

A woman with dark hair tied back, wearing a light blue tank top, is seen from behind, painting a wall red with a roller. The wall is partially covered in red paint, and the word 'AKEBANK' is written in large, bold, white capital letters across the middle of the image. The background is a light gray wall.

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Global Analyst
and Investor Day
2020

January 7, 2020

2019 Macro Overview: A rebalancing year

Economic activity

Resilient with positive growth

Growth composition

1H driven by net exports, 2H pick-up in domestic demand

Inflation

Disinflation trend continued, from 2018 peak of c. 25% to below 12%

Monetary Policy

1200 bps rate cut to 12%, in line with disinflation trend

Fiscal Policy

Budget Deficit/GDP target below 3%

External balances

Reached positive Current Account Balance

Credit activity

Pick-up in TL loans supported growth

2019 Wrap-Up: Solid operating performance

	9M19 Results	2019 Guidance
ROA	1.4%	≥1.4%
ROE	11.2%	≥12%
NIM (swap adj.)	4.0%	≥3.5%
Net fees&com. growth	35.3%	> 20%
Opex growth	21.7%	~CPI ⁽¹⁾
Cost/ income ⁽²⁾	34.0%	≤35%
CAR	19.5%	~16%
Tier 1	16.7%	~13.5%
LDR ⁽³⁾	90%	Max 105%
NPL	6.0%	<6%
Net total CoC	225 bps	< 300 bps

2019 FY Initial Highlights

- ▶ Accelerated TL loan growth in 4Q
- ▶ Sound core NIM improvement
- ▶ Superior fee income
- ▶ CoC better than guidance despite proactive NPL recognition

2019 Guidance as of Jan,8 2019

⁽¹⁾ Rolling CPI

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

⁽³⁾ Bank-only, adjusted for financial assets measured at fair value through P&L

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2020 Economic Outlook: Back to growth

