



CONTENTS

02	Message from the Chairwoman
04	Message from the CEO
08	Akbank and Sustainability - A Timeline
09	Timeline of Akbank's Sustainable Initiatives
12	About Akbank
22	About the Report
26	Our Approach to Sustainability
40	Corporate Governance at Akbank
46	Risk Management and Legal Compliance
54	Value Added to Our Customers
84	Our Distinctive Employees
100	Our Operations and the Environment
108	Our Community Investment
115	Global Reporting Initiative (GRI) Content Index
158	Women's Empowerment Principles - WEPs Progress Report
159	Identity

Suzan Sabancı Dinçer

Chairwoman

Suzan Sabancı Dinçer



MESSAGE FROM THE CHAIRWOMAN

♥ **As part of our education and entrepreneurship initiatives, priority areas in our social investing program, we would like to share with you the pride and joy of launching the Center of Excellence in Finance (CEF) and CaseCampus projects in 2016.**

Esteemed Stakeholders,

Operating with the goal of creating sustainable value since its foundation, Akbank continued to support Turkey's growth and development in 2016. The Bank focused on education, entrepreneurship, culture, and art initiatives in its corporate social responsibility activities; executed many projects by bringing together voluntary Akbankers; and made numerous social contributions. It is with great pride and pleasure that I share with you the product of our sustainability initiatives; our eighth Akbank Sustainability Report prepared in line with Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and the United Nations Global Compact (UNGC).

Sustainable Social Investment

In addition to maintaining strong support for Turkey's economic growth, Akbank also contributed to the country's social development through its focus on education, culture, art, entrepreneurship, and volunteering as prioritized social investment areas in 2016.

The culture & art projects carried out resolutely by the Bank make the arts accessible to all people encompassing diverse demographics while expanding the scope of creativity and critical thinking.

We believe that free and original ideas inspire progress in every field. To this end, we work tirelessly to support our brave entrepreneurs, who are the pioneers of innovation.

As part of our education initiatives, we continued to organize comprehensive training programs for our stakeholders with the participation of experts in 2016.

The volunteering projects carried out by Akbankers, who distinguish themselves with their experience and expertise, bolster the social value we generate in various areas.

Pioneering Projects in Education, Entrepreneurship...

As part of our education and entrepreneurship initiatives, priority areas in our social investing program, we would like to share with you the pride and joy of launching the Center of Excellence in Finance (CEF) and CaseCampus projects in 2016. Launched under the founding sponsorship of Akbank, CEF brings together academics, businesspersons and politicians in various training, seminar and conference events.

The CaseCampus Program is our joint venture with Endeavor Turkey that was attended by young people from every corner of Turkey dreaming of starting their own business. The program was held in two periods and celebrated its first graduates last year. In addition to CaseCampus, we extended the entrepreneurship initiatives we have undertaken in Istanbul jointly with Endeavor to Ankara and Izmir under the name of the "Smartstartup Cities" Program.

I would like to thank to all of our stakeholders for supporting our sustainability journey in 2016.

Yours sincerely,



Suzan Sabancı Dinçer
Chairwoman


Hakan Binbařgil

Akbank CEO

Binbařgil



MESSAGE FROM THE CEO

 **Prioritizing culture, art, education and entrepreneurship as part of its social investing program to facilitate Turkey's ascent in the global economy, Akbank continued to deliver pioneering projects to expand financial literacy and entrepreneurship among the various demographic segments of society led by the youth.**

Conducting its business operations to create sustainable value for Turkey, Akbank recorded strong financial and operational results in 2016 while continuing to make social investments that will generate lasting value for the country. Increasing its assets to TL 294 billion year-end and announcing net profit of TL 4,854 million for fiscal year 2016, the bank continued to boost the savings of all stakeholders, particularly its shareholders. Prioritizing arts, culture, education and entrepreneurship as part of its social investment program to facilitate Turkey's ascent in the global economy, Akbank continued to deliver pioneering projects to expand financial literacy and entrepreneurship among the various demographic segments of the society, particularly the nation's youth.

CEF: A Strong Bridge between Academia, the Finance Industry and the Real Sector

Launched with the support of Sabancı University, the Center of Excellence in Finance (CEF) started its operations in 2016 by hosting its first conference: "The Future of Financial Markets." The Center aims to create value for the Turkish finance industry by acting as a bridge among the real sector and finance industry representatives, policymakers, academics, and students. With an advisory council consisting of globally recognized names, the Center completed its first term with training programs, in-depth research reports and seminars geared toward professionals and university students.

MESSAGE FROM THE CEO

CaseCampus Program: A Major Step in the Development of the Entrepreneurship Ecosystem

The CaseCampus Program was launched jointly with Endeavor Turkey for university students who dream of starting their own business. Founded to accelerate the development of the entrepreneurship ecosystem in Turkey, the program celebrated its first graduates in 2016. We wish successful entrepreneurial careers to our graduates who have successfully completed the innovative training program taught by Endeavor Turkey entrepreneurs.

“Smartstartup Cities” Program

Entering into a new partnership with Endeavor Turkey in 2016, we extended our entrepreneurship initiatives we have been undertaking in Istanbul to Ankara and Izmir under the name Smartstartup Cities Program. Our goal in this effort is to reach out to active entrepreneurs in these major cities, support them, create role models out of them, and contribute to the development of region-based entrepreneurship ecosystems.

Akbank Jazz Festival Turns 26

Supporting arts and culture in Turkey since the day it was founded, Akbank continued this mission with nearly 900 arts and culture events this year under the umbrella of Akbank Art Center. Akbank Jazz Festival, organized successfully by the bank since 1991, continued to present world-class vocals and sounds to Turkish music enthusiasts in its 26th year. Panels, workshops, film screenings, concerts and social responsibility projects held as part of the Akbank Jazz Festival, one of Turkey’s longest running festivals, continued to enrich the arts and culture scene in Turkey.

Akbank Brings Acts of Goodness to Istanbul and 25 Cities with “Young Volunteers,” “Volunteers of Akbank”

We undertook the Young Volunteers Project – where we included university students in the volunteer-driven projects we have conducted for years with Akbankers – for the second year. As part of the 26th Akbank Jazz Festival, 500 young persons volunteered in the various activities of the Community Volunteers Foundation of Turkey, the DenizTemiz/TURMEPA (Turkish Marine Environment Protection Association), the Friends of the Yedikule Animal Shelter Association, and Hayat Sende Youth Academy Association. Our initiative expands each passing year with the swelling ranks of young volunteers and new partnerships with civil society organizations.

♥ **Akbank became a signatory to the Women's Empowerment Principles (WEP), a private sector venture by the United Nations that aims to empower women to take part in all sectors and all aspects of economic life.**

“Best Volunteering Project”

Since 2012, under Akbank's "Junior Savers" effort to improve financial literacy across various segments of the society and encourage savings, we have reached a total of 75,000 elementary and middle school students from every corner of Turkey as of year-end 2016. The project, which aims to create savings awareness among elementary and middle school age children, was recognized with the "Best Volunteering Project" prize at the Private Sector Volunteers Association (ÖSGD)'s annual "Volunteering Awards" Program.

Akbank signs an agreement to support women's empowerment

Akbank became a 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 life.

Continuing to Generate Value for Turkey's Sustainable Development

As Akbank, we would like to thank all our stakeholders for the support they provide to our banking operations that underpin economic activities across all segments of society, as well as our social investments that span a broad area, from entrepreneurship and education to arts and culture. We will continue to generate lasting value for Turkey's sustainable development in the coming years with the valued support of our stakeholders.



Hakan Binbaşgil
Akbank CEO

AKBANK AND SUSTAINABILITY - A TIMELINE

Corporate Development of Akbank

January 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 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. established in the Netherlands.

Akbank Call Center started operations.

2005

Akbank became the first bank 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 put into service with a capacity of approximately 5,000 people.

2011

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

2012

"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 the Investor Relations app, which 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.

TIMELINE OF AKBANK'S SUSTAINABLE INITIATIVES

2000

Akbank Information Technologies obtained ISO 9001 Quality Certification.

2003

Became the first bank to publicly declare its dividend policy.

Became the first bank to announce Corporate Governance Principles in the annual report.

2004

Became the first bank to publish Corporate Governance Principles in its website.

2005

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

2007

Became the first Turkish bank to sign the UN Global Compact.

Started cooperation with Endeavor -an international non-governmental organization aimed at contributing to economic development by supporting active entrepreneurs in developing countries.

Akbank Customer Complaint Management System obtained ISO 10002 Quality Certification.

Supported entrepreneurs with its "Ideas Paving the Way to Business" program.

2008

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

2009

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 improve their individual productivity, opened with Akbank as the main sponsor.

2010

Became the first Turkish bank to publish UN Global Compact Communication on Progress Report.

Drew attention to environmental transparency by supporting the implementation of the Carbon Disclosure Project (CDP) in Turkey.

Became the first Turkish deposit bank to publish a Sustainability Report in accordance with the GRI standards.

Became the first and only Turkish institution to be included in the CDP 2010-Global 500 reporting and received scores that carry the Bank to the World Sector Leaders category.

"Akbank Energy-Friendly Loan" launched.

A loan pool with favorable terms launched for entrepreneurs selected by Endeavor Turkey.

Supported the "Before They Disappear" project implemented in Turkey in coordination with the Regional Environment Center (REC) with the aim of drawing attention to regions at risk due to climate change.

2010 and 2011

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

2011

Akbank Volunteers System launched.

Akbank supported the Global Student Entrepreneurs Awards.

Akbank employees started to attend sustainability trainings.

2012

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.

AKBANK AND SUSTAINABILITY-A TIMELINE

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 “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 launched Eko POS tariffs, enabling SMEs that want to set their member merchant expenses to pay fixed monthly fees for budget-friendly tariffs based on the limits of the selected package.

In support of the digitalization efforts of SMEs, Akbank partnered with Vodafone to offer a special SME version of Vodafone’s Digitalization Index to its customers.

Akbank began developing solution partnerships with fintech companies that design digital applications which make the lives of SMEs easier.

As part of the “My Business Partner Vodafone” venture, Akbank organized the “Hackathon” event, a first of its kind in Turkey aimed at generating digital solutions to address SMEs’ problems.

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 cooperation between Akbank and Paraşüt enabled businesses to manage their financial operations centrally from a single source and keep their finances under tighter control.

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.

Akbank organized 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 – for the seventh time in 2016.

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 world's most famous jazz performers to large audiences.

1993

Akbank Art Center established.

1998-2000

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

2003

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

2003-2007

Became the sponsor of Rock'n Coke Festival where world-famous rock stars meet the youth.

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

Sponsor 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 the 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 37,000 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 75,000 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 Turkish National Youth Philharmonic Orchestra.

Akbank sponsored the "Cirque Du Soleil-Saltimbanco" show.

2012

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

2013

As part of its 65th establishment 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.

— About Akbank



AKBANK IN BRIEF

Power of Change

Having registered countless accomplishments that spurred the growth of the Turkish economy since the day it was established, Akbank ranks among the most valuable brands in Turkey's private sector. The Bank is active in consumer banking, commercial banking, SME banking, corporate banking, private banking, foreign currency exchange, money markets, securities (treasury transactions) and international banking. Akbank also provides non-banking financial services and capital markets and investment services via its subsidiaries. The Bank has undersigned many milestone projects in the development of high-quality banking services in Turkey.

Robust and Extensive Service Infrastructure, Skilled Human Resources

Making a difference among its competitors with its steadily growing business volume, an ever expanding customer base, sound capital position and access to low-cost overseas funding resources, Akbank continued to undertake innovative initiatives in 2016. Through a strong and widespread domestic delivery network with 840 branches, almost 14 thousand employees and 4,201 ATMs, Akbank operates via its Head Office in Istanbul and 22 regional directorates throughout Turkey.

Akbank boasts more than 14.3 million consumer banking customers, over 1 million commercial banking and nearly 6,000 corporate banking clients. The Bank delivers a broad range of products and services to customers through its physical branches as well as Alternative Distribution Channels, such as internet banking and telephone banking.

At year-end 2016, Akbank posted net profit of TL 4,854 million while consolidated assets grew 17% y-o-y to TL 295 billion. The Bank instilled confidence in its shareholders with a consolidated capital adequacy ratio of 14.2% and its successful financial performance during the year.

NUMBER OF
EMPLOYEES*

13,843

NUMBER OF
CREDIT CARDS

6.2 Million

NUMBER OF
CUSTOMERS

15.4 Million

NUMBER OF
DEBIT CARDS

7.1 Million

NUMBER OF
BRANCHES*

841

NUMBER
OF POS

~465 thousand

NUMBER OF
ATMs

4,201

*Malta Branch is included.

AKBANK'S CORPORATE BUILDING BLOCKS: VISION AND MISSION

VISION:
TO BECOME A
SUSTAINABLE
LEADER BY
RENDERING
AN EXCELLENT
BANKING
EXPERIENCE AND
SUPPORTING
TURKEY'S GROWTH.

MISSION: TO
BECOME THE MOST
ADMIRABLE TURKISH
COMPANY, BY
CONTINUOUSLY
DELIVERING
SIGNIFICANT
VALUE TO ITS
STAKEHOLDERS VIA
ITS HIGHLY SKILLED
HUMAN RESOURCES.

Strong Foundations

- ♥ Strong domestic controlling ownership structure,
- ♥ Highly-qualified human capital,
- ♥ Turkey's most valuable bank brand,
- ♥ Long-term strategic management with successful implementations,
- ♥ 840 branches across Turkey and high-tech distribution channels,
- ♥ The innovative power of Turkey with countless firsts in the sector,
- ♥ A stable and extensive broad funding base,
- ♥ High return on equity and strong asset quality with a focus on sustainability,
- ♥ Robust capital structure with a capital adequacy ratio of 14.2%,
- ♥ Superior asset quality as well as low non-performing loans ratio of 2.3%,
- ♥ High level of efficiency with an operational costs/assets ratio of 1.6%.

Strategic Goals

- ♥ Achieve long-term sustainable return on equity of at least 15-17% and create high value for all our stakeholders,
- ♥ Be a leader in Turkish banking sector in terms of key market shares,
- ♥ Be the best bank in Turkey in terms of customer experience and satisfaction,
- ♥ Be the most valuable bank in Turkey.

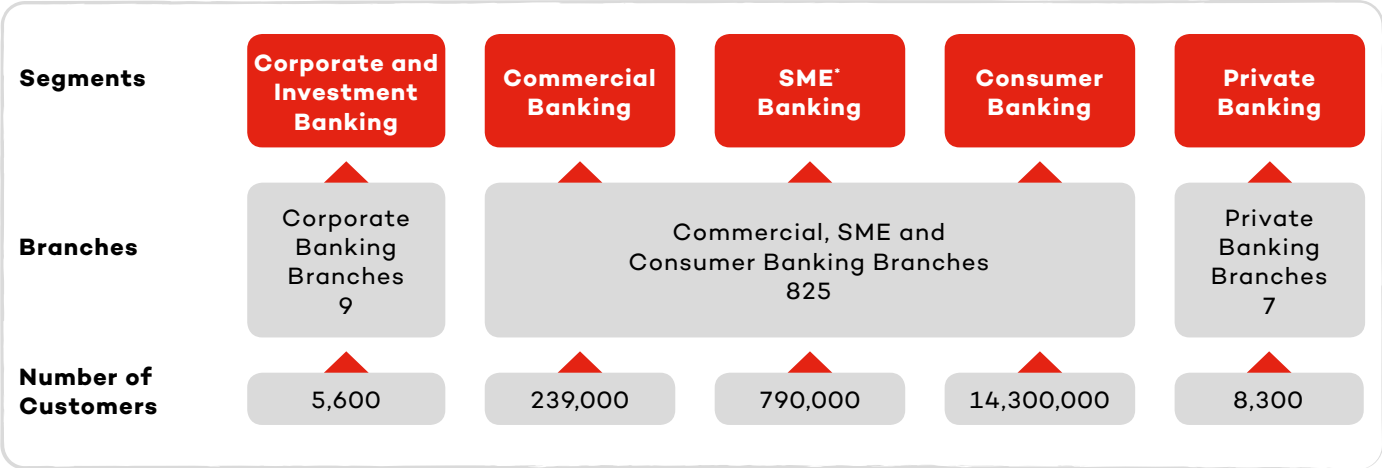
AKBANK IN FIGURES

Extensive and Advanced Service Infrastructure across the Country

Akbank continued to provide uninterrupted, high-quality services to customers in 2016 with a service network of more than 800 branch locations covering every corner of Turkey.

A Balanced Customer Portfolio Consisting of Diversified Segments...

Aiming to deliver customized financial solutions to diversified customer segments, Akbank executes its business operations under four major business lines: Corporate Investment and Private Banking, Commercial Banking, SME Banking, Consumer Banking. The Bank undertook innovative projects in accordance with long-term strategic goals and continued to increase the number of clients in each segment during 2016.



* SME Banking serves customers that the Bank identified in accordance with its business model.

SUSTAINABLE FINANCIAL ACCOMPLISHMENTS

 **Conducting its operations in line with long-term strategic goals, Akbank increased its consolidated net profit by 50% to TL 4,854 million and boosted total assets 17% to TL 295 billion as of year-end 2016.**

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)	2014	2015	2016
Total Assets	218,697	252,467	294,501
Loans	136,131	153,466	178,893
Deposits	122,294	149,470	173,968
Funds Borrowed	21,269	26,177	32,304
Shareholders' Equity	26,140	28,015	32,492
Net Profit	3,379	3,229	4,854
Return on Equity (ROE)	14.1%	12.1%	16%
Capital Adequacy Ratio (BIS)	14.9%	14.5%	14.2%
Market Capitalization (USD million)	8,888		

Loans

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

Loans*	2015	2016
Corporate TL Loans (TL million)	14,309	20,131
Corporate Foreign Currency Loans (USD million)	14,660	13,763
Commercial TL Loans (TL million)	22,583	31,186
Commercial Foreign Currency Loans (USD million)	7,566	7,346
Other Commercial TL Loans (TL million)	13,108	13,744
Consumer (TL million)	28,645	29,384
Credit Cards (TL million)	10,888	10,566

* Excluding accruals.

♥ Executing its banking activities in pursuit of value added-oriented projects, Akbank generated TL 23,436 million in economic value in 2016, up 22% compared to the previous year.

Stakeholder-Supported Value Creation

Executing its banking activities in pursuit of value added-oriented projects, Akbank generated TL 23,436 million in economic value in 2016, up 22% compared to the previous year. Payments made by the Bank to the 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)	2014	2015	2016
Direct Economic Value Generated	17,588	19,212	23,436
a) Revenues	17,588	19,212	23,436
Economic Value Distributed	13,250	14,580	17,148
b) Operating costs	2,130	2,496	2,467
c) Employee wages and other benefits	1,485	1,671	1,799
d) Payments to providers of capital	8,333	9,303	11,613
e) Payments to the government	1,292	1,096	1,252
f) Community investments	10	13	16
Economic Value Retained	4,338	4,632	6,289

- 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 upon Akbank's consolidated financial statements. Therefore, these figures also include consolidated subsidiaries.

CONFIDENTIAL SUBSIDIARY STRUCTURE

♥ Akbank is marching steadily toward its corporate goals with robust strides thanks to its strong shareholding structure.

Akbank was founded on January 30, 1948 as a private-capital commercial bank and it continues to operate successfully in the same area today. 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

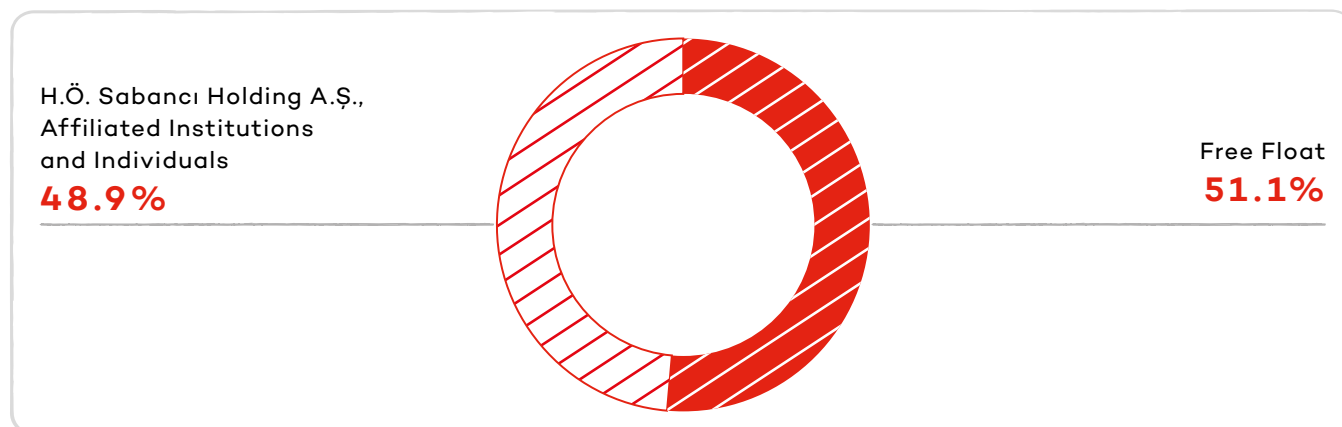
stake in Akbank – corresponding to 9.9% of the Bank’s share capital – to a large number of potential buyers that were predetermined via an accelerated equity offering in March 2015. Prior, Citigroup Inc. had divested a stake corresponding to 10.1% of Akbank’s share capital in May 2012. After these Citigroup share sales, Akbank’s free float ratio stands at 51.1%.

Detailed information on the Bank’s operations and financial

performance in 2016 is published in the Akbank 2016 Annual Report. The Akbank 2016 Annual Report can be reached at the link below:

<http://www.akbank.com/yatirimci-iliskileri/yatirim-bilgileri/sayfalar/faaliyet-raporu.aspx>

Akbank’s Level 1 American Depository Receipts are traded on the OTC market in the USA. Our shareholder structure as of December 31st, 2016 is shown in the pie chart.



Our Subsidiaries

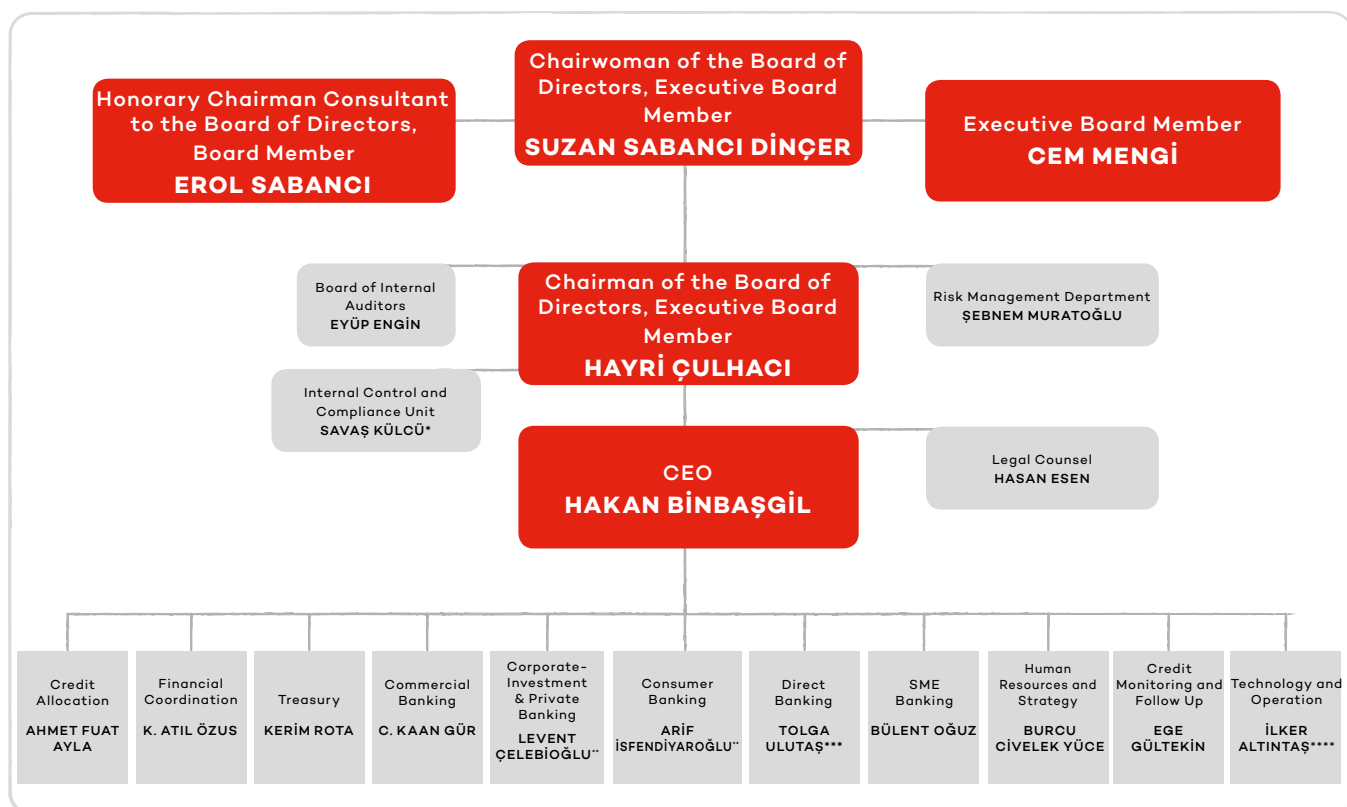
Akbank’s direct and indirect subsidiaries and our shares as of December 31, 2016 are presented below:

Direct and Indirect Subsidiaries	Area of Operations	Share (%)	Country of Operations
Akbank AG	Banking	100.00	Germany
AkLease	Financial Leasing	99.99	Turkey
AkSecurities	Stock Exchange Brokerage Services	100.00	Turkey
AkAsset Management	Portfolio Management	100.00	Turkey

* Akbank’s Board of Directors has resolved to liquidate Akbank Dubai Limited, the Bank’s wholly-owned subsidiary active in the Emirate of Dubai, and to open a representative office at the same location.

AKBANK'S COMPETENCY-ORIENTED ORGANIZATIONAL PLAN

The Bank's latest organizational chart is presented below. As of December 31, 2016, there are 11 Executive Vice Presidents reporting to the CEO. The Board of Internal Auditors, Internal Control and Compliance Unit, and the Risk Management Department report directly to the Bank's Board of Directors.




* Dalga Öztürk vacated the position as Head of Internal Control and Audit as of September 17, 2016. Savaş Külcü was appointed as Head of Internal Control and Audit as of the same date.

** As of July 1, 2016, the "Private Banking Department" was separated from the Retail and Private Banking Business Unit and integrated into the Corporate and Investment Banking Business Unit. As of the same date, the Corporate and Investment Banking Business Unit was renamed as "Corporate-Investment & Private Banking Business Unit" while the Retail and Private Banking Business Unit was renamed as the "Retail Banking Business Unit."

*** Orkun Oğuz resigned from his position as Executive Vice President – Direct Banking on July 19, 2016 and was replaced by Tolga Ulutaş on September 19, 2016.

**** Appointed to this position after Turgut Güney's resignation from his duty as Executive Vice President – Technology & Operations on January 31, 2017.

PRODUCTS AND SERVICES CROWNED WITH AWARDS

 **Akbank sees its national and international awards as positive feedback and continues to move forward with its successful product development initiatives.**

Steadily improving its product and service quality as part of its continuous improvement philosophy, Akbank was deemed worthy of numerous awards in 2016 thanks to its innovative approach. The Bank sees its national and international awards as positive feedback and continues to move forward with its successful product development initiatives.

Akbank was recognized with the following awards in 2016:

Brand Finance

World's Top 500 Most Valuable Banking Brands – 2016 Ranking
– The Most Valuable Banking Brand in Turkey for the Fifth Consecutive Year

Euromoney

“Best Bank in the Middle and Eastern Europe” Award
“Best Bank in Turkey” Award
“Best Private Banking Overall in Turkey” Award

The Banker

“Best Bank in Turkey” Award
“Best Technology Project of the Year in the API Category” Award
“Best Private Banking Overall in Turkey” Award

Global Finance

“Best Mobile Banking in Western Europe” Award
“Best Bank in Turkey” Award
“Best Exchange Supplier in Turkey” Award
“Best Private Banking Overall in Turkey” Award

World Finance

“Best Bank in Turkey” Award

♥ **Steadily improving its product and service quality as part of its continuous improvement philosophy, Akbank was deemed worthy of numerous awards in 2016 thanks to its innovative approach.**

EMEA Finance

“Best Bank in Turkey” Award
 “Best Syndicated Loan Corporation in Central and Eastern Europe” Award
 “Best Borrower Finance Corporation” Award

MasterCard

“Best Customer Value of the Year” Award

Extel European Investor Relations Survey

“Best CFO, Best Bank Investor Relations Team in Turkey” Award

SAP Awards

“Corporate Knowledge Management Project of the Year” Award

Architecture Excellence Awards

“SOA (Service Oriented Architecture) Vision for Corporate Services” Award

Stevie International Business Awards

One Gold, Five Silver and Five Bronze Awards

Brandon Hall Human Resources Excellence Awards

“Best Education Technologies” Bronze Award

Crystal Apple Awards

Two Crystal Apple, One Silver and One Bronze Awards

Turkish Public Relations Association (TÜHİD) Gold Compass Public Relations Awards

Gold Compass Award in “Culture & Art” Category

Private Sector Volunteers Association (ÖSGD) “Gönülden Ödüller” Program

“Best Volunteering Project” Award

— About the Report



OUR APPROACH TO REPORTING

 **The sustainability reporting initiative Akbank has conducted for eight years aims to test the Bank's sustainability performance while offering benchmarking opportunities for stakeholders within its sphere of influence.**

G4-22
G4-23
G4-26
G4-27

Embracing a multidimensional sustainability approach as a globally recognized brand, Akbank aims to present the sustainability-related progress it makes to its stakeholders via the annual sustainability reporting initiative it has conducted since 2009. Bolstering its financial and operational business processes with efficiency-oriented projects while remaining steadfast to its deep-seated corporate culture, the Bank abides by ethical principles under all circumstances while striving to minimize the environmental and social impacts of its operations. Under this approach, the Bank presents the sustainability-related initiatives it has undertaken between January 1, 2016 and December 31, 2016 to its stakeholders in this 2016 Sustainability Report.

Scope of Report Based on Akbank's Priorities

Akbank is the first bank to publish a Sustainability Report in accordance with GRI standards in the Turkish banking industry. The Bank has prepared its Sustainability Reports in accordance with the GRI G4 "Comprehensive" Reporting Option since 2014 in keeping with its continuous improvement philosophy. The Report's content and scope are based on the Bank's primary business areas and corporate goals.

Reader-Friendly Report Layout

The Akbank 2016 Sustainability Report was designed with a more reader-friendly layout to facilitate stakeholder access to information. This Report makes use of data compilation methods that were employed in previous years' reports. Further explanations are provided where new and different methodologies are used.

