

# Banking

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### Financial and Operational KPIs

Sabancı Group's banking institution, Akbank, achieved superior results in 2023, surpassing most of the metrics defined at the beginning of the year. Highlights of the year include:

- Reached an outstanding 4.4% RoA and 37.9% RoE with 9.0 leverage.
- Maintained strong momentum in customer acquisition with a net active customer increase of 2.3 million year-on-year, resulting in a massive 55% cumulative jump over the last two years.
- Achieved robust market share gains in retail loans and broad-based deposits driven by higher customer business volume and diversified product portfolio which increased 24% year-on-year.
- Further solidified customer-based revenue generation thanks to advanced digital capabilities and expanded digital migration.
- Excelled across the board with an outstanding fee performance, boosting fee income market share and increasing fee/OPEX ratio.
- Continued agile and prudent ALM with a focus on maturity mismatch and regulatory compliance.
- Maintained solid capital ratios yielding significant competitive advantage for sustainable profitability: CAR of 21.0% and Tier 1 of 17.9%.
- Sustained strong positioning among peers with leading profitability and CAR demonstrating financial strength and operational resilience.

### Protect and Grow the Core

Akbank, Sabancı Group's banking arm, executes a bifocal strategy of "Run the Bank" and "Crafting the Future" to identify key priorities. Growing and protecting the core business is aligned with Run the Bank activities, as a backbone of future investments and sustainable growth.

In addition to pursuing robust growth and expanding the customer base, Akbank prioritizes risk and return centered sustainable and sound profitability with a focus on customer-driven revenue growth.

Akbank is committed to conducting superior customer acquisition, deepening customer relations as well as bolstering customer retention efforts. Enhanced digital capabilities and strong cross-sell are central to running and growing Akbank's core business. A well-established franchise and ongoing improvement of the sound deposit base are a strategic priority to fund sustainable retail loan growth.

Effective risk management is a critical component of growing and protecting the bank's core operations. With a strong focus on risk management across all its business areas, Akbank continuously improves its risk management capabilities with digital and AI-based solutions.

Sales and service model design is another key driver in growing the core business at Sabancı Group's banking institution. Akbank's efforts in this area aim to further improve customer touchpoints along different customer journeys covering the SME, Retail and Commercial business lines. Akbank delivers a strong omni channel customer experience combining web/mobile platforms, a redesigned branch layout, and the call center, by using sales and service design strategically. In the future, the Group's banking arm is aiming to expand this initiative by redesigning the sales and service model it has with its subsidiaries and business partners including insurance companies. The objective is to provide banking services to customers whenever and wherever with a meticulous focus on quality and efficiency.

### Enhancing and Managing the Customer Journey with a Holistic Approach

Akbank aims to provide products and services by considering the entire value chain including its suppliers, subsidiaries, customers, distribution structures and employees. The goal is to provide 360-degree solutions to customers and to boost potential cross-sell and up-sell opportunities.

### Developing and Participating in Ecosystems

As ecosystem structures grow and evolve, providing customers with holistic solutions in key areas such as mobility, healthcare, financial health, supply chain and IoT-ecosystems are critical to respond to ever-changing customer needs. These new structures will also enable Akbank to tap into the unbanked and underbanked population, supporting financial inclusion – a priority for the bank's sustainability objectives.



### Developing New Solutions in Trade Finance

Trade finance and its sub-areas are a key part of Akbank's future growth both domestically and internationally. As bank customers' businesses become more complex with expanding supply chains, growing product portfolios and changing customer expectations, management of the financial side of these business challenges becomes more important. Developing new products and services in this area – including but not limited to supply chain finance, export factoring and digital trade finance – are crucial in expanding the Group's banking business. One target group is customers with strong export business lines.