Economic activity

GDP forecast at c. 4% yoy

Growth composition

Domestic demand contribution to increase, investment appetite to pick up in 2H

Inflation

Gradual disinflation trend to continue

Monetary Policy

Expect moderate rate cuts, inline with inflation

Fiscal Policy

Budget deficit/GDP to remain < 3%

External balances

CAD to be limited

Credit activity

TL driven loan growth to accelerate

2020 Guidance Outlook: Addressing the numerator

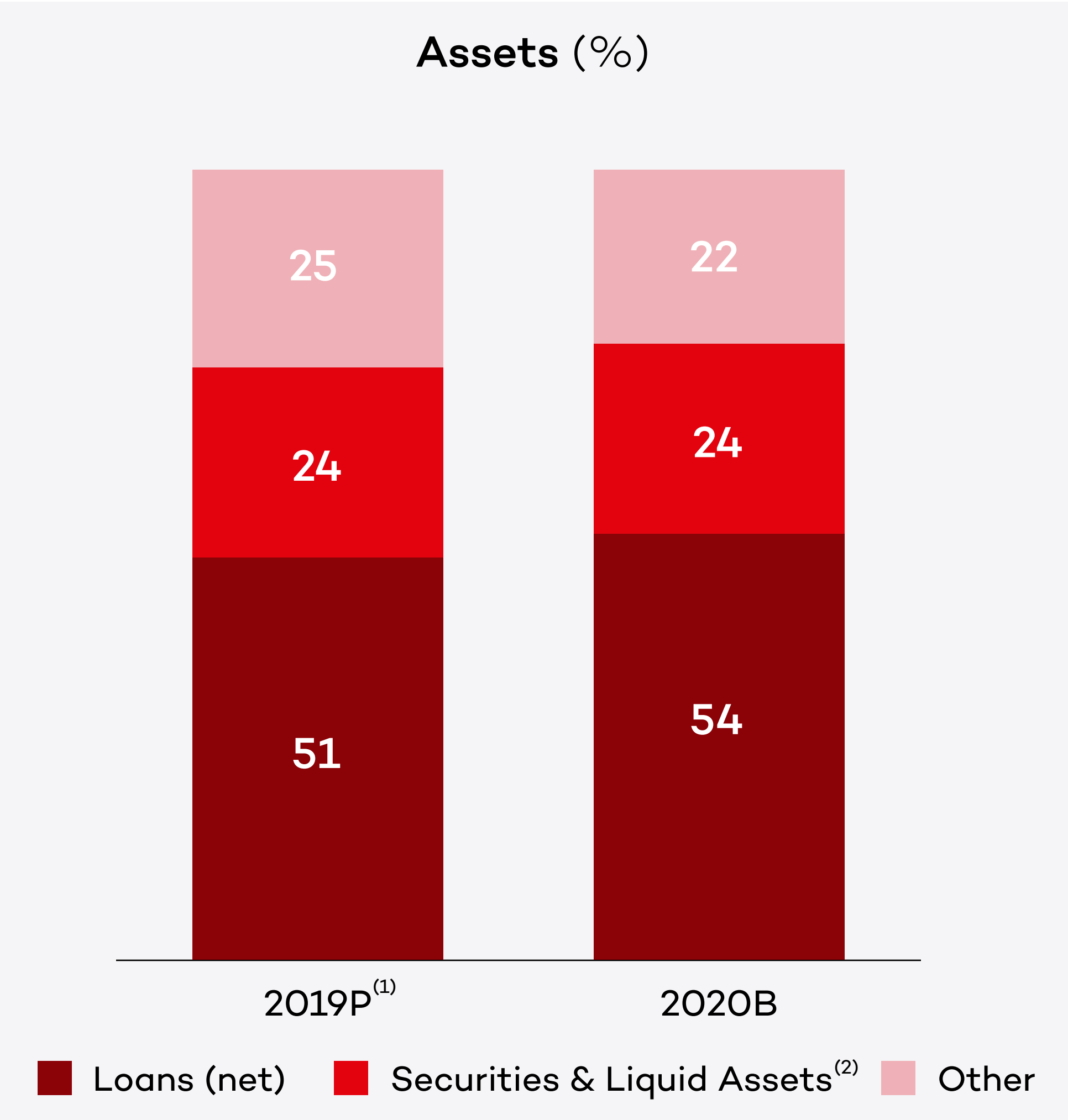
2020B

TL Loan Growth	High-teens
FX Loan Growth (in USD)	Low-single digit
Leverage	> 8x
ROE	Mid-teens
NIM (swap adj.)	≥4.0%
Net fees&com. growth	High-single digit
Opex growth	Mid-teens
Cost/ income ⁽¹⁾	≤34%
NPL	<6%
Net total CoC	~ 200 bps

Robust capital buffers
+
Low leverage
+
Cutting-edge infrastructure
+
Outstanding talent
↓
Create unique growth opportunity
to achieve **mid-term**
ROE target of high-teens

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

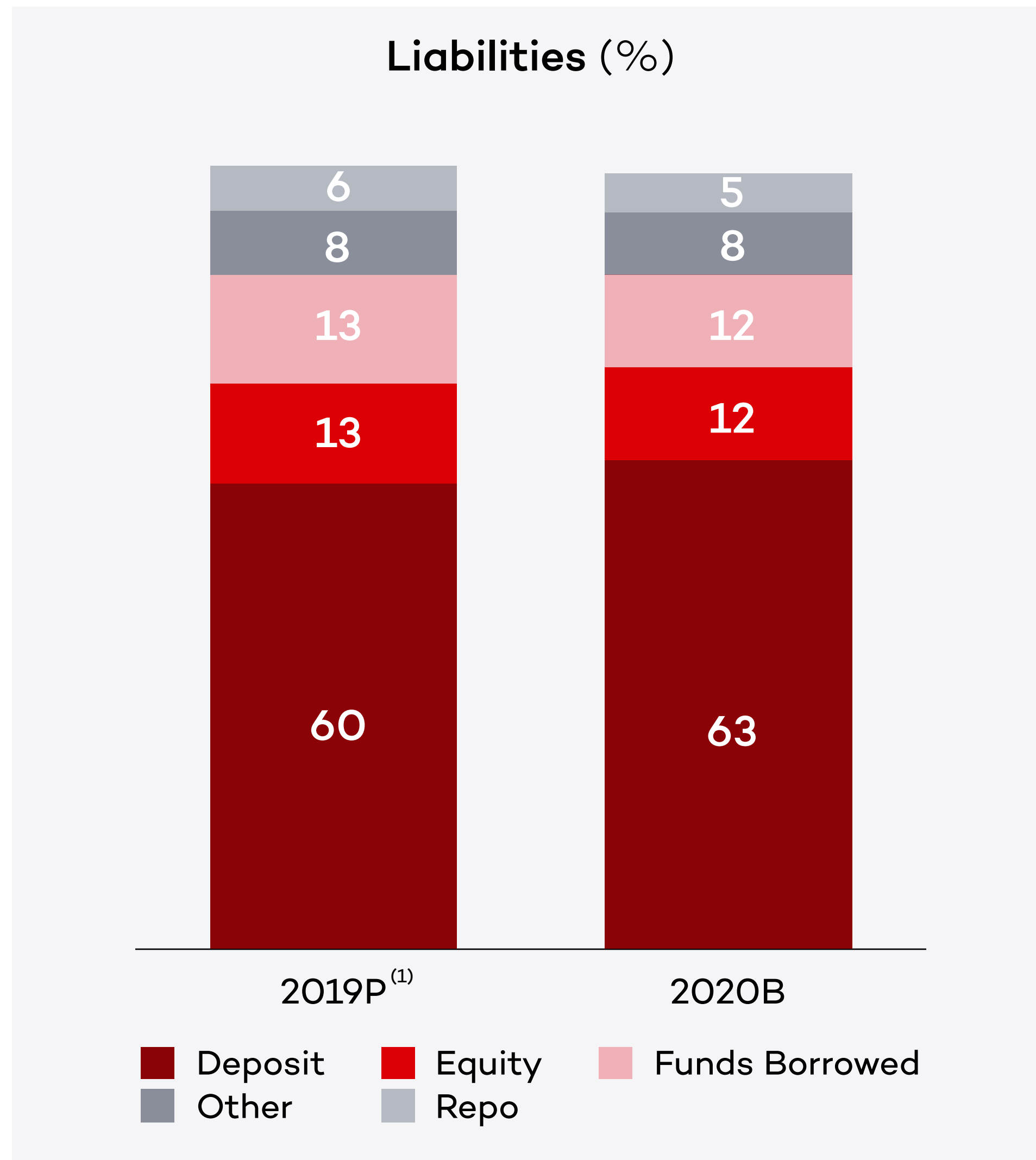
Redeploying capital to lending with sustainable profitability in focus