SCOPE AND FRAMEWORK OF THE REPORT

G4-22

G4-23

♥ Akbank releases the 2016 Sustainability Report to present the social, environmental and economic progress it made between January 1 and December 31, 2016 to its stakeholders.

Executing its operations in keeping with its continuous improvement philosophy, Akbank continued its tradition of using an integrated reporting concept in the 2016 Sustainability Report that also includes the progress Akbank has made pursuant to its commitments under the United Nations Global Compact (UNGC).

Akbank, which formulates all business processes in line with its sustainability approach, releases the 2016 Sustainability Report to present the social, environmental and economic progress it made between January 1 and December 31, 2016 to its stakeholders. In keeping with the practice of the past two years, the 2016 Sustainability Report was prepared in accordance with the "Comprehensive" Reporting

Option of the GRI G4 Reporting Principles, the next-generation reporting framework. A GRI Index is provided at the end of the Report to facilitate easy access for the Bank's stakeholders to the Bank's performance reporting within the scope of the social, environmental and economic GRI indicators.

Akbank's Third Initiative under the G4 Reporting Framework

As the first bank in Turkey to publish a sustainability report in accordance with GRI standards, Akbank's 2016 Sustainability Report represents the Bank's third report in the GRI G4 Reporting Framework. Version G4 of the GRI Sustainability Reporting Guidelines and the Turkish application booklet is available at the link below.

<https://www.globalreporting.org/resource/library/Turkish-G4-Part-One.pdf>

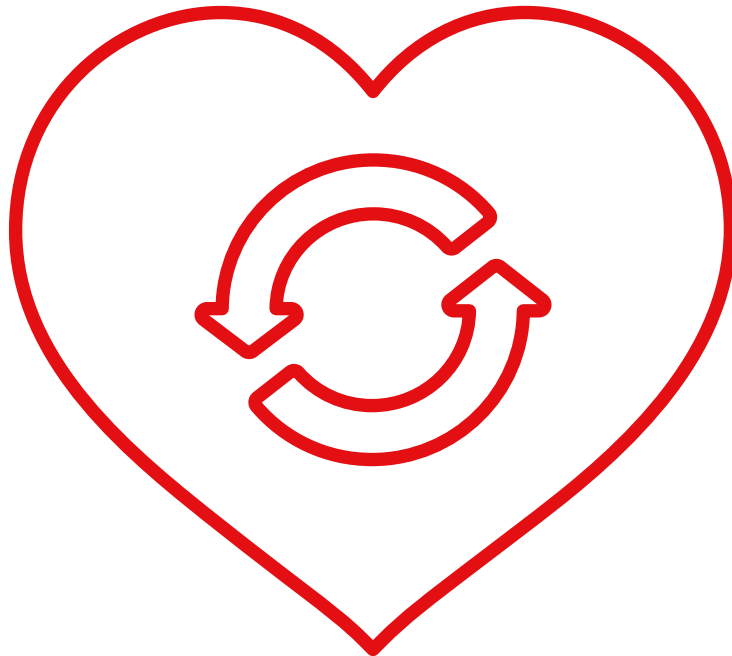
<https://www.globalreporting.org/resource/library/Turkish-G4-Part-Two.pdf>

Integrated Reporting Approach that Entails the Global Compact

Executing its operations in keeping with its continuous improvement philosophy, Akbank continued its tradition of using an integrated reporting concept in the 2016 Sustainability Report that also includes the progress Akbank has made pursuant to its commitments under the United Nations Global Compact (UNGC). A UNGC Index that allows easy access to information regarding four elements of UNGC (labor, human rights, environment, and anti-corruption) and the related 10 principles is provided at the end of the Report.

Akbank has conducted sustainability reporting in line with the G4 Reporting Framework of the Global Reporting Initiative (GRI) for eight years. The Bank aims to test its sustainability performance through this effort, offer benchmarking opportunities for stakeholders within its sphere of influence, and expand the sustainability culture in Turkey.

— Our Approach to Sustainability



OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

 **In order to realize its sustainability vision, Akbank aims to successfully manage significant and material environmental, social, ethical, and economic risks and opportunities that arise in its products, services and operations.**

**G4-26
G4-27**

Akbank sees its annual sustainability reporting initiative conducted in line with GRI Principles as a conduit to report on its efficiency-oriented efforts in a more systematic manner while creating a new corporate communication channel for stakeholder dialogue. Seeing sustainability initiatives as an opportunity to foster stakeholder dialogue, the Bank engages stakeholders in its sustainability goals using corporate communication platforms and makes improvements to business processes in line with the feedback it receives.

Sustainability Reporting: An Effective Tool for Stakeholder Dialogue

Akbank sees the sustainability report, which the Bank is publishing for the eighth time this year, as an effective channel for stakeholder dialogue. Issued annually, the report shares with the public at large the contribution of stakeholders in the Bank's business processes.

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 reach its sustainability vision, we aim to efficiently manage significant and material environmental, social, ethical, and economic risks and opportunities that arise in our products, services and operations. By performing a materiality analysis, we identified the material issues that 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.

Core Priority: Economic Growth of Turkey and Customers

Differentiating from the competition with its sound financial fundamentals and mutual interaction-based relationships with stakeholders, Akbank's sustainability strategy can be summarized as: supporting the economic growth of Turkey and the Bank's customers; delivering products and services that raise society's standard of living while adhering to a code of ethics and providing secure banking; and minimizing the environmental impact of its operations.

While implementing this strategy, our aim is to improve our performance day by day, following roadmaps we devise for each and every significant and material issue and making commitments to this end.

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

A Holistic Sustainability Approach Covering the Entire Organizational Structure

The Corporate Governance Committee (CGC), which directly reports to the Board of Directors, is the highest executive post within the Bank that deals with sustainability related matters. Responsible for ensuring that sustainability efforts are carried out in a holistic manner throughout all business units within the Akbank organization, the Committee also has an oversight function. Akbank's International Advisory Board, comprised of experts who have well-respected accomplishments in their respective fields, also adds value to the Bank's sustainability vision. (The International Advisory Board is discussed in more detail in Corporate Governance at Akbank.)

Full Compliance Target

The Committee 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. 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 "remuneration" task was also given to the Committee and thus its name was changed to "Corporate Governance, Remuneration and Social Responsibility Committee" (CGRSRC). In early 2013, "nominating candidates" was included in the Committee's tasks and thus the name was updated as "Corporate Governance Committee" (CGC).

The Committee meets at least twice a year. Among the items in the 2016 agenda were the analysis of the Bank's current position in terms of sustainability, assessment of future steps, climate change strategies and action plan, entrepreneurship, training and social responsibility projects as community investments.

Effective Reporting Process under the Leadership of Sustainability Team

The holistic management approach set forth by the Corporate Governance Committee covers issues such as integrating environmental, social and ethical aspects into our products and services with a strategic view and developing sustainability policies. One example is that our departments performing core banking

functions and our purchasing departments internalize sustainability by integrating environmental and social elements into their own processes and products. Environmental loans for corporate and SME customers and environmental and social criteria applied to our suppliers are the results of the policies that we implement within the framework of our holistic approach. In addition, there are various significant and material issues handled by related departments of Akbank within the scope of our general business management. These cover issues such as employee satisfaction, ensuring equal opportunities for all employees, customer satisfaction, information security, and employee volunteering. These issues are managed by related departments and have an important role in the Bank's sustainability strategy. Employee satisfaction and customer satisfaction are monitored and these are among the key success indicators for our executive management.

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.

Our Priority Topics in the Sustainability Reporting

The Corporate Social Responsibility Sub-Group under the Investor Relations and Sustainability Department coordinates the process of prioritizing topics to be included in the Bank’s 2016 Sustainability Report, which is prepared according to the “comprehensive” option of the G4 Version of GRI. The Working Group conducted a survey that asked the Bank’s Sustainability Organization and stakeholders to rank by importance the topics that form the basis of G4 Reporting Guidelines. Based on the feedback received, it came up with the prioritization analysis presented below that informed the reporting process.

The Topics Prioritization Study carried out by the Akbank Corporate Social Responsibility Sub-Group, in keeping with stakeholder opinions, identified the topics of Corporate Governance, Sustainable Profitability and Growth, Reduction of Carbon Emissions, Secure Banking, and Customer Satisfaction as those with the highest priority both for Akbank and the Bank’s stakeholders. As a result of this effort, the sections “Corporate Governance at Akbank,” “Value Added to Customers,” “Our Operations and the Environment,” and “Our Approach to Sustainability” were added to the 2016 Sustainability Report. The priority-setting study revealed that “Effective Risk Management and Internal

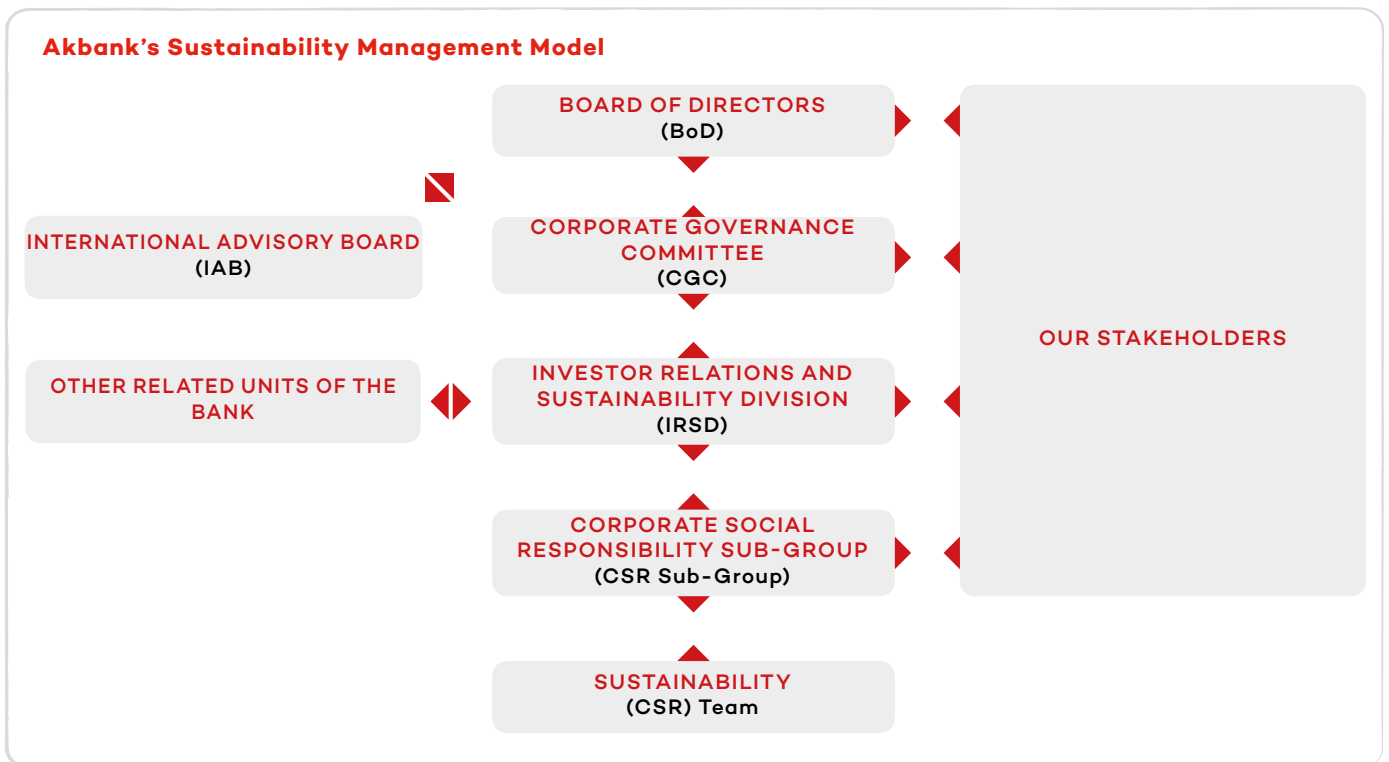
Control,” “Compliance with Anti-Bribery and Corruption Policy,” “Ethical Banking,” “Employee and Human Rights,” “Environmental and Social Risk Management in Lending,” “Sponsorship,” and “Employee Satisfaction” as second tier priorities for both Akbank and its stakeholders. As a result, we focused on the Bank’s related initiatives and added the “Risk Management and Legal Compliance” and “Our Community Investment” sections to the 2016 Sustainability Report. In addition to the sustainability reporting, Akbank also designed the prioritization of topics study as a guide for internal corporate sustainability initiatives.

Akbank 2016 Sustainability Report Topics Prioritization Study G4-18

Impact on Akbank	High		Sponsorship Employee Satisfaction Effective Risk Management and Internal Control Compliance with Anti-Bribery and Corruption Policies Ethical Banking Employee and Human Rights Environmental and Social Risk Management in Lending	Corporate Governance Carbon Emissions Secure Banking Sustainable Profitability and Growth Customer Satisfaction
	Middle	Environmentally-friendly Products and Services	Career Development and Training Employee Volunteering Employee Awareness Stakeholder Dialogue Equal Opportunity Innovative Products and Services Facilitating Access to Financial Services Saving Paper and Technological Wastes	
	Low	Sustainability in Supply Chain		
		Low	Middle	High
		Priorities for Stakeholders		

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

♥ Akbank keeps its employees informed via various internal communication channels and conducts sustainability training for the staff.



Awareness Training for Employees

Placing great importance on engaging the Bank's staff in its corporate sustainability goals, Akbank keeps its employees informed via various internal communication channels while also carrying out sustainability training activities for its personnel. Field work is conducted for staff members

employed at the Akbank branches that span the entire country.

Continuous Training Activities in Line with the Global Compact

The more prominent such channels include classroom training and e-learning programs as well as the corporate portal. Thanks to the classroom training sessions organized

to increase the awareness of branch employees, the Bank administered sustainability training to its field employees serving in every corner of Turkey. As a result of these efforts, 2,985 employees in 2012, 1,274 employees in 2013, 1,082 employees in 2014 and 91 employees in 2015, for a total of 5,432 employees, received basic sustainability training. As part

The Sustainability Approach e-learning program has been completed by 17,144 employees since its launch in 2011.

of this applied training effort based on the 10 principles of the United Nations Global Compact, participants were educated particularly in sustainability management initiatives in banking.

Another comprehensive classroom training instituted by Akbank on this subject is the Sustainability Approach training that is mandatory for all new employees of the Bank. This training aims to arm new employees with basic sustainability awareness through a training package the content of which is custom-designed by the Bank.

Sustainability Approach Training Completed by 17,144 Employees

The Sustainability Approach e-learning program has been completed by 17,144 employees since its launch in 2011. In an attempt to increase the awareness on Akbank's sustainability initiatives within the Bank, the Akbank Sustainability Report published in light of the GRI Guidelines is shared with all managers and

senior vice presidents annually. Criticisms and suggestions are assessed as feedback and help inform the content development process.

There is a "Corporate Social Responsibility" section of the corporate portal, to which employees have full access, in the report. As part of this effort, the related section was enriched with a wide variety of contemporary information, from the Bank's sustainability approach to its corporate social responsibility projects. We present information on volunteer efforts and opportunities in the "Volunteering" section on our internal communication portal. In addition, the Bank's sustainability initiatives are also shared with the employees via corporate TV screens located in Akbank branches as well as through e-mail messages.

Fifty Percent of Suppliers Committed to Complying with Akbank's Principles

Managing its relationships with suppliers that operate in diverse business segments pursuant to

its Supplier Management Policy, Akbank supports supplier firms in complying with the principles stipulated in the United Nations Global Compact. The Bank gives priority to vendors who employ more environmentally friendly and socially sensitive systems in purchasing services and products as part of its procurement strategy. Akbank pays utmost attention to using transparent procurement processes that comply with international quality standards.

Akbank boasts a robust portfolio of suppliers. Nearly 50% of the companies within the Bank's supplier portfolio signed declarations committing to comply with Akbank's principles and policies while conducting their operations. Continuously auditing its supplier firms to ensure their compliance, the Bank helps suppliers to operate in compliance with Akbank's principles and policies.

OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

 **Engaging stakeholders in its sustainability goals, Akbank has the necessary communication channels to inform its stakeholders regarding the Bank’s commitments.**

Our Sustainability Commitment

Engaging stakeholders in its sustainability goals, Akbank has the necessary communication channels to inform its stakeholders regarding the Bank’s commitments.

Subject of Commitment	2016 Status Evaluation	Our Commitments
Financial Performance		
Sustainable profitability and growth	Differentiated from the competition with its sound capital position, Akbank maintained its sustainable financial and operational performance in 2016.	Akbank aims to diversify its lineup of products based on customer needs and expectations and ensure the sustainability of the Bank’s financial and operational success.
Sustainability Management		
Roles and responsibilities	We officially included related responsibilities into the job definitions of Sustainability Team leader and its members. The Bank took the necessary steps to include sustainability in the performance evaluation criteria of team members.	In coordination with the Investor Relations and Sustainability Department, the Bank aims to formulate action plans to guide the Akbank sustainability strategy and to implement them by way of the Sustainability Team.
Sustainability in the supply chain	Nearly 50% of the companies within the Bank’s supplier portfolio signed declarations committing to complying with Akbank’s principles and policies as well as with the UN Global Compact.	Akbank plans to secure from the Bank’s suppliers declarations of commitment to comply with Akbank’s Code of Ethics and sustainability policies.
Employee awareness	As of year-end 2016, the Bank delivered sustainability approach awareness training to its employees via the custom-designed classroom sustainability training course.	Akbank intends to leverage advances in education and training technologies to deliver more comprehensive and creative sustainability training to stakeholders.
Dialogue with shareholders	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 (1.5 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 aims to increase stakeholder engagement and further improve operational efficiency.
Corporate Governance, Risk Management and Legal Compliance		
Transparent corporate management	The Investor Relations and Sustainability Division, in conjunction with the Bank’s senior executives, participated in a total of 17 investor conferences in Turkey and abroad in 2016 and met with nearly 250 international investor funds and four rating agencies.	Embracing the principle of developing mutual trust-based relations with shareholders as well as current and potential investors, Akbank is committed to strengthening the Bank’s corporate governance in terms of accountability.
Information security	Akbank continuously carries out educational initiatives to raise information security literacy among employees to create a staff that has a higher level of awareness of this key issue.	Seven percent of overall technology investment at Akbank in 2016 was geared toward security. In addition to capital investments, the Bank also undertook initiatives related to complying with laws, rules and regulations, ensuring cyber security, and engaging in technology risk management.

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. Leveraging the experience it has gained while serving customers, the Bank constantly improves itself and strives for the better in pursuit of developing products and services that will make a difference. Thanks to the changes made to the Bank's customer satisfaction systems and processes, the average time of resolution, tracked on the basis of each individual customer, was reduced from three days to two days. Meanwhile, service quality compliance increased from 60% to 90% and the rate of resolution at the first point of contact jumped from 65% to 90%.	Akbank plans to continue improving its products and services in pursuit of unconditional customer satisfaction.
Environment-friendly products and services	Akbank obtained a new USD 110 million facility from the EBRD in 2016 to finance renewable energy and energy efficiency projects.	Akbank aims to contribute to environmental sustainability by extending loans to energy conservation and renewable energy projects.
Environmental and social risk management in loans	Akbank's Loan Appraisal Supervisors are charged with effectively managing risk in the Bank's lending processes, including environmental risks.	Akbank intends to raise the environmental and social risk management awareness among all employees involved in lending processes.
Innovative products and services to facilitate access to financial services.	As of year-end 2016, Akbank Direct serves over 3 million customers through the internet and mobile channels.	The Bank aims to continue using an innovative approach and maintaining a competitive edge in technology.
Our Employees		
Employee Engagement	The Bank continued to carry out initiatives to ensure the sustainability of employee engagement in 2016. 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.	Akbank aims to properly identify employee perception of the workplace in various dimensions through periodically conducted Employee Engagement Surveys and take action based on personnel feedback.
Training	Akbank employees attended a total of 867,785 hours of training in 2016, corresponding to nine business days of training per employee.	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.
Equal opportunity	In the evaluation conducted based on 22 criteria within the scope of the Equal Opportunity Model Project, Akbank received FEM certification. In addition, 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 life.	Akbank strives to ensure the sustainability of operational efficiency by providing an equal opportunity-based professional environment for Bank personnel.
Environmental Impacts of Our Operations		
Our environmental impact	Akbank continued to successfully undertake initiatives to minimize the environmental impact of its operations in 2016.	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 2016 owing to the energy efficiency projects it has implemented.	Akbank plans to continue actively supporting initiatives to combat climate change in the coming year.
Investing in Communities		
Community investment through sponsorships	Monochrome, Contemporary Artists Prize Exhibition, and the Incident of Art exhibitions were presented to Turkish arts enthusiasts at Akbank Art Center in 2016. In addition, as part of "Young Volunteers" project, 500 young people participated in volunteer activities in 2016; subsequently, they were afforded the opportunity to attend the Imany Concert at the Jazz Festival. Akbank, which positions itself as an exemplary corporate citizen, plans to continue lending sponsorship support to qualified projects in education, youth, entrepreneurialism, culture-art 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 2016 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 in Istanbul and in Izmir. Akbank also partnered with Endeavor in 2016 and launched the "Smartstartup Cities" Program in Ankara and in Izmir.	Our goal in this initiative is to reach out to active entrepreneurs in these cities, support them, create role models out of them, and contribute to the development of a region-based entrepreneurship ecosystem.
Community investment through employee volunteering	Under the "Akbank Volunteers" system, the Bank carried out volunteering projects in every corner of Turkey with the support of Volunteer Leaders from across the country.	Akbank embraces the principle of encouraging its employees to volunteer in community projects.

STAKEHOLDER ENGAGEMENT

G4-24

G4-25

G4-26

G4-27

Believing that stakeholder dialogue will boost its value-added creation, Akbank's stakeholder map includes all companies and organizations that are impacted by its operations, products or services and that directly or indirectly influence the Bank's performance. Understanding that stakeholder dialogue constitutes the core principle of corporate responsibility, the Bank conducts its sustainability initiatives in light of stakeholder expectations and opinions. The Bank used state-of-the-art technology in stakeholder dialogue processes and created numerous corporate communication channels.

Dialogue Platforms Based on Trust and Transparency

The Bank implements a multi-channel stakeholder communication strategy that leverages the strength of the Bank's long-standing corporate structure and the latest advances in information technology. The Akbank website (www.akbank.com) and the regularly issued Annual Report and Sustainability Report are the main platforms used to inform the stakeholders. In addition, Akbank also benefits from multi-faceted dialogue platforms specially designed for each stakeholder group in order to receive feedback from and establish dialogue with them.

Examples of the Bank's dialogues with key stakeholders are presented in the table below:

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 of Turkey (CMB) Corporate Governance Principles Compliance Report Press Releases, Investor Presentations	The dialogue mechanism that was developed to ensure continuous communication between the Bank management and shareholders is based upon the principles of "transparency, accountability, and regular information dissemination".	Akbank's Corporate Social Responsibility Sub-Group within the Investor Relations and Sustainability Department informs investors on the Bank's environmental, social and economic sustainability performance both in writing and verbally.
Employees		
Quarterly live TV broadcasts by the Bank's CEO, live broadcast of "New Generation Akbank Meetings," Breakfast with the CEO events, Akbank Volunteers program 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. 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; SME Export Academy Seminars; 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 (1.5 Million Followers in Total); E-Mail Notifications; Customer Business Development Meetings; SME Informational Meetings; www.kobilersizininicm.com Website; Akbank Art Center Events; Media, Advertising and Promotional Campaigns; E-Mail Messages; and Corporate TVs	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.

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, Compliance Reports	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 legislation amendments to related authorities.	
Suppliers		
Supplier Identification Forms, Meetings, Akbank Code of Ethics	Akbank expects its cooperating suppliers to act in accordance with the Bank's principles and values. The Bank also supports their development through continuous information transfer.	As a result of informing the companies in its supplier portfolio on Akbank's Code of Ethics and sustainability policies, approximately 50% of them declared their commitment to comply with Akbank's principles and policies.
University Students		
Activities Organized and Supported Directly by Akbank, CaseCampus Entrepreneurship Program, Akbank Thinking Club, Information Meetings, Youth Banking, Campus Branches, Brochures and Promotion 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 further introduce Akbank to those who will graduate soon.	The CaseCampus Program, launched jointly with Endeavor Turkey for university students who dream of starting their own business, celebrated its first graduates in 2016. During the program, interview simulations were conducted at Boğaziçi University. These mock interviews with young people were performed as if they were part of an actual recruiting process; subsequently, feedback was provided to the participants. 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 (e.g. "Akbank for You Meetings"), National Sponsorship, Volunteer Activities, Culture&Art Activities, Press Releases	Akbank strives to support numerous activities that offer social benefits and to reach local communities in areas where it operates.	The Bank held "Akbank for You Meetings" in 19 cities and shared the economic developments in the world and in Turkey, met with local authorities to hear local problems and find solutions, and exchanged opinions. Akbank volunteers across the nation carry out social responsibility projects that create value for the locations they live and work in. The Bank sponsored local organizations such as the Adana Orange Blossoms Festival, Milas Olive Harvest Festival and Gaziantep Children's Festival.
Non-Governmental Organizations		
Cooperation in Social Engagement Practices, Sponsorships, Meetings, Conferences, Study Groups	Akbank pays attention to 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

G4-24
G4-25
G4-26
G4-27

♥ Akbank prioritizes support to local and international initiatives and trade associations in the areas of economic, environmental and social sustainability.

Memberships in Associations and Unions, Signed Initiatives

Conducting its operations in alignment with the Bank's social responsibilities since the day it was founded, Akbank prioritizes support to local and international initiatives and trade associations in the areas of economic, environmental and social sustainability.

Our memberships in associations and unions, as well as the local and global initiatives we signed within the framework of sustainability are grouped below:

- ♥ 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 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 (IKSV)
- ♥ 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)
- ♥ Women's Empowerment Principles – WEPs

The greatest evidence of Akbank's commitment to universal principles of human rights, labor conditions, environment, and anti-corruption is its signature under the United Nations Global Compact (UNGC).

UN Global Compact - Compliant Business Processes

Rights, labor conditions, environment, and anti-corruption is its signature under the United Nations Global Compact (UNGC) – one of the important corporate social responsibility initiatives worldwide. With this signature, Akbank takes responsibilities such as respect for human rights, providing a safe and healthy work environment, protecting the environment, offering sustainable values and benefits to employees and the society by means of policies and practices that cover transparent corporate management. Thus, Akbank pledges to fulfill its duties in creating more humane globalization.

Leveraging Corporate Know-How and Experience to Contribute to Public Policy

It is an utmost priority for Akbank representatives to participate in forums, conferences and working groups as a speaker or an observer in order to make the Company's banking industry experience and know-how available to stakeholders. The

Bank also sponsors events that are in line with its corporate policy and strategy.

With the capability to make coordinated use of various communication channels thanks to a sound corporate structure, 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 good example of Akbank's contributions to public policy is the initiative of Ms. Suzan Sabancı Dinçer, Chairwoman 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.

Activities Sponsored in 2016

Continuing to make uninterrupted social investments in support of Turkey's sustainable development efforts, Akbank was an active participant and official sponsor of numerous significant events and activities to benefit Turkey.

Events Bringing Together Finance Industry Thought Leaders

FT Turkey Summit 2016

The Financial Times Turkey Summit was held in Istanbul under the sponsorship of Akbank and Turkish Airlines in partnership with the Turkish-British Business Council of the Foreign Economic Relations Board of Turkey (DEİK). Organized around the theme "New Turkey," the summit included discussions on Turkey's economic and political position in the aftermath of the election and the impacts of the election. The summit's opening addresses featured David Gardner, International Affairs Editor of the Financial Times.

Stars of Export - Export Promotion Awards

Held by Dünya newspaper in partnership with DHL and Vodafone, the "Stars of Export - Export Incentive Awards" competition has been organized under the Bank's main sponsorship since 2002. Companies that won awards also received a certificate and a gift from Akbank.

CLIMATE CHANGE MANAGEMENT UNDER CORPORATE GOVERNANCE COMMITTEE GUIDANCE

Akbank regularly updates its risk management approach in the face of the adverse impacts of climate change on human activities.

Closely monitoring international strategies to combat global climate change at the UN level, Akbank's climate change solution strategies are formulated by the Corporate Governance Committee, which directly reports to the Board of Directors. In addition, the International Advisory Board contributes to the Bank's vision while the Investor Relations and Sustainability Department ensures coordination and management of the issue within the Bank.

Other departments such as Branch Operations, Architectural Works, and Personnel Management are responsible for collecting data, including energy consumption and implementation of energy saving practices.

Risk and Opportunity Oriented Assessment Approach

Climate change, which is caused by increasing levels of greenhouse gas emissions in the earth's atmosphere, 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 to be put into effect in Turkey and its trading partners pose the risk of legal non-compliance 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.

Proactive Risk Management Approach

Akbank continually updates its risk management approach in the face of the adverse impacts of climate change on human activities. By 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 the changes in laws and regulations related to energy efficiency and renewable energy, which gain in prominence in Turkey by the day, with its specialized staff, and carries out comprehensive compliance efforts. In addition, Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. In addition, the Bank measures the carbon emissions stemming from its operations and business travel, and undertakes initiatives to minimize these emissions.

Akbank launched numerous initiatives to measure, track and reduce the greenhouse gas emissions resulting from electricity and fuel use in Akbank buildings and from fuels used in employee business and training related travel.

Following its participation in the Carbon Disclosure Project in 2009, the Bank began undertaking more comprehensive and systematic studies to measure the greenhouse gas emissions (in equivalent carbon dioxide terms) resulting from the Bank's operations and to take measures to reduce this emission level. A number of initiatives were launched geared toward measuring, tracking and reducing the greenhouse gas emissions resulting from electricity and fuel use in Akbank buildings and from fuels used in employees' business and training travels. Akbank launched a system to systematically monitor and report energy consumption and greenhouse gas data of its branches. Thanks to this system, Akbank began to track the data for business units. (Detailed information on energy and carbon management is presented in the "Our Operations and the Environment" section of this Report.)

