Participants:
Kaan Gür, CEO
Türker Tunalı, CFO
Ebru Güvenir, SVP IR & Sustainability

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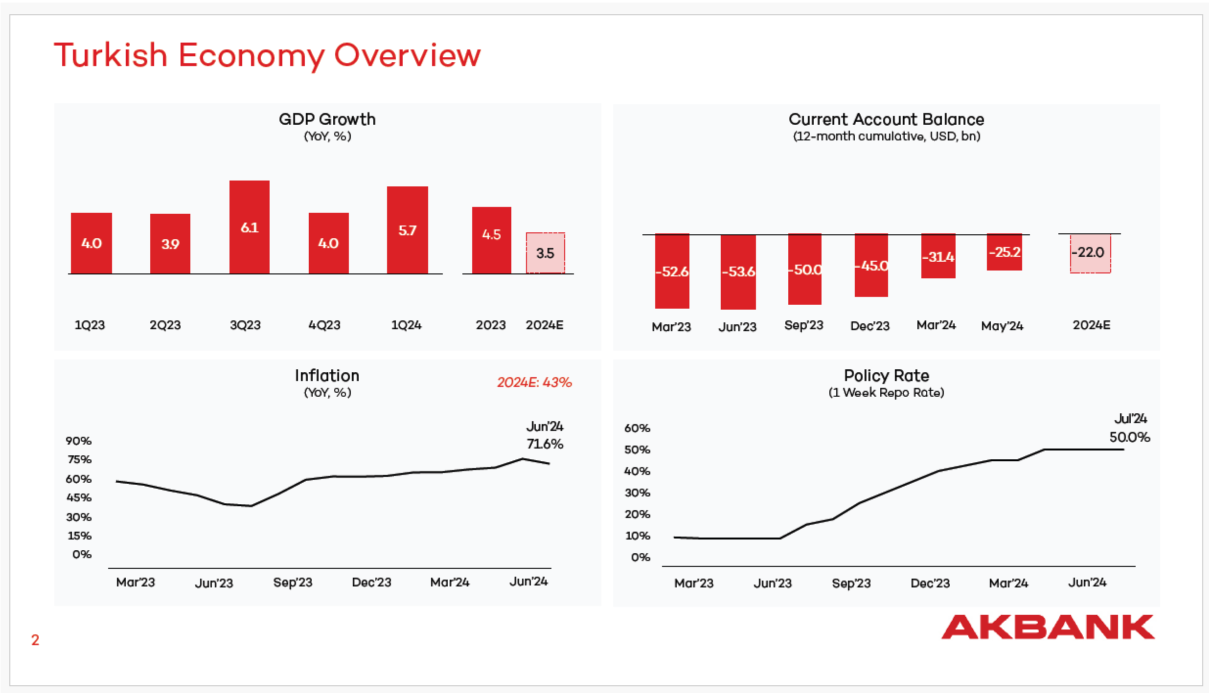
- **Dear Friends, this is Kaan Gür speaking, CEO of Akbank.**

- **Hope you are all well.**

- **Thank you for joining our first quarter earnings call.**

- **Before moving onto our bank, I'd like to share my thoughts on the operating environment.**



- **First of all, I would like to walk through Turkish Economy Overview. Economic activity remained strong in the first quarter of the year, growing by 5.7% yoy and 2.4% qoq.**

- **GDP is projected to be almost flat on qoq basis in the second quarter.**

- **The slowdown is expected to become more pronounced towards the end of the year due to the tight financial conditions and prospective fiscal tightening.**

- **We maintain our growth forecast for 2024 at 3.5%, as the weak global backdrop and the lagged effects of the monetary tightening weighs on economic activity.**

- **There are good news from external balance. For example, foreign trade balance improved considerably since last year.**

- **External balance and financing need seem to be less of a concern in the short-term.**

- **As of May, the 12-month cumulative deficit narrowed to $25.2 bn from $45 bn in December.**

- **The slowdown in loan growth and domestic demand are likely to contribute to external rebalancing going forward.**

- **We estimate current account deficit to be around $22 bn which is below 2% of GDP by the end of this year.**

- **Regarding inflation, consistent with our previous communication in April, consumer inflation peaked at 75.4% in May, marking the turning point of a prolonged inflationary cycle.**

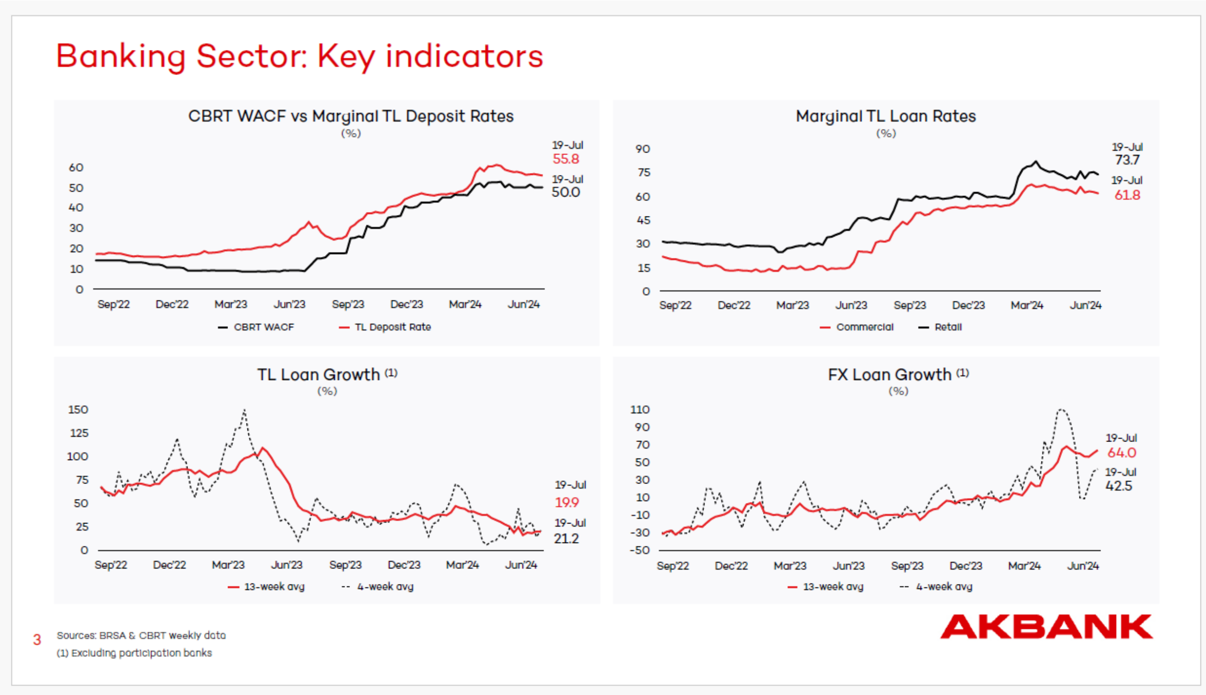
- **The worst has been left behind as the downtrend in annual inflation started in June.**

- **Near-term inflation outlook will be mainly shaped by administered price and tax adjustments, which might be critical for expectations and pricing behaviour.**

- **We still expect year-end inflation around 43%.**

- **The prospective improvement in underlying inflation may provide room for monetary easing towards the end of this year.**

- **CBRT kept the policy rate unchanged since March, it continued to take additional measures to curb excess loan growth, to sterilize excess liquidity, thereby to support monetary transmission mechanism.**



- **Regarding Banking Sector, I would like to emphasize key indicators.**

- **Tight monetary stance and quantitative restraints continue to keep borrowing rates high.**

- **The impact of the tightening in financial conditions has been more pronounced on commercial loans, while retail loan growth has also lost momentum.**

- **TL loan growth slowed down significantly, while the growth cap introduced in May has also limited FX loans.**

- **Looking forward, total credit impulse implies a gradual, but not a sharp, softening in economic activity, which will alleviate the demand-pull inflationary pressures.**

- **Regarding capital flows, the current policy stance has strengthened foreign capital inflows and reinforced domestic residents' de-dollarization.**

- **After the elections, depreciation pressures on the lira have eased and the CBRT has become "net buyer" in the FX market.**

- **Portfolio inflows and de-dollarization have enabled the CBRT to improve its net FX position remarkably.**

- **Net foreign assets excluding swaps turned positive for the first time since the pandemic and reached $25.3 bn as of July 2024. Thus, the cumulative improvement since early-April has reached approximately $90 bn.**

- **Country risk premium continued to improve and the 5-year CDS declined to around 260 bps, which was an early sign of the recent double notch rating upgrade.**

- **I would like to emphasize regarding banks, that we are in a transition period, in which the monetary transmission mechanism has been largely restored with a few financial regulations remaining in place.**

- **The current inflation outlook leaves no room for complacency, and the policy rate is likely to remain high for an extended period of time.**

- **Enhanced policy predictability and largely simplified regulatory environment have supported well-functioning of the system, while the rebalancing process brings some challenges in the short term.**

- **The slowdown in loan growth and the decline in LDR weigh on the core operating profitability of the sector.**