2020B	
TL Loans	High-teens
Business	High-teens
Consumer	High-teens
FX Loans	Low-single digit
Leverage	> 8x

6 ⁽¹⁾ Based on 2020 budget assumptions
⁽²⁾ Liquid Assets: Cash and cash equivalents

Disciplined funding mix to support margins



2020 Funding Highlights

► Optimizing deposit cost

- ◉ Increase demand deposits
- ◉ Further broaden deposit base

► Reduction in wholesale borrowing (low FX loan demand):

- ◉ Jan'20 USD 500 mn Eurobond to be redeemed
- ◉ Syndicated loan roll-overs assumed to be < 100%

► Opportunistically monitor capital markets

Questions that come to mind on 2020B...

**NIM $\geq 4.0\%$...
How?**

- ▶ **Optimization of funding**
 - ◉ Increasing demand deposits
 - ◉ Further broadening deposit base
 - ◉ Opportunistic money market funding
- ▶ **Proactive positioning in TL and FX bonds in 2019 to be NIM accretive**
- ▶ **Despite immaterial positive impact from CPI-Linkers**

**Fee growth at
high-single digit
in a growth year...
Why?**

- ▶ **Payment systems fees (c. 50% of fee base) to be constrained**
 - ◉ Regulatory change
 - ◉ Lower interchange fees
 - ◉ High base
- ▶ **Positive contributors to partially mitigate the negative impact**
 - ◉ Well-diversified fee base
 - ◉ Customer acquisition
 - ◉ X-sell

Questions that come to mind on 2020B...

