of our efforts to manage outside in climate risk of our loan portfolio, we completed our geographical climate risk analysis for our project finance loans last quarter.

We are also taking steps to implement changes across our operations to mitigate our environmental footprint. We were able to decrease our Scope 1 and 2 emissions 28% year on year in 2022. To further reduce our operational emissions, we continue to build capacity across our branches for energy efficiency and waste management. For this purpose, as of last quarter, close to 50% of our branches have completed their trainings.

In order to mitigate our portfolio's impact on climate change, we have committed to become a net-zero bank by 2050 and plan to disclose our interim targets and sectoral approaches before the end of the year. For more details, please check the annex of this presentation as well as our ESG presentation on our website.

Thank you all for taking the time to join us today. I am proud to say that, today Akbank, is the most ready bank to smoothly wave through any challenge and generate long-term stakeholder value in an ever-changing world.

I would like to express my sincere gratitude to all our people for rising to challenges, thinking outside the box, innovating, executing, raising the bars, supporting our customers and being a source of strength.