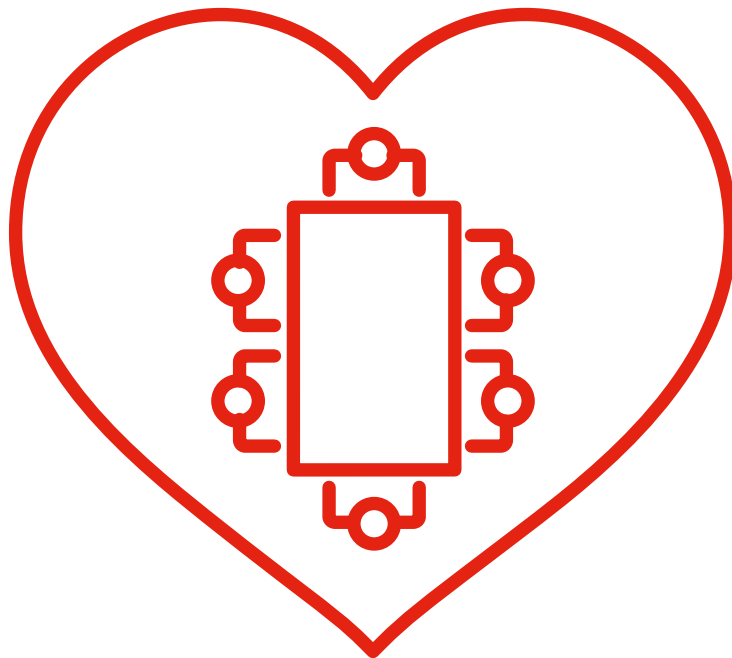
Akbank shares its climate change strategies and greenhouse gas emissions data with stakeholders by way of the annually-published Sustainability Report as well as the CDP Report. The Bank submitted the sixth Report to the CDP Secretariat in 2015 and plans to release the seventh report in 2016.

"Climate-Friendly" Products and Services

Akbank has implemented a two-pronged strategy against global climate change. The Bank undertakes innovative projects aimed at reducing the greenhouse gas emissions from its operations while focusing on minimizing the environmental impacts of customer activity by offering "environment friendly" products and services.

Akbank shares its climate change strategies and greenhouse gas emissions data with stakeholders via the annually-published Sustainability Report as well as the CDP Report.

— Corporate Governance at Akbank



Akbank fully complies with all the obligations of being a publicly listed company.

The pioneering actor in the Turkish banking industry with its successful financial and operational performance oriented toward long-term strategic goals, Akbank has embraced a professional corporate governance approach.

Akbank's corporate governance practices are assessed under the following categories:

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

The Bank of Firsts and Pioneers

Relations with stakeholders are covered in another section of the Report; the other three subjects have been detailed in this section.

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 in its website (2004).

- Buy back its founders' shares (2005).
- Sign the United Nations Global Compact (2007).
- Publish UN Global Compact Communication on Progress Report (2010).
- Pioneer in Supporting the Implementation of the Carbon Disclosure Project (CDP) in Turkey (2010).
- Publish a Sustainability Report in Accordance with GRI Standards (2010).
- Participate in the Carbon Disclosure Project (CDP) Global 500 Reporting (2010).

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

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Executing its business activities to create value for the savings of its shareholders, Akbank fully complies with all the obligations of being a publicly listed company. The Bank's goal in this approach is to solidify its position as an attractive and predictable investment vehicle for current shareholders and potential investors.

Investor Relations and Sustainability Department

In order to manage and strengthen relations with both existing and potential shareholders, Akbank established an Investor Relations Group in 1996. The Investor Relations and Sustainability Department (IRSD) replies to all questions that are not related to commercial secrets, taking the principle of equality into consideration and thus it is ensured that the Bank management and shareholders are in continuous communication. In addition, there is a Financial Accounting and Shareholders Transactions Directorate at Akbank to facilitate monitoring the rights of shareholders.

Effective Information Disclosure Processes 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 Participation in International and Domestic Investment Conferences

In 2016, the Investor Relations and Sustainability Department attended a total of 21 domestic and foreign investor conferences together with executive management of Akbank and had meetings with approximately 250 international investment funds and four rating institutions. Also, more than 500 questions posed by investors and analysts via telephone and e-mails were answered.

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, Adana and Izmir Commercial Branches three weeks before the General Assembly. In addition, matters stipulated in article numbered 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.

Mechanisms 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, avoids injustice, 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.

OUR PUBLIC DISCLOSURE POLICY

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 for monitoring, supervising, and improving the public disclosure policy.

The Financial Coordination and International Reporting Department, Investor Relations and Sustainability Department, and the Corporate Communication Department, which collectively serve as the Shareholder Relations Unit under the Financial Coordination business unit, are assigned to oversee and monitor all issues pertaining to public disclosures.

Strong Information Disclosure Channels for the Public at Large

Akbank Website, material disclosures, Akbank branches, Call Center, Akbank IR Apps iOS 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 is also utilized in disseminating information to stakeholders.

♥ The primary 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.

AKBANK BOARD OF DIRECTORS

Structure of the Board of Directors

As of year-end 2016, there are three executive and seven non-executive members on Akbank's Board of Directors. The Chairman of the Board of Directors of the Bank is also an Executive Member with responsibility in all areas.

The Bank's Board of Directors had three Independent Members during 2016.

According to the Capital Markets Board's Corporate Governance Principles, Audit Committee Members of banks are considered Independent Members of the Board of Directors. Hayri Çulhacı and Yaman Törüner, Members of the Audit Committee, are Independent Members. The other Independent Member of the Bank's Board of Directors is Aydın Günter, who satisfies all the independence criteria of the Capital Markets Board and who was ratified for a one-year term by the shareholders at the Ordinary General Assembly Meeting on March 31, 2016. The report of the Corporate Governance Committee dated

January 13, 2016 stating that Aydın Günter satisfies all the independence criteria was submitted to the Board of Directors; the Board of Directors resolved to refer Aykut Demiray to the Capital Markets Board as an Independent Board Member nominee.

The terms of the Members of the Board of Directors who were elected in March 2016 will expire in 2017. All Members of the Board of Directors attend meetings unless excused.

There is a secretariat for informing and communicating with the Members of the Board of Akbank. The Board meets at least 12 times a year. Board Members pay attention to participating in and contributing to every meeting. The Chairman consults other Board Members and the CEO to define the agenda of the meeting. Information and documentation on the agenda are presented to the Members of the Board prior to the meeting.

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. Each member of the Board of Directors is entitled to one vote.

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.

Board of Directors: The Body that Sets the Strategic Roadmap

The Board of Directors sets the Bank's strategic objectives, determines the human and financial resources Akbank will need, and supervises the performance of the management team. The Board of Directors

The Board of Directors approves Akbank's annual budget and strategic plan, closely monitors actuals in comparison to the budget, receives information on deviations, and reviews the adopted resolutions.

oversees the compliance of the Bank's activities with laws and regulations, the Articles of Association, internal regulations and policies.

The Board of Directors operates in a transparent, accountable, fair, and responsible manner. The Board plays an active role in maintaining an efficient communication between the Bank and shareholders as well as in resolving potential disputes.

Akbank's Highest Approval Body

The Board of Directors approves Akbank's annual budget and strategic plan, closely monitors actual comparisons with the budget, receives information on deviations, and reviews the resolutions made. 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 given 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.

Board of Directors Committees

In Akbank's Board of Directors, there are various committees for different tasks. In addition to such committees, Board of Internal Auditors, Internal Control and Compliance Division, and Risk Management Department directly report to the Board of Directors.

Audit Committee: The Bank's Utmost Auditing Body

The Audit Committee helps the Board in the performance of supervision and oversight functions; oversees the functioning and adequacy of the internal systems as well as

the accounting and reporting systems. The Committee convenes at least four times a year.

Corporate Governance Committee: The Body Responsible for Social Responsibility Initiatives

The CGC was established in 2009 with the aim of monitoring compliance with corporate governance principles and supervising the implementation of corporate social responsibility activities, under the name of Corporate Governance and Social Responsibility Committee in 2009. 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,

♥ The Corporate Governance and Social Responsibility Committee was established in 2009 to monitor compliance with Corporate Governance Principles and oversee the implementation of corporate social responsibility activities.

auditing, and reporting remuneration operations on behalf of the Board of Directors. The Committee convenes at least twice a year. The chairman and majority of the members of the Committee are Independent Board Members.

Credit Committee: The Key Authority in Lending Processes

The Credit Committee is a loan assignment resolution center that examines loan offers which have passed loan processes of the General Directorate in terms of compliance with legal regulations, banking principles, the Bank's goals and loan policies.

Executive Risk Committee: The Body that Determines the Risk Policy

The Executive Risk Committee (ERC) is responsible for creating risk policies, identifying methods to measure and manage risks, setting and monitoring suitable risk limits. All risk policies are put down in writing and integrated into the long-term overall strategy of the Bank. The Risk Committee convenes at least four times each year.

Asset-Liability Committee: The Authority that Sets the Bank's Funding Strategies

The Asset-Liability Committee (ALC) is chaired by the CEO and is responsible for daily liquidity and cash management. ALC meets at least twice a week to discuss the latest developments in the economy and the markets. It is also responsible for devising investment, pricing, and funding strategies.

Rights of the Board Members

Implementing a remuneration policy in line with the regulations of the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB), Akbank has documented in writing the compensation principles for the Members of the Board of Directors and senior executives. It has also shared this information with stakeholders on the Bank's website.

Remuneration Policy in Line with BRSA and CMB Regulations

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 published on the Bank's website. These payments are determined annually by the Board of Directors. The Banking Code limits loans to be granted by Akbank to the Board Members and they are not granted any loans against this mandate.


International Advisory Board: Evidence of Akbank's International Vision

Chaired by Ms. Suzan Sabancı Dinçer, the Akbank Advisory Board is responsible for closely monitoring global and local economic developments under the stewardship of its experienced members. The Board, which consists of 12 members, convened twice during 2016. At these meetings, the latest trends in the global economy, main trends in monetary and finance policies, and current opportunities for the Turkish economy were discussed with a global perspective.

— Risk Management and Legal Compliance



FORWARD-LOOKING RISK MANAGEMENT APPROACH

 **Akbank formulates its risk policies in consideration of the Bank's long-term strategies, corporate goals, and scope of operations.**

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, 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.

Risk Management Policies Bolstered by Employee Support

All Akbank employees are responsible for compliance with policies and strategies drawn by the Board of Directors, for effective management of risks related to their own areas of operation, and for taking necessary actions to comply with the legislation.

Risk Management in Line with Corporate Goals

Akbank formulates the Bank's risk policies in consideration of long-term strategies, corporate goals and the scope of operations. The Bank has adopted a multi-faceted approach that encompasses risk management, legal and regulatory compliance, and environmental-social impact analysis in making major decisions such as capital allocation, portfolio/investment choices, and launching new products or initiatives.

Risk Management Models at International Quality Standards

The Bank constantly reviews the risks that it may be exposed to during the course of its operations and makes the necessary policy, procedure or application updates as required by prevailing circumstances. Such updates are performed by closely following and implementing

changes, innovations, arrangements and models in internationally-recognized risk management principles. All of the analyses, calculations, simulations, scenarios, stress tests and other efforts play a determinant role in the strategic decisions made by our Bank's Board of Directors and senior executive management.

Sustainability-oriented Pluralistic Risk Perception

The issues below come to the fore when sustainability in risk management is considered:

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.

FORWARD-LOOKING RISK MANAGEMENT APPROACH

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), 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.

Reputation Risks

Reputation risk is a significant risk in terms of sustainability. All Akbank employees, notably the Board of Directors, are held 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.

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.

Operational Risks

Operational risks are another major risk category with great significance for banking activities. In general, operational risks result from overlooking errors and irregularities due to failures in the control of business processes, Bank management's and employees' failure to act in accordance with the time and conditions, errors and irregularities in IT systems, or natural disasters. Akbank effectively employs mechanisms such as differentiated and diversified controls, insurance, and limits to manage operational risks, which are related to all risk categories led by 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 operational risk perspective and actively monitors the actions taken at its regularly-held meetings.

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.

INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM

 **By way of the Bank's internal control system, Akbank aims to protect its assets; conduct its operations effectively and efficiently, in compliance with laws, rules and regulations; and establish a reliable and holistic accounting and financial reporting system.**

By way of the Bank's internal control system, Akbank aims to protect its assets; conduct operations effectively and efficiently, in compliance with laws, rules and regulations; and establish a reliable and holistic accounting and financial reporting system. The responsibility of managing the system in a way that creates value-added for the Bank falls on all employees, led by the Board of Directors. The Audit Committee's function is to aid the Board of Directors in its activities this arena.

Strong Control and Audit Infrastructure

The most important component of an effective internal control system is the control environment. The control environment at Akbank is defined within certain rules and designed to contribute to all business processes. In addition, arrangements on issues such as organization structure, Ethical Principles, distribution of authority and responsibility are also performed. Our employees are encouraged to identify and assess risks that may prevent the Bank from reaching its targets and are continuously reminded of the importance of control activities in managing such risks.

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

- 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,
- Establishment of effective and comprehensive communication channels, hearing suggestions of employees on processes and activities, and implementing them.

INTERNAL CONTROL AND COMPLIANCE DIVISION

The Division performs periodic controls in branches and the Head Office Departments to measure the effectiveness and adequacy of internal controls performed during the execution of the Bank's operations and

to see whether the internal controls are in conformity with the laws and internal legislation and are performed effectively and efficiently. The Division also works to establish control systems in required areas.

Leveraging a state-of-the-art technology infrastructure in its operations, the Internal Control and Compliance Division plays a key role in managing the Bank's operational, legal and reputational risks. The Internal Control and Compliance Division works in cooperation with other departments in strengthening Akbank's internal control environment, as well as expanding and improving the internal control activities. The Division 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.

Five-Pronged Internal Control and Legal Compliance Processes

The Internal Control and Compliance Division conducted its operations under five main categories in 2016. As part of Head Office and process

INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM

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.

In addition, the Division conducted on-site or centralized routine branch controls to evaluate the control environment; review the control activities; and to reduce errors and flaws that may result in operational risks.

As part of compliance controls, the Internal Control and Compliance Division conducted monitoring, oversight and control activities for internalization and implementation of new legal regulations in the banking legislation compliance area. 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.

As part of information systems controls, the Internal Control and Compliance Division analyzed the warnings generated by the data leakage system, and performed controls on security parameters and authorizations

in the systems comprising the information technology infrastructure. In addition, the Division checked authorizations in core banking applications against job descriptions and reviewed the audit trails for critical transactions.

The Internal Control and Compliance Division is also charged with administering and coordinating the audit and regulation relationships. 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. The Division also 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 the regulatory and supervisory authorities and entities.

BOARD OF INTERNAL AUDITORS

The Board of Internal Auditors is responsible for conducting audits and evaluations to ensure the execution of the Bank's activities in accordance with laws, rules and regulations as well as with strategies and policies set forth by the Board of Directors. The Board of Internal Auditors is also charged with improved productivity; enhanced service quality; and effectiveness and adequacy of the Bank's internal control and risk management systems and corporate governance processes.

Board of Internal Auditors: Coordinator of Internal Audit Activities

Internal audits are performed in a way that covers all units, processes and operations and are planned with a risk-oriented point of view. 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.

Audit Mechanisms against Claims of Irregularity

The Board of Internal Auditors examines the reliability and integrity of the Bank's information systems and checks whether information is accessed on time. It performs information security audits based upon international standards. It also expends efforts to identify and solve probable irregularity notifications from legal bodies (including those via the Ethics Line), the Bank itself, and our customers. The Board of Internal Auditors also investigates and resolves all probable fraud notifications.

As a result of the operations of the Board of Internal Auditors, findings are identified through internal control and suggestions are made to develop the processes, increase efficiency, and strengthen internal systems. Furthermore, actions taken accordingly are actively monitored.

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 Board of Directors.

TOTAL HARMONY WITH LEGAL LEGISLATION

Akbank executes the compliance process stemming from legal, rule and regulatory changes with the coordination of various units and the support of all Akbank employees.

As part of the Bank's sustainability approach, Akbank places great importance on legal compliance initiatives in two areas in particular:

Tight Controls for Prevention of Laundering Proceeds of Crime

As stipulated by international banking regulations and governing legislation, Akbank's risk management pays significant attention to guarding against laundering the proceeds of crime and financing terrorism. In this context, implementation details of precautions and principles aimed to identify, rate, monitor, evaluate, and prevent potential risks are fulfilled by considering the liabilities in relation to knowing the customer.

Compliance with International Regulatory Authority Standards Initiatives

Akbank operates within the framework of the "Know Your Customer Policy" ("Know Your Customer Policy and Principles to Prevent Laundering of Proceeds of Crime and Financing of Terrorism") prepared in accordance with national legislation as well as principles, regulations, and standards set by international authorities. In line with the standards issued by the United Nations Security Council

and Financial Action Task Force, systemic controls are made to prevent mediating in banking transactions for laundering proceeds of crime, financing of terrorism, and other illegal activities.

The Internal Control and Compliance Division is also responsible for conducting the controls regarding the transactions with high-risk countries in accordance with the regulations published by international regulatory authorities (OFAC, EU, UN, et al.). In addition, the policies and procedures formulated regarding this subject are announced to the entire Bank.

Compliance in Product Promotions and Marketing Communication

All kinds of communication operations performed with the aim of promotion and marketing of banking products and services are subject to various laws and regulations. Every employee who communicates with customers, including the Corporate Communications Department, is responsible for the compliance of our communication activities with applicable laws and regulations.

Product Promotion Efforts that Protect Customer Privacy

In all efforts related to product promotions, sales and marketing communications (including advertisements and sponsorships), Akbank's priority is to abide by generally accepted ethical rules, privacy of personal information, laws and regulations.

In all efforts related to product promotions, sales and marketing communications (including advertisements and sponsorships), Akbank abides by generally accepted ethical rules, privacy of personal information, and applicable laws, rules and regulations.

Transparent Information Disclosure Policy

Akbank pays maximum attention while promoting and marketing its products and services in order to avoid any loss of rights of its customers. For instance, in credit card commercials broadcast on TV, the Bank makes sure that informative subtitles are used and the size of letters as well as the flow rate of subtitles is appropriate and legible. Akbank announces the campaigns and innovations regarding its products on the Akbank corporate website and transmits them via e-mail and SMS to customers who opt for such communication. Pursuant to its transparent pricing policy and taking legal obligations into consideration, Akbank announces to its customers the terms and conditions of all of its banking products and services, and information such as fees, commissions and interest rates, through various channels, including the Akbank website.

SECURE BANKING IN LIGHT OF STATE-OF-THE-ART TECHNOLOGY APPLICATIONS

Security in banking products and services can be addressed under two main areas: confidentiality and safety of customer information and information safety.

Responsibility in providing secure banking services begins as soon as the product or service is sold and continues for the entire lifecycle of it. Any negative experience in any phase of this cycle could result in losing a customer and adversely affect our reputation and thus, the “secure banking” principle is fundamental to Akbank’s services.

New Investments for Information Security

Ensuring confidentiality of customer information is a requirement of the law as well as of our Bank’s rules and ethical principles. Therefore, only relevant and authorized employees can have access to customer information and transactions made using such information are regularly monitored and recorded. Using customer information outside the Bank is limited only to legally authorized people and institutions.

Our new employees are trained in information security when they first start working and are regularly updated on the issue throughout their careers. Surveys are held to measure our employees’ level of awareness in information security. In accordance with the results of these surveys, we plan information security awareness activities and provide training and information to employees on issues to be paid attention to.

Information Security Oriented Online Banking Service

Akbank protects its systems using state-of-the-art technology in line with the Bank’s secure banking approach; safeguards the financial security of its customers at the highest level; and implements additional precautions in such products as Internet and Telephone Banking and credit cards, including sector, transaction and amount limits and multi-layered password requirements.

Identity verification security is provided in Internet Banking services through dual-factor authentication, which is also compliant with Banking Regulation and Supervision Agency requirements. To this end, the Bank provides security elements such as Mobile Signature and Soft OTP to customers. Akbank also offers Virtualcard and 3D secure applications for customers who want to make online purchases securely.

In addition, Akbank continuously educates its customers on the measures they can take on their own to enhance their financial security. Information aimed at raising banking security awareness is announced on Akbank’s corporate website.

Security Committee: The Ultimate Authority in Information Security

Akbank’s security stakeholders conduct monitoring and prevention activities against existing and potential threats using internationally-accepted tools as well as new procedures developed by Akbank, and carry out continuous efforts to protect customer and Bank information.

The Bank’s Security Committee works to proactively deter potential threats stemming from cyber security, technology and processes, and evaluates all manner of upgrading and development options.

Potential technological cyber threats are managed as part of information security event management with preventative/mitigating measures taken as necessary.

BUSINESS CONTINUITY MANAGEMENT

In order to ensure continuity of critical business processes as well as to ensure recovery of the system in case of failure, to prevent customer losses, and to maintain corporate reputation, Akbank executes the Business Continuity Management Program. This Program is devised on the basis of business continuity and disaster management system defined in the British Standard Institute’s internationally recognized BS 25999 Standard and was updated in 2012 following the release of the ISO 22301:2012 Social Security Business Continuity Management System standard.

Business Continuity Committee: A Construct for Efficiency

Akbank’s Business Continuity Committee convenes twice each year to oversee and direct activities within the management program, while ensuring adequate resources are provided for business continuity. Security risk management proactively defines the service disruption threats and the impacts on business operations if these threats are realized, and devises

plans that ensure uninterrupted operation. To this end, the Bank defined the corporate goals, responsibilities and priorities pertaining to the critical services that shall be rescued in the event of a disaster; created business continuity plans to ensure quick and accurate decision-making in an emergency; and backed up its data processing center at the Disaster Recovery Center located in Izmir. The Bank's business continuity plans are constantly reviewed, updated and tested via unannounced drills.

In order to internalize business continuity management within Akbank's corporate culture and to raise business continuity awareness across the organization, the Bank carries out various training and informational initiatives. The Bank's annual disaster drills are conducted with high levels of participation.

OUR ETHICAL BANKING APPROACH

A representative of a deep-seated governance approach shaped against the backdrop of many years of experience and know-how, Akbank prioritizes compliance of its stakeholders and personnel with these ethical principles. The Bank organizes various training programs and activities for staff and stakeholders to get acquainted with and adopt the Akbank corporate culture.

Code of Ethics: Core Component of Akbank Corporate Culture

The Code of Ethics, which went into effect after the approval of the Board of Directors, governs the behavior and conduct of Bank employees, as well as their relations with persons and institutions within and outside the Bank. Akbank's Code of Ethics is made available on the Bank's website and corporate portal; all personnel also receive obligatory e-training on these principles.

Respect for Society and the Environment Included in the Code of Ethics

Last updated in 2016, the Code of Ethics includes four main headings. The first subject covers our responsibility towards society and the environment in accordance with our commitment to the UN Global Compact.

Notifications of Suspected Violations of Ethical Principles

In case of suspected violations of Ethical Principles, employees and stakeholders can notify Akbank's related units within the framework of the confidentiality principle via various channels.

Ethics Line: A Powerful Channel for Stakeholder Feedback

The Bank's stakeholders can inform the Board of Internal Auditors of suspected violations directly at our Call Center - 444 25 25. Such notifications can also be made through e-mail sent to etik@akbank.com.

If Akbank's employees believe that there are practices contradicting to 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 the day via telephone and e-mail. Callers are not required to give their names and if they do, the information is kept confidential.

All notifications are evaluated by the Ethics Line Officer (an auditor assigned by the Board of Internal Auditors). The notification is transferred to the Board of Internal Auditors in cases that require examining or investigation; otherwise it is directed to the Executive Vice President (EVP) of the related business unit to take necessary actions. In accordance with the disciplinary regulations, any employee found to be failing to abide by our Ethical Principles despite all communication and training efforts, warnings and measures is subject to various disciplinary actions, including discharge.

Active Fight against Bribery and Corruption

The Anti-Bribery & Anti-Corruption Policy, formulated to comply with the anti-bribery and anti-corruption laws and regulations in effect in all countries in which Akbank operates, with the Code of Ethics and professional principles, and with universal rules, was approved by the Board of Directors and announced publicly.

— Value Added to Our Customers



Industry players that develop fast and effective financial solutions to meet evolving customer needs and expectations gain a competitive edge in the current market environment. Standing out with world-class banking products and services, Akbank is focused on closely monitoring the prevailing trends of today's world and sustaining its competitive edge. Boasting a diversified portfolio of products and services, the Bank invests in distribution channels that benefit the local economy while also rolling out various innovations to facilitate easier access to financial services for every individual across the country.

BANKING SERVICES THAT RAISE THE QUALITY OF LIFE

Akbank's core banking services consist of Consumer Banking and Private Banking services for retail customers as well as SME Banking, Commercial Banking and Corporate Banking offered in light of the differentiating needs of SMEs, commercial customers and corporate clients, respectively. In addition, Akbank's International Banking unit provides overseas-based financing to customers. Credit cards for customers in every segment are also an important part of Akbank's banking services. Non-banking financial services and capital markets investment services are provided by Akbank's subsidiaries.

Our "Customer Specific" Consumer Banking Approach

Akbank continues to be the industry leader in consumer banking with its service approach based on customer characteristics, continuous innovation in technological infrastructure, and extensive domestic branch network. In consumer banking, the Bank embraces the principle that each and every product and service developed and offered is customer-oriented. The Bank's consumer banking services evolve constantly on the basis of customer satisfaction and in light of the expectations of more than 13 million retail customers, requirements of the day, market conditions, and its social responsibilities.

Indispensable Solution Partner to Corporate Clients

Serving nearly 6,000 corporate clients as of year-end 2016, Akbank continues to be the indispensable solution partner of its customers. Reorganized by the Bank in line with evolving market needs, Akbank Corporate Banking began operating under the name Corporate and Private Investment Banking Business Unit.

In light of its restructured corporate banking approach, the Bank provides broad and structured corporate finance solutions tailored to meet customer needs in accordance with international standards, in addition to financial intermediation services.

Thanks to the synergy created with AkInvestment, Aklease, AkInsurance, AvivaSA, and Akbank AG (Germany), Akbank's corporate banking customers have convenient access to a wide range of financial products and services.

Extensive Commercial Banking Product Portfolio

As part of its commercial banking operations, Akbank generates innovative solutions in such areas as cash management, foreign trade, treasury and project finance with its specialist staff and products tailored to customer needs with the aim of being the main bank and solution partner of medium-sized and large companies.

The Bank serves its commercial segment clients via Commercial Customer Relationship Managers while also offering access to a large number of financial products and services thanks to its synergy with AkInvestment, AkLease, AkInsurance, AvivaSA, and Akbank AG (Germany).

Dynamic SME Banking Products and Services

Akbank's SME Banking Department offers products, services and solutions tailored to the needs of small businesses and micro enterprises. The SME Banking Department continued to offer innovative financial products and services to SMEs and organize informational meetings and various campaigns in 2016. Customer Relationship Managers within the Akbank branches serve clients in this segment.

Generational Wealth Management via Private Banking and Creating Value for the Client

Offering Private Banking services since 2001, Akbank serves clients in this segment at seven private branches – five in Istanbul and one each in Ankara and Izmir. In addition, a Private Banking corner is located in the Akbank Zorlu Branch and in the Bursa Fatih Sultan Mehmet Bulvarı Branch. Aiming to provide privileged service to clients, assist with their investment decisions, and generate custom solutions tailored to specific clients as needed, Akbank Private Banking serves individuals with assets exceeding TL 1 million.

Akbank Private Banking delivers core banking products along with alternative financial product offerings to its clients with a greater level of specialization. In order to get to know clients better, differentiate their needs, and provide suitable solutions, the Private Banking Department generates the fastest and most tailor-made solutions to meet clients' financial needs and expectations while also touching their lives with culture and arts related activities. Akbank Private Banking works closely with clients to protect the family assets and value, assisting customers in passing these on to the next generations. The "Next Generation Program," launched as of year-end 2016 with the support of Sabancı University, is the first of its kind service in Turkey and is designed to prepare the next generation for the future. As part of the program, Akbank meets with high school and college age young people to educate them on such subjects as the responsibility that comes

with the family wealth, diversity of investment products, the concept of risk, the global economy, and philanthropy.

To render the best and highest quality service for clients' pension, insurance and leasing demands in addition to their investment and other needs with a one-stop shop approach, Akbank Private Banking focuses on establishing cooperation with Group companies and maintaining the vibrant intra-Group synergy. Private bankers, supported by experts and specialists from AkInvestment and AKAsset Management, constantly monitor their customers' investment strategies and provide them with exclusive solutions.

Akbank Private Banking continued to organize events in 2016 to come together with clients and add value to their social and cultural lives in addition to serving their financial needs. The highlights of these activities include a visit to the Heinz Mack exhibition at the Sakip Sabancı Museum led by a tour guide; economy-themed breakfasts; a guided Contemporary Istanbul excursion; exclusive tasting events; Family-Owned Businesses 2023 Conference; a conference on international real estate markets with Knight Frank; and upper-segment brand partnerships.

Based on the results of the annual external client satisfaction survey, Akbank Private Banking identifies areas of improvement as well as strengths to be sustained and takes action as necessary.

Telephone Banking and Call Center Infrastructure that Embraces Operational Excellence

Akbank designs all its operational business processes with the objective of achieving operational excellence. The 444 25 25 Akbank Telephone Branch and Voice Response System, which allows customers to perform a wide variety of core banking transactions quickly and effectively, continued to be used by many clients in 2016. Boasting one of the most state-of-the-art service infrastructures in the banking sector, Akbank Call Center handled nearly 60 million customer contacts in 2016.

