

1Q21
Consolidated
Financial Results

AKBANK



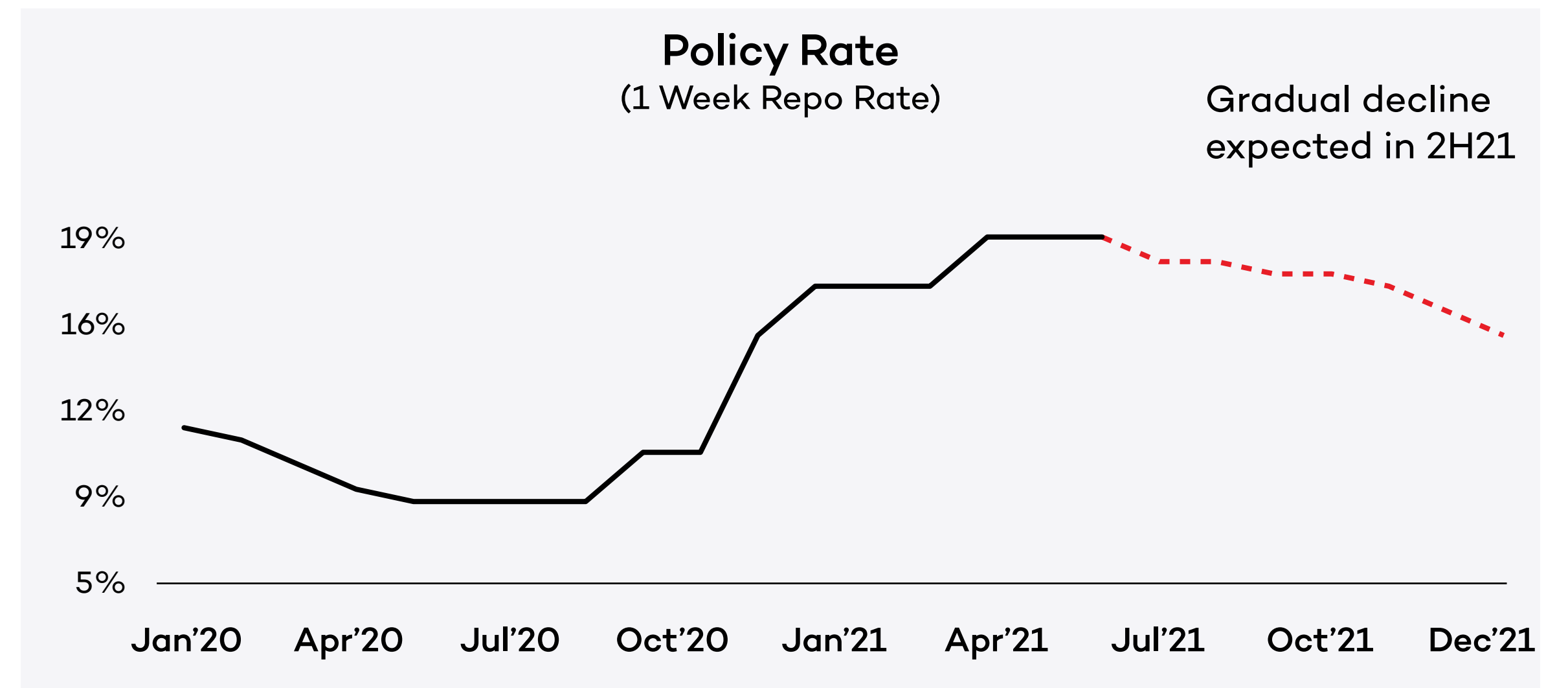
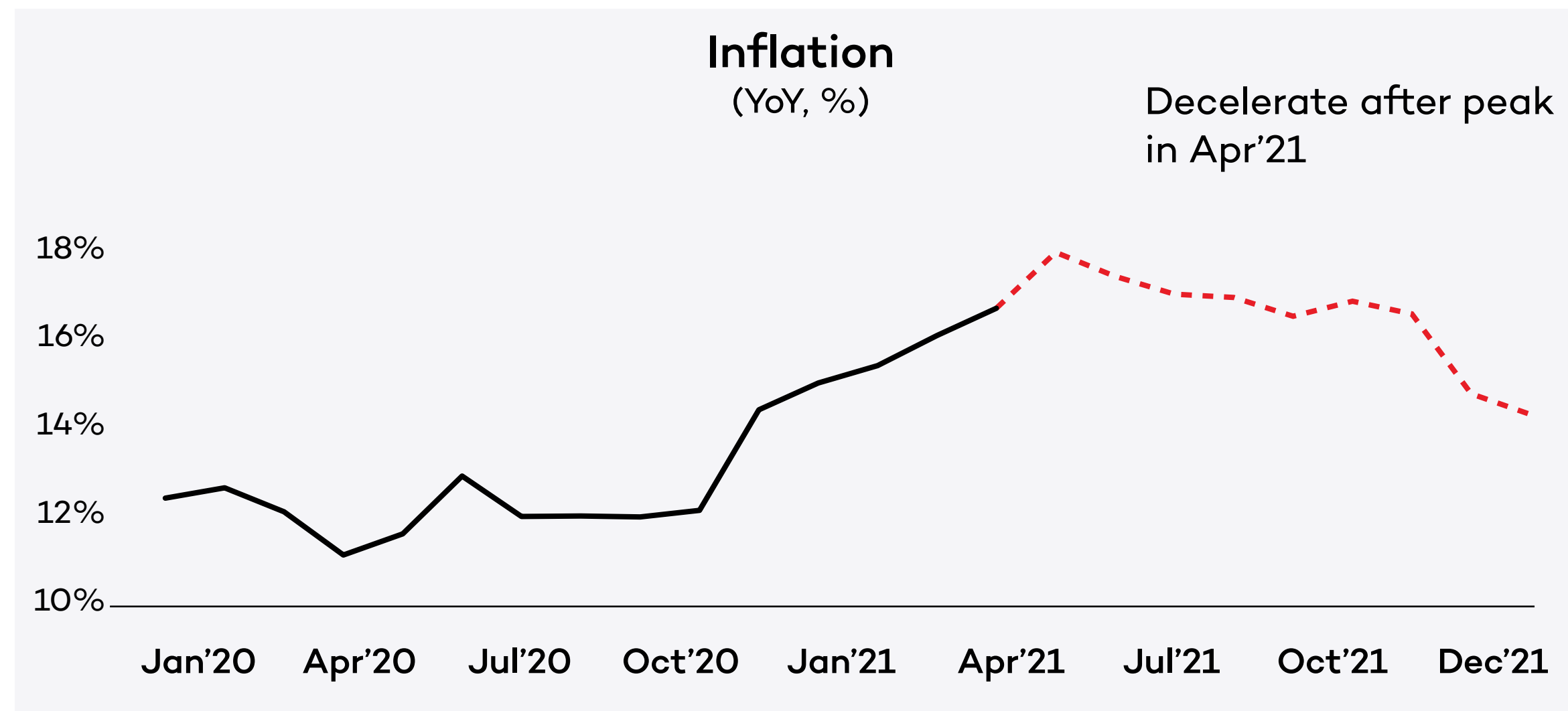
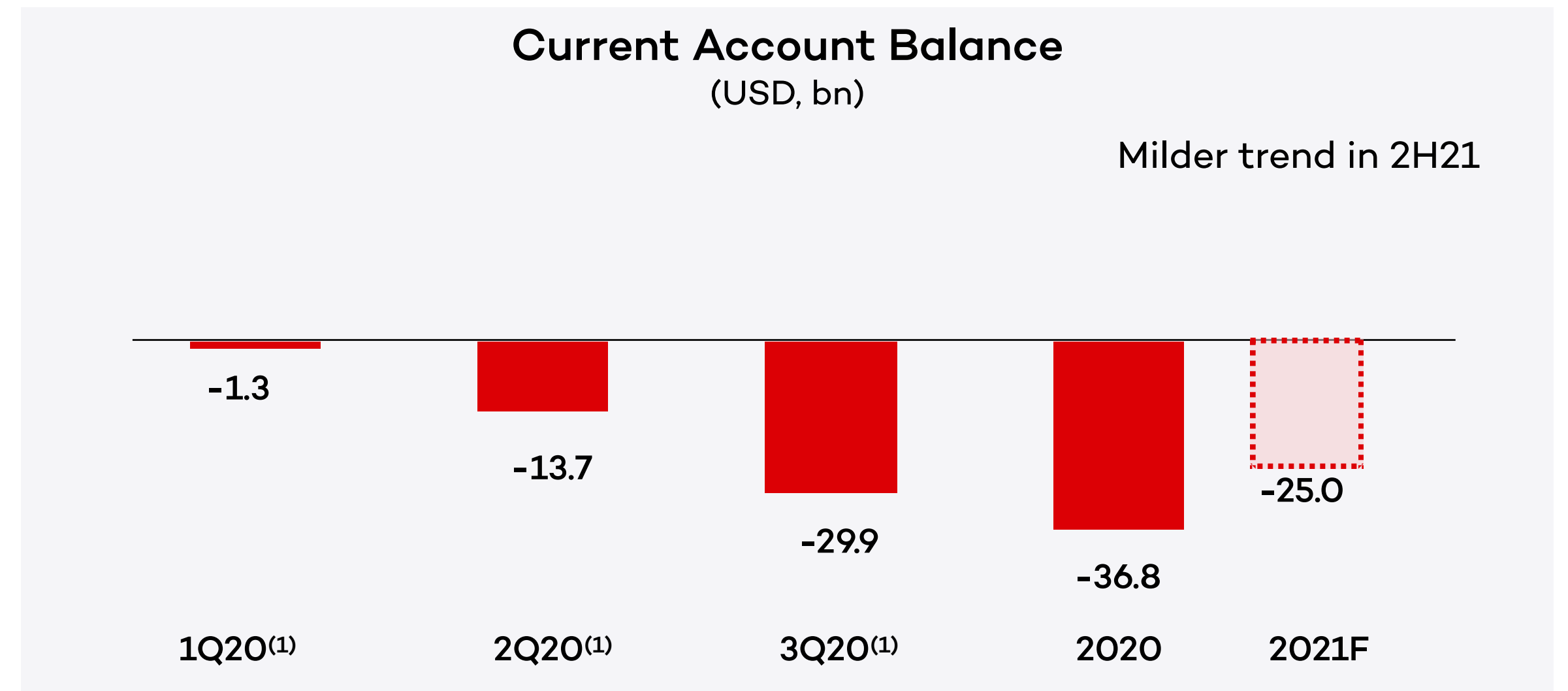
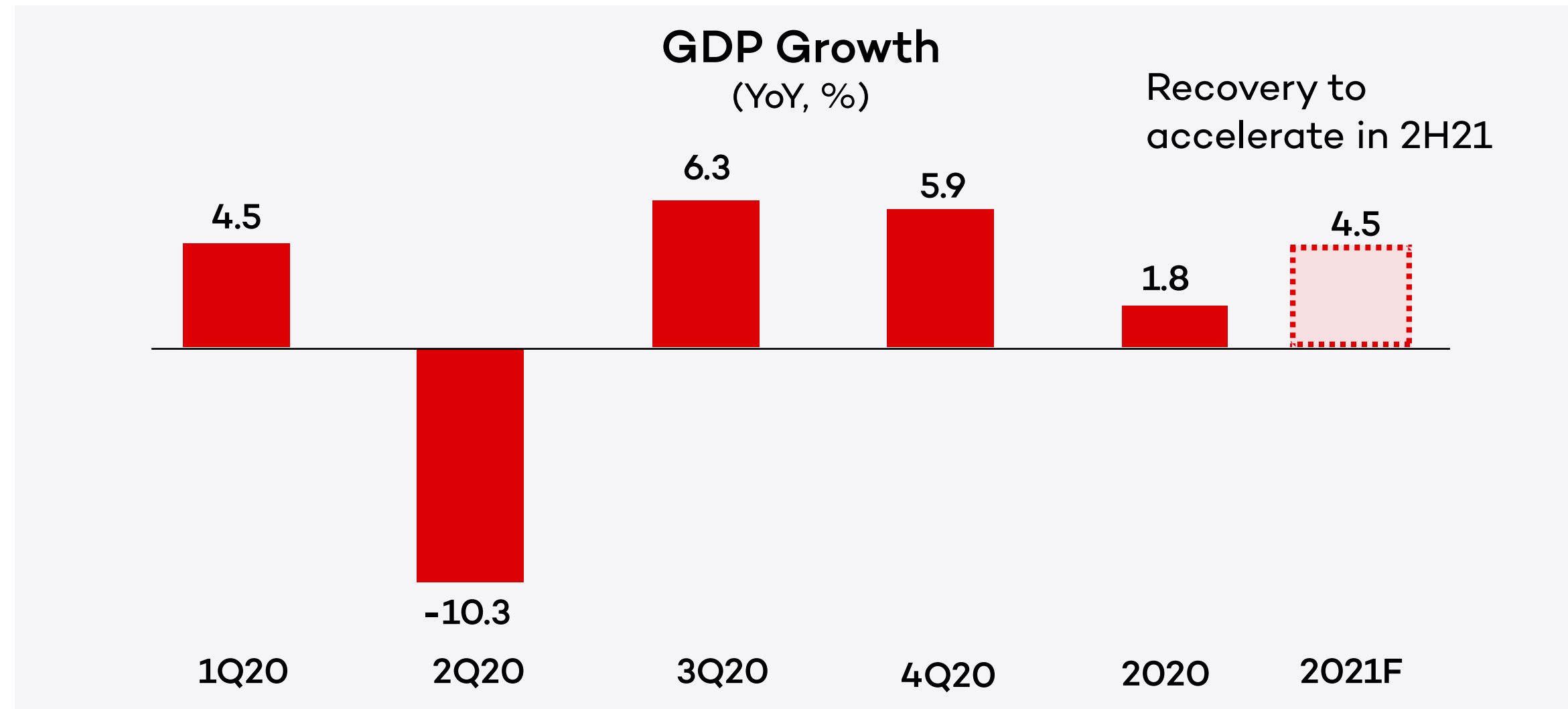
Content

