

THE YEAR IS 2018

WE ARE 70 YEARS YOUNG

SUSTAINABILITY REPORT

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MESSAGE FROM THE CHAIRMAN

With various long-term projects that we have supported for many years, we have encouraged creativity. We believe that free thinking and original ideas will provide inspiration to the ongoing development of our country.



Esteemed Stakeholders,

Having supported Turkey's growth and development for over 70 years, Akbank continues today to create value for its stakeholders. In the challenging year of 2018, the Bank merited the trust of its stakeholders and extended financing to numerous major investments, making significant contributions to the national economy.

Strengthening its sustainability approach not only with financial targets but also with its corporate and ethical responsibilities, Akbank contributes to society's development with social responsibility projects in arts & culture, entrepreneurship and education.

With various long-term projects that we have supported for many years, we encourage creativity. We believe that free thinking and original ideas will provide inspiration to the ongoing development of our country. With these projects that reach out to broad swathes of society, we provide benefits to all our stakeholders.

As a pioneer of innovation, Akbank has always worked to ensure that bold entrepreneurs can access the support they need in the most effective way. We place immense importance on education and training. In particular, to reach the highest quality level in financial management, we design comprehensive training programs with experts in this key area.

In our CSR projects, we encourage employees to participate voluntarily. Akbank strives to make lasting contributions to the lives of more people through shared experiences and diligent efforts.

We work hard to make Turkey's dreams come true and move its vision forward. We know that forging our country's future is a responsibility that goes well beyond banking. With this perspective, we are committed to doing our full share under the scope of the UN 2030 Sustainable Development Goals, as we have in previous years. I would like to express my heartfelt gratitude to all stakeholders who supported our sustainability-focused activities.

Yours sincerely,



SUZAN SABANCI DİNÇER
Chairman

MESSAGE FROM THE CEO

As the pioneer of change in the Turkish banking industry, Akbank strives to bring its business processes to perfection with innovation-centered investments in light of digital transformation.



Esteemed Stakeholders,

2018 was marked by major changes in the global economy. In addition to the ongoing uptrend in interest rates, uncertainties emerged that might pose a threat for the world economy, including trade disputes and Brexit. Besides serving to slow investment spending, these developments put a brake on global trade, and thereby cooled economic growth. Turkey – an important regional and economic powerhouse fully integrated into the global economy – experienced fluctuations in the second half of the year. Our economy remained resilient in the face of this volatility thanks to its robust banking industry, effective economic management, and general dynamism.

Despite these negative macro developments, Akbank once again demonstrated a successful performance in 2018 and created sustainable value. As ever the case, the Bank's effective risk management and high asset quality continued to set it apart from the competition. We continued to support Turkey's economy backed by our confidence in the country's future in addition to our strong capital, sound financials, sector expertise and long-standing experience. In 2018, Akbank's loan support to the economy reached TL 267 billion, including TL 214 billion in cash loans. We increased our total deposits to TL 209 billion while total assets climbed to TL 355 billion. This year, our support to the economy via SME loans and corporate lending totaled TL 226 billion. For the year, Akbank reported consolidated net profit of TL 5 billion 709 million after provisioning TL 1 billion 427 million for taxes.

With our robust financial structure and high-caliber human resources, we have given uninterrupted support toward growing the national economy for 70 years. We capitalize on our strong financial position to maintain this support at an ever-increasing pace. Our strong equity position and prudent banking approach rank among our most important competitive advantages. Therefore, despite our already solid capital structure, we decided to perform a capital increase in the last days of the year. We increased our issued capital of TL 4 billion by TL 1.2 billion, through rights issues

to existing shareholders. Together with a TL 1.8 billion increase in the share premium at the beginning of 2019, we have achieved an overall TL 3 billion increase in shareholders' equity.

In 2018, we recorded additional successes in our sustainability journey. Thanks to its dynamic organizational structure, Akbank continued its innovation-oriented investments despite adverse developments in the global economic environment as well as the real economy. In light of United Nations 2030 Development Goals, we generated value for society at large with pioneering projects to develop Turkey's youth entrepreneurship and innovation ecosystem, and enhance high quality educational opportunities in the financial sector.

In addition to our sound financial structure, our other strengths in banking include a robust, advanced technology infrastructure, and a dedicated, highly skilled workforce. For this reason, we place great importance on continuously developing both our technology and human capital. Akbank Data and Life Center, for which we broke ground in 2017 and construction continued throughout 2018, is expected to commence service in 2019. Akbank Data Center is designed to host Akbank's entire technology systems infrastructure, monitor all Bank operations 24/7 with the latest technologies and provide uninterrupted services to our clients. The Center will not only move the Bank forward into the future, but also become a driving force of our cultural transformation program.

On the 70th anniversary of our founding, we initiated the branch transformation initiative which will shape the future of Turkey's banking industry. To date, Akbank has implemented this new business model in about 230 branches. Our new paperless processes achieve 95% paper conservation rate annually in contract transactions alone. The Bank's New Counter Extras allow customers to perform some 200 different branch transactions as self-service, without having to wait in a queue. While making life easier for customers, we eliminated two out of every three signature requirements. Shortening the commercial credit card application process, Akbank

delivers 75-80% faster service on average and saves its customers valuable time.

By focusing on building the Banking of Future from today, we continued to deliver innovative products and services to customers as part of our digital transformation initiative. The previous year, we became the first Turkish bank to execute an international money transfer on blockchain infrastructure thanks to our collaboration with Ripple. In 2018, we introduced this service to our customers.

Our corporate social responsibility projects continued apace during the year. Akbank has carried out CSR efforts since the day it was established, alongside its mission of adding value to society. In 2018, we received a record number of applications for the Young Volunteers Project, which we conduct with the voluntary participation of university youth. These young people volunteered for 70 unique social responsibility projects in 26 provinces across the country, where they had the opportunity of performing good deeds that touched many hearts. In our 70th anniversary year, we invited all of Turkey to smile with our "Donate A Smile" social responsibility effort. Under "The Smile Is from You, Support for Education Is from Akbank" slogan, we donated the book and school supplies need of 50 thousand students at 141 schools in 50 provinces across Turkey.

As a bank that firmly believes in Turkey, Akbank plans to continue investing in the country uninterrupted. As we keep growing and taking major steps forward, we will operate with the same transparent banking philosophy that brings confidence to the forefront. We remain committed to our primary responsibility: creating value for our economy, society and culture with the innovative products and services we develop. I would like to extend my gratitude to all our valued customers, shareholders and employees for this steady, strong and sustainable performance.

Yours sincerely,



HAKAN BİNBAŞGİL
CEO

AKBANK AND THE JOURNEY OF SUSTAINABILITY - A TIMELINE

CORPORATE DEVELOPMENT OF AKBANK

1948

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

1950

➤ First branch in Istanbul opened in Sirkeci.

1954

➤ Akbank Head Office moved to Istanbul.

1963

➤ Automation of all banking operations.

1964

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

1981

➤ All banking operations computerized and online transactions started.

1990

➤ Akbank shares offered to the public.

1996

➤ AkSecurities established.

➤ Investor Relations Group established to manage relations with shareholders.

1998

➤ With a secondary public offering, Akbank shares started trading in international markets as an American Depository Receipt (ADR).

➤ Akbank Representative Office in Frankfurt transformed into a branch.

1999

➤ Akbank Internet Banking started.

2000

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

2001

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

2005

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

2009

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

2010

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

2011

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

2012

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

2014

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

2015

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

2016

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

2017

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

2018

- ↗ Akbank decided to increase its share premium in December 2018. As a result of this transaction completed in early 2019, the Bank increased its shareholders' equity by TL 3 billion, of which TL 1.2 billion was in the form of a rights issue.
- ↗ Akbank's syndication loan of September 2018 exceeded the target value and was renewed by 104%, thus injecting USD 980 million of fresh funding into the Turkish economy.

AKBANK AND THE JOURNEY OF SUSTAINABILITY - A TIMELINE

TIMELINE OF AKBANK'S SUSTAINABLE INITIATIVES

2000

- Akbank obtained the Information Technologies ISO 9001 Quality Certification.

2003

- Akbank became the first bank to disclose its dividend policy to the public.
- Akbank became the first bank to publish its Corporate Governance Principles in the annual report.

2004

- Akbank became the first bank to publish its Corporate Governance Principles on its web site.

2005

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

2007

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

2008

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

2009

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

2010

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

2010 AND 2011

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

2011

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

2012

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

2013

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

2014

- Under the “Craftsmen Fraternity” concept, Akbank continued to deliver exclusive products and services for craftsmen customers. These special offerings include Axess SME, “Pay as You Wish Craftsmen,” complimentary tablet in return for POS turnover commitment, TESK (Confederation of Turkish Tradesmen and Craftsmen) cooperation agreement, Craftsmen Internship, and Craftsmen Festival.
- Akbank launched the “Akbank Academy of Family Businesses,” a joint venture with Sabancı University’s Executive Development Unit (EDU) geared toward family members who own or are employed at family businesses. This effort aims to enhance the competitiveness of businesses, help them establish a healthy growth trajectory, and support their sustainability and institutionalization efforts.

2015

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

2016

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

2017

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

2018

- As part of its digital transformation, Akbank published its Digital Confidence Principles.
- Along with the UN Global Compact working group, Akbank participated in updating the Sustainable Financing Declaration, which had been signed in 2017.

AKBANK AND THE JOURNEY OF SUSTAINABILITY - A TIMELINE

TIMELINE OF AKBANK'S CULTURE & ART INITIATIVES

1972

➤ Akbank Children's Theatre started performances.

1991

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

1993

➤ Akbank Art Center established.

1998-2000

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

2003

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

2003-2007

➤ Akbank became the sponsor of Rock'n Coke Festival where the youth had the chance to listen to world-famous rock stars.

2004

➤ Akbank Short Film Festival was initiated.

➤ Akbank started to support the International Istanbul Film Festival and later became the main supporter.

2006

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

2007

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

2008

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

2009

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

2010

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

2011

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

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

- Having launched its own start-up recently, Akbank rolled out its product and designed the StartUp Campus Entrepreneurship Program for young entrepreneurs to grow their new businesses.



AKBANK IN BRIEF

Celebrating its 70th anniversary in 2018, Akbank maintains its corporate development in a consistent manner in line with the principle of continuous development.

PIONEERING CHANGE AND INNOVATION IN TURKISH BANKING

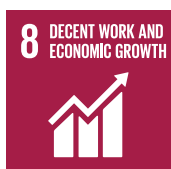
Celebrating its 70th anniversary in 2018, Akbank is proud to extend its unwavering, robust support to Turkey's sustainable development journey. Our Bank delivers services in Retail Banking, Commercial Banking, Corporate Banking, Private Banking, Foreign Currency, Money Markets and Securities (Treasury Transactions) and International Banking, as well as non-banking financial services, capital markets and wealth management by means of its subsidiaries. In 2018, the Bank once again successfully delivered efficient products and services to customers 24/7.

A SERVICE APPROACH THAT INTRODUCES CLIENTS TO BANKING OF THE FUTURE

Akbank has successfully implemented digital transformation, which continues at full speed in the banking industry, across all its business lines. With this approach, the Bank consistently expanded its business volume

and customer base in fiscal year 2018. With its robust partnership structure and the ability to secure long term, cost-effective funding, Akbank continued its digital transformation efforts with success. In 2018, the Bank conducted its business operations in line with the responsibility of creating sustainable value for stakeholders. Akbank operates 780 branches and 4,900 ATMs located across Turkey, with 13,367 well-qualified employees as of end-2018. The Bank also manages its strong service infrastructure via 22 regional directorates that report to the Head Office in Istanbul.

In 2018, Akbank recorded a successful performance despite volatility in the global economy and the challenging period that Turkey experienced. During this period, effective risk management and asset quality differentiated Akbank from the competition. With a firm belief in the future of Turkey, the Bank continued its support to the economy with its robust capital structure, sound financials, industry expertise and long-standing experience. In 2018, Akbank reported total loans of TL 214 billion and total deposits of TL 209 billion. The Bank posted consolidated net profit of TL 5 billion 709 million, after setting aside TL 1 billion 427 million as tax provisions.



13,367

Number of Employees



~17.4 Million

Number of Customers



780

Number of Branches*



~4,900

Number of ATMs



~4.9 Million

Number of Credit Cards



~6.6 Million

Number of Debit Cards



~580 Thousand

Number of POS Devices



* Exclusive of the Malta Branch.

OUR VALUES

We are built upon your trust.

We exist because of our clients.

We do what's right.

We stand out through innovation.

We give back.

OUR VISION

To be the leading bank that drives Turkey into the future

OUR MISSION

Creating superior and sustainable value for all our stakeholders through innovative and reliable financial services

STRONG FOUNDATIONS

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

STRATEGIC GOALS

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

OUR PROFITABILITY CENTERED FINANCIAL RESULTS

Despite fluctuations roiling Turkey’s economy as well as the global markets, Akbank maintained its financial profitability and operational efficiency in 2018.

Operating a physical service infrastructure that includes 780 branches across Turkey, and offering products and services diversified according to customer needs and expectations, Akbank rendered its financial profitability sustainable in 2018.

DIVERSIFIED PRODUCTS AND SERVICES

Akbank organizes its operations along the core business lines of Corporate and Investment Banking, Commercial Banking, Retail Banking, Private Banking and Wealth Management, and Consumer Banking. Akbank Direkt was formed to include all digital banking offerings, which Akbank has pioneered in Turkey, under one roof. With this approach, Akbank provides the best solutions to meet customers’ financial needs and delivers excellent customer service in the most suitable locations.

KEY FINANCIAL INDICATORS

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

Key Consolidated Financial Indicators (TL million)	2016	2017	2018
Total Assets	294,501	341,610	354,682
Loans	178,893	209,478	213,937
Deposits	173,968	201,456	208,630
Funds Borrowed	32,304	33,627	43,650
Shareholders' Equity	32,492	40,614	43,787
Net Profit	4,854	6,020	5,709
Return on Equity (ROE)	16.0%	16.2%	13.6%
Capital Adequacy Ratio (CAR)	14.2%	15.8%	16.8%
Market Capitalization (USD million)			5,834

LOANS

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

Loans	2017	2018
Corporate TL Loans (TL million)	26,267	24,531
Corporate Foreign Currency Loans (USD million)	13,030	10,963
Commercial TL Loans (TL million)	42,559	37,303
Commercial Foreign Currency Loans (USD million)	8,238	6,484
Other Commercial TL Loans (TL million)	17,531	13,302
Consumer Loans (TL million)	32,125	29,142
Credit Cards (TL million)	11,456	12,060

SOCIAL VALUE GROWING VIA STAKEHOLDER PARTICIPATION

Understanding that the economic and social value the Bank generates will multiply with the participation of stakeholders, Akbank generated TL 10,378 million worth of economic value as of end-2018, up 61% year-on-year. Payments made by the Bank to employees, community investments, the government, investors and suppliers as well as the distribution of the economic value generated by Akbank in cooperation with various stakeholder groups are presented in the table below:

Economic Value Generated and Distributed (TL million)	2016	2017	2018
Economic Value Directly Generated	23,436	27,695	39,877
a) Revenues	23,436	27,695	39,877
Economic Value Distributed	17,148	21,253	29,499
b) Operating costs	2,467	2,716	3,331
c) Employee wages and other benefits	1,799	1,969	2,261
d) Payments to providers of capital and funds	11,613	14,719	22,573
e) Payments to the government	1,252	1,834	1,322
f) Community investments	16	16	12
Economic Value Retained	6,289	6,422	10,378

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

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

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

ROBUST SHAREHOLDING STRUCTURE

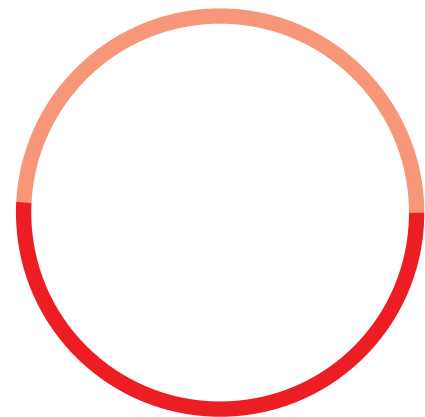
Akbank’s robust shareholding structure added impetus to the Bank’s accomplishments in 2018, its 70th anniversary.

Founded on January 30, 1948 as a private-capital commercial bank, Akbank took major steps toward achieving its corporate objectives in 2018, when it celebrated its 70th anniversary, powered by its robust shareholding structure. Back in 2011, Akbank stock traded on Borsa Istanbul (BIST) with a free float ratio of 31%. Citigroup Inc. announced its decision to focus on its core business activities and exit minority interests in other companies due to ongoing capital planning initiatives. Citigroup finalized the sale of its stake in Akbank – corresponding to 9.9% of the Bank’s share capital – to a large number of potential buyers that were predetermined via an accelerated equity offering in March 2015. Prior, Citigroup Inc. had divested a stake corresponding to 10.1% of Akbank’s share capital in May 2012. After these Citigroup share sales, Akbank’s free float ratio stands at 51.1%.

Information regarding Akbank’s operations and detailed financial performance in 2018 can be found in the Akbank 2018 Annual Report located at the following address:
<https://www.akbank.com/en-us/investor-relations/Pages/Annual-Report.aspx>

Akbank’s Level 1 American Depositary Receipts continued to be traded on the OTC market in the USA in 2018. Our shareholding structure as of December 31, 2018 is shown in the pie chart below.

Hacı Ömer Sabancı Holding A.Ş.,
 Affiliated Institutions and Individuals
48.9%



Free Float
51.1%

OUR SUBSIDIARIES*

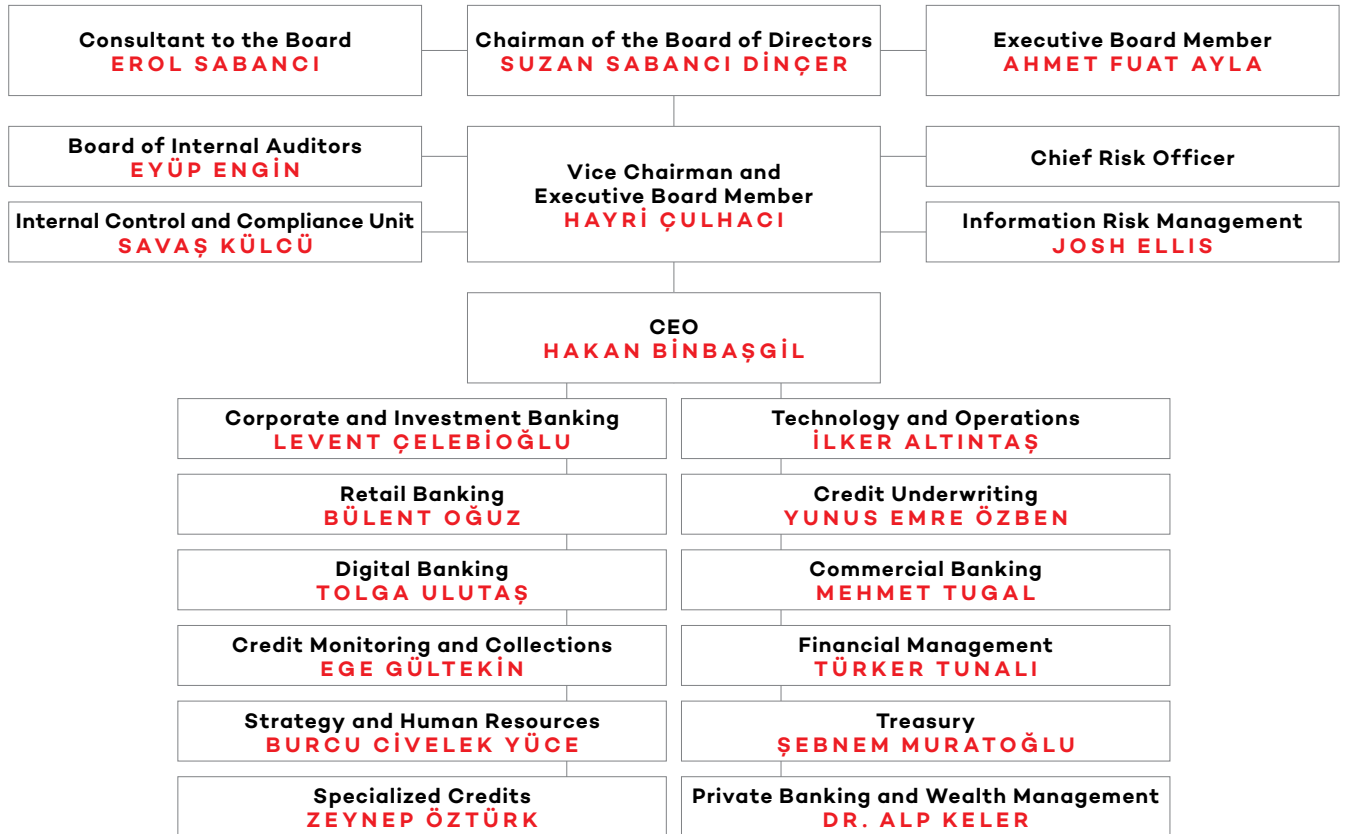
Akbank’s direct and indirect subsidiaries and our shares as of December 31, 2018 are presented below:

Subsidiaries	Area of Operations	Share (%)	Country of Operations
Akbank AG	Banking	100.00	Germany
AkLease	Financial Leasing	99.99	Turkey
AKYatırım	Stock Exchange Brokerage Services	100.00	Turkey
AKPortföy	Portfolio Management	100.00	Turkey
AKÖde	Electronic Money and Payment Systems	100.00	Turkey

* The liquidation of Akbank (Dubai) Limited, the Bank’s wholly-owned subsidiary, was officially completed on December 5, 2017.

