

# 2Q11 Consolidated Financial Results

August 5, 2011

**AKBANK**

# 1H11 Results

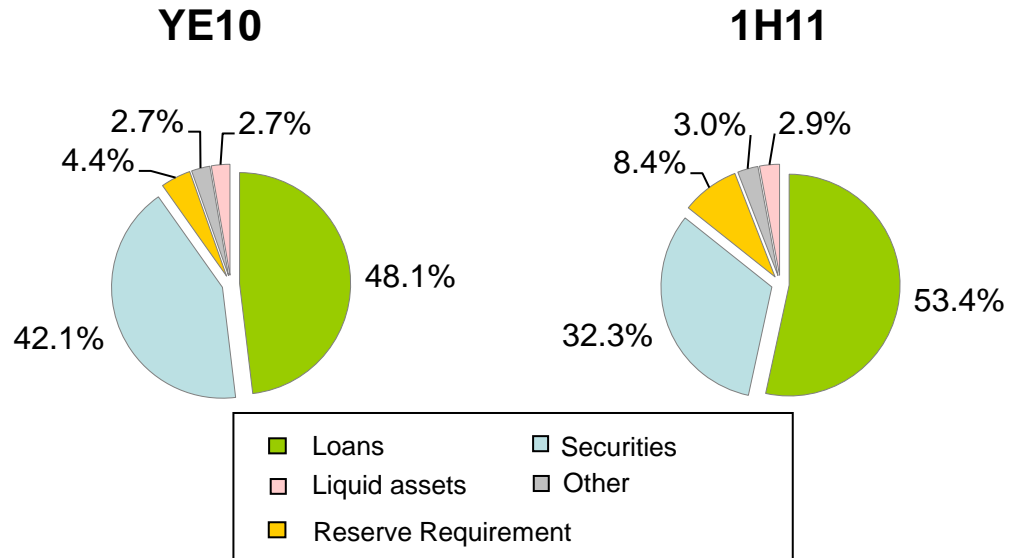
## Optimized asset mix

- Loans / assets increased to 53.4% from 48.1%
- Securities / assets decreased to 32.3% from 42.1%
- Solid loan growth of 19.8%, 40bps market share gain
  - Strong growth of 23.8% in TL loans, 60bps market share gain
- Balanced growth of 19.2% in consumer loans
  - 20.9% increase in mortgage loans
  - 14.5% increase in auto loans
  - 18% increase in general purpose loans
- 26.2% growth in SME loans and 17.1% growth in corporate loans, 70bps increase in market share
- Controlled increase of 3.9% in deposits
- Leverage increased to 7.3x from 6.7x
- Strong fee income growth of 19.2% y-o-y
- Efficient cost control with 2% cost/asset ratio
- Net profit reached TRY 1,399 mn (USD 866 mn)
- ROAE of 15.9%, ROAA of 2.3%

*Sector comparisons based on weekly BRSA unconsolidated figures.*

# 1H11 Highlights – strong shift from securities to loans

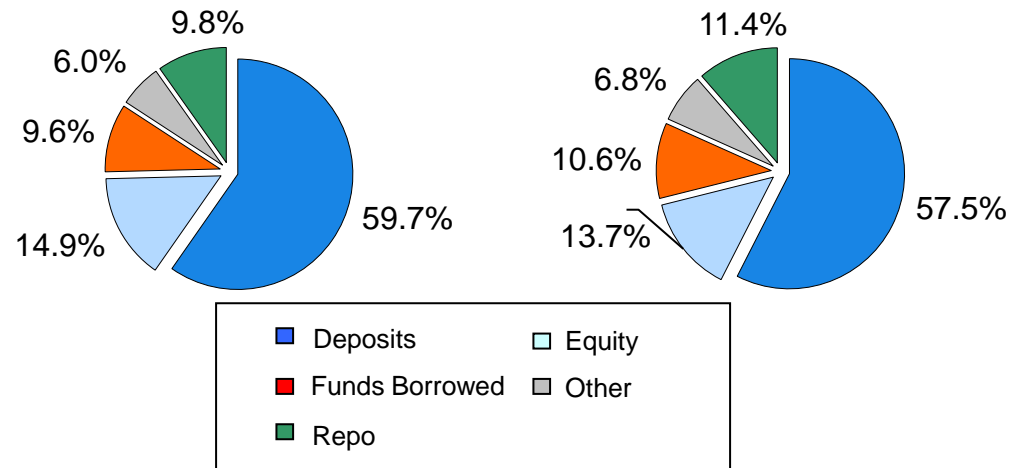
- Loans / assets increased to 53.4% from 48.1%
- Securities / assets decreased to 32.3% from 42.1%