A Banking Approach that Combines Cash Management and Foreign Trade Services

With a business approach that combines cash management and foreign trade services, Akbank Cash Management and Foreign Trade Department delivers financial solutions for the domestic and overseas operations of the Bank's clients in an integrated manner via products and applications designed for the Corporate, Commercial, SME and Consumer segments. With the vision of being the technology business partner of clients, the Bank aims to always back customers with solutions to meet all domestic/overseas cash flow, inventory management and financing needs, from the initial order to the payment process. Developing service packages for all parties within the value chain of clients, the Cash Management and Foreign Trade Department contributes to the operational efficiency and business processes of customers through and innovative technology systems infrastructure and flexible customized customer solutions.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

Akbank has attained significant levels of increased value-added in line with its sustainability approach that has been embedded in all the Bank's business processes. The loans extended by the Bank to clients in the Corporate and Commercial Banking segments undergo an environmental and social risk assessment based on criteria such as the source of the loan. After securing the IFC loan facility in 2016, Akbank began setting up an Environmental &

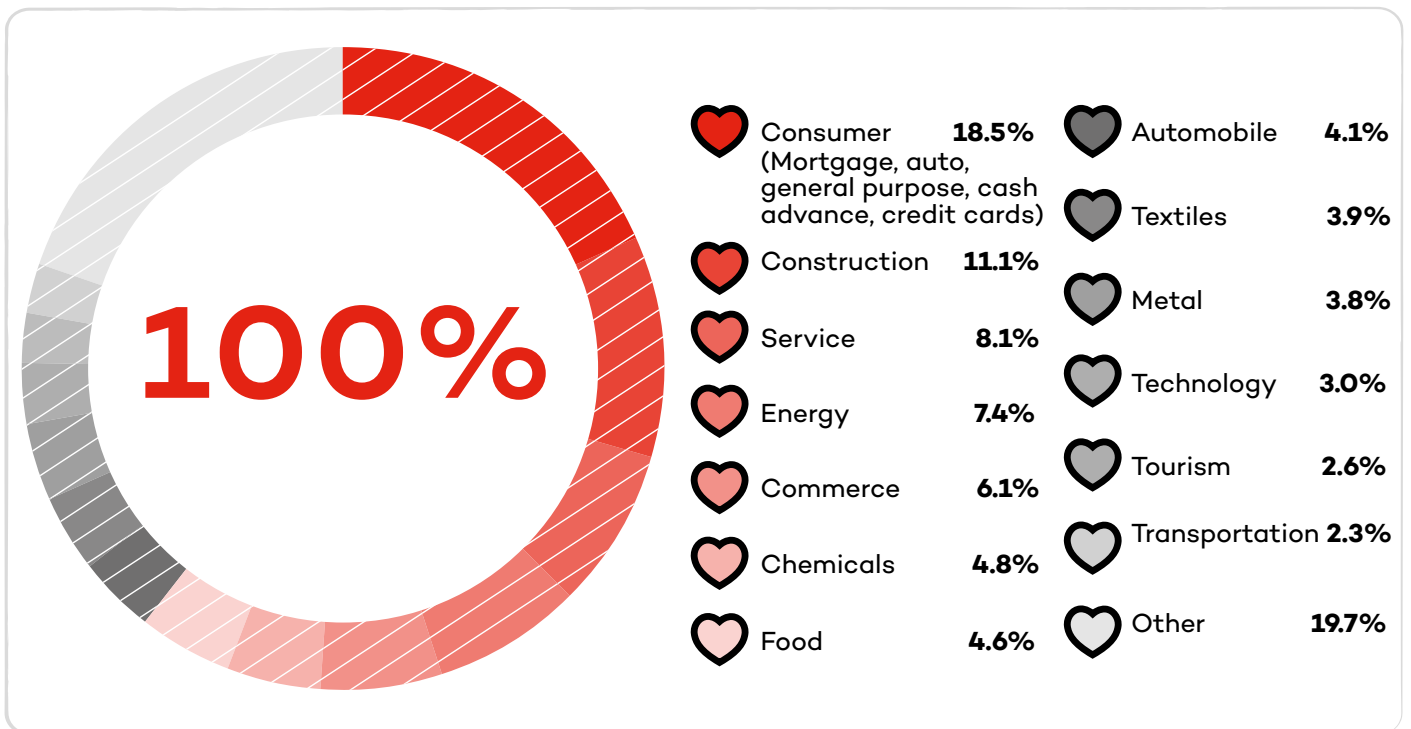
Social Management System to be implemented for SME loans. The system currently under development at Akbank brings the SME lending processes in line with the environmental and social standards defined by IFC, further advancing Akbank's pioneering sustainability practices. Pursuant to the environmental sustainability policy it has adopted, the Bank gives priority to projects that turn risks into opportunities during the process of forming the loan portfolio.

Breakdown of Customer Loans by Industry

Akbank offers borrowing options to customers operating in various industries for a wide variety of purposes, from growing sales volume to expanding into overseas markets.

The breakdown of Akbank's consolidated cash loans by industry as of year-end 2016 is as follows:

Breakdown by Industry



ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

Environmental and Social Policy Practices

Since 2010, projects with a loan sum in excess of USD 50 million and with a term of over five years are subject to Akbank Environmental and Social Policies. Project financing loans with a sum less than USD 50 million are also evaluated in terms of environmental risks. With this system, we aim to proactively and effectively manage potential environmental and social risks and opportunities during the project, including the pre-project phase.

Environmental and Social Impact Assessment in 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. For instance, in line with our social criteria, businesses that are proved to employ child labor are not granted any loans. In accordance with our policies, considering that a project may cause severe and important impact on the environment, we request submission of Environmental Impact Assessment (EIA) reports or proof of exemption from EIA in financing projects in sectors within the scope of the Environmental Impact Assessment Regulations. Among projects that require EIA approval certificate are long-term infrastructure projects that have a high level of impact on the environment, such as hydroelectric power plants (HEPPs) and highways.

Assessment under the Responsibility of the Credit Preauthorization Committee and Loans Business Unit

Our branches, the Pre-Credit Committee at the Head Office, 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.

Engineers in the Credits Business Unit make field controls both during the evaluation of loan applications and during execution of projects – especially those requiring construction.

Local Populations's Sensitivities Are Taken into Account

Akbank investigates relevant issues such as the project's compliance with EIA and local community's reactions to the prospective project as part of the pre-project controls. During the project, main focus shifts to issues such as compliance with occupational health and safety standards.

Under Akbank Environmental and Social Policies, 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.

Environmental Risk Analysis of Corporate and Commercial Loans

Pursuant to a practice that Akbank adopted internally in 2011, aside from the loan applications that require

Credit Committee and Board of Directors approval, the Bank began authorizing Loan Appraisal Supervisors for all loan applications submitted to corporate and commercial branches. The specialists working in this role, who also receive environmental and social risk training, assess all risks that need to be evaluated in loan applications and record their analysis results in the application file.

International Financing Facilities for Sustainability Lending

With the business partnerships that we establish with international financial institutions, we aim to continuously offer new loan opportunities to our customers and contribute to economic growth in Turkey. Loans obtained from international financial institutions such as IFC, EBRD, EIB and OPIC are of environment-friendly nature and generally support sustainable development.

In 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.

Akbank obtained a new USD 110 million lending facility from EBRD in 2016 to finance renewable energy and energy efficiency projects. This loan includes criteria for identifying and mitigating the environmental and social impacts of projects to

be financed in their area. Akbank requires borrowers from this facility to comply with both the national environmental, health and safety laws and regulations and EBRD's environmental and social performance criteria. EBRD offers independent project consultancy to our customers and environmental and social compliance audits are performed as well.

New IFC Loan

A process was initiated for establishing Environmental and Social Management Systems to be implemented in SME loans as part of 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.

An Exemplary Application in Turkish Banking: 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 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,

- Health, safety and security of the public at large,
- Protection of biodiversity,
- Sustainable natural resource management and preservation of cultural heritage.
- Protection of biodiversity,
- Sustainable natural resource management and preservation of cultural heritage.

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

Initiatives under the Akbank Social and Environmental 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 Officers. In addition, 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 Social and Environmental 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.

The Akbank Social and Environmental Management System consists of the following three core elements:

- 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

As part of the SEMS system in 2016, Akbank 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. The infrastructure, scheduled to commence operation in the first half of 2017, is designed to centralize monitoring and tracking of SME customers' environmental and social risks.

In addition, the Bank plans to move forward in its origination processes with the Risk Analysis Center, which will be activated with the entry of assessments of SME CRMs into the system. This process will become quantifiable and assessable after the assignment of a Social and Environmental Risk score to each SME borrower.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

Akbank will accept customers' social and environmental risk scores as the deciding factor in lending processes. The Bank will not originate loans to customers in banned industries, the environmental risks of which are deemed to be unmanageable. When originating loans to SME customers in the medium risk category, Akbank also aims to assess the loan applications in conjunction with measures to be taken to minimize the risks and create an action plan.

The banned industries within the scope of SEMS include:

- Production or trade of any product or service that can be construed as illegal pursuant to national laws, rules and regulations or international treaties,
- Production or trade of any product or service subject to international bans/embargoes such as products containing pharmaceuticals, pesticides, ODS (ozone depleting substances), PCB (polychlorinated biphenyl – a group of highly toxic chemicals); wildlife areas within the scope of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora); and products connected to species within the scope of CITES,
- Production or trade of weapons and ammunition,
- Production or trade of radioactive substances (Note: Purchase of medical equipment, quality control equipment, and equipment that is deemed by the IFC as having an immaterial source of radioactivity or being adequately safeguarded do not fall within the scope of this article),

- Production or trade of friable asbestos (Use and purchase of bonded asbestos cement sheets (cladding) containing less than 20% asbestos is not within the scope of this article),
- Trawling (a method of fishing that involves nets longer than 2.5 meters),
- Production or activities that involve forced labor ^[1] or child labor ^[2],
- Commercial forestry activities in tropical rain forests.

Our Environmental and Social Capabilities

As part of its Social and Environmental Management System, Akbank prioritizes equipping its employees with prerequisite skills to measure and monitor SME customers' environmental risks. Akbank prepared training modules in order for each and every employee – from SME CRMs, who are the first point of contact with the Bank in the process of originating loans to SME customers, to all staff members who take part in the entire evaluation process – to better assess the environmental and social risks of customers. Some 333 Head Office and 2,997 branch and regional office staff members who perform tasks in the SME lending process completed online training on the Akbank Environmental and Social Management System.

Akbank plans to embark on the second stage of SEMS training initiatives in 2017. A new online training module is being prepared to equip those personnel who are part of the processes of the online risk measurement and evaluation system to be

established under SEMS with the prerequisite capabilities and skills.

The Bank plans to conduct more intensive and frequent SEMS training activities in 2017 to further raise the sustainability awareness of all employees involved in SME lending process and to equip them with the prerequisite capabilities to be able to measure the environmental and social risks that SME customers may be exposed to.

Environmental and Social Risk Management

In addition to identifying and preventing environmental and social risks, Akbank is also aware of the importance of managing these risks – in terms of sustainability – as they arise. The IT infrastructure developed by the Bank enables the reporting of all environmental and social risks inherent in SME Banking credit customers as well as measures that are, or plan to be, taken to prevent these risks. The Bank's SEMS staff aims to track all the risks that SME customers bear.

As part of the credit facility agreement with the IFC, Akbank intends to prepare an annual report on the Social and Environmental Management System regarding loan originations to SME customers.

^[1] Forced labor is all work or service that is exacted from any person under threat of a penalty and for which the person has not offered himself or herself voluntarily.

^[2] Child labor refers to the employment of children in any work that exploits children, interferes with their ability to attend regular school, or that is physically, mentally, morally or socially dangerous and harmful.

CLIMATE-FRIENDLY LOANS

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 figure among the most important areas of global sustainability initiatives.

Financing Solutions for Renewable Energy Projects

Making significant contributions to help develop Turkey's energy industry, Akbank pays close attention to environmental impacts in the Bank's project financing operations. Conducting its business activities in line with this approach in 2015, the Bank undertook initiatives that became model practices in the industry.

Renewable Energy Investments to Reduce Dependence on Foreign Energy

Dependence on foreign energy plays a significant role in the magnitude of the country's current account deficit, which ranks among Turkey's leading economic problems. As a result, renewable energy investments that will reduce dependence on imported fuels such as natural gas and coal are critically important. Akbank develops unique financing solutions for solar energy and geothermal energy projects, which have recently gained the support of both the public and the government. In response to the accelerating investments in this segment, the Bank plans to develop more attractive financing options in terms of the maturity term and cost of the loan 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 in 2015 and 2016.

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 1,380 million as of December 31, 2016. Meanwhile, the share of renewable energy loans in total energy project loans rose to 37%.

Akbank, one of the biggest supporters of renewable energy projects in Turkey, provided the following financing in 2016:

- USD 166 million for the 100 MW Karakurt Dam and Hydroelectric project to be built in the Kars province,
- USD 8 million for the 7 MW unlicensed solar energy generation portfolio project to be built in the Konya province,
- USD 18.5 million for the 16 MW unlicensed solar energy generation portfolio project to be built in the Denizli province,


- USD 11.7 million for the 10 MW unlicensed solar energy generation portfolio project to be built in the Konya province.

Renewable energy projects financed by Akbank were projected to generate 1,902 GWh of electricity annually and avoid 1 million tons of CO₂ emissions in 2016.

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

	Installed Capacity (MW)
Hydro	2,873
Wind	355
Geothermal	232
Solar	33
Total	3,493

FINANCING SOLUTIONS FOR INFRASTRUCTURE PROJECTS

 **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.**

Innovative Approaches to Project Financing

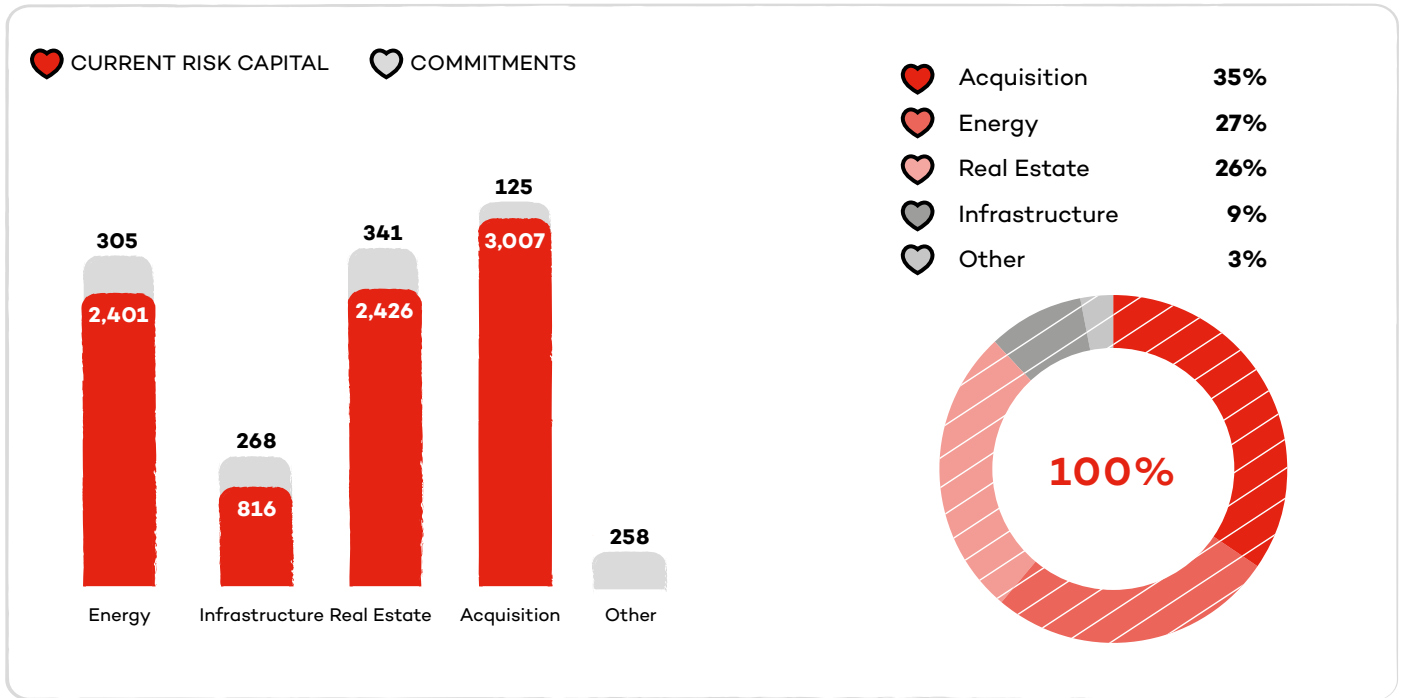
In 2016, Akbank continued efforts to provide structured financing to many different “greenfield” projects among Turkey’s leading infrastructure project portfolio, such as public-private partnership hospitals and the Gebze-Izmir Highway project.

Diversified Loan Portfolio

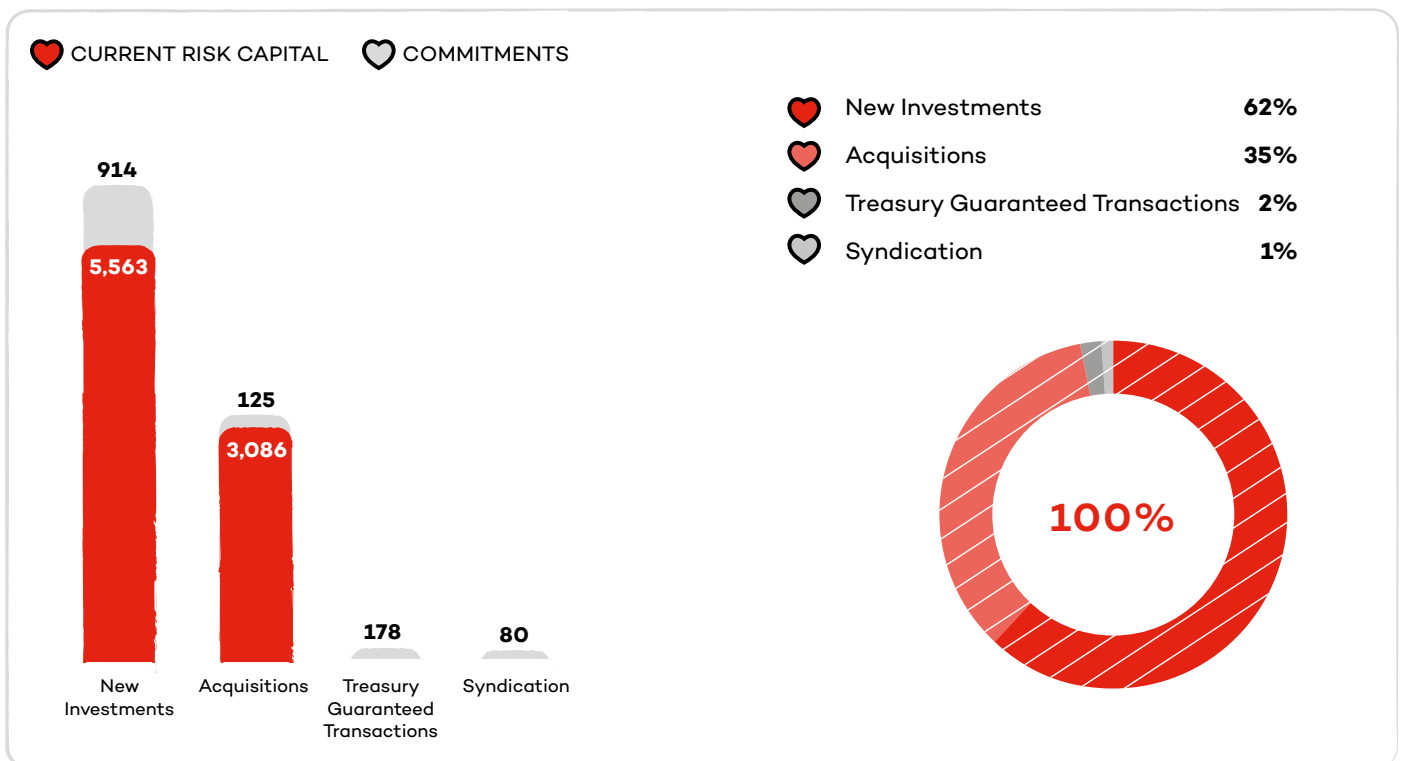
Akbank shares its deep-rooted know-how in project financing with clients at the investment planning stage and creates roadmaps for structuring the financing deal. During this process, by cooperating with local and international banks as well as multilateral financial institutions such as IFC, EBRD, and 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 thanks to a diversified loan portfolio composition, the Bank boasts one of the lowest non-performing loan ratios in the industry. Akbank originates loans to the energy, infrastructure, real estate, and telecommunication, transportation, and petrochemicals industries in order to maintain a balanced and diversified credit portfolio.


Project Financing Loans by Industry (USD million)



Project Financing Loans by Type of Transaction (USD million)



EXCLUSIVE SERVICES FOR CLIENTS

 **Akbank stands by SMEs in their digitalization process in order for SME clients to conduct their businesses more efficiently and productively, meet customer demands, reduce costs, and ensure the sustainability of their enterprises.**

Innovation Support For SMEs

Playing a key role in Turkey's development, SMEs need not only financing support but also knowledge and guidance that will create value for their businesses. The Bank stands out with innovative practices in the SME Banking segment that simplify customer transactions and support their growth.

Effective Cooperation with KOSGEB

As part of Akbank's cooperation with the Small and Medium Enterprises Development Organization (KOSGEB), SMEs are provided with no-interest financial support under the "Emergency Support Loan," "Machinery & Equipment Loan Interest Support" and "Zero-Interest Enterprise Loan Support" programs. The Emergency Support Loan Program supplies loans to customers that are impacted by natural disasters, general strikes, fires, popular movements and terrorism. Meanwhile, the Machinery & Equipment Loan Interest Support Program provides funding for the domestic and new machinery & equipment purchases of clients operating in the manufacturing industry. Lastly, the Zero-Interest Enterprise Loan Support Program

provides loans to all enterprises registered in the KOSGEB database that can apply for loans.

Pursuant to the agreements signed between Akbank and the Credit Guarantee Fund of Turkey (KGF), the Bank participates in KGF's programs and provides collateral support to SMEs. The Bank conducted training sessions to inform branch and regional office personnel on these programs. Currently, Akbank is also successfully executing KGF integration projects. SMEs, artisans and craftsmen, agricultural enterprises and farmers, women and young entrepreneurs in every region of Turkey can access bank loans more easily by taking advantage of KGF guarantees. Akbank plans to expand the KGF integration process, increase its share of KGF loans, and facilitate SME access to credit via KGF guarantees in the year ahead.

"Craftsmen Fraternity" from Akbank

Akbank continues to execute initiatives for artisans under the "Craftsmen Fraternity" concept. Believing that craftsmanship is not simply a profession but also a distinctive culture,

Akbank builds campaigns for this segment around the values of understanding and solidarity, which also constitute the essence of craftsmanship. Launched with the "Pay When You Can Loan," which offers flexible repayment terms for the credit craftsmen need, the offerings in this segment continued successfully with "Axess SME," "Pay as You Wish, Craftsmen," Member Merchant Campaigns, "First Sale Savings Account," "Cost Saving Tariffs," and Eko POS Tariffs.

Eko POS Tariffs

Under the Eko POS offering, businesses that want to fix their member merchant expenses pay a monthly fixed fee based on the limits of their package of choice thanks to budget-friendly tariffs. Eko POS tariffs are offered under the Eko POS 2,500, Eko POS 5,000 and Eko POS 10,000 packages, which are designed to meet the needs of craftsmen operating in various industries. Eko POS tariffs do not entail any revenue shortfall penalties or POS service fees. In addition, member merchants can transfer their POS revenues to their accounts the next day without any commission expenses.

“Craftsman Internship” for Customer Relationship Managers

Under the Akbank-TESK cooperation, Akbank SME Customer Relationship Manager (CRM)s visited tradesmen and craftsmen that are referred to the Bank by TESC, which operates across the entire country, in 2016. CRMs spent time with craftsmen and monitored their daily business cycle more closely, from the viewpoint of the customer, the Bank and the supplier. This approach allows CRMs to grasp the craftsmen’s most pertinent issues, and learn their concerns and problems, which is very important for CRMs in order to effectively do their jobs. Visits to craftsmen also provided critical feedback for Akbank’s product development efforts in the SME segment.

First Sale Savings Account

Inspired by the Turkish saying “The first sale is blessed,” the “First Sale Savings Account” aims to encourage craftsmen to save more. This groundbreaking product, offered for the first time in Turkey by Akbank, allows all artisans who use the Akbank POS to set aside the proceeds from the first sale of each day. Artisans, who typically experience irregular cash flows, are able to use the balance in their First Sale Savings Accounts at any time without incurring a fee or a penalty.

Cost Saving Tariffs

SMEs often encounter a number of expense items, such as goods purchases and fixed payments, during the course of their business dealings. In response to this fact, Akbank SME Banking developed the “Cost Saving Tariffs” where SMEs can perform a certain number of banking transactions per month,

per six months, or per year, including money transfers, EFT, checkbooks, and check collection, for a predetermined fee. Since they do not pay separate fees for each transaction they perform, customers have cost certainty before the fact. SME clients can select the best tariff for their needs based on the frequency of transactions and product and channel use.

More Reliable Commerce with QR Coded Check

Rolling out the “QR Coded Check” product for its customers in partnership with the Credit Bureau of Turkey (KKB), Akbank made the past check clearance performance of the SMEs query-able from a reliable source. Thanks to this new feature, which serves as a reliable indicator of reputation, persons receiving a QR coded check can reach the summary check-writing report of the issuer.

As the QR coded check application gains traction in the marketplace, checks written by customers whose checks clear promptly and who have high check-clearing index values are expected to become more prevalent. This in turn will put commerce in the domestic market on more sound footing and make check-based collections more reliable.

Akbank Supports SMEs in Digital Transformation

Mobile banking is growing by leaps and bounds both globally and in Turkey due to rapidly advancing mobile technologies and strong demand. Keeping a watchful eye on advances in technology in general, Akbank closely monitors developments in this area especially given growing customer needs and

expectations. The Bank develops and rolls out effective Mobile Banking applications for its customers.

SMEs must embrace digitalization in order to run their businesses more efficiently, meet customer demands, reduce costs, and ensure survival. To this end, Akbank and Vodafone joined forces to facilitate digital uptake by SMEs. As part of this partnership, SMEs can digitalize their banking transactions by using the “Vodafone Ready for Tomorrow Platform” while performing certain Akbank Direkt transactions free of charge for three months. In addition, the Bank offered customers the opportunity to conduct a digital status and needs analysis with “Vodafone Ready for Tomorrow” staff and to collect information on technology solutions that can be used to boost SMEs’ digitalization level. Akbank has launched a special SME version of the Digitalization Index, provided by Vodafone to Akbank’s SME customers, for all enterprises whether they are Akbank customers or not.

As part of the “My Business Partner Vodafone” venture, Akbank organized the 48-hour “Hackathon” event, which aimed to generate digital solutions to address SMEs’ challenges. Turkey’s first SME Hackathon included the participation of software developers, programmers, design professionals and university students. The event focused on developing digital solutions – such as e-commerce, social media, CRM applications, and collection and payment systems – that will enable SMEs to grow their businesses and boost productivity.

EXCLUSIVE SERVICES FOR CLIENTS

♥ In 2016, the Bank continued to successfully administer the Akbank Entrepreneur Development Program jointly with Sabancı University to guide, support and train entrepreneurs.

Akbank's mobile applications make the lives of SMEs easier. POS-owner SME clients can access all information on service terms and conditions, daily revenue figures, end-of-day reports, and campaigns through the Akbank Direkt My Business application. In addition, Akbank member merchants can check average turnover of other member merchants operating in the same sector by location and segment, allowing them to assess where they stand with respect to the competition.

The rapid growth of the digital world enabled SMEs to access credit, their most basic banking need, via digital channels. Akbank's SME segment customers can obtain commercial loans within their respective credit limits conveniently and quickly at attractive interest rates using.

Akbank Direkt

SMEs can also utilize the Akbank Direkt Corporate application for their Cash Management and Foreign Trade transactions. This solution facilitates quick and easy execution of employee salary payments or bulk payments. Further, foreign trade customers can perform their

import payment transactions on the Akbank Direkt Corporate Internet Branch. Additionally, they can carry out in-cash and cash-against-goods import transfer transactions using the import payments function.

Akbank is leveraging its resources to help digitalize its employees, in addition to its customers. SME Customer Relationship Managers offer 12 products – from credit cards and POS to bill and tax payments and debit cards – in accordance with customer needs through the intra-Bank mobile application, and complete product sales instantaneously.

Akbank also takes a closer look at fintech companies that will facilitate the operations of SMEs. Aiming to foster solution partnerships with fintech companies that develop digital applications to meet SMEs' needs and enhance their productivity, Akbank strives to pioneer the growth of the fintech ecosystem in Turkey. The Bank entered into its first cooperation in this area with Paraşüt, a user-friendly bookkeeping application. Paraşüt enables SMEs to monitor the financial operations of their enterprises 24/7 using their personal computers, tablets or

smart phones; download their Akbank account transactions into their accounting systems automatically; and conduct money transfer transactions with suppliers via the application.

Akbank Entrepreneur Development Program

In 2016, the Bank continued to successfully administer the Akbank Entrepreneur Development Program jointly with Sabancı University in order to guide, support and train entrepreneurs. The program accepted applications from all individuals who are actively engaged, as a founding partner or executive, in the management of a company established in Turkey. As a result of the selection process, 50 entrepreneurs participated in five full days of training under the program. Participants received training and knowledge transfer in a wide range of subjects – from managing finances during an organization's growth phase and drafting marketing and operations plans according to different business models, to raising capital for financing needs and growing in domestic and overseas markets. Participants also had the opportunity to

hear successful entrepreneurs who attended the program as guest speakers, as well as joining office visits to well-known entrepreneurs to meet and speak with them.

Cooperation with Endeavor

As part of its partnership with Endeavor Foundation, Akbank successfully continued to make available a credit pool for active entrepreneurs offering such advantages as convenient collateral terms, long term loans and low interest rates.

Akbank Academy of Family Businesses

Akbank Academy of Family Businesses, a joint venture of Akbank and Sabancı University's Executive Development Unit (EDU), was organized for the seventh time as of year-end 2016. In response to requests from leading companies in the industry, the program was administered for Akbank customers as well as their distributors and dealers. Akbank Academy of Family Businesses targets family-owned businesses that wish to institutionalize their enterprises, who want to come up to speed on the latest in enterprise management, and which plan to turn the business over to the next generation. The program covered a wide variety of subjects of particular interest to family-owned business representatives. These topics included strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters and human resources management. The Academy's training sessions were taught by EDU consultants, all of whom are expert in their respective subject matter and have executive-level corporate experience, and the instructors of Deloitte Turkey

and Pekin & Bayar Ortak Avukat Bürosu (Law Firm), the program partners. During the Academy, visits were organized to the manufacturing plants of Sabancı Holding companies. Participants received a certificate from the EDU at the completion of the program.

Keys to Sustainable Success for Family-Owned Businesses Study

The Bank also sprang into action in order for family-owned businesses – important assets for the Turkish economy in Akbank's opinion – to continue to deploy their experience in support of economic development. While the Akbank Academy of Family Businesses continues to operate, 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 survey, conducted among family-owned businesses that have been in existence for many years with proven track records, addressed topics such as sustainable success at family-owned businesses, management-level organization, succession planning, and nepotism. The study is intended to guide businesses in setting their future strategies.

Iftar Dinners

As part of its iftar (breaking the fast) dinner events during the month of Ramadan, Akbank came together with SMEs and industry representatives in Balıkesir, Çanakkale, Denizli, Diyarbakır, İstanbul, Sakarya and Sivas, and listened to their requests and needs firsthand. Thanks to the information collected at these events, the Bank continues to develop innovative products and services for SMEs.

Agricultural Fairs

Akbank meets the needs of the agricultural sector via banking products and insurance services that are designed in line with the seasonal nature of the cash flows of customers in this segment. During the year, the Bank informed farmers about Akbank products and services at the fairs it participated in Ankara, İzmir, Bursa, Konya, Adana, Burdur, Tekirdağ and Antalya.

Akbank-Paraşüt Cooperation

Akbank provides innovative products and applications to make the lives of SMEs easier. The cooperation between Akbank and Paraşüt enabled businesses to manage their financial operations centrally from a single source and maintain their finances under tighter control.