OUR ORGANIZATIONAL STRUCTURE

The organization plan of Akbank, which conducts its activities in line with the principle of continuous development, is presented below: The Bank has 12 Executive Vice Presidents reporting to the CEO. The Board of Internal Auditors, Internal Control and Compliance Unit, and the Risk Management and Information Risk Management Department report directly to the Bank's Board of Directors.



CHANGES TO OUR ORGANIZATIONAL STRUCTURE

In the new Akbank Board of Directors, designated at the Ordinary General Assembly Meeting dated March 26, 2018, Erol Sabancı was replaced by Kemal Özgür Demirtaş as Board Member.

As of August 28, 2018, Yunus Emre Özben has been appointed as Executive Vice President – Credit Allocation, to replace Hasan Recai Anbarcı, who resigned from this position on August 14, 2018.

On November 22, 2018, Arif İsfendiyaroğlu resigned from his position as Executive Vice President – Retail Banking. As of the same date, the Retail Banking and SME Banking Business Units were merged under the Retail Banking Business Unit. Bülent Oğuz, Executive Vice President – SME Banking, was appointed as Executive Vice President – Retail Banking.

On January 4, 2019, Zeynep Öztürk was appointed the Executive Vice President in charge of the recently created Qualified Loans Business Unit.

As of January 8, 2019, Gamze Şebnem Muratoğlu has been appointed Executive Vice President – Treasury, thus replacing Ali Batu Karaali, who resigned on January 7, 2019.

SERVICE QUALITY CROWNED WITH AWARDS

In 2018, Akbank was deemed worthy of many awards in domestic and foreign platforms in recognition of its diversified products and services.



Brand Finance

↗ Turkey's Most Valuable Banking Brand

Euromoney

↗ Turkey's Best Brand
↗ 5 awards in Private Banking

The Banker

↗ Bank of the Year in Turkey
↗ Best Private Banking Company in Turkey

Global Finance

↗ Turkey's Best Brand
↗ Turkey's Best Foreign Exchange Provider
↗ The Best Payment and Collection Bank in Central and Eastern Europe

EMEA Finance

↗ 14 Awards

World Finance

↗ Turkey's Best Brand

Mergermarket

↗ Best Energy, Infrastructure Services and Mining M&A

Global Capital

↗ Most Successful Financial Institution in Emerging Markets Borrowing

Extel Survey

↗ Turkey's Best Company in Investor Relations
↗ Turkey's Best CEO in Investor Relations
↗ Turkey's Best Professional for Investor Relations

Stevie International Business Awards

↗ 4 Gold, 3 Silver, 2 Bronze Awards

MIXX Awards Europe

↗ 4 Gold, 3 Silver, 2 Bronze Awards

30. Crystal Apple

↗ 3 Crystal, 5 Silver, 1 Bronze Awards

MMA Smarties Awards

↗ 5 Gold, 10 Silver, 7 Bronze Awards

PERYÖN Value to Humans Awards

↗ Best Development and Transformation Management Program

Red Awards

↗ Best Social Media Communication
↗ Best Data-Based Creativity

The One Awards

↗ The Year's Most Prestigious Card



**ABOUT THE
REPORT**

OUR APPROACH TO REPORTING

Akbank 2018 Sustainability Report has been designed in the light of GRI 2016 Standards, the latest reporting standards of the Global Reporting Initiative (GRI).

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Celebrating its 70th anniversary in 2018, Akbank presents stakeholders its sustainability efforts in different areas –ranging from environmental protection to social investments – by means of its GRI-approved Sustainability Report. As the first bank to issue a GRI-approved Sustainability Report in Turkey, Akbank aims to bring its benchmark practices in this area to the attention of stakeholders within its sphere of influence, through the annual sustainability reports that it has published since 2009. Posting sustainable financial and operational results backed by its strong corporate culture that has left its mark on the Turkish banking industry, the Bank continued to uphold its environmental and social responsibilities under all circumstances during 2018. Under this approach, the Bank presents the sustainability-related initiatives it has undertaken between January 1, 2018 and December 31, 2018 to its stakeholders in this 2018 Sustainability Report.

REPORT IMPACT MULTIPLIED WITH STAAKEHOLDER PARTICIPATION

With the responsibility of being the very first Turkish bank to publish a sustainability report in the light of GRI principles, Akbank has consistently raised its reporting quality and prepared its annual sustainability report in accordance with Global Reporting Initiative's (GRI) "Comprehensive" Reporting Option, its latest reporting standard. The Report's content and scope are based on the Bank's primary business areas and corporate goals.

PRESENTED TO STAKEHOLDERS IN LINE WITH THE TRANSPARENCY PRINCIPLE

By means of the GRI-approved Sustainability Reports it has issued since 2009, Akbank acts a role model for its stakeholders, in an extensive area – ranging from environmental protection and effective natural resource usage, to continuous development opportunities for human resources and corporate social responsibility projects. The Bank's sustainability reports are disclosed to stakeholders at <https://www.akbank.com/tr-tr/Yatirimci-iliskileri/Sayfalar/Surdurulebilirlik-Raporu.aspx>, presenting a vast array of capacity enhancement activities.

SCOPE AND FRAMEWORK OF THE REPORT

The scope of the Akbank's 2018 Sustainability Report covers the domestic activities of the Bank.

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Publishing sustainability reports in accordance with GRI standards for 10 years, Akbank has been consistent raising its social, environmental and economic sustainability targets higher. The Bank has proven to its stakeholders that it keeps a close watch on the most recent literature on sustainability reporting, by preparing its 2018 Sustainability Report in line with the principles of the GRI Standards Comprehensive format. The GRI Index located at the end of the Report serves as a guide to facilitate access of the Bank's stakeholders to social, environmental and economic sustainability practices in the most convenient manner.

A STUDY AT GRI STANDARDS

The Akbank 2018 Sustainability Report has been prepared in the light of Global Reporting Initiative's GRI Standards, the new generation reporting principles available at the following address.

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

PROJECTS DIRECTED TOWARD FEMALE EMPLOYEES HAVE BEEN REPORTED IN LINE WITH THE WOMEN'S EMPOWERMENT PRINCIPLES (WEPS)...

Shaping all its operations in the light of United Nations' 2030 Development Goals, Akbank has prepared its 2018 Sustainability Report with reference to the United Nations Global Compact (UNGC) and the Women's Empowerment Principles (WEPS). The UNGC Index regarding the 10 principles under four headings (labor, human rights, environment, anti-corruption) and the Women's Empowerment Principles (WEPS) Progress Report GRI Content Relationship Index, located at the end of the Report, serve as a guide for attaining the Bank's initiatives within this scope.

THE UN'S SUSTAINABLE DEVELOPMENT GOALS GUIDE OUR SUSTAINABILITY ACTIVITIES...

Akbank shapes all of its business processes in line with the Sustainable Development Goals (SDG) adopted with a unanimous vote of the UN's 193 member states on September 25, 2015. Consisting of 17 goals that will guide the UN's initiatives until 2030, SDG are focused on eliminating poverty, combating inequality and upholding environmental protection. Centering all its activities on sustainability principles, Akbank prepared its 2018 Sustainability Report with reference to the 17 sustainable development goals. The relationship between the related sections and the Sustainable Development Goals was highlighted with SDG icons throughout the Report.

REPORT SCOPE AND BOUNDARY

Financial information provided in the Akbank Sustainability Report reflect consolidated figures.

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The scope of Akbank's 2018 Sustainability Report is limited to operations of Akbank T.A.Ş. within Turkey. While the figures in the "Our Distinctive Employees" section of the Report are inclusive of Akbank's Malta Branch personnel, the Report's scope does not include the impacts stemming from the Bank's overseas operations, joint ventures or suppliers. Generated and distributed economic value tables that include financial statements reflect consolidated figures.

SCOPE OF REPORT COVERS OPERATIONS ACROSS TURKEY

The Akbank 2018 Sustainability Report covers the operations of the Bank's Head Office in Istanbul as well as 780 Akbank branches all around Turkey, between January 1 and December 31, 2018. Akbank minimizes risks stemming from geographic and operational diversity by standardizing all its business processes in accordance with legal requirements as well as international banking standards.

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

REPORTING APPROACH BASED ON TRANSPARENCY AND ACCOUNTABILITY PRINCIPLES

Shaping all its business processes in line with the principles of transparency and accountability, Akbank utilized the Global Reporting Initiative's "G4 Sustainability Reporting Framework," the most widely used reporting standard in sustainability reporting, during the content development process of its 2018 Sustainability Report.

REPORT CONTENT ENRICHED WITH STAKEHOLDER DIALOGUE

Important and priority matters related to the Bank's corporate strategies in addition to major issues within Akbank's stakeholder dialogue were assessed as part of the process to set the content for the Akbank 2018 Sustainability Report. The Bank attained significant levels of increased value-added in terms of business processes thanks to stakeholder dialogue. Detailed information on selection of material issues and stakeholder dialogue is available in the "3. Our Approach to Sustainability" section of the Report.



OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

In order for Akbank to realize its sustainability vision, we aim to successfully manage significant and material environmental, social, ethical, and economic risks and opportunities.

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

OUR SUSTAINABILITY VISION

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

OUR SUSTAINABILITY STRATEGY

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

TOP PRIORITY: CONTRIBUTING TO TURKEY'S SUSTAINABILITY ECOSYSTEM

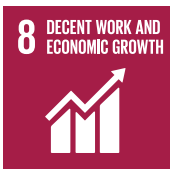
Akbank aims to further bolster the value-added it generates for the Turkish economy and its stakeholder community through its sustainability vision realized with its strong financial foundations and deep-rooted corporate culture.

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

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

A HOLISTIC SUSTAINABILITY APPROACH FOCUSING ON VALUE CHAIN PRODUCTION

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



OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

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AKBANK 2018 SUSTAINABILITY REPORT TOPICS PRIORITIZATION STUDY

Impact on Akbank	High	<p><u>Effective Risk Management and Internal Control</u></p> <p><u>Compliance with Anti-Bribery and Corruption Policies</u></p> <p><u>Environmental and Social Risk Management in Lending</u></p>	<p><u>Sustainable Profitability and Growth</u></p> <p><u>Corporate Governance</u></p> <p><u>Secure Banking (Digital Security/Cyber Security)</u></p> <p><u>Customer Satisfaction</u></p> <p><u>Ethical Banking</u></p> <p><u>Clean Banking</u></p>	
	Middle	<p><u>Employee Volunteering</u></p> <p><u>Sustainable Products and Services</u></p> <p><u>Sponsorships</u></p> <p><u>Supply Chain Management</u></p>	<p><u>Career Development and Training</u></p> <p><u>Employee Awareness</u></p> <p><u>Stakeholder Dialogue</u></p> <p><u>Equal Opportunity</u></p> <p><u>Innovative Products and Services</u></p> <p><u>Facilitating Access to Financial Services</u></p> <p><u>Carbon Footprint</u></p>	
	Low		<p><u>Employee Satisfaction</u></p> <p><u>Employee and Human Rights</u></p>	
		Low	Middle	High
		Priorities of Stakeholders		

CORPORATE GOVERNANCE COMMITTEE: THE KEY ORGAN IN SUSTAINABILITY EFFORTS

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

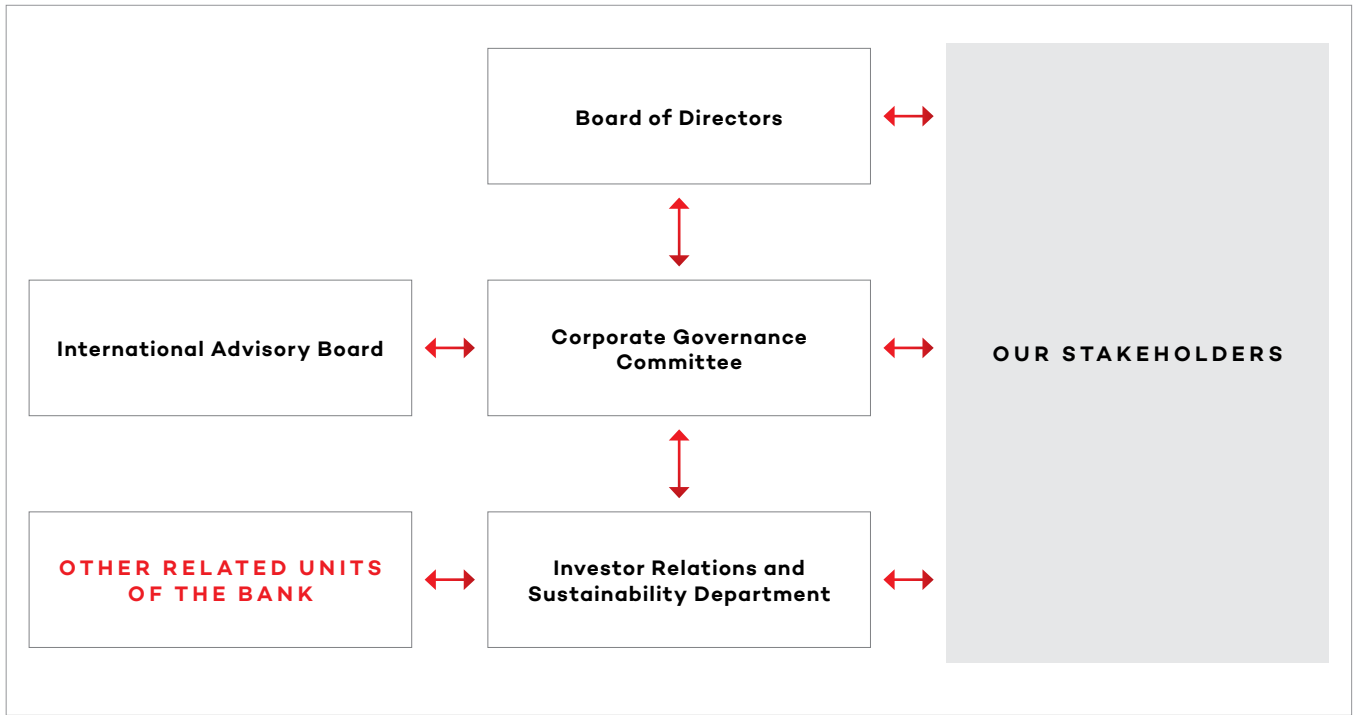
The Committee was established in 2009 with the name “Corporate Governance and Social Responsibility Committee” (CGSRC). In early 2012, the function of “remuneration” was also assigned to the Committee and thus its name changed to “Corporate Governance, Remuneration and Social Responsibility Committee”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

The Committee meets twice a year. The items in its 2018 meeting agenda included the assessment of the Bank’s sustainability issues, entrepreneurship, and social responsibility projects focused on education and social contribution.

SUSTAINABILITY TEAM: IMPLEMENTATION ARM OF THE REPORTING PROCESS

A Sustainability (Corporate Social Responsibility) Team composed of representatives from most of the business units in Akbank and operating under the leadership of the CSR Sub-Group performs the sustainability reporting process that feeds Akbank’s annually issued Sustainability Report. Operating under the Investor Relations and Sustainability Department, the Sustainability Team conducted the prioritization analysis above to set the content of the Akbank 2018 Sustainability Report by taking into consideration the feedback from the Bank’s business units as well as stakeholder expectations.

AKBANK'S SUSTAINABILITY MANAGEMENT MODEL



FIRST PRIORITY: SUSTAINABLE PROFITABILITY

With the Topics Prioritization Study updated in 2018, we have once again identified the top priority topics for Akbank and its stakeholders. Akbank utilizes the Topics Prioritization Study not only to include in the Sustainability Report but also to identify which sustainability activities the Bank will conduct throughout the year.

SUSTAINABILITY TRAINING FOR EMPLOYEES

Seeing its employees among the most important stakeholders in realizing its sustainability vision, Akbank develops special sustainability trainings for its employees through internal communication channels. Field studies are conducted for the employees of Akbank branches across Turkey.

SUSTAINABILITY TRAINING IN LIGHT OF THE UN GLOBAL COMPACT

Akbank develops sustainability trainings for its employees based on the UN Global Compact. The "Corporate Social Responsibility" section of the Bank's corporate portal presents up-to-date information in a number of areas, from Akbank's sustainability approach to corporate social responsibility projects.

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

OUR SUSTAINABILITY COMMITMENT

Commitment Topic	Assessment of 2018	Our Commitments
Financial Performance		
Sustainable Profitability and Growth	Standing out with its diversified product portfolio and a broad-based customer portfolio, Akbank continued to post sustainable financial and operational results in 2018.	Akbank strives to diversify its product portfolio in light of customer needs and expectations and ensure the sustainability of its financial and operational success.
Sustainability Management		
Duties and Responsibilities	We officially included related responsibilities into the job definitions of Sustainability Team leader and members. The Bank took the necessary steps to include sustainability in the performance evaluation criteria of team members.	Akbank aims to develop plans of action that will inform the sustainability strategy under the coordination of the Investor Relations and Sustainability Department.
Supply Chain Management	Akbank continued to encourage its supplier firms to comply with Akbank principles and policies as well as the UN Global Compact in 2018.	Akbank plans to secure from all the Bank's suppliers declarations of commitment to comply with Akbank's Code of Ethics and sustainability policies.
Employee Awareness	Akbank continued to deliver Sustainability Approach Awareness Training to its employees via the custom-designed classroom sustainability training courses.	Akbank set it as a priority to leverage advances in education and training technologies to deliver more comprehensive and creative sustainability training to stakeholders.
Stakeholder Dialogue	Akbank maintains fresh stakeholder dialogue via a large number of platforms. These include Live Broadcasts; Akbank For You Meetings; Agricultural Fairs; Breakfast with the CEO events; Motivational Activities for Employees; Exclusive Events for the Customer in Various Segments; Corporate TVs; Bank of Mobile Activities; Volunteer Initiatives; Customer Satisfaction Surveys; Akbank Branches; Akbank Call Center; Contact Us Website; Social Media (1.9 Million Followers in Total); Customer Relationship Manager (CRM) Activities in Various Segments; Leaders' Summit; E-Mail Notifications; Customer Business Development Meetings; Akbank Analyst and Investor Days; SME Informational Meetings; Akbank Art Center Events; Media, Advertising and Promotional Campaigns; Workshops; among other events.	Akbank sees it as a core priority to increase stakeholder engagement and further improve operational efficiency.
Corporate Governance, Risk Management and Legal Compliance		
Transparent Corporate Governance	The Investor Relations and Sustainability Division, together with the Bank's senior executives, participated in a total of 23 investor conferences in Turkey and abroad in 2018 and met with nearly 314 international investor funds and two rating agencies.	Embracing the principle of developing mutual trust-based relations with shareholders as well as current and potential investors, Akbank intends to continue carrying out its corporate governance on the basis of accountability.
Information Security	In 2018, Akbank expended various efforts, such as providing new products and organizing new training schemes for all employees, in order to ensure that the staff is cautious toward cybercrime and the Bank is well protected against all cyber threats.	Akbank will continue to undertake investments and dedicated training initiatives geared toward enhancing information security in the period ahead.
Our Customers		
Customer Satisfaction	Akbank strives to deliver excellent service quality at every point of contact with the customer. To this end, the Bank focuses on listening to, understanding and empathizing with the customer and generating quick, personalized solutions. Continuously making progress on the basis of the experience gained while serving customers, the Bank always strives for the better in pursuit of developing products and services that will make a difference. In 2018, 9% of service contracts were revised in light of customers' evolving expectations, leading to a rise in the quality level.	Akbank plans to continue improving its products and services in pursuit of unconditional customer satisfaction.
Environmentally-friendly Products and Services	In 2018 Akbank continued to focus on financing energy projects and, in keeping with its practice in the last three years, 100% of the funds were disbursed to renewable projects, raising the share of renewable energy projects in its portfolio to 80%.	Akbank will continue its focus in this area in the coming period as well.
Environmental and Social Risk Management in Lending	Akbank has appointed Environmental and Social Impact Assessment (ESIA) officials for effectively managing risk in the Bank's lending processes, including environmental risks.	The Bank will continue to raise awareness of its employees involved in lending activities as regards environment and social risk management, by means of in-class and online training.