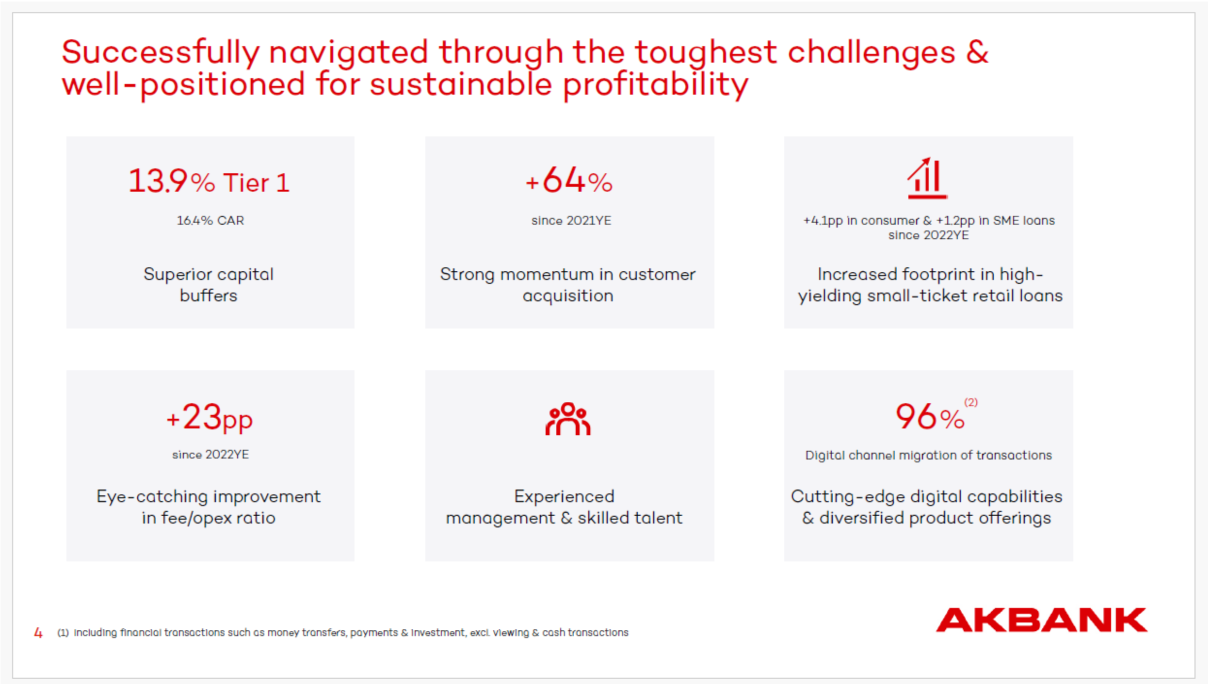
- **However, going forward, the regulation induced historical low LDRs provide buffers for improvement in net interest margin, when the economy normalises to lower inflation environment.**

- **We haven’t seen a broad-based rise in delinquency rates up until now, as economic activity and labour market still remain resilient.**

- **The ongoing economic adjustment takes place gradually, and we do not envisage a sharp contraction or a prolonged stagnation in the economy that would put asset quality at material risk.**

- **The sector is well-prepared against a combination of large adverse shocks, thanks to enhanced fee income generating capacity, cautious provisioning and adequate buffers.**

- **Now, I would like to share a few highlights of our bank's sound performance before leaving the floor to Ebru for the details.**



- **The dedication and experience of our people continue to drive our success.**

- **Our capital position remains solid and resilient at 13.9% Tier 1, allowing us to address the interests of all stakeholders.**

- **The strength of our flexible balance sheet management, combined with our agility in regulatory matters, and persistent fee performance excellence, played key roles in our profitability.**

- **However, in light of the current monetary and regulatory environment, we have made the necessary decision to revise our guidance for the upcoming period.**

- **Ebru will share all the details, but as a result of the required changes, our above 30% ROE guidance has been revised to mid to high twenties for this year.**

- **While this adjustment reflects the external challenges we are facing, I want to assure you that our core business remains strong, and we are taking proactive steps to navigate these changes effectively.**

- **As a testament, I am happy to share that bank's strong momentum in expanding the customer footprint persists.**

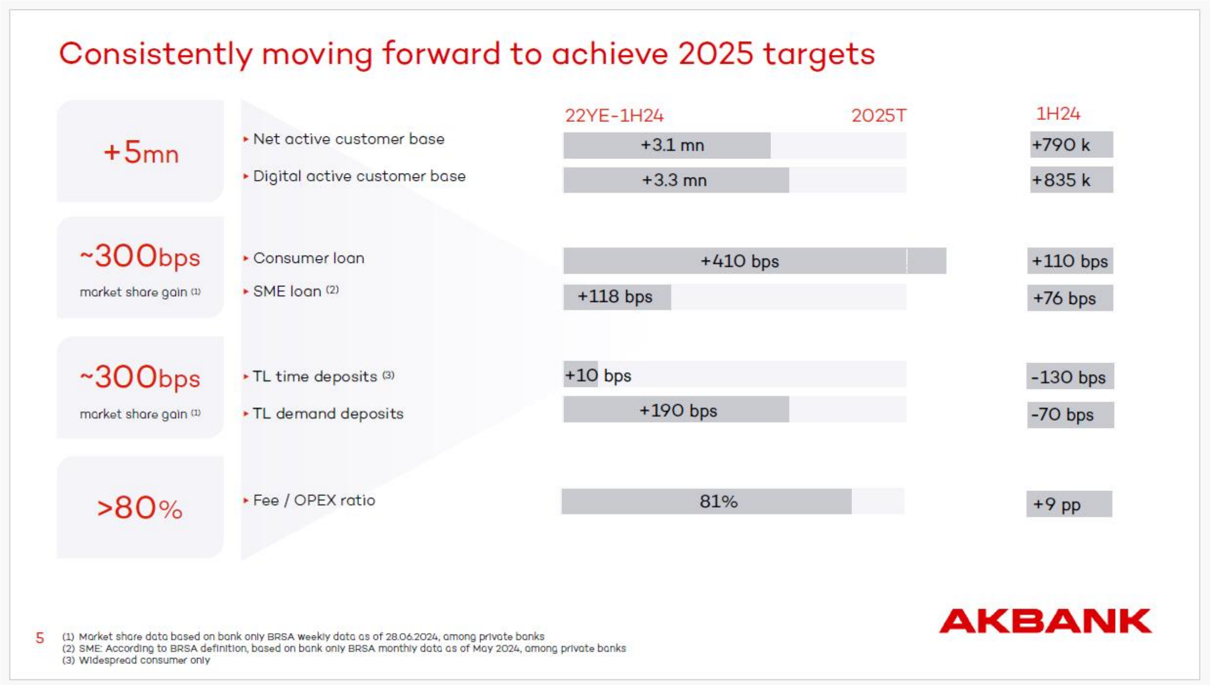
- **We keep our customers at the core of all our initiatives.**

- **The exceptional increase in our active customer base has resulted in our fee to opex ratio to excel by 23 pp in just 6 quarters.**

- **Ongoing organic customer growth strategy strengthens our recurring revenues, ensuring the bank's long-term success in dynamic markets.**

- **Our digital capabilities are advanced and are key enablers.**

- **Still, our focus remains on investing in our businesses and our people for future growth and sustained profitability.**



- **I am also pleased to inform you that we are continuously on track to achieve our 2025 targets.**

- **A focus area that is intentionally scaled back to manage our long-term goals is the TL wide-spread consumer only deposit market share.**

- **This is a result of our low TL LDR at 84%, and a reflection of our current decision-making in light of the regulatory environment.**

- **Worth to underline that our low TL LDR will give us significant room for margin improvement going forward.**

- **As pointed out in the earlier slide, our enhanced fee-to-OPEX ratio is a major success area achieved through our continuous customer acquisition efforts.**

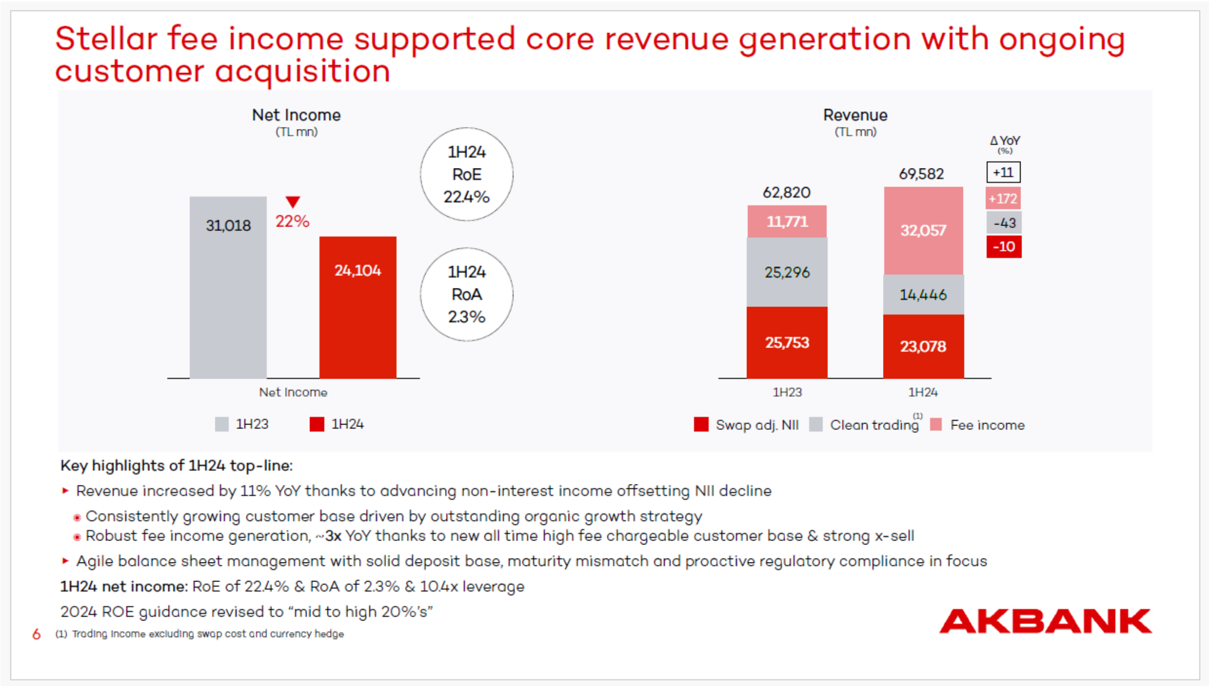
- **It surged impressively and already reached 81%, even exceeding our 2025 ambition of 80%. Second quarter alone, it was at 85%.**

- **I would like take this moment to express my sincere appreciation to all our staff.**

- **Their commitment, passion, and resilience are the driving forces behind our success.**

- **Ebru will now provide insights regarding our second quarter performance.**

- **Following her presentation, I will be more than happy to answer your questions together with Turker & Ebru.**