01 Operating Environment

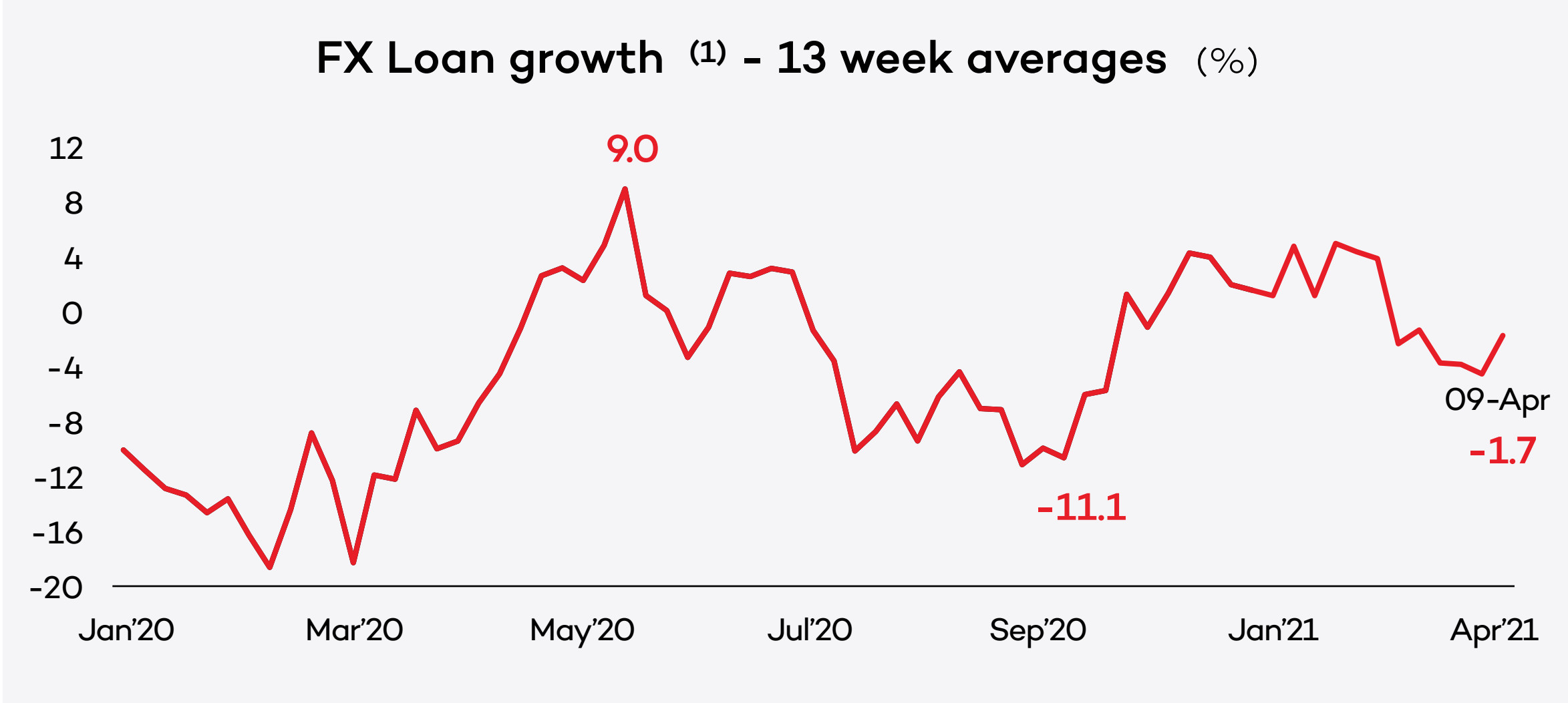
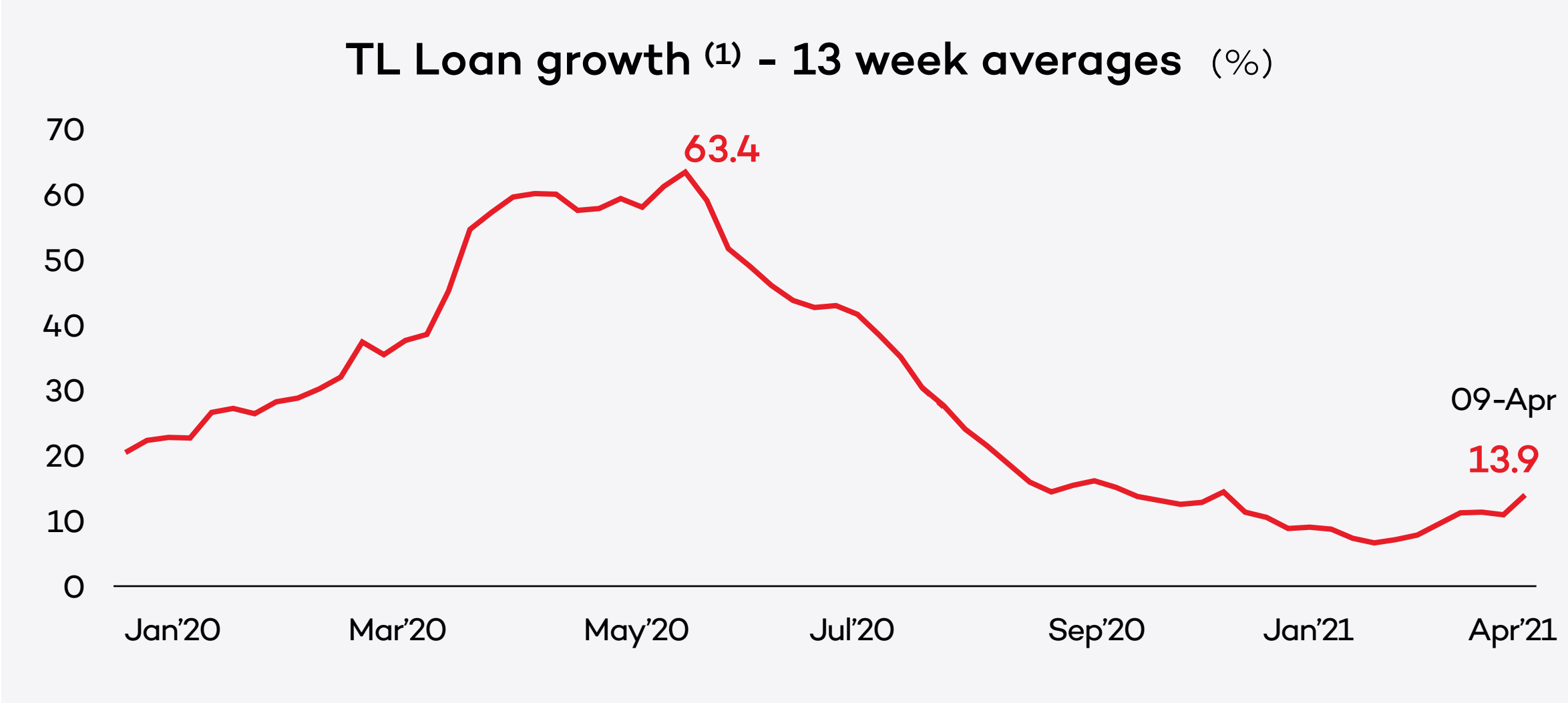
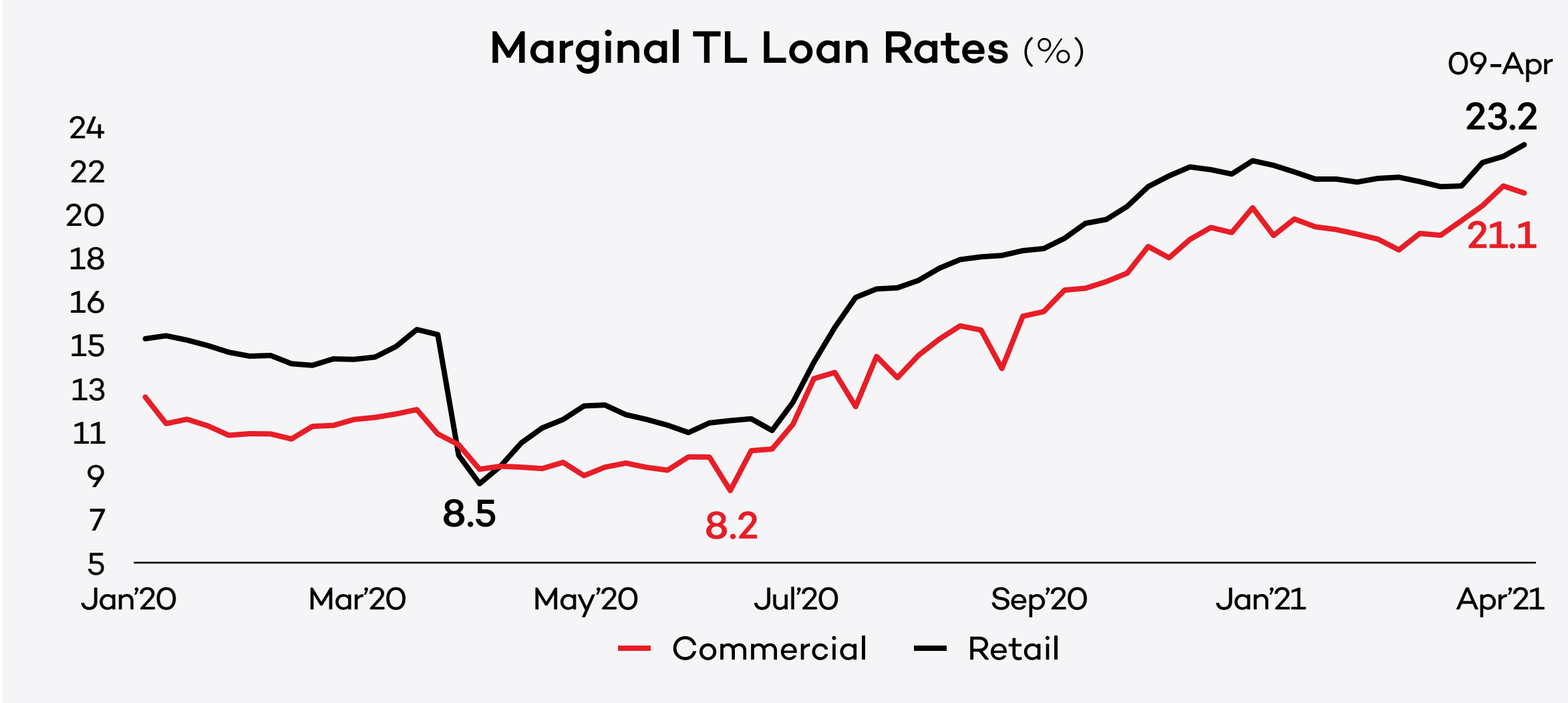
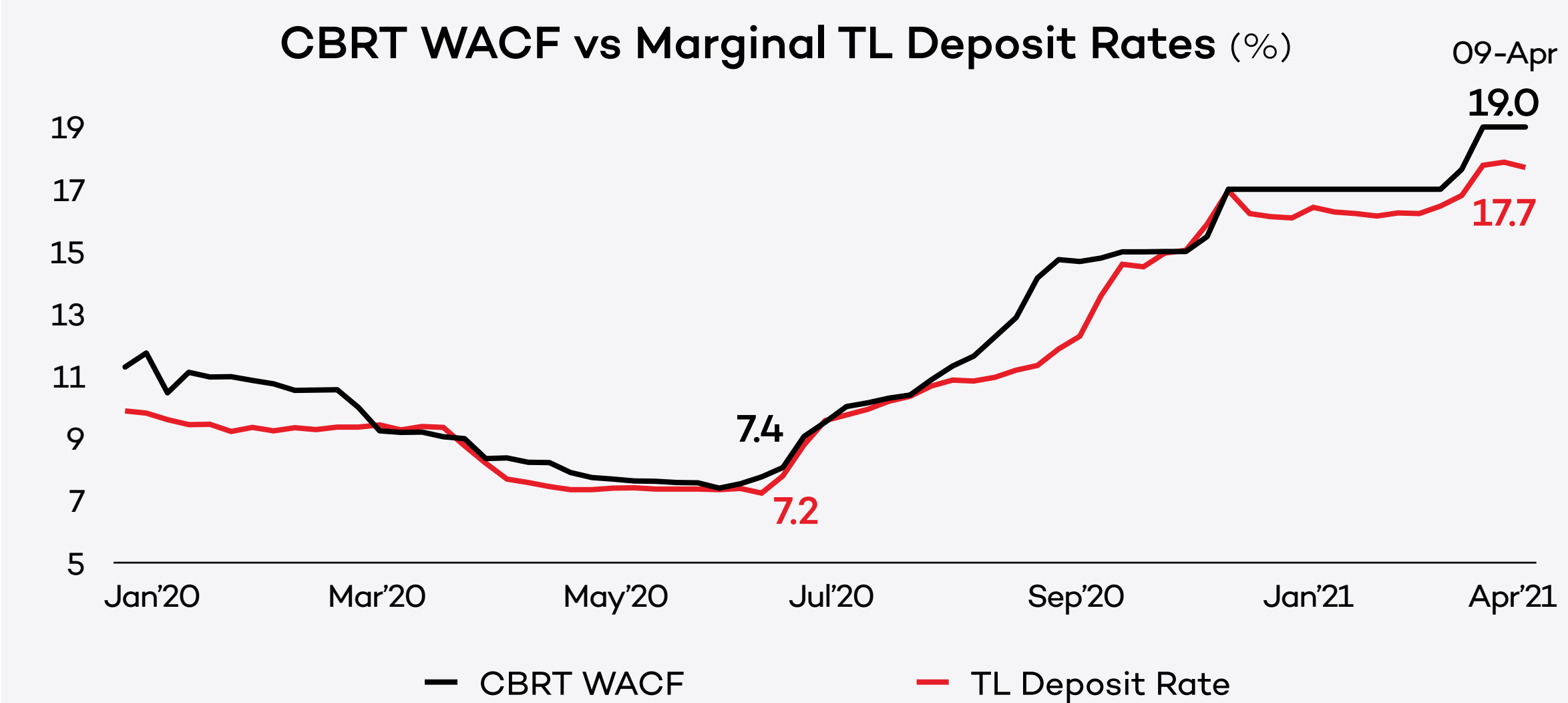
02 Financials

03 Annex

Turkish Economy: 2020 Overview & 2021 Outlook



Tighter funding environment challenges operating performance



Source: BRSA & CBRT & WACF weekly data dated Apr 09, 2021

4 ⁽¹⁾ Excluding participation banks



Content

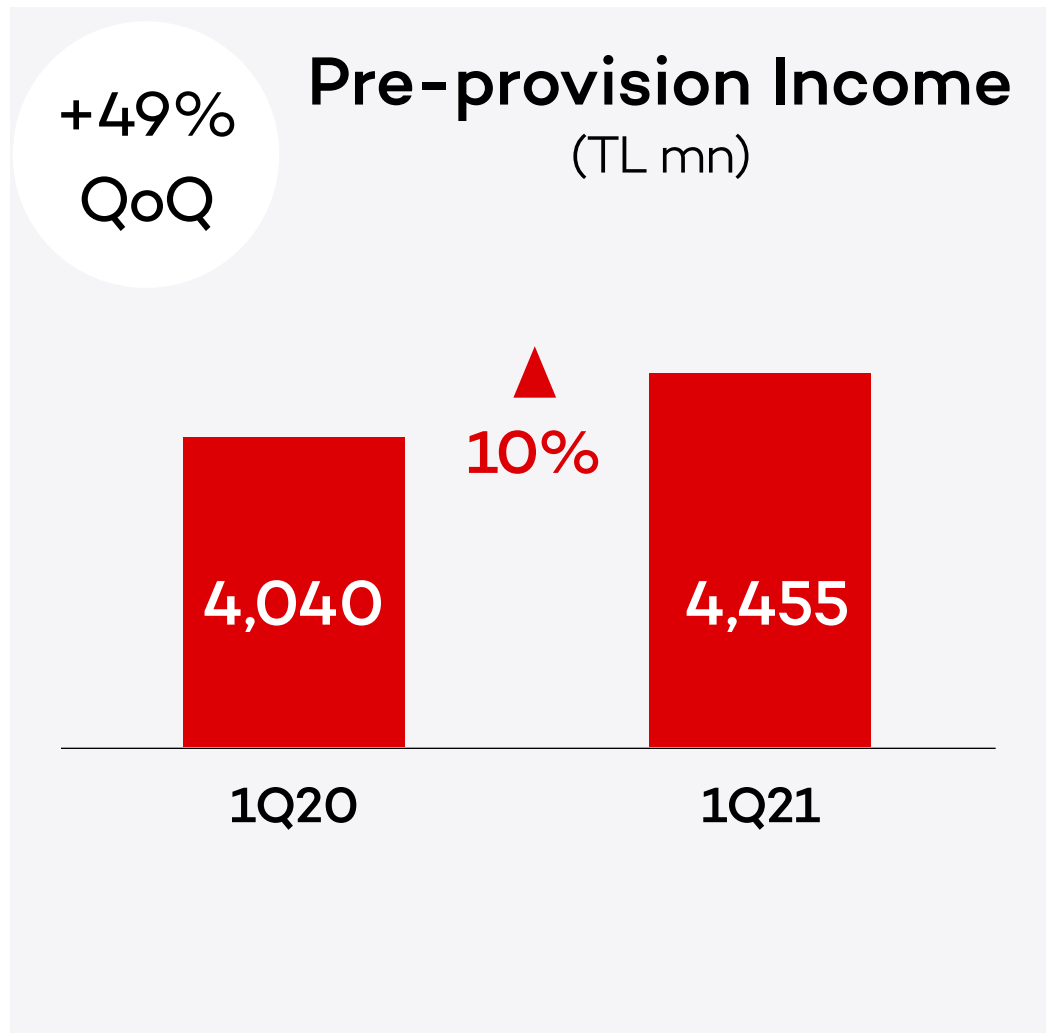
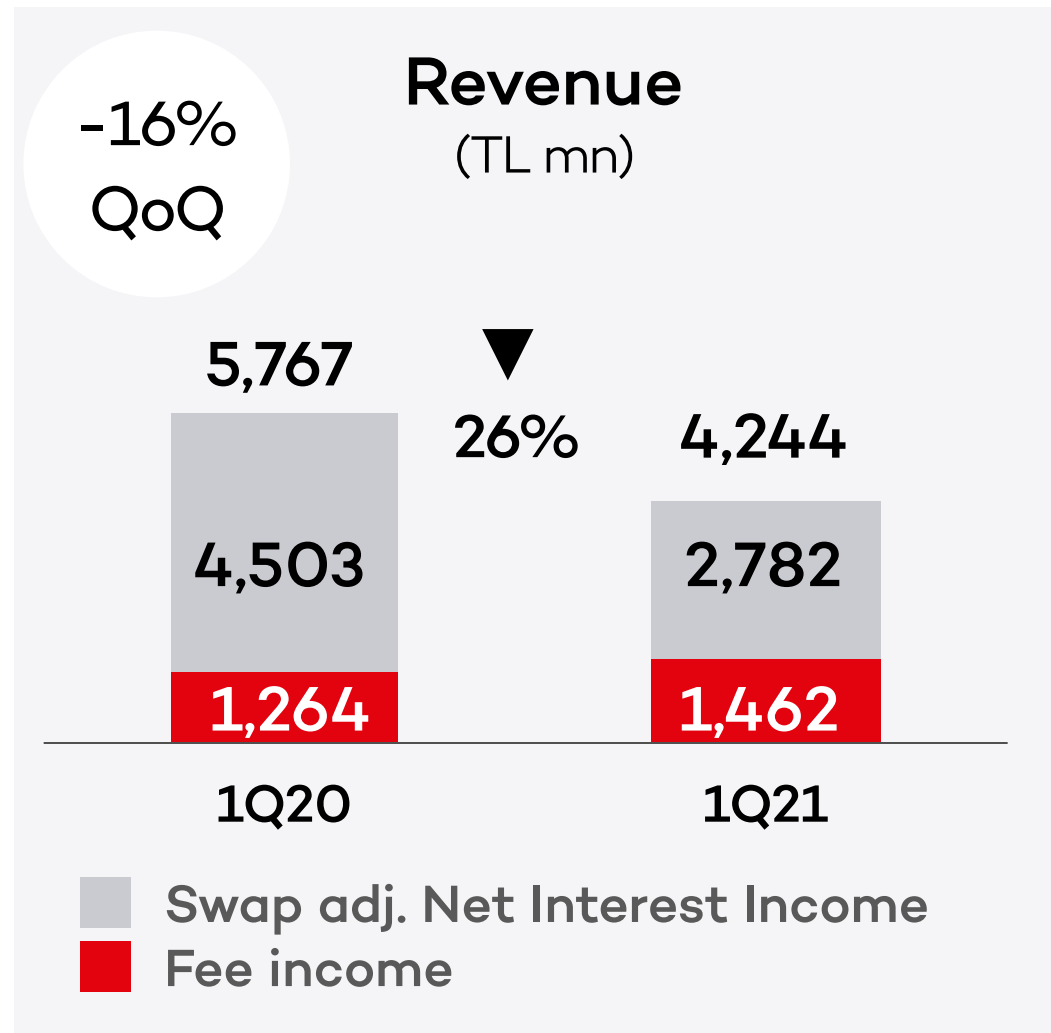
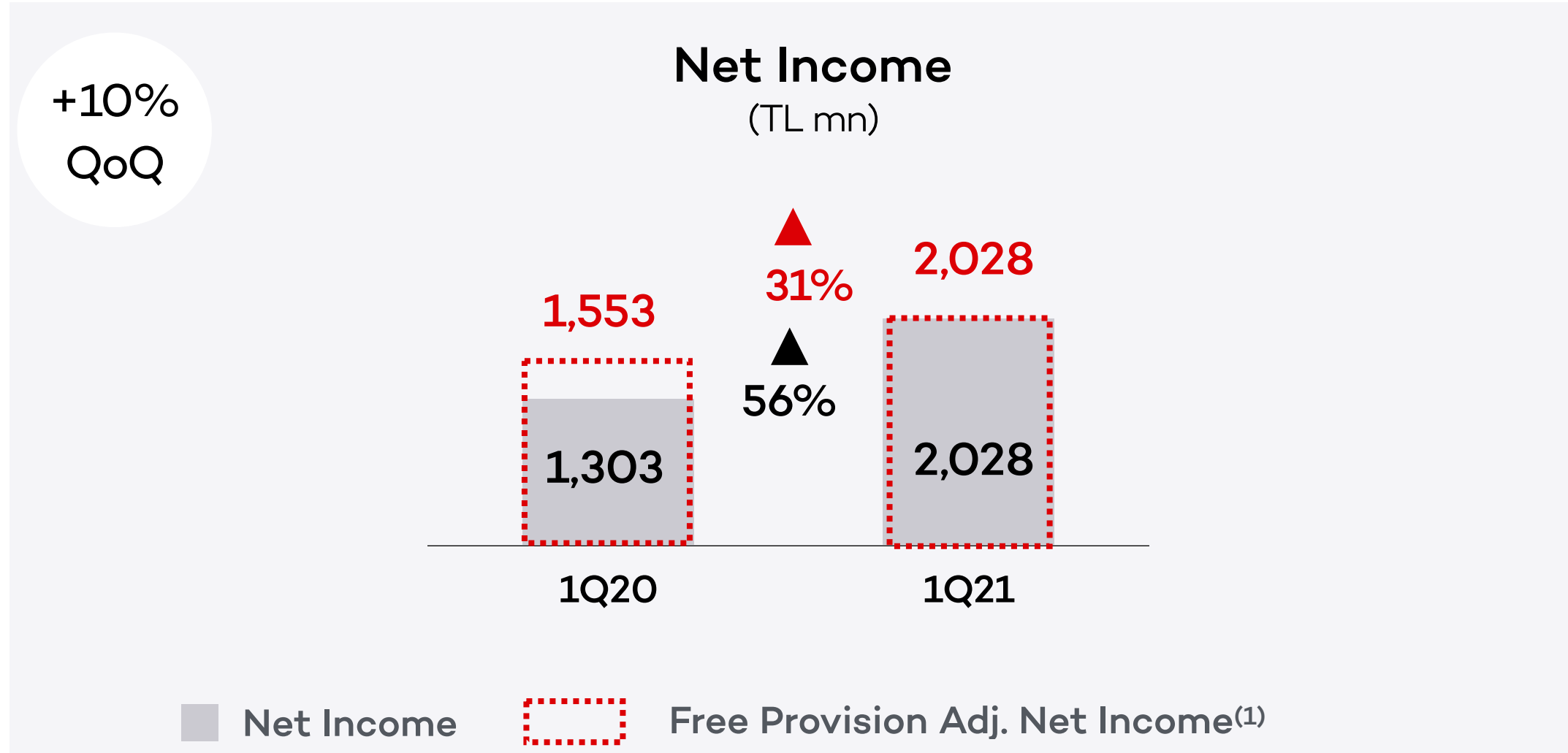
01 Operating Environment