Innovative Products and Services That Facilitate Access to Financial Services	The share of our digital channel customers performing banking transactions using mobile channels stands at 96%; meanwhile, 97% of all customer transactions are executed through non-branch channels.	The Bank aims to continue using an innovative approach and maintaining a competitive edge in technology.
Commitment Topic	Assessment of 2018	Our Commitments
Our Employees		
Employee Engagement	The Bank continued to carry out initiatives to ensure the sustainability of employee engagement in 2018. Akbank is keenly aware of the relationship between happy employees and high corporate performance. The Bank believes in increasing loyalty through awareness of employees' feelings and opinions, their expectations, staff priorities regarding human resources and management policies, and their areas of satisfaction and dissatisfaction.	The Bank will continue to take steps to render employee loyalty sustainable in 2018.
Training	By the end of 2018, 46 hours of training per employee was organized as a result of Akbank's investment in training. 38% of total training time was online training.	Conducting its business activities in line with the principle of continuous improvement, Akbank aims to contribute to the personal and professional development of the Bank's employees via internal training programs in 2017.
Equal Opportunity	In the evaluation conducted based on 22 criteria under the Equal Opportunity Model Project, Akbank received FEM certification. In addition, in 2016, the Bank became signatory to the Women's Empowerment Principles (WEPs), a private sector venture by the United Nations that aims to empower women to take part in all sectors and all aspects of economic activity.	Akbank will continue to stand out among the competition in terms of business productivity, by providing a work environment based on equal opportunities to its employees.
Environmental Impacts of Our Operations		
Our Environmental Impact	Akbank continued to successfully undertake initiatives to minimize the environmental impact of its operations in 2018.	Akbank plans to minimize the environmental impact and natural resource utilization of its operations in the coming period.
Carbon emissions	Akbank continued to attain major reductions in carbon emissions from its operations in 2018 owing to the energy efficiency projects it has implemented.	Akbank plans to continue actively supporting initiatives to combat climate change in the coming year.
Our Contribution to Society		
Community Investment Through Sponsorships	Akbank, which positions itself as an exemplary corporate citizen, plans to continue lending sponsorship support to qualified projects in education, youth, entrepreneurialism, culture & arts, and environment in the next period. Launched as a joint venture of Akbank and Sabancı University, the Center of Excellence in Finance (CEF) commenced operation in 2018 by conducting various conferences, training programs, seminars and research reports. As part of the CaseCampus Program launched in conjunction with Endeavor, the Bank convened young people who chose entrepreneurship as a career path and organized conferences and training sessions. The fourth edition of the Good State of the City project was organized in 2018 with the participation of 2,600 youth. In 2018, Akbank spent TL 12.2 million on its various social responsibility efforts.	In the corporate social responsibility areas that it prioritizes, Akbank will continue to design projects creating added value, together with our primary stakeholders.
Community Investment Through Employee Volunteering	Under the leadership of Akbank Volunteers, participants collaborate with local communities, NGOs and local governments to design solution-oriented projects in response to social problems.	The Bank aims to encourage its employees to participate in social projects on a voluntary basis in the upcoming period.

STAKEHOLDER ENGAGEMENT

With its strong corporate communication culture, Akbank creates effective channels for stakeholder communication in the light of recent developments in information technologies.

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As one of Turkey’s most established banking institutions, Akbank has formulated a comprehensive stakeholder map extending from the economy to social life. Firmly believing that added value that is produced and distributed will increase with stakeholder dialogue, Akbank places all enterprises, institutions and organizations that it interacts with on its stakeholder map. To expand the culture of sustainability across Turkey, the Bank conducted intensive corporate communication activities on the following dialogue platforms in 2018.

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

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Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
International Financial Institutions		
One-to-One and Joint Meetings, Audits, Negotiations, Reports, Presentations	Loans that Akbank secures from international financial institutions such as IFC, EBRD, and EIB to be lent out to customers mostly carry the conditions of being environment-friendly and supporting development. Akbank establishes dialogues with these institutions with the aim of building management systems to monitor environmental and social performances of its customers pursuant to the conditions attached to these loans.	A process was initiated for establishing Environmental and Social Management Systems to be implemented in SME loans under the securitization transaction amounting to USD 250 million, which was performed with the International Finance Corporation (IFC). With this system, Akbank adapts its SME loan processes to the environmental and social standards defined by IFC. Thus, Akbank carries its pioneering activities in the field of sustainability even further.
Public Authority and Regulators		
Public-Private Sector Cooperation Workshop, Meetings, Forums and Conferences, Various Working Groups, Verbal and Written Notifications, Declarations, Press Releases, Legal Compliance Reports	Akbank is committed to thoroughly complying with all related laws and regulations in all its activities. Akbank is committed to thoroughly complying with all related laws and regulations in all its activities. Akbank participates in forums, conferences and working groups with the aim of closely following the agenda, identifying trends, and developing and adapting its products and services in line with expectations of customers and legislators in a timely manner. In addition, the Bank closely monitors developments related to the banking industry and presents its opinions on legislative and regulatory amendments to related authorities.	In order to update the Sustainable Financing Declaration signed in 2017 with the UN Global Compact working group, Akbank worked together with other signatory banks in 2018. To register personnel on the Data Officers Registry pursuant to the Law on Personal Data Protection, Akbank created a personal data inventory and designated contact persons. In addition, the necessary preparatory studies are currently underway in order to keep the personal data inventory up-to-date.
Suppliers		
Supplier Identification Forms, Meetings, Akbank Code of Ethics	Akbank expects the suppliers with which it cooperates in the scope of its operations to act in accordance with the Bank's principles and values. The Bank also supports their development through continuous information transfer.	Akbank informs the companies in its supplier portfolio of Akbank Ethical Principles and Sustainability Policies.
University Students		
Activities Organized and Supported Directly by Akbank, CaseCampus Entrepreneurship Program, Akbank Thinking Club, Information Meetings, Youth Banking, Campus Branches, Brochures and Promotional Campaigns	Caring about university students' requests, opinions, and expectations, Akbank continuously improves its investments in support of their education and development. Akbank cooperates with student clubs to support university students in entering the business world and to better inform those who will graduate soon about Akbank.	For 10 years, Akbank has been developing different projects with Endeavor, which has been set up to support active entrepreneurs in emerging countries and to contribute to economic development. Akbank included the CaseCampus Program in its entrepreneurship-focused efforts. Launched jointly with Endeavor Turkey, CaseCampus Program is held twice a year since 2016. Certification programs were administered at the Center of Excellence in Finance (CEF) for high school and university students who are contemplating careers in the finance industry.
Local Community		
Activities Akbank Organizes and Participates in, Local Sponsorship, Volunteer Activities, Culture & Arts Activities, Press Releases	Akbank strives to support numerous activities that offer social benefits and to reach local communities in areas where it operates.	14. As part of the Akbank Short Film Festival, the event "Award-Winning Films Come to Universities" was held at 40 universities in 21 provinces, from Edirne to Van, Zonguldak to Mersin. As such, the Short Film Festival reached out to over 900 thousand university students. ESIA studies are conducted for communities that are affected by project financing lending activities.
Non-Governmental Organizations		
Cooperation in Social Engagement Practices, Sponsorships, Meetings, Conferences, Study Groups	Akbank makes a point of improving cooperation with non-governmental organizations, being in continuous communication with them, taking their opinions and expectations about its activities into consideration.	While developing its social investment projects, the Bank cooperates with non-governmental organizations. Akbank invites representatives of NGOs to its events and receives their opinions on related issues. In addition, Akbank participates in the working groups of the non-governmental organizations and provides input.
Media		
Press Conferences, Press Releases, Daily Economic Bulletins	Akbank aims to maintain continuous dialogue with national and international media, to inform them promptly and accurately through press releases, and to share opinions with opinion leaders at press conferences.	Akbank senior management and relevant managers regularly meet with prominent figures of the media community and exchange opinions at press conferences organized to discuss industry trends and the Bank's products and services.

STAKEHOLDER ENGAGEMENT

Figuring among the most prestigious actors of the Turkish banking industry, Akbank is committed to actively participating in domestic and international platforms, by sending representatives or otherwise expressing its opinions.

MEMBERSHIPS IN ASSOCIATIONS AND UNIONS, SIGNED INITIATIVES

- European Association of Communication Directorates (EACD)
- European Union Green Banking in the Mediterranean Project
- Interbank Card Center (BKM)
- United Nations Global Compact (UNGC)
- Cancun and Durban Communiqués drawn prior to the Conference of the Parties to the United Nations Framework Convention on Climate Change to make a call of action to governments from the private sector
- Endeavor Assessment (Support for Active Entrepreneurs)
- Turkish Ethics and Reputation Society (TEID)
- Financial Literacy and Inclusion Association (FODER)
- The Prince of Wales's Corporate Leaders Group on Climate Change (CLG)
- Interactive Advertising Bureau (IAB Turkey)
- Association of Advertisers
- Istanbul Foundation for Culture and Arts (İKSV)
- Borsa Istanbul Stock Exchange Sustainability Index (ISESI) Project
- Carbon Disclosure Project (CDP)
- TÜYİD Investor Relations Association
- Credit Cards Registry Office (KKB)
- Association of Corporate Communicators (KİD)
- Climate Platform and Turkish Leaders Group on Climate Change established by REC and TÜSİAD
- Advertising Self-Regulatory Board (RÖK)
- Association of Advertisers (RVD)
- Private Sector Volunteers Association (OSGD)
- The Banks Association of Turkey (TBB)
- Study Group of Sector's Role on Sustainable Growth of The Banks Association of Turkey
- Public Relations Association of Turkey (TUHİD)
- Corporate Governance Association of Turkey (TKYD)
- Turkish Industry and Business Association (TÜSİAD)
- Turkish Industry and Business Association (TÜSİAD) Sustainable Development Task Force
- Visa Colorful Horizons
- The European Association of Communication Directors (EACD)
- United Nations Women's Empowerment Principles-WEPEs
- 30% Club

CONTRIBUTING TO PUBLIC POLICY WITH OUR CORPORATE EXPERIENCE AND KNOW-HOW

Celebrating its 70th anniversary in 2018, Akbank successfully contributes to the development of public policy, especially as regards the finance industry, with its years-long experience and know-how. During the year, the Bank's managers participated in Turkey's prominent forums, conferences and workshops as both speakers and listeners, in order to share their experience and expertise with the public at large. In addition, the Bank provides sponsorship support to prestigious events.

LEADER COMMUNICATION ACTIVITIES BY AKBANK TOP MANAGEMENT

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

Akbank closely monitors changes in laws and regulations related to renewable energy and energy efficiency in Turkey. The Bank is committed to ensuring full legal and regulatory compliance in addition to developing climate-friendly products and services.

CORPORATE GOVERNANCE COMMITTEE SHAPES THE BANK'S STRATEGY TO COMBAT CLIMATE CHANGE

As a corporate citizen keenly aware of its environmental responsibilities, Akbank views the fight against global climate change as one of its top priorities. The Corporate Governance Committee, which reports to Akbank Board of Directors, shapes the Bank's strategy to combat climate change. The International Advisory Board, composed of thought leaders, contributes to the Bank's corporate vision in this area. Meanwhile, the Investor Relations and Sustainability Department ensures coordination and management of the topic. In addition, related business units carry out efforts to minimize energy consumption resulting from Bank activities and to ensure proper waste management.

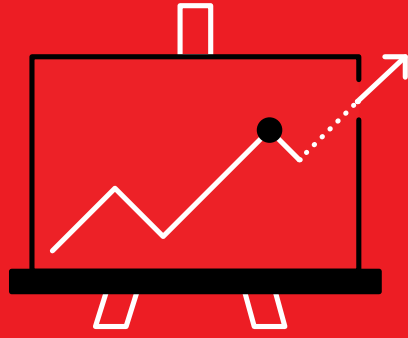
ASSESSMENT OF CLIMATE CHANGE-RELATED RISKS...

Climate change, caused by increasing levels of greenhouse gas emissions in industrialized nations, poses major risks for societies today. Heat waves of increasing frequency and intensity, floods, droughts, and extreme weather conditions due to climate change have the potential to have negative impacts on industries such as forestry, fishing, agriculture, healthcare, tourism, and construction, among others. Climate change laws, rules and regulations that have been enacted or are likely be put into effect in Turkey and its trading partners pose the risk of legal incompliance and extra investment costs to fight climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as those in the transportation and aviation industries will be impacted by the aforementioned laws and regulations.

DYNAMIC RISK MANAGEMENT APPROACH

Akbank updates its risk management map when necessary, by keeping track of recent developments related to climate change on international platforms. Embracing a proactive approach to risk management, the Bank strives to effectively manage climate change-based risks and turn threats into opportunities.

Akbank closely monitors changes in laws and regulations related to renewable energy and energy efficiency in Turkey. The Bank is committed to ensuring full legal and regulatory compliance in addition to developing climate-friendly products and services. Akbank also minimizes the environmental impact of its operations by managing staff related business travel and logistics activities with a special focus on energy efficiency.



**CORPORATE GOVERNANCE AT
AKBANK**

CORPORATE GOVERNANCE AT AKBANK

With its visionary management approach, Akbank has also pioneered innovative corporate governance practices in the banking sector.

Akbank works towards its goal of full compliance with the corporate governance principles, efficiently managing the risks and opportunities in its business processes through its professional corporate governance approach. At the Bank, corporate governance is divided into the following categories:

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

INTRODUCING FIRSTS IN CORPORATE GOVERNANCE

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

In Turkey, Akbank is the first bank to:

- Publicly announce its dividend policy (2003).
- Announce its Corporate Governance Principles in its annual report (2003).
- Announce its Corporate Governance Principles on its website (2004).
- First bank to buy back its founders' shares (2005),
- First Turkish bank to be a signatory to the United Nations Global Compact (2007),
- First bank to publish its Global Compact Report (2010),
- Pioneer in Supporting the Implementation of the Carbon Disclosure Project (CDP) in Turkey (2010).
- First deposit bank to publish a sustainability report in accordance with Global Reporting Initiative (GRI) standards (2010),

- First Turkish company included in the Global 500 Report of the Carbon Disclosure Project (2010).
- Akbank published its Digital Trust Principles (2018)

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

CONSISTENT SHARE PERFORMANCE ON BIST ISTANBUL

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



CORPORATE GOVERNANCE AT AKBANK

The Investor Relations and Sustainability Department is responsible for presenting the Bank's performance and strategies accurately and transparently to existing and potential investors.

ACCOUNTABILITY-BASED RELATIONS WITH SHAREHOLDERS

In 1996, Akbank established the Investor Relations Group to manage relations with existing and potential shareholders through an institutional perspective. From this date on, Akbank Investor Relations and Sustainability Department conducted activities to make Akbank's corporate reputation sustainable and adopted the principle of responding to all questions - outside of commercial secrets - in line with the principle of equality. The Department, which assumes a key role in the communication between the Bank's Senior Management and shareholders, fulfilled its responsibilities successfully in 2018. Another department that is responsible for overseeing shareholders' rights at Akbank is the Financial Coordination and Reporting Division.

EFFECTIVE INFORMATION DISCLOSURE CHANNELS FOR SHAREHOLDERS

The Investor Relations and Sustainability Department is responsible for presenting the Bank's performance and strategies accurately and transparently to existing and potential investors. IRSD also plays an active role in

facilitating protection and use of shareholders' rights - especially the rights of getting information and examining the data. The Department informs investors on environmental, social and economic sustainability.

STRONG CREDIBILITY WITHIN THE INTERNATIONAL INVESTMENT COMMUNITY

At the beginning of 2018, Akbank Investor Relations and Sustainability Department organized a video web cast to announce the Bank's budget targets. During the year, the Bank conducted a total of five web casts - four on financial results, one on the capital increase - with the participation of senior managers, complete with Q&A sessions. Furthermore, Akbank senior management attended a total of 23 domestic and foreign investor conferences. The Bank's senior managers also held meetings with 314 international investment funds and two rating agencies. In addition, questions communicated by investors and analysts via telephone and e-mail were responded to during the year. In total, the Department responded to more than 500 inquiries from investors and analysts via telephone and e-mail. Information on the General Assembly

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

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

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

The Corporate Governance Compliance Report and Corporate Governance Information Form 2018, both prepared in accordance with the new reporting format as prescribed by the CMB Resolution dated January 10, 2019 and numbered 2/49, was published on the Public Disclosure Platform March 1, 2019.

ELECTRONIC GENERAL ASSEMBLY SYSTEM FOR SHAREHOLDER REPRESENTATION AT THE GENERAL ASSEMBLY

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

PUBLIC DISCLOSURE POLICY UNDER THE RESPONSIBILITY OF THE BOARD OF DIRECTORS

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

The Bank has tasked the Financial Coordination and Reporting Department Directorate and the Investor Relations and Sustainability Department, jointly serving as the Investor Relations Division under the Financial Management business unit and the Corporate Communications Department, to supervise and oversee all matters pertaining to public disclosures.

INFORMATION CHANNELS REINFORCED WITH MOBILE TECHNOLOGIES

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

AKBANK BOARD OF DIRECTORS

Akbank's highest decision-making body is the Board of Directors, which reaches decisions by a majority of votes.

AKBANK'S HIGHEST DECISION MAKING BODY

The Board of Directors, the highest decision making body at Akbank, has three executive and seven non-executive members as of end- 2018. As of end-2018, the Bank has three independent Board Members.

According to the Capital Markets Board's corporate governance principles, members of bank audit committees are considered independent members of the Board of Directors. Hayri Çulhacı and Yaman Törüner, the members of the Audit Committee, are independent Board members. The other Independent Member of our Bank is Mr. Aydın Günter who has all independency criteria in line with the Capital Markets Board regulations and who was approved for a one year term at the Ordinary General Assembly Meeting held on March 26, 2018. The Corporate Governance Committee report dated January 16, 2018 showing that Aydın Günter meets the criteria of independence has been submitted to the Board of Directors, which has decided to submit his name to the CMB as independent member candidate.

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

ROLES AND RESPONSIBILITIES OF THE BOARD

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

THE CORPORATE ACTOR DETERMINING AKBANK'S GROWTH STRATEGY: THE BOARD OF DIRECTORS

In addition to determining the Bank's human and financial resources in line with its growth

strategy, Akbank's Board of Directors oversees the performance of executive management. The Board of Directors also oversees compliance of the Bank's activities with applicable laws, rules and regulations, Articles of Association, internal regulations and policies.

The Board of Directors operates in line with the principles of transparency and accountability. The Bank's Board of Directors plays an active role in maintaining efficient communication between the Bank and shareholders as well as in resolving potential disputes.

DUTIES AND RESPONSIBILITIES PURSUANT TO THE ARTICLES OF ASSOCIATION

With its strategic decision-making efforts, Akbank Board of Directors keeps the Bank's risk, growth and return parameters at the optimal level, protects the Bank's long-term interests with its rational and cautious risk management perspective, administers and represents the Bank. The Board of Directors of Akbank sets the Bank's strategic goals, identifies the human and financial resources that the Bank will require, and monitors management's performance. The Board of Directors oversees compliance of the Bank's activities with applicable laws, rules and regulations, Articles of Association, internal regulations and policies.

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

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

The powers and authorities of the Chairman of the Board of Directors and the General Manager were clearly separated. This issue was included in the Articles of Association.

BOARD OF DIRECTORS COMMITTEE STRUCTURE

Akbank's Board of Directors fulfills its functions by means of various committees. In addition to such committees, the Board of Internal Auditors, Internal Control and Compliance Division, Risk Management Department and Information Risk Management Department directly report to the Board of Directors.

EFFICIENT SURVEILLANCE OF INTERNAL SYSTEMS: AUDIT COMMITTEE

The Audit Committee helps the Board in the performance of supervision and oversight functions; in addition, it oversees the functioning and adequacy of

the internal systems as well as the accounting and reporting systems. The Committee convenes at least four times each year.

CORPORATE GOVERNANCE COMMITTEE; OVERSEEING SUSTAINABILITY EFFORTS

The Corporate Governance and Social Responsibility Committee was established in 2009 with the aim of monitoring compliance with corporate governance principles and supervising the implementation of corporate social responsibility activities, Social Responsibility. In 2013, the "nomination" task was also given to the Committee and its name was changed to the Corporate Governance Committee. The Committee is responsible for ensuring, monitoring and communicating compliance with Akbank's Corporate Management Principles; monitoring the operations of the Investor Relations and Sustainability Department; creating a transparent system to identify, evaluate and train suitable candidates for the Board of Directors; and working on related policies and strategies. Members of the Remuneration Committee are responsible for monitoring, auditing, and reporting remuneration operations on behalf of the Board of Directors. The Committee convenes twice a year. The chairman and majority of the members of the Committee are Independent Board Members.

ULTIMATE DECISION MAKER IN CREDIT ALLOCATION: CREDIT COMMITTEE

The Credit Committee is the final loan allocation decision body that examines loan offers which have passed the loan processes of the Head Office in terms of compliance with legal regulations, banking principles, the Bank's goals and loan policies. Unless excused, all Committee members attend the meetings. Credit Committee convenes whenever deemed necessary.

THE RISK MANAGEMENT BODY: EXECUTIVE RISK COMMITTEE

The Executive Risk Committee is responsible for developing risk policies, determining appropriate methods for measurement and management of risks, setting commensurate risk limits and monitoring their performance. All

formulated risk policies are put in writing and integrated into the Bank's long-term overall strategy. The Committee convenes at least four times each year.

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

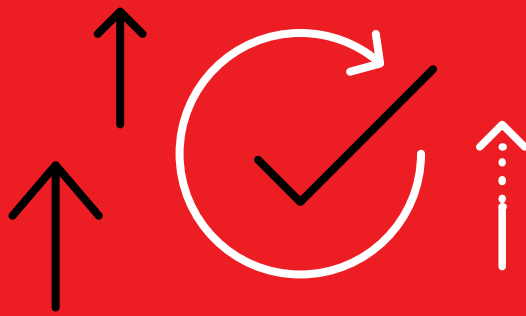
The Asset-Liability Committee (ALCO) is a subcommittee presided over by the CEO. Responsible for daily liquidity and cash management, ALCO meets twice a week to consider economic and market developments. In addition, ALCO is charged with formulating investment, pricing and funding strategies as well as making decisions related to daily liquidity management.