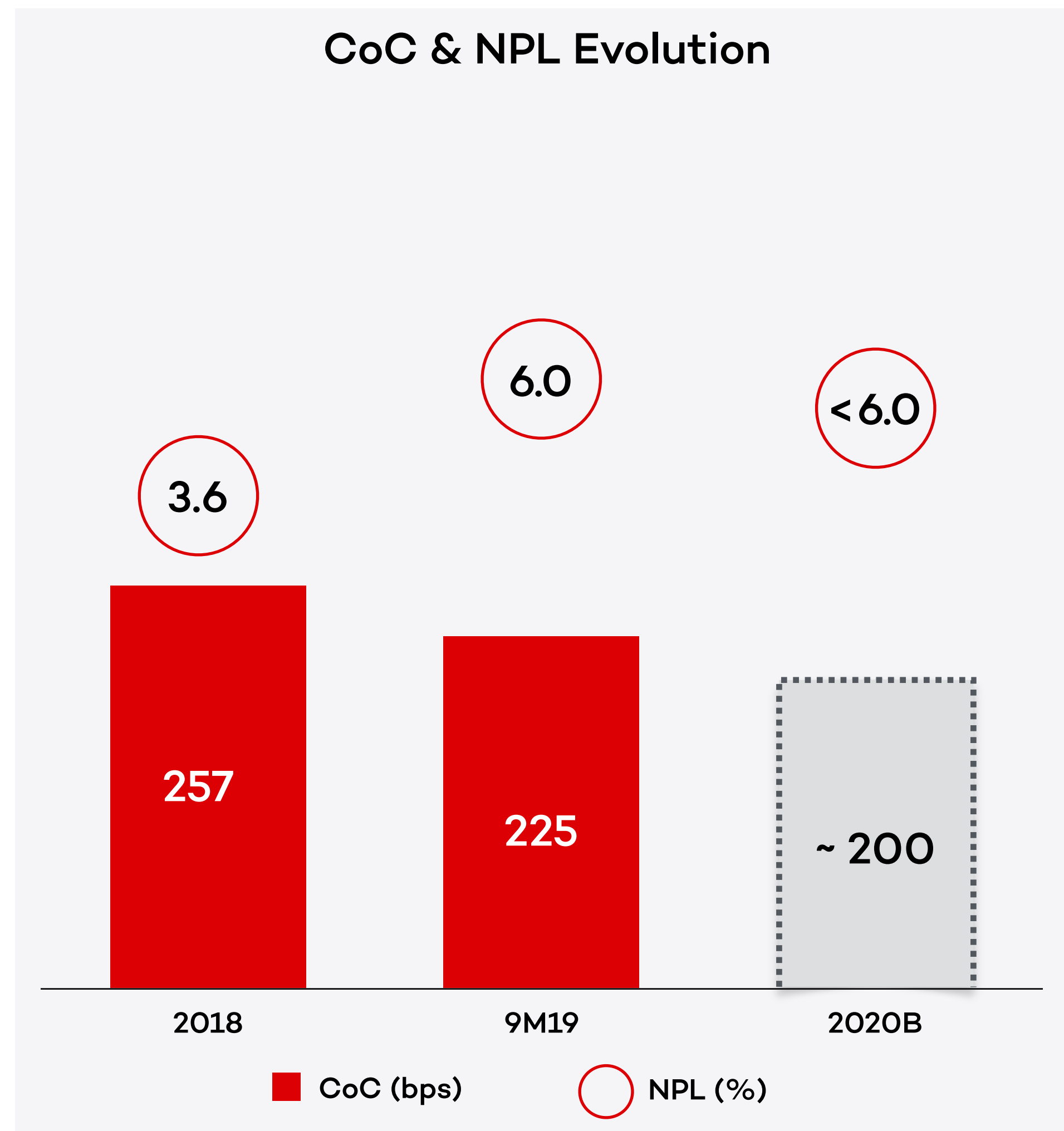
OPEX growth at
Mid-teens...
Why?

- ▶ Marketing expenses to support growth
- ▶ Elevated regulatory **SDIF** premium
- ▶ Full first year **depreciation** effect of major investments

How will CIR
remain best-in-
class?

- ▶ Ambition remains to improve **best-in-class efficiency** led by **revenue generation**
- ▶ **Digitization** and **advanced analytics** will contribute to **cost reduction** and **revenue improvement**
- ▶ **Low cost base** creates **significant competitive advantage**