- **Thank you Kaan Bey.**

- **As you have just highlighted, regardless of the sector wide challenges especially in margin evolution, our strong commitment to enhance our recursive revenues and to generate sustainable high profitability continued to be the driving force behind our success.**

- **We are operating in a transition period, in which the monetary policy transmission mechanism has been largely restored but high funding costs along with loan growth caps continue to pressure margins.**

- **However, our superior fee income generation continued to support core revenue generation, more than offsetting the decline in NII thanks to our outstanding organic growth strategy.**

- **Our fee income almost tripled yoy, as a result of our intensified commitment to enlarge our customer base while deepening the relationships.**

- **It is important to highlight that, thanks to timely actions taken by our Treasury, the trading side also continued to be supportive.**

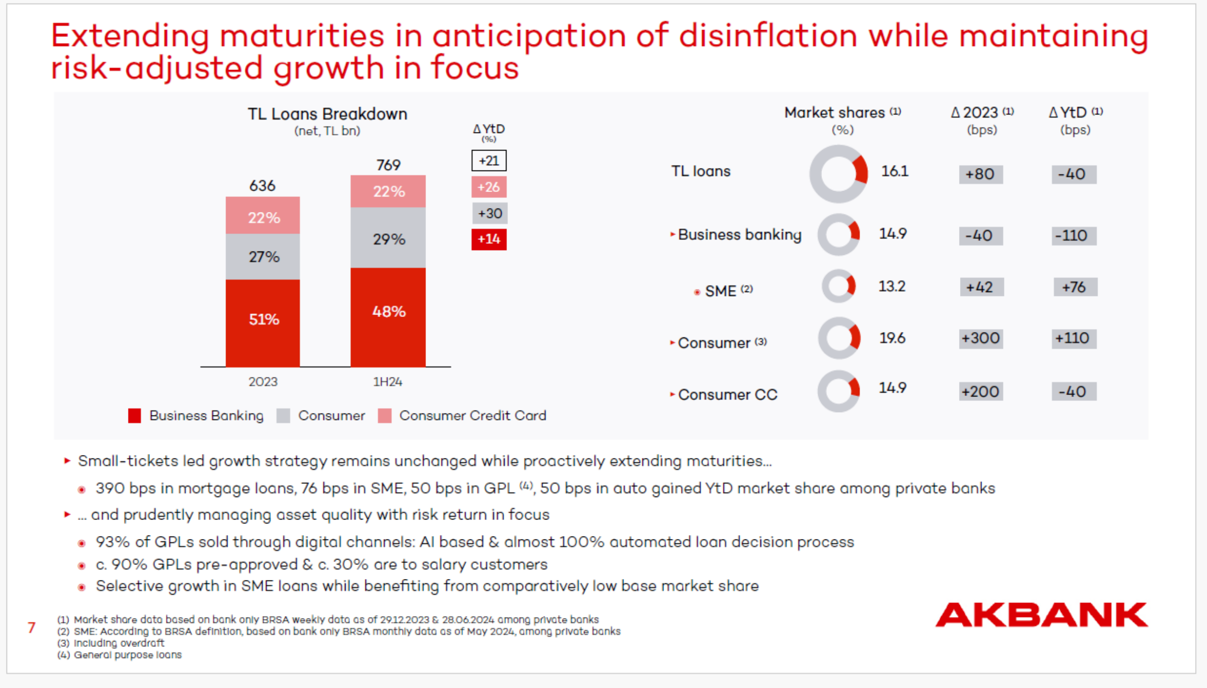
- **Our revenues were up by 11% yoy to 69 billion 5 hundred and 82 million for the first half.**

- **Robust non-interest income growth has been instrumental in counteracting the effect of cost pressures on net income.**

- **Our net income decreased by 22% yoy to 24 billion 1 hundred and 4 million, resulting in a RoE of 22.4%, RoA of 2.3% for the first half.**

Moving onto the key drivers of our healthy performance in more detail.

Let's start with the balance sheet.



- **In the first half, our TL loans were up by 21% led by our ambition to grow in higher-yielding small tickets.**

- **While we have continuously been reshaping our loan portfolio, we are successfully and proactively extending the maturities, considering the outlook for a disinflationary environment.**

- **This is despite the loan growth caps that constrain asset repricing.**

- **Also, on top a phenomenal 300 bps market share gain in consumer loans among private banks last year, we successfully increased our market share by an additional 110 bps during the first half of this year.**

- **Our market share gain in housing loans has been eye-catching at 390 bps year-to-date.**

- **This not only helps extend the maturity of the loan book but also has a very high cross-sell and also delinquencies are especially very low for this product.**

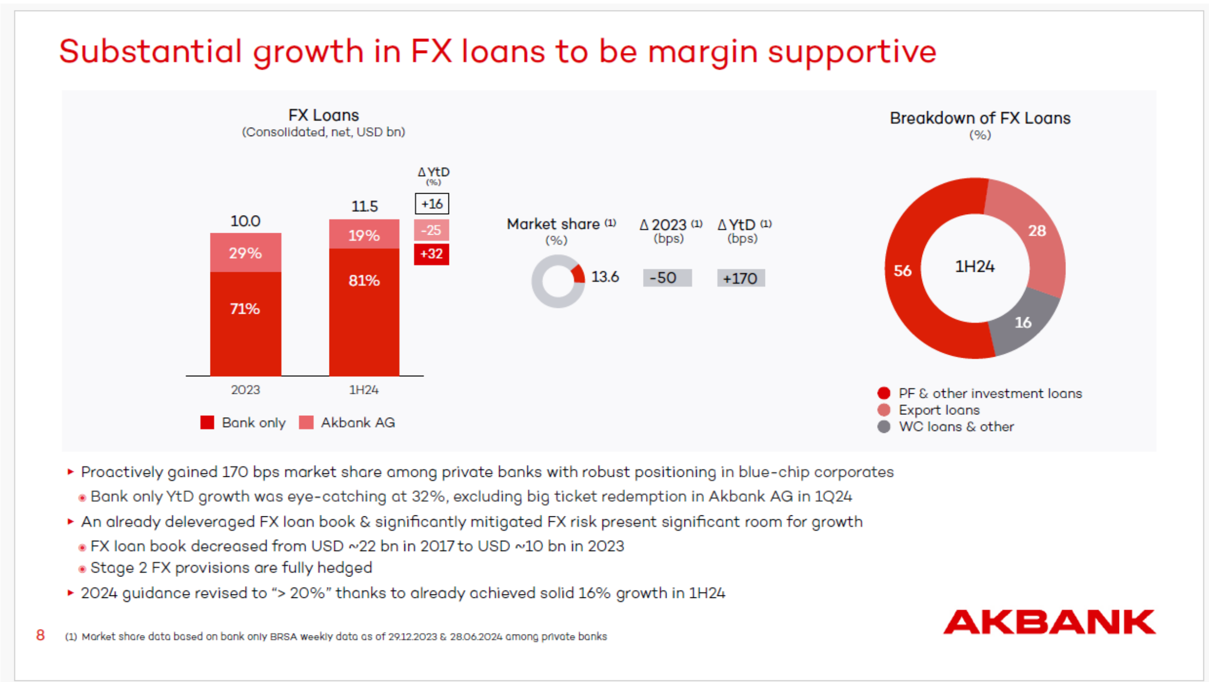
- **Our organic growth strategy also features a prudent balance between risk and return, with timely adjustments to lending criteria as required.**

- **Advanced analytics and technology are central to our growth strategy, driving our robust asset quality.**

- **Our 100% automated loan decision processes with an excellence in AI based consumer credit models, enable us to take quick and timely actions.**

- **Please also note that, in terms of volume, around 90% of GPLs are pre-approved and around 30% are to salary customers.**

- **In SME loans, we increased our market share by 76 bps year-to-date through a cautious and selective growth strategy, carefully managing maturity extensions according to product pricing.**



- **On the FC loan side, we successfully grew our FC loan book by a solid 16% year-to-date with strong foothold within high-profile blue-chip corporates.**

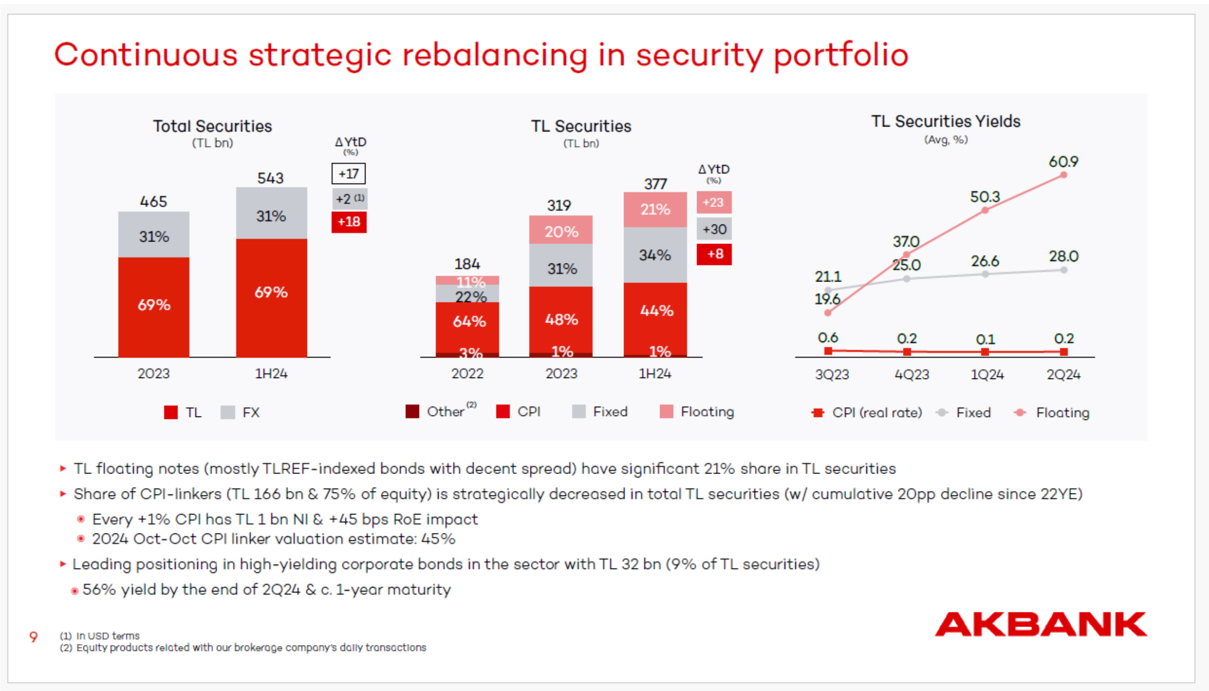
- **Our bank-only growth was even stronger at 32%, excluding the impact of big-ticket redemption during first quarter in our fully owned subsidiary Akbank AG.**

- **This robust growth led us to gain 170 bps market share among private banks year-to-date.**

- **The Bank's proactive expansion of its already deleveraged FC loan book was a deliberate strategy to navigate the growth caps set by the regulator.**

- **FC part of the balance sheet has strong spreads; therefore, growth on this side is margin supportive.**

- **We remain committed to expand in FC loan portfolio, as demonstrated by our first half results, leading us to revise our 2024 guidance upwards to above 20%, accordingly.**



Moving onto the securities side.