RIGHTS OF THE BOARD MEMBERS

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

A COMMITTEE WITH INTERNATIONAL PRESTIGE: ADVISORY BOARD

Akbank has established the Akbank Advisory Board composed of opinion leaders in order to monitor global and domestic economic developments. Chaired by Suzan Sabancı Dinçer, the Advisory Board convened two times in 2018.



**RISK MANAGEMENT AND
LEGAL COMPLIANCE**

RISK MANAGEMENT PROCESSES

Thanks to its multi-dimensional risk management approach, Akbank maintained its risks at an optimal level in 2018.

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

RISK MANAGEMENT PROCESS FULLY SUPPORTED BY EMPLOYEES

In 2018, Akbank employees continued to work with success in line with the risk management policies set by the Board of Directors and legal requirements. The Bank, which shapes its operations in line with its long-term strategy and targets, pursues a multidimensional approach including risk management, legal compliance, and environmental-social impact analyses on key issues such as capital allocation, portfolio/investment preferences, new product and operation decisions.

INTERNATIONALLY ACCEPTED RISK MANAGEMENT PROCESSES

Akbank effectively manages its risks by integrating internationally accepted risk management models and regulations into its business processes. Analyses, calculations, simulations, scenarios, stress tests and other studies conducted as part of risk management have a supporting and decisive role in the strategic decisions taken by the Bank's Board of Directors and Senior Management.

MULTI-DIMENSIONAL RISK MANAGEMENT APPROACH

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

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

MARKET RISKS

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



RISK MANAGEMENT PROCESSES

Akbank makes efficient use of mechanisms such as differentiated and diversified controls, insurance and limitation in order to control operational risks associated with all risk categories, particularly legal compliance and reputation risks.

LIQUIDITY RISKS

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

CREDIT RISKS

All banking products with credit risks (such as credit placements and commitments to customers, letters of credit) are managed with assistance from cautious loan policies and procedures in Akbank. In all credit transactions, loan quality (credit worthiness with scorecards), purpose of use,

and environmental and social effects are assessed via an internal customer rating system.

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

OPERATIONAL RISK

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

REPUTATION RISKS

Reputation risk is a significant risk in terms of sustainability. All Akbank employees, notably the Board of Directors, are responsible for the management of this risk. As part of the management of this risk, policies and practices were identified (including areas such as full compliance with legislation, establishing and exercising trust-based relationships with stakeholders, efficient and fast solutions to customer complaints) and these have been put down in writing. Akbank Ethical Principles serve as an important guide in this sense.

LEGAL RISKS

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

NEW PRODUCTS AND SERVICES RISKS

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

risks; and control mechanisms to be established are identified with contribution from related departments of the Bank.

Since 2011, the New Product and Service Evaluation Committee, comprising managers of all departments involved in product development, decides on the suitability of all product and service in terms of legislation and technical qualifications. When the Board of Directors approves the extensive risk assessment made by the Committee, necessary actions are taken for risk management.

CLEAN BANKING RISK

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

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

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

INFORMATION RISK MANAGEMENT

Akbank is committed to protecting stakeholders' confidential and private information. This is critically important when developing long-term relations based on mutual trust with employees and customers. The Bank integrates the latest technological developments in information security, one of the most important topics today, into its business processes, and protects the privacy of its stakeholders at a superior level. The activities carried out by the Bank with respect to people, process and technology are presented below.

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

This model provides a holistic approach to information risk, by separating information risks from information technology risks. The Information Risk Management Unit has been restructured to better achieve these objectives and to support a self-development culture strategy. The organization's members were encouraged to participate in both national and international training programs.

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

To increase cyber security, all technology and banking processes at the Bank were given a more information-focused format. Investments in new technologies boosted the diversity of information risk processes, while at the same time ensuring the development of IT structures.

Akbank plays a pioneering role in the sector also with its 2018 investments and 2019 investment budget for increasing its in-house cyber security. The Bank places great emphasis on developing technologies that prevent information risk. Its efforts in this key area are carried out by well-experienced professionals.

INTERNAL AUDIT STRUCTURE REINFORCED WITH NEW INVESTMENT

Akbank efficiently manages risks by using its internal audit and control mechanism which incorporates the latest technologies and by employing highly skilled staff.

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

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

To this end, the Bank's internal control efficiency was secured with mechanisms such as:

- Identification of functional differences, separation of the functions of marketing and operations,
- Documentation of job definitions and specific responsibilities in the control system of each employee at every level,
- Documentation of all workflows and checkpoints throughout the Bank via Business Process Management (BPM),

- Establishment of information systems that are in compliance with the volume and quality of the Bank's activities,
- Creation of efficient and comprehensive communication channels,
- Collecting and implementing employee suggestions on processes and operations

INTERNAL CONTROL AND COMPLIANCE DIVISION

In 2018, Akbank Internal Control and Compliance Division successfully performed the management and coordination of audit and regulatory relations, as in previous reporting periods.

Akbank Internal Control and Compliance Division conducts its operations in line with the principle of full compliance with applicable laws and international banking regulations. The Division is responsible for compliance with relevant legislation and internal regulations, including prevention of the laundering of crime proceeds and the financing of terrorism. The Internal Control and Compliance Division carries out control activities not only at the Head Office but also at Akbank branches across Turkey with its highly specialized staff.

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

EFFICIENT CONTROL PROCESSES IN FIVE AREAS

Standing out with its highly skilled human capital and advanced expertise, Akbank fulfilled its duties and responsibilities in five areas in the 2018 reporting period. As part of Head Office and process controls, the Division executed controls of core banking and Bancassurance functions; performed assessments on control points of designed business flows; and ensured the implementation of measures that comprise the internal control process. These include functional separation of tasks, sharing of authorities and responsibilities, design of systems controls, control of financial reporting systems, integrity and reliability of accounting and reporting systems, and supporting the business units' projects.

As part of compliance controls, where it has significant competence, Akbank conducted monitoring, oversight and control activities to internalize and implement new legal and regulatory requirements in the banking legislation compliance area in 2018. The Division assessed the Bank's new product/service projects as well as regulatory changes announced for the entire organization from the

perspective of the compliance and control systems. The Division also carried out oversight and control tasks regarding compliance with the obligations stipulated in Law No. 5549 on Prevention of Laundering Proceeds of Crime and Financing of Terrorism.

In 2018, Akbank Internal Control and Compliance Division successfully performed the management and coordination of audit and regulatory relations, as was the case in previous periods. Under this function, audit processes were coordinated from a single source while the Division played a guiding and effective role in tracking the audit results. In addition, the Division facilitated the coordination, within the Bank, of correspondence with official bodies such as the Banking Regulation and Supervision Agency (BRSA), Central Bank of Turkey (CBT) and the Capital Markets Board (CMB) as well as with industry associations such as the Banks Association of Turkey (BAT) and the Turkish Capital Markets Association (TCMA). The Division made significant contributions to healthy and trustworthy relationships with regulatory and supervisory authorities and entities.

BOARD OF INTERNAL AUDITORS

Akbank has adopted the highest ethical principles to perpetuate its high brand reputation in Turkish and international markets.

BOARD OF INTERNAL AUDITORS: COORDINATOR OF INTERNAL AUDIT ACTIVITIES

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

EFFICIENT AUDIT AGAINST RISKS OF IRREGULARITY

The Board of Internal Auditors expends efforts to identify and solve probable irregularity notifications from legal bodies (including those via the Ethics Line), the Bank itself, and our customers. Furthermore, the Board of Internal Auditors monitors the reliability of

information systems. Results of the operations by the Board of Internal Auditors and the Internal Control and Compliance Division are regularly monitored and evaluated by the Control Committee and the Board of Directors.

INTERNATIONAL STANDARDS AGAINST THE RISK OF LAUNDERING CRIME PROCEEDS

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

MARKETING COMMUNICATION IN LINE WITH ETHICAL STANDARDS

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

FULL COMPLIANCE WITH THE ISO 22301:2012 STANDARD

To ensure continuity of critical business processes as well as recovery of the system in case of failure, prevent customer losses, and to maintain its corporate reputation, Akbank continued the Business Continuity Management Program in 2018. The Business Continuity and Emergency Management System in place across the Bank is implemented in line with the ISO 22301: 2012 Social Security Business Continuity Management System standard. The Bank's Business Continuity Committee, which convenes twice a year, is responsible for monitoring and directing the work carried out under the Business Continuity and Emergency Management System.

Akbank has adopted the highest ethical principles to perpetuate its high brand reputation in Turkish and international markets. Special training programs were organized in 2018 to cultivate these ethical principles among all stakeholders in Akbank's sphere of influence, especially employees. The Bank has focused on cultivating this ethical banking perspective among its employees through internal communication channels such as the corporate website and e-training program.

A STRONG CHANNEL FOR STAKEHOLDER COMMUNICATION: ETHICS LINE

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



**ADDING VALUE TO
OUR CUSTOMERS**

EXCLUSIVE SOLUTIONS FOR OUR CUSTOMERS

Akbank keeps customer satisfaction at the highest level thanks to products and services designed in line with customer needs and expectations, and its product responsibility approach.

Akbank further boosted its product and service quality by effectively extending its digital transformation across business processes during fiscal year 2018. Operating with the principle of delivering unconditional customer satisfaction, the Bank develops products and services that make a difference vis-a-vis the competition by maintaining customer interaction at the highest level. Closely monitoring new dynamics in the real economy and emerging trends across society, Akbank stands by its customers 24/7 with diversified products and services, as well as an extensive service infrastructure across Turkey.

CUSTOMIZED RETAIL BANKING SOLUTIONS

Akbank appeals to a broad customer base with its branch network radiating throughout Turkey and diversified digital channels. With its competencies that make a difference in product development, the Bank develops products and services for retail customers from all age groups and socio-economic backgrounds, with a special focus on the youth segment.

INNOVATIVE SOLUTIONS FOR CORPORATE CUSTOMERS

After E-discount rolled out in 2017 as part of commercial transactions financing, Akbank launched Digital Payment Guarantee in 2018 – a new product offering payment and collection guarantee services.

Digital Payment Guarantee aims for an online guarantee arrangement between parties during goods or services purchases through digital channels.

In addition, Supplier Financing, an advance financing product, was activated on Akbank Direkt Internet.

- and studies to open the infrastructure for bill and money transfer activities to BRSA-licensed payment companies were among the most important efforts.

The Collaboration Agreement with Turkish Exporters' Assembly (TİM), the first edition of which was signed in 2014, was revised and upgraded in 2018. As part of this partnership agreement, in addition to offering financing support under advantageous terms, the Bank provides exporter firms with insurance, factoring, treasury and other risk-hedging financial products.

The Bank's offerings include export factoring, export receivables insurance, financing for insured receivables, and BPO (Bank Payment Obligation) service, a new payment form that has gained momentum recently. These products and services aim to minimize receivables collection risk for Akbank clients that mostly export on a running account or cash against goods basis while meeting the working capital needs of exporters.

Akbank supports exporters, especially their sales to European markets, with the products of its subsidiary based in Germany, Akbank AG.

- Partnerships with existing ERP Systems,
- Integration with trade finance platforms,



EXCLUSIVE SOLUTIONS FOR OUR CUSTOMERS

In 2018, Akbank remained the primary bank and solution partner of medium- and large-scale enterprises across Turkey with its well-established expertise in commercial banking.

SOLUTION PARTNER OF CLIENTS

In 2018, Akbank remained the main bank and solution partner of medium- and large-scale enterprises across Turkey with its well-established expertise in commercial banking. Boasting a highly specialized commercial banking staff, the Bank developed innovative solutions in key areas such as cash management, foreign trade, treasury and project financing throughout the year.

AKBANK ALWAYS STANDS BY SMES

Akbank Retail Banking's support to SMEs is not limited to financing. The Bank also delivers advisory and guidance services, provides the information SMEs need to effectively tap this funding resource, and generally encourages their growth.

At the "Tourism: Our Future" meetings conducted by Akbank in cooperation with Turkish Hoteliers Federation (TUROFED) with the participation of industry representatives and tourism investors and professionals in Bodrum and Alanya, the 2017 season was reviewed, projections for the 2018 season were discussed. In addition, tourism was assessed under the categories of the economy, the environment and digitization.

Recently, Bank launched its own initiative – StartUpCampus Entrepreneurship Program – to encourage young entrepreneurs with products in the market to grow their businesses. The program began in November as a business partnership with Endeavor Association. StartUpCampus Entrepreneurship Program provided entrepreneurs with 10 weeks of training, workshops and mentoring support as well as the opportunity to meet with investors.

Akbank, one of the leaders in the Turkish banking industry, is also active in the consumer lending market. The Bank supports customers in a wide variety of areas, from home and car purchases to their education, wedding and short-term cash needs. The Bank's primary goal is to deliver customers top quality service in an easy, practical and swift manner. To this end, Akbank enriches the banking services provided on digital channels each passing year, enabling customers to apply for and obtain loans easily, without having to visit a branch.

24/7 SERVICE APPROACH WITH TELEPHONE BANKING

With the 444 25 25 Akbank Telephone Branch and Voice Response System structured in light of the latest technological

developments, Akbank continued to offer fast and efficient banking solutions in 2018. Akbank Call Center, which has one of the most sophisticated service infrastructures in the banking sector, goes the extra mile in terms of quick and easy access, with its more than 1,000 employees, who realized close to 90 million customer contacts in 2018.

The Call Steering system analyzes customer speech in the interactive voice response system and directs them to the right destination. As such, customers are connected to the right customer representative in their first call. Further improving the performance of its Call Steering system each day, Akbank directed customers to the correct service step at nearly 100% accuracy in 2018.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

A signatory to the UN Global Compact, Akbank encourages all its corporate lending clients to embrace the UN Global Compact principles in their business procedures.

Akbank is aware of the importance for sustainability of effectively managing environmental and social risks as well as measuring and preventing these risks. As a result, the Bank has formulated a strong social and environmental credit policy. In the light of the sustainability approach that it implements across its business procedures, the Bank performs an environmental and social risk assessment for the credits allocated to customers in the Corporate and Commercial Banking segments. Akbank implemented the Environmental and Social Management Systems to align SME loans with environmental and social standards defined by IFC in 2016. The Bank went on to implement the Environmental and Social Impact Assessment System in 2017 to cover all segments. In 2018, Akbank upgraded this system and continued its pioneering efforts in sustainability.

ENVIRONMENTAL AND SOCIAL CREDIT POLICIES

Akbank evaluates project finance credits of USD 20 million and above and other investment credits of USD 50 million and above, regardless of maturity limits, by analyzing their environmental and social effects in a detailed manner. Besides, all loans are evaluated under Akbank Environmental

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

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

Pursuant to Akbank’s Environmental and Social Policies, we pay due attention that all elements stated in the United Nations Global Compact are implemented by the customers that we grant loans to. In this respect, as per the national legislation and international agreements which Turkey has signed, the Bank has determined the activities which cannot be financed without need for environmental and social risk assessment, regardless of any amount limit.

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

Moreover, the Bank does not extend credits to the following activities:

- Production or trade of (banned) asbestos without a documented chain, production or trade of products that deplete the ozone layer (falling under the scope of Regulation on the Reduction of Materials Depleting the Ozone Layer published in the Official Gazette dated 07.04.2017 and numbered 30031),
- Production or trade of products including PCB (polychlorinated biphenyl) - a group of highly toxic chemicals (products falling under the scope of Article 5 “General Principles” of Regulation on the Control of the Polychlorinated Biphenyl and Polychlorinated Terphenyls issued on the Official Gazette dated 27.12.2007 and numbered 26739),
- Fishing activities using explosives and toxic substances, or nets longer than 2,5 km,

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

Pursuant to Akbank’s Environmental and Social Policies, we pay due attention that all elements stated in the United Nations Global Compact are implemented by the customers that we grant loans to.

- Commercial activities concerning natural life elements and products from rainforests, as banned by CITES,
- Production or trade of radioactive products (except in the purchases of medical equipment, quality control -measurement- equipment, or equipment whose radioactive source is insignificant and/or adequately protected), as well as shipbreaking operations,
- Casinos or accommodation facilities with a casino,
- Activities within areas designated as RAMSAR areas as per the Ramsar Convention on Wetlands of International Importance
- The Bank demands an Environmental and Social Assessment Report to be issued by an independent consultant for all projects and loan requests with high and medium level risk. The company requesting loan and/ or project financing is also asked to prepare an Environmental and Social Action Plan (List of Environmental and Social Commitments).
- This Environmental and Social Action Plan (List of Environmental and Social Commitments) is also included in the agreement reached with the client.
- Presence of a plan to minimize tree cutting in projects, and if tree cutting is inevitable, a plan to compensate for the trees and forest areas to be destroyed,
- Amount of additional greenhouse gas emissions and the ensuing carbon cost in operation time of projects with high carbon emission risk,
- Processes to assess the impact on biodiversity,
- Customers’ existing or work-in-progress Environmental and Social Management Systems.

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

- New investment projects demanding financing (or credit demands) are classified as high, medium and low risk as a result of an assessment of their potential environmental and social impacts.
- Additional assessment criteria that differ from sector to sector are applied in sectors with high environmental and social risks⁽²⁾.
- The environmental and social risks arising from the activities currently performed by the company requesting a loan, and the manner in which these risks are managed are also taken into account in this evaluation process.

In efforts to manage environmental and social risks in high and medium risk projects, the Bank takes into account the following issues:

- Stakeholder engagement and complaint mechanism processes,
- Company compliance with Occupational Health and Safety (OHS) legal and regulatory requirements during both current business activities and investment activities,
- Proximity of the project to the wetlands identified under the RAMSAR Convention,
- Presence of a Resettlement Action Plan in land acquisition projects involving physical or economic resettlement,

In addition, Akbank conducts an independent review by an independent environmental and social counselor for projects with potentially high-risk impacts, including but not limited to the following:

- Adverse impact on indigenous peoples,
- Critical impact on the habitat,
- Effects on crucial cultural heritage,
- Large-scale resettlement.

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

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

OUR ENVIRONMENTAL AND SOCIAL CAPABILITIES ARE NOW STRONGER

Akbank gives top priority to equipping its employees with the prerequisite skills to help them effectively measure and monitor risks. A total of 35 staff members involved in lending processes underwent comprehensive in-class trainings designed for this purpose in 2018. The training effort informed employees about identifying the environmental and social risks arising under lending activities, analyzing these in the assessment processes, determining the resulting effect and risk, identifying the obligations and practices to be fulfilled to minimize the risk, and taking these into consideration in decision-making processes. In addition, awareness training on international best practices and sustainability issues continues regularly as part of in-class and online training models.

ASSESSMENT UNDER THE RESPONSIBILITY OF CREDITS BUSINESS UNIT AND RELEVANT UNITS

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

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

LOCAL COMMUNITY'S SENSITIVITIES ARE TAKEN INTO ACCOUNT

Akbank investigates relevant issues such as the project's compliance with EIA and/or Environmental or Social Situation Report and local community's reactions to the prospective project as part of the pre-project controls with independent consultants that are expert in their fields. Akbank ensures that local residents are informed about the project via stakeholder participation meetings. The Bank encourages setting up complaint mechanisms to take into consideration views and expectations about the project. During the project, the main focus shifts to compliance with occupational health and safety standards. Work conditions of workers are inspected on-site and support is provided for improving their conditions. Under Akbank Environmental and Social Credit Policies, drafted in due consideration of stakeholders' views, projects that allow transforming environmental risks into opportunities are given priority. Among these are renewable energy investments, waste recycling investments or those which reduce carbon emissions or improve efficiency.

ACCURATE ASSESSMENT PROCESS IN HIGH RISK PROJECTS

In the credit allocation processes of medium and high-risk projects, Akbank evaluates whether the company has an environmental and social policy or not. The Bank analyzes whether a company with such a policy possesses Environmental and Social Management Systems and the adequate human resources organization to carry out the efforts defined by these systems at the point of application. When necessary, Akbank offers capacity development opportunities to its clients.

STRONG ACCESS TO INTERNATIONAL SUSTAINABILITY LOANS

Enjoying strong credibility in the eyes of international finance institutions, Akbank joins forces with these to continuously offer

new loan opportunities to its customers and thus contribute to economic growth in Turkey. With the Loans obtained from international financial institutions such as IFC, EBRD, EIB and OPIC, the Bank gives consistent support to environment-friendly projects that focus on sustainable development. In projects and investments supported by such loans, we require our customers to abide by a variety of social and environmental performance criteria depending on the source of the loan. In addition, we provide our customers with financing from international sources for affordable loans to be used in energy efficiency and renewable energy projects.

A PIONEERING SCHEME IN ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT: AKBANK SOCIAL & ENVIRONMENTAL MANAGEMENT SYSTEM (SEMS)

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

- Environmental and social assessment and management, workforce and labor conditions, prevention and reduction of pollution,
- Public health, safety and security,
- Protection of biodiversity,
- Sustainable natural resource management and protection of cultural heritage, among others.

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

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

Enjoying strong credibility and solid reputation within the international banking community, Akbank collaborates with international finance institutions to provide new lending opportunities to its clients – thus contributing to the growth of the national economy.