02 Financials

03 Annex

1Q21: On course for FY ROE guidance

1Q21
RoE
12.9%



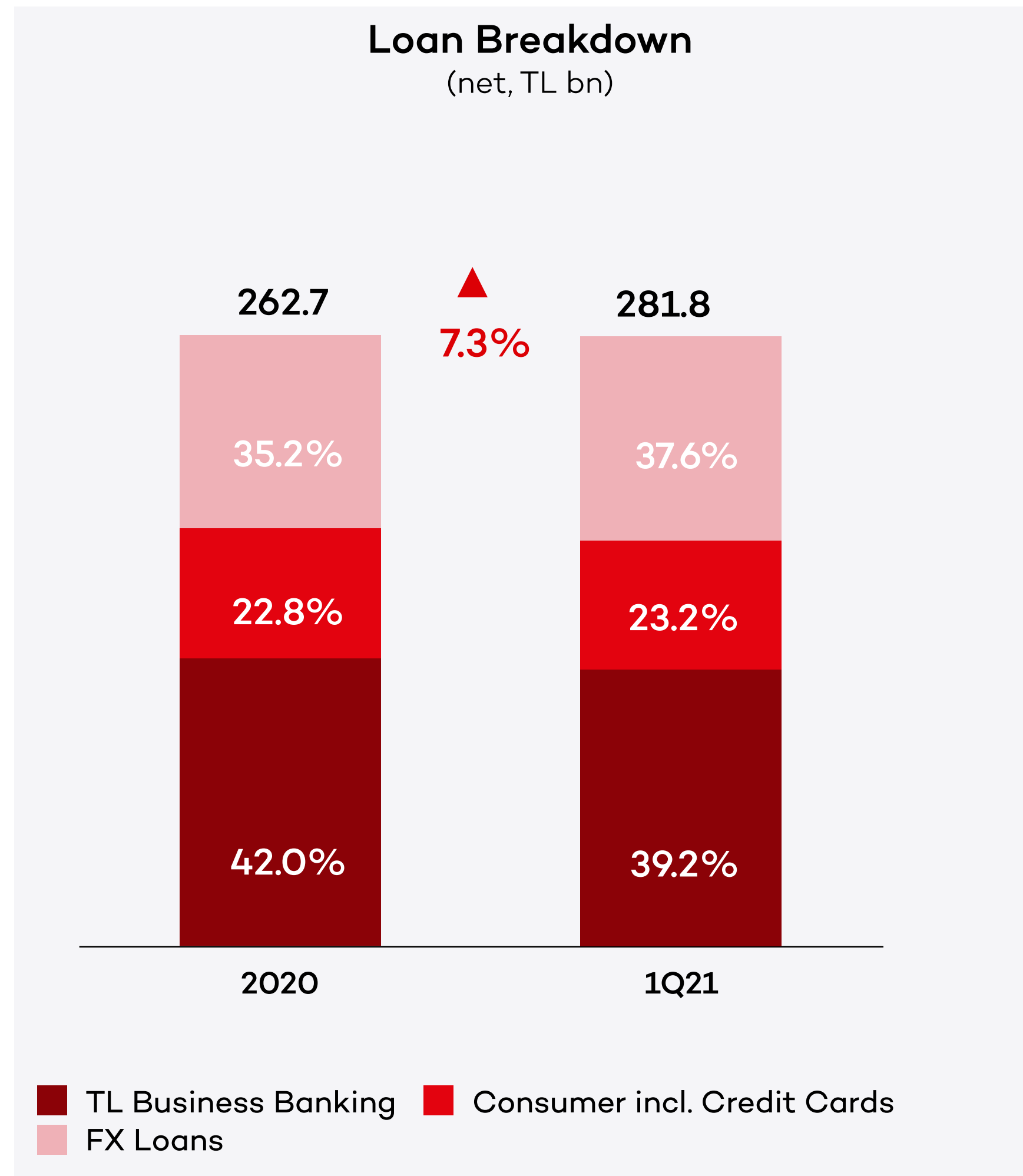
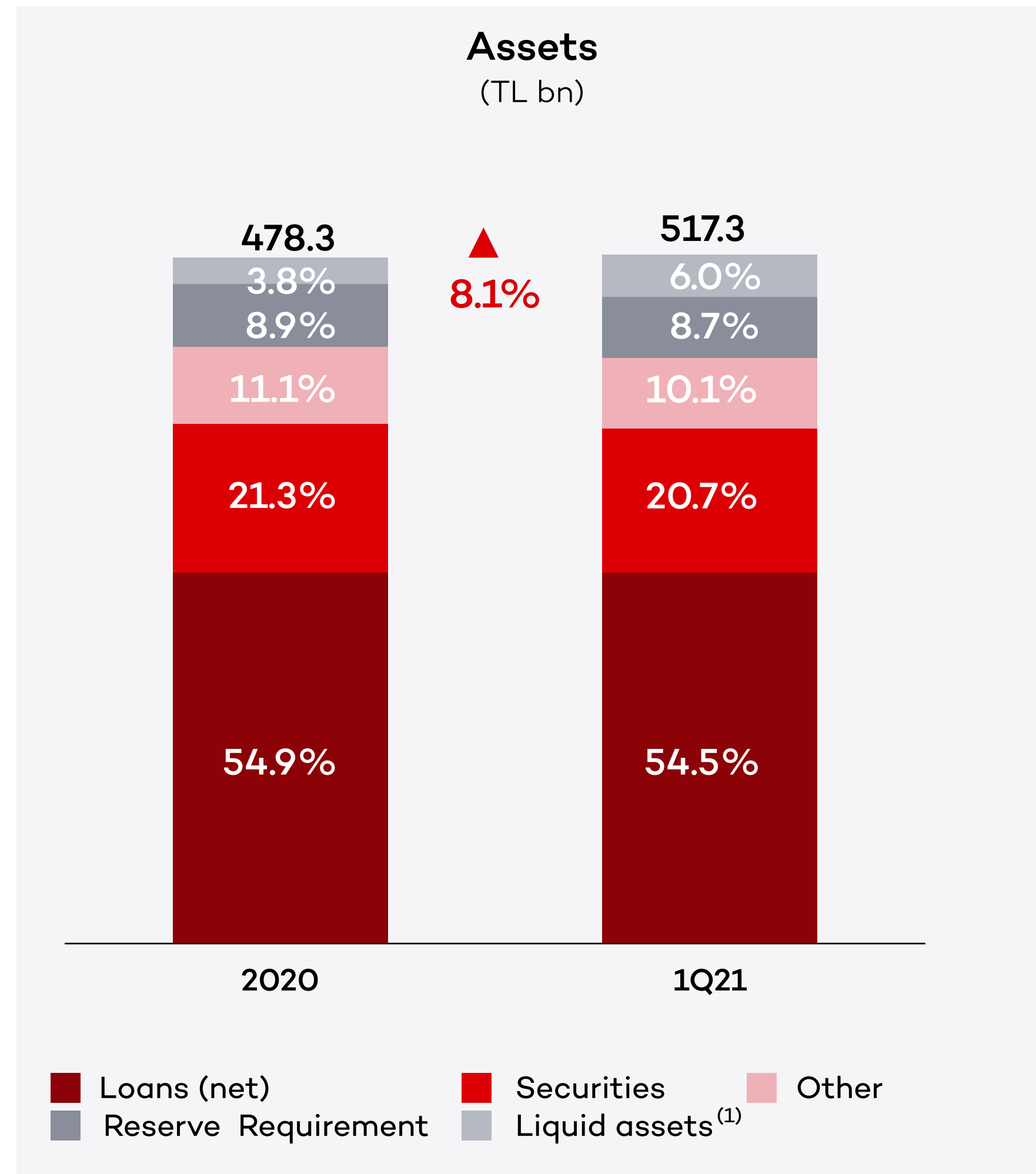
1Q21 Achievements

- ▶ Generated higher pre-provision income despite NIM pressure
- ▶ Accelerated fee growth across the board, on track for FY guidance
- ▶ Continued prudent ALM with maturity mismatch focus
- ▶ Advanced market share gains in retail ⁽²⁾ loans enhanced profit mix
- ▶ Demonstration of long term prudent risk management confirmed with sound asset quality performance
- ▶ Preserved fortress balance sheet with robust capital & liquidity buffers

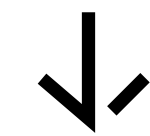
⁽¹⁾ 1Q20 net income adjusted for TL 250 mn free provisions

⁽²⁾ Consumer & SME according to MIS segmentation

Balanced asset allocation drives sustainable long-term shareholder value

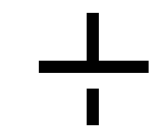


Prudent Asset- Liability
Management



Low Leverage

8.2x



Strong capital⁽²⁾

18.5%

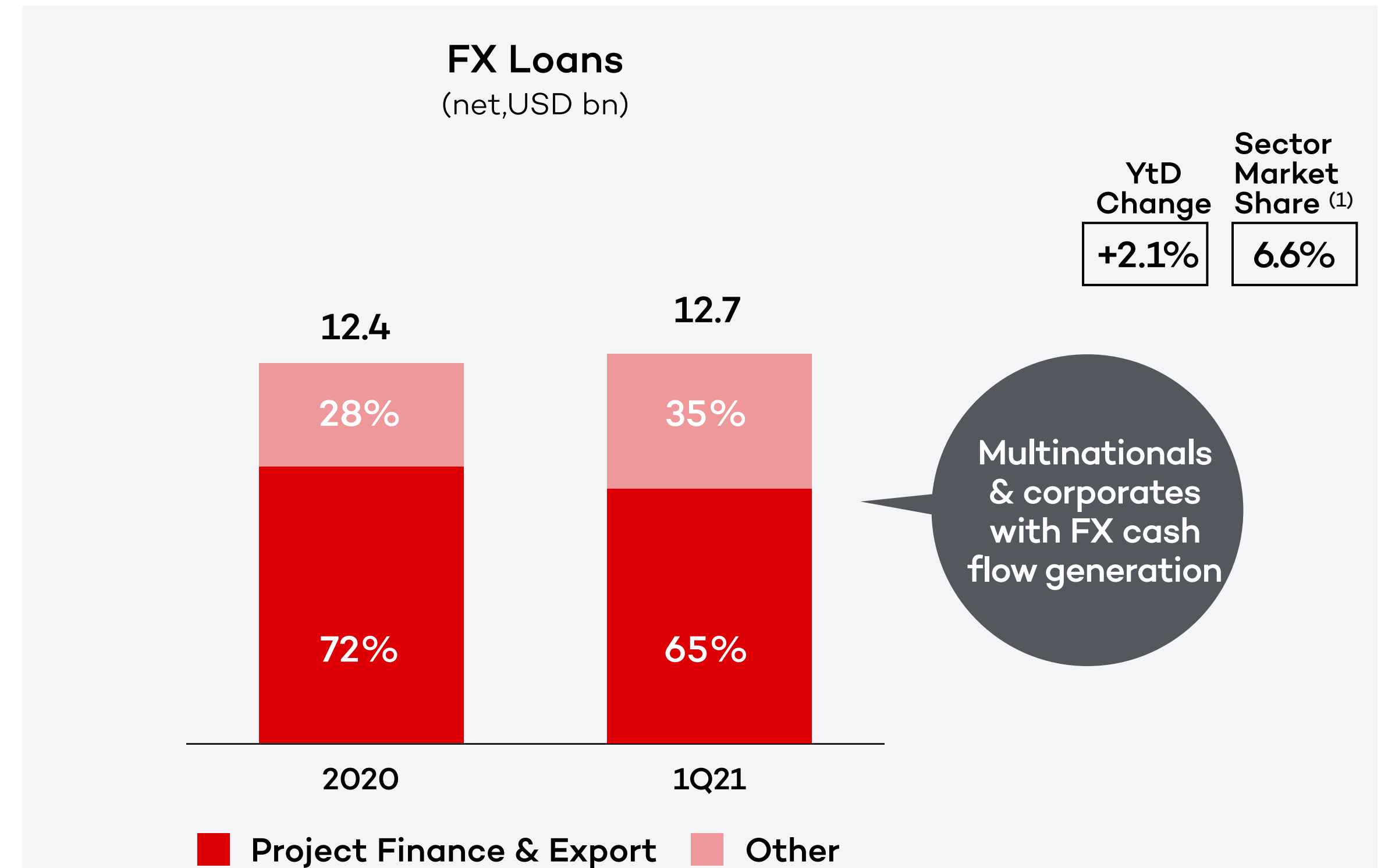
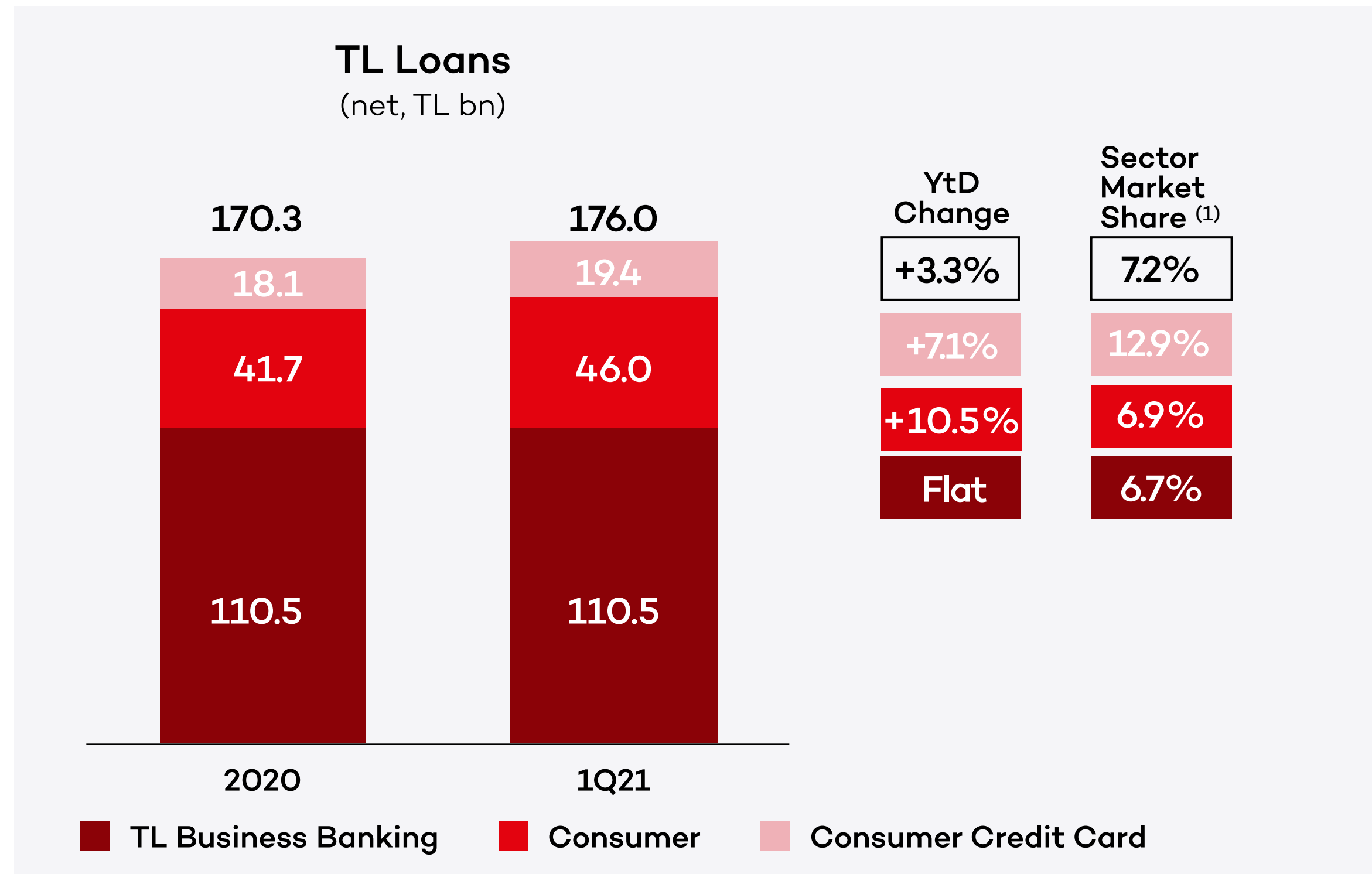
7

⁽¹⁾ Cash and cash equivalents

⁽²⁾ w/o forbearances: Fixing MtM losses of securities & FX rate for RWA calculation to average last 12 month FX rate for each related period

AKBANK

Broad-based consumer market share gains enhance profit mix



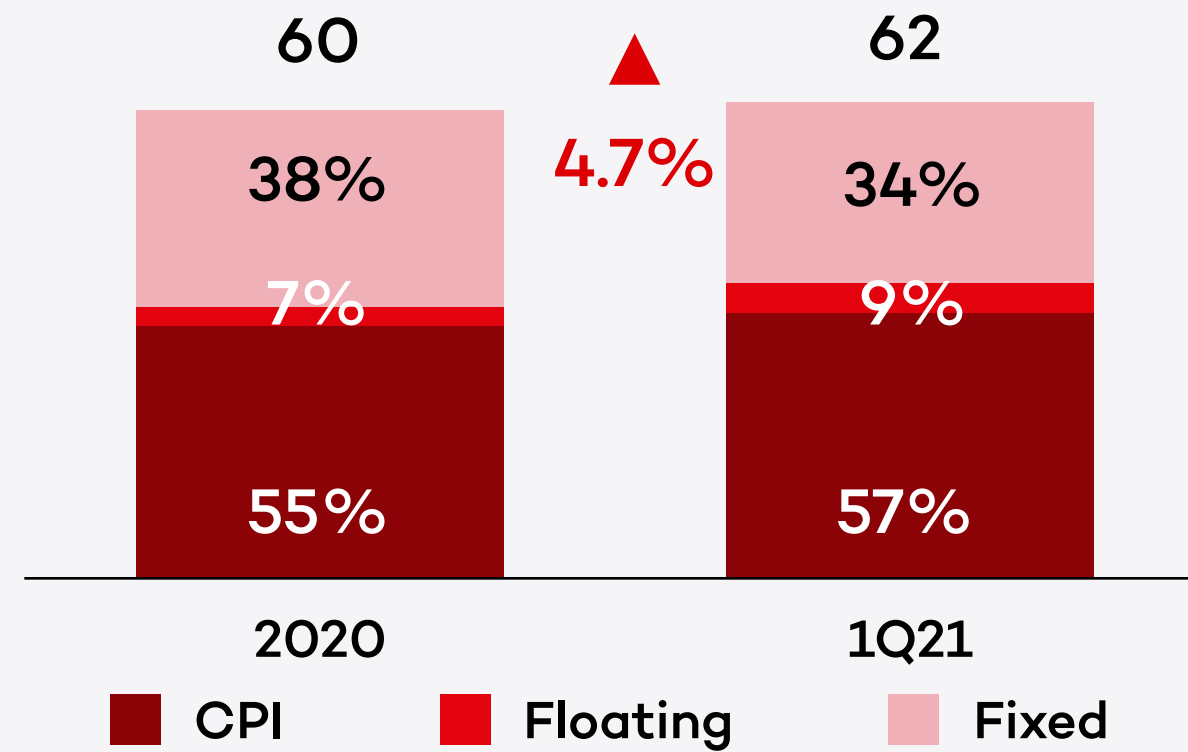
- ▶ TL loan growth in 1Q driven by robust growth in consumer loans (50 bps QoQ market share gain):
 - ◉ 50 bps in GPL⁽²⁾, 40 bps in Mortgage, 50 bps in Auto
 - ◉ 67% of GPL originations were pre-approved, separately 25% were to salary customers
 - ◉ Supported by accelerated marketing efforts & advanced analytical and digital capabilities
- ▶ 15 bps market share gain in consumer credit cards