Paraşüt, a bookkeeping program, allows Akbank's SME clients to make their payments from the same source that they keep their books while easily tracking the accounting of their account activity. This application, launched by Akbank to help digitalize SMEs and boost their business productivity, enables enterprises to manage their financial operations easily, from issuing invoices and tracking payments to online collections and reporting.

Responsible Practices in Consumer Banking

Financial habits and service expectations of individuals may vary depending on age, education, and occupation. Based upon this fact, Akbank addresses different financial needs of customers with its wide variety of personal loan and deposit products.

EXCLUSIVE SERVICES FOR CLIENTS

Encouraging Deposits and Facilitating Investments Savings Campaign

The biggest challenge in the Turkish economy, which has become highly stable in recent years, is the current account deficit resulting from the low levels of domestic savings. In order for Turkey to attain its goal of rapid economic growth, the current account deficit must be reduced and thus personal savings must increase.

To support this important national objective, Akbank launched a "Savings Campaign" in April 2012. As part of this campaign, Akbank offers advantageous products and services to encourage savings while also carrying out corporate social responsibility projects to raise awareness on savings. Akbank Volunteers also support the broad-based financial training projects. Detailed information on these projects is presented in "Our Community Investment" section of this Report.

Akbank Deposit Savings Account

The "Akbank Deposit Savings Account" – a product unveiled as part of the Savings Campaign – was met with heavy interest by Akbank customers thanks to its innovative approach. Akbank Deposit Savings Account has a 5-year maturity and enables individuals to gain the habit and discipline of saving money. The account allows monthly transfer of a pre-determined amount of money from a regular deposit account to the savings account. As a result, savings holders can earn interest even on very small term deposits. Every month, approximately 130,000 Akbank customers save money with this approach.

Akbank Flexible Savings Account

Another product to encourage savings is the "Akbank Flexible Savings Account," which allows savings in gold and foreign currencies (US dollars, Euro, Japanese Yen, British Pound, Russian Ruble) without any term limits simply by giving orders for transfer from credit cards or deposit accounts. With the Flexible Savings Account, customers wishing to save money even in very small sums can open savings accounts and save in various currencies.

Akbank Direct Serbest Account (Freedom Account) Exclusive to the Digital Channel

To provide support to its broad-based deposit strategy, the Bank rolled out the Akbank Direct Serbest Account (Freedom Account) for small amount savers in 2015. Obviating the need to wait until the maturity date of the account, the Akbank Direct Serbest Account gives deposit holders the freedom to add to or withdraw from their accounts. In addition, the Akbank Direct Serbest Account (Freedom Account), designed exclusively for digital channels, enables savings between TL 1,000 and TL 200,000 to grow at attractive interest rates; expands the Bank's deposit customer base; and allows customers to perform their account transactions quickly without having to visit a branch.

Gold Deposit Account Creates Value for Individual Savings

The value of the gold held by households in Turkey is estimated to be around USD 200 billion. The fact that a great portion of this stock is kept under the mattress means the contribution of such savings to the economy is very little. On the other hand, savings injected into the banking system are transferred by banks to those in need of resources and thus support the Turkish economy.

With the "Gold Deposit Account," launched in 2012, the Bank helps channel the idle savings stuffed "under the mattress" to Turkey's development. In addition, with the "Invitation for Gold" service, scrap gold and jewelry are converted into equivalent grams of gold by special experts at the Bank's branches; then these can be deposited to Gold Deposit Accounts in Turkish lira. The amount deposited into the savings account fluctuates in parallel with gold prices while Akbank customers can invest their gold without the risk of theft or loss under the Bank's guarantee.

ONE-TO-ONE BANKING

 **Continuing to expand and grow as of year-end 2016, Akbank One-to-One Banking reached 135,000 clients across Turkey, served by 350 One-to-One Banking Managers in nearly 280 branches.**

One-to-One Banking is an all-encompassing financial advisory services package that offers exclusive service, various advantages in banking products, and non-banking services for clients' social lives, delivered via dedicated One-to-One Customer Relationship Managers and a One-to-One Specialist Line.

Expanding in scope across Turkey, Akbank's One-to-One Banking privileged service model offers a diversified lineup of products, special pricing, exclusive service on every channel, and daily financial notifications complemented by benefits in many areas as well as special social events.

Continuing to expand and grow as of year-end 2016, Akbank One-to-One Banking reached 135,000 clients across Turkey, served by 350 One-to-One Banking Managers in nearly 280 branches. The One-to-One Specialist Line, a remote service delivery model that broke new ground in Turkey, continued to serve 65,000 One-to-One Banking clients across the country via 120 specialist customer representatives in 2016.

Akbank One-to-One Banking generates solutions that address

the needs of customers' social lives in addition to serving their financial needs. The unique "World of One-to-One Privileges" enriches the lives of customers, their families and loved ones, offering exclusive benefits for every moment of everyday life.

Akbank Direkt Plus, a web-based premium services platform that exclusively serves One-to-One Banking clients, provides privileged service to its customers, including Live Support via video chat, personal agenda tracking and reminders.

As part of the One-to-One Banking concept, Akbank developed the "Expat Banking" service to better serve the increasing number of foreign professionals and retirees residing in Turkey. The Expat Banking service network – comprised of 18 branches in seven provinces where foreign nationals live in large numbers – continues to provide all types of banking services for customers in the English language. Branches that do not have an expat customer representative on premises provide remote service via the One-to-One Specialist Line Expat staff.

Akbank Wealth Management

Launched on October 27, 2015, Akbank Wealth Management was designed to bring a breath of fresh air not just to Akbank but the entire industry, and effectively serve customer needs in non-deposit investment products.

Allowing customers to find answers to all their investment-related questions on a single platform, Akbank Wealth Management is a product of cooperation and strong synergies with AkInvestment and AKAsset Management, Akbank subsidiaries that are leaders in their respective markets.

Digitalizing in 2016, Akbank Wealth Management further expanded the limits of better managing customer investments in line with their investment preferences and expectations.

Akbank registered three groundbreaking innovations in Turkey by digitalizing Akbank Wealth Management in 2016:

- Enabled investors to determine their investor profiles and receive asset allocation recommendations using their mobile devices with Robo Advisor, a first in Turkey.

ONE-TO-ONE BANKING

- Enabled investors to make video calls with an AkInvestment investment advisor from anywhere using their mobile devices, as another first in Turkey.
- Enabled customers equipped with sufficient information and competence in equity trading to open brokerage accounts whenever and wherever they want without having to sign a single paper document.

Thanks to these services that are firsts of their kind in Turkey, Akbank made another major stride toward Akbank Wealth Management's charter macro-vision of promoting financial investment vehicles in Turkey in the best possible manner.

Mutual Funds

Akbank continues to offer investors a full array of investment options with an extensive lineup of mutual funds – including equities, fixed-income securities and commodities – in domestic and overseas markets. Assuming the active distributorship of the mutual funds of its subsidiary AKAsset Management, Akbank broke more new ground under the Akbank Wealth Management platform and underwrote the public offerings of Turkey's first Real Estate Investment Fund and Venture Capital Investment Fund.

AKAsset Management helped customers to diversify their non-deposit assets into mutual funds in accordance with investor risk profiles, risk-return expectations, and prevailing market conditions with the "Portfolio Ideas" and "Investment Baskets" products. The Bank makes asset allocation recommendations to its customers through these products by leveraging the expertise of AKAsset Management under the Akbank Wealth Management platform.

Akbank's Flexible Savings Account - Mutual Funds allows clients to build a nest egg with regular contributions. In addition to the mutual funds chartered by AKAsset Management, Akbank also offers three umbrella funds comprised of AKAsset Management mutual funds.

Nar Account Channels Small Savings into the Economy

The "Nar Account" is a new product that rolled out with the aim of offering growth even for small savings and thus bringing these savings into the financial system. As a product that offers solutions for all cash management needs of customers, the most important feature of the Nar Account is that it offers daily interest for even small sums.

One-to-One Banking Privileged Service Model

The One-to-One Banking Privileged Service Model is a comprehensive and exclusive set of services which provides banking services for Akbank customers under advantageous terms while also meeting their expectations regarding social activities. Expanding in scope across Turkey, Akbank's One-to-One Banking Privileged Service Model offers a diversified lineup of products, special pricing, priority service on every channel, and daily financial notifications complemented by benefits in many areas in addition to exclusive social events. The unique World of One-to-One Privileges aims to enhance Akbank One-to-One Banking clients' social lives, serve their financial needs and enrich the lives of customers' families and loved ones with exclusive benefits for every moment of everyday life. The privileged service is available to eligible customers.

One-to-One Banking Investor Meetings assess the domestic and global investment environment and address the expectations and questions of Akbank One-to-One Banking customers regarding the markets as part of Akbank Investment Services. During the year, these meetings were organized in Istanbul, Izmir, and Ankara.

Akbank One-to-One Banking continued to invite clients to unique events, bringing them together at social occasions held with special themed concepts in 2016.

PRODUCTS DESIGNED FOR EVERYDAY LIFE

exi26: Banking Services for the Youth

A significant majority of the people in Turkey who have not yet been introduced to banking services are young people. Akbank has developed products to serve the banking needs of these students and to support them. An example of the products and applications offered to students between the ages of 16 and 26 who are part of the customer segment Akbank refers to as Exi26 is the Student Account. Young account holders can withdraw money free of charge at any ATM abroad with their neoexi26 debit card, withdraw money at other banks' ATMs free of charge twice a month to facilitate fast money transfer with their families, and shop on the Internet. Axxess exi26 credit card is yet another product Akbank offers students. Axxess exi26 credit card holders benefit from special campaigns for education, school expenses, and stationery expenses as well as all Axxess campaigns free of charge.

Refinancing Solutions for Consumer Loan Debt

In recent years, with the increase in the debt of individuals and the effect of economic fluctuations, we try to provide a certain level of convenience for customers who had trouble in paying back personal loan or credit card debts, by taking into consideration the limitations imposed by legal authorities. We evaluate the requests of customers who demand changes in payment plans or who are believed to recover defaults and

make regular payments with a new payment plan. We offer some such cardholders and loan users the opportunity to pay their debt before legal proceedings are initiated.

RESPONSIBLE LOANS AND INSURANCE PRODUCTS

Contribution to Professional Development: "From Kitchen to Life"

"From Kitchen to Life" is a special loan package that we created for the Culinary Arts Academy of Istanbul (MSA) students in cooperation with Endeavor Turkey. Approved by the Turkish Ministry of National Education, MSA is the first and only private vocational education institution to give internationally accepted diplomas in the area of professional cookery, pastry and bakery. With this loan, MSA students only pay the interest rates during their education and make the principal repayments in installments when they start working. With the From Kitchen to Life loan, we aim to support future chefs in their professional lives.

Solutions for the Rapidly Growing Housing Market

Over 300,000 Akbank customers purchased homes since 2005 when the mortgage market gained huge momentum. We offer mortgage loans for up to 75% of the home value with up to 120-month terms and exemption from Banking and Insurance Transaction Tax and

Resource Utilization Support Fund on condition that the house to be purchased is given as guarantee. By cooperating with construction companies such as the Housing Development Administration of Turkey (TOKİ) and Emlak Real Estate Investment Trust, we support urban transformation activities through earthquake-resistant, exclusive architectural projects with strong infrastructures not only in metropolitan cities, but also in Anatolia.

Customers applying to the Bank's special call center (Big Red Line – 44 44 253) can both obtain all kinds of legal and technical assistance from mortgage consultants and apply for a mortgage.

STRONG RELATIONS WITH ASSOCIATED COMPANIES

"Having It Insured Is Easier"

Our major principle in bancassurance is allowing customers to reach insurance and pension products in the easiest and fastest way thanks to our widespread delivery channels. Considering the lifetime risks of customers, Akbank offers products with affordable prices and coverage for all customer segments. Private pension and corporate insurance products of AvivaSA Pension and Life and AkInsurance can be reached through all delivery channels including Akbank ATMs and Call Center.

DEBIT AND CREDIT CARDS WHICH ADD VALUE TO LIFE

In 2016, Akbank continued to create value for the lives of customers with the Axess, Axess Business, Wings, Wings Business, and Free credit cards along with the Neo debit card.

As of December 2016, a portfolio of over 6 million credit cards with our four leading credit card brands – Axess, and Free, A portfolio of 7 million debit cards (Neo). “Member Business Network” of 360,000 members (those using our POS machines).

OUR CUSTOMER-FRIENDLY CREDIT CARD BRANDS

Axess: A Credit Card with Special Benefits

Axess, one of the Bank's major credit card brands, continued to offer exclusive benefits to cardholders in 2016, such as convenient shopping anywhere in the world, earning chip-money, installment opportunities, and special offers from distinctive brands. Other features include helping customers with their cash needs such as fast money, cash advance, installment cash advance, and SMS money that can be purchased via SMS. In addition, the Cash-Para (Cash-Money) program offers interest-free cash advance opportunity to customers for their purchases.

Ever-Expanding Portfolio of Features

Cardholders who commit to using Axess in purchases continue to earn additional chip-money or benefit from interest discounting. This service allows customers to obtain an interest-free

installment cash advance by making a purchase commitment. Further, Shopping Tariffs give instant discounts to clients for fuel station and grocery store purchases as well the opportunity to pay for credit card purchases in three installments.

Also providing convenient repayment options for cardholders, Axess promotional campaigns offer payment in installments and deferred payment. “Installment Request” presents an installment opportunity after a purchase is made from merchants not participating in the campaign while “Deferral Request” allows payment for purchases to be deferred to future months. In addition, the Statement Separation feature enables statement balances to be paid in installments.

Reward Campaigns for Customers

The opportunities provided to Axess cardholders domestically, Akbank began conducting campaigns that offer chip-money and hotel and restaurant discounts for overseas purchases this year.

Akbank actively communicates with Axess cardholders through its updated website and social media channels such as Facebook and Twitter.

For more information please visit: <http://www.axess.com.tr/>

Wings: Mile Accumulation Program

Wings is a credit card for Akbank's high-income customers who have an active social life and who travel frequently for either business or pleasure. Cardholders earn miles with each purchase as part of Wings' exclusive miles

program. They can then use their Wings Miles to purchase airline tickets as well as hotel accommodation, international travel insurance, and tours via www.GezginlerAlemi.com. Wings holders can also use the advance miles feature to book their trips even if they do not have a sufficient miles balance for their travel plans.

The Privileged World of Wings

The installment and campaign opportunities offered expressly for Wings holders provide special benefits for cardholder purchases while rapidly accumulating miles bring them closer to realizing their travel dreams. They can take advantage of discounts and privileges offered by Wings Style member merchants, with the “Miles on Land” program; cardholders can use their Wings Miles to make payments at Wings Style-member restaurants, hotels, spas, and sports centers. Thanks to the rich travel and lifestyle content available on wingscard.com.tr, Wings cardholders can make advance travel plans, access information on dining venues and events in the city, and lead well-informed social lives.

Wings customers can be picked up from any location they choose and dropped off at the airport in Turkey's major cities, including Istanbul, Ankara, and Izmir, and take advantage of the discounted airport transfer service.

In addition to the domestic promotional campaigns, Wings also continued to offer installment as well as hotel and restaurant discount campaigns abroad during 2016.

For more information please visit: <http://www.wingscard.com.tr/>

Free: A No-Annual Fee Credit Card

Customers of Free, another important card in the Bank's portfolio, earn substantial chip-money and enjoy installment benefits at hundreds of thousands of Axess member merchants without paying an annual credit card fee. In addition, many other benefits are available to Free cardholders, including cash solutions, tariffs, orders, additional card, and insurance.

SMS Notification Option from Free My Budget Service

The Free Budget service allows cardholders to manage their budgets by sending an SMS notification stating that they reached the pre-determined expense level. They can also learn about their available limit, current debt balance, and payment due date via SMS. In addition to not paying an annual card fee, Free cardholders have the option to enroll in periodic campaigns such as extra installments, payment deferrals, and chip-money. They can benefit from these campaigns in return for a certain fee.

For more information please visit: <https://www.kartfree.com/>

Neo: Standing Out with Special Discounts

Neo, the debit card that gives chip-money for purchases and allows cardholders to use their chip-money balances for free shopping, boosted the card's frequency of use by also offering purchase discounts. Carrying either the MasterCard, Visa brand or TROY, Neo also contributed to the prevention of off-the-books transactions thanks to its widespread use in shopping, e-commerce and installment payments.

For more information please visit: <http://www.akbank.com/consumer/cards/neo.aspx>

INNOVATIVE APPLICATIONS IN DEBIT CARDS AND CREDIT CARDS

Akbank continued to render innovative services in 2016 in line with the expectations of its credit card and debit card customers whose numbers soared compared to the previous year. These innovations include:

Debit Cards and Prepaid Cards

Combining Neo, the debit card of limit-conscious consumers, with the Artı Para (Plus Money) product, Akbank offered installments for customers who prefer to use debit cards for shopping. This practice boosted the Bank's interest income while encouraging the use of Neo in shopping transactions.

Innovative Benefits in the Debit Card Sector

In addition to the Neo-related marketing initiatives carried out throughout the year, Akbank began issuing Neo instantly at branches to enhance operational efficiency. This resulted in material savings in card delivery costs as well as faster card activation and improved customer satisfaction.

Business Credit Card Products

Akbank serves the business credit cards segment with the Axess Business and Wings Business brands to meet the various needs of small, medium and large-size enterprises, such as fuel and wholesale purchase, business travel, accommodation, and office supplies. In 2015, the Bank increased the number of cards in circulation in this segment to around 235,000, up 20% compared to the previous year. Companies can monitor their business card payment transactions regularly, earn mile points and chip-money, and benefit from a variety of promotional campaigns. Akbank activated the shared credit line project in 2015 which allows sole proprietorships that engage in commercial activities but who use consumer credits to obtain commercial cards. Akbank launched the Çatı (Roof) Limit product for sole proprietorships in 2016, which increases customers' credit limit potential while aiming to ensure rapid sales delivery. The Tedarik (Supply) Card project, which the Bank recently initiated improvement and development efforts for, will intermediate the collections of distributors and dealers that purchase goods from corporations and large companies in an attempt to boost revenue and profitability.

INSURANCE SERVICES PROVIDING COVERAGE FOR CARDHOLDERS

 **Acquiring 34,000 new members, Akbank's member merchant network climbed to 356,000 businesses with 418,000 POS terminals as of year-end 2016, continuing a strong performance in this segment.**

Responsible Practices in Debit and Credit Cards Insurance Services in Credit Cards

We offer our credit card customers a variety of insurance products to protect them in the event of accidents, loss, and theft. If the cardholder loses his/her job, AkSigorta Credit Card Unemployment Insurance insures all credit card debt of the cardholder.

Environmental E-Statement Solutions

Aiming to reduce the amount of paper used in printing account statements, Akbank has offered credit card customers the option of receiving their account statements via e-mail or SMS since 2008. To encourage our customers to receive their account statements exclusively via e-statements, the Bank continues its communication efforts under the slogan "Give Life to Trees" via IVN calls and SME notifications. An application allows customers to switch to e-statement for all of their cards with a single SMS. By increasing the frequency of IVN calls in 2016, Akbank raised the number of cards receiving e-statements to 3.2 million as of year-end 2016.

Member Merchant Activities and Creative Campaigns

Acquiring 34,000 new members, Akbank's member merchant network climbed to 356,000 businesses with 418,000 POS terminals as of year-end 2016, continuing a strong performance in this segment. The Bank's shared POS terminal initiatives continued in 2016, 51,500 of which are Akbank-owned. Akbank has further strengthened its market position by broadening the Bank's member merchant network via agreements with sector-leading companies and conducting consumer-oriented promotional campaigns. As of end-2016, some 255,000 member merchants offers installment and rewards benefits to Axxess cardholders.

Number of Merchants Using EkoPOS Tariffs Increased

Member merchants using EkoPOS tariffs with a fixed monthly fee of as little as TL 29 without incurring any other commission or fees, reached 35,000, in 2016 up 60% compared to the previous year.

Continued Expansion in Contactless POS Network

Akbank continued to expand the contactless POS network in 2016, as the number of merchant members with contactless transaction capability climbed to 77,000.

Cash Register POS

Akbank serves clients who prefer to purchase integrated cash register POS devices via widely available cash register POS terminal providers in the market, such as Verifone, Ingenico, Beko, Profilo, Hugin, and Vera. In 2016, customers who purchased their devices using Akbank credit cards had the option to pay in six interest-free installments. Akbank also eased the burden of purchasing a cash register POS with attractive promotional campaigns, such as free chip-money and waiver of monthly POS fee, providing significant opportunities for customers subject to the value-added tax. As a result, Akbank's cash register POS network doubled compared to the previous year, jumping to 110,000.

Continued Expansion of Direct Banking Channels via Innovative Banking Approach

As time becomes more valuable each passing day and the variety of transactions performable on direct banking channels expands, customers are driven to use direct banking channels more extensively for their banking transactions. According to Banks Association of Turkey (TBB)'s September 2016, survey, around 19 million banking customers actively use internet banking; meanwhile, active users of mobile banking number around 17 million in Turkey. Digital banking users increase every day in tandem with rising internet and smartphone penetration. Digital banking channels are very popular in particular for viewing account information and balances, money transfers, and payment transactions. These alternative channels also make significant contributions to products sales, rising by the day.

Currently, more than 3 million Akbank customers each month are served without ever visiting a branch via the Bank's Digital Banking channels.

Closely monitoring the global digitalization trend, Akbank is a standout with its Direkt Mobile application, as one of the fastest growing banks in terms of user numbers. An Akbank customer visits a branch 2-3 times a year on average, while using internet banking 4-5 times and mobile banking 15-20 times each month. More than 85% of Akbank Direkt Mobile users use this channel regularly every month. The cross-selling ratio and profitability of customers who actively use mobile channels are double and 3.5 times, respectively, the Bank's overall average.

Consumer banking customers prefer direct channels particularly in payment and money transfer transactions due to their convenience and speed advantage. Some 86% of money transfers and over 86% of payment transactions at the Bank are performed through Akbank Direkt Internet and Mobile channels. The share of cash withdrawal transactions performed at branches is in decline, as nine out of every 10 cash withdrawals are conducted using the ATMs.

Innovative Steps in Call Center Management

Striving to deliver exceptional experiences at every point of contact with customers with its customer-oriented service approach, Akbank Call Center continued to pioneer the industry in 2016. This was achieved with its well-trained, experienced, highly-qualified, and solutions oriented staff; rich array of transactions; and creative, results-oriented approaches paired with superior use of technology.

Making nearly 60 million customer contacts in 2016, Akbank Call Center continued to distinguish itself by delivering quick, easy access with more than 1,000 employees. Akbank Call Center renders an unparalleled customer experience thanks to constantly expanding technology utilization, ending 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 Call Center boosts its effectiveness and share in insurance, credit card, revolving credit card loan, and general purpose loan sales each passing day.

Making utmost use of every available advanced call center technology, Akbank Call Center continued to invest in new technologies in 2016. The Call Steering application, which interprets customer answers in the interactive voice response system and guides them to the appropriate point, directs callers to the correct customer representative in the first connection. The Speech Analytics application was deployed to, and began to be used by, all customer representatives in 2016. As a result, the Bank is now capable of conducting multi-faceted and detailed analysis of all incoming calls.

Accessibility of the Bank's Services

The Bank takes heed to establish standards of accessibility to its products and services, and serve all customers under equal conditions. The service model for customers with disabilities entails providing all banking services, including meeting with the branch manager, to customers with disabilities at the entrance level. Stickers and bands in the Braille alphabet stating the branch name and hours of operation were placed on the doors of the branches; information boards presenting the same information were placed inside branch locations. Tactile surfaces were created inside the branches for visually impaired customers. Visually impaired customers were enabled to hear the Consumer Banking Services Agreement via QR Code and smart phones. Akbank Call Center employs Customer Agents who are proficient in sign language in order to be able to provide communication support via video call to hearing impaired

INSURANCE SERVICES PROVIDING COVERAGE FOR CARDHOLDERS

 **Akbank's core priority is to deliver an integrated and unprecedented customer experience at all points of contact between the Bank and the customer.**

customers at branch locations. The number of ATMs that are accessible by orthopedically handicapped customers is also growing. In addition, the Bank prepared, and made available to employees, a "Proper Approach to Disabilities" training to educate the staff on communicating with customers with disabilities in 2016.

Call Center Service via Social Media Channels

As one of the first companies in Turkey to integrate with social media in a comprehensive fashion, Akbank Call Center also serves customers via the Facebook, Twitter, chat and video chat channels in addition to voice calls.

Akbank Call Center provides specialized services to more than 100,000 customers who prefer to receive service remotely. The Bank's services in this area focus on relationship and asset management rendered to Consumer, One-to-One, and SME segment clients. Akbank Call Center will continue 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.

Cash Back in Cash Credit Card Payments

Akbank ATMs served about 5 million customers and performed 17 million transactions on average each month during 2016. The Bank continues to leverage the functionality range of its ATM network to reduce the branch workload and generate income. To this end, efforts that were completed and rolled out in 2016 include:

- Giving the customer cash back in banknotes after credit card payment deposits in cash,
- Acceptance of UnionPay branded credit cards and debit cards at Akbank ATMs,
- Acceptance of Troy branded cards at Akbank ATMs.

Customer Experience Management

Akbank's core priority is to deliver an integrated and unprecedented customer experience at all points of contact between the Bank and the customer. Conducting

regular measurements and making continuous improvements for all Akbank Direkt channels to attain this goal, the Bank elicits feedback and insights from customers via experience and satisfaction surveys for all points of contact, user surveys, and ease of use testing. The Bank conducts root-cause analyses on all data collected from customers to determine courses of action and to improve the customer experience on all channels on an ongoing basis.

In 2016, the Bank continued to conduct ease of use testing and surveys for all channels using globally-accepted metrics while tracking the customer experience scores of the various channels. The Bank's results in this area approximated the scores of the world's best technology companies, demonstrating that the customer experience rendered by the Bank particularly on digital channels figures among those of global leaders. During the year, Akbank conducted ethnographic user surveys, design workshops with end users, and focus group studies in order to design all digital banking channel experiences and products in a customer-oriented manner.

The end goal of these initiatives and customer-centric principles is to position Akbank Direkt channels as the most preferred within the Bank and to become the most popular Direct Banking brand in Turkey.

Akbank Direkt Innovations

Akbank Direkt continued to undertake successful initiatives in 2016 to provide products to customers specific to Akbank Direkt channels so as to address their financial needs with the fastest, most practical tools.

Akbank Wealth Management: All You Need to Know About Investing

Akbank broke new ground in Turkey and made Akbank Wealth Management available to customers through Akbank Direkt Internet and Mobile in order to provide customers with sound guidance in their investment decisions based on their risk profiles and present them with appropriate investment products.

The Investment Baskets product was also rolled out for customers to quickly purchase those products recommended to them based on risk profiles created in line with personal investment preferences. Another important innovation under Akbank Investment Services is that customers can now video conference with AkInvestment investment advisors via Akbank Direkt to receive personalized investor recommendations.

Developments in Open Banking and e-Government integration

After becoming the first bank to open the Application Programming Interface (API) to all application developers, Akbank also made its Akbank Direkt money transfer screens available

to users thanks to the payments integration it implemented jointly with the payment solutions firm ComPay. Users shopping on websites integrated with ComPay's payments network can now reach their Akbank accounts through Akbank Direkt Internet or Akbank Direkt Mobile, and pay for their purchases via money transfer from their Akbank accounts.

Thanks to the e-Government integration, Akbank users log into the e-Government portal automatically through Akbank Direkt using the customer information retained on the Bank's systems.

Digital Customer Satisfaction and Live Chat Service

The Live Chat Application, which was already available for Akbank Direkt Internet Plus and My Business customers, was also rolled out for regular customers in 2016. The existing One-to-One Live Support service was consolidated under the name Online Support and made available to all customers in an attempt to boost customer satisfaction. To this end and in order to evaluate feedback received from users, the Satisfaction Survey at the Akbank Direkt Internet Logout screens as part of the Akbank Smiley program was redesigned. Akbank sought more detailed and actionable feedback from customers through the smiley indicator that represents level of satisfaction as well as a space that accommodates more suggestions/complaints.

Mobile Banking Innovations

Downloaded by more than 10 million persons, the Akbank Direkt Mobile application won a large number of prestigious

international awards during 2016. In the first elimination round of the Best Digital Banks 2016 awards organized by Global Finance, Akbank Direkt was named "The Best in Mobile Banking" in Eastern Europe and cleared the elimination round. Akbank Direkt had also cleared the initial elimination round at the same Global Finance competition in 2015 and was voted "The Best Digital Bank" in Eastern Europe in the second round. Expanding the scope of application this year, Akbank entered the competition with all the innovations and services on all digital platforms that serve Akbank Direkt customers – Akbank Direkt Internet, Akbank Direkt Mobile, Apple Watch, Apple TV, cash withdrawal with iBeacon and Security Code, Wealth Management, Video Chat, and Mobile Web TV. As a result, last year's "The Best Digital Bank" award was joined by "The Best in Mobile Banking" award, which encompasses all mobile platforms this year. These awards are a direct consequence of the Bank's technology investments that reflect its mobile focus; innovations centered on the human component; and creative marketing initiatives.

New Technologies and Experience Improvements

In 2016, Akbank enabled customers to perform cash withdrawal, payment, and money transfer transactions with a single touch using the "3D Touch" functionality of the iPhone 6S and 6S Plus smart phones. Users reach the transfer and payment transactions quickly by clicking on the application logo on the phone's main screen. The improvement made this year enables Akbank customers to also access payment,

INSURANCE SERVICES PROVIDING COVERAGE FOR CARDHOLDERS

cash withdrawal and transfer transactions faster with a single touch via the dashboard in the Akbank Direkt Mobile application using “3D Touch” on iPhone 6S and 6S Plus smart phones.

It is a valuable experience for customers to be able to use the native features of their mobile devices on mobile apps. Similar to the “3D Touch” functionality native to iPhone 6S and 6S Plus, another experience enhancement added in 2016 is that Akbank Direkt Mobile users can search frequently used banking words so that they can reach Akbank Direkt quickly with the help of the Spotlight Search feature on iPhone and iPad with iOS 9 and above.

World of Digital Payments with Akbank Direkt

Digital payment solutions, expanding rapidly across the globe, are also growing in Turkey. The sector came to the fore after financially and technologically advanced companies entered the market and launched digital payment platforms and applications.

Akbank rolled out two major upgrades – On-Device Payments and Remote Payments – under its digital payments initiatives. Since September 2016, as part of On-Device Payments, the Bank has allowed users to make cardless payments using their Android phones with the Akbank Direkt Mobile application over Host Card Emulation (HCE), the world’s most secure and most advanced mobile payment technology. The project empowers Akbank Direkt Mobile users to define all their Akbank credit cards and Neo cards for mobile payment on their NFC

(Near Field Communication)-enabled phones, and use them at all contactless POS devices the world over. While there are Turkish banks in the industry that provide mobile payment service, there are no other banks that provide mobile payment service for all Visa and MasterCard branded debit and credit cards.