Initiatives under the Akbank Environmental and Social Management System are organized by the SEMS Team; one person each from the SME Banking Business Unit and the Loans Business Unit were appointed as SEMS Officer. In order for the system to be managed in a more effective and active manner, one person each from the credit allocation teams reporting to Regional Credit Departments were included on the SEMS Team. This resulted in 20 more persons included on the SEMS Team. Regional SEMS Officers analyze customers' environmental and social risks on-site through regular visits and encourage them to take corrective measures when necessary. Participation in the SEMS teams is provided by the Treasury Business Unit on matters related to funds secured from overseas institutions; by the Legal Department on applications of the Turkish Environmental Laws and potential amendments to the legislation; and by the Human Resources Department on issues concerning the Labor Law and worker safety. The Akbank Environmental and Social Management System aims to assess all environmental and social risks in the SME segment; increase customer awareness and encourage them to take the

necessary measures to avoid the materialization of these risks; and prevent any adverse environmental or social impacts.

Akbank Environmental and Social Management System consists of the following three main components:

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

ENVIRONMENTAL AND SOCIAL RISK MEASUREMENT OF SME CUSTOMERS UNDER SEMS

As part of the SEMS system, since the year 2017, Akbank has successfully continued its infrastructure building-related efforts to analyze the environmental and social risks of SME customers and assess these risks objectively within a quantifiable and traceable system. This process has become quantifiable and assessable upon the assignment of a Social and Environmental Risk score to each SME borrower via the Decision Making Matrix added to the system infrastructure.

Akbank accepts customers' social and environmental risk scores as the deciding factor in lending processes. The Bank does not originate loans to customers in banned industries, the environmental risks of which are deemed to be unmanageable. In 2018, Akbank rejected 29 loan demands as they did not comply with environmental and social impact policies.

Information on sectors banned under the scope of the SEMS system can be accessed via the following link:
<https://www.akbank.com/Documents/KRED%C4%B0LEND%C4%B0R%C4%B0LMEYECEK%20FAAL%C4%B0YETLER%20L%C4%B0STES%C4%B0.pdf>

When originating loans to SME customers in the medium risk category, Akbank assesses the loan applications in conjunction with measures to be taken to minimize the risks and creates an action plan.

CLIMATE-FRIENDLY LOANS

Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO₂ emissions in 2018.

FINANCING SOLUTIONS FOR RENEWABLE ENERGY PROJECTS

Akbank uses the Bank's own resources as well as borrowings from international funding facilities to develop financing solutions for energy efficiency and renewable energy projects, which it considers as crucial areas in terms of sustainability initiatives.

Making significant contributions to help develop Turkey's energy industry, and thus reduce our foreign dependence in energy, Akbank runs its project financing operations in due consideration of environmental impact. Conducting its business activities in line with this approach in 2018, the Bank undertook initiatives that became model practices in the industry.

RENEWABLE ENERGY INVESTMENTS TO REDUCE DEPENDENCE ON FOREIGN ENERGY

Foreign dependence on energy plays an important role in the current account deficit, one of Turkey's biggest problems. For this reason, energy investments that will decrease dependence on imported energy resources such as natural gas and coal are of huge importance. In 2018, Akbank continued to formulate original financing solutions for solar power and geothermal energy projects,

which have received support from the public and the state in recent years. In parallel with the increasing investments in this field, the Bank plans to continue to formulate new funding options in terms of maturity and cost in the coming period.

ENERGY EFFICIENCY LOAN BY OPIC

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

ALLOCATION OF MIDSEFF FUNDS FROM EBRD TO RENEWABLE ENERGY PROJECTS

In October 2015 and June 2016, Akbank signed agreements with the EBRD for two loans totaling USD 220 million with a maturity of 12 years, in order to continue its support for renewable energy projects. With this loan package, which offers attractive opportunities for investors,

Akbank financed renewable energy investments totaling USD 208 million in 2015- 2017. The aim is to continue the allocation of the remaining amount in 2018.

100% OF ENERGY PROJECT FINANCING GOES TO RENEWABLE ENERGY

Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%.

Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO₂ emissions in 2018.

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

Total Installed Capacity (MW)	
Hydro	3,438
Wind	610
Geothermal	320
Solar	181
Total	4,549

FINANCING SOLUTIONS FOR INFRASTRUCTURE PROJECTS

In 2018, Akbank extended EUR 100 million worth of project financing to the Çanakkale - Malkara Motorway (including the Çanakkale 1915 Bridge) – classified as an eco-friendly project that makes social and economic contributions to Turkey – under the scope of financing build-operate-transfer mega infrastructure projects.

MEGA INFRASTRUCTURE PROJECTS AND COOPERATION WITH INTERNATIONAL ORGANIZATIONS

In 2018, Akbank extended EUR 100 million worth of project financing to the Çanakkale - Malkara Motorway (including the Çanakkale 1915 Bridge) – classified as an eco-friendly project that makes social and economic contributions to Turkey – under the scope of financing build-operate-transfer mega infrastructure projects. The total investment cost of the project, which Akbank participated in as a guarantee agent, stands at EUR 3.1 billion. Twenty-four financial institutions, consisting mostly of foreign banks, provided EUR 2.3 billion in financing to the mega project.

SECTOR LEADER WITH CUSTOMIZED INVESTMENT BANKING SOLUTIONS AND INNOVATIVE APPROACHES THAT DRIVE PROJECT FINANCING

Akbank has assumed the role of “Pioneer Bank” in Turkish investment banking by including projects in its portfolio that have strong collateral and repayment structures and prioritizing projects such as liability undertaking and purchase guarantee transactions.

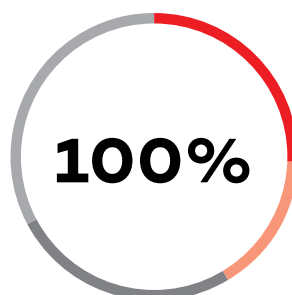
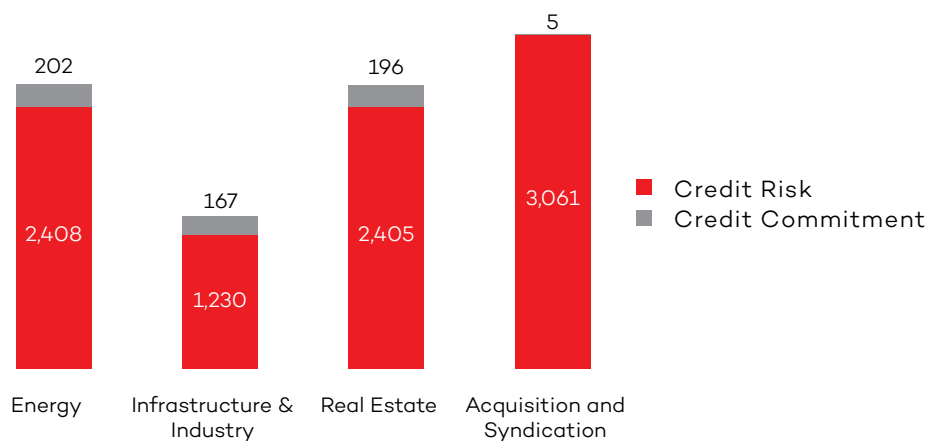
DIVERSIFIED LOAN PORTFOLIO

Akbank shares its deep-rooted know-how in project financing with clients at the investment planning

stage and creates roadmaps for structuring the financing deal. During this process, by cooperating with local and international banks as well as multilateral financial institutions such as IFC, EBRD, and EIB, the Bank strives to create the financing structure that offers the greatest value-added to all parties, and especially to our customers.

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

PROJECT FINANCING LOANS BY INDUSTRY IN 2018 (USD MILLION)



- Energy **26%**
- Infrastructure & Industry **16%**
- Real Estate **26%**
- Acquisition and Syndication **32%**

EXCLUSIVE SERVICES FOR CLIENTS

Akbank supports the digital transformation efforts of SMEs, which play a major role in Turkey’s sustainable development journey.

EFFECTIVE COOPERATION WITH CGF

In 2018, Akbank continued to cooperate with state agencies in the area of SME financing. With agreements signed with Credit Guarantee Fund (CGF), Akbank mediated in Treasury and Equity programs, thus providing collateral support to SMEs. Akbank will continue to cooperate with CGF in the coming period to facilitate SME access to loans.

“AKBANK FAMILY COMPANY ACADEMY” FOR THE INSTITUTIONALIZATION OF FAMILY COMPANIES

In collaboration with Sabancı University Executive Development Unit (EDU), the Bank organized the 12th edition of Akbank Family Company Academy in 2018, which was first held in 2014. Aside from Istanbul, the program was also

organized in Adana and Diyarbakır in 2018 due to ample demand and interest. In addition to Akbank customers, the Academy was also organized for distributors/dealers, upon the request of leading companies in the sector. Akbank Family Company Academy targets those family companies which want to institutionalize their company, get up-to-date through academic training, and hand over their company management to the next generation. The program covered a wide variety of subjects of particular interest to family-owned business representatives including strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters and human resources management. Factory visits were paid to Sabancı Holding companies, and participants were

given EDU certificates at the end of the training programs. While the training programs were in progress, seven key improvement areas were identified in order to be successful in the institutional transformation process under the scope of the report “Keys to Sustainable Success in Family Companies,” prepared in the previous years. One of these titles was designated as “the creation of brand strategy”. In this direction, the new guide book titled “Success Factors of Century-Old Brands” features opinions and experiences as to how century-old family companies have successfully managed this process.

DIGITAL TRANSFORMATION JOURNEY

In fiscal year 2018, when it celebrated its 70th anniversary, Akbank continued to introduce its customers to innovative digital banking practices designed in light of digital transformation.

The digital transformation journey affects banking and customers' lives in three core areas: trust, prevalence and time cost. The experience of digital banking has radically changed the daily banking experience in these key areas. Customers who receive banking services meet a large part of their daily banking needs through digital channels.

Keeping close watch on the digital transformation in the banking industry, Akbank undertakes extensive advanced technology investments and intensive efforts to deliver customers a mobile banking experience where they can complete transactions easily in just a few seconds. The technology, products and services offered by Akbank Direkt, the umbrella brand of the Bank's digital banking services, reduce the time allocated by customers to banking down to seconds. In line with this vision, the Bank continues efforts in designing and developing Akbank Direkt.

DIGITAL BANKING CUSTOMERS IN TURKEY REACHES 40 MILLION

According to data by the Banks Association of Turkey (TBB), the number of active individual digital banking customers in Turkey in the period July-September 2018 totaled 39 million 758 thousand. Some 4 million 53 thousand digital banking customers in Turkey performed only internet banking transactions, while 28 million 424 thousand performed only mobile banking transactions. The number of customers engaged in both internet and mobile banking transactions amounted to 7 million 281 thousand people. In July-September 2018, the number of active corporate digital banking customers who made at least one log-in stood at 1 million 822 thousand.

In 2018, Akbank focused on providing an exceptional banking experience to customers via digital banking innovations. The Bank closely tracks customer needs and prioritizes the concept of holistic service. Akbank shapes its designs in line with this perspective.

UNINTERRUPTED ONLINE AND OFFLINE EXPERIENCE WITH DIREKT PAY

In 2018, Akbank implemented uninterrupted payment processes both in e-commerce and in-store

purchases thanks to improvements and collaborations based on customer needs. As a result, an end-to-end digital solution is offered in e-commerce via the Direkt Pay service. Customers have the opportunity to pay for their purchases either by debiting their accounts, or by instantly taking out consumer loans. The Bank has designed a holistic channel experience –starting with the POS device in the store and continuing on the mobile app – to facilitate ease of use by its customers.

A BANK OF "FIRSTS:" AKBANK

Akbank derives inspiration from its customers' habits in everyday life for the services it develops. The popularity of smartphones and chat applications has triggered the development of banking services through Chatbot technology, which will play a key role in Banking of the Future. In a first for Turkey, customers can now chat with Akbank Assistant accessible on the corporate web site, to perform Swift money transfers. In addition, Akbank Assistant provides customers the opportunity to make mobile phone operator bill payments. In 2019, Akbank aims to expand its service area by stepping up investment in Chatbot technology.

Following the 2018 update, Akbank Direkt mobile users can now use facial recognition technology to log in to the mobile app without entering a password, simply by displaying their face to the front camera of their phones. The service provider with which the Bank has collaborated for this feature figures among the pioneers of facial recognition technology worldwide. The service provider indicated that Akbank has recorded one of the highest customer penetration rates using this innovative feature among its clients globally.

FIRST INTERNATIONAL BANKING TRANSFER VIA BLOCKCHAIN IN THE TURKISH BANKING INDUSTRY

Akbank, in cooperation with Silicon Valley-based company Ripple, became the first Turkish bank to perform international money transfers on blockchain infrastructure. By using the Akbank Direkt Retail Internet and Mobile branches, customers can track their payments and learn about transfer costs beforehand thanks to the fast and flexible service they can access 24/7. In 2019, the Bank aims to expand its blockchain money transfer network by developing cooperation with more banks. In 2018, Akbank Direkt achieved another first in the sector by offering book-building services to customers over the mobile channel. Some 84% of book-building during the EnerjiSA IPO originated from digital channels.

During the year, Akbank Direkt launched a new feature to simplify customers' foreign exchange and gold transactions by offering foreign exchange alarm and order functionality over the mobile channel. The telephone store, accessible over Akbank Direkt, is another first in Turkey offered to Bank customers as a shopping solution. With this service, Bank customers can access an online store via Akbank Direkt Mobile, choose the phone of their liking and complete the entire purchase process via the mobile channel, including dividing the payment into installments.

+70%

The share of Akbank's Direkt Loan product within consumer loans exceeded 70% as of year-end 2018.



SPECIAL DIGITAL SOLUTIONS FOR SME CUSTOMERS

Akbank, which has introduced many innovations to SME customers, continues to roll out added value services that benefit customers in addition to standard financial services. In another first in Turkey, thanks to the cooperation with Google, SMEs can now register with Google My Business instantly and free-of-charge, and thus appear in customer Google search results more easily. As a result, all the Bank's SME customers can complete a key process for their businesses via Akbank Direkt in effortless and instant manner.

At the Smarties Awards – organized by MMA (Mobile Marketing Association), which drives global development of mobile marketing – Akbank Direkt won a total of 18 awards. The Bank was presented with one Global, eight EMEA and nine Turkey level awards. The Smarties Awards recognizes excellence in mobile marketing on a global, region and country basis each year.

DIREKT LOAN PRODUCT ACCOUNTS FOR OVER 70% OF CONSUMER LENDING

As of end-2018, Akbank Direkt Loan product's share within the general-purpose consumer loan portfolio at the Bank exceeded 70%. Following optimization of the credit experience in 2018, nearly three out of every four general purpose loan was extended via Akbank Direkt channels. Enhancing its credit allocation by making real-time customized offers to clients, the Bank made significant acquisitions in terms of raising the credit allocation ratios of its target audience.

4,900 ATMs

With 4,900 ATMs located across a wide geographic area for easy access, Akbank operates one of the largest ATM networks in Turkey.



Credit renewal, one of the Bank's new practices, allows customers to roll all their individual loan products into a single loan and enjoy an easier follow-up process. In addition, credit is extended to customers via Direkt Pay partnerships as well.

MEETING THE NEEDS OF CONTRACTED MERCHANTS IS OUR TOP PRIORITY

As of end-2017, Akbank started accepting POS device applications over its web site, even from non-customers – marking another first for the Turkish banking industry. In 2018, the Bank expanded the channels for this application process further by including internet and mobile branches. During the year, corporate customers were also given the opportunity to benefit from this service. POS reports issued online to corporate clients, providing detailed information on sales and recommendations on how to boost selling transactions, were also transferred to the mobile channel, in keeping with customers' evolving channel usage habits. With this effort, Akbank customers are able to easily access POS reports and new upgrades. In addition to helping corporate customers boost their sales, the Bank also developed solutions to meet their cash needs. With a recent upgrade to assist Akbank contracted merchants who use blocking to meet their cash requirements more easily, the deblocking procedure that transfers POS turnover to merchants' accounts immediately was enabled over Akbank Direkt Mobile as well.

DIGITAL TRANSFORMATION JOURNEY

Thanks to the “District Campaigns” feature in the Axess Mobile application, Akbank’s contracted merchants can now design their own campaigns.

NON-CUSTOMERS CAN NOW APPLY FOR COMMERCIAL CARDS

Akbank customers can apply for commercial credit cards via Akbank.com and the Bank’s Direkt channels. With upgrades completed in 2018, non-customer personal companies can also apply for the Axess Business credit card over Akbank.com and Direkt channels. During the credit card application process, customers can immediately see the results of their application without having to visit a branch and receive their new card via courier.

DISTRICT CAMPAIGNS WITH AXESS MOBILE

Thanks to the District Campaigns feature in the Axess Mobile application, Akbank contracted merchants can now design and customize their own promotional campaigns. As a result, contracted merchants’ campaigns can appear in the application in the area where individual customers are offered the most suitable campaign promotions depending on their current location.

AN ENRICHED DIGITAL CUSTOMER EXPERIENCE

Akbank uses a customer experience management model across all Direkt Banking services and products – at every step, from design to roll out – in order to maintain customer focus. This model ensures that customers participate in all design processes with the latest, most efficient

methods, including ethnographic research, neuro-measurement, questionnaire, one-to-one in-depth interview and feasibility testing.

DIGITAL BANKING SERVICES AT OVER NEARLY 4,900 ATMS ACROSS TURKEY

With 4,900 ATMs spread across a wide geographic area for easy customer access, Akbank boasts one of the largest ATM networks in Turkey. In 2018, the Bank continued to serve Akbank customers as well as those of other banks through its ATM network. As year-end 2018, Akbank processed a total of 210 million transactions; in addition, and nine out of every 10 cash transactions during the year were performed via ATMs. The Bank also offered customers the QR code money withdrawal option over Akbank Direkt Mobile to help them withdraw cash even if they do not have their cards with them.

AKBANK CALL CENTER SERVES CUSTOMERS 24/7

With its customer centric service model, Akbank aims to provide unique experiences to its customers at every point of contact, the Call Center continued to lead the sector in 2018 with its well-educated, experienced, highly-qualified, solution-oriented staff; rich diversity of transactions; superior technological capabilities; creative and results-oriented perspective.

In 2018, Akbank Call Center realized over 90 million customer contacts, and continued to make a difference in swift and practical accessibility with over 1,000 employees. The Bank renders an unparalleled customer experience thanks to its constantly expanding technology utilization, and ends calls successfully, without the need for the customer to call back. Leveraging its powerful CRM infrastructure to generate dynamic offers to customers in line with their needs, the Bank boosts its effectiveness and market share in insurance, credit card, revolving credit card loan, and general purpose loan sales each passing day.

SERVING CUSTOMERS VIA DIFFERENT CHANNELS

The Call Steering application analyzes customer speech in the interactive voice (IVR) response system and guides them to the right destination. This approach ensures that customers are connected to the right customer representative on their first call. The Bank has continuously improved the performance of its Call Steering system since it was implemented. Ongoing enhancements have resulted in guiding customers to the correct service step with nearly 100% accuracy in 2018.

Akbank Call Center also serves customers via Facebook, Twitter, chat and video chat channels in addition to voice calls, thus offering specialized services to more than 100,000 customers who prefer to receive remote services via Akbank Call Center. These services largely focus on Retail Banking, Affluent Banking, and relationship and wealth management for SME segment customers. Akbank Call Center aims to operate with a Digital Banking point of view and a vision centered on boosting sales, achieving higher efficiency via technological innovation and process improvements, and gaining a larger share in profit-making initiatives by providing specialized services.

AKBANK INNOVATION CENTER: THE DIGITAL TRANSFORMATION HUB

Akbank Innovation Center (Akbank LAB) was established in late 2016 with a view towards developing innovative projects suited for the needs of business units, achieving perfect digital customer experience by integrating globally proven financial solutions into the Bank's processes, and reaching our goal of impeccable customer experience. With this structure, the Bank not only started to prepare for the technology of the future from today, but also took steps to ensure that innovation becomes an integral part of the Bank's culture.

Akbank LAB has a central team composed of professionals with experience in consulting, finance, IT and marketing. Until date, over 100 Bank employees have played an active role in the innovation processes coordinated by Akbank LAB, which is open to the entire organizational structure of the Bank. Business units develop ideas in line with the focus areas and targets set by the Bank. These ideas are then turned into projects to deliver value-added financial services. Ideas found to be successful following various assessments go through the "PoC" (proof of concept) phase. At this stage, the feasibility of these ideas is tested and possible gains for customers are calculated. The Bank

has over 100 fintech companies in Turkey and abroad, which act as its solution partners.

EMPLOYEES ENCOURAGED TO PARTICIPATE IN INNOVATION PROCESSES

In 2018, under the coordination of Akbank LAB, the Bank launched numerous first-in-class, high-added value projects. These projects included log-in to Akbank Direct Mobile via face recognition, money transfer via Chatbot, mobile phone bill payment, Robotic Process Automation, partnership with Ripple, and international money transfer over blockchain infrastructure. Aiming to add momentum to the digital transformation underway in Turkey and discover new ideas, Akbank LAB organizes various activities for digital transformation stakeholders and sponsors major events in the country. Internally, the Bank organizes the innovation contest "Go Beyond Yourself" each year to encourage the staff to embrace and uptake the digital transformation process. Akbank LAB actively fosters an innovation culture within each department of Akbank via such efforts, while cooperating closely with the Strategy Management, Human Resources and Corporate Communications Departments.