⁽¹⁾ Market share data based on bank only BRSA weekly data as of March 26, 2021

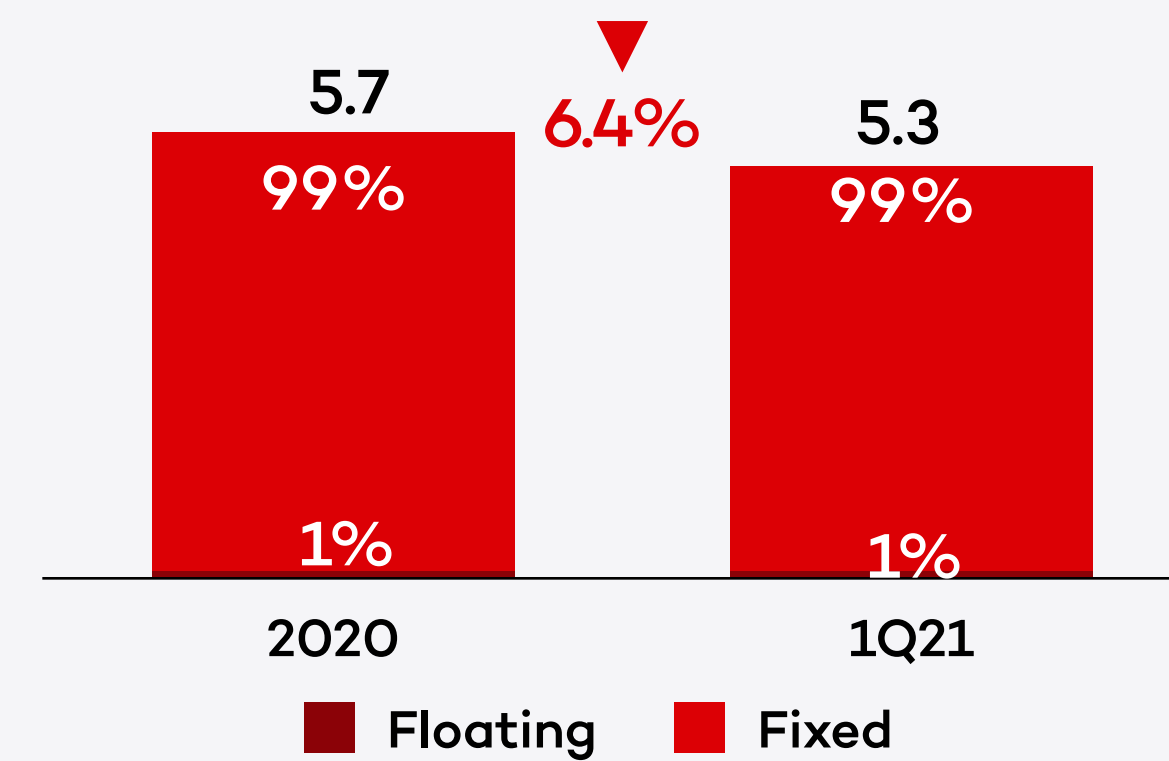
⁽²⁾ General Purpose Loans

Proactive securities positioning

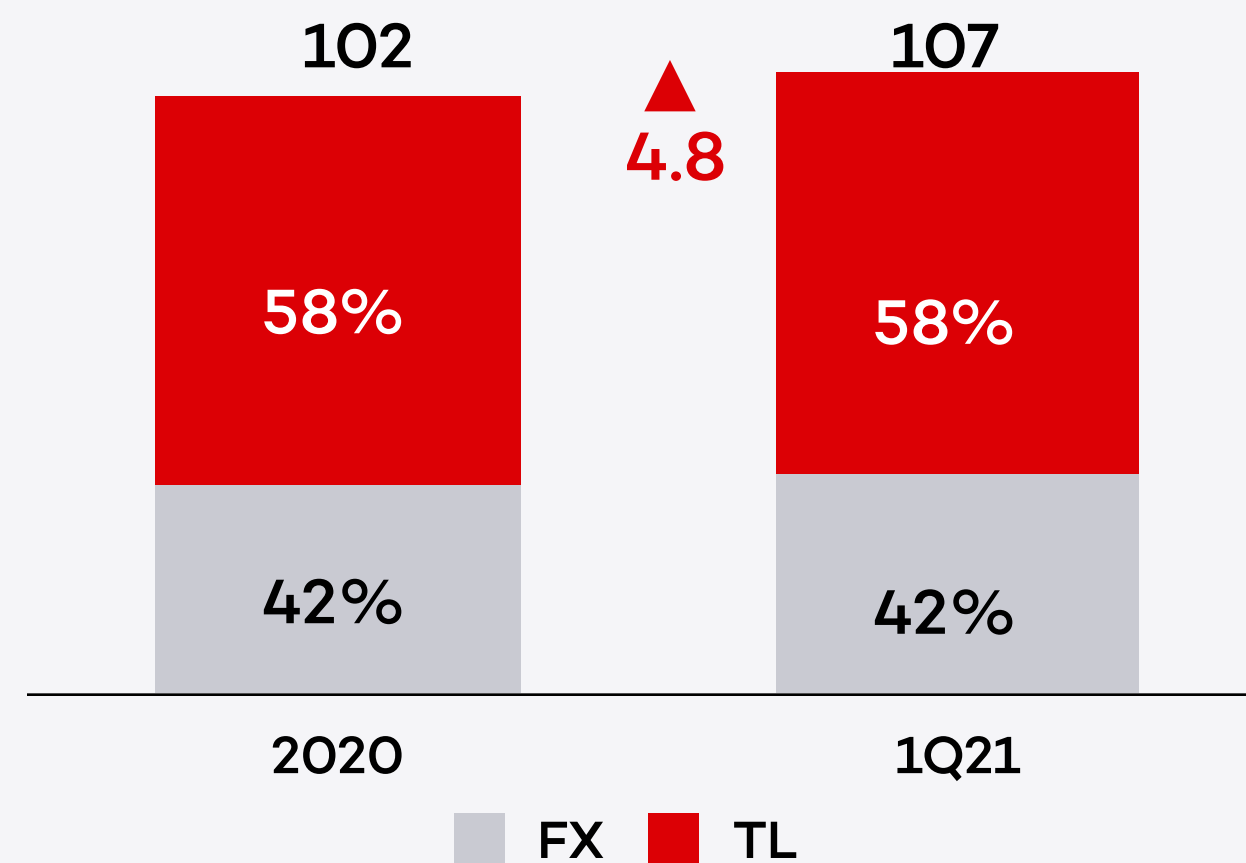
TL Securities
(TL bn)



FX Securities
(USD bn)



Total Securities
(TL bn)

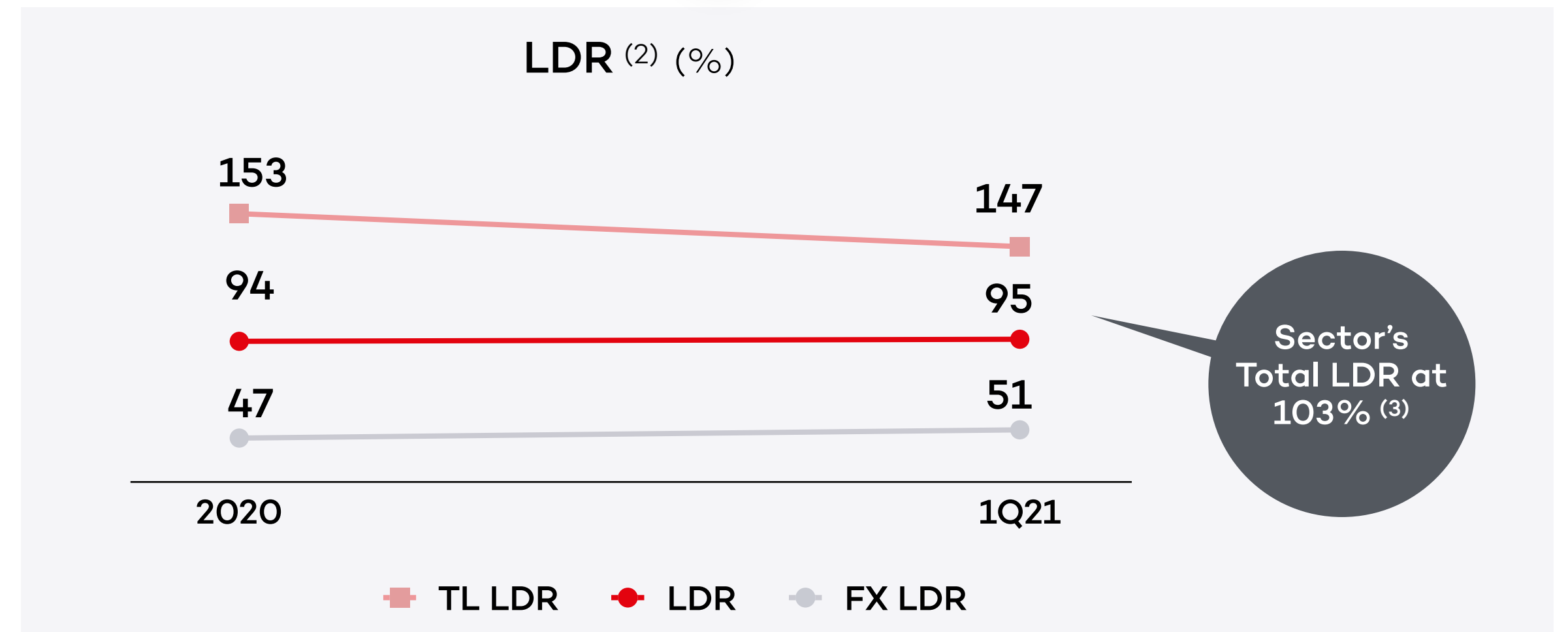
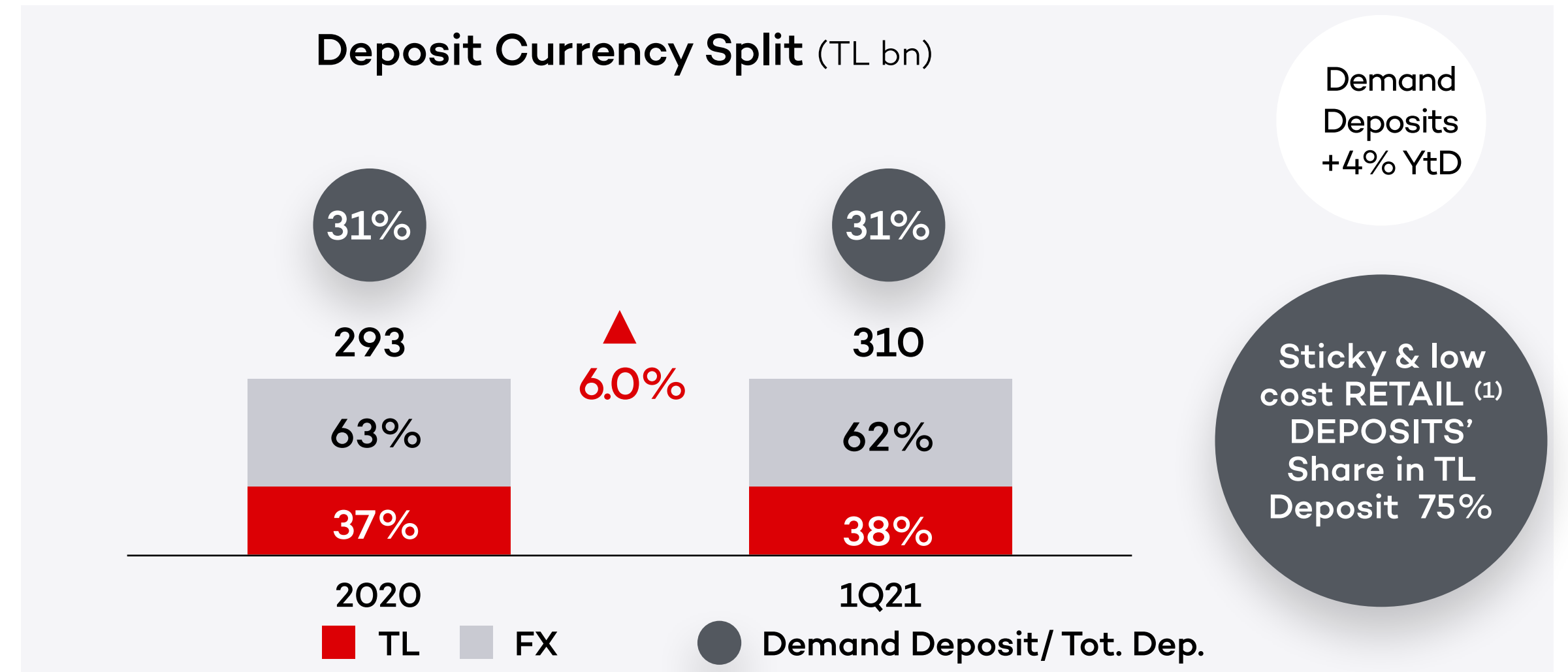
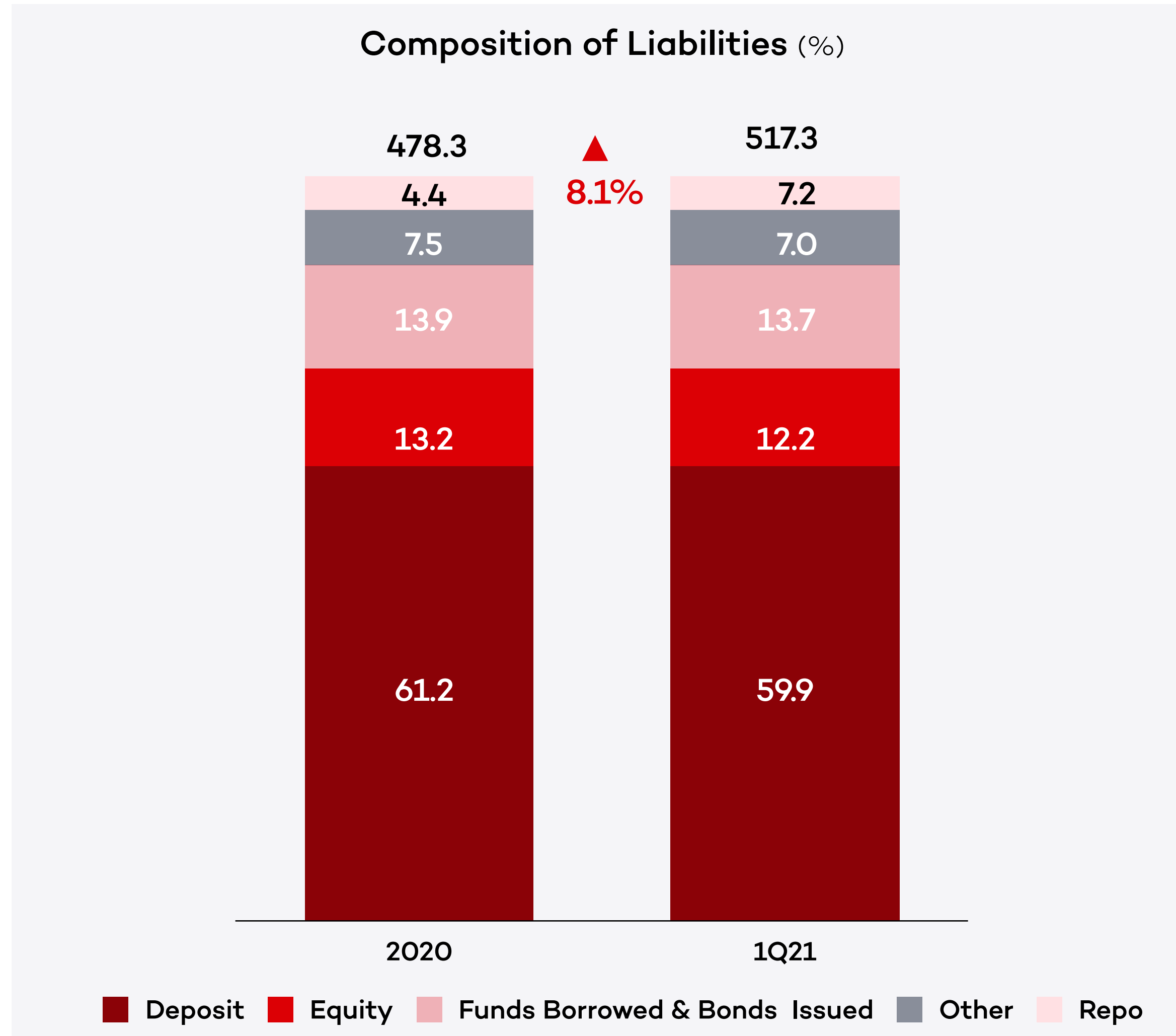


► Increasing share of CPI linkers & FRN in TL Securities

- ◉ CPI linkers valued with 11% Oct-Oct inflation estimate
- ◉ Every +1% CPI has c. TL 260 mn NI and +6bps NIM & 40 bps ROE impact

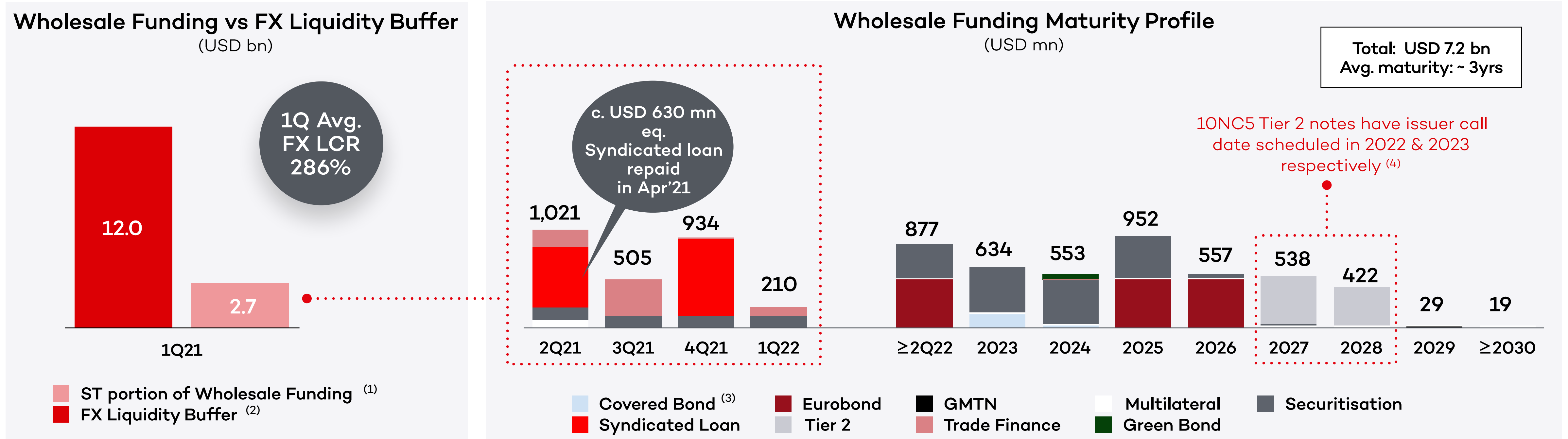
► c. 35% of fixed rate bonds maturing in 2Q to support asset repricing

Maintained disciplined funding mix



10 ⁽¹⁾ Consumer & SME according to MIS segmentation
⁽²⁾ Bank-only. TL LDR includes domestic TL bond issuances and merchant payables
⁽³⁾ Based on BRSA weekly data dated March 26, 2021