- CAR 17.3%
- Tier I Ratio 16.4%
- Leverage 7.3X
- Loans to Deposit 92.8%

Total Assets: TL 120,070 mn

Total Assets: TL 129,526 mn



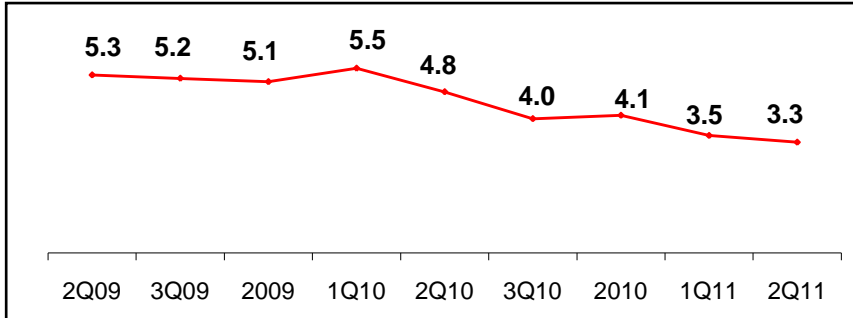
## Improving operational fundamentals while cyclical pressure on NIM

(TL mn.)	1H10	1Q11	2Q11	1H11
Net Profit	1,808	728	671	1,399
ROAE	24.0%	16.6%	15.4%	15.9%
ROAA	3.4%	2.4%	2.1%	2.3%
NIM	4.8%	3.5%	3.0%	3.3%
Cost of Risk	-0.4%	-0.2%	0.0%	-0.1%
Cost to Asset	2.2%	2.0%	2.0%	2.0%
Fees to Cost	58.2%	60.0%	73.3%	66.7%
CIR	32.7%	36.4%	41.3%	38.6%