Under Akbank LAB's coordination, Akbank aims to continue executing efficient innovation processes, and deploy technologies that drive not just finance, but also machine learning, blockchain, artificial intelligence and big data. In 2019, the Bank plans to develop new products in order to deliver an excellent customer experience.

ANALYTICS DEPARTMENT: A FOCUS ON NEW GENERATION ANALYTICAL SOLUTIONS

Operating in a data-intensive world centered on evolving and fast-changing digital technologies, Akbank Analytics Department is focused on producing next generation analytics solutions in order to translate generated data into value-added in business results. As part of its analytics initiatives in 2018, the Bank's

efforts aimed at identifying customer needs, managing the customer portfolio by steering marketing efforts in this direction, effectively managing the sales force, and developing corporate strategies-oriented advanced analytics business solutions.

Akbank is committed to bolstering the existing analytical infrastructure with new generation machine learning technologies. To this end, the Bank completed infrastructure development and upgrade efforts during the year. Bank data is modeled using next generation machine learning techniques with high data processing capacity. With this approach, Akbank identifies customer needs related to banking products and services. The Bank developed the Financial Intelligence Application, which is designed to ensure optimal portfolio management based on customer analytics models-driven customer needs and sales force targets. This application was installed at Akbank branches and direct channels during the year.

BEST VALUE PROPOSITION FOR CUSTOMER ANALYSIS

In channels where customers contact Akbank, the bank deploys a real-time marketing system to analyze customer needs at that moment and make them the best value proposition. As part of corporate analytics application efforts, the Department focused on developing analytics applications for internal customers and boosting the efficiency of the Bank's operational processes.

Akbank plans to continue its analytics initiatives in 2019 in line with its digital and real time banking vision. These efforts have a particular focus on customer experience enhancement, analytic marketing, smart sales and service infrastructures, and income optimization. In an attempt to adopt and integrate new generation solutions at the Bank, Akbank is actively undertaking efforts to develop new advanced analytics technologies in collaboration with fintech companies.



**OUR DISTINCTIVE
EMPLOYEES**

OUR HUMAN RESOURCES VISION

By offering continuous development opportunities to its workforce – consisting of the most experienced professionals in the Turkish banking sector – Akbank ensures that its human resource competence is sustainable.

OUR HUMAN RESOURCES VISION

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

OUR HUMAN RESOURCES MISSION

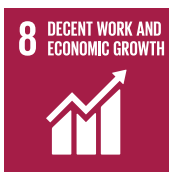
In an effort to support the Bank in its journey toward sustainable leadership, retaining highly qualified human resources at Akbank and recruiting new ones, improving the existing human resources systems and practices as part of this process, designing new ones and carrying out effective communication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

OBJECTIVES OF OUR HUMAN RESOURCES MANAGEMENT

- Recruiting the best candidates to the Bank,
- Constantly developing the corporate culture and business conduct,
- Building the organizational structure in accordance with strategic objectives and ensuring its continuity in order to safeguard the Bank's effective and productive operation,
- Making effective investments in human resources in accordance with targets and strategies,
- Carrying out participatory career planning,
- Using a reward mechanism that encourages and supports superior performance of employees by way of a goal and competence-based, transparent performance management system,
- Undertaking system and process improvements for employee engagement. During the course of carrying out these objectives, Akbank's Human Resources Department embraces the principle of being the strategic business partner of the business units.

HUMAN RESOURCES OPERATING PRINCIPLES

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



OUR HUMAN RESOURCES VISION

Akbank aims to be the employer of choice of experienced professionals and talented young people in its recruiting practices in order to ensure the sustainability of its financial and operational success.

- Planning and implementing proactive applications and activities with regard to the management of the organization and its human capital without waiting to be asked to do so,
- Establishing and implementing coherent, integrated and sustainable systems throughout the Bank, creating a harmonious synergy by ensuring the participation of all units in this effort,
- Developing practices to help individual business units attain their goals or making adjustments to existing Bank practices on an as-needed basis,
- Creating an environment where employees can improve themselves and support their development,

- Ensuring that everybody at the Bank acts with the awareness that human resource management is the core function of all managers,
- Taking heed of and solidifying the Bank's corporate culture in all decisions taken and all practices carried out.

AKBANK: PROFESSIONALS' TOP CHOICE

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

HUMAN RESOURCES FOCUSED ON CONTINUOUS DEVELOPMENT

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

SOCIAL POLICY PRACTICES SUPPORTIVE OF EMPLOYMENT IN TURKEY

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

COMPETENCE-BASED COMPENSATION POLICY

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

TENURE AND EXPERIENCE-BASED COMPENSATION PRACTICES

Akbank's entry level compensation policy is the same in all branches and service points. The initial salary for the assistant function is parallel to the minimum wage. The initial salary for the Management Trainee function is 45% higher than minimum wage.

FULL COMPLIANCE WITH LEGAL REPORTING PROCESSES REGARDING EMPLOYEES

If significant changes occur in the employment contracts of employees, notice and notification periods stipulated in the Labor Code and HR Applications Principles are in effect. The minimum notice period varies based on the tenure of the employee. The Bank provides 2 weeks of leave for those whose term of office is less than 6 months, 4 weeks for those between 6 months and 1.5 years, 6 weeks for those between 1.5 years and 3 years, and 8 weeks for those over 3 years. In-scope employees whose term of office is more than 3 years have 11 weeks of leave.

HUMAN RESOURCES PROFILE

Some 95% of Akbank employees are university graduates. The average tenure at Akbank, which differentiates from the competition with its skilled human capital, is 9.4 years while the average time of service is 10.4 years in the banking industry. Some 67% of Akbank employees work at branches, which are one-to-one contact points with customers.

OUR EMPLOYEES IN FIGURES

Akbank boasts a continuously expanding service network, and as of December 31, 2018, it has a total of 13,377 employees, including the Members of the Board of Directors. As of 2018, the Bank has 361 employees with disabilities. Akbank initiated half-time positions for the first time in 2016; the Bank currently has 11 half-time employees. Excluding Including one to three month internship period of university students, all employees are permanent and full-time. Benefits provided for full-time employees may only vary depending on the person's performance.

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

Number of Employees	2016	2017	2018
Head Office*	1,343	1,363	1,385
Akbank Banking Center	2,753	2,982	3,074
Regional Directorates**	924	942	797
Branches***	8,823	8,597	8,111
Sum Total	13,843	13,884	13,367

* Excluding the Board of Directors.

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

*** Including employees at the Malta branch.

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

	2016	2017	2018
Number of Subcontractor Employees*	3,383	3,538	3,378

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

OUR HUMAN RESOURCES VISION

GENDER DISTRIBUTION

Akbank embraces the principle of equality of opportunity without any discrimination on the basis of gender or age. Over the years, the share of female and male employees at Akbank remained more or less the same. At the end of 2018, the percentage of female employees came in at 52.7% in 0.5 point decrease compared to the previous year.

Gender Distribution (%)	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Board of Directors	88.9	11.1	88.9	11.1	90.0	10.0
Senior Management	66.6	33.4	66.7	33.3	68.9	31.1
Mid-Level Management	49.3	50.7	48.9	51.1	49.1	50.9
Auditors	65.5	34.5	63.1	36.9	62.6	37.4
Assistant Managers	41.7	58.3	42.4	57.6	42.7	57.3
Other*	69.7	30.3	59.4	40.6	66.0	34.0
Sum Total	46.5	53.5	46.8	53.2	47.3	52.7

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

AGE DISTRIBUTION

The average age of Akbank employees is 35.9 as of year-end 2018. In almost every position, employees between 30 and 50 years old constitute an important percentage. Among those under the age of 30, "assistant managers" and "auditors" are the main positions. Pursuant to the Bank's recruitment policy, only those of full legal age can work at Akbank. There are no employees under the categories of child labor (employees under 15 years of age, at which compulsory education ends) or young labor (over the minimum age for employment and under 18 years of age) at Akbank. As for students and young employees who apply for internship positions, high school students must be 4th grade, while university students need to be in the 2nd, 3rd or 4th year. A total of 100 students in the June-September period completed their internship at Head Office departments. The number of student interns at Akbank has a seasonal pattern; there was no intern on the Bank's payroll as of year-end 2017.

Age Distribution (%)	2016			2017			2018		
	Under 30 Years	Between 30 and 50 Years	50 Years and Above	Under 30 Years	Between 30 and 50 Years	50 Years and Above	Under 30 Years	Between 30 and 50 Years	50 Years and Above
Board of Directors		11.1	88.9			100.0		10.0	90.0
Senior Management		95.7	4.3		95.7	4.3		93.6	6.4
Mid-Level Management	0.8	98.4	0.8	0.8	98.3	0.9	0.7	98.1	1.2
Auditors	34	66		44.4	55.6		41.5	57.9	0.5
Assistant Managers	38	61.9	0.1	35.9	63.9	0.2	31.6	68.0	0.4
Other*	20.5	73	6.5	27.3	65.7	7.0	4.7	85.8	9.4
Sum Total	24.7	74.5	0.8	23	76.2	0.9	19.5	79.2	1.3

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

BELOW-AVERAGE LABOR TURNOVER RATE

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

Labor Turnover Rate*	2016		2017		2018	
	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number
Head Office	14.28	204	11.65	170	10.87	171
Akbank Banking Center	12.69	334	11.67	312	11.22	324
Regional Directorates**	10.42	93	9.30	86	10.95	95
Branches	11.45	1,018	8.30	728	8.74	724
Bank as a Whole (average)	11.91	1,649	9.37	1,296	9.66	1,314

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

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

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

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

Labor Turnover Rate per Age Group

Labor Turnover Rate per Age Group	Under 30 Years			Between 30 and 50 Years			50 Years and Above											
	2016		2017		2018		2016		2017		2018							
	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number						
Head Office	23.80	46	16.49	32	19.32	41	12.53	148	10.89	131	9.23	119	18.52	10	11.31	7	15.33	11
Akbank Banking Center	31.19	180	27.34	149	20.37	123	7.43	151	7.57	158	8.55	191	13.79	3	12.42	5	19.39	10
Regional Directorates**	12.54	24	19.25	36	23.53	30	9.30	64	6.38	46	9.01	65	38.71	5	25.00	4	0.00	0
Branches	15.85	278	13.72	226	13.98	169	10.12	717	6.82	482	7.61	532	47.92	23	37.97	20	29.97	23
Bank as a Whole (average)	19.44	528	17.22	443	16.87	363	9.83	1,080	7.37	817	8.07	907	30.00	41	21.07	36	20.14	44

Employee Turnover Rate and Numbers by Gender

Employee turnover rates and numbers by gender are presented in the table below. The reason for the higher employee turnover rate among females compared to males is that number of female employees is higher at the Center.

Employee Turnover Rate and Numbers by Gender	Men						Women					
	2016		2017		2018		2016		2017		2018	
	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number	Ratio (*)	Number
Head Office	12.73	104	11.41	95	9.44	85	16.35	100	11.98	75	12.78	86
Akbank Banking Center	11.11	133	10.35	128	8.97	125	14.01	201	12.80	184	13.31	199
Regional Directorates**	8.73	47	8.78	48	11.17	56	12.98	46	10.06	38	10.65	39
Branches	10.54	408	8.72	333	8.50	307	11.79	590	7.98	395	8.93	417
Bank as a Whole (average)	10.77	692	9.39	604	8.94	573	12.65	937	9.36	692	10.29	741

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

PERFORMANCE MANAGEMENT FOCUSED ON CONTINUOUS IMPROVEMENT

To sustain the Bank's successful financial performance, Akbank Head Office employees have performance evaluations once a year while field staff are evaluated twice each year.

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

responsibilities. Accordingly, the Bank's employees get the opportunity to continue their Akbank careers in other business units based on organizational needs and their own preferences.

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

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

STAFF PRODUCTIVITY RISES WITH SELF-ASSESSMENT AND SELF-TARGETING

Akbank revamped its Performance Management System to increase the efficiency of the system and boost employee efficiency. One innovation introduced is allowing employees to set their own targets, share their views about their targets with the respective managers, and receive feedback from managers. The efficiency of the performance system depends upon the transparency, simplicity and accurate measurement of the system. In addition, an efficient performance management system should have the capability to provide staff members with accurate feedback and allow them to monitor their performance easily. Akbank designed its new system to respond to these requirements. In addition, employees can track their performance via the mobile channel.

EFFICIENT MECHANISMS FOR EVALUATING SENIOR MANAGEMENT'S PERFORMANCE

Performance evaluation of Akbank's senior management is based on both the Bank's overall year-end performance and success criteria that support long-term sustainable performance. Accordingly, Senior Management's performance is measured based on criteria such as financial, risk, service quality and human resources. Therefore, senior management's

indicators of goals and success also include performance criteria such as customer satisfaction and employee satisfaction, in addition to financial criteria.

SUSTAINABLE CAREER MANAGEMENT POLICY

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

FAIR AND EFFECTIVE PERFORMANCE MANAGEMENT

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

SPECIAL CAREER MAPS FOR EMPLOYEES

Career maps that encompass career steps for employees at Akbank are posted on the portal "Bizbize" (Among Us). As a result, employees can receive detailed information on career maps and job families as well as the contact information of the Human Resources Career Advisor assigned to support them and

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

BENEFITS TO EMPLOYEES

AKBANK STAFF PENSION FUND TRUST

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

RETIREMENT APPLICATIONS

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

RETIREMENT PRACTICES BASED ON EMPLOYEE TENURE

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

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

OPTIONAL PRIVATE PENSION SYSTEM WITH CORPORATE CONTRIBUTION

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

In order to improve employee loyalty and motivation, we attach special importance to the PPS with corporate contribution and try to increase the number of employees participating in this plan. As a result of such efforts, the number of employees participating in PPS with corporate contribution reached 5,960 at year-end 2018.

COLLECTIVE BARGAINING AGREEMENT

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

PERFORMANCE MANAGEMENT FOCUSED ON CONTINUOUS IMPROVEMENT

As a result of the 2018 assessment under the Equal Opportunity Model project, Akbank was granted Equal Opportunity Certification for a two-year period.

OTHER EMPLOYEE BENEFITS

Attaching great importance to employee satisfaction in boosting work productivity, Akbank offers employees various fringe benefits based on the position in addition to the core benefits such as salary, bonus, incentive compensation, and foreign language allowance. The position-specific fringe benefits category includes financial liability allowance, vehicle, fuel limit, toll allowance (OGS/HGS), mobile phone and/or voice line, internet access, iPad/tablet, laptop computer, transportation, parking, public transit fares, and clothing assistance. Meanwhile, the social assistance category comprises relocation allowance, goods transportation fee, death and injury indemnity, and natural disaster assistance.

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

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

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

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

- Management's commitment to equal opportunity
- Equal opportunity in recruitment and selection
- Equal opportunity in access to trainings
- Equal opportunity in performance evaluation and promotions
- Career support practices
- Investigation of feedback and complaints
- Communication and corporate advertising

In the independent audit for the EOM project, it was examined whether Akbank's corporate policies and procedures,

recruitment and selection processes, training, performance evaluation, promotion, career support practices and corporate communication activities, support the concept of equal opportunity. As a result of the audit, Akbank earned the Equal Opportunity Certificate, which is valid for two years.

AKBANK BECOMES SIGNATORY TO WEPS

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

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

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

HEALTH AND SAFETY

In addition to its occupational health and safety practices that were designed in line with international OHS standards, Akbank ensures the sustainability of staff productivity with high-quality health services.

HEALTH AND SAFETY

Fully complying with the occupational health and safety legislation, Akbank has recruited workplace doctors and occupational safety experts at the Head Office and Banking Center. The Bank aims to appoint occupational safety experts to all branches and service buildings by July 1, 2020, in accordance with legislation.

In addition to its occupational health and safety practices that were designed in accordance with international standards, Akbank also ensures the sustainability of the work productivity of its staff with high-quality health services. Employees are entitled to services at healthcare centers in certain provinces as part of Aksandik's healthcare services. Akbank employees can get an initial treatment in these centers, and in cases where medical expertise or operation is required, they can receive services from Aksandik's contracted health institutions. Employees who reside in the provinces where a Foundation Healthcare Center does not exist can get service from affiliated healthcare providers.

HEALTH INFORMATION PROCESSES THROUGH INTERNAL COMMUNICATION CHANNELS

Information on epidemics and other major diseases is provided regularly under the "Health Column" published on the Aksandik website.

In cases of emergency, e-mail notifications are sent. In addition, the Bank conducts fire and earthquake drills and administers natural disaster trainings.

PARENTAL LEAVE PRACTICES

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

Employees returning from a legal paid maternity leave have the optional right of working half-time (20 hours per week) within certain timeframes. Upon the request of the employee, Akbank allows for unpaid leave of half of weekly work hours for a period of 60 days after the first birth, 120 days after the second birth, and 180 days after the third and subsequent births. These periods are increased by 360 days, respectively, in the event of a multiple pregnancy. This leave is extended to 360 days if the child has a disability.

In the event of an adoption, only one of the spouses is entitled to take this leave.

Employees whose wives have given birth are also entitled to five days of paid leave. Some 664 Akbank employees went on maternity leave during 2018; 30% of these employees resigned from the Bank at the completion of their maternity leave or unpaid leave.

NUMBER OF WORKDAYS LOST

Due to the nature of its operations and as a result of its systematic occupational health and safety initiatives, occupational diseases or workplace accidents are not experienced at Akbank. Total absenteeism (lost days) of 6,022 employees who received sick leave with official health reports amounted to 64,991 calendar days in 2018.

If we divide this figure by the number of employees, the average sick leave day per employee is 4.8. This figure was 4.2 days in 2017, 3.8 days in 2016 and 3.7 days in 2015.

OCCUPATIONAL HEALTH AND SAFETY COUNCILS WHERE EMPLOYEES ARE REPRESENTED

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

CAREER OPPORTUNITIES AT AKBANK

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

CONTINUOUS DEVELOPMENT AND TRAINING TO ACHIEVE COMMON GOALS

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

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

AKBANK'S UNIVERSITY: AKBANK ACADEMY

Akbank Academy successfully continued its operations in 2018 in order to train the best employees in the sector and turn training into an investment tool for employees. Within the scope of the 2018 activities, the Bank focused on the improvement areas of employees and continued efforts to expand personalized and easily accessible training methods. In this vein, the always accessible Akbank Training Catalogue Platform continued to support employees' development with its rich content, by making them training suggestions depending on their area of competence. By actively encouraging participation in overseas and domestic summits, conferences and seminars, the Bank enabled employees to closely follow relevant developments wide world and in the banking industry. Under the Akbanker Get-togethers in 2018, Akbankers continued to come together with subject matter expert guests in numerous venues, including lunch seminars, Academy TV, webinars, and spontaneous meetings. The events entailed a wide range of subjects,

from technology, innovation and marketing to psychology, health and art. Akbank employees also shared their knowledge and experience in their own areas of expertise that is of interest to the Bank overall. Furthermore, long-running art workshops and Technology and Children workshops for employees and their children were organized. In 2018, a total of 30 such events were held.

The academic organization created by Akbank helps employees successfully carry out their existing job functions while also preparing them for the position they are applying for. Management Trainees and Head Office and branch employees with "Assistant" designation in their job titles, who just joined the Bank without any prior experience in the banking industry, attend "Management Trainee" and "Core Banking" programs. Akbank managers, who are the leaders of today, are supported via classroom training, one-to-one consulting and online applications in executive development training programs to groom the leaders of tomorrow.

Akbank conducts varied and ongoing programs, including solutions tailored to meet individual needs, in order to develop the leaders of today and cultivate those of tomorrow. During these efforts, the Bank aims to ensure that the processes in competence development programs are designed in an efficient and transparent way. As part of initiatives carried out under talent management development, the Assessment Center identifies needs and formulates a personal development plan by using various tools such as surveys. In 2018, Akbank supported its entire workforce with a Competency Development Journey tailored to their individual development plans and competencies. The journey incorporates international know-how as well as select interactive content in compliance with Akbank's competence definitions and strategies, while featuring a personalized design.

As new technologies gain in importance today, proper training of employees who will use advanced technology is critical. In 2018, Akbank implemented the development program "We Are Ready for the Future" to translate effective use of emerging technologies in the workplace and forge a common language. Under this program, the Bank plans to focus on key areas. These include producing meaningful results from big data; mastering artificial intelligence and machine learning applications; and applying the design-oriented thinking methodology, which places the customer at the center in product and service delivery.

Feedback from participants is of critical importance for the effectiveness and success of the training efforts. All feedback is submitted to Akbank Academy by way of online surveys. The results of these surveys are important for the evaluation and improvement of training content, trainers and the training environment. In 2018, Akbank placed an emphasis on measuring and assessing training activities. At the end of critical training programs, the Bank measures their effects on

business results via ROI methods and designs productive training programs accordingly. All questions, requests, suggestions and opinions regarding the training courses can be e-mailed to Akbank Academy at akbank.akademi@akbank.com.

Classroom training is also supported by distance learning tools in Akbank Academy's training and development programs. We administer orientation training through a combination of classroom based training and remote training for employees who just joined the Bank or were recently appointed to a new position. The Academy designs e-learning programs to accelerate the learning curve of trainees regarding new products and processes while also offering supplemental distance learning modules in a variety of technical subjects. Akbank Academy provides personal development-oriented classroom training programs such as customer-oriented service, phone communication, presentation techniques, negotiation strategies, innovation, creative thinking techniques, and managerial skills. The Academy also employs both classroom training and distance learning tools for development programs that will help staff members adapt to working life while also benefiting them in their personal lives. Relevant topics covered include stress management, creative brain codes, analytical thinking techniques, persuasion and perception management, communication techniques and team building.