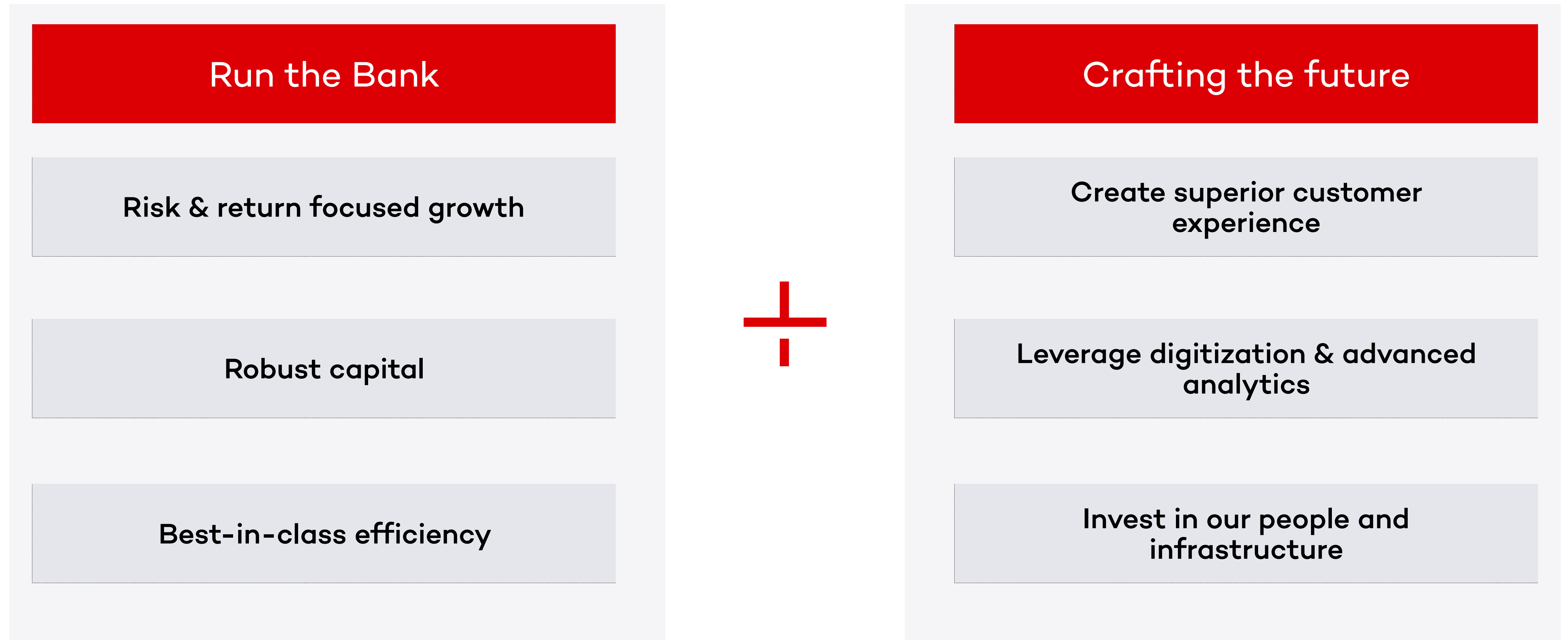
Profitability to be supported by CoC decline starting 2020



CoC and NPL to improve in 2020 & Beyond

- ▶ Proactive NPL recognition of corporate/ commercial files in 2019
- ▶ Collection performance to continue to improve
- ▶ De-risked loan portfolio
- ▶ Improved macro dynamics

Akbank's bifocal strategy: Twenty-Twenty Vision



Corporate & Investment Banking

Growth led by customized solutions and long-term partnerships

Focus

**Customer Acquisition
& Activation**

**Leveraging Outstanding
Infrastructure**

Digital & Analytic Solutions

With

- ▶ Support activities of MNCs with specialized RMs and customized products
- ▶ Create opportunities to grow with exporters via tailored products
- ▶ Financing sustainable investments in renewable energy and exporters
- ▶ Experienced CIB Team capable of engineering complex financial structures to fit customer needs
- ▶ Synergies through transformed service model
- ▶ Technology-driven team mobility
- ▶ Leverage data for actionable insights to increase wallet share
- ▶ Tailor-made product offers and efficiency gains empowered by analytics

Commercial Banking

Solid Strategy for Sound Growth

Focus

Customer Acquisition
& Activation

Leveraging Outstanding
Infrastructure

Digital & Analytic Solutions

With

- ▶ Further focus on tourism, export and renewable energy
 - ▶ Redesign Trade Finance infrastructure
 - ▶ Innovative cash management solutions
-
- ▶ Strengthened sales force mobility
 - ▶ Foreign trade transaction platform to offer customized solutions
-
- ▶ Efficient Portfolio Management with Financial Intelligence Platform
 - ▶ Tailor-made product offers and efficiency gains empowered by analytics

Retail Banking

Growth Across All Segments and Products

Focus

Customer Acquisition
& Activation

Leveraging Outstanding
Infrastructure

Digital & Analytic Solutions

With

- ▶ New, tailored value propositions (youth, pensioners, occupational groups)
 - ▶ On-demand & on-site customer acquisition
 - ▶ Digital customer acquisition
 - ▶ Strategic partnerships
-
- ▶ New service model in branches
 - ▶ Migration to self-service
 - ▶ Enhanced mobile sales power
 - ▶ Customer-centric processes and screens
-
- ▶ Superior digital customer experience
 - ▶ Infrastructure transformation to expand capabilities
 - ▶ Enhanced sales force and channels empowered by Financial Intelligence Platform
 - ▶ Analytics driven customized pricing