- **We have also dynamically adjusted composition of our security portfolio by incorporating higher-yielding securities in light of the disinflationary environment.**

- **We have been increasing our positioning in TL floating notes since the beginning of last year.**

- **Accordingly, FRNs with a decent 61% average yield in second quarter has a strong 21% share in our TL securities, up from 11% at the end of 2022.**

- **Note that majority of those notes are TLREF indexed bonds and have a robust above market spreads.**

- **Our strategic approach also involves decreasing the share of CPI linkers in TL securities.**

- **This strategy resulted in a cumulative reduction of 20 pp since end of 2022.**

- **Meanwhile, our Treasury's proactive positioning in positive yielding CPI linkers continues to be a differentiating factor, considering the tightening spread between the policy rate and inflation.**

- **Our CPI-linker portfolio now stands at TL 166 bn, which equates to 75% of our equity and continues to help to mitigate negative impact of inflation while creating a solid ROE support.**

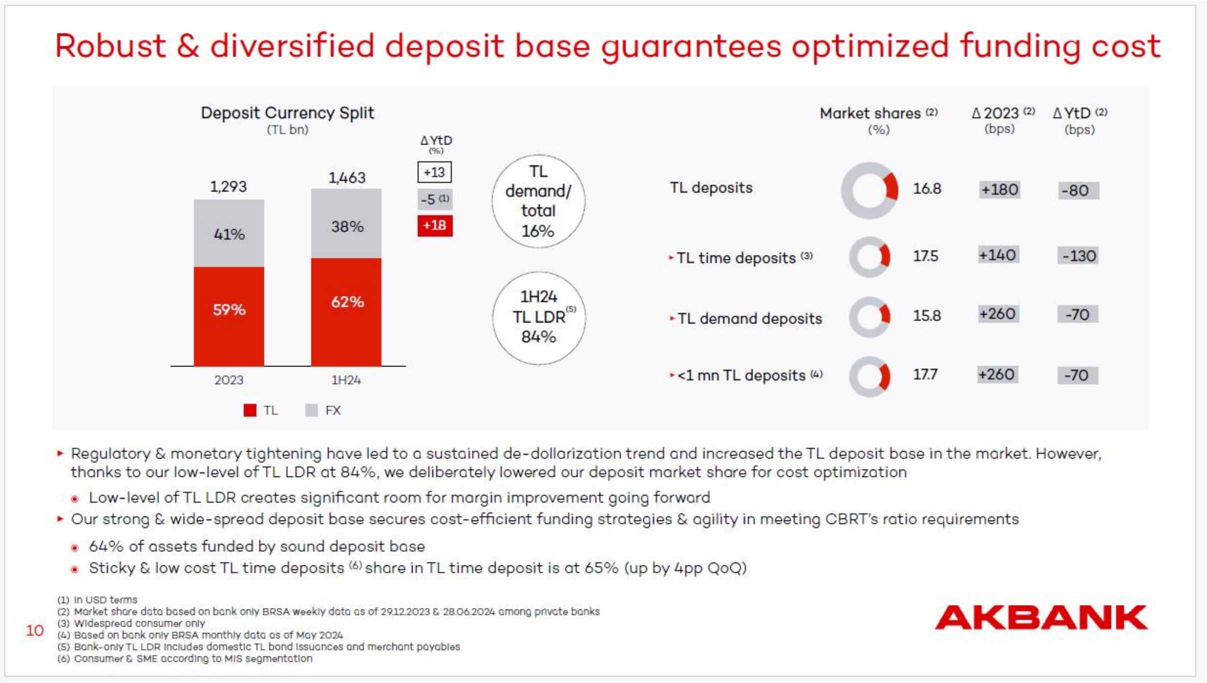
- **Please note that every 1% change in CPI has around TL 1 bn net income or 45 bps ROE impact.**

- **Our TL fixed rate securities were acquired at favorable rates.**

- **We may also leverage our expertise in treasury management to capitalize on trading opportunities.**

- **Meanwhile, we continued to lead the sector with our strong positioning TL corporate bonds.**

- **Our high-yielding corporate bond portfolio, with at end of quarter 56% yield, stands at TL 32 bn, or around 9% of our TL securities.**



- **On the funding side, it is important to highlight that in line with our strategic ambition, our market share in below TL 1 mn deposits and zero cost TL demand deposits had increased considerably by 260 pp last year thanks to our solid customer franchise.**

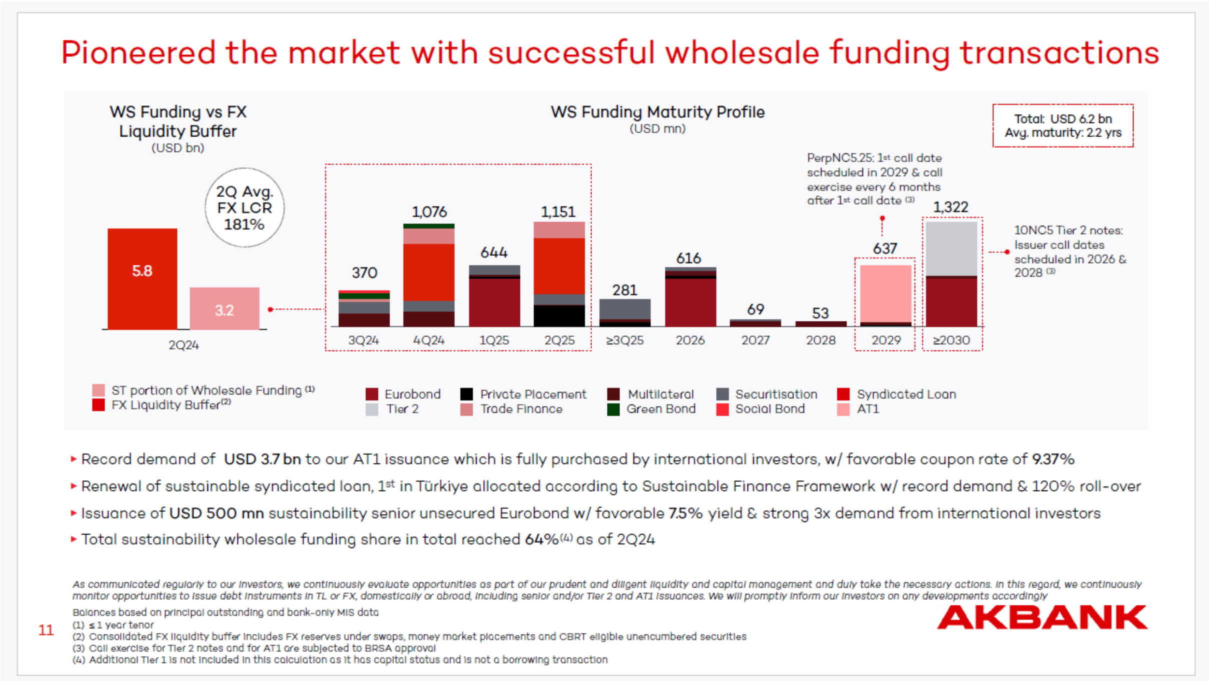
- **Our enhanced TL wide spread consumer only deposit market share provides ample opportunity for tactical adjustments in market positioning and has given us notable edge in cost optimization this year.**

- **As a result, we have preserved our well-diversified and disciplined funding mix, whereby deposits have continued to be main source of funding.**

- **Our deposits now stand at 64% of total liabilities.**

- **It's also important to note that 65% of our TL time deposits are sticky and low-cost which is even up 4 pp qoq.**

- **In addition, TL LDR, which stands at a low 84%, has been essential in supporting our margins and provides us with abundant capacity for growth and enhancing margins going forward.**



- **We continue to pioneer the market with our successful transactions in 2Q24 following our inaugural Basel-III compliant Additional Tier-I issuance in March.**

- **Please recall that our AT1 issuance was first out of Türkiye fully purchased by international investors with a peak demand of USD 3.7 bn.**