As per legislation, Occupational Health and Safety, Basic First Aid, and First Aid Renewal trainings are organized at the Bank. As of 2017, Akbank employees whose positions necessitate Private Pension System (PPS) and Insurance Training Center (SEGEM) licenses are required, as a prerequisite, to hold the related licenses in order to advance in their respective career paths. This new requirement was announced to the personnel.

It is critical for the Bank's future success that Akbank employees whose positions require professional certifications possess Capital Markets Board (CMB),

Insurance Training Center (SEGEM), and Private Pension System (PPS) licenses, both to comply with the legal mandates and to support staff development. Akbank encourages broad participation in these exams. Akbank Academy supported the licensing exam preparation efforts of employees by administering classroom training, e-learning, practice tests, mobile applications and by making available question banks.

During the year, a total of 1,466 Bank staff members were granted PPS, SEGEM or CMB certificates. By the end of 2018, 46 hours of training per employee was conducted as a result of Akbank's investment in training. Some 38% of total training time was online training.

NEW GENERATION DEVELOPMENT PLATFORMS (AKBANK ACADEMY PORTAL)

The Akbank Academy portal was restructured with new generation infrastructure and technology. Akbank Academy Portal is a platform continuously supporting the development of the Bank's employees where they can manage their training planning in accordance with their career progression. Akbank employees can continue their development 24/7 at home or in the office via the Akbank Development Center, which contains all employee e-training modules and can be reached online at any time from any location. Employees can see their individual training calendar, request training, and get information on questionnaires, exam results, e-learning and training organizations via the portal. In order for employees to reach Akbank Academy portal's functions with their mobile devices, Akbank Academy mobile app was launched in 2016, and infrastructure such as gamification, social learning, digital catalogue and advanced Corporate TV were established in 2017. In 2018, promotion and development work on these platforms continued. In 2018, the Bank launched the infrastructure for "Training Journey," which allows the employees to keep track of their training schedule in a single flow.

CAREER OPPORTUNITIES AT AKBANK

In 2018, the Bank launched the infrastructure for Training Journey, which allows employees to track their training schedule in a single information flow.

DIPLOMA SYSTEM: LIFELONG LEARNING

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

As part of its certification training initiatives in 2018, Akbank focused on corporate strategies, industry developments and segment needs; and continued to administer programs that will support employees in pursuit of their career roadmaps.

The Bank conducted systemic work to render the existing career diplomas more specific to the segment, individual, and requirement, more compact, more

independent of time and space, and render information more accessible. There were also efforts to revise the training content in 2018. The "Development Journey Project" which transforms the learning experience of employees into a holistic development journey was implemented in the SME segment in 2018. Employees will use online training learning to complement their technical training redesigned with new generation learning techniques, while practicing and enhancing these in classroom training, and improving their competence. Upon the launch of the Development Journey Project in all segments, the diploma system will cede its place to a holistic development journey.

OTHER TRAINING OPPORTUNITIES FOR EMPLOYEES

Akbank supports its employees in obtaining certifications especially those that are internationally recognized in their areas of specialization. Depending on certain criteria, these examination fees are covered by the Bank. In 2018, there were 177 certificates reimbursement applications in total, and these were endorsed by the Bank.

Akbank employees who have a high performance and potential, and are designated as the managers of the future are given the chance to participate in Sabancı University MBA Program with full scholarship. Since 2001, 107 Akbank employees have participated in the MBA program in this way. In the 2018-2019 academic year, 6 employees benefit from this opportunity.

In line with their roles and responsibilities, some staff members attended summits, conferences and seminars both in Turkey and abroad. 200 employees were sent to overseas seminars/conferences/training while 507 personnel attended seminars/conferences/training in Turkey in 2018.

BANK OF INSTRUCTORS

Employees enlisted in the Mentorship Program are supported by their mentors in a wide variety of ways – from personal development to career advancement. Meanwhile, mentors have the opportunity to hone their management and leadership skills.

RETIRED AND INTERNAL INSTRUCTOR PRACTICE

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

Similarly, active employees who are specialists in their field and who possess the skills to teach can become internal instructors. To become an instructor, one should comply with certain criteria and successfully complete the Training of the Instructor Program. In-house trainers are paid a fee per hour for the training they deliver in addition to their standard duties.

ON-THE-JOB TRAININGS AND COACHING SYSTEM

As part of efforts to become a learning organization, on-the-job trainings focusing on sharing experiences comes to the forefront. Newly assigned Customer Relationship Managers are matched with high-performing and experienced Training Envoys to get on-the-job trainings structured in areas such as loan analysis, foreign trade, deposits and investment products. In addition, on-the-

job trainings of the employees recruited as assistants continue. Participation in on-the-job trainings is tracked by registering them in the training system and the training results are computed.

There are training programs and professional coaching practices designed to help Heads of Department and Managers at Akbank headquarters, regional directors and regional sales managers with expertise in Consumer, Commercial and SME Banking to improve competence in technical banking, sales and management. Through such trainings, managers can coach their teams in an effective and target-oriented way. The Bank administers a one-on-one coaching program for branch managers who are newly assigned to the position of a hybrid commercial branch manager covering various subjects – including branch analysis, planning, implementation, and staff management – to accelerate adaptation to the new job.

Experienced Managers and Customer Relationship Managers provide mentorship support to newly appointed Branch Managers and Customer Relationship Managers who manage portfolios through the Field Mentorship program. The Mentoring Program that Akbank

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

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

ANTI-CORRUPTION TRAINING

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

The content of these training programs is determined in accordance with the needs of the target audience. The majority of the anti-corruption trainings are for the employees working in Akbank branches, but all employees also

BANK OF INSTRUCTORS

Akbank's intra-company communication initiatives are designed to inform staff about the Bank's goals and strategies and encourage them to adopt a customer-centric approach.

attend training on the Code of Ethics, Information Security, Data Leakage, and Law on the Protection of Personal Data. International Sanctions/Combating Proceeds of Crime training was conducted to related Head Office and branch personnel in classroom and online training formats.

Akbank continuously reviews and reevaluates the topics and contents of its anti-corruption training programs based on developments and needs in this area. Critical training such as risky teller transactions, document protection, detection and prevention of fraud, and operational risk are administered to the appropriate audience by assignment. Akbank continuously tracks the level of participation in training activities and undertakes efforts to boost attendance.

INTERNAL COMMUNICATION AND ACTIVITIES AT AKBANK

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

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

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

EFFECTIVE INTRA-COMPANY COMMUNICATION CHANNELS

Akbank's intra-company communication initiatives are aimed at informing employees about the Bank's goals and strategies and encouraging them to operate with a customer-centric approach. The most frequently used internal communication channels are the mobile app of the corporate portal, corporate TV, e-mailing, New Generation Akbank Meetings watched by all employees, Breakfast Meetings with the CEO, and Directors Meetings. As a result of the changes implemented at the end of 2012, employees can also be reached outside of business hours via the interactive platforms on the intranet as well as the Corporate TV, which is also available to customers. Events organized are communicated to employees via e-mailing, the portal and the mobile app, while exclusive discount campaigns for the Akbank family are posted on the portal and mobile application.

BREAKFAST WITH THE CEO

Once a month, Akbank employees from various segments and/or units who display successful performances attend a breakfast meeting with Akbank's CEO, around specific topics, projects or awards. At the breakfast gathering, employees share their opinions and suggestions about the topic with the CEO.

SENIOR MANAGEMENT'S MESSAGES VIA NEW GENERATION AKBANK MEETINGS

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

EFFECTIVE INTRA-COMPANY COMMUNICATION CHANNELS

Akbank employs an internal intranet system in order to ensure effective and easy access to information by employees and to reinforce communication. The improvements put in place transformed Akbank's "Among Us" Portal into a platform with more interactive sections. The aim of the renewal was to allow internal and external information transfer; increase operational efficiency in all processes thanks to state-of-the-art technologies; create a common platform for information; and to ensure easy access to information and consolidation. The Akbank "Among Us" mobile application enables employees to access the latest news about the Bank, major applications on the intranet, and Akbank Academy training modules via their personal mobile phones.

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

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

Examples of Life Content at Akbank

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

MECHANISMS FOR EXPRESSING EMPLOYEE OPINIONS AND SUGGESTIONS

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

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

IN-HOUSE ACTIVITIES

Akbank continued to organize social events in order to improve employee engagement and motivation, and to reinforce team spirit and internal communications in 2018.

EMPLOYEE ENGAGEMENT

Considering that employee engagement is key to ensuring business continuity and attaining long-term goals, Akbank conducts an Employee Engagement Survey every year. In addition, the Bank has launched the "Pulse Questionnaires" in order to broaden the dialogue with employees in different channels and provide continuous communication and feedback. Both of these studies are conducted by an independent research company, in line with the principle of research confidentiality. Necessary improvement and development initiatives are carried out based on the survey results.

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



**OUR OPERATIONS AND
THE ENVIRONMENT**

OUR ENVIRONMENTAL POLICY AND COMMITMENTS

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

OUR ENVIRONMENTAL POLICY AND COMMITMENTS

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

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

- Taking necessary steps to fully comply with environmental laws and regulations,
- Contributing to the protection of natural resources by using energy, water and paper economically,
- Carrying out tasks to reduce the amount of waste produced in business processes as much as possible, and to rationally recycle the wastes in case waste reduction is not possible,

- Covering the environmental sustainability issues in the training programs provided for our employees in order to reduce the environmental impacts of activities of our Bank,
- Reducing customers' and employees' carbon emissions as a result of the Bank's technological services and Digital Banking products,
- Supporting education and awareness projects that will increase environmental awareness in society and among young persons in particular,
- With international collaborations, supporting transparency policies that will help reduce greenhouse gas emissions of the Bank and corporate stakeholders.

EFFECTIVE NATURAL RESOURCE CONSUMPTION STRATEGY

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

DIRECT AND INDIRECT ENERGY CONSUMPTION INDICATORS

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

Akbank Banking Center, a high-tech complex located in Şekerpınar, commenced operation in 2010; some of the Bank's buildings previously located in Istanbul moved to the Akbank Banking Center in 2010 and 2011. As one of the Bank's biggest forward-looking investments, work continued on the Akbank Data and Life Center in 2018. The new center, whose foundation was laid in fourth quarter 2017, is scheduled for completion in 2019. Akbank Data and Life Center will serve customers in a total area of 6,700 m² once it becomes operational. With 3,000 Akbank employees, it will become the heart of all Akbank operations.



OUR ENVIRONMENTAL POLICY AND COMMITMENTS

In addition to encouraging the use of digital channels, Akbank offers new-generation Akbank branch facilities for customers who prefer the branch channel. The Bank's self-service, lean, digital and mobile customer experiences minimize the use of paper.

The environmentally friendly data center will have a total enclosed area of 32 thousand m². The center, which will feature a 5 thousand m² information technology system hall, is built to provide uninterrupted service even during a magnitude 9 earthquake. This center will operate with an energy efficiency ratio of 1.4. The data center is designed with enough generator capacity to be unaffected by power outages of up to one month.

Akbank's Data and Life Center has demonstrated its world-class standards with the international certifications it has received to date.

The building's design and application compliance with global standards are documented with Uptime Institute Tier 3 Design Certification and Uptime Institute Tier 3 Constructed Facility Certification.

Furthermore, the design entails the use of "free cooling" technology for cooling with external air to ensure a superior energy efficient data center. The new data center also has LEED Gold Green Building Certification (Leadership in Energy and Environmental Design).

In accordance with LEED Gold criteria, rainwater is stored in large underground storage receptacles (190,000 liters) and used when needed. All lighting systems utilize LED lighting systems that consume limited energy.

Similarly, all the trees used in landscaping were selected from special species that consume less water. The roof of the structure is painted with a specially developed coating to prevent it from heating the environment.

MEASUREMENT AND EVALUATION COMPLIANT WITH SCIENTIFIC PRINCIPLES

Energy and carbon emission figures collected and reported pursuant to international standards within Akbank are presented below:

Fuel type (Gigajoules/year)	2016	2017	2018
Natural Gas	73,073	108,462	100,306
Electricity	295,648	283,825	252,866
Liquid Fuel	40,370	23,681	22,461
Total	409,091	415,968	375,633

Carbon Emissions (ton CO ₂ e)	2016	2017	2018
Scope 1 Emissions	8,082	7,515	6,970
Scope 2 Emissions	38,761	36,115	33,153
Total	46,843	43,630	40,123

REDUCTION OF PAPER USAGE

Designing digital processes and solutions in line with its efficient natural resource consumption strategies, the Bank attempts to keep paper usage to a minimum by promoting the use of Digital Channels among customers.

In addition to encouraging the use of digital channels, Akbank also offers new-generation Akbank branch facilities for customers who prefer the branch channel. The Bank's self-service, lean, digital and mobile customer experiences minimize the use of paper. Akbank implemented the following innovations to reduce paper consumption under the New Generation Sales Service Model:

- The Mobile Completion App, which allows customers to approve contracts and forms related to Bank products in the digital environment, was implemented in 2017 and adopted across the branch network. By replacing printed contracts with online versions in Akbank Direkt, the Bank offers customers a paper-free experience, saving ~2.2 million tons of paper and ~185 trees in fiscal year 2018.
- In next generation Akbank branches, instead of waiting at the counter, customers can perform their transactions via self-service at Counter Extras. In 2018, paper consumption was reduced by transferring 60% of the transactions previously performed at the counters to Counter Extras.

In 2018, loan and direkt loan contracts and forms, which correspond to the use of 22 million sheets of paper, were procured digitally.

Akbank raises awareness of saving paper among its customers and provides E-Statement as bank statement to 72% of its customers. In addition to paper conservation, Akbank is engaged in paper recycling and continued to reduce its environmental footprint steadily in 2018. At the Kınalı Archives Center, where all branch and Head Office archives are kept, 750 tons of paper were disposed and recycled in 2018 after their legal preservation period ended. In this way, 10,700 trees were saved.

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

WATER CONSUMPTION

EFFECTIVE NATURAL RESOURCE CONSUMPTION STRATEGY

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

	2016	2017	2018
Water Consumption (m ³ /year)	104,519	112,052	120,648

RECYCLING-ORIENTED WASTE MANAGEMENT POLICY

Akbank uses a great number and variety of electric and electronic devices due to the nature of banking operations, which require electronic means in a number of transactions. These devices contain not only valuable metals that should be brought back to the economy, but also environmentally harmful materials. Therefore, we have several measures to ensure recovery of devices that have gone out of use within the economy or to reduce potential environmental impact. In our main buildings, we sort and collect wastes to deliver them to recycling companies. For instance, used paper, plastics, glass and metals are collected in separate boxes and sent to recycling. In addition, oil retainers are placed between the wastewater line and the city sewer lines in the kitchens to collect waste oils. These waste oils are sent to oil recovery stations to be recycled. When floor coverings in buildings need to be replaced, we take the environmental performance of carpets and other floor coverings into consideration.

RECYCLING TONER CARTRIDGES

Empty toner cartridges of printers have negative impacts on the environment if they are not disposed of properly. In order to minimize this effect, a recycling project was initiated in August 2010 to recycle the empty toner cartridges from the printers used at the Bank. From this date onwards, all empty cartridges, including those from Akbank branches, are shipped to a company that recycles electronic waste. In 2018, the Bank became a member of the Integrated Environmental Information System with Environmental Identity Number 256713150. Waste toner cartridges are received from Akbank Banking Center by the recycling company by making a transport request via the system.

In 2018, a total of 4784 empty toner cartridges were sent to the said recycling company.

TECHNOLOGICAL WASTES ARE RECYCLED BACK TO THE ECONOMY

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

TECHNOLOGICAL WASTE TYPES AND FIGURES

Type	2016		2017		2018	
	Scrap sales	Grants	Scrap sales	Grants	Scrap sales	Grants
PC	45	253	3,983	367	9,571	316
Monitors	166	253	454	367	508	316
Passbook Printers	281	-	254		663	
Dot Matrix Printers	288	-	1,037		42	
Laser Printers	469	4	154		882	
POS Equipment	16,303	-	12,941		35,747	
ATM	337		510		386	
	17,889	510	19,333	734	47,799	632



**OUR CONTRIBUTION
TO SOCIETY**

CULTURE AND ART

In joint exhibitions that bring together widely renowned names of the domestic and international art world, Akbank Art Center presented select examples of contemporary works to arts enthusiasts.

AKBANK ART CENTER

Celebrating its 25th anniversary in 2018, Akbank Art Center was established in 1993 to brand the innovative and visionary identity Akbank pursues in the arts. Playing a leading role in the development of contemporary arts in Turkey and in bringing artworks to vast numbers of individuals across all social strata, Akbank Art Center ranks among the pioneering contemporary arts institutions in the country. The center organized over 700 events throughout 2017 in various branches of arts—including exhibitions, concerts, theatrical plays and dance—sending ripples across the national and international arts communities.

EXHIBITIONS HIHLY APPRECIATED BY THE CULTURE AND ARTS COMMUNITY

In joint exhibitions bringing together widely renowned names of the domestic and international art worlds, Akbank Art Center presented select examples of contemporary works to arts enthusiasts. In 2018, Akbank Art Center hosted such exhibitions as Susie MacMurray's "Strange Fruit," Bülent Erkmen's "Remix," Tabanlıoğlu Architects and

Mimarlar+Han Tümertekin's works entitled "ÖTE/DE/Kİ MİMARLIK Sergisi (Ulterior Architecture)." The Center also accommodated the Akbank 36th Contemporary Artists Prize during the year. This prestigious event was organized in collaboration with Akbank Art Center and the Painting and Sculpture Museums Association to support development of contemporary arts and encourage young artists. Furthermore, Akbank Art Center was among the six venues of the 4th Istanbul Design Biennial with the "Deconstruction School."

CULTURE & ARTS ACTIVITIES FOR STUDENTS

The Contemporary Art Education Program, specially designed for every exhibition held at Akbank Art Center, provides primary, junior high and high school students the opportunity to become acquainted with contemporary works of art. The program also offers a fun environment, where students can enjoy various artistic, cultural and social experiences with educational materials, by thinking freely and creatively. Nearly 3,000 children and young people participated in these trainings in 2018.

Akbank Art Center's Multi-Purpose Room, one of the major meeting points of arts lovers, hosted concerts by world-renowned musicians such as Tord Gustavsen Project, Joachim Kühn Trio, The

Balanescu Quartet under the banner "Akbank Art Center 25th Year Concerts." During 2018, Akbank Art Center also continued its highly popular Philosophy Seminars, Art History Seminars and Cinema and Psychiatry Seminars as part of the "Human Condition in Cinema" series. The Center also launched the New Media Talks program at the end of the year.

Akbank Art Center's Dance Workshop has recorded many international achievements. During the year, the Dance Workshop held workshops with choreographers and renowned dance instructors, such as Antien Van Mierlo, Ido Batash, Sagi Gross, while continuing to offer dance lessons for both children and adults. In 2018, open auditions were once again organized for dance performances. Talented young dancers were also provided scholarships for modern dance lessons.

AKBANK CHILDREN'S THEATRE

Having made a significant contribution toward cultivating a theatre-going audience in the past and the present, Akbank Children's Theatre celebrated its 45th anniversary in 2018. During the year, the Theatre staged the play "Gorilla" written by Anthony Browne and adapted to the stage by Rachel Barnett, with the collaboration of London Polka Theater. As part of its Anatolia tour, Akbank Children's Theatre performed "Gorilla" in Gaziantep for a total of 3,000 youth.



CULTURE AND ART

With its varied culture and arts program during the year, Akbank Art Center hosted 105,200 visitors in 2018.

In 2018, Akbank Art Center published the volume “100 Works of Art That Will Define Our Age” authored by Kelly Grovier. The compendium designates the top 100 art works produced since the 1990s and doubles as an easy-to-follow intellectual map that helps the reader navigate the contemporary art world.

37 CONCERTS AT THE 28TH AKBANK JAZZ FESTIVAL

At the 28th Akbank Jazz Festival, 37 concerts, three discussions and 16 workshops were held in 37 venues on October 17-28, 2018. The festival hosted over 100 artists and was attended by 20 thousand music lovers. As part of the High School Jazz Workshops initiative in 2018, 1,355 youth from nine high schools met with Ercüment Orkut, Volkan Topakoğlu and Ediz Hafizoğlu to learn more about jazz music and instruments.

Jazz on Campus concerts continued in 2018, as part of the 28th edition of Akbank Jazz Festival. Prominent musicians of the new generation, Evrencan Gündüz and his group Uzaylılar, came together with more than 6,500 university students and guests in nine provinces – Edirne, Çanakkale, İzmir, Muğla, Eskişehir, Ankara, Kayseri, Mersin and Adana – between November 12-23.

AKBANK SHORT FILM FESTIVAL COMPLETES 14 YEARS

The 14th Akbank Short Film Festival is a prominent platform for short films in Turkey that strives to support new ideas and contributes to short film culture. In 2018, the festival presented cinema enthusiasts with the opportunity to enjoy important films shown at international festivals, workshops and conversations, as well as competition films for 10 days between March 19-29. During the festival, 1,342 short movies from 65 countries were screened for welcoming audiences. During the 14th Akbank Short Film Festival, as part of its “Award-Winning Films Come to Universities” program, the best films designated by

the Selection Committee of the international competition were screened at 40 universities in 21 cities – from Edirne to Van, Zonguldak to Mersin – between April 2 and May 17. As such, the Short Film Festival reached out to over 900 thousand university students.