Akbank's 1st ESG-linked syndicated loan in April



- In April, successfully rolled-over syndicated loan with Akbank's first ESG linked loan amounting to USD 675 mn
 - Performance criteria: Gender balance, non-lending to greenfield coal power plant projects & electricity sourcing of the Bank from renewable sources
 - 35 banks (8 new) from 18 countries participated with a final roll-over ratio at 107%
 - Increasing total ESG-linked funding's share from ~ 10% to ~ 20%

Balances based on principal outstanding and bank-only MIS data

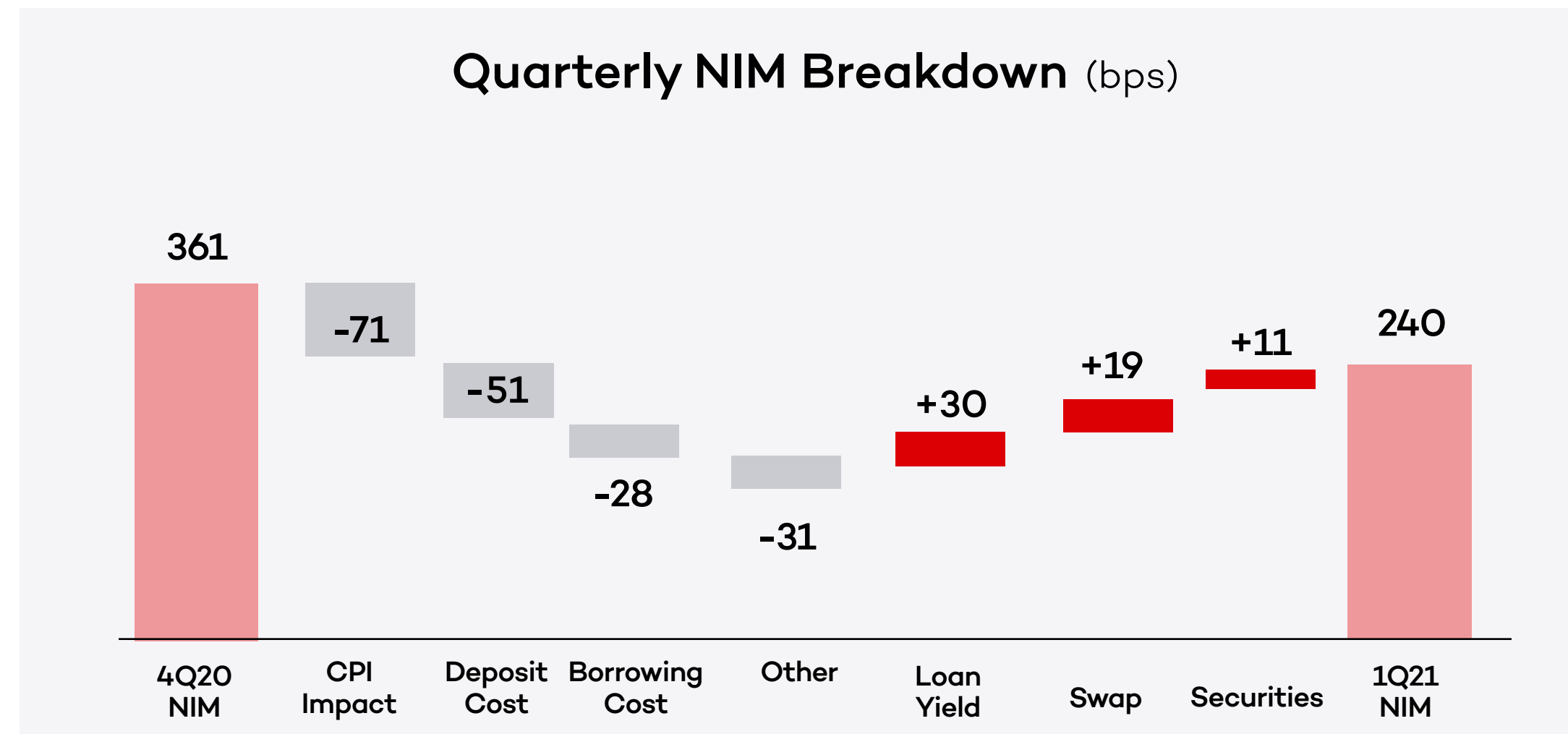
⁽¹⁾ ≤ 1 year tenor

⁽²⁾ Consolidated FX liquidity buffer includes FX reserves under ROM, swaps, money market placements and CBRT eligible unencumbered securities

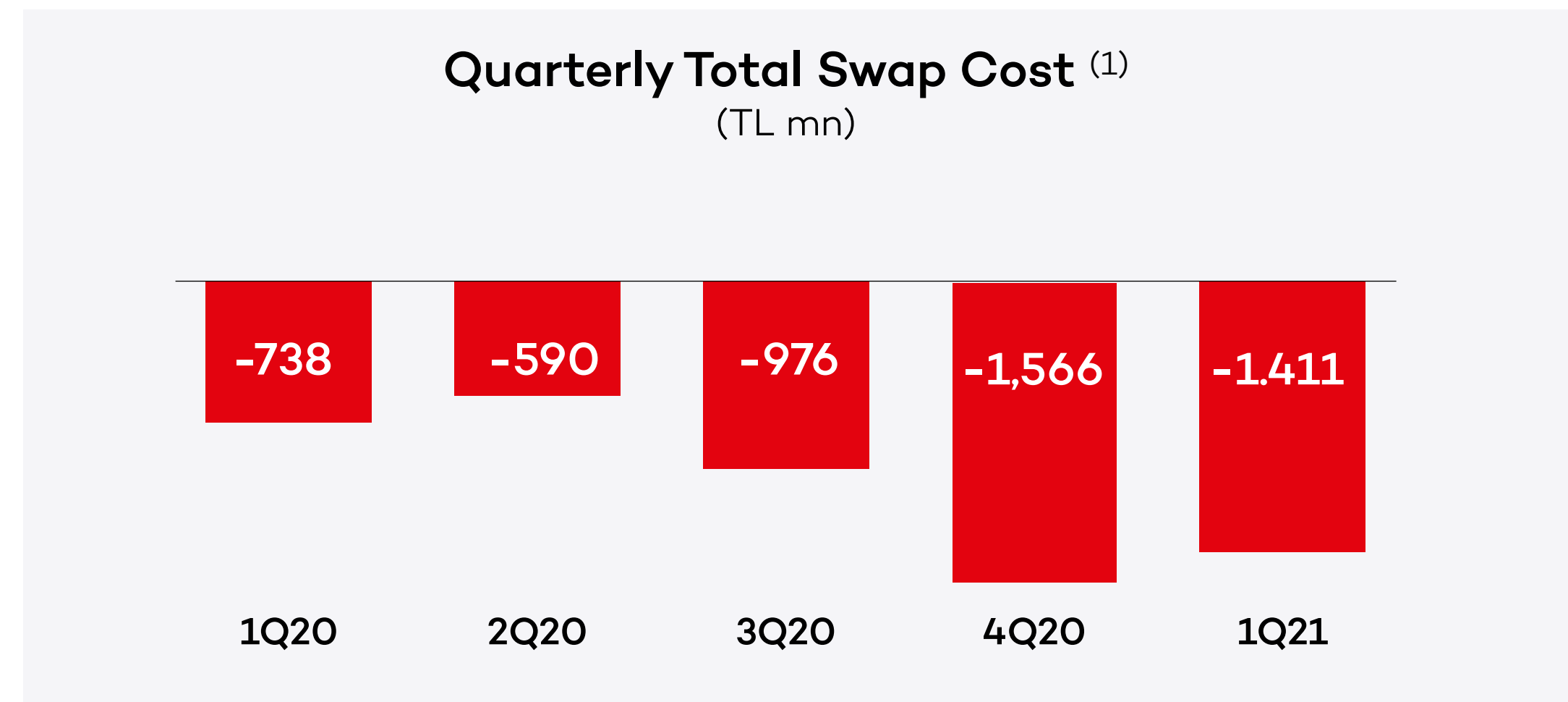
⁽³⁾ USD equivalent of TL 1.4 bn Covered Bond issuances

⁽⁴⁾ Call exercise in year 5 is subject to BRSA approval

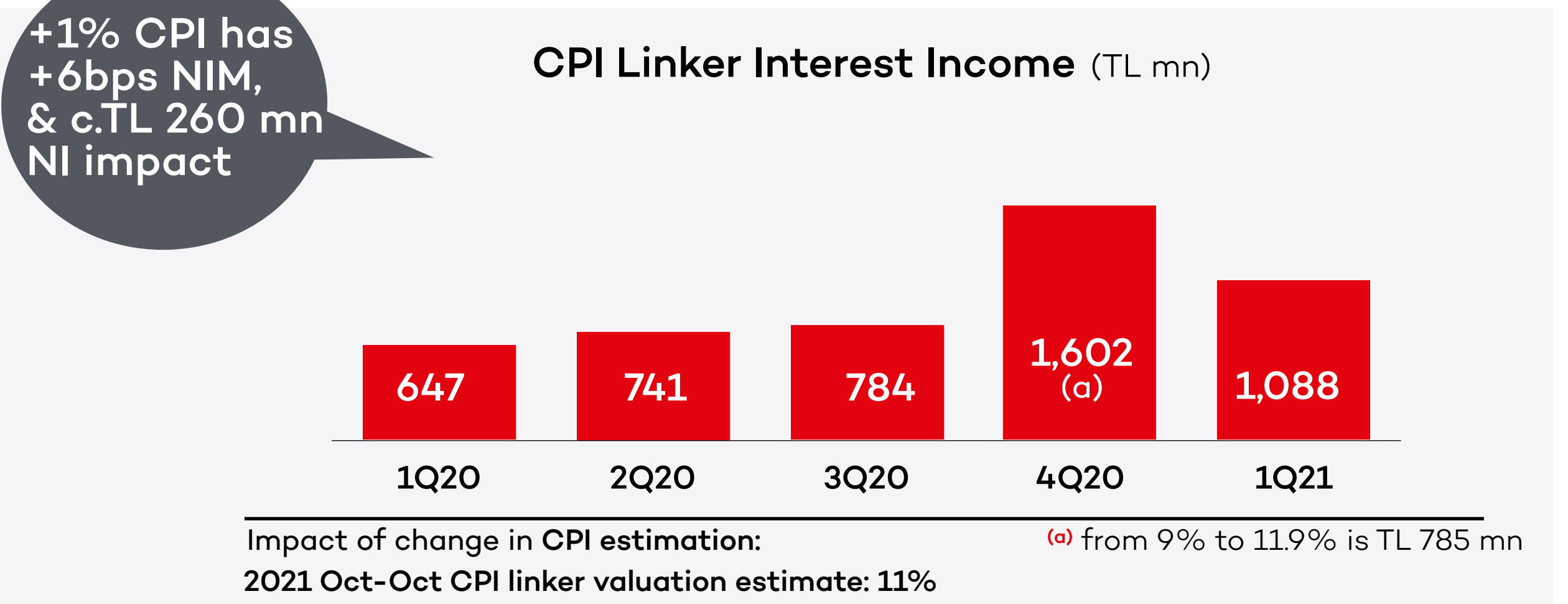
NIM expected to start improving in 2Q with asset repricing



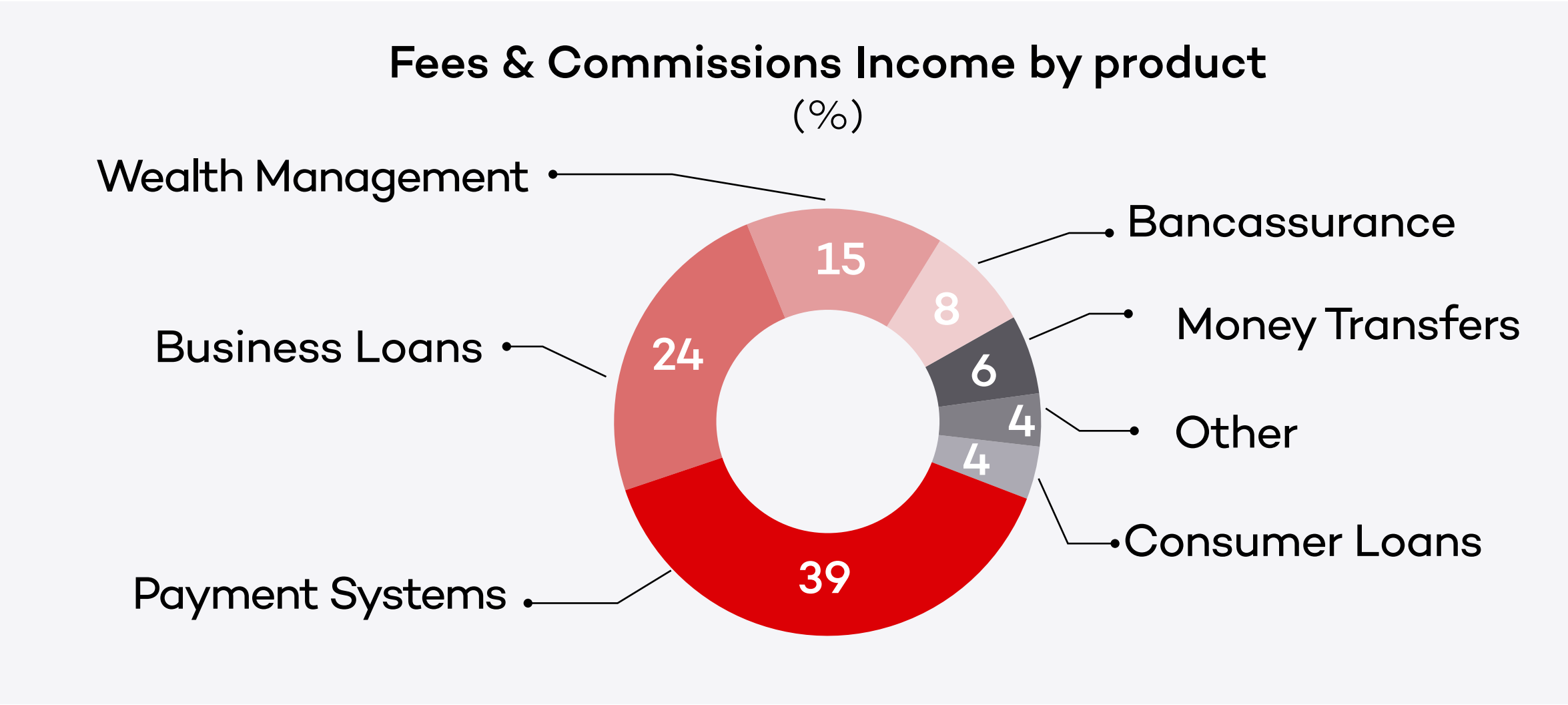
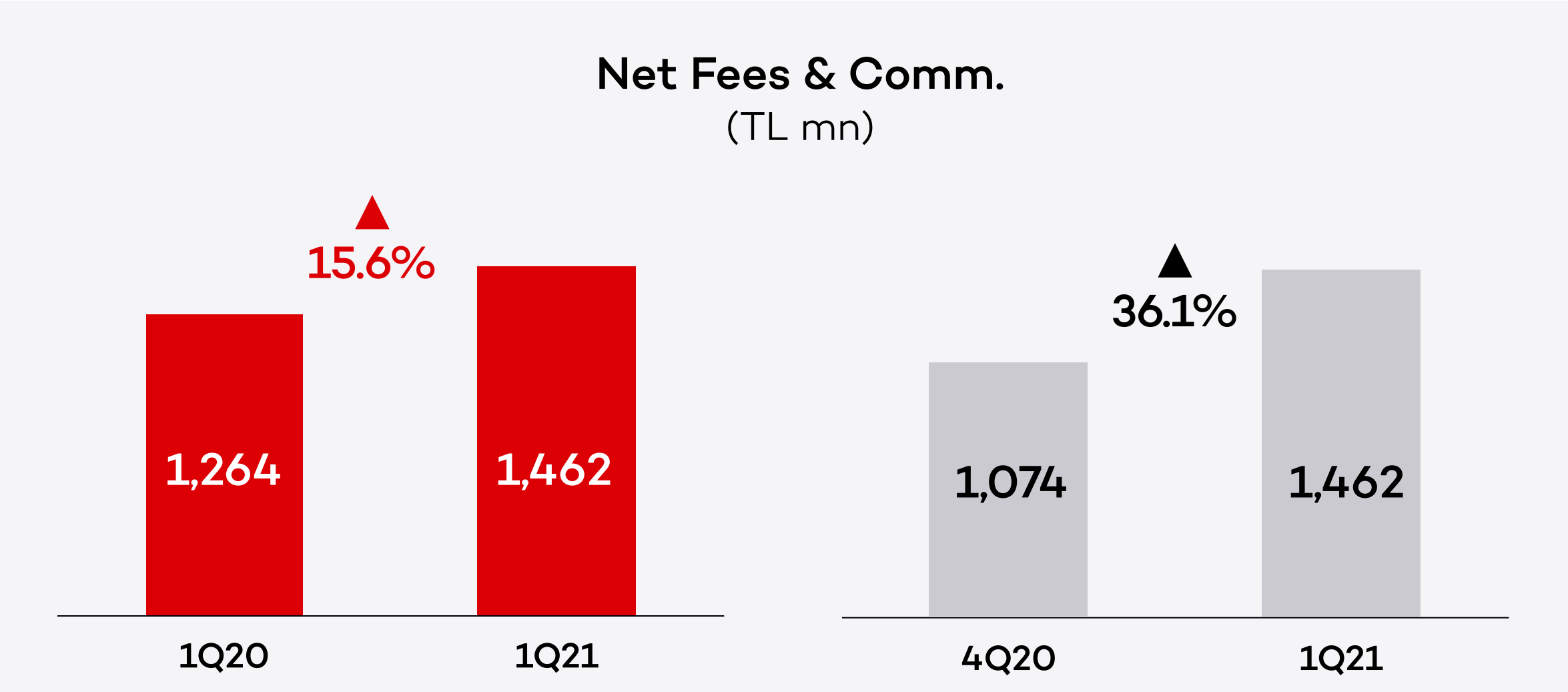
- ▶ Significant funding cost increase with CBRT tightening
- ▶ Swap cost decrease despite higher rates led by lower utilization
- ▶ CPI normalized NIM down by c. 50 bps
- ▶ Higher funding cost creates downside risk in FY NIM guidance, to be partially mitigated by CPI linker buffer



+1% CPI has
+6bps NIM,
& c.TL 260 mn
NI impact



Across the board solid fee performance underlines FY guidance



Business Loans (+6% YoY)

+79% QoQ

Market share gain in non-cash loans & fee income from LYY

Money Transfers (-10% YoY)

+38% QoQ

Supported by both volume & pricing

Consumer Loans (-5% YoY)

+30% QoQ

Across the board market share gains

Bancassurance (+30% YoY)

+25% QoQ

Digital premiums/Total +10 pp QoQ ⁽¹⁾ & new product launch

Payment Systems (+19% YoY)