Wealth Management

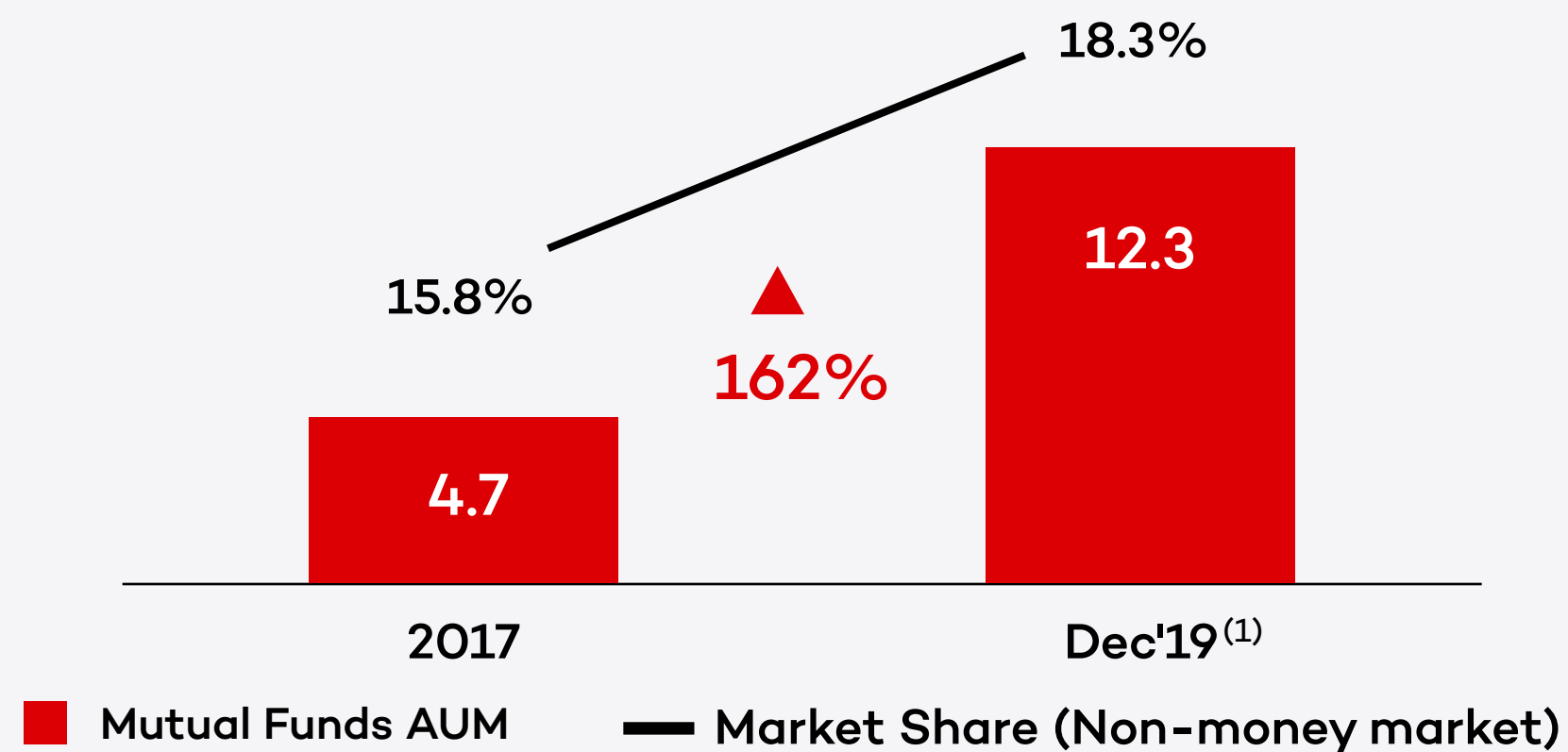
Unique consolidated organization creates unique opportunities