CONTEMPORARY ISTANBUL ART FAIR HOSTED “IMAGE THINGS”

In 2018, the Contemporary Istanbul Art Fair was held between September 20-23. Akbank Art Center’s booth was home to the exhibition “Image Things” by American artist Tommy Hartung. The exhibition, curated by Hasan Bülent Kahraman, featured three video works by the artist. Tommy Hartung, a leading name in the New Media field, reached out to Turkish art enthusiasts with his interactive works. In 2018, 105,200 visitors attended Akbank Art events.

**+900
thousand**

The 14th edition of the “Award-Winning Films Come to Universities” event reached out to over 900 thousand university students in 2018.

EDUCATION

Akbank established the “Akbank Thinking Club” in September 2008 in order to provide a creative platform for young people and to think alongside them, the natural stakeholders of continuous development and innovation, and to create value for Turkey’s future with them. “Akbank Thinking Club” celebrated its 10th year in 2018.

A ROBUST BRIDGE BETWEEN THE ACADEMY AND FINANCE SECTOR: CENTER OF EXCELLENCE IN FINANCE (CEF)

The Center of Excellence in Finance (CEF), founded by Sabancı University in 2016 under the sponsorship of Akbank brings together academics, financial actors and investors to transform basic financial information into applications which can be put to use in real life. CEF continued to constitute a bridge between academia, the finance sector, policy makers and the real economy with its certification programs, seminars, and research reports throughout 2018.

AKBANK “JUNIOR SAVERS” PROJECT

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

and certificates of completion. At the end of the classroom activities organized by Akbank Volunteers, students were presented the Akbank Ladybug Penny Bank dubbed “Kumbirik.” Children enjoyed very much the chance to save money with their favorite “Kumbirik.”

AKBANK THINKING CLUB IN ITS 10TH YEAR

Akbank established the “Akbank Thinking Club” in September 2008 in order to provide a creative platform for young people and to think alongside them, the natural stakeholders of continuous development and innovation, and to create value for Turkey’s future with them. “Akbank Thinking Club” celebrated its 10th year in 2018. The Club is open to applicants from all 3. year university students across Turkey. New participants of the Club designed projects according to themes given to them every year. These projects were then assessed by a special selection committee composed of academics, experts and Akbank senior managers. The creator of the best project was rewarded with a scholarship for the Harvard University Summer School.

AKBANK FAMILY COMPANY ACADEMY FOR SUSTAINABILITY OF FAMILY COMPANIES

In collaboration with Sabancı University Executive Development Unit (EDU), the Bank organized the 12th edition of Akbank Family Company Academy in 2018, which was first held in 2014. In response to the requests from the leading companies in the industry, the program was administered for Akbank customers as well as their distributors and dealers. Akbank Family Company Academy targets those family companies which want to institutionalize their company, get up-to-date through academic training, and hand over their company management to the next generation. The program covered a wide variety of subjects of particular interest to family-owned business representatives including strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters and human resources management.

ENTREPRENEURSHIP

CaseCampus, Akbank's entrepreneurship program launched in 2015 in collaboration with Endeavor Turkey, continued meet with young entrepreneurs in 2018, enjoying vast popularity.

In 2018, Akbank continued to support efforts to spread the spirit of entrepreneurship in Turkey, train a greater number of entrepreneurs, and increase opportunities for them. Examples of such efforts are provided below.

“CASECAMPUS PROGRAM” FOR YOUNG ENTREPRENEUR CANDIDATES

CaseCampus, Akbank's entrepreneurship program launched in 2015 in collaboration with Endeavor Turkey, continued meet with young entrepreneurs in 2018, enjoying vast popularity. In the project realized in two terms -spring and autumn-, in line with the principle 'no training is as educative as a case', participants are offered innovative training and learning opportunities through the real stories and dilemmas of Turkey's prominent, exemplary entrepreneurs.

The program brings together successful Endeavor Entrepreneurs with third and fourth year undergraduate students, graduate students as well as recent graduates from the last five years, who are under age 30 and who are considering entrepreneurship as a career option. This initiative offers eligible participant a brand new, innovative, applied environment of learning and networking.

CONTRIBUTIONS TO TURKEY'S ENTREPRENEURIAL ECOSYSTEM: STARTUPCAMPUS ENTREPRENEURSHIP PROGRAM

For the last three years, Akbank and Endeavor have conducted a youth entrepreneurship program in Turkey called CaseCampus, which analyzes the success stories of various start-ups and supports enterprises on a growth path. In the StartUpCampus Program, young entrepreneurs participate in mentoring, training

and workshops in order to help their businesses grow. The ten-week StartUpCampus Program targets entrepreneurs under the age of 35, who have chosen entrepreneurship as a career path, established their company, launched their early stage product and recorded their first sales.

VOLUNTEER WORK

The fourth edition of the “Young Volunteers” project was conducted in June-November 2018. The number of NGOs collaborating in the project rose from five to 10, a total of 9,000 youth applied for voluntary activities, and 2,600 young volunteers were chosen to take part.

AKBANK VOLUNTEERS FOCUSED ON CREATING VALUE FOR SOCIETY

Akbank Volunteers is a platform committed to running projects that contribute to the society together with Akbank employees across the country as well as their families, customers and business partners. The main protagonists of the volunteer system are Akbank employees all over Turkey. Under the leadership of Akbank Volunteers, the Bank joins forces with the local community, non-governmental organizations and local governments in various regions, develops projects to address social problems, and strives to become a part of the solution.

URBAN PHILANTHROPY

“Young Volunteers” is a project that encourages university students to take part in social responsibility projects organized in collaboration with NGOs. This effort offers university students (two- or four-year college students as well as

graduate students) aged 18 to 26 the opportunity to have contact with NGOs and participate in their voluntary activities.

The fourth edition of “Young Volunteers” was conducted in June-November 2018. The number of NGOs collaborating in the project rose from five to 10, a total of 9,000 youth applied for voluntary activities, and 2,600 young volunteers were chosen to take part. The volunteer youth participated in a wide array of social responsibility initiatives. These projects included painting school walls, sports activities with disabled persons, hobby workshops with seniors, activities with young people under state protection, cleaning of coastal areas, distribution of soup to the homeless, tending to shelter animals, and sign language workshops. The volunteers were then invited by Akbank to a concert featuring the singer Kalben at Volkswagen Arena on November 24, 2018.

CHARITABLE DONATIONS

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

In 2018, customers’ donations amounting to TL 27.528.125, USD 342.122 and EUR 49.088 were transferred to over 30 associations and foundations by the Bank. Akbank does not charge any fees for these donation payments.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX



This service was performed on the Turkish version of the report.

This report presents Akbank's efforts to develop its economic, social, environmental performance in the period of January 1-December 31 2018 and the results of these consistent efforts. This report is prepared in accordance with the "Comprehensive" option of GRI Standards. The following table is prepared to reach the reporting information easily.

In the context of the Priority Notification Service, GRI checked the disclosure of the GRI Content Index and whether the references to the notifications between 102-40 and 102-49 were properly placed in the report.

GRI Indicator	Answer and Page Number
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GRI 101: Foundation 2016

(GRI 101 does not consist of indicators.)

Organizational Profile

GRI 102 General Indicators 2016

102-1	AKBANK
102-2	About Akbank, p.12-22
102-3	About Akbank, p. 12-22
102-4	About Akbank, p. 12-22
102-5	About Akbank, p. 12-22
102-6	About Akbank, p. 12-22
102-7	About Akbank, p. 12-22
102-8	Our Distinctive Employees, p. 64-80
102-9	Supply Chain Management, p. 30
102-10	There has been no significant change in the reporting period.
102-11	Risk Management and Legal Compliance, p. 42-50
102-12	Memberships in Associations and Unions, signed initiatives, p.34
102-13	Memberships in Associations and Unions, signed initiatives, p.34

Strategies

GRI 102 General Indicators 2016

102-14	Chairman's Message, CEO's Message, p. 2-5
102-15	Risk Management and Legal Compliance, p. 42-50

Ethics and Integrity

GRI 102 General Indicators 2016

102-16	Akbank's Corporate Building Blocks: Vision and Mission, p. 14-15
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Governance

GRI 102 General Indicators 2016

102-17	Mechanisms for Employees to Share Opinions and Suggestions, p.79
102-18	Corporate Governance at Akbank, p. 36-42
102-19	Corporate Governance at Akbank, p. 36-42
102-20	Corporate Governance at Akbank, p. 36-42
102-21	Corporate Governance at Akbank, p. 36-42
102-22	Corporate Governance at Akbank, p. 36-42
102-23	Corporate Governance at Akbank, p. 36-42
102-24	Corporate Governance at Akbank, p. 36-42
102-25	Risk Management and Legal Compliance, p. 42-50
102-26	Corporate Governance at Akbank, p. 36-42
102-27	Corporate Governance at Akbank, p. 36-42
102-28	Corporate Governance at Akbank, p. 36-42
102-29	Corporate Governance at Akbank, p. 36-42
102-30	Risk Management and Legal Compliance, p. 42-50
102-31	Our Sustainability Approach, p. 26-36
102-32	Our Sustainability Approach, p. 26-36
102-33	Our Sustainability Approach, p. 26-36
102-34	Our Sustainability Approach, p. 26-36
102-35	Our Distinctive Employees, p. 64-80
102-36	Our Distinctive Employees, p. 64-80
102-37	Our Distinctive Employees, p. 64-80
102-38	Our Distinctive Employees, p. 64-80
102-39	Our Distinctive Employees, p. 64-80

Shareholder Engagement

GRI 102 General Indicators 2016

102-40	Dialogue with Stakeholders, p. 32-33
102-41	Collective Labor Agreement, p. 71
102-42	Dialogue with Stakeholders, p. 32-33
102-43	Dialogue with Stakeholders, p. 32-33
102-44	Topic Prioritization Study, p. 28

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Reporting

GRI 102 General Indicators 2016

102-45	About the Report, p. 23-25
102-46	About the Report, p. 23-25
102-47	Topic Prioritization Study, p. 28
102-48	About the Report, p. 23-25
102-49	Topic Prioritization Study, p. 28
102-50	About the Report, p. 23-25
102-51	About the Report, p. 23-25
102-52	About the Report, p. 23-25
102-53	Contact Details, p. 102
102-54	About the Report, p. 23
102-55	GRI Index, p. 90-98
102-56	The report content has not undergone external audit.

GRI 200: Economic Standards Series 2016

Economic Performance (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Sustainability Approach, p. 26-36
103-2	Our Sustainability Approach, p. 26-36
103-3	Our Sustainability Approach, p. 26-36

GRI 201: Economic Performance 2016

201-1	About Akbank, p. 12-22
201-2	About Akbank, p. 12-22
201-3	About Akbank, p. 12-22
201-4	About Akbank, p. 12-22

Market Presence (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Sustainability Approach, p. 26-36
103-2	Our Sustainability Approach, p. 26-36
103-3	Our Sustainability Approach, p. 26-36

GRI 202: Market Condition 2016

202-2	All members of Akbank Senior Management are Turkish citizens.
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Indirect Economic Impact (Material Topic)**GRI 103: Management Approach 2016**

103-1	Our Sustainability Approach, p. 26-36
103-2	Our Sustainability Approach, p. 26-36
103-3	Our Sustainability Approach, p. 26-36

GRI 203: Indirect Economic Impact 2016

203-1	Value that We Add to Customers, p. 50-64, Our Contribution to Society, p. 84-90
203-2	Value that We Add to Customers, p. 50-64, Our Contribution to Society, p. 84-90

Responsible Procurement Practices**GRI 103: Management Approach 2016**

103-1	Our Sustainability Approach, p. 26-32
103-2	Our Sustainability Approach, p. 26-32
103-3	Our Sustainability Approach, p. 26-32

GRI 204: Responsible Procurement Practices 2016

204-1	Supply Chain Management, p. 30
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GRI 308: Environmental Assessment 2016

308-1	Supply Chain Management, p. 30
308-2	Supply Chain Management, p. 30

GRI 408: Child Labor 2016

408-1	Supply Chain Management, p. 30
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GRI 409: Forced Labor 2016

409-1	Supply Chain Management, p. 30
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GRI 414: Social Assessment of the Supplier 2016

414-1	Supply Chain Management, p. 30
414-2	Supply Chain Management, p. 30

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Ethics, Anti-Bribery and Anti-Corruption (Material Topic)

GRI 103: Management Approach 2016

103-1	Risk Management and Legal Compliance, p. 42-50
103-2	Risk Management and Legal Compliance, p. 42-50
103-3	Risk Management and Legal Compliance, p. 42-50

GRI 205: Anti-Corruption (Material Topic)

205-1	Risk Management and Legal Compliance, p. 42-50
205-2	Risk Management and Legal Compliance, p. 42-50
205-3	Risk Management and Legal Compliance, p. 42-50

GRI 300: Environmental Standards Series 2016

Energy (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Operations and the Environment, p. 80-84
103-2	Our Operations and the Environment, p. 80-84
103-3	Our Operations and the Environment, p. 80-84

GRI 302: Energy 2016

302-1	Our Operations and the Environment, p. 80-84
302-2	Our Operations and the Environment, p. 80-84
302-3	Our Operations and the Environment, p. 80-84
302-4	Our Operations and the Environment, p. 80-84
302-5	Our Operations and the Environment, p. 80-84

Water Consumption (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Operations and the Environment, p. 80-84
103-2	Our Operations and the Environment, p. 80-84
103-3	Our Operations and the Environment, p. 80-84

GRI 303 Water 2016

303-1	Our Operations and the Environment, p. 80-84
303-2	Our Operations and the Environment, p. 80-84
303-3	Our Operations and the Environment, p. 80-84

Emissions (Material Topic)**GRI 103: Management Approach 2016**

103-1	Our Operations and the Environment, p. 80-84
103-2	Our Operations and the Environment, p. 80-84
103-3	Our Operations and the Environment, p. 80-84

GRI 305 Emissions 2016

305-1	Our Operations and the Environment, p. 80-84
305-2	Our Operations and the Environment, p. 80-84
305-3	Our Operations and the Environment, p. 80-84
305-4	Our Operations and the Environment, p. 80-84
305-5	Our Operations and the Environment, p. 80-84
305-6	Our Operations and the Environment, p. 80-84
305-7	Our Operations and the Environment, p. 80-84

Wastes (Material Topic)**GRI 103: Management Approach 2016**

103-1	Our Operations and the Environment, p. 80-84
103-2	Our Operations and the Environment, p. 80-84
103-3	Our Operations and the Environment, p. 80-84

GRI 306: Wastes 2016

306-1	Our Operations and the Environment, p. 80-84
306-2	Our Operations and the Environment, p. 80-84

GRI 400 Social Standard Series 2016**Employment (Material Topic)****GRI 103: Management Approach 2016**

103-1	Our Distinctive Employees, p. 64-80
103-2	Our Distinctive Employees, p. 64-80
103-3	Our Distinctive Employees, p. 64-80

GRI 401: Employment 2016

401-1	Our Distinctive Employees, p. 64-80
401-2	Our Distinctive Employees, p. 64-80

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Employee-Employer Relations (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Distinctive Employees, p. 64-80
103-2	Our Distinctive Employees, p. 64-80
103-3	Our Distinctive Employees, p. 64-80

GRI 402: Employee-Employer Relations

402-1	Our Distinctive Employees, p. 64-80
402-2	Our Distinctive Employees, p. 64-80

Occupational Training (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Distinctive Employees, p. 64-80
103-2	Our Distinctive Employees, p. 64-80
103-3	Our Distinctive Employees, p. 64-80

GRI 403: Occupational Health and Safety 2016

403-1	Our Distinctive Employees, p. 64-80
403-2	Our Distinctive Employees, p. 64-80
403-3	Our Distinctive Employees, p. 64-80
403-4	Our Distinctive Employees, p. 64-80

Occupational Training (Material Topic)

GRI 103: Management Approach 2016

103-1	Our Distinctive Employees, p. 64-80
103-2	Our Distinctive Employees, p. 64-80
103-3	Our Distinctive Employees, p. 64-80

GRI 404: Occupational Training 2016

404-1	Our Distinctive Employees, p. 64-80
404-2	Our Distinctive Employees, p. 64-80
404-3	Our Distinctive Employees, p. 64-80

GRI 407: Occupational Training 2016

407-1	Our Distinctive Employees, p. 64-80
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Diversity and Opportunity of Equality (Material Topic)**GRI 103: Management Approach 2016**

103-1	Our Distinctive Employees, p. 64-80
103-2	Our Distinctive Employees, p. 64-80
103-3	Our Distinctive Employees, p. 64-80

GRI 405: Diversity and Opportunity of Equality 2016

405-2	Our Distinctive Employees, p. 64-80
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Struggle Against Discrimination (Material Topic)**GRI 103: Management Approach 2016**

103-1	Our Distinctive Employees, p. 64-80
103-2	Our Distinctive Employees, p. 64-80
103-3	Our Distinctive Employees, p. 64-80

GRI 406: Struggle Against Discrimination 2016

406-1	Our Distinctive Employees, p. 64-80
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Marketing and Labeling (Material Topic)**GRI 103: Management Approach 2016**

103-1	Value that We Add to Customers, p. 50-64
103-2	Value that We Add to Customers, p. 50-64
103-3	Value that We Add to Customers, p. 50-64

GRI 417 Marketing and Labeling 2016

417-1	Value that We Add to Customers, p. 50-64
417-2	Value that We Add to Customers, p. 50-64
417-3	Value that We Add to Customers, p. 50-64

Information Security (Material Topic)**GRI 103: Management Approach 2016**

103-1	Value that We Add to Customers, p. 50-64
103-2	Value that We Add to Customers, p. 50-64
103-3	Value that We Add to Customers, p. 50-64

GRI 418: Information Security 2016

418-1	Value that We Add to Customers, p. 50-64
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GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Customer Satisfaction (Material Topic)

103-1	Value that We Add to Customers, p. 50-64
103-2	Value that We Add to Customers, p. 50-64
103-3	Value that We Add to Customers, p. 50-64

Increasing Access to Financial Services (Material Topic)

GRI 103: Management Approach 2016

103-1	Value that We Add to Customers, p. 50-64
103-2	Value that We Add to Customers, p. 50-64
103-3	Value that We Add to Customers, p. 50-64

Corporate Governance (Material Topic)

GRI 103: Management Approach 2016

103-1	Corporate Governance at Akbank, p. 36-42
103-2	Corporate Governance at Akbank, p. 36-42
103-3	Corporate Governance at Akbank, p. 36-42

WOMEN’S EMPOWERMENT PRINCIPLES (WEPS) PROGRESS REPORT

WOMEN’S EMPOWERMENT PRINCIPLES WEPS 6 PRINCIPLES	GRI Standards Disclosures	
Principle 1- Corporate Leadership Promoting Gender Equality	405-1	405-2
Principle 2-Equal Opportunity, Participation and Nondiscrimination	406-1	
Principle 3-Health, Safety, and Freedom from Violence	406-1	
Principle 4-Education and Training	404-1	404-2
Principle 5-Enterprise Development, Supply Chain and Marketing Practices	404-1	404-2
Principle 6-Community Leadership and Participation	405-1	405-2
Principle 7-Measurement and Public Reporting on Gender Equality	405-1	405-2

UNITED NATIONS GLOBAL COMPACT (UNGC) INDEX

In 2007, Akbank led the way for the Turkish banking sector by signing the United Nations Global Compact (UNGC). The below table shows the pages of the Sustainability Report 2018 where you can learn about the practices that Akbank has implemented as a signatory to UNGC and performance information. Information included in the report on each principle can be accessed by means of this table.

UN GLOBAL COMPACT PRINCIPLES PAGE OF THE PERFORMANCE INFORMATION

HUMAN RIGHTS

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.
Pages: 12-22

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.
Pages: 12-22

LABOR

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Pages: 64-80

Principle 4. The elimination of all forms of forced and compulsory labor.
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Principle 5. The effective abolition of child labor.
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Principle 6. The elimination of discrimination in respect of employment and occupation.
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ENVIRONMENT

Principle 7. Businesses should support a precautionary approach to environmental challenges.
Pages: 80-84

Principle 8. Undertake initiatives to promote greater environmental responsibility.
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Principle 9. Encourage the development and diffusion of environmentally friendly technologies.
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ANTI-CORRUPTION

Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.
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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND AKBANK

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



Sustainable Development Goals	Relevant Section
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5 Gender Equality	Our Distinctive Employees, p. 64-80
6 Clean Water Hygiene and Public Health	Our Operations and the Environment, p. 80-84
7 Accessible and Clean Energy	Our Operations and the Environment, p. 80-84
8 Decent Work and Growth	Our Distinctive Employees, p. 64-80
9 Industrial Innovation and Infrastructure	Value that We Add to Customers, p. 50-64
11 Sustainable City and Living Spaces	Value that We Add to Customers, p. 50-64
12 Responsible Consumption and Production	Value that We Add to Customers, p. 50-64
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15 Terrestrial Life	Our Operations and the Environment, p. 80-84
17 Partnerships to Reach Targets	Corporate Governance at Akbank, p. 36-42

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