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59%

Akbank's ESG-themed share in wholesale funding

### Invest in New Growth Platforms

To achieve its objectives in "Crafting the Future," Akbank has identified the following strategic priority areas:

- Startup Banking is a major focus area. This new business line will provide both traditional banking offerings in addition to complementary services, including mentoring, angel investment, VC and PE connections and collaboration with incubation programs. One key objective is to develop this new business around innovation hubs (Teknokents) established across the country.
- Akbank LAB is a vital innovation engine as it runs innovation cycles for a wide range of areas. These innovation cycles bring considerable know-how to the bank and drive partnerships with a wide range of startups.
- Akbank+, an in-house startup accelerator program, will continue to run with new rounds. As companies from the previous round gain momentum in their business activities, the next acceleration rounds will contribute to the bank's innovation base, employee experience and engagement, while giving birth to new startup enterprises.
- Akbank Ventures, the bank's CVC arm, will play a central role in Akbank's ongoing innovation journey. This key asset will drive fintech investment, participate in international high-tech markets, and develop the necessary skill set in this burgeoning area.

- Defining new cloud services by utilizing both Akbank's core business and its data center infrastructure is another growth agenda item. As the technology infrastructure of various industries revolves more around cloud services, entering this key field and developing innovative services is vital.
- Open Banking technologies need different innovative approaches to answer current and anticipated customer needs. Today, most banks in the market have banking service APIs for various areas but none have created a business model resolving the open banking problem. Focusing on this area and developing new business models will be a major contributor to Akbank's strategic objectives.

### Strengthening Subsidiaries with New Initiatives

As major revenue contributors, Akbank subsidiaries are pivotal for diversifying the overall business. Akbank is focused on developing the existing business of its subsidiaries while identifying and investing in new business areas including wealth management, digital asset management and asset management.

### The Way Forward

#### Next-Generation Technology Infrastructure

Implementation of a next-gen technology infrastructure will include combining components to support advanced analytics and artificial intelligence, as they become mainstream technology components. The second area is to implement components to support business initiatives including customer acquisition, new product development and subsidiary related initiatives. Keeping up with the technology developments and surpassing competitor capabilities in this arena will be crucial.

#### Investing in talent

Improving employee engagement and experience – especially investing in talent and capabilities – is a central part of Akbank's Crafting the Future efforts. In the banking business, human capital is a determining factor in winning and retaining new business. Akbank plans to look at not just today or tomorrow but the future trajectory in terms of new skill and capability requirements.

#### Sustainability

Akbank invests in the future with the mindset of reducing its environmental footprint while increasing its positive impact. The bank's sustainability targets include extending TL 800 billion in sustainable loans by 2030, raising sustainable investment funds to TL 15 billion by 2030, and becoming a net-zero bank by eliminating operational and financed emissions by 2050.

As being the first deposit bank in Türkiye to set long term commitments on sustainable financing (SF), Akbank has exceeded its initial 2030 target, set at the beginning of 2021 (TL 200 billion), by the end of 2023 and quadrupled its 2030 SF target to TL 800 billion.

Akbank's ESG-themed share in wholesale funding reached 59% during the year, with new additional funding in July of USD 300 million, a



Sustainability and Gender-themed Tier 2 which included AIB, DFC and IFC among the investors. This facility is the first gender Tier 2 loan globally.

Akbank also further contributed to its ecosystem for a more inclusive, innovative economy. As one of the founding signatories of the UN Financial Health and Inclusion Commitment, the bank disclosed a financial inclusion target of 10% growth per year in the number of women-led business customers to boost financial resilience and support sustainable business growth by 2025.

To become a net-zero bank by 2050, Akbank embarked on a comprehensive program in 2023 to achieve net-zero commitments in its operations and bank-only loan

portfolio. For its own operations, Akbank has set an interim emission reduction target in line with 1.5°C scenario which is: to Reduce absolute Scope 1 and Scope 2 GHG emissions %90 by 2030 from 2019 base year. For its portfolio emissions Akbank has calculated its financed emissions in line with PCAF methodology for various business segments and have set interim emission reduction targets for prioritized carbon intensive sectors. The monumental task ahead and its results are expected to become a key milestone in the bank's sustainability journey. A thorough and single-minded execution of the initiatives in this program is a strategic priority for Sabancı Group's banking institution. This effort will also open the way for Akbank to become the primary bank of choice for the transition to a low-carbon economy.