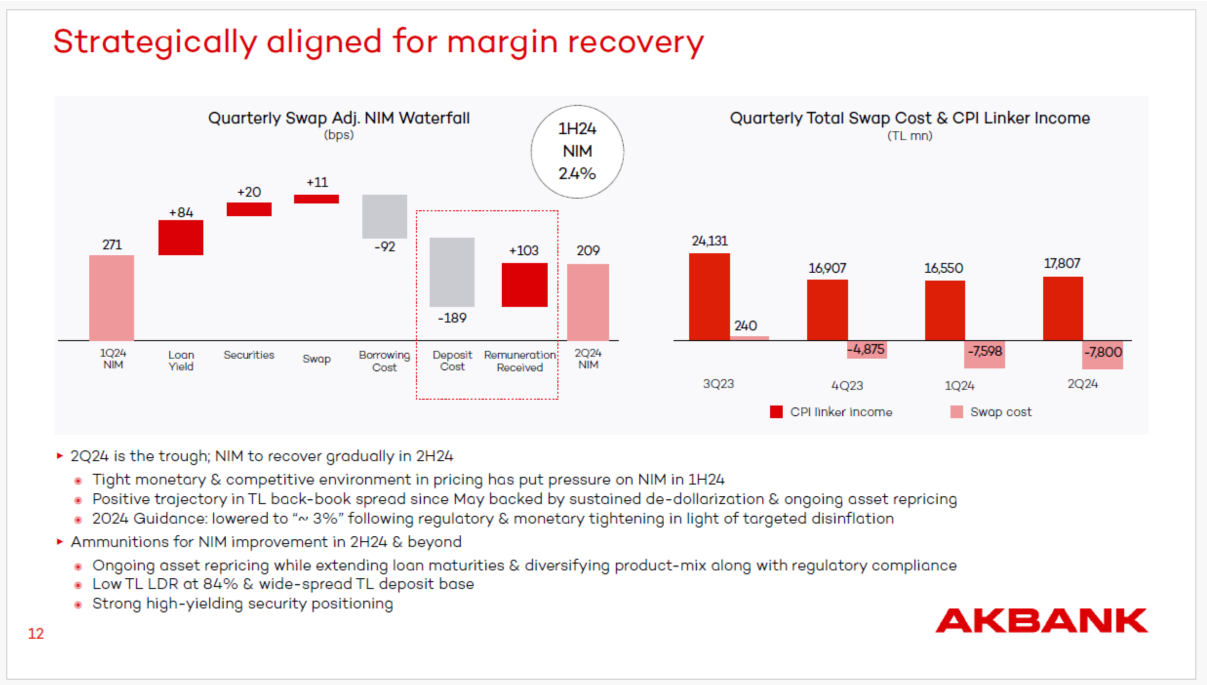
- **In 2Q24, we renewed our sustainable syndicated loan which was once again 1st in Türkiye in allocating according to Sustainable Finance Framework, receiving record demand.**

- **During the quarter, we also successfully completed our issuance of USD 500 mn sustainability senior unsecured Eurobond, with very strong 3x demand from international investors.**

- **As a result, we have succeeded to increase the share of sustainable transactions in our wholesale funding book to 64%.**

- **I am happy to share we are well on track with our 2030 sustainable wholesale funding target of 100%.**

Moving onto the P&L



- **Without any doubt, spread and margin evolution were the major challenges in the sector this year.**

- **The tight monetary policies targeting disinflation, along with competitive pressures and growth caps on asset repricing, have delayed the expected margin recovery in second quarter.**

- **Consequently, we have revised our full-year swap adjusted net interest margin guidance down to around 3%.**

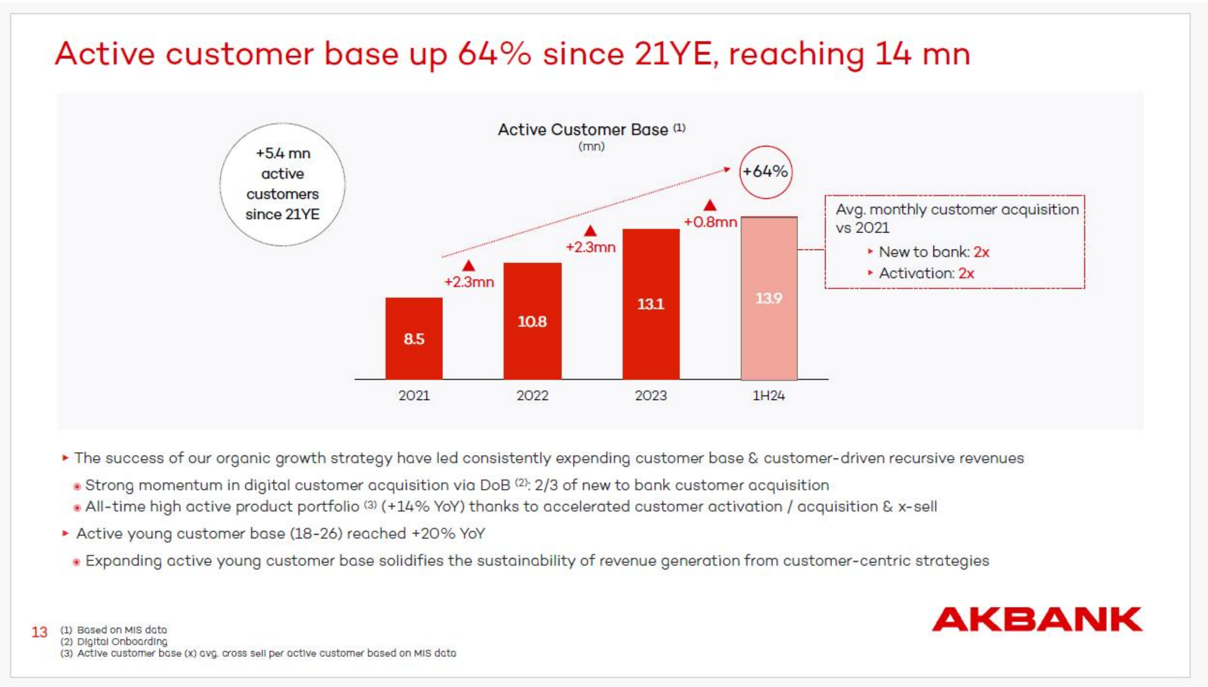
- **Our swap-adjusted NIM stood at 2.4% in the first half of the year, and our strategically structured and robust balance sheet will be crucial for margin improvement in the second half.**

- **To outline three core factors that will drive margin enhancement in the second half of the year and beyond:**

    - **First, on the growth side, we prioritize high-yielding small ticket loans while carefully extending maturities and as well as diversifying product mix to lock-in spread.**

    - **Second, on the funding front, we leverage our expertise and agility to optimize costs, while our extensive TL deposit base and low TL LDR help minimize margin pressure.**

    - **Last but the not least, our sound floating and high-yielding security portfolio is well positioned for disinflationary environment.**



- **As highlighted earlier, consistent with our organic growth strategy, we have continuously grown our customer base and the customer-driven recurring revenues.**

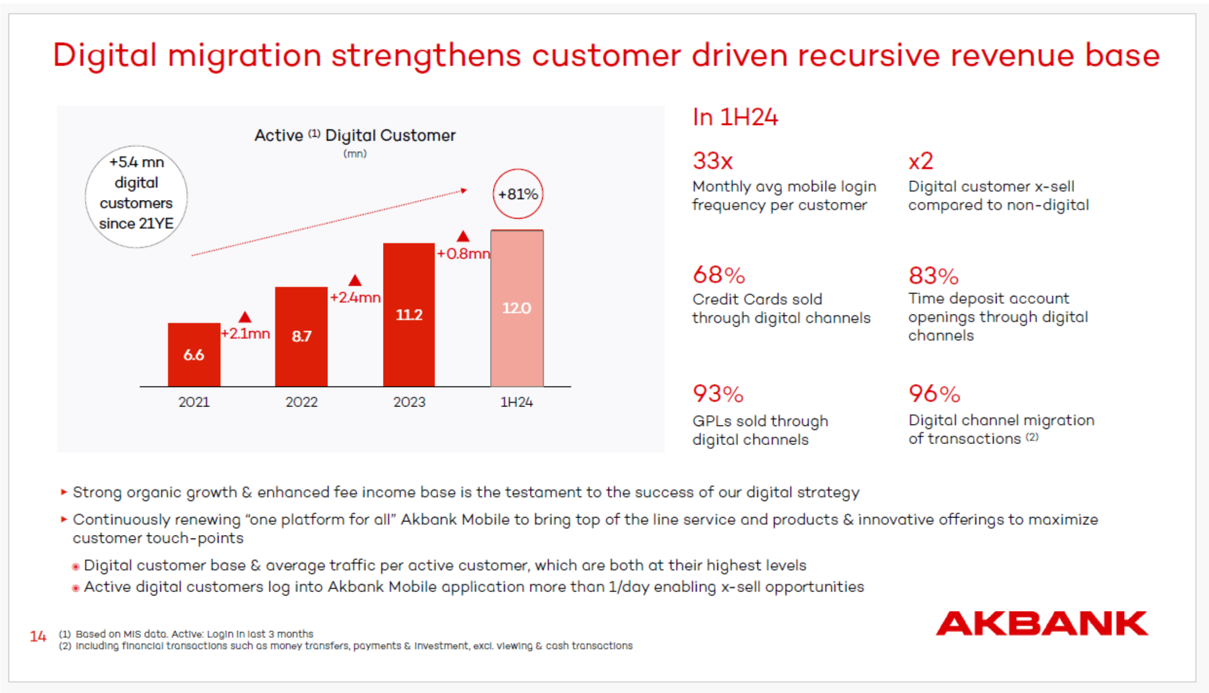
- **Our active customer base reached 13.9 mn, up 64% since 2021YE with an eye-catching 5.4 mn net active customer growth.**

- **The key to our growth strategy's success lies in our adaptability, dedication to customer satisfaction, and continual innovations, all core to our strategic vision.**

- **Similar to last year, two-thirds of our new to bank customers were acquired via digital onboarding, underlining the strength of our digital capabilities.**

- **Our active product portfolio, a function of active customer base and average cross-sell per customer, has excelled further by 14% yoy, reaching a new all-time high.**

- **At the same time, our growing young customer base strengthens the sustainability of our recurring revenues generated from our customer-centric strategies for the future.**



- **The success of our digital strategies is consistently demonstrated by the growth in our customer base and the advancement in our sustainable fee income.**

- **Number of our digital customers reached 12 mn with a robust 81% growth since 2021 year end.**

- **Digital penetration continues to increase, extending to 87%, while migration of transactions to the digital channels have already reached 96%.**