+18% QoQ

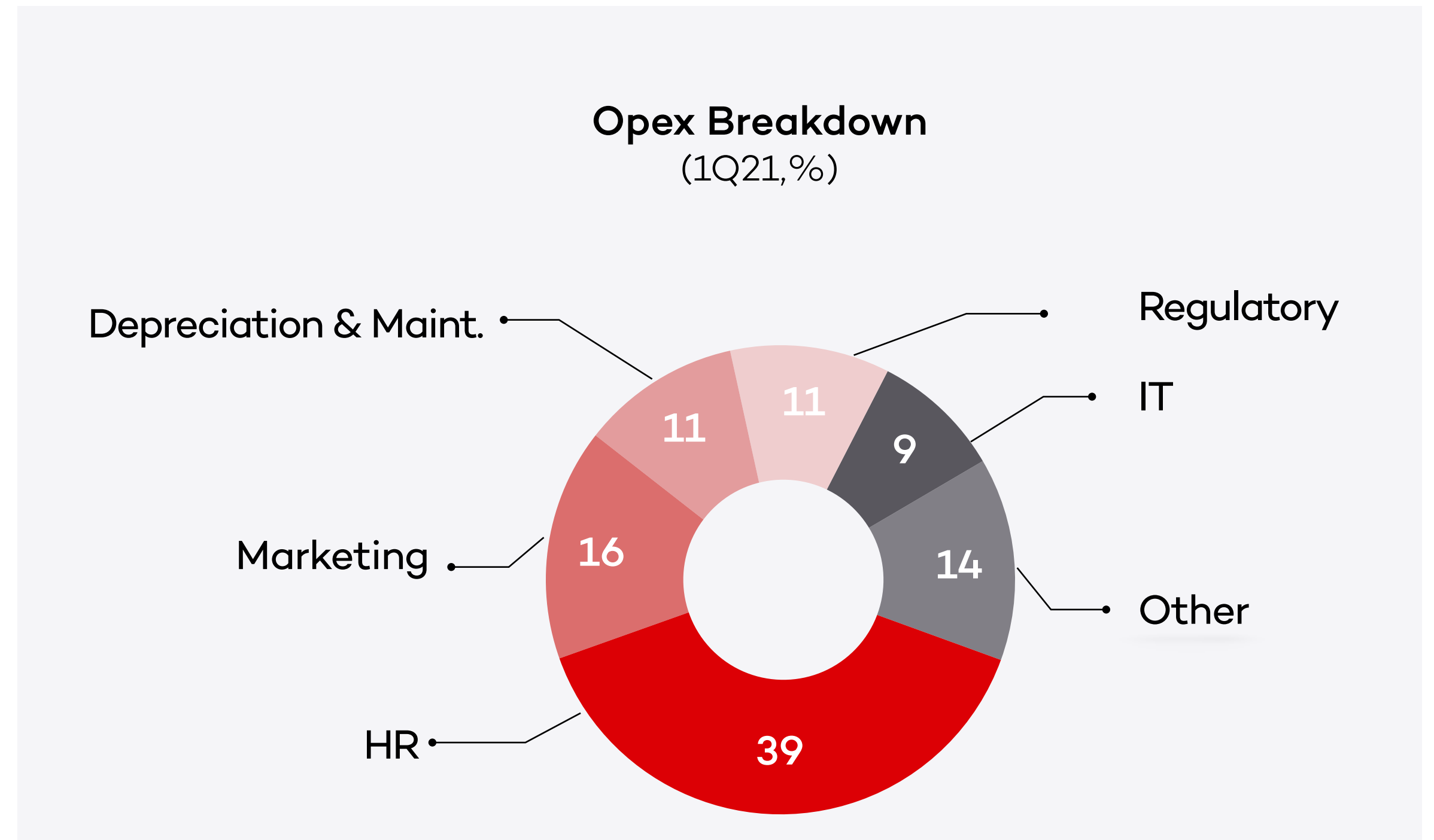
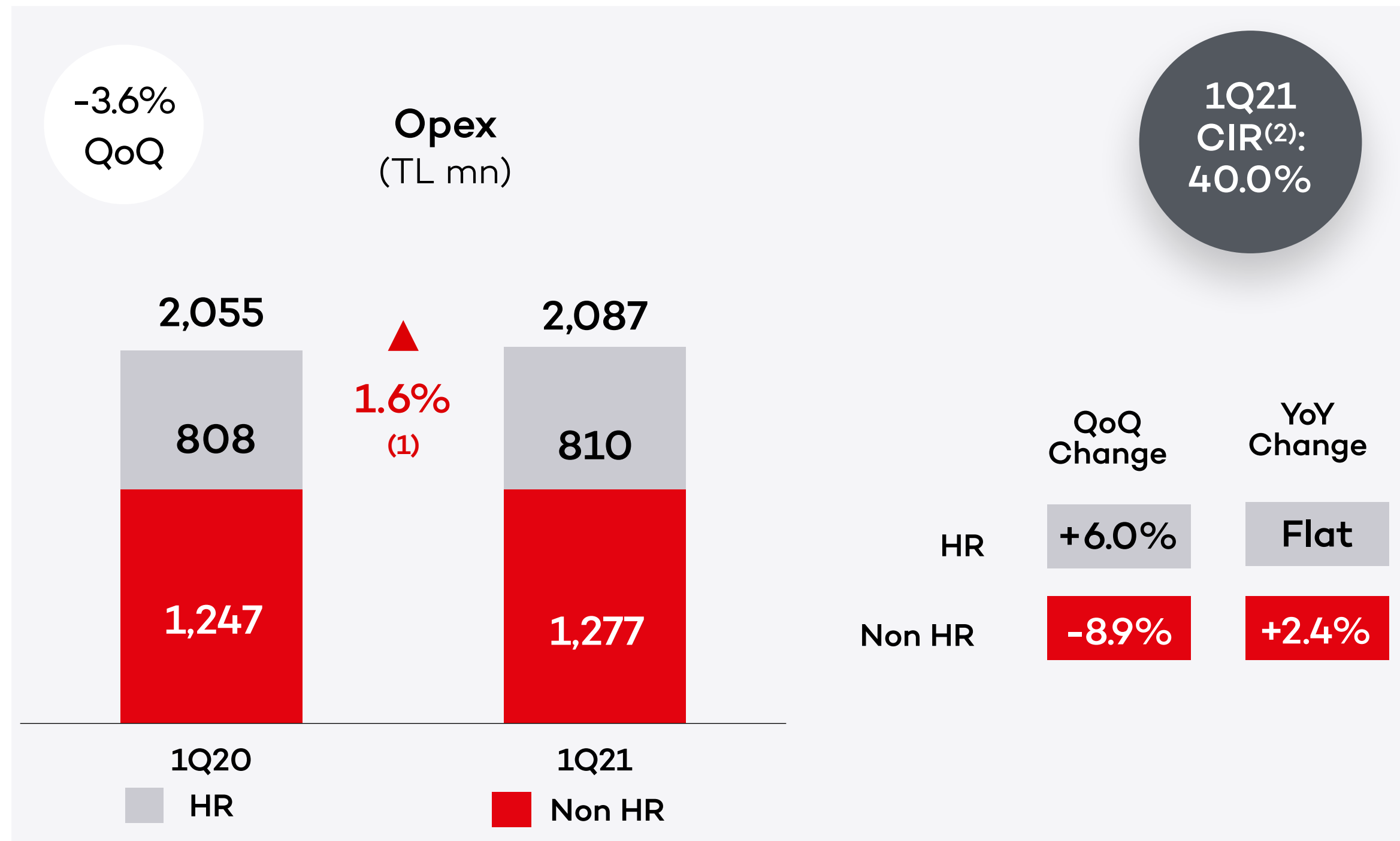
Acquiring & issuing volume growth

Wealth Management (+ 67% YoY)

+6% QoQ

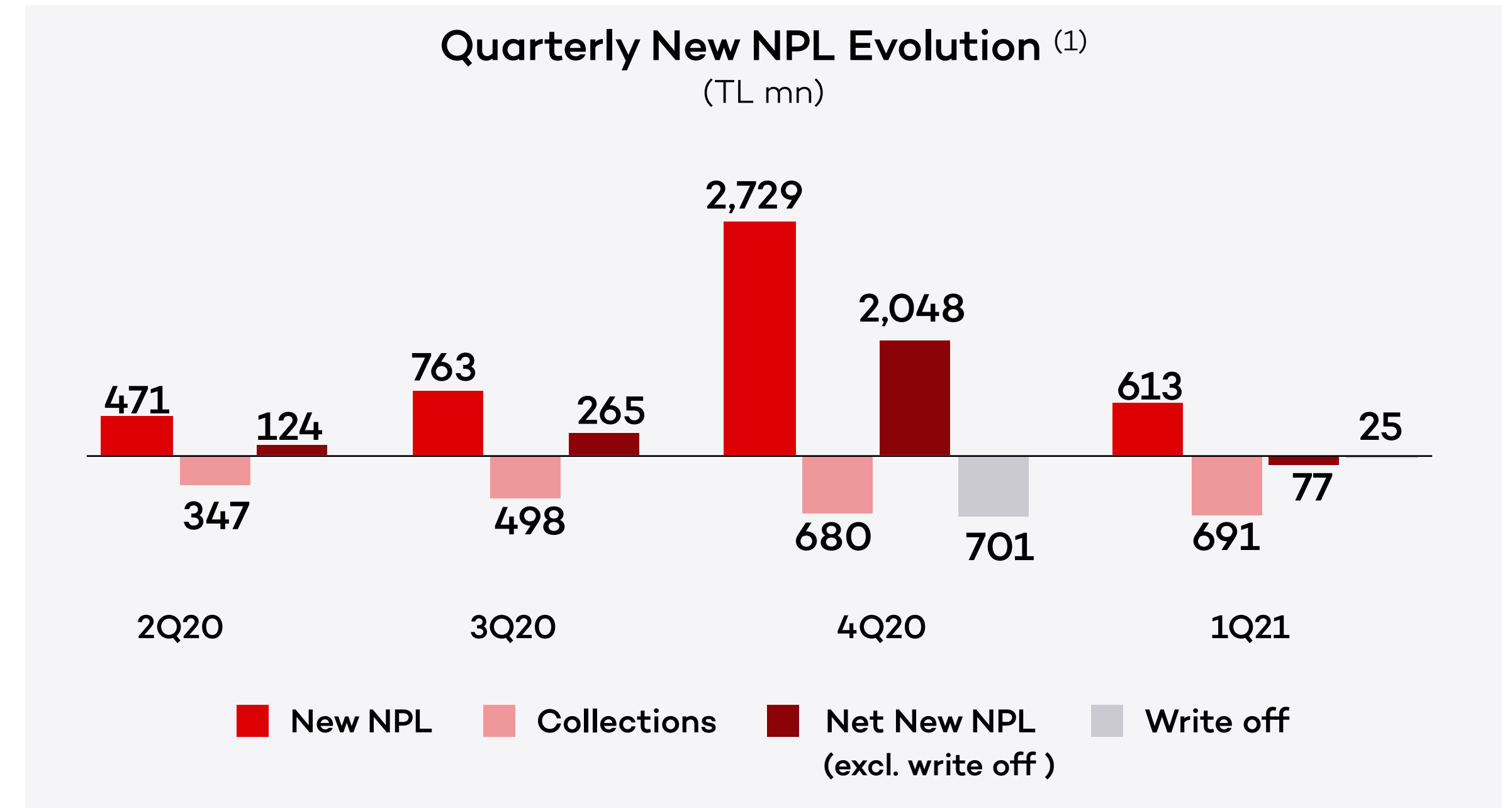
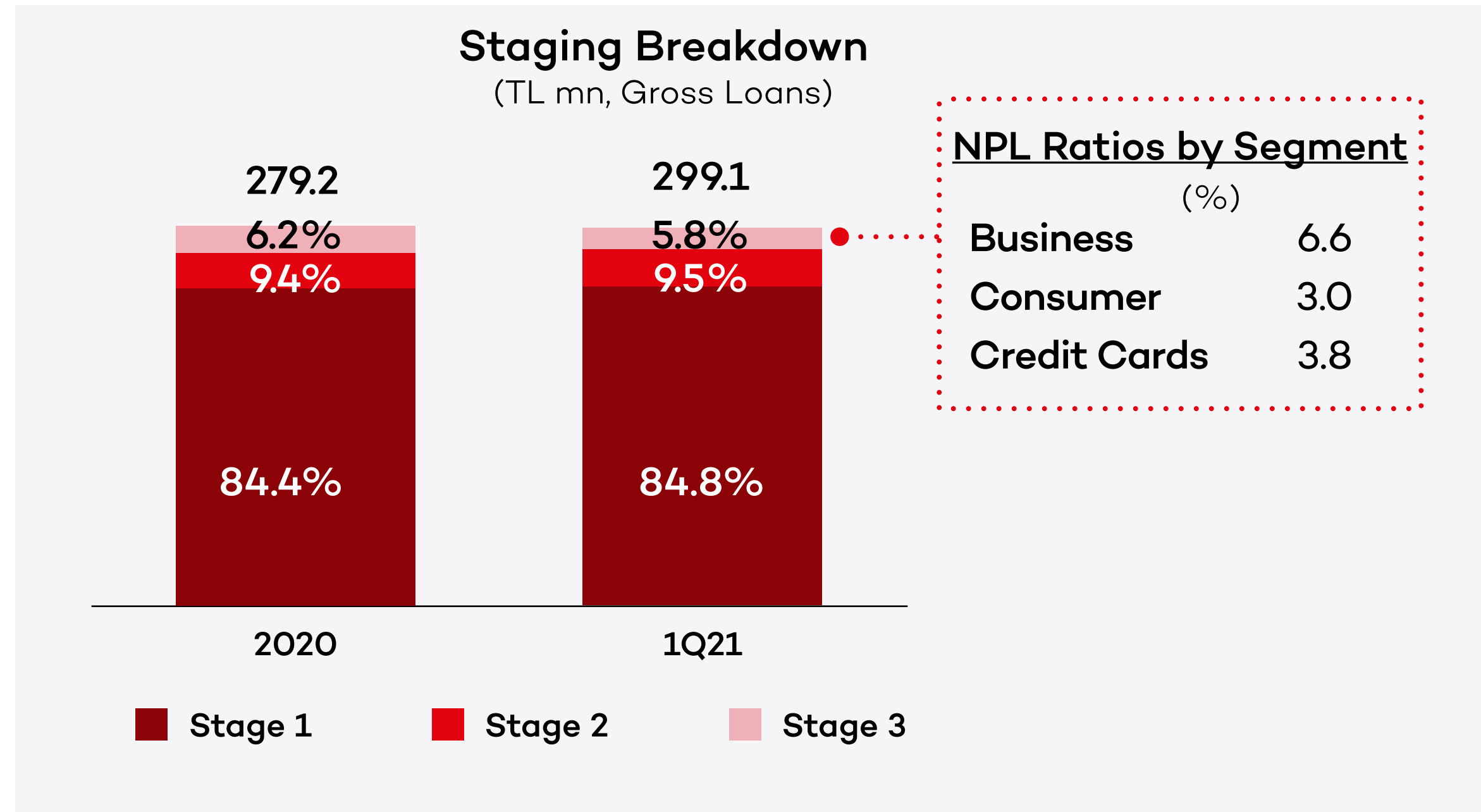
Product innovation, value added services & digital client acq.

Confident with FY Opex guidance despite higher inflation outlook



CIR to gradually improve along with revenue enhancement

Proactive IFRS 9 implementation regardless of staging forbearance



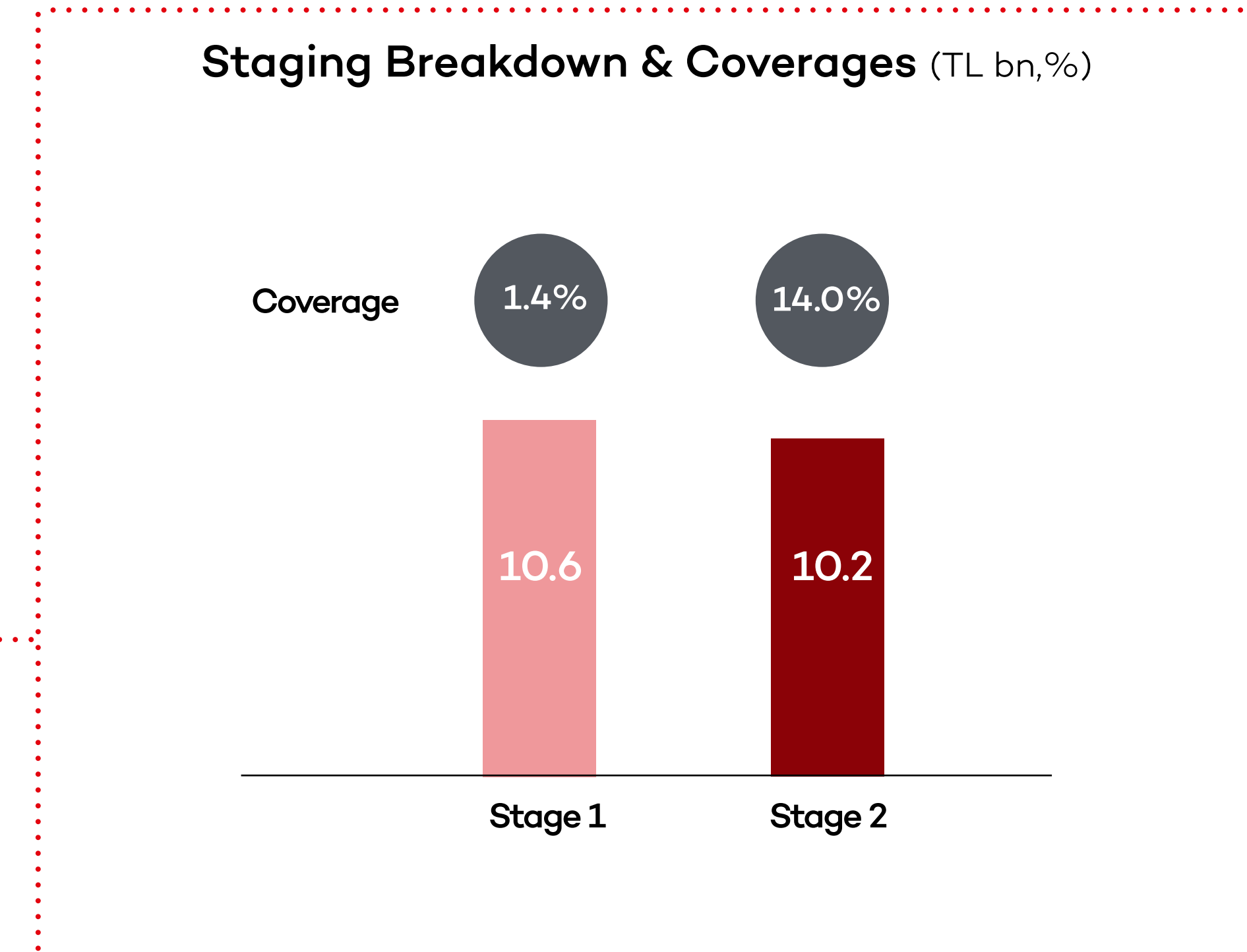
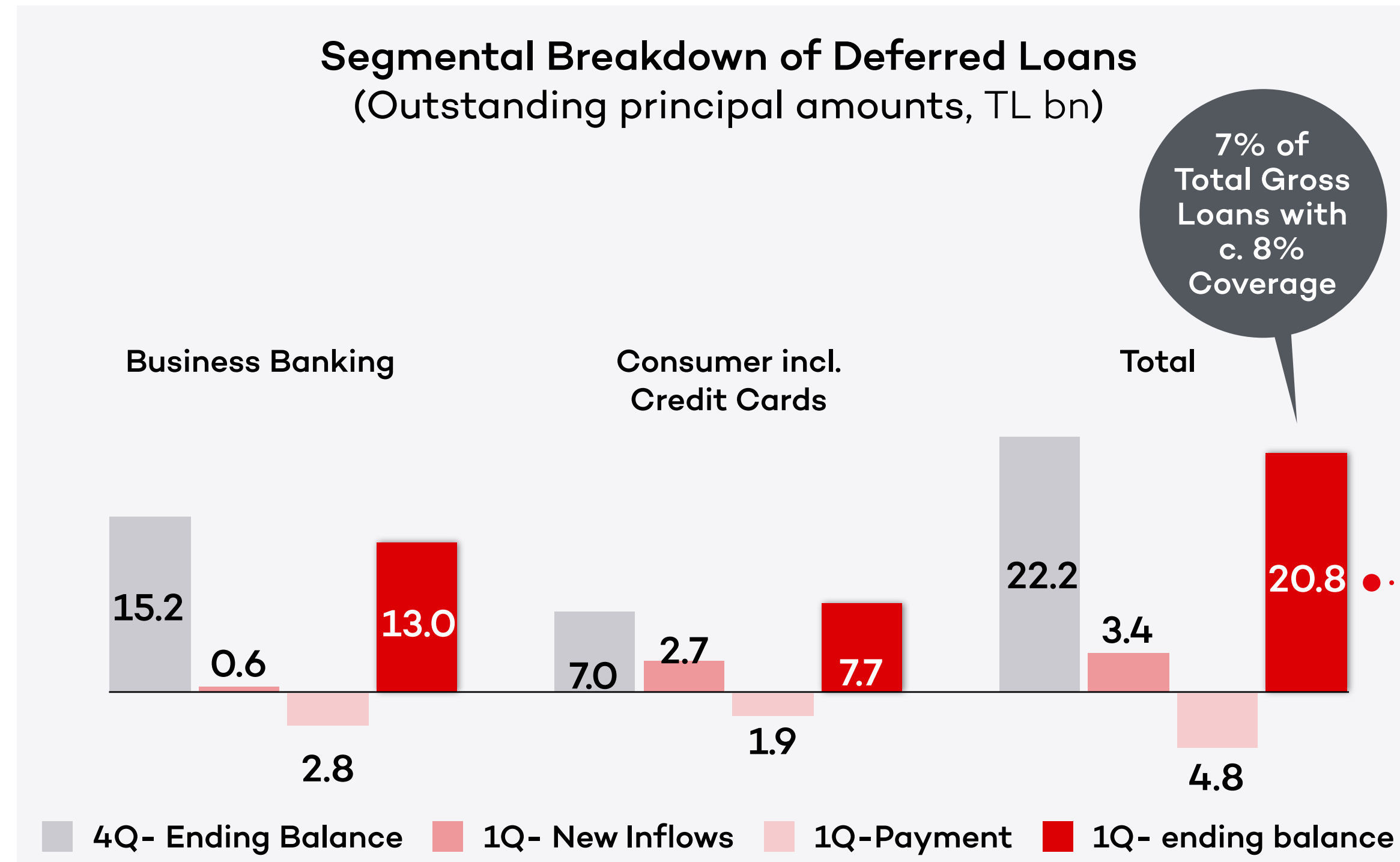
► BRSA forbearances:

- ◉ 30-90 days files: only TL 0.7 bn in Stage 1
 - ◉ 90-180 days files: TL 1.4 bn (If all were booked as NPL, NPL ratio impact would be +c. 40 bps)
- ... with strong coverages.

► Negative net new NPL inflow

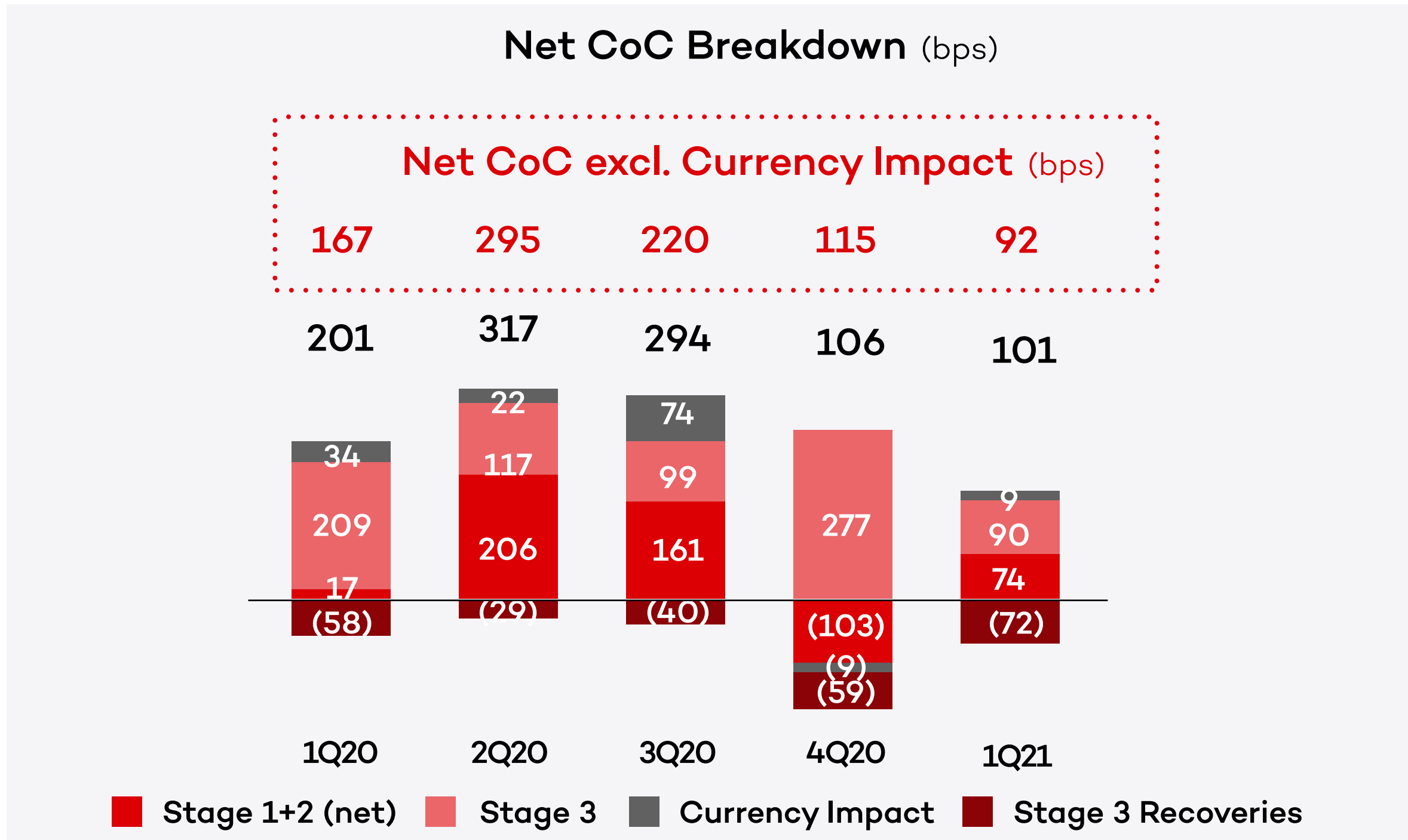
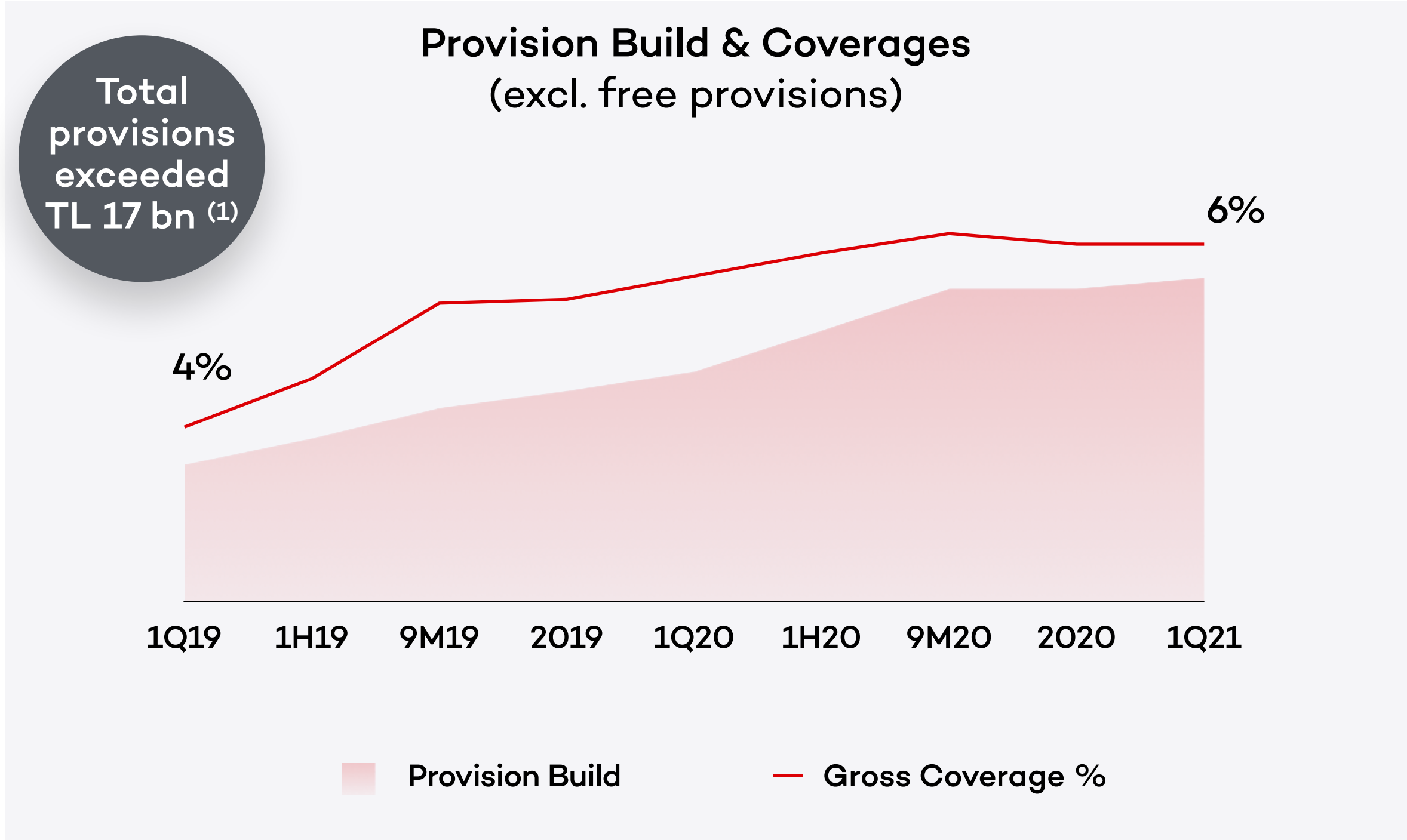
- Broad- based collection performance remains strong
- No NPL sale

Balances on deferred loans are well covered



- ▶ Total deferred risk principal amount to date is at TL 32 bn
- ▶ 4Q20 outstanding risk of TL 22.2 bn reduced to TL 20.8 bn (7% of gross loans) as of 1Q21
 - Total coverage at 7.6% up 40 bps QoQ
 - c. 65% Business Banking & c. 35% Consumer (incl. credit card)
 - c. 80% have matured installments ⁽¹⁾ & strong repayment performance

CoC evolution demonstrates long-term prudent risk management

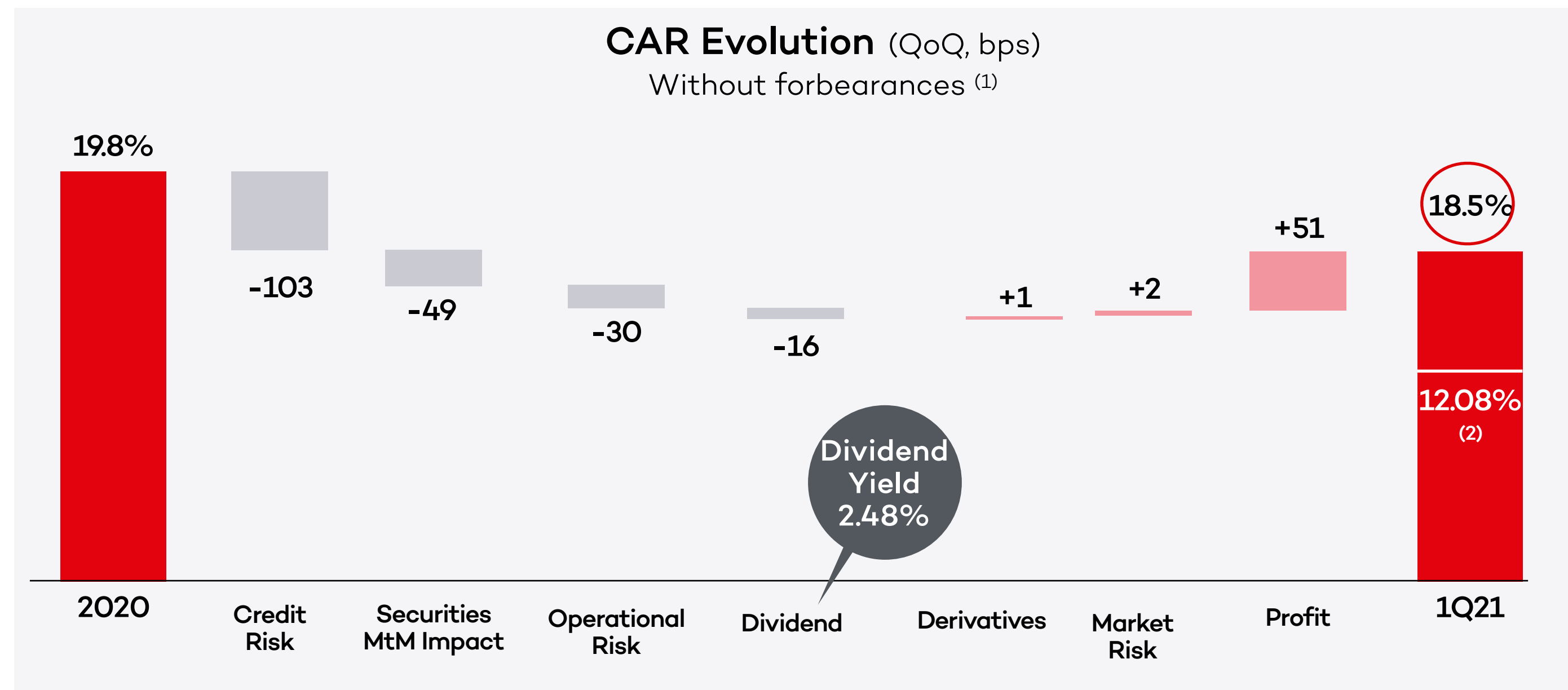


(%)	2020	1Q21
Stage 1 Coverage	0.6	0.6
Stage 2 Coverage	16.4	16.8
Stage 3 Coverage	62.4	63.7
Free Provisions	TL 1,150 mn	TL 1,150 mn
Stage 2+3 Coverage (incl. free provisions)	37.3	37.1

- ▶ Preserved solid coverage ratios
- ▶ FX provisions are hedged
- ▶ 1Q CoC evolution hints better FY performance vs guidance
- ▶ Every 10 bps change in CoC has c. 40 bps ROE impact

AKBANK

Capital remains a source of strength with robust buffers



Sensitivity of Solvency Ratios:

- ▶ 10% TL depreciation: c. 70 bps
- ▶ 100 bps interest rate increase : c. 30 bps
- ▶ 1% NPL increase : c. 25 bps

(%, TL bn)	<u>CAR</u>	<u>Excess Capital</u> ⁽³⁾	<u>Tier 1</u>	<u>Excess Tier 1</u> ⁽³⁾	<u>CET-1</u>	<u>Excess CET-1</u> ⁽³⁾
<u>Without forbearances</u> ⁽¹⁾	18.5%	25.4	15.5%	21.7	15.5%	27.6
<u>With forbearances</u> ⁽¹⁾	20.0%	29.7	16.9%	25.9	16.9%	31.5

(1) Fixing MtM losses of securities & FX rate for RWA calculation to average last 12 month FX rate for each related period

(2) Min Basel III required: Including buffers (Capital Conservation Buffer: 2.50%, D-SIB Buffer: 1.50%, Countercyclical Capital Buffer: 0.08%)

(3) Basel III min. requirements: CAR: 12.08%, Tier-1: 10.08%, CET-1 8.58%

1Q21 Key ESG highlights

- ▶ **Non-financing activities ⁽¹⁾ scope expanded to include:**
 - ◉ New coal (thermal) power plant projects
 - ◉ Coal mining, coal transportation and power plants operating with coal for SMEs
- ▶ **Environmental & Social Risk Assessment for new commercial loans reduced from USD 50 mn to 10 mn**
- ▶ **Sustainable Finance Framework ⁽²⁾ launched, outlining social and green eligibility criteria**
- ▶ **Akbank's first ESG-linked syndicated loan, USD 675 mn (April 2021)**
- ▶ **2 ESG-themed funds launched by Akportföy, reaching ~ TL 370 mn AuM**
- ▶ **Sustainable finance ⁽³⁾ provided in Q1 ~ TL 6 bn**
- ▶ **Entered Bloomberg Gender Equality Index 2021, scoring higher than global & sector averages**
- ▶ **Top-rated EM bank in OMFIF Gender Balance Index**
- ▶ **First Turkish company to join Valuable 500, a global initiative supporting disability inclusion**
- ▶ **Launched Akbank Youth Academy, aiming to reach 15K students by FY2021**

E	S	G
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	
	✓	✓
	✓	✓
	✓	✓
	✓	

⁽¹⁾ <https://www.akbankinvestorrelations.com/en/images/pdf/Non-Financing-Activities-List.pdf>

⁽²⁾ Sustainable Finance Framework (SFF) in line with International Capital Market Association Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), and Green Loan Principles (GLP)
<https://www.akbankinvestorrelations.com/en/whosale-funding/detail/Sustainable-finance/600/1468/0>

⁽³⁾ Based on bank-only MIS data, includes: Granted SME loans (assessed through ESMS) & renewable PF loans, and ESG-type Eurobond purchases

2021: Leveraging our strength while carrying out priorities

1Q21

 2021G

TL Loan Growth

+3.3%

~ 20%

FX Loan Growth (in USD)

+2.1%

Flattish

Leverage

8.2x

> 8x

ROE

12.9%

Mid-teens

NIM (swap adj.)