AK Asset Management

AK Investment

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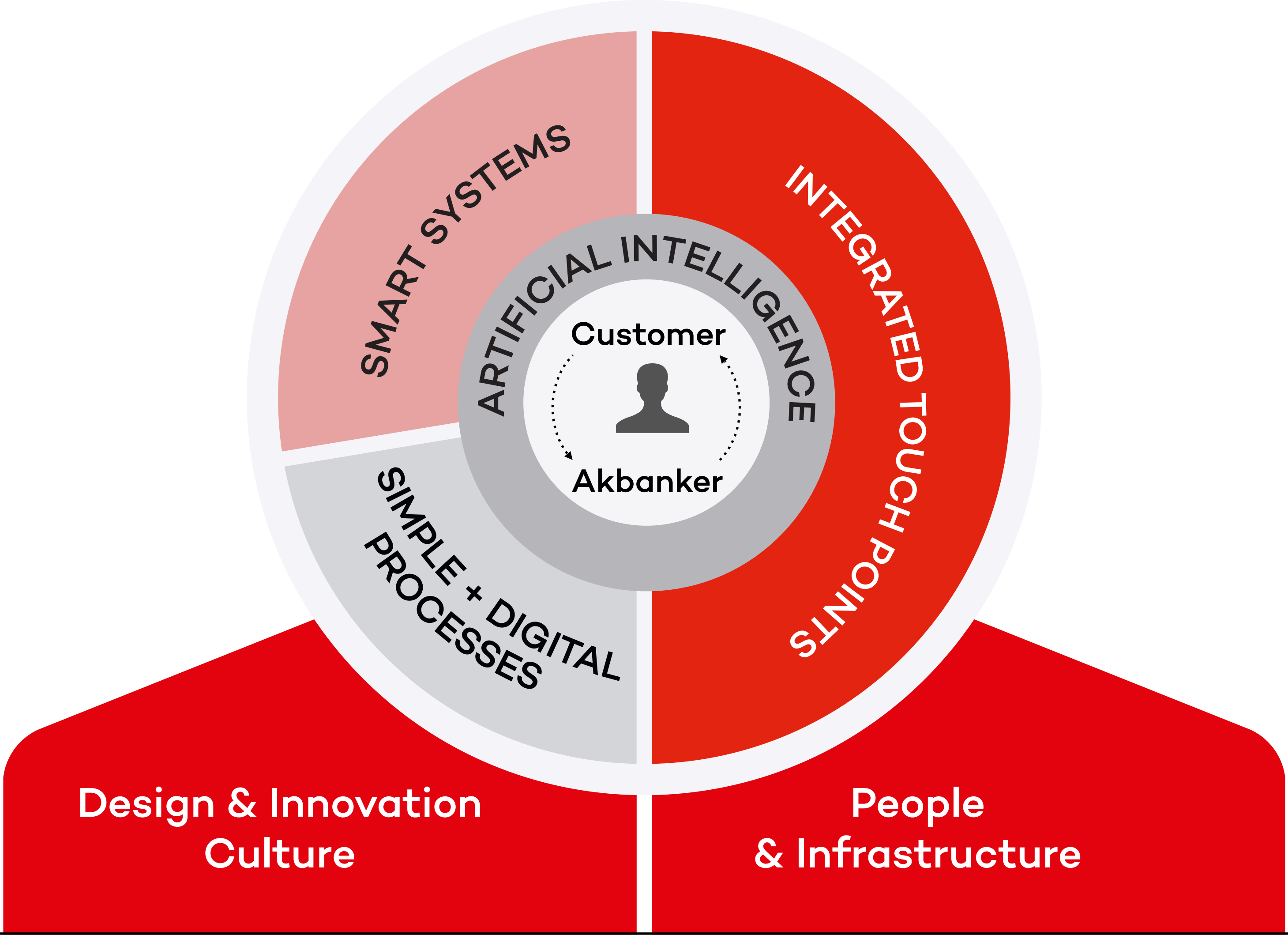
Mutual Funds AUM and Market Share
(Billion TL, %)



Increase fee contribution through

- ▶ Further market share gain
- ▶ Innovative product development to maintain leadership in number of investment products
- ▶ Create state-of-the-art mobile investment experience
- ▶ Further digitize investment sales processes
- ▶ Advanced training programs for RMs

Our forward looking operating model



People & Culture: Drivers of sustainable value creation

Outstanding Talent

- ▶ Young & dynamic team: Avg. age 36
- ▶ Share of female employees: c. 53%
- ▶ Share of female executives: c. 40%
- ▶ PhD & Masters Degree: 10%
(Highest ranking among peers)

Centers of Excellence

- ▶ Future Trends
- ▶ Design
- ▶ Advanced Analytics
- ▶ Robotics



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Phygital Branch: Zero-based design creates competitive advantage