Under the Remote Payments Project, in addition to card-based payment transactions, the Bank enabled users shopping on e-commerce sites to pay for their purchases with Akbank Direkt. Adding value to the existing card-based payment solutions, Akbank developed a trailblazing, end-to-end digital solution where the e-commerce site receives the payment within seconds – such as instantaneous money transfer from the user’s account, or payment with Installment Artı Para (Plus Money) or via Akbank Direkt Loan. As a result, Akbank developed the first digital payment solution, using the instantaneous loan concept, in e-commerce transactions. Problems encountered frequently in this channel during Remote Payments transactions – such as insufficient credit card limit or awaiting the confirmation of the website in money transfers – were also resolved. Payment transactions that can be performed on Akbank Direkt Mobile were enriched in 2016 with the addition of traffic fine, standardized test entrance fee, social security premium, and tax payments.

English Language Support for Akbank Direkt Mobile

Already providing English language support in its Android application for consumer banking customers,

Akbank began providing the same convenience for iPhones and iPads that run on the iOS operating system as of May 2016. With this roll out, the Bank began serving foreign national customers, in Turkey and 200 other countries, using iOS via mobile channels, expanding its user base. The Bank expanded its reach thanks to this effort.

Akbank has posted nearly 2.5 times growth in the Turkish mobile banking market, which grew quickly over the last two years, significantly boosting both its mobile customer count and market share in mobile transactions. Akbank owes its success in the mobile space to its mobile-first strategy, pioneering role in innovations, and the world-leading customer experience it provides. Akbank will continue to develop and enhance the Akbank Direkt Mobile application with its specialized in-house staff in 2017. The Bank will also continue to lead, setting an example for its rivals, and pioneering the development of the industry, both in Turkey and worldwide.

Training Program for Employees

Thanks to internal improvements and employee training programs, Akbank Call Center achieved major efficiency gains in terms of meeting the customer’s need on a single call. Leveraging 16 years of sales and service culture experience, Akbank Call Center continues to record major accomplishments in customer calls, product sales, specialist lines, complaint management, and other related operations. Akbank Call Center employees are also a source of skilled human resources for all other Bank units (e.g. Head Office and branches).

DECISIVE STEPS TOWARD OUTSTANDING CUSTOMER SATISFACTION

♥ Akbank employs advanced customer experience measurement and evaluation systems as part of its customer satisfaction-oriented service approach.

Pursuant to its customer satisfaction-centric service approach, Akbank expends continuous efforts to constantly improve customer satisfaction and raise it to new heights. The Bank executes various measurement, evaluation and enhancement processes in accordance with its objective of ensuring outstanding customer satisfaction at every point of contact with clients.

Service Quality Measurement, Evaluation and Enhancement Processes

Akbank employs advanced customer satisfaction measurement and evaluation systems pursuant to its service approach centered on customer satisfaction. Service quality levels at points of contact with customers, which comprise Branches, Direct Channels, and Customer Complaint Management staff, are measured regularly and they are certified twice a year. Measurements are conducted daily and feedback is solicited from nearly 280,000 customers each year. Measurement results are monitored at the branch and employee level and are shared with related personnel transparently. In addition to

daily feedback, Service Quality Scorecards are created every six months in order to identify strengths as well as areas of improvement. Actions plans are devised for areas of improvement; enhancements and continuous development are accomplished through these closely-monitored plans.

Service Quality Measurement in Light of Customer Feedback

In addition to daily measurements, Akbank conducts in-depth interviews at customer visits and studies at client sites to elicit feedback on service quality. The feedback gathered from these interviews is input into customer satisfaction enhancement initiatives.

Practices Related to Internal Processes

Service levels of Head of Units, which support the points of customer contact, are also of utmost importance in enhancing customer satisfaction. To this end, service quality is put under the guarantee of Service Level Agreement (SLA)s. SLAs cover features such as quality, amount, frequency, delivery date, involvement and problem solving time expected from the units providing the support

service. The situation in SLAs is regularly reported, actions for improvement are adopted in areas where the target is not met and targets are increased in areas where SLAs perform better than the target.

Internal Customer Satisfaction Survey

In addition to SLAs, the satisfaction level of Akbank field employees with the Bank's internal teams is assessed via the Internal Customer Satisfaction Survey. The Bank rolled out an innovation in 2016 where – in addition to the services provided by Head Office staff to the branches and regional offices – the quality of service provided by Head Office departments to other Head Office departments also began to be measured. Results of the survey are shared transparently in the Bank; action plans are devised with the participation of related staff to ensure continuous development.

Providing comprehensible, simple and user-friendly screens at every point of contact with Akbank customers and staff is an integral element of service quality. Akbank measures the ease of use of its screens via lab studies participated by

DECISIVE STEPS TOWARD OUTSTANDING CUSTOMER SATISFACTION

customers; the Bank continuously develops and improves the screens of Akbank Direkt channels based on customer feedback. Similarly, Akbank regularly measures the user experience of screens used by employees, and continuously reviews internal systems and user interface designs based on feedback.

Permanent Solutions for Areas in Need of Improvement

Akbank regularly reviews customer complaints and demands that are received from various channels, analyzes customer feedback and corporate data, regularly assesses the results of these analyses, and shares them with the Bank's related staff. With the oversight of the Customer Experience Committee, the Bank develops corporate policies, practices and processes; tracks the changes in the number and content of customer feedback; and implements concrete, permanent actions in the areas in need of improvement in order to enhance the customer experience.

Customer Satisfaction Survey

Our customers can inform us on their expectations via different channels. In addition, we perform regular customer satisfaction surveys and research to get feedback. We daily monitor customer satisfaction levels with feedback from the kiosks (interactive information terminals), web applications, and direct phone calls. Outputs of the surveys and areas to be improved are regularly shared with the channels and employees delivering the related services in a special area in the portal. Areas

that are below the target scores are considered as areas for improvement with development and efforts started. To assess expectations and satisfaction levels of our customers from various segments and to identify areas to be improved, we also hold a Customer Satisfaction Survey every year.

Innovative Ideas of Our Customers and Employees

Akbank takes heed of customer feedback and creative ideas and suggestions from its employees in light of its target to fulfill the ever-changing and diversifying customer demands and to serve them better.

Initiatives are carried out throughout Akbank to develop innovative ideas and to objectively evaluate and implement these ideas. There is a team of Innovation Envoys, made up of nearly 200 employees from the Head Office, Regional Directorates and branch employees. Innovation Envoys attend periodic workshops to create new ideas identified in accordance with the Bank's strategy and needs of its business units, using their learning on creative and innovative thinking techniques and internal innovation leadership.

Innovation-Oriented 1001 News Bulletin

Publishing a monthly bulletin, "1001 News," to create innovation awareness among its employees, Akbank reports on innovative practices in the banking industry and other sectors for the reference of its personnel.

1001 Ideas Suggestion System

All of the employees can make suggestions via the 1001 Ideas and Suggestions System. After a pre-evaluation, ideas that are considered to be applicable are selected and action plans are made. Every month, the "Suggestion of the Month" is chosen and the suggestion and its originator are announced to all the employees. In addition, customer suggestions received via Akbank Call Center and social media are also regularly included in the Suggestion System and evaluated in the same way.

2,957 Suggestions Submitted

During the 2016 operating year, a total of 2,957 suggestions - 2,219 from employees and 738 from customers - were submitted to the Akbank Suggestion System. Since the launch of the Suggestion System in 2008, a total of 5,184 suggestions have been accepted and 40% of these were implemented.

Customer Satisfaction

In today's fiercely competitive business environment, managing the customer experience beyond expectations and ensuring satisfaction and loyalty to attain sustainable financial success is critically important. Customer satisfaction, in turn, requires proactive and customer-oriented approaches that go well beyond receiving and addressing complaints. The Akbank Customer Complaint Management Team was established in 2003 with the vision of supporting customers in their communications with the Bank, foreseeing the problems they may experience, and getting in touch with the customer proactively before

the complaint takes shape. The Team was restructured under the name Customer Satisfaction Department in 2016 with overhauled processes and an expanded organization. The Customer Satisfaction Department manages the relationship between all customers, regardless of channel or process, and the Bank; engages in proactive communication with customers in consideration of their sensitivities; supports customers; and manages their complaints, appeals, demands and suggestions, if any.

Akbank's in-house Customer Complaint Management system has an integrated and flexible infrastructure. The system performs the end-to-end management process of customer feedback submitted through any channel including the branches; monitors many details within this life cycle including SLA/OLA compliance; operates in a paperless environment; is capable of effective reporting; and, most importantly, can be enhanced based on needs.

The average time of resolution, tracked on the basis of each individual customer, was reduced from three days to two days. Meanwhile, SLA compliance jumped from 60% to 90% and the rate of resolution at the first point of contact increased from 65% to 90%.

Cases requiring support are transmitted to the branches and subject matter expert business units via work order assignments through the complaint management system (SAP CRM) for their input and opinions. Currently, 29 Service Level Agreement (SLA)s are in place with all business

units whose input is sought for resolutions as well as with Akbank Branches; these SLAs are tracked periodically through the system. Automatic notification and escalation processes for SLA/OLA tracking are functioning flawlessly within the system, with the results reported regularly to the organization.

The outcome of all submissions can be viewed in real time through the Call Center and Branch channels. Customers can obtain the latest update on the status of their complaints by contacting the Call Center or visiting an Akbank Branch. In addition to these channels, customers can also reach the outcome information through self-serve channels such as the Internet Branch, www.akbank.com, and the interactive voice response system of the Call Center.

In keeping with the goal of quick resolution of customer complaints, Akbank offers the Live Support (Chat) service. The Bank also monitors all complaints and demands on social media accounts such as Facebook, Twitter, and Instagram; on consumer websites; and in print and broadcast media. Akbank gets in touch with customers in line with the SLA targets. Customer Satisfaction team is in close interaction with the entire organization due to the nature of its function. All Call Center employees and experienced staff personnel hold associate or undergraduate degrees. In addition to the Bank's mandatory training, all employees are supported by personal development training. The staff is equipped with the banking skills and financial competency needed to maximize resolution-at-first-

contact performance. In an effort to increase the complaint management processes and awareness and to integrate inputs and outputs into the corporate culture, awareness-oriented actions (e-learning, Happy Customer Program, and the like) are implemented.

Information on the Bank's complaint management policy and related procedures are available in writing on the corporate portal platform for the employees and under the "Our Customer Satisfaction Policy" heading at the www.akbank.com/Contact Us tab for customers.

Initiatives executed by Akbank to measure customer satisfaction include conducting CATI (Computer Assisted Telephone Interview) surveys with customers who have submitted a complaint. The satisfaction approach is assessed from the customer's perspective via various methods including the Net Promoter Score (NPS) and mystery shopping.

As part of Customer Satisfaction initiatives, Akbank tracks complaint data, both internally within the Bank and in the form of regular reports to regulators in compliance with laws, rules and regulations. In addition, the Bank leverages the knowledge it has gained and customer experiences to conduct systematic analyses. Root cause analyses of complaints are utilized in continuous improvement efforts for products, services, and processes; allow for customer expectation analyses for new products and services that are being contemplated; and become the de facto voice of the customer within the Bank.

DECISIVE STEPS TOWARD OUTSTANDING CUSTOMER SATISFACTION

The Akbank Customer Satisfaction Department operates in this broad range of unlimited potential with a high level of recognition within the organization. The Department renders exclusive services to customers with a sensitive perspective, with the vision of being a team that listens to, understands, and empathizes with the customer; generates customized and quick solutions; turns complaints into satisfaction; and creates awareness within the Bank by sharing its experiences.

Successful Performance Bolstered by Awards and Certifications

After receiving ISO 10002 Complaint Management Quality Certification from the international firm BSI (British Standards Institute) in 2007, Akbank successfully renews its certification process through regular audits conducted on an annual basis. Pursuant to the complaint management model put in place under the certification process, which was renewed for the ninth time in 2016, the Bank is committed to a customer satisfaction policy, related goals, and continuous improvement principles. Further, Akbank reaches much higher levels in terms of business conduct, process management, service quality and customer-oriented approach principles.

The Customer Complaint Management System, which was integrated in 2009 with numerous channels that customers make submissions through, was recognized as a global success story in the banking industry the same year. The Bank's Social Media Management initiative, executed under the Customer Satisfaction Department, registered a major accomplishment in its first year of operation. In October 2012, it won the Gold award in the "Customer Complaint Management Department of the Year" category at the competition organized by IMI Conferences, the most prestigious organization in its field in Turkey. In addition, the Bank garnered the Gold award in the "Customer Service Complaints Team of the Year" category at the international Stevie Awards competition in 2014.

Akbank is committed to administering the customer complaint management initiative effectively in keeping with service quality and customer experience principles as well as efficiency, by creating awareness and making a difference in pursuit of ambitious goals.

Social Media and Community Management

Akbank has a total of 3.1 million followers across all its social media channels. The Bank communicates with customers through 26 Akbank accounts on various social media channels.

Akbank entered into a direct cooperation with Facebook and became one of two Turkish brands to deploy Canvas, Facebook's most important new ad model in 2016. In addition, Akbank is the first and only bank in the world to work directly with Facebook to use Canvas. Using the sales-oriented Custom Audience application based on customer data on Facebook, Akbank began showing users the products and campaigns they most need with targeted ads. Akbank is undertaking efforts for credit card sales, loan origination, Serbest account opening, and download/use of the mobile app on social media. Thanks to these initiatives, some 28% of credit card sales made on the web are initiated on the Facebook channel.

The costs of card sales and mobile downloads on this channel were below those of digital channel averages. The Bank began studying the actions of potential users on digital channels as part of social media ad targeting efforts.

The Bank's social media ads reached 900 million targeted displays.

CRM

Akbank CRM Department completed comprehensive projects under the major categories of sales and marketing automation, real-time marketing, customer analytics, pricing and optimization, and designed and implemented its CRM approach in 2010.

Akbank received the “CRM Excellence” Award from Gartner in the “Integrated Marketing” category in 2011, “Customer Analytics” category in 2013, and “Sales Effectiveness” category in 2014, becoming the first Turkish bank and Turkish company to win the “CRM Excellence” Award for the third time. The “Spot on, Akbanker” application is a new digital platform that was developed to manage the Bank’s targets more effectively within the day to day workflow and which is designed to award success. The platform aims to maintain a fast pace within a pleasantly competitive environment, and enhance sales motivation and concentration on periodic targets. This gamification platform, a first in its respective area nationally, supports Akbank’s customer-oriented strategy. The Key application combined customer and CRM portfolio priorities in the portfolio management approach, creating a construct that ensures multi-purpose work reflex, proactive multiple sales and marketing, deeper client relationships, and efficiency gains.

Akbank will sustain its industry leadership in CRM, particularly in next generation analytic solutions, customer-based pricing, and revenue optimization, will continue under digital and real-time banking vision.

PROCESS MANAGEMENT AND BUSINESS DEVELOPMENT

Akbank adopted the Business Process Management (BPM) approach as the methodology for business processes management. With this approach, all elements are evaluated in a holistic manner (especially information technologies, data, organization and product); thus, customers’ needs are met more efficiently and quickly. Akbank adopted the Business Process Management (BPM) approach as the methodology for business processes management. Customer-oriented and efficient processes are designed and implemented under this approach.

Continuous Development is Main Goal

Akbank’s business development initiatives are carried out using Continuous Improvement techniques and the Lean Methodology. Continuous Improvement refers to using the results of the customer satisfaction surveys and service level reports to review and improve business processes from the viewpoint of customers as well as improving existing processes, products and services to meet customer expectations as effectively as possible.

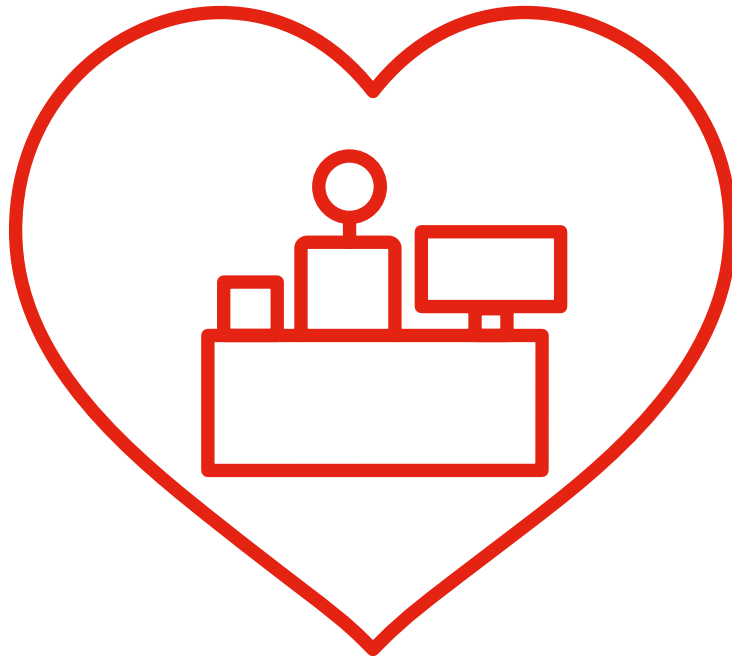
OPERATIONAL EFFICIENCY

Continuing to expand steadily, Akbank aims to manage the growth process with its existing resources. This, in turn, is possible only with an operational model that focuses on efficiency and digitalization. Armed with this awareness, Akbank conducted a thorough review of more than 1,350 processes in 2016 as part of the “Improvements for You” program that initially launched in 2012 to boost work efficiency at the branches and Operations Center.

As part of efforts to digitalize the Bank’s processes, nearly 200 process improvements were made while additional capacity corresponding to a workforce capability of 500 employees was created in 2016. The Paperless Bank project that was initiated in 2016 conserved more than 30 million tons of paper and saved nearly 3,000 trees. Further, Akbank began to redesign all processes from scratch, one by one, with the goal of complete digitalization.

In 2017, Akbank plans to execute initiatives related to effective use of technology as well as opportunities for efficient and effective operational processes. This effort is aimed at delivering the best customer experience and attaining more efficient business processes.

— Our Distinctive Employees



♥ Akbank strives to be the choice of the “Best Professionals” in its recruiting practices to ensure the sustainability of its financial and operational success.

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 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.

Purpose of Our Human Resources Management

- Recruiting the best candidates for 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 code of ethics,
- 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.

The Choice of the "Best Professionals": Akbank

Akbank strives to be the choice of "Best Professionals" 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. Akbank pursues a fair hiring policy focused on equal opportunity, 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 to offer them career opportunities within the banking sector.

Social Policy Practices Supportive of Local Employment

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.

Tenure and Expertise-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, to motivate and to 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.

Fair Compensation Policy

Akbank's entry level compensation policy is the same in all branches and service points. In recruitment of employees with no previous work experience, parallel to minimum wage for Assistants, and above 35% for Management Trainees.

Full Compliance with Legal Reporting Processes

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. It is set at two weeks for employees who have been with the Bank for less than six months; four weeks for employees who have been with the Bank between six months and 1.5 years; six weeks for employees who have been with the Bank between 1.5 years and three years; and eight weeks for employees who have been with the Bank for more than three years. In case of transfers, employees are given three days for commencing their new posts in the same province and 15 days in another province. If an employee is transferred to a different unit, he/she can communicate with the Human Resources Unit to state opinions on the change.

Human Resources Profile

Some 95.3% of Akbank employees are university graduates. The average tenure at Akbank, which differentiates from the competition with its skilled human capital, is 8.3 years while the average time of service is 9.2

years in the banking industry. Some 70% of Akbank employees work at branches, which are one-to-one contact points with customers.

Our Employees in Figures

At Akbank, which boasts a continuously expanding service network, as of December 31, 2016,

Akbank has a total of 13,852 employees, including the Members of the Board of Directors.

Akbank initiated half-time positions for the first time in 2016; the Bank currently has 11 half-time employees. Including one to three months of 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 Our Employees	2014	2015	2016
Head Office*	1,819	1,598	1,343
Akbank Banking Center	3,080	2,546	2,753
Regional Directorates**	923	900	924
Branches***	10,483	9,006	8,823
Overall	16,305	14,050	13,843

* 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 Malta branch.

In case of necessity, Akbank generates employment through outsourcing. The number of employees working especially in the Direct Banking, Consumer Banking, Corporate investment and Private Banking, Financial Coordination, Information Technologies, and Operations Business Units are available in the table below.

	2014	2015	2016
Number of Employees within the Outsourcing System*	1,668	2,837	3,383

Gender Distribution

Akbank embraces the principle of equality of opportunity without any discrimination on the basis of gender or age. The ratio of female and male employees within the Bank have remained roughly the same over the years. At end of year 2016, the share of female employees decreased by 0.3 percentage points to 53.5%.

Breakdown by Gender (%)	2015		2015		2016	
	Male	Female	Male	Female	Male	Female
Staff						
Board of Directors	88.9	11.1	88.9	11.1	88.9	11.1
Senior Management	65	35	65.7	34.3	66.6	33.4
Mid-level Management	47.3	52.7	48.2	51.8	49.3	50.7
Auditors	66.7	33.3	67.3	32.7	65.5	34.5
Other*	74.0	26.0	74.1	25.9	69.7	30.3
Security	99.4	0.6	0.0	0.0	0.0	0.0
Overall	48.9	51.1	46.2	53.8	46.5	53.5

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

Age Distribution

The average age of Akbank employees is 34.2 as of year-end 2015. In almost every staff category, the largest age group is 30-50. The largest groups in the under 30 category are Assistant Managers and Auditors.

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. Students and young workers applying for an internship at Akbank must be seniors if they are high school students and sophomores or juniors if they are university students. Some 77 university students were employed as interns at the Head Office units between June 2016 and September 2016. The number of student interns at Akbank has a seasonal pattern; there was one intern on the Bank's payroll as of year-end 2016.

Breakdown by Age (%)	2014			2015			2016		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Staff									
Board of Directors	0.0	33.3	66.7	0.0	11.1	88.9	0.0	11.1	88.9
Senior Management	0.0	95.7	4.3	0.0	95.9	4.1	0.0	95.7	4.3
Mid-level Management	2.1	96.5	1.4	1.3	97.8	0.9	0.8	98.4	0.8
Auditors	46.6	53.4	0.0	45.6	54.4	0.0	34.0	66.0	0.0
Assistant Managers	39.8	60	0.2	39	60.9	0.1	38.0	61.8	0.1
Other*	15.4	79.3	5.3	11.6	81	7.4	20.5	73.0	6.6
Security	42.8	57.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall	29.7	69.4	0.9	26.4	72.8	0.8	24.7	74.5	0.8

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

High Rate of Continuous Workforce

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

Employee Turnover Rate*	2014		2015		2016	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	12.27	234	22.16	363	14.28	204
Akbank Banking Center	11.31	347	20.29	591	12.69	334
Regional Directorates**	8.55	75	11.69	104	10.42	93
Branches	9.30	976	15.25	1,392	11.45	1,018
Overall (average)	9.98	1,632	16.82	2,450	11.91	1,649

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

** As in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category, even though they report to the Credits Business Unit located at the Head Office, since 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:

Employee Turnover Rate by Age Group	Under 30						Between 30 and 50						Over 50					
	2014		2015		2016		2014		2015		2016		2014		2015		2016	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	17.22	62	19.67	53	23.80	46	11.00	164	22.10	290	12.53	148	14.24	8	34.43	20	18.52	10
Akbank Banking Center	19.77	177	31.16	227	31.19	180	7.75	166	15.79	340	7.43	151	12.83	4	77.63	24	13.79	3
Regional Directorates*	18.91	36	18.18	36	12.54	24	5.48	37	9.41	64	9.30	64	17.91	2	33.33	4	38.71	5
Branches	12.15	310	19.68	379	15.85	278	8.01	631	13.77	984	10.12	717	54.40	35	55.77	29	47.92	23
Overall (average)	14.63	585	22.26	695	19.44	528	8.19	998	14.86	1,678	9.83	1,080	30.09	49	50.33	77	30.00	41

* As in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category. Even though they report to the Credits Business Unit located at the Head Office, these employees are actually working in the field.

Employee turnover rates by gender are presented in the table below. The percentages of male and female workers who left their jobs are close to each other. The reason for higher employee turnover rates among females compared to males at the Akbank Banking Center is that number of female employees is higher at the Center.

Employee Turnover Rate by Gender	Male						Female					
	2014		2015		2016		2014		2015		2016	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	14.94	171	19.61	180	12.73	104	8.35	63	25.41	183	16.35	100
Akbank Banking Center	7.85	101	15.28	197	11.11	133	13.81	246	24.28	394	14.01	201
Regional Directorates*	8.50	46	8.87	47	8.73	47	8.64	29	15.81	57	12.98	46
Branches	8.81	437	14.41	558	10.54	408	9.73	539	15.88	834	11.79	590
Overall (average)	9.52	755	14.85	982	10.77	692	10.43	877	18.45	1,468	12.65	937

* As in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category. Even though they report to the Credits Business Unit located at the Head Office, these employees are actually working in the field.

PERFORMANCE MANAGEMENT OF SHARED GOALS

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 evaluation 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 developed with a management approach that supports and encourages high-level performance are to:

- Enable employees 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 performances 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.

Transparent Processes 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. As part of this effort, Akbank employs the Balanced Scorecard application. Performance of the senior management is measured on the basis of such perspectives as finance, customer, internal processes, and human resources. Therefore, the senior management's indicators of goals and success also include performance criteria such as customer satisfaction, employee turnover rate in addition to financial criteria.

The criteria of the Akbank Performance Management System are based upon personal goals and competencies. The types, weights and numbers of goals and competencies in the performance forms are

determined by cooperation between the business units and the Human Resources Department.

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 existing human resources in the most productive 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 continued efforts to develop a fair and effective performance management function; to identify, monitor and develop skills; and to provide career opportunities for employees where they can prove themselves in 2016. 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 are visited to make career interviews and this creates effective communication in terms of career management.

Employee Career Maps on the Corporate Portal

Career maps that encompass career steps are posted on the corporate portal. As a result,

employees have access to detailed information on career maps and job families as well as the contact information of the Human Resources team member assigned to support them and consult with them regarding their career development. All of the career principles are stipulated in detail in the Human Resources Implementation Principles document and shared with the employees.

BENEFITS TO EMPLOYEES

Akbank Staff Retirement Fund Trust (Akbank Tekaüt Sandığı)

All our current and retired Akbank employees and their dependents are registered at 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 as a legal entity that provides social insurance support to members using the insurance premiums collected from employees and 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 Aksandık (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 AkSandık pension, Akbank employees are also offered Private Pension System (PPS) Services with some corporate contribution. Senior and mid-level managers and auditors are included in this PPS plan with corporate contribution optionally. Our Bank contributes to savings of such employees by making additional payments to the PPS contracts of the above-mentioned employees in 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 a 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 increased from 4,227 at 2016 year-end.

Collective Bargaining Agreement

In 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.

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, travel per diem, goods transportation fee, death and injury indemnity, and natural disaster assistance. Besides, corporate discount opportunities are provided from various companies for Akbank employees.

Akbank Is Involved in the Equal Opportunity Model (EOM) Project

We completed the preparations 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 - namely 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 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 life.

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.

EMPLOYEE HEALTH AND SAFETY

Fully complying with its legal and regulatory obligations in occupational health and safety, Akbank employed an occupational physician and an occupational safety specialist at the Akbank Head Office and Banking Center. Akbank aims to employ an occupational physician and an occupational safety specialist in all branches and service buildings of the Bank as of July 1, 2017 in compliance with the governing 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 Aksandık's healthcare services. 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 important diseases is provided regularly under the "Health Column" published on the Aksandık 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

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 30 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. Aksandık Fund meets child delivery costs of Akbank employees and provides a variety of additional benefits. Some 759 Akbank employees went on maternity leave during 2016; 25 of these employees resigned from the Bank at the completion of their maternity leave or unpaid leave.

Lost Workdays Which Have Been Consistently Decreasing

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. Yet, the total absenteeism (lost days) of 5,678 employees who received sick leaves with official health reports amounted to 52,600 calendar days in 2016.

Average sick leave per person, calculated by dividing this figure by the average number of employees, is 3,8 days per year. This ratio was 3,7 days in 2015 and 2,6 days in 2014.

Occupational Health and Safety Councils Open to Employee Participation

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 DEVELOPMENT

Continuous Development and Training to Achieve Corporate 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, 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 Academy

Akbank Academy continued its successful operations in 2016. The Academy aims to develop the best professionals in the industry and to transform training into an investment tool for staff members. As part of its activities in 2016, the Academy focused on the employees' areas of development and

initiated efforts to increase the penetration of personalized and easily accessible training methods. By actively encouraging participation in overseas and domestic summits, conferences and seminars, the Bank enabled employees to closely follow relevant developments in the world and in the banking industry. Under the Akbanker Get-togethers in 2016, Akbankers began to come together with subject matter expert guests in numerous venues, including lunch seminars, Academy TV, webinars, and spontaneous meetings. The events entail a wide range of subjects, from technology and innovation to psychology and marketing. Further, Akbankers also share their knowledge and experience in their own areas of expertise that is of interest to the Bank overall.

This 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.

Feedback from the 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.

Survey results are significant in terms of evaluating and improving the content of the training, instructors and training environment. 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, time management, communication techniques and team building.

Pursuant to applicable laws and regulations, the Bank administers Occupational Health and Safety training for all employees, in both classroom training and e-learning formats. In addition, the Bank

conducts Basic First Aid and First Aid Refresher training programs.

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 and practice tests and by making available question banks.

In 2016, some 1,098 employees were licensed out of the 1,456 staff members who took the PPS licensing training and exam; meanwhile, 700 employees were licensed out of the 2,006 who took the SEGEM certification exam during the year. Some 98 of the 2,898 personnel who took the Capital Markets Board (CMB) exam in 2016 obtained the license.

A total of 867,785 hours of training was administered in 2016, corresponding to an average of nine days of training per employee.

We're Ready for the Future (Akbank Academy Portal)

The Akbank Development Center portal, restructured with the motto "We're ready for the future," Akbank Academy Portal, is a platform within Akbank 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 2016, the Akbank Academy mobile application was launched while the development of various infrastructures – such as gamification, social learning, digital catalog, and advanced Corporate TV – continued successfully during the year.

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 grows 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 2016, Akbank focused on corporate strategies, industry developments and segment needs; administered programs that will support employees in pursuit of their career roadmaps; and integrated career principles with training. In addition, the Bank retooled the content and scope of its training for branch manager candidates, designed training programs specific to skills needed for leadership positions, and finalized the process of harmonization with existing career principles.

Akbank initiated systemic efforts to make the Bank's current career certification process specific to the segment, person, and need; more compact; and easier to reach information without time and location limitations. The Bank also began revising the content of its training modules.