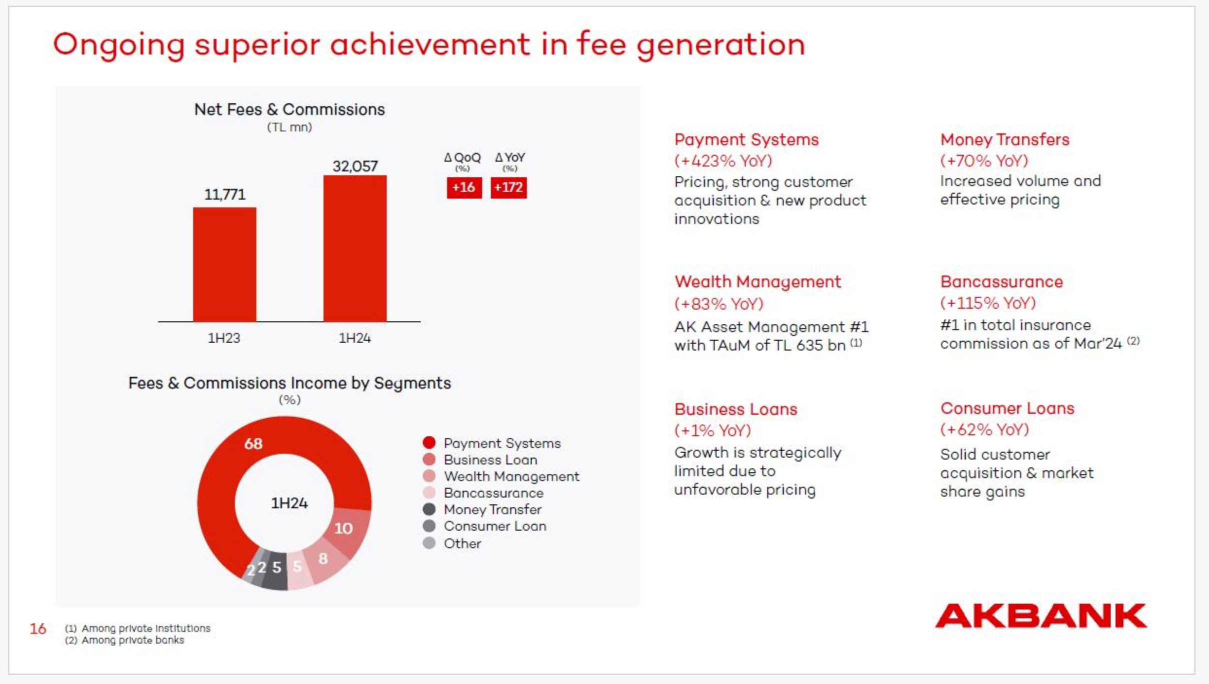
- **Please note that digital channels have secured a visibly striking share in credit card sales with 68%, GPLs with 93% and time deposit account openings with 83%.**

- **We continuously leverage our digital excellence, innovative solutions to revamp our value proposition and to maximize the number customer touch-points.**

- **Our "one platform for all" Akbank mobile with "simple and social everyday banking vision" attracts more than once a day log-in thanks to its more than 350 functions.**

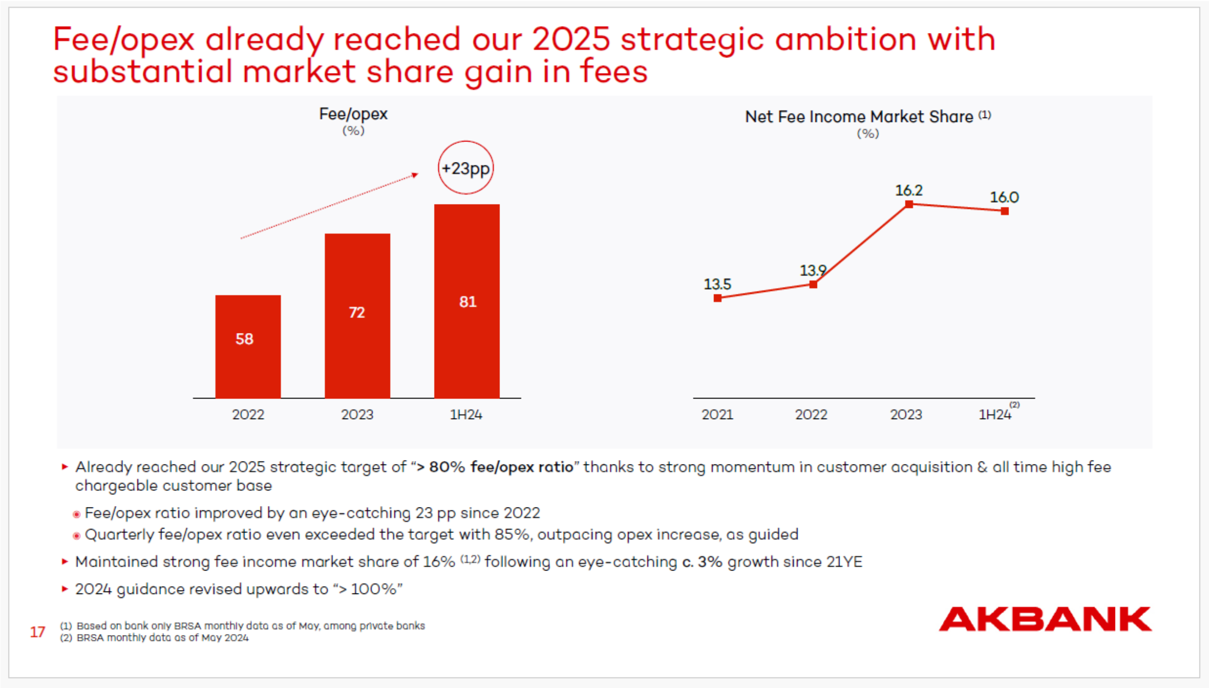
- **We successfully translate our outstanding digital experience into our customized applications as well.**

- **Just to name of few on this slide:**
    - **Juzdan: Our Bank agnostic digital payments platform.**
    - **Akbank Cebe Pos: A ground-breaking e-sale, e-payment and invoice application for merchants.**
    - **Akbank Yatırımcı: Comprehensive investment insights tailored for traders and investors.**
- **All of these & more support our sustainable fee income.**



- **On the fee & commission income side, our well-diversified fee income base has driven 172% year-on-year growth in the first half, significantly exceeding our full year guidance of above 80% growth.**
- **This achievement led us to raise our FY fee income growth guidance for 2024.**
- **We now project that our fee income growth will surpass 100% yoy.**

- **The excellence in our fee performance can be attributed to our dedicated investments through cycles, strong momentum in customer acquisition and diversified products offerings.**

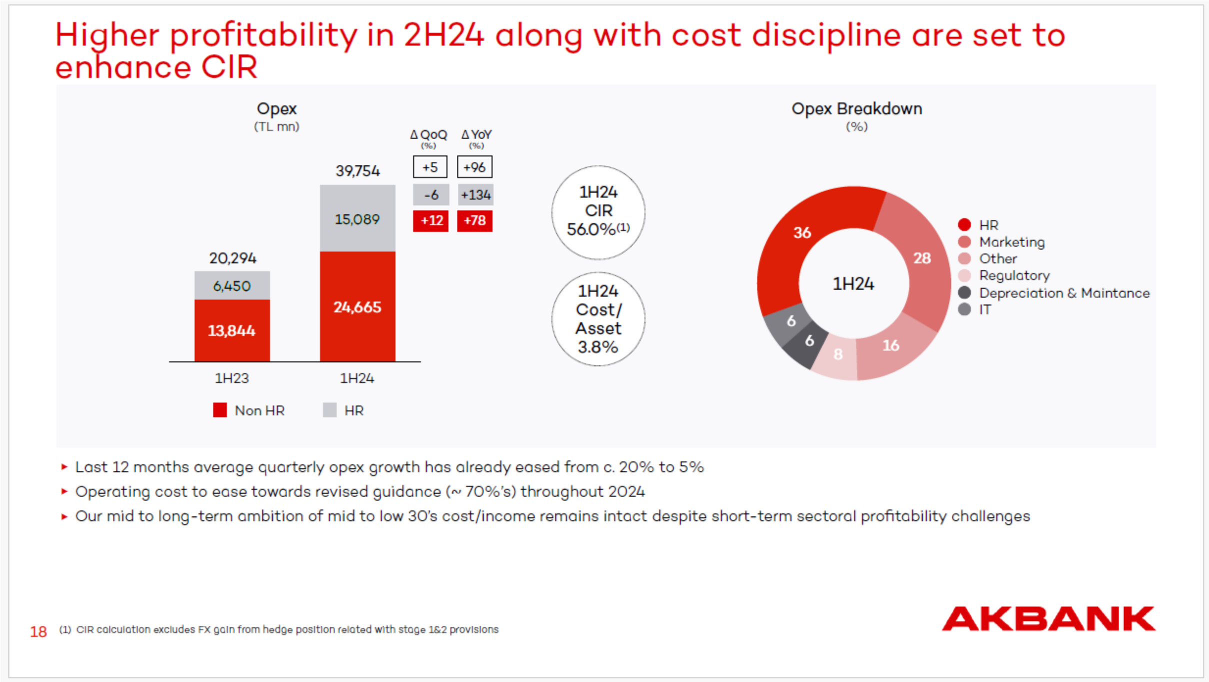


- **I am delighted to share that we have already reached our 2025 strategic target to increase fee/opex ratio above 80%.**

- **Our fee/opex ratio improved by outstanding 23 pp since 2022 to 81%, with even a higher quarterly figure of 85% in 2Q24 thanks to all time high fee chargeable customer base and strong x-sells.**

- **Our progress in fee income has also enabled us to sustain our 16% solid fee income market share year-to-date, based on the latest monthly BRSA data.**