2.4%

20-30 bps contraction

Net fees&com. growth

+15.6%

High-teens

Opex growth

+1.6%

Mid-teens

Cost/ income ⁽¹⁾

40.0%

≤34%

NPL ⁽²⁾

5.8%

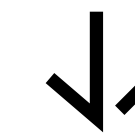
<6%

Net total CoC

101 bps

<200 bps

Corporate tax rate for 2021 has
been raised by 5pp to 25%



Up to 80 bps impact on ROE guidance

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

⁽²⁾ Including potential write-off & NPL sale

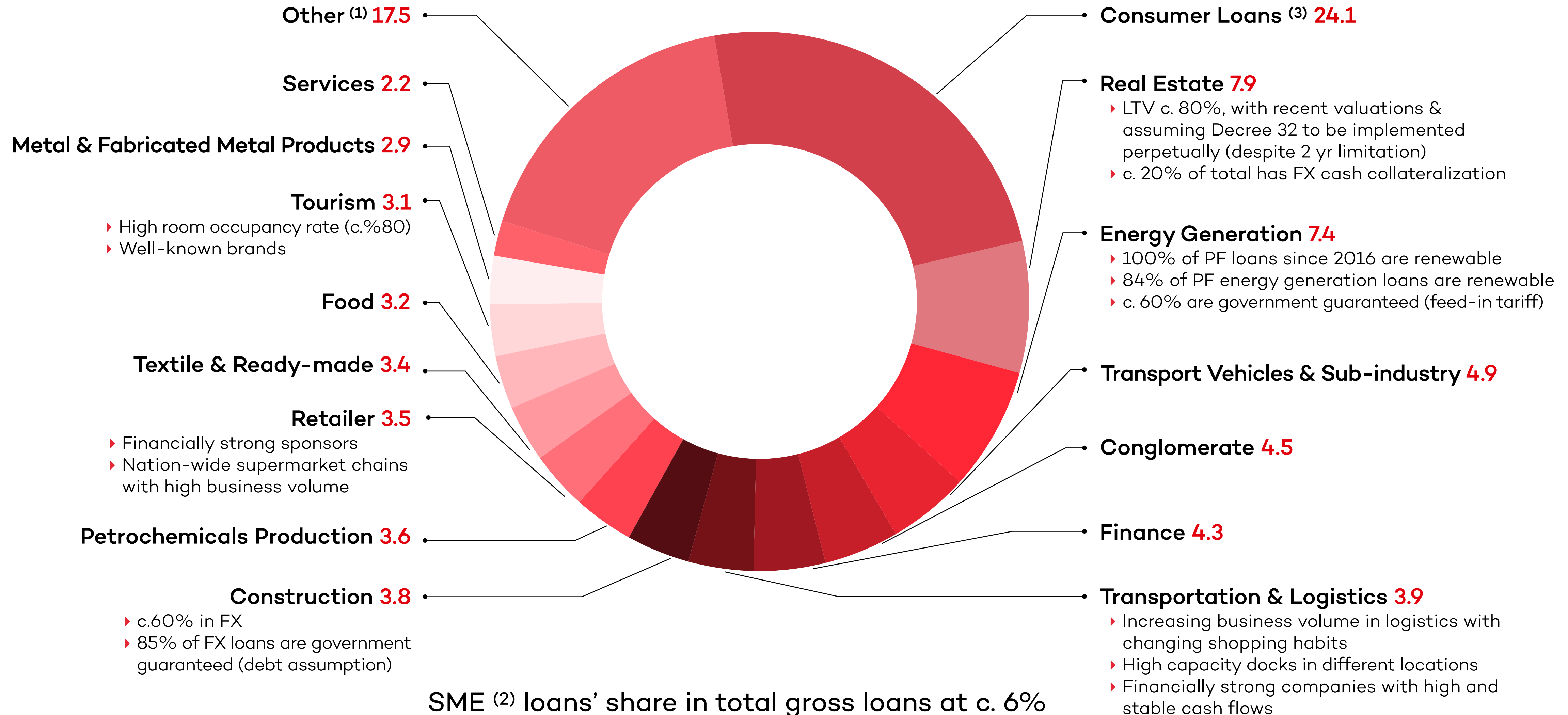
Content

01 Operating Environment

02 Financials

03 Annex

Gross Loan Sector Breakdown



Consists of consolidated performing and non-performing cash loans & excludes leasing receivables and adjusted for financial assets measured at fair value through P&L

Staging & coverage ratios of main sectors

1Q21

<u>Stage 2 Loans</u>	<u>% of Total Stage 2</u>	<u>Coverage (%)</u>	<u>Coverage ▲ pp (YoY)</u>	<u>Coverage ▲ pp (QoQ)</u>
Real Estate ⁽¹⁾	17.1	14	8	Flattish
Retailer	1.6	12	Flattish	2
Energy Generation	10.6	30	Flattish	(1)
Tourism	5.4	19	9	10
Construction	1.6	21	Flattish	1
Transportation & Logistics	0.7	12	4	Flattish

1Q21

<u>Stage 3 Loans</u>	<u>% of Total Stage 3</u>	<u>Coverage (%)</u>	<u>Coverage ▲ pp (YoY)</u>	<u>Coverage ▲ pp (QoQ)</u>
Real Estate	21.1	59	11	Flattish
Construction	10.0	77	20	2
Energy Generation	5.0	47	7	2
Retailer	12.4	50	1	2
Tourism ⁽²⁾	2.6	47	13	1
Transportation & Logistics	0.6	74	18	1

⁽¹⁾ Real estate's share in Stage 2 is at 6.9% with 20.4% coverage, excluding one excessively collateralized real estate loan

23 ⁽²⁾ Adjusted for one excessively collateralized file

Enhancing bottom-line impact through digital transformation

Digital banking in numbers ⁽¹⁾ with 5.7 mio customers

01

Interaction

- ▶ +41% monthly app login
- ▶ +21% # of mobile customers conducting financial transactions
- ▶ +13 pp mobile NPS ⁽²⁾

02

Financial Engagement

- ▶ +106% # of financial transactions through mobile:
 - +34% payments
 - +93% money transfers
 - +54% investment transactions
- ▶ +16 pp share of mobile in financial transactions

03

Performance

- ▶ 2x digital customer x-sell compared to non-digitals
- ▶ 64% credit cards sold through digital channels ⁽³⁾
- ▶ 77% GPLs sold through digital channels ⁽³⁾

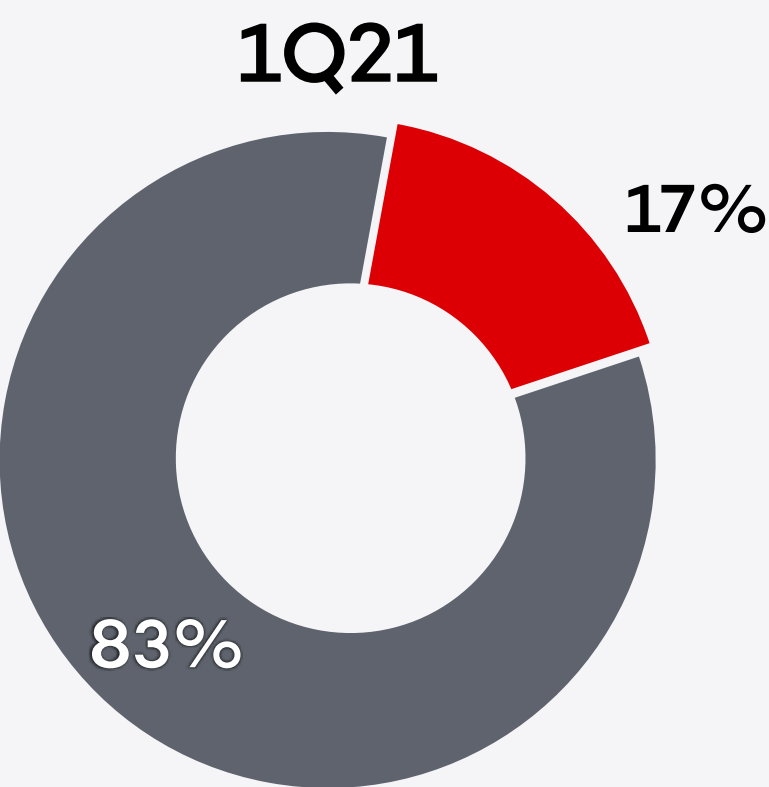
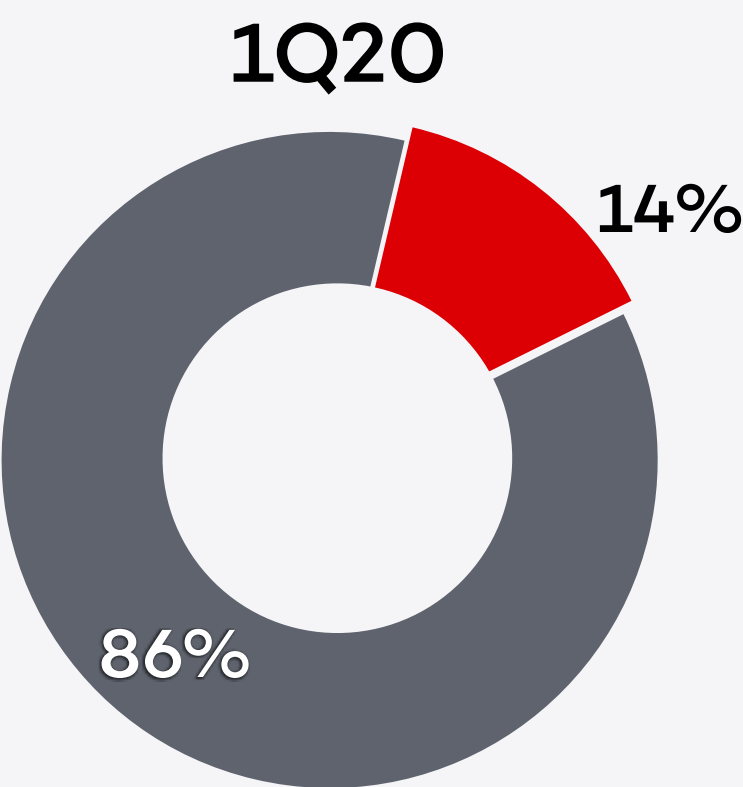
Active mobile customers visiting Akbank Mobile almost everyday

⁽¹⁾ Based on bank-only MIS data. Increase figures from Mar'20 to Mar'21

⁽²⁾ Since the beginning of 2020

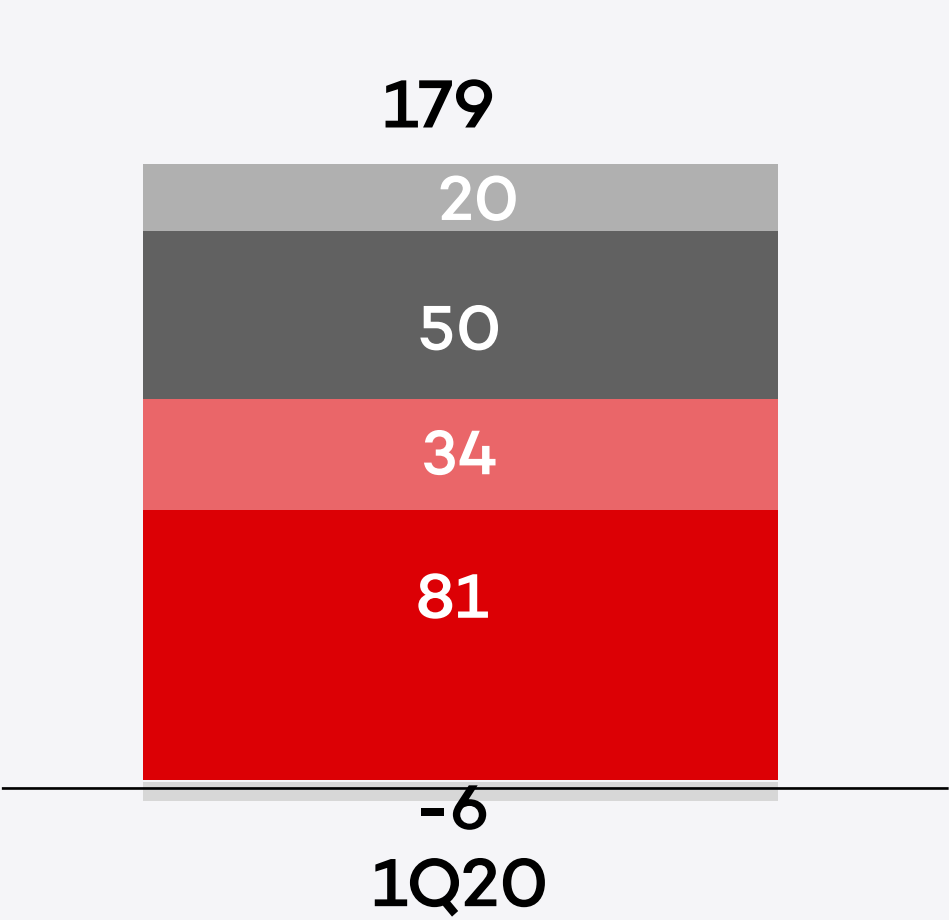
⁽³⁾ Including non-branch channels, Last 12 months sales

Subsidiaries' contribution

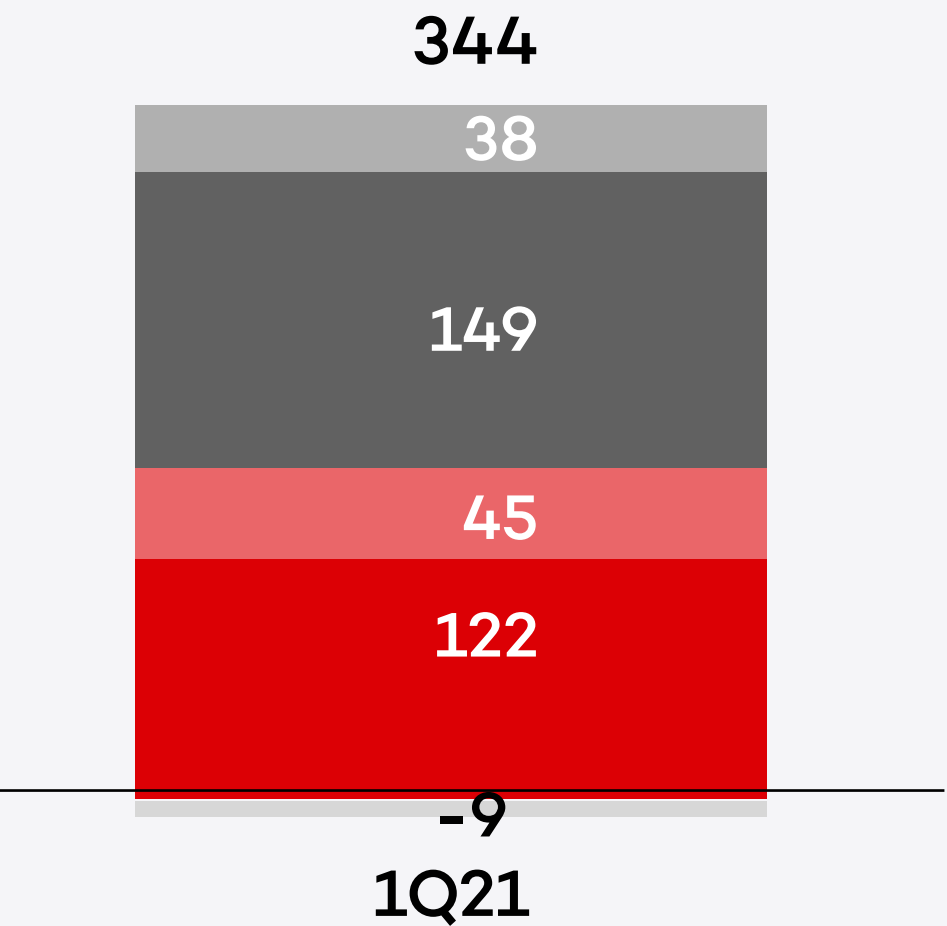


- Bank-only net income
- Subsidiaries' Contribution

Subsidiaries' Net Income (TL mn)



▲
92%
YoY



- Ak Asset Management
- Ak Investment
- Ak Lease
- Akbank AG
- Aköde

Snapshot of Results

	1Q20	2020	1Q21
Profitability (%)			
ROE	9.6	10.9	12.9
ROE, Quarterly	9.6	12.1	12.9
ROA	1.3	1.4	1.6
ROA, Quarterly	1.3	1.5	1.6
Swap Adj. NIM	4.83	4.12	2.40
Swap Adj. NIM, Quarterly	4.83	3.61	2.40
CIR ⁽¹⁾	33.8	33.8	40.0
CIR, Quarterly	33.8	38.5	40.0
(%)			
Total LDR ⁽²⁾	84	94	95
TL ⁽³⁾	126	153	147
FX	48	47	51
Leverage (x)	7.8	7.6	8.2
Asset Quality (%)			
NPL Ratio	6.7	6.2	5.8
Stage 3 Coverage	58.8	62.4	63.7
Stage 2/ Total Gross Loans	12.2	9.4	9.5
Stage 2 Coverage	11.8	16.4	16.8
Net CoC	2.01	2.27	1.01
Net CoC, Quarterly	2.01	1.06	1.01
Solvency ⁽⁴⁾ (%)			
CAR	18.8	19.8	18.5
CET-1	16.0	16.9	15.5
Tier-1	16.0	16.9	15.5

⁽¹⁾ CIR calculation excludes FX gain from long FX position related with stage 1&2 provisions and LYY hedge. For 2020 figures the calculation also excludes insurance penalty of TL 71 mn & BRSA penalty of TL 117 mn

⁽²⁾ Bank-only

⁽³⁾ TL LDR includes domestic TL bond issuances and merchant payables

⁽⁴⁾ w/o forbearances: Fixing MtM losses of securities & FX rate for RWA calculation to average last 12 month FX rate for 1Q21 and 2020 & to YE 2019 for 1Q20

AKBANK

Balance Sheet Highlights

	2020	1Q21	QoQ (%)
Consolidated (TL mn)			
Cash and due from Banks	60,576	76,323	26
Securities	101,926	106,843	5
TL	59,540	62,336	5
FX (USD)	5,713	5,346	(6)
Loans (net)	262,658	281,814	7
TL	170,310	175,986	3
FX (USD)	12,447	12,711	2
Other	53,157	52,310	(2)
Total Assets	478,317	517,290	8
Deposits	292,519	310,008	6
TL	108,362	118,963	10
FX (USD)	24,821	22,946	(8)
Funds Borrowed and Bonds Issued	66,287	70,962	7
Repo	20,907	37,029	77
Other	35,679	36,253	2
Equity	62,924	63,038	-
Total Liabilities and S/H Equity	478,317	517,290	8

Income Statement Highlights

Consolidated (TL mn)	1Q20	4Q20	1Q21	QoQ(%)	YoY(%)
Net Interest Income incl. swap cost	4,503	3,999	2,782	(30)	(38)
NII	5,241	5,565	4,193	(25)	(20)
o/w CPI-linker income	647	1,602	1,088	(32)	68
Swap Cost	(738)	(1,566)	(1,411)	(10)	91
Fees and Commissions (Net)	1,264	1,074	1,462	36	16
Net Trading Gain (Loss)	252	(7)	2,031	-	706
LYY hedge gain/ (loss)	-	(429)	1,105	-	-
ECL hedge gain/ (loss)	185	(61)	62	-	(67)
Other	67	482	864	79	-
Other Income	76	85	267	216	252
Operating Expense	(2,055)	(2,166)	(2,087)	(4)	2
Pre- Provision Income	4,040	2,984	4,455	(49)	10
Provision for Loan Losses, net of collections	(1,099)	(703)	(697)	(1)	(37)
Stage 1+2 (net)	(90)	685	(515)	-	469
Stage 3	(1,141)	(1,840)	(621)	(66)	(46)
Stage 3 Recoveries	318	391	500	28	58
Currency Impact (fully hedged)	(185)	61	(62)	-	(67)
Other Provisions	(1,167)	97	(1,201)	-	3
LYY MtM gain/ (loss)	(871)	237	(1,203)	-	38
Free Provisions	(250)	-	-	-	-
Other	(46)	(140)	2	-	-
Income Before Tax	1,774	2,377	2,557	8	44
Tax	(471)	(526)	(529)	-	12
Net Income	1,303	1,851	2,028	10	56

Initiatives & indices



Disclaimer Statement



The information and opinions contained in this document have been compiled or arrived at by Akbank from sources believed to be reliable and in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in this document constitute the Company's judgement as of the date of this document and are subject to change without notice. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient. The Company does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. This document may not be reproduced, distributed or published for any purpose.