Other Training Opportunities for Employees

Akbank supports its employees in obtaining especially internationally recognized certifications in their areas of specialization. Fees for such exams are covered by Akbank pursuant to certain criteria. The number of employees taking such exams in accordance with their specialization in 2016 was 86.

Some of the exams the Bank supports are as follows:

- Chartered Financial Analyst (CFA) exam held by the CFA Institute: Exam on treasury transactions
- Certified Internal Auditor (CIA) exam held by the CIA Institute and CMA (Certified Management Accountants) held by ICMA: Exams on internal audit

- Project Management Professional - PMP exam held by the Project Management Institute (PMI), which awards the most widely accepted certificate on Project Management
- Certified Documentary Credit Specialist (CDCS) exam held by the ICC National Committee of Turkey, which offers the opportunity of earning the internationally accepted title of Certified Letter of Credit Specialist
- Certified Information Security Manager (CISM) Information technologies security management exam held by ISACA (Information Systems Audit and Control Association)
- Software Testing Expertise Certification exam coordinated by the Turkish Testing Board - representative of International Software Testing Qualifications Board (ISTQB) in Turkey

In addition, every year a certain number of Akbank employees are selected as future leaders due to their high performance and potential. They get the opportunity to attend the Sabanci University Executive MBA program with full scholarship. Since 2001, 95 employees have participated in this program. Five employees benefited from this opportunity during the 2015-2016-2017 academic years.

In line with their roles and responsibilities, some staff members attended summits, conferences and seminars both in Turkey and abroad. Some 133 employees were sent to overseas seminars/conferences/training while 397 personnel attended seminars/conferences/training in Turkey.

BANK OF INSTRUCTORS

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 fields and who possess the skill 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. Internal instructors are paid an hourly fee for their teaching load in addition to the salaries they receive for their regular jobs.

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 continue to be administered for Assistants and newly assigned Operations Managers. 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 Head

of Departments and Managers at the 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.

The Mentoring Program 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 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 to be avoided.

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 attend training on the Code of Ethics and Information Security. International Sanctions/Combating Proceeds of Crime training was conducted to related Head Office and branch personnel in a classroom training format. Call Center agents receive classroom-based Combating Proceeds of Crime training.

Akbank continuously reviews and reevaluates the topics and contents of its anti-corruption training programs based on developments and needs in this area. In 2014, Combating Proceeds of Crime were shared these with all employees. Critical training such as risky teller transactions, document protection, detection and prevention of fraud, operational risk, and security awareness 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.

Akbank's intra-company communication initiatives aim to inform employees about the Bank's goals and strategies and encourage them to operate with a customer-centric approach.

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

- Creating an effective communication synergy and communicating this synergy 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 agents of the brand, and conveying 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 encourage them to operate with a customer-centric approach. The most frequently used internal communication

channels are the corporate portal, corporate TV, e-mailing, quarterly performance live meetings, 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. Special discount campaigns and events organized exclusively for the Akbank family are communicated to the employees via e-mail and posted on the intranet and mobile application.

Breakfast with the CEO

Once a month, Akbank employees from various segments and units attend a breakfast meeting with Akbank's CEO. At the breakfast gathering attended by high-performing employees of the year, employees share their opinions and suggestions on the industry with the CEO and convey the topics on which they need more support.

Permanent Leadership Messages from the Senior Management via Live Broadcast

Live broadcast sessions are organized in order to establish closer and more regular communication between the 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 synergy dynamic and reinforces mutual communication and increases employee motivation to achieve common targets. Every three months, Akbank's CEO shares the quarterly performance evaluation messages live via computer screens with all employees. Before the broadcast, questions of employees are collected and the CEO answers these questions live in person.

BANK OF INSTRUCTORS

Akbank BizBize: The main Intra-Company Communication Channel

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 in 2016 transformed Akbank Intranet 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 BizBize 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 Between Us 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 “For Us” platforms were upgraded to enhance the interaction between personnel.

Content Examples from “For Us”:

- Social activities attended by employees
- Albums from which employees can download photos from the social events they attended
- 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 the 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 the 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 they cannot share with their direct managers; and to provide support and advice to employees in such circumstances when necessary.

Company Events Reinforcing Employee Engagement

Akbank organizes social events in order to improve motivation, reinforce team spirit, and to strengthen internal communications.

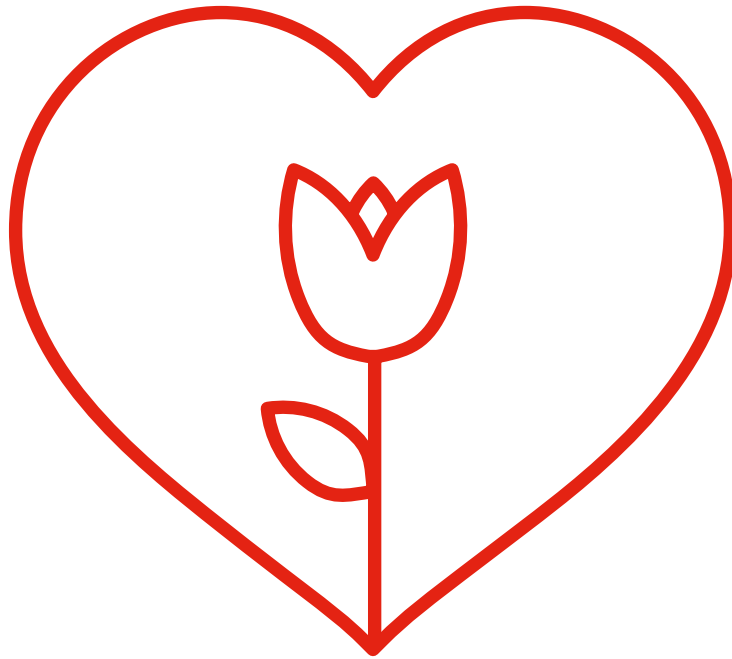
VALUE CREATED BY HIGH EMPLOYEE ENGAGEMENT

Akbank sees employee engagement and loyalty as a central element of the Bank's sustainability and key to attaining its long-term goals.

The positive impact of efforts to raise employee engagement and boost motivation on performance and business results is easily observed within the Bank. Closely monitoring the needs and expectations of personnel via its effective internal communication channels, Akbank also conducts an Employee Engagement Survey annually. The survey is performed by an independent research company on a confidential basis. Necessary improvement and development initiatives are carried out based on the survey results. According to the results of the 2016 survey, opportunities for improvement will focus on career opportunities, rewarding and recognition, and infrastructure facilities.

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

 **The Bank measures its environmental impact in line with internationally-accepted quantitative methods and implements initiatives in the areas where improvement is needed.**

Positioned as a model corporate citizen in every respect, 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 of customers' and employees' carbon emissions as a result of the Bank's technological services 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 our Bank and corporate stakeholders.

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

EFFECTIVE NATURAL RESOURCE CONSUMPTION STRATEGY

Energy consumption and its outcome, greenhouse gases that trigger global climate change, are among the major environmental aspects deemed important by our Bank. The proof of the importance given by our Bank to this issue is the support we provided for the Carbon Transparency Project actualized in 2009 by the Sabancı University Corporate Governance Forum. Akbank is one of the first companies in Turkey that has committed to implement climate change strategies and greenhouse gas emission reporting in compliance with international standards.

SUSTAINABILITY-ORIENTED ENERGY CONSERVATION PRACTICES

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 made 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.

Measurement and Evaluation Compliant with International Standards

Energy figures collected and reported at international standards within Akbank are divided into two main groups. The first is the direct consumption of energy obtained from different sources (of energy) in our Bank. In this group, the main component is the natural gas used for heating purposes. Natural gas is used as the main fuel at the Akbank Sabancı Center, ABC and in most of the other Akbank centers and branches.

In addition, diesel, butane (LPG), coke (coal) and fuel oil are also used in Akbank branches. The second is the electricity purchased by our Bank as indirect energy.

Direct and indirect energy consumption figures are as follows:

Fuel Consumption (Gigajoules/year)	2014	2015*	2016
Akbank Sabancı Center	6,337	8,082	7,911
ABC and Other Centers*	18,300	22,412	21,884
Region Offices and Branches (All Fuels)	79,132	92,012	83,648
TOTAL	103,769	122,506	113,443

* Other centers: Zincirlikuyu and Silivri service buildings.

Electricity Consumption (Gigajoules/year)	2014	2015	2016
Akbank Sabancı Center	70,704	64,854	57,781
ABC and Other Centers*	65,713	63,243	63,889
Region Offices and Branches (All Fuels)	215,329	196,319	173,978
TOTAL	351,746	324,416	295,648

* Other centers: Zincirlikuyu and Silivri service buildings.

Our Bank continues to make technological infrastructure investments in order to carry on providing its modern banking services with the latest technology. For this reason, the demand for electrical energy is increasing.

Energy Efficiency Initiatives

On one hand, Akbank aims to use energy more economically and to engage in practices that enable energy efficiency in line with the target of reducing the amount of energy required in its operations. On the other hand, the Bank continues its activities for raising awareness among its employees.

Energy Conservation Applications for Reducing Operational Cost

Akbank is aware of the fact that measurement and monitoring are important factors for the management of energy used in its branches 850. In line with this aim, in 2011, Akbank established a new infrastructure necessary for remote measurement and monitoring of the electrical energy used in its branches. This infrastructure contains a remote monitoring system that will minimize the loss of electrical energy in the system. The system launched in approximately 300 Akbank branches in the first phase, started working with full capacity as of 2014 year-end covering the other branches in need of the system. Enabling more efficient use of electrical energy, the system will help reduce carbon emissions and operational costs.

Moreover, the overhaul of the mechanical automation of the heating/ventilating/air-conditioning (HVAC) system in the branches to ensure that the

system runs with appropriate configuration according to indoor air quality, which launched in 2010, continued in 2016. This system was directly deployed in the new branches.

In addition to the aforementioned energy projects, the Bank activated an infrastructure in all branch computers that rationalizes energy consumption of idle computers under the GreenIT program in 2016.

Energy Efficiency Applications in Information Technology Infrastructure

Aiming to keep the energy consumption increase below the growth rate of device needs in the Bank’s data centers, Akbank opts for lower energy consuming products in all new system purchases. To this end, the Bank began to decommission systems more than five years old and replace them with more energy efficient devices. Akbank initiated a new data center project in 2015 and completed the design work in 2016. The design entails the use of “free cooling” technology to ensure a more energy efficient new data center. The new data center was also designed to comply with LEED (Leadership in Energy and Environmental Design) certification.

Fuel Saving with Videoconference and Telepresence

Videoconference and telepresence devices enable our staff to make meetings with their contacts in and outside the country without having to travel. In our Bank, such systems are increasingly being used and installed. For example, the telepresence system, a virtual

conference room table, between our Headquarters in Istanbul 4. Levent and the Akbank Banking Center in Gebze, was used for about 5,500 hours in 2016.

In meetings held via these systems, not only visual communication but also mutual document and presentation transfer is also possible. This allows reductions in fuel consumption and resulting greenhouse gas emissions due to business travels; we also save work time that otherwise would be spent in commuting.

Fuel Savings in Cash Operations

The Akbank Cash Operations Unit, which offers cash and cash value transfer to nearly 5,600 service points across Turkey, began to benefit from the latest advances in geographical positioning technologies. Thanks to efficient route planning, our teams traveled 7.8 km and consumed 0.9 liters of fuel per transaction in 2016, down from 10.2 km and 1 liter of fuel per transaction in 2010. This led to a 23.5% decline in miles traveled and 10% less fuel consumption compared to the previous year – large efficiency gains.

Description	2014	2015	2016
Kilometers Consumed Per Unit Work	7.7	7.9	7.8
Fuel Consumed Per Unit Work	0.9	0.9	0.9

CONTRIBUTION TO FIGHT AGAINST CLIMATE CHANGE

 **Akbank closely monitors the latest advances in technology and international initiatives to minimize greenhouse gas emissions from its operations.**

Akbank's Carbon Footprint

The fuel and electricity (purchased from the third parties) used in our activities, cause greenhouse gas emission that triggers global climate change. Moreover, the fuel used in personnel shuttles and company cars allocated to senior managers, also lead to greenhouse gas emissions.

Akbank closely monitors the latest advances in technology and international initiatives in order to minimize greenhouse gas emissions from its operations. The carbon footprint of our Bank is regularly calculated every year to monitor the outcomes of the measures taken. Akbank's target is to gradually reduce its carbon footprint calculated (based on the sources of the consumed energy) at international standards.

Carbon Emissions by Primary Energy Source

CO₂-equivalent carbon emissions caused by fuels used for heating purposes in our Bank are given in the table below:

Carbon Emission Caused by the Use of Primary Energy (tons CO ₂ -e/year)	2014	2015*	2016
Akbank Sabancı Center	328	564	552
ABC and Other Centers*	948	1,563	1,527
Region Offices and Branches (All Fuels)	4,869	6,481	6,003
TOTAL	6,145	8,609	8,082

* Other centers: Zincirlikuyu and Silivri service buildings.

Our Bank continues its activities for raising awareness among its employees with efforts for reducing emissions, and increasing energy efficiency and conservation.

Carbon Emission Caused by Electricity Consumption

CO₂-equivalent carbon emission caused by electricity consumption is given in the table below:

Carbon Emission Caused by Electricity Consumption (tons CO ₂ -e/year)	2014	2015*	2016
Akbank Sabancı Center	8,598	8,503	7,575
ABC and Other Centers*	7,991	8,292	8,377
Region Offices, Branches and ATM/BTMs	26,341	25,739	22,809
TOTAL	42,930	42,534	38,761

* Other Centers: Zincirlikuyu and Silivri service buildings.

Management of Environmental Impact of Personnel Transportation

Personnel service buses are used for mass transportation of employees working at the Sabancı Center and Gebze Akbank Banking Center, where our Head Office units operate. In addition, senior management commutes by private vehicles. CO₂-equivalent carbon emissions generated by fuels used in transportation are available in the table below:

Carbon Emission Caused by Personnel Transportation (tons CO ₂ -e/year)	2014	2015	2016
Number of personnel using shuttles	4,600	4,175	4,555
Distance (thousand km)	9,425	9,589	11,288
Total tons of CO₂-e	3,777	3,853	4,515

A significant proportion of our employees commute to work by service buses. The resulting 4,515 tons of CO₂-equivalent carbon emission would increase significantly due to individual commutes. Therefore, by providing employees with service buses, Akbank achieves an important level of savings in carbon emissions.

Paper Saving Applications

Applications for reducing the use of paper at our Bank continued in 2016. While the applications that had been implemented for Akbank branches and ATMs to use paper more efficiently, continued, applications such as Credit Card e-statement and Contracted Merchant e-statements, which saved significant amounts of paper, were widespread through various campaigns. Akbank, the first Turkish deposit bank to publish a Sustainability Report in accordance with GRI standards, defines its sustainability strategy as: "Ensuring economic growth and raising the standard of living while protecting the environment and the quality of life of the society." Embracing environmental sensibilities, Akbank designs digital processes and solutions, steers its customers to Akbank Direkt channels, and strives to minimize paper use in its operations. Developing new projects to further reduce its paper use each year, Akbank achieved 29% conservation annually via 12 different improvements. Documents that were printed in previous years and stored in physical archives are recycled each year at the end of their legal document retention periods.

INNOVATIVE PROJECTS IN PAPER SAVINGS

9.5% Savings in Printer Paper Consumption

The Laser Printer Management Application, which Akbank started to use by 2015, reduced paper consumption by 9.5% by adjusting employee printer settings to double-sided printing.

Operation Strategic Roadmap Program

One of the most important aims of Akbank's Operation Strategic Roadmap program is to implement a "paperless" business model. To this end, the Bank continued to execute three key projects – Paperless Operations, Paperless Head Office and Paperless Field – in 2016 and made significant progress in each. In 2017, the Bank will continue to work tirelessly to use technology more effectively and conduct its operations more efficiently.

Digital Constitution and the Goal of "Paperless"

The "Digital Constitution," scheduled for launch by Akbank in 2016, defines the goal of "paperless" as follows: The Bank uses paper internally and externally only to the extent that regulations require it. All other notifications, presentations, reports, documents, statements, posts, and storage are handled digitally.

Paper Recycling Practices

In addition to paper conservation, Akbank is also engaged in paper recycling and continues to reduce its environmental footprint steadily.

Besides saving paper, we aim to reduce our environmental footprint by recycling paper wastes. At Kınalı Archives Center, where all branch and Head Office archives are kept, 875 tons of paper were disposed and recycled in 2016 after the legal preservation period ended.

Documents that have completed their legal preservation periods at the Archives Center are sent to a contracted paper company for secure disposal every year. The company applies chemical processes on the slit and baled paper to make pulp and this pulp is used to reproduce paper.

Our branches dispose of their own archived documents or send them to the Archives Center for disposal. In addition to the paper sent to be recycled by the Archives Center, in branches, some precious papers are slit and regular paper is used in 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 USE AND CONSERVATION

Water Use

Water consumption in our Bank can be summarized as: water used by the employees, water used in cleaning activities and irrigation used in the maintenance of landscapes. Akbank has a limited water consumption compared to manufacturing companies. Our water use does not have significant impact on a specific water source.

Water Consumption (m ³ /year)	2014	2015	2016
Akbank Sabancı Center	32,879	30,996	28,024
ABM and Other Centers*	113,739	115,493	76,495
TOTAL	146,618	146,489	104,519

* Other Centers: Zincirlikuyu and Silivri service buildings.

Water Conservation Practices Mandatory for All Business Units

With the aim of achieving water savings, depressurizing systems and aerators that mix water with air are used in the taps in our branches, the Akbank Head Office (HO) and the Akbank Banking Center (ABC). In addition, in the HO and ABC, photocell taps are used in WCs where water is used in great amounts, in order to achieve water savings.

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. To minimize this impact, empty cartridges in all of Akbank buildings, including branches have been sent to an electronic waste recovery company for recycling. Employees who order new cartridges see a warning on their computer screens to send the empty cartridges to a recovery company. This recovery company uses the recycled cartridges as fuel for energy generation.

Some 800 empty toner cartridges collected at the Head Office and Akbank Banking Center were sent to the recycling company in 2016.

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 Wastes are Recycled Back Gained 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.

	2014		2015		2016	
	Salvage Auctions	Disposal	Salvage Auctions	Disposal	Salvage Auctions	Disposal
Computer	2,003	66	8,958	49	45	253
Screen	1,991	66	2,201	42	155	253
Passbook Printer	381	496	281	-	-	-
Dot Matrix Printer	87	127	288	-	-	-
Laser Printer	177	2	359	1	469	4
POS Device	39,750	-	74,133	-	16,303	-
ATM Device	123	430	337	-	-	-

— Our Community Investment



CULTURE AND ART

♥ Akbank Art Center's Modern Art Gallery, which hosts domestic and international exhibitions, features the works of world-renowned Turkish and foreign artists.

Akbank Sanat

Celebrating its 23rd anniversary in 2016, Akbank Art Center was established in 1993 to brand the innovative and visionary identity Akbank pursues in arts.

Playing a leading role in developing contemporary arts in Turkey and bringing artworks to vast numbers of the population across all social strata, Akbank Art Center ranks among the pioneering contemporary arts institutions in the country. The Center organized over 700 events throughout 2016 in various branches of the arts – including exhibitions, concerts, theatrical plays and dance performances – sending ripples across the national and international arts communities.

In joint exhibitions that brought together widely renowned names of the domestic and international art worlds, Akbank Art Center presented select examples of contemporary works to arts enthusiasts. Hosting at least four exhibitions each year, the

Center is one of the focal points of modern art in Turkey. Akbank Art Center successfully executes its mission by providing the opportunity for young artists to hold exhibitions through the Akbank Contemporary Artists Award initiative. In 2016, the Center hosted such exhibitions as “Monochrome,” “Akbank Today’s Artists Award,” “Coincidence in Art, Art of Coincidence” and “Non-Places.”

Akbank Art Center organizes mini festivals such as “Piano Days,” “Guitar Days,” “World Music Days” and “Jazz Days”; in addition, it hosts modern dance performances that feature internationally-renowned dance masters as part of the Dance Studio. Akbank Art Center also hold events in many provinces of Turkey led by Akbank Jazz Festival and including Akbank Children’s Theatre and Akbank Short Film Festival.

Akbank Children's Theatre

Akbank Children’s Theatre, Turkey’s longest-running children’s theatre company, celebrated its 44th anniversary in 2016. Having played a major role in raising a theatre-loving generation, Akbank Children’s Theatre reached more than 2 million children during these years, participated in countless social responsibility projects, and opened new horizons for thousands of children across Anatolia. Greeting audiences with many different plays over the years, Akbank Children’s Theatre presented the play entitled “Around the World in 80 Days,” adopted from a novel by Jules Verne with the same title, in the new season. Akbank Children’s Theatre’s new play will take children on one of the most famous journeys ever in world literature.

CULTURE AND ART

Akbank Jazz Festival

One of Turkey's longest-running festivals and one of the most important demonstrations of Akbank's commitment to creating lasting values and ensuring the sustainability of these values, Akbank Jazz Festival celebrated its 26th anniversary in 2016. Thanks to the high-quality lineup of artists and groups it features, the Festival has become a widely anticipated event not just in Turkey, but also on the international stage.

The 26th Akbank Jazz festival, held October 12 – 23, 2016, presented nearly 300 artists to music lovers in 50 concerts. Jazz on Campus, which is a "Festival within Festival," took place at universities in cities from October 24 to November 4. To commemorate the Festival's 26th anniversary, a special blog was prepared with various content and interviews. The blog featured content on artists taking the stage at the Festival this year; unknown heroes in the history of jazz; intersections of jazz music with other disciplines such as film; and cities and sites across the world that are identified with jazz. In addition, as part of the Festival, Akbank Art Center's Instagram account hosted the colorful, polyphonic exhibition where 20 artists portrayed the "city and jazz" relationship.

In addition to the distinguished works from American and European jazz, the Festival's program featured a wide variety of audio experiences for audiences, from classic jazz and avant-garde tones to world music and the limits of electronic. Panels, talks, and workshops complemented concerts for a content rich, multi-faceted program experience.

Akbank Short Film Festival

Akbank Short Film Festival, launched in 2004 as a prominent platform for short films in Turkey that strives to support new ideas and contributes to short film culture, presented many renowned directors to cinema enthusiasts during these years. Films that made their way into the Festival's program and won prizes were also commended and recognized with awards on the international stage, demonstrating once again that the Festival is on the right track.

Having carved a special place for itself in the Turkish movie industry and become indispensable for young film producers in particular, the Festival appeals to all movie lovers with its workshops and panels in addition to the film screenings. The Festival, which celebrated its 12th anniversary March 7-17, 2016, is preparing to present an enjoyable 10-day program to cinema lovers with workshops and talks participated widely by attendees from Turkey and abroad.

"Youth" Oriented Culture & Art Events

Akbank Art Center organized the Jazz in High Schools and Children's Workshops, Jazz on Campus activities as part of the Akbank Jazz Festival in 2016. Akbank Short Film Festival's award-winning films were screened on 40 university campuses in 21 provinces across the country.

Map of Contemporary Art

As another activity of Akbank Art Center, the Akbank Map of Contemporary Art continues to reach Turkish and foreign art-enthusiasts in print form and on the Internet with the aim of reflecting the artistic life in Istanbul in the best way possible in 2016. The Map was printed five times in 2016 with a total volume of 100,000 and reached more people especially during fair and biennial periods.

Contemporary Istanbul

The most encompassing modern and contemporary art event ever organized in Turkey, Contemporary Istanbul showcases Turkey's cultural and artistic life to the world. Sponsoring Contemporary Istanbul since 2007, Akbank supports Turkey's most important contemporary art fair. In addition to the fair event, Contemporary Istanbul also features many complementary activities and art projects, from panel discussions to exhibitions.

Seventy galleries and 520 artists from 20 countries took part in Contemporary Istanbul this year with more than 1,500 works. As part of its new section, CI Design, the event hosted 32 designers as well as 18 new media artists in the Plug-in section. Contemporary Istanbul broke new ground in 2016 and presented 120 works from Turkey's 60 contemporary art collections to arts enthusiasts as part of the Collectors' Stories section.

EDUCATION

Cooperation with Sabancı University: Center of Excellence in Finance (CEF)

Established to serve as a bridge between academia, the finance industry, policy makers, and the real sector, the Center of Excellence in Finance (CEF) is a center within Sabancı University, an AACSB-accredited institution that is ranked by Times Higher Education (THE) among the top universities in the world less than 50 years old.

CEF operates with the aim of bringing academics, finance industry professionals, and investors together and transforming core knowledge into applications that have real utility in today's world.

CEF's first conference in 2016 brought together real sector and finance industry representatives, policymakers, academics, and students. Leading names in global finance – such as Professor Turan Bali, Dr. Josef Ackermann, Suzan Sabancı Dinçer, Lord Stephen Green, Professor Dante Roscini, Dr. Til Schuermann, Professor Cliff Holderness, Sir Winfried Bischoff and Professor Larry Summers – attended the conference entitled “Developed and Emerging Economies: The Future of Financial Markets.”

As part of the certification programs organized by CEF in 2016, 200 persons, consisting of high school and university students as well as young professionals, attended CEF Training Programs; at the conclusion of each program, attendees received

participation certificates from Sabancı University. In addition, representatives from financial institutions and the real sector as well as academics came together in the panel discussion entitled “A Review of the Economy in 2016 and a Detailed Outlook for 2017.” The panel was held in December with the participation of chief economists of financial institutions as panelists.

Akbank “Junior Savers” Project

Akbank actively supports initiatives to improve financial literacy and encourage savings. As part of this effort, Akbank launched Akbank Junior Savers Project in 2012. Aimed to reach out to children at the age they begin forming lasting habits, the campaign 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.

In 2016, Akbank retooled the project's content and the training materials in line with the project goals. As a result, a board game about various uses for children's allowances and savings habits was developed; in addition, Akbank's Ladybug Bank was redesigned and rolled out to students under the name “Kumbirik.”

Akbank Children's Theatre delivered key messages to elementary school students on savings and family values with the play titled “Family Tree,” written by Rachel Barnett in its 2015-2016 academic year program. In addition, the play is performed in Anatolia at the Gaziantep Children's Festival.

Akbank Thinking Club

Akbank established the “Akbank Thinking Club” in September 2008 in order to think alongside young people, the natural stakeholders of continuous development and innovation, and to create value for Turkey's future with them. Open to applications from university juniors from across Turkey, the Club is growing its membership base with each passing year.

New students joined the Club, working in teams on the themes assigned to them each year to generate creative ideas, scenarios and projects. These projects are assessed by a special jury comprised of academics, specialists and members of the press; the team that generates the most admired work wins a scholarship for Harvard University Summer School. Akbank Thinking Club members continued to develop projects on “Year 2025: Design the Bank of Future” during the 2015-2016 activity year.

Akbank Thinking Club provides young people, the innovative power of tomorrow and owners of Turkey's future, with an opportunity to gain experience today in order to expand and realize their potential down the road.

Sabancı University

Sabancı University was founded with the mission of developing internationally competent and confident individuals enriched with the ability to reflect critically and independently, combined with a strong sense of social responsibility; and contributing to the development

of science and technology on a global level, as well as disseminating the knowledge created to the benefit of the community. Akbank's total direct cash donations to Sabancı University since its establishment reached USD 73 million. Dividend income earned by Sabancı University since 2005 from the Akbank shares donated to the University at the time of its establishment amounts to USD 7.8 million as of 2016.

Akbank Academy of Family Businesses

Akbank Academy of Family Businesses is a series of training program activities that was initially unveiled by the Bank in 2014 for its SME Banking customers in partnership with Sabancı University-EDU.

Akbank Academy of Family Businesses

The Akbank Academy of Family Businesses is an academic program comprised of three three-day modules. The Akbank Academy of Family Businesses aims to instill a professional perspective in its participants; support their efforts to institutionalize; equip participants with applications that will help them reflect on themselves and their organizations; and assist them in understanding their personal and institutional developmental needs.

Twenty-seven participants attended the Academy and received their certifications during the February-April and September-November terms in 2016.

ENTREPRENEURSHIP

In 2016 Akbank continued to support the 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.

Collaboration with Endeavor

For 10 years, Akbank has jointly developed various financial and non-financial projects with Endeavor, an international non-governmental organization established to contribute to economic development by supporting active entrepreneurs in emerging markets. The Bank also provides financial support for entrepreneurs by offering a credit pool for active entrepreneurs selected by Endeavor Turkey.

In 2016, the 10th year of Akbank's collaboration with Endeavor, the Bank further expanded its entrepreneurship-related initiatives with new projects.

CaseCampus Program

Adding to its long list of entrepreneurship initiatives, Akbank took a major step forward with the CaseCampus project in 2016. Adopting the slogan "Follow in the Footsteps of Entrepreneurs to Your Dreams," CaseCampus was administered in two distinct periods in 2016, spring and fall. The project provides an innovative education and training opportunity for participants by presenting the true stories of and dilemmas facing Turkey's leading exemplary entrepreneurs, in light of the principle "No training can be as instructive as a case study." The training modules of the program will be

made available to around 150 young aspiring business owners each year and promise to create a radical change in Turkey's entrepreneurship ecosystem.

Under the CaseCampus Case Studies Program, the processes, challenges, successes and struggles experienced by entrepreneurs who have registered major accomplishments in the Turkish entrepreneurship ecosystem are shared with young candidates.

All stories of entrepreneurs are presented on an online platform through published case studies and video presentations in a way that encourages learning-by-doing via live forum discussions as well as conferences that are held in Istanbul. More than 2,500 applications were received for the CaseCampus Programs that were organized in 2016; 247 of these candidates graduated from the Program. Some 64% of the graduates are men and 36% are women. As part of the Endeavor expansion initiative in 2016, the CaseCampus Program organized its fall term in Izmir. Forty-six percent of Program participants were from Istanbul, while the remaining 54% attended from a wide variety of provinces in Turkey – including Adana, Ankara, Bursa, Eskişehir, Izmir, Kayseri, and Trabzon.

During the course of the Program, 10 cases were analyzed, 4,960 case videos were shown, 100 online forums were conducted, and 9,733 ecosystem networking connections were established. One-hundred seventy internship positions were made available to the graduates of the Program while 24 persons were provided with mentorship support post-graduation.

Akbank Entrepreneur Development Program

Akbank Entrepreneur Development Program is one of the projects carried out by the Bank in order to support entrepreneurs. Akbank Entrepreneur Development Program, a training initiative launched in cooperation with Sabancı University Entrepreneurship Committee (SUGK) and Akbank to guide and support entrepreneurs who are just starting out, received more than 500 applications in 2016. As part of the training effort that was organized for the 13th time this year, entrepreneurs engaged in various industries across Turkey graduated from the Program and received their certificates.