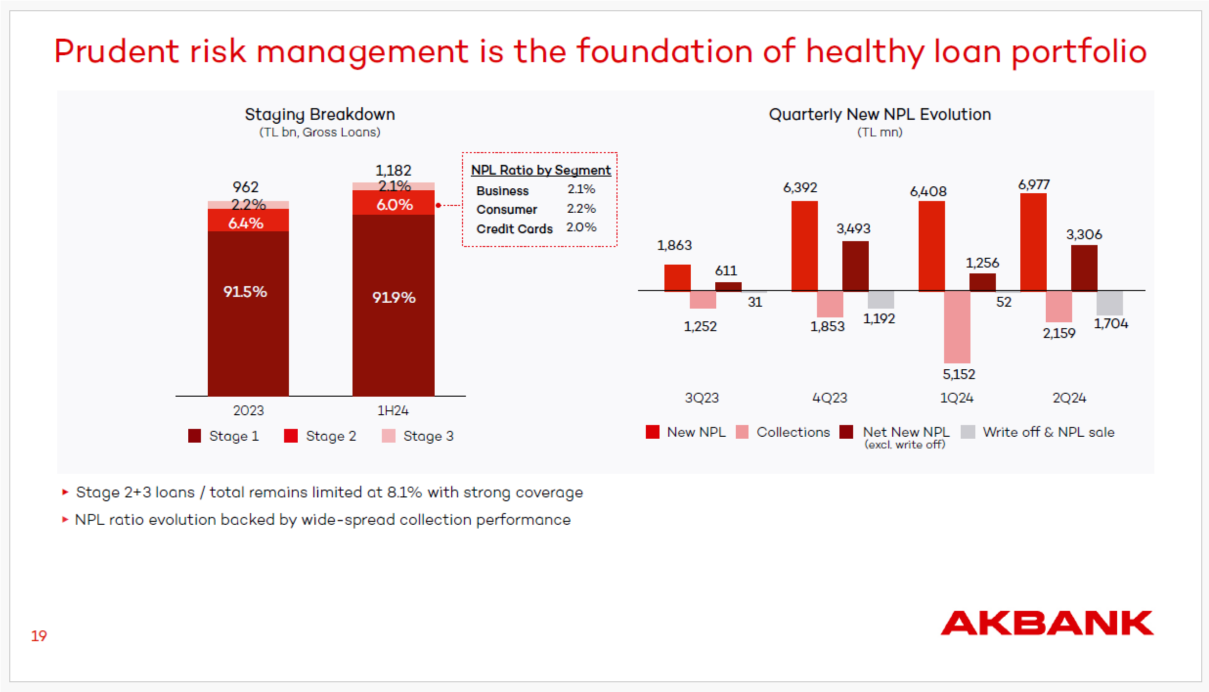
- **As a reminder, the extraordinary growth in our active customer base last year resulted in a 210 bps surge in our fee market share among private banks since 2022YE.**



- **Despite ongoing challenges in opex, the quarterly increase has moderated to 5%, a significant drop from the 20% average over the last 12 months.**

- **Our revised guidance of around 70% for 2024 reflects our expectation of opex to ease for the remainder of the year.**

- **Despite current profitability challenges in the sector, our mid to long-term target of a mid to low 30%s cost/income ratio is still firmly in place.**



Moving onto asset quality.

- **Resilient credit risk management framework powered by machine learning based credit decision models have been enabling us to maintain solid asset quality while growing.**

- **Despite the retail led increased migration trend in the sector, our advanced analytical capabilities across retail segments play a crucial role in managing the quality of the portfolio.**

- **While robust and broad based collection performance across all customer segments supported NPL ratio evolution, which remained at 2.2%.**

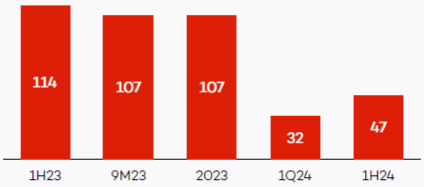
- **Share of stage 2 + 3 in our gross loans, which would be deemed potentially problematic loans, continued to be limited in our loan portfolio at 8.1%, while coverage remained strong at around 27%.**

CoC performance underlines proactive provisioning

Provision Build & Coverages

(%)	2023	1H24
Stage 1 Coverage	1.1	0.8
Stage 2 Coverage	16.6	16.6
Stage 3 Coverage	62.1	55.2
Stage 2+3 Coverage	28.0	26.7
Total Provision Build [1] (TL bn)	32.5	34.8
Free Provisions (TL mn)	1,400	1,400

Net CoC (excl ccy impact) Breakdown
(bps)



- Total provision build reached TL 34.8 bn excluding free provisions
  - TL 1.5 bn NPL sale had 2% impact on stage 3 coverage
  - Strong recoveries from NPL portfolio
- FX provisions are hedged
- Well-diversified loan book, proactive approach in provisioning, strong collection performance and robust digital capabilities have been reflected in CoC evolution
  - As a result, 2024 net CoC (excl ccy impact) guidance has been lowered to "~ 100 bps"

20 (1) Excluding free provisions

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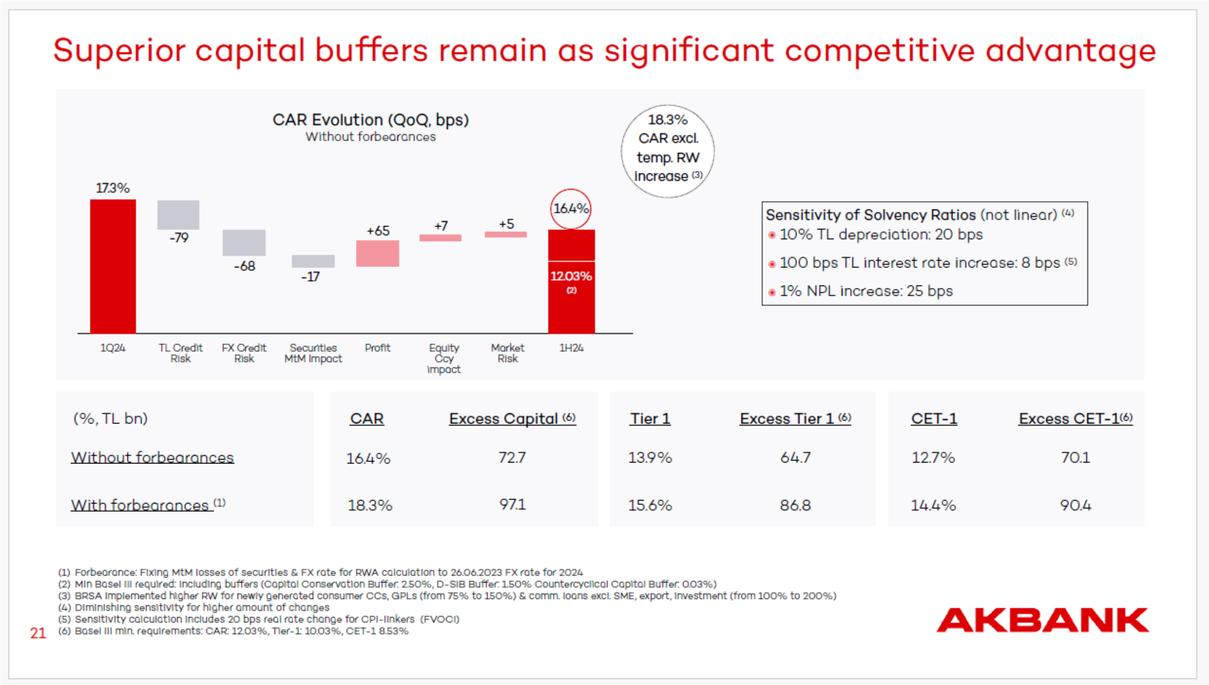
- **Our well-diversified loan book, sophisticated digital capabilities along with our proactive provisioning are all clearly reflected in the evolution of our CoC.**

- **We ended the first half of the year at 47 bps net COC, excluding currency impact.**

- **This robust CoC performance has led us to improve our full year guidance from "below 150 bps" to around 100 bps.**

- **I would like to emphasize that our loan loss provision build has approached TL 35 bn as of 2Q24, excluding our TL 1.4 bn free provision.**

- **While our coverages remain solid even with the substantial recoveries from our NPL portfolio and TL 1.5 bn NPL sale during the quarter.**



- **Our total capital, Tier 1 and CET 1 ratios without forbearances remain robust at 16.4%, 13.9% and 12.7%.**

- **This is particularly notable given the adverse effects of sector-wide profitability challenges as well as our proactive and strategic FC credit growth we achieved during the quarter.**

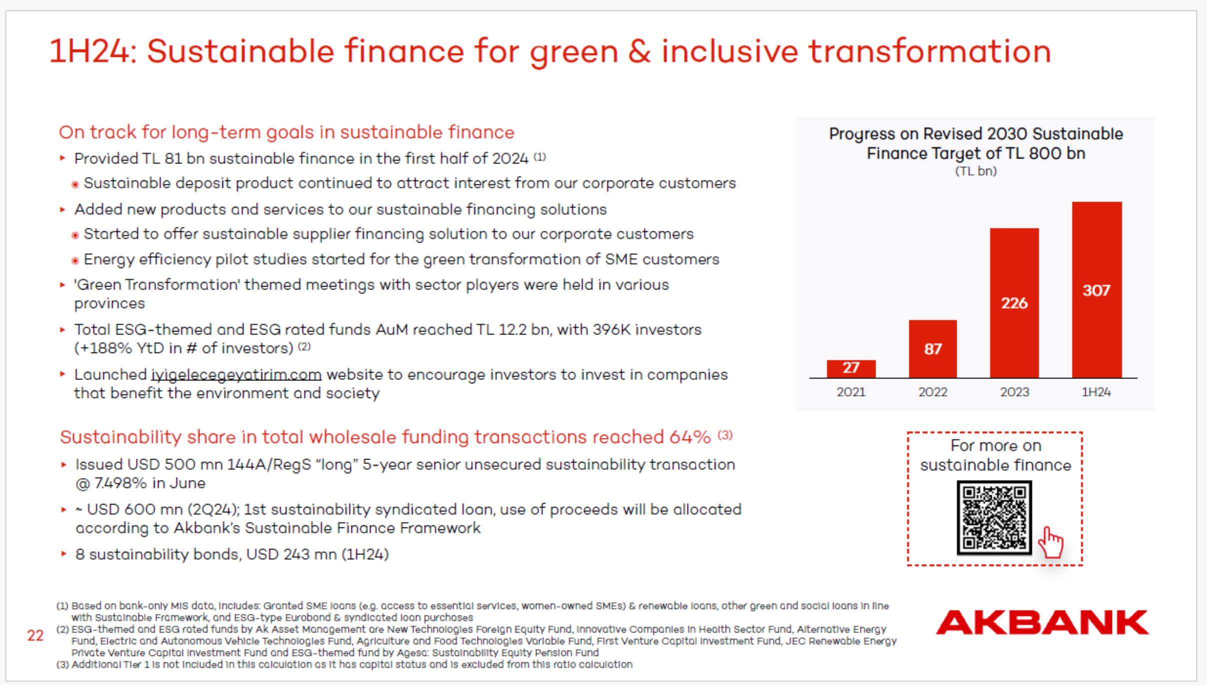
- **Also please note that, adjusted for the temporary Risk Weight increases applied by BRSA, our Capital would be even 190 bps higher at an outstanding 18.3%.**