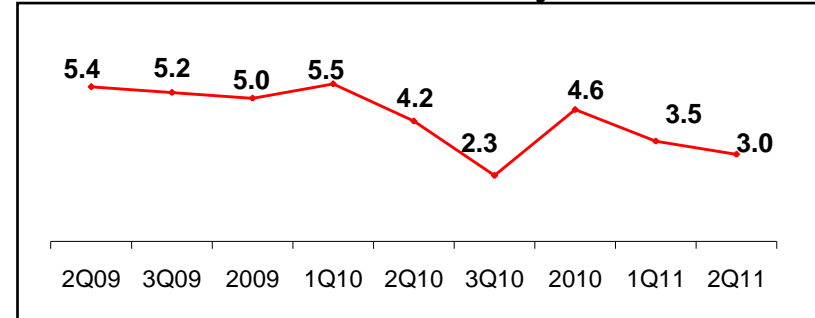
# NIM will improve in 2H

- Excluding reserve requirement cumulative NIM will be 3.5%

**NIM Cumulative\***



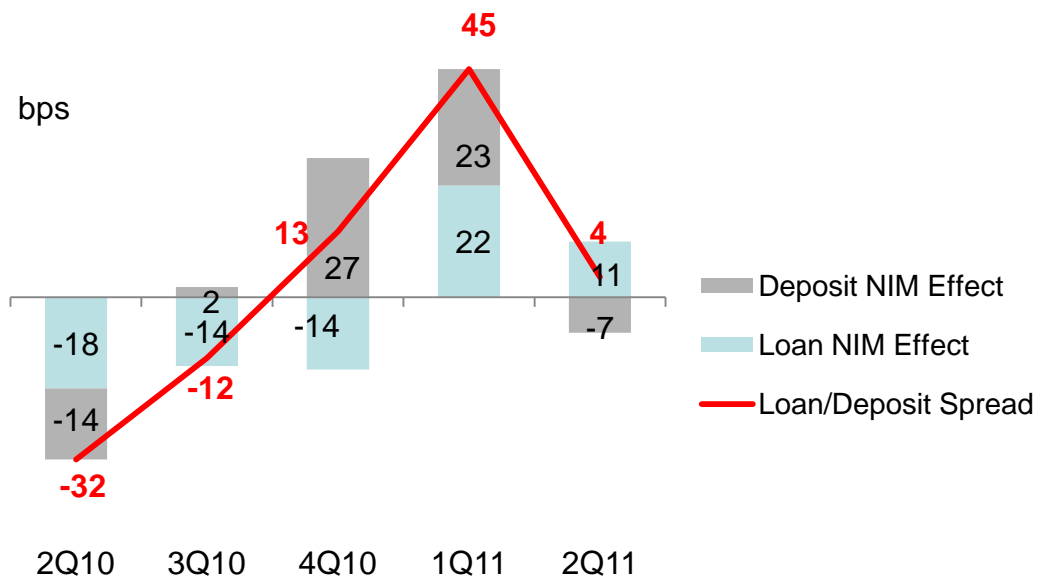
**NIM Quarterly\***



(TL mn., \$ mn.)	2Q10	4Q10	1Q11	2Q11	Effect on NIM change	
					4Q10-1Q11	1Q11-2Q11
TL Loans	12.73%	11.21%	10.47%	10.00%	18	4
TL Deposits	7.62%	7.58%	6.79%	6.92%	28	4
FX Loans	3.96%	4.03%	3.95%	4.07%	4	7
FX Deposits	1.92%	2.09%	2.40%	2.68%	-5	-11
<b>Loan-Deposit spread</b>					<b>45</b>	<b>4</b>
TL Securities	13.51%	11.50%	8.99%	9.10%	-142	-21
FX Securities	4.03%	4.50%	4.54%	4.72%	-2	0
<b>Securities spread</b>					<b>-144</b>	<b>-21</b>
Total					-99	-17
Reserve requirement					-8	-28
<b>Total</b>					<b>-107</b>	<b>-45</b>

\* Adjusted for BRSA classification, reserve requirements included in interest earning assets

## Improvement in loan/deposit spread continued



- During 2Q11, loan yields were gradually increased by 450bps
- Portfolio loan yields started to improve

## Loans – TL loans major contributor to growth

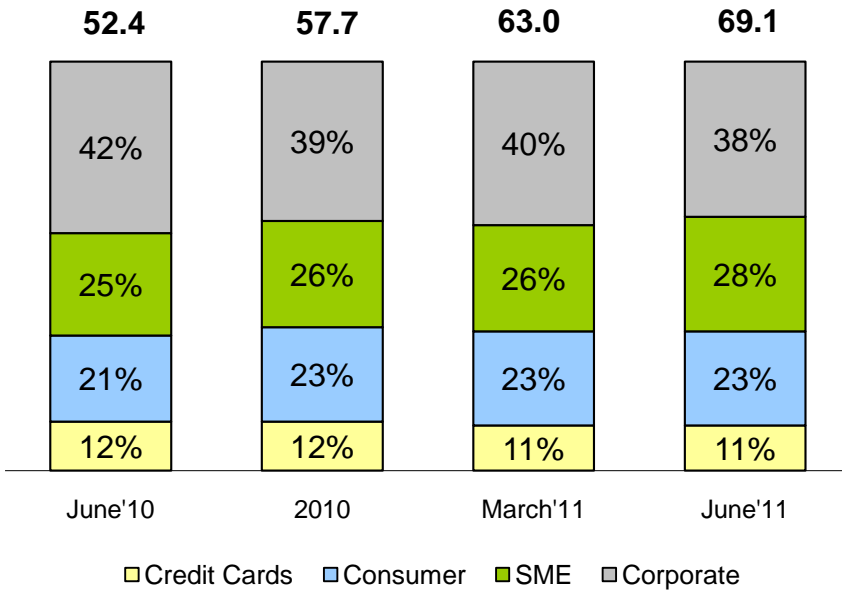
(TL mn., \$ mn.)	2Q10	3Q10	YE10	1Q11	2Q11	y-t-d
TL loans	29,157	30,747	32,035	35,898	39,671	23.8%
FX loans (\$ mn)	14,759	15,566	16,713	17,651	18,240	9.1%
<b>Total loans</b>	<b>52,383</b>	<b>53,215</b>	<b>57,733</b>	<b>63,016</b>	<b>69,141</b>	<b>19.8%</b>

(TL mn., \$ mn.)*	2Q10	3Q10	YE10	1Q11	2Q11	y-t-d
TL Corporate	4,586	4,508	3,676	4,973	4,765	29.6%
FX Corporate (\$ mn)	11,062	11,402	12,294	13,089	13,412	9.1%
TL SME	6,786	7,504	7,906	9,121	10,522	33.1%
FX SME (\$ mn)	3,843	4,291	4,613	4,820	5,202	12.8%
Consumer	11,982	11,797	13,047	14,193	15,564	19.3%
Credit Cards	6,122	6,266	6,576	6,665	7,606	15.7%

(\* Excluding accrued interest on loans)

# Loans – superior asset quality continued

(TL billion)



## NPL ratios

	Akbank		Sector	
	2010	2Q11	2010	2Q11
Corporate	0.0%	0.0%	2.8%	2.4%
SME	3.7%	2.8%		
Consumer	2.3%	1.8%	2.7%	2.0%
Credit Cards	4.6%	4.1%	8.1%	7.1%
<b>Total</b>	<b><u>2.2%</u></b>	<b><u>1.7%</u></b>	<b><u>3.6%</u></b>	<b><u>2.9%</u></b>