During the five-day training, which can be characterized as a mini MBA program, 50 SMEs that were admitted to the Program received knowledge transfer in a wide spectrum of topics. These subjects ranged from managing finances during an organization's growth phase and drafting marketing and operations plans according to different business models, to raising capital and equity for financing needs and growing in domestic and overseas markets. In addition, Program participants attended office visits where they met with executives from well-known ventures, such as iyzi.com, and famous entrepreneurs in various industries.

Smartstartup Cities Program

In 2016, Akbank launched the "Smartstartup Cities" Program in Ankara and Izmir to extend the entrepreneurship initiatives that it has undertaken in Istanbul jointly with Endeavor to other cities. The goal of this

effort is to reach out to active entrepreneurs in these cities, support them, create role models out of them, and contribute to the development of city and region-based entrepreneurship ecosystems.

VOLUNTEERISM

Akbank Volunteers

Akbank Volunteers is a platform where Akbank employees across the country – along with their families as well as Bank customers and business partners – undertake initiatives for the social good as part of various volunteering projects. The leading actors of the volunteering system are the Volunteers of Akbank in every corner of Turkey.

Under the leadership of Volunteers of Akbank, the Bank joins forces with the local community, non-governmental organizations and local governments in various regions, develops projects to address social problems, and focuses on being part of the solution. Volunteers from the Bank execute different projects each year as part of volunteering initiatives that serve multi-purposes, such as creating social sensibility and awareness. Akbank Volunteers always feel the power of Akbank – which has conducted corporate social responsibility projects in numerous areas, from education to culture and art since the day it was founded – on their side. Volunteers of Akbank see volunteerism as a powerful tool to solve the challenges of everyday life, and Akbank as part of the solution. In response to the positive feedback from the local organizations they have joined forces with in all the projects they have undertaken, Volunteers of Akbank are planning to undertake more volunteering projects in the year ahead.

Volunteers of Akbank has executed a large number of projects to date. Some of these projects include donation campaigns after local disasters; painting school buildings; reading to the visually impaired; visits and donations to animal shelters; book and toy collection campaigns; donation campaigns for families and schools in financial need; visits and donations to nursing homes; blood donation campaigns in partnership with the Turkish Red Crescent Association (Kızılay); sponsoring runners in the Eurasia Marathon to benefit civil society organizations; stand sales at the Sabancı Center and Akbank Banking Center for the benefit of civil society organizations.

Young Volunteers

The Bank expanded the volunteering projects it has undertaken for years through Akbankers with the "Young Volunteers" initiative in 2016 with the participation of university students. Under this effort, the Bank invited all university students to take part in its nationwide public benefit initiatives. Subsequently, the volunteers attended the Imany Concert at the 26th Akbank Jazz Festival, seated in the front rows in a section designated exclusively for them.

The Young Volunteers Project was met with heavy interest by university students again this year. The quota of 500 students was reached within two days of the announcement of the application for the project on social media.

The project – which was carried out in partnership with the Community Volunteers Foundation of Turkey, the Friends of the Yedikule Animal

Shelter Association, and the DenizTemiz/TURMEPA (Turkish Marine Environment Protection Association) last year – was expanded in 2016 to include the Hayat Sende Youth Academy Association. As a result, the number of civil society organizations Akbank partners with rose to four. As part of the Young Volunteers Project, young people became acquainted with these civil society organizations that operate in diverse areas, gaining in-depth understanding of the activities of these CSOs and taking their first steps in volunteering.

As part of the joint initiative of Akbank and various civil society organizations, 5,400 volunteering university students cleaned our shores, painted schools, helped homeless pets, and organized events for orphans under the protection of the state. Thirty social responsibility projects for public benefit were executed in Istanbul and 25 other provinces under this initiative.

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 2016, customers' donations amounting to TL 13.5 million were transferred to the associations and foundations listed below. Akbank does not charge any fees for these donation payments.

Associations and Foundations that Received Donations from Akbank Customers in 2016

Lösemili Çocuklar Vakfı (LÖSEV), Bir Dilek Tut, Darüşşafaka Cemiyeti, TSK Güçlendirme Vakfı, Türk Hava Kurumu, Türkiye Kanserle Savaş Vakfı, Türkiye Kızılay Derneği, TSK Mehmetçik Vakfı, Darülaceze Müessesesi, Tohum Otizm Vakfı, Türkiye Spastik Çocuklar Vakfı, Türkiye Kadın Girişimciler Derneği (KAGİDER), Özürlüler Vakfı, Çocuk Böbrek Vakfı, Türkiye Omurilik Felçlileri Derneği, Türkiye Korunmaya Muhtaç Çocuklar Vakfı, Türkiye Multipl Skleroz Derneği, Türkiye Eğitim Gönüllüleri Vakfı, Türkiye Diyanet Vakfı, Zihinsel Yetersiz Çocukları Yetiştirme ve Koruma Vakfı, UNICEF Türkiye, Türk Eğitim Vakfı, TSK Eğitim Vakfı, Sabancı Üniversitesi, HAYTAP Hayvan Hakları Federasyonu

GRI G4 (COMPREHENSIVE) CONTENT INDEX

This report contains information on the actions Akbank took to improve its social, environmental and economic performance and the results it achieved during the period between January 1, 2016 and December 31, 2016. The contents of the report are developed in compliance with the Comprehensive option of the G4 version of the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines, which is an internationally recognized reporting standard. The table below has been prepared to facilitate access to information provided within the framework of GRI's Comprehensive level application.



Material Aspects and Boundaries

G4-19

G4-20

G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis	Boundary inside Akbank	Boundary outside Akbank
Economic Performance	High Priority	Sustainable Profitability and Growth (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	This aspect defines high priority for the whole business units of Akbank.	This aspect defines high priority for the whole stakeholders of Akbank. The economic performance of Akbank have direct impact on public authorities, shareholders, employees and suppliers.
Market Presence	High Priority	Sustainable Profitability and Growth (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	This aspect defines high priority for the whole business units of Akbank.	This aspect defines high priority for the whole stakeholders of Akbank. Market position and value-added by Bank correspond to high priority for all Akbank stakeholders.
Indirect Economic Impacts	High Priority	Sustainable Profitability and Growth (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	This aspect defines high priority for the whole business units of Akbank.	This aspect represents high priority for the development of local enterprises and local communities.

G4-19
G4-20
G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis	Boundary inside Akbank	Boundary outside Akbank
Procurement Practices	Low Priority	Sustainability in Supply Chain (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	This aspect defines low priority for all business units of Akbank.	Although this aspect defines low priority for Akbank, Akbank monitors the environmental and social risks of its suppliers' activities.
Energy	High Priority	Carbon Emissions (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to energy efficiency in terms of environmental sustainability.	This aspect represents high priority for the whole Akbank stakeholders in terms of environmental sustainability.
Emissions	High Priority	Carbon Emissions (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank give high priority to minimise emissions, concerned with its activities.	Minimizing carbon emissions corresponds to high priority for all stakeholders of Akbank.
Products and Services	High Priority	Customer Satisfaction (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to product and services in terms of customer satisfaction.	This aspect corresponds to high priority especially for customers.
Environmental Compliance	High Priority	Customer Satisfaction (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to diminish its environmental impact.	This aspect represents high priority for the corporate customers that are benefited from Akbank credits.
Transport	Low Priority	Sustainability in Supply Chain (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank's transportation activities are mostly substituted by suppliers. So, Akbank gives low priority to this aspect.	Akbank monitors the activities of suppliers in order to diminish the impacts on this field.

G4-19
G4-20
G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis	Boundary inside Akbank	Boundary outside Akbank
Overall	High Priority, Medium Priority	Environmental and Social Risk Management in Lending (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	This aspect defines high priority for the whole business units of Akbank.	This aspect corresponds to medium priority for the customers that borrow high quantity of credit from Akbank and have social and environmental risk-based activities.
Supplier Environmental Assessment	Low Priority	Sustainability in Supply Chain (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	This aspect defines limited effect on the activities of Akbank.	Akbank regulates permanent monitoring activities for the suppliers that exercise in the riskful areas.
Employment	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank perceives the employment as one of the most significant priorities.	Akbank, outstanding bank of Turkish banking system, actively supports employment. In terms of Akbank stakeholders, this aspect defines medium priority.
Labour/ Management Relations	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to the social rights of its employees.	This aspect corresponds to medium priority for the whole Akbank stakeholders.
Occupational Health and Safety	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to occupational health and safety conditions of employees.	This aspect corresponds to medium priority for the whole Akbank stakeholders.
Training and ,Education	Medium Priority	Career Development and Training (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives medium priority to the career development of its employees.	This aspect corresponds to medium priority for the Akbank stakeholders.
Diversity and Equal Opportunity	Medium Priority	Equal Opportunity (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank introduces a range of rights in the light of the principle of equal opportunity.	This aspect corresponds to medium priority for the whole stakeholders of Akbank.

G4-19
G4-20
G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis	Boundary inside Akbank	Boundary outside Akbank
Equal Remuneration for Women and Men	Medium Priority	Equal Opportunity (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Equal Remuneration for Women and Men is indispensable part of Akbank culture.	Akbank actively supports the woman employment in the Turkish labour market.
Labour Practices Grievance Mechanisms	High Priority, Medium Priority	Employee Satisfaction (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to employee satisfaction to increase efficiency.	This aspect corresponds to medium priority for the Akbank stakeholders.
Investment	High Priority	Secure Banking (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank supports the service quality and securing banking practices through investments.	Akbank's investment program corresponds to high priority in terms of service quality of stakeholders.
Non-discrimination	Medium Priority	Equal Opportunity, (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank puts a set of rules to prevent the discrimination cases.	This aspect corresponds to medium priority for the stakeholders of Akbank.
Freedom of Association and Collective Bargaining	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank respects the employees' freedom of association and collective bargaining.	This aspect corresponds to medium priority for Akbank's stakeholders.
Security Practices	High Priority	Secure Banking (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to security practices to maintain efficiency of its activities.	This aspect corresponds to high priority for the whole stakeholders of Akbank.

G4-19
G4-20
G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis	Boundary inside Akbank	Boundary outside Akbank
HR Assessment	Medium Priority	Career Development and Education (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank introduces a set of training program for the career development of its employees.	This aspect corresponds to medium priority for Akbank stakeholders.
Human Rights Grievance Mechanisms	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to human rights grievance mechanisms to increase employee loyalty.	This aspect corresponds to medium priority for Akbank stakeholders.
Local Communities	Medium Priority	Innovative Products and Services Facilitating Access to Financial Services (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank develops innovative product and services to facilitate the access of local communities to financial services.	This aspect corresponds to medium priority for Akbank stakeholders.
Anti-corruption	High Priority	Corporate Governance (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Depending on professional corporate governance understanding, Akbank actively struggle with corruption.	Anti-corruption measures corresponds to high priority for Akbank stakeholders.
Public Policy	High Priority	Corporate Governance (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Contribution to the public policy is high priority for Akbank.	The development of public policy, especially in the field of finance sector, corresponds to high priority for the whole Akbank stakeholders.

G4-19
G4-20
G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis	Boundary inside Akbank	Boundary outside Akbank
Anti-competitive Behavior	High Priority, Medium Priority	Ethical Banking (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	In the light of principle of ethical banking, Akbank doesn't perform anti-competitive behavior.	This aspect corresponds to medium priority for the Akbank stakeholders.
Product and Service Labeling	Medium Priority, Low Priority	Environmentally-friendly products and services (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives medium priority to the product and service labelling.	This aspect corresponds to low priority for the stakeholders of Akbank.
Marketing Communications	High Priority	Customer Satisfaction (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank targets at increasing customer satisfaction through transparent marketing communication practices.	This aspect corresponds to high priority for the whole stakeholders of Akbank.
Customer Privacy	High Priority	Secure Banking (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank gives high priority to customer privacy through secure banking practices.	The Customer privacy corresponds to high priority for customers and other stakeholder group.
Compliance	High and medium priority	Effective Risk Management and Internal Control, (see. Akbank 2016 Sustainability Report Prioritizing of Aspects Study, page:29)	Akbank always compliance with law and regulations through efficient risk management and internal control mechanisms.	This aspect corresponds to medium priority for Akbank stakeholders.

General Standard Disclosures	Description	Pages	Omissions	External
Strategy and Analysis				
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Message from the Chairwoman, Message from the CEO, pages: 2-7		No
G4-2	Description of key impacts, risks and opportunities	Message from the CEO, pages: 4-7, Sustainability Focused Risk Perception, pages: 47-48		No
G4-3	Name of the organization	Akbank T.A.Ş.		No
G4-4	Primary brands, products, and/or services	About Akbank, pages: 12-22		No
G4-5	Location of organization's headquarters	Headquarters Sabancı Center, 4. Levent 34330 Istanbul Telefon: (+90 212) 385 55 55 Telefax 1: (+90 212) 269 77 87 Telefax 2: (0 212) 269 73 83		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Organisational Profile				
G4-6	Number of countries where the organization operates.	About Akbank, pages: 12-22		No
G4-7	Nature of ownership and legal form	About Akbank, pages: 12-22		No
G4-8	Markets served	About Akbank, pages: 12-22		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Organisational Profile				
G4-9	Scale of the reporting organization	About Akbank, pages: 12-22		No
G4-10	Number of employees by employment contract, region and gender	Human Resources Profiles pages: 87-89		No
G4-11	Percentage of total employees covered by collective bargaining agreements	Collective Bargaining Contract, page: 91		No
G4-12	Organization's supply chain	Sustainability Approach Encompassing All Links of the Value Chain, page: 31		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Organisational Profile				
G4-13	Significant changes during the reporting period regarding size, structure, form of ownership and supply chain.	About Akbank, pages: 12-22		No
G4-14	Explanation of whether and how the precautionary principle is addressed by the organization	Akbank accepts the precautionary principle of UN Global Compact for all activities.		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Organisational Profile				
G415	Externally developed economic, environmental and social charters, principles, or other initiatives, to which the organization subscribes or which it endorses.	Memberships in Associations and Unions, Signed Initiatives pages: 34-36		No
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	Memberships in Associations and Unions, Signed Initiatives pages: 34-36		

General Standard Disclosures	Description	Page	Omissions	External Assurance
Identified Material Aspects and Boundaries				
G4-17	a) List all entities included in the organization's consolidated financial statements or equivalent documents. b) Entities included in the organization's consolidated financial statements or equivalent documents are not covered by the report.	Report Scope and Boundary, page: 23		No
G4-18	a) Process for defining the report content and Aspect Boundaries. b) How the organization has implemented the Reporting Principles for Defining Report Content	Akbank 2016 Sustainability Report, Prioritizing of Topics Study, page; 29		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Identified Material Aspects and Boundaries				
G4-19	(a) List of all the material Aspects identified in the process for defining report content	Akbank 2016 Sustainability Report, Prioritizing of Topics Study, page: 29		No
G4-20	a) Materiality of Aspects outside the organization	Akbank 2016 Sustainability Report, Prioritizing of Topics Study, page: 29		No
G4-21	a) Materiality of Aspects within the organization.	Akbank 2016 Sustainability Report, Prioritizing of Topics Study, page: 29		No
G4-22	a) The effect of any restatements of information provided in previous reports, and the reasons for such restatement	About Report, pages: 22-26		No
G4-23	a) Significant changes in the Scope and Aspect Boundaries.	Akbank 2016 Sustainability Report, Prioritizing of Topics Study, page: 29		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Stakeholder Engagement				
G4-24	a) List of stakeholder groups engaged by the organization.	Dialogue Platforms, pages: 34-36		No
G4-25	a) Basis for identification and selection of stakeholders with whom to engage.	Dialogue Platforms, pages: 34-36		No
G4-26	a) Organization's approach to stakeholder engagement.	Dialogue Platforms, pages: 34-36		No
G4-27	a) Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Dialogue Platforms, pages: 34-36		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Report Profile				
G4-28	Reporting period	1 January 2016 - 31 December 2016		No
G4-29	Date of the most recent previous report	1 January 2016 - 31 December 2015		No
G4-30	Reporting cycle	Annually		No
G4-31	Contact point for questions.	Identity, page: 116		No
G4-32	GRI Content Index and 'in accordance' option	Comprehensive, About Report, pages: 22-26		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Report Profile				
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	Akbank 2016 Sustainability Report doesn't subject to external assurance		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Governance				
G4-34	Governance structure of the organization	Akbank's Competency-Oriented Organizational Plan, page: 19		No
G4-35	The process for delegating authority for sustainability topic	Sustainability Management Model at Akbank, page: 30		No
G4-36	Executive-level positions with responsibility for sustainability topics	Sustainability Management Model at Akbank, page: 30		No
G4-37	Processes for consultation between stakeholders and the highest governance body	Sustainability Management Model at Akbank, page: 30		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Governance				
G4-38	Composition of the highest governance body and its committees	Akbank Board of Directors, pages: 43-45		No
G4-39	Position of the Chair of the Board of Directors	Akbank Board of Directors, pages: 43-45		No
G4-40	Nomination and selection processes for the highest governance body and its committees	Akbank Board of Directors, pages: 43-45		No

General Standard Disclosures	Description	Pages	Omissions	External Assurance
Governance				
G4-41	Avoiding conflicts of interest	Risk Management and Compliance. pages: 47-48		No
G4-42	The role of the highest governance body and senior executives in setting purpose, values and strategy	Akbank Board of Directors, pages: 43-45		No
G4-43	Measures taken to enhance the Board of Directors' collective knowledge of sustainability topics	Akbank Board of Directors, pages: 43-45		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Governance				
G4-44	Evaluating board performance with respects to sustainability topic	Risk Perception and Legal Compliance, pages: 47-48		No
G4-45	The role of Board of Directors in the identification and management of economic, environmental and social impacts, risks and opportunities	Board of Directors, pages: 43-45		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Governance				
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Board of Directors, pages: 43-45		No
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Board of Directors, pages: 43-45		No
G4-48	The highest committee or position to formally approve this report and its materiality review	Board of Directors, pages: 43-45		No
G4-49	Process for communicating critical concerns to the highest governance body	Board of Directors, pages: 43-45		No
G4-50	Nature and number of critical concerns communicated to the highest governance body	Board of Directors, pages: 43-45, 1001 Ideas and Suggestions System, page: 78		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Governance				
G4-51	Remuneration policies for the Board of Directors and senior executives	Board of Directors, pages: 43-45		No
G4-52	Process for determining remuneration	Board of Directors, pages: 43-45		No
G4-53	Inclusiveness of stakeholders' views regarding remuneration	Board of Directors, pages: 43-45		No
G4-54	Ratio of the annual total compensation for the organization's highest paid individual to the median annual total compensation	Akbank doesn't declare this topic due to its corporate policy.		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Ethics and Integrity				
G4-55	Ratio of percentage increase with regards to G4-54	Akbank doesn't declare this topic due to its corporate policy		No
G4-56	The organization's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics	Our Bank's Vision, Mission and Values, page: 14, Our Ethical Banking Approach page: 53		No
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	Our Ethical Banking Approach page: 53		No
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	Our Ethical Banking Approach page: 53		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Economic				
	DMA	Our Sustainability-Oriented Financial Performance, pages: 16-17		No
	G4-EC1 Direct economic value generated and distributed	Our Sustainability-Oriented Financial Performance, pages: 16-17		No
	G4-EC2 Risks and opportunities due to climate change	Risk and Opportunity Oriented Assessment Approach, pages: 38-39		No
	G4-EC3 Coverage of defined benefit plan obligations	Retirement Practices, page: 91		No
Economic Performance	G4-EC4 Financial assistance from government	Akbank doesn't receive any financial aid during the reporting period.		No
	G4-EC5 Entry level wage by gender compared to minimum wage	The wages of all Akbank employees have been above the minimum wage without taking gender difference into consideration.		No
	G4-EC6 Local hiring	Akbank actively supports local employment as one of the most significant banks of Turkey that have service network all over Turkey.		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Indirect Economic Impacts	DMA			
	G4-EC7 Development and impact of infrastructure investments and services supported	Environmental and Social Policy Practice, page: 58		No
	G4-EC8 Significant indirect economic impacts	Environmental and Social Policy Practice, page: 58		No
Procurement Practices	DMA	Encompassing All Links of the Value Chain, page: 28		No
	G4-EC9 Spending on local suppliers	Encompassing All Links of the Value Chain, page: 28		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Environmental				
Energy	DMA	Our Operations and Environment, pages: 100-108		No
	G4-EN3 Energy consumption within the organisation	Our Operations and Environment, pages: 100-108		No
	G4-EN4 Energy consumption outside of the organization	Our Operations and Environment, pages: 100-108		No
	G4-EN5 Energy intensity	Our Operations and Environment, pages: 100-108		No
	G4-EN6 Reduction of energy consumption	Our Operations and Environment, pages: 100-108		No
	G4-EN7 Reductions in energy requirements of products and services	Our Operations and Environment, pages: 100-108		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Emissions	DMA	Our Operations and Environment, pages: 100-108		No
	G4-EN15 Direct Greenhouse Gas (ghg) Emissions (scope 1)	Our Operations and Environment, pages: 100-108		No
	G4-EN16 Energy Indirect Greenhouse Gas (ghg) Emissions (scope 2)	Our Operations and Environment, pages: 100-108		No
	G4-EN17 Other indirect greenhouse gas (GHG) emissions (scope 3)	Our Operations and Environment, pages: 100-108		No
	G4-EN18 Greenhouse gas (GHG) emissions intensity	Our Operations and Environment, pages: 100-108		No
	G4-EN19 Reduction of greenhouse gas (GHG) emissions	Our Operations and Environment, pages: 100-108		No
	G4-EN20 Emissions of ozone depleting substances (ODS)	Our Operations and Environment, pages: 100-108		No
	G4-EN21 NOx, SOx, and other significant air emissions	Our Operations and Environment, pages: 100-108		No
Products and Services	DMA	Our Operations and Environment, pages: 100-108		No
	G4-EN27 Mitigation of environmental impacts of products and services	Our Operations and Environment, pages: 100-108		No
	G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category	Our Operations and Environment, pages: 100-108		No
Environmental Compliance	DMA	Our Operations and Environment, pages: 100-108		No
	G4-EN29 Fines and sanctions for noncompliance with environmental regulation	Akbank doesn't subject to any fines or sanction concerning noncompliance with environmental regulation in the reporting period.		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Transportation	DMA	Management of Environmental Impact of Personnel Transportation, page: 105		No
	G4-EN30 Significant environmental impacts of transportation	Management of Environmental Impact of Personnel Transportation, page: 105		No
Overall	DMA	Our Operations and Environment, pages: 100-108		No
	G4-EN31 Environmental expenditures and investments	Our Operations and Environment, pages: 100-108		No
Supplier Environmental Assessment	DMA	Encompassing All Links of the Value Chain, page: 28		No
	G4-EN32 Percentage of new suppliers that were screened using environmental criteria	Encompassing All Links of the Value Chain, page: 28		No
	G4-EN33 Significant actual and potential negative environmental impacts in the supply chain	Encompassing All Links of the Value Chain, page: 28		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Social: Labour Practices and Decent Work				
Employment	DMA	Our Employees, pages: 84-100		No
	G4-LA1 New employee hires and employee turnover	Our Employees, pages: 84-100		No
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Employees, pages: 84-100		No
	G4-LA3 Return to work and retention rates after parental leave	Our Employees, pages: 84-100		No
Labour/ Management Relations	DMA	Our Employees, pages: 84-100		No
	G4-LA4 Minimum notice periods regarding operational changes	Our Employees, pages: 84-100		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Occupational Health and Safety	DMA	Our Employees, pages: 84-100		No
	G4-LA5 Percentage of workforce represented in formal joint management-worker health and safety committees	Our Employees, pages: 84-100		No
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Steady Diminishing Lost Days, page: 90		No
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	Our Employees, pages: 84-100		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Occupational Health and Safety	G4-LA8 Health and safety topics covered in formal agreements with trade unions	Our Employees, pages: 84-100		No
Training and Education	DMA	Our Employees, pages: 84-100		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Training and Education	DMA	Our Employees, pages: 84-100		No
	G4-LA9 Average hours of training per year per employee by gender, and by employee category	Our Employees, pages: 84-100		No
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Our Employees, pages: 84-100		No
	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender category	Our Employees, pages: 84-100		No
Diversity and Equal Opportunity	DMA	Our Employees, pages: 84-100		No
	G4-LA12 Composition of governance bodies and employee breakdown	Our Employees, pages: 84-100		No
Equal Remuneration for Women and Men	DMA	Our Employees, pages: 84-100		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
	G4-LA13 Ratio of basic salary and remuneration of women to men	Our Employees, pages: 84-100 Akbank accepts a gender-neutral remuneration policy that is based on competency and professional experience		No
Labour Practices Grievance Mechanisms	DMA	Our Employees, pages: 84-100		No
	G4-LA16 Grievances about labor practices through formal grievance mechanisms	Our Employees, pages: 84-100		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Social: Human Rights				
	DMA			No
Investment	G4-HR1 Human rights screening or clauses included in significant investment agreements	Akbank Social & Environmental Management System (SEMS), page: 59		No
	G4-HR2 Employee training on human rights	Our Employees, pages: 84-100		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Non discrimination	DMA	Our Employees, pages: 84-100		No
	G4-HR3 Actions taken in incidents of discrimination	There were no incidents of discrimination reported in Akbank during the reporting period.		No
Freedom of Association and Collective Bargaining	DMA	Our Employees, pages: 84-100		No
	G4-HR4 Supporting right to freedom of association and collective bargaining in risk areas	Our Employees, pages: 84-100		No
Security	DMA	Secure Banking with State of- the-Art Technology Applications, page: 52		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Social: Human Rights				
	G4-HR7 Percentage of security personnel trained in human rights policies or procedures	All of Security personnel receives trainings about Akbank corporate values, including respect to universal human rights.		No
HR Assessment	DMA	Akbank Social & Environmental Management System (SEMS) page: 59		No
	G4-HR9 Operations subject to human rights reviews or impact assessments	Akbank Social & Environmental Management System (SEMS), page: 59		No
Human Rights Grievance Mechanism	DMA	Value Added to Our Customers pages: 54-84		No
	G4-HR12 Grievances about human rights through formal grievance mechanisms	In the reporting period, no complaints are recorded through formal grievance mechanisms.		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External
Social: Society				
Local Communities	DMA			No
	G4-SO1 Local community engagement, impact assessments, and development programs	Akbank Social & Environmental Management System (SEMS), page: 59		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
	G4-SO2 Operations with significant negative impacts on local communities	In the reporting period, there was no a specific operation that would negatively affect local Communities.		No
	FS-13 Access points in low populated or economically disadvantaged areas	Akbank has been one of the most significant banks of Turkey with its extensive network of branches all over Turkey.		No
	FS-14 Initiatives to improve access to financial services for disadvantaged people	Value Added to Our Customers pages: 54-84		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Anti-corruption	DMA	Internal Control and Internal Audit System, pages: 49-50		No
	G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Internal Control and Internal Audit System, pages: 49-50		No
	G4-SO4 Communication and training on anti-corruption policies and procedures	Anti-corruption Training, page: 96		No
	G4SO5 Confirmed incidents of corruption and actions taken	Internal Control and Internal Audit System, pages: 49-50		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Anti-competitive Behavior	DMA	Corporate Governance, pages: 40-46		No
	G4-SO7 Total number of legal actions for anti-competitive behavior, and anti-trust and monopoly practices and their outcomes.	In the reporting period, Akbank doesn't subject to any legal action concerning with violation of anticompetitive regulations.		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Social: Product Responsibility				
Product and Service Labelling	DMA	Value Added to Our Customers pages: 54-84		No
	G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirement	Value Added to Our Customers pages: 54-84		No
	G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	In the reporting period, there is no incident of noncompliance with regulations and voluntary codes concerning product and service information.		No
	G4-PR5 Results of surveys measuring customer satisfaction	Service Quality Measurement, page: 79		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Marketing Communications	DMA	Akbank respects laws as well as international regulations concerning the supply of product and services.		No
	G4-PR6 Sale of banned or disputed products	Akbank respects laws as well as international regulations concerning the supply of product and		No
	G4-PR7 Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	In the reporting period, Akbank doesn't subject to any sanctions or fine concerning with noncompliance of marketing communications		No
Customer Privacy	DMA	Product Promotion Activities that Protect Customer Rights, page: 49		No
	G4-PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	In the reporting period, there is no significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		No

Aspect	DMA/ G4 Indicator	Page	Omissions	External Assurance
Product Portfolio	DMA	About Akbank, pages: 12-22		
	FS-6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/ large) and by sector	Akbank Social & Environmental Management System (SEMS), page: 59	No
	FS-7	Monetary value of products and services designed to deliver specific social benefit for each business line, broken down by purpose.	Akbank Social & Environmental Management System (SEMS), page: 59	No
	FS-8	Monetary value of products and services designed to deliver specific environmental benefit for each business line, broken down by purpose	Sectoral Distribution of Credits page: 57	No
Audit	DMA	Risk Perception and Legal Compliance, pages: 46-54		No
Active Ownership	DMA	About Akbank pages: 12-22		No
	FS-10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Akbank Social & Environmental Management System (SEMS), page: 59	No
	FS-11	Percentage of assets subject to positive and negative environmental or social screening	Akbank Social & Environmental Management System (SEMS), page: 59	No

WOMEN’S EMPOWERMENT PRINCIPLES (WEPs) PROGRESS REPORT GRI CONTENT INDEX

Women’s Empowerment Principles (WEPs) 6 Principles	GRI G4 Disclosures	
Principle 1- High-Level Corporate Leadership for Gender Equality	G4-38	G4-40
Principle 2-Equal Opportunity, Participation and Nondiscrimination	G4-LA1	G4-LA12
	G4-LA13	G4-EC5
	G4-LA3	
Principle 3-Health, Safety, and Freedom from Violence	G4-HR3	G4-LA6
Principle 4-Education and Training	G4-LA9	G4-LA11
Principle 5-Enterprise Development, Supply Chain and Marketing Practices	G4-DMA	
Principle 6-Community Leadership and Participation	G4-SO1	
Principle 7-Measurement and Public Reporting on Gender Equality	G4-DMA	

IDENTITY

AKBANK T.A.Ş. HEAD OFFICE

Sabancı Center 34330 4. Levent – Istanbul / TURKEY

Phone : +90 212 385 55 55

Fax : +90 212 319 52 52

+90 212 269 77 87

www.akbank.com

For inquiries about the Akbank Sustainability Report, please contact:

Cenk Göksan

Investor Relations and Sustainability Department

cenk.goksan@akbank.com

Neslihan Yücel

Investor Relations and Sustainability Department

neslihan.yucel@akbank.com

Ayşe Aldırmaz

Investor Relations and Sustainability Department

ayse.aldirmaz@akbank.com

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HEAD OFFICE

Sabancı Center, 4. Levent 34330 Istanbul / TURKEY

Phone: +90 212 385 55 55

Fax 1: +90 212 319 52 52

Fax 2: +90 212 269 77 87

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