Hidden Teller Counter

Conversation Bar

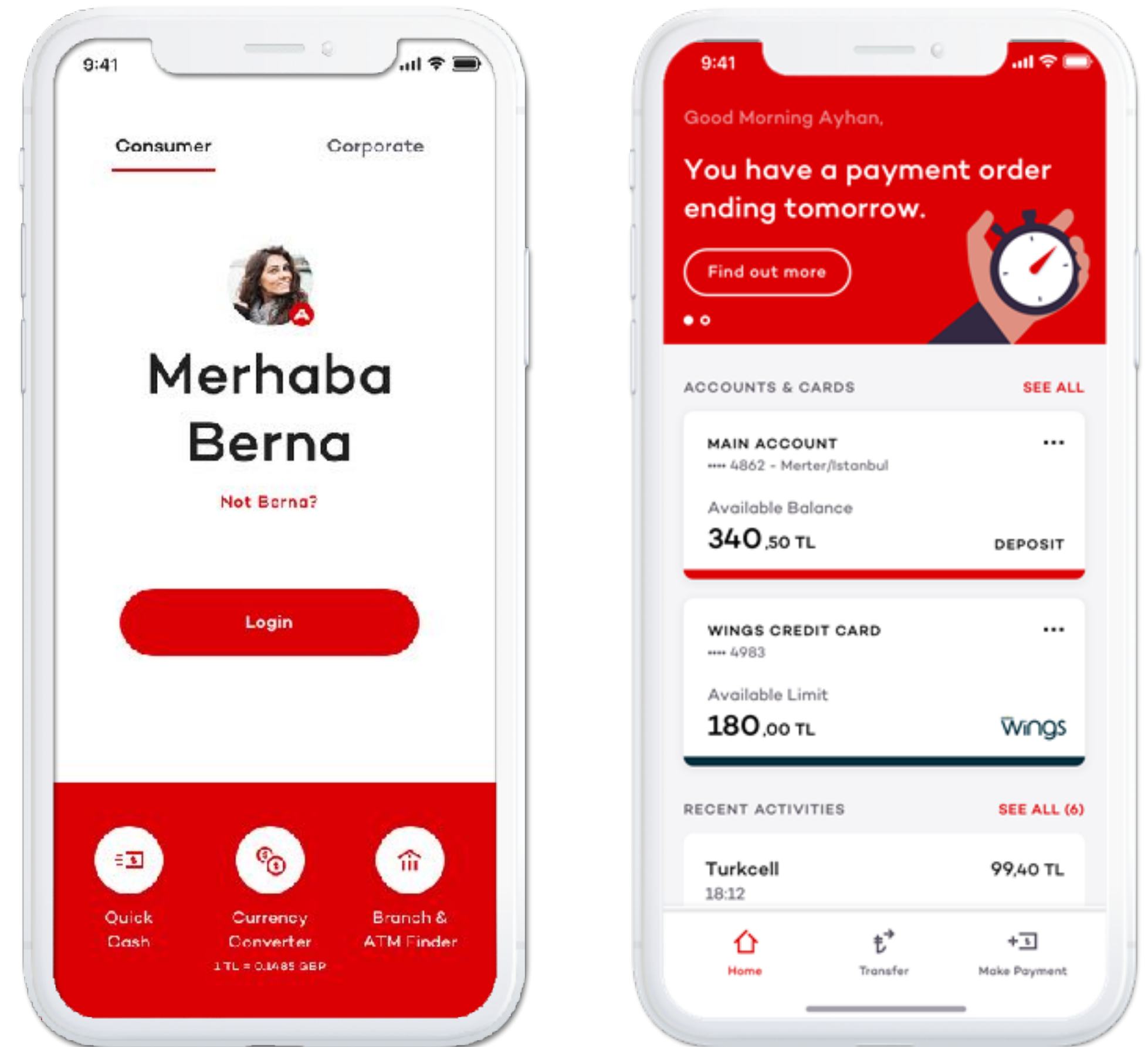
Mobile RMs

E-teller

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Reimagining banking experience with Akbank Mobile

- ▶ New brand attitude, design and language
- ▶ Intuitive and socialized banking experience
- ▶ Analytics-driven sales and communication capabilities
- ▶ Intelligent engagement



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Bottom-line impact through transformation

Digital Banking in Numbers ⁽¹⁾

Digital customers

5.0 mn

Digital customer cross-sell vs non-digital

2.1x

Monthly mobile log-in/customer

30x

Share in non-credit linked fees

56%

GPLs sold through digital channels ⁽²⁾

71%

Credit cards sold through digital channels ⁽²⁾

54%



Tosla

A brand new “fun & playful, simple & fast, and social” mobile platform

- ▶ New mobile platform targeting young users, providing core financial services
 - ◉ 7/24, free P2P transfers interactive with feeds
 - ◉ Digital payments and contactless prepaid card
 - ◉ Free and easy top-up & withdraw
- ▶ Quick and easy digital onboarding
- ▶ Social like its target audience – find and follow friends, like, comment, engage



What to remember?



01 Excellent positioned

- ▶ Robust capital
- ▶ Low leverage
- ▶ Outstanding infrastructure

02 Profitability to advance

- ▶ Solid growth
- ▶ Customer acquisition
- ▶ CoC normalization



03 Fully committed to building our future

- ▶ People & Culture
- ▶ Digitization & AI
- ▶ Design & Innovation

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