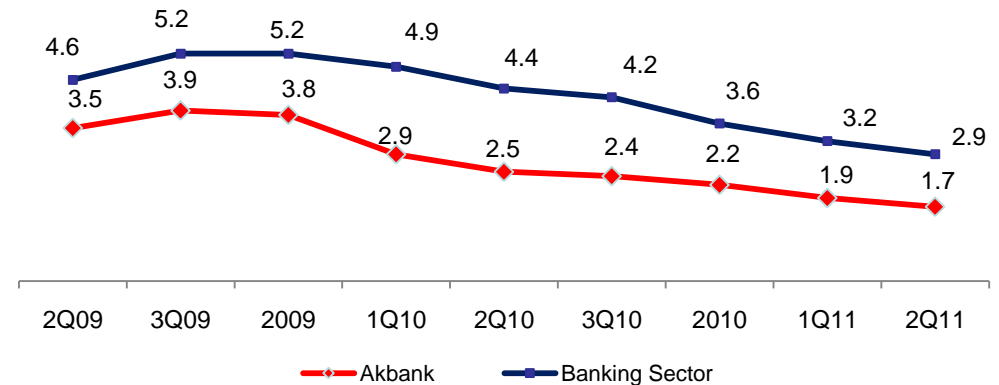
Corporate and SME NPL ratios for Akbank are grouped as 1.6% in 2010 and 1.1% in 2Q11.

- 100% specific provisioning; strong buffer and hidden reserve of around TL 415 mn
- 156% coverage ratio including general provisions



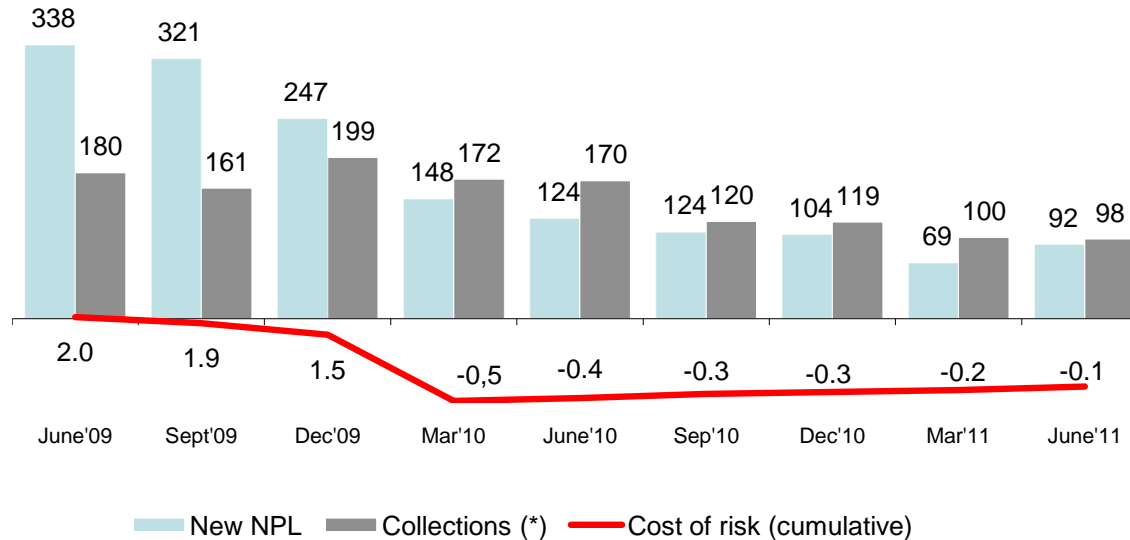
# Positive P&L contribution from cost of risk

## NPL ratio



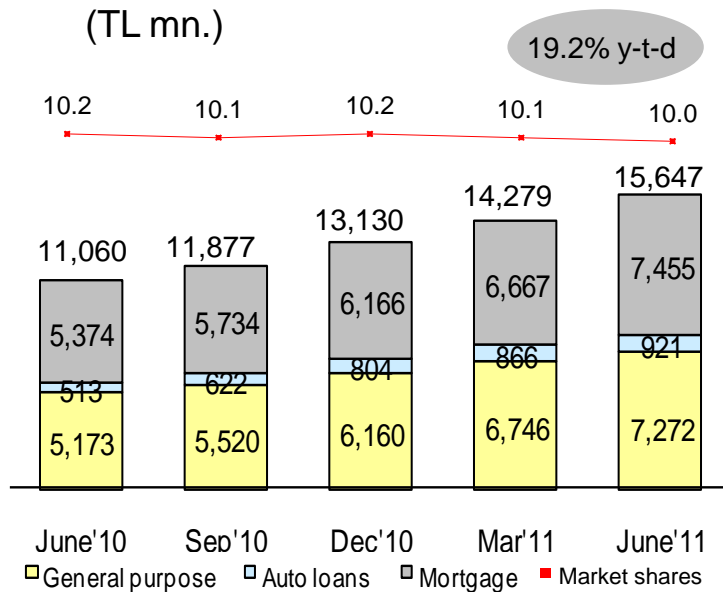
(TL mn.)

## Cost of risk