- **Strong capital reserves continue to provide protection against extraordinary market challenges and fluctuations, offering critical resources for long-term, profitable growth.**

- **In terms of sensitivity, the first 10% depreciation impact on our solvency is at 20 bps while a 100 bps change in TL interest rate impact is 8 bps on capital adequacy ratios.**

- **Note that sensitivities shared have a diminishing impact.**

- **Before moving onto Q&A, I'd like to share a few highlights regarding our ESG journey.**



- **As highlighted in our ESG video at the start of our presentation, we remain committed to embed sustainability into the core of our operations.**

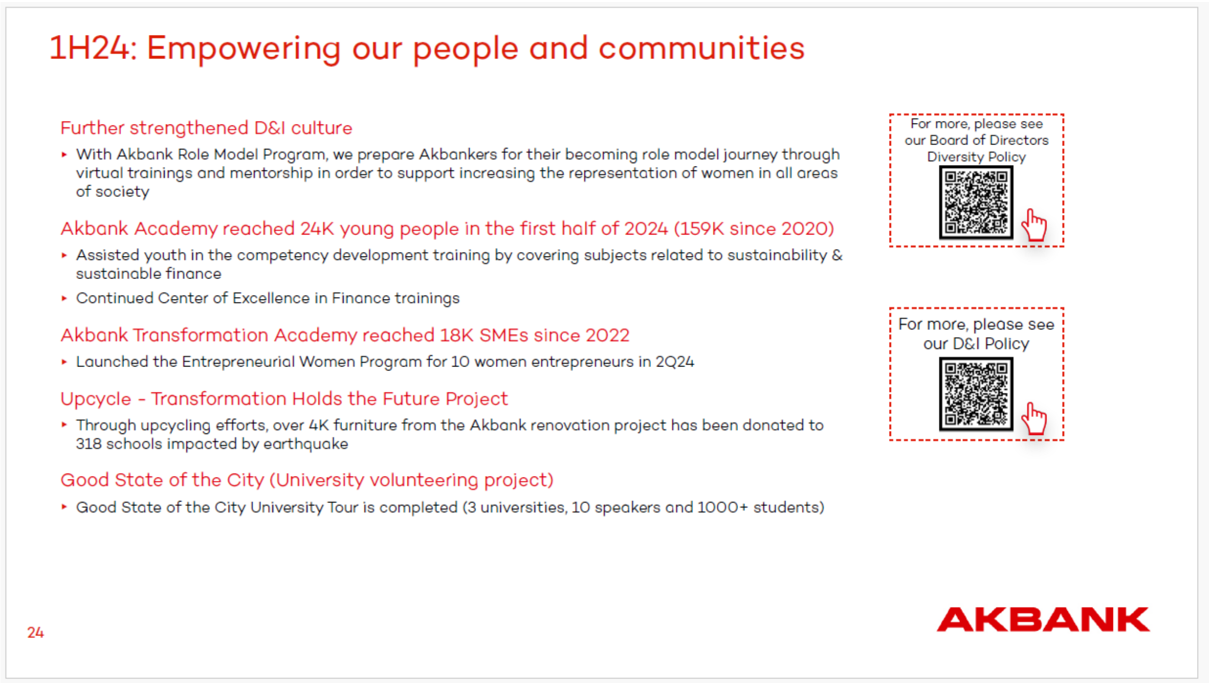
- **Our efforts receive full endorsement from our senior management including our board.**

- **In second quarter, we provided TL 81 bn sustainable finance, bringing our cumulative total to TL 307 bn since 2021. This accounts to 38% of our new 2030 target.**

- **In addition to our ESG-themed and ESG rating Funds, we launched a website to encourage investors to invest in companies that contribute positively to the environment and society.**

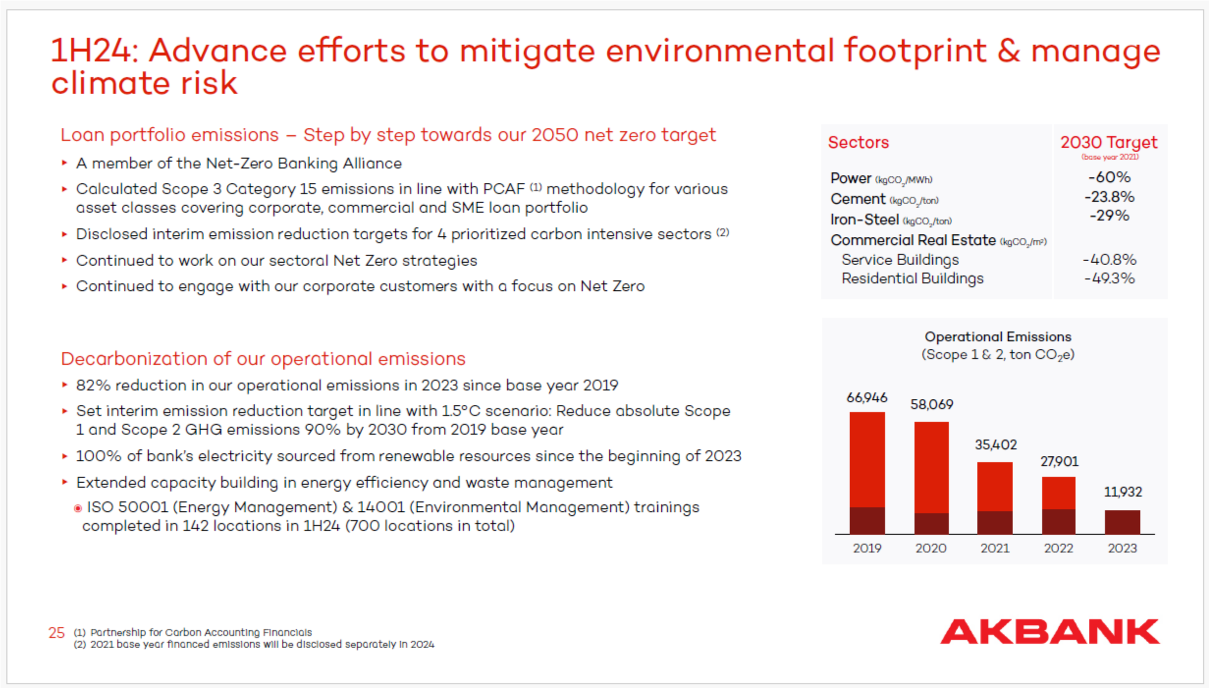
- **As for Ecosystem Management, we have successfully completed the second term of Turkey's first full-time spin-off program.**

- **So far, USD 1.4 mn was invested in total to start-ups founded by Akbank intrapreneurs.**



- **As for people & community pillar, under Akbank Academy, we supported youth in developing competency in sustainability and sustainable finance trainings.**

- **With our ‘Transformation Holds the Future Project’ over 4,000 pieces of furniture from the Akbank renovation project have been donated to 318 schools affected by the earthquake.**



- **Last but not least, our 2050 Net 0 Bank commitment remains at the center of our Climate Change pillar.**

- **Following the disclosure of our 2030 emission reduction targets for the Power, Cement, Iron-Steel, and Commercial Real Estate sectors, we are now developing our sectoral Net Zero strategies, which we will announce very soon.**

2024 Revised Outlook: Having weathered the worst, profitability is set to rise going forward

	Previous 2024E	Revised 2024E	1H24
TL Loan Growth	~ 40%	~ 40%	20.9%
FX Loan Growth (in USD)	Increase	> 20%	15.6%
NIM (swap adj.)	~ 4%	~ 3%	2.4%
Net fees&com. growth	> 80%	> 100%	172.0%
Opex growth	~ Avg inflation	~ 70%'s	96.0%
Cost/ income [1]	Mid-30%'s	High-40%'s	56.0%
NPL	~ 2%	~ 2%	2.1%
Net total CoC (excl. ccy impact)	< 150 bps	~ 100 bps	47 bps
ROE	> 30%	Mid to high 20%'s	22.4%

2Q24 Cheat sheet

26 (1) CIR calculation excludes FX gain from hedge position related with stage 1&2 provisions

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- **I have shared with you throughout the presentation our revised guidance.**

This concludes our presentation.

Now moving to Q&A session. Please raise your hand or type your questions in the Q&A box.

For those of you joining us by telephone, please send your questions by email to investor.relations @akbank.com.

Kaan Bey the floor is yours for closing remarks.

Thank you Ebru.

As we conclude today's webcast, I want to extend my deepest gratitude to all of you for joining us.

We are proud of our achievements and remain focused on driving sustainable growth and delivering value to our stakeholders.

Thank you for your continued support and confidence in our vision.

We look forward to meeting and updating you on our progress in the future.

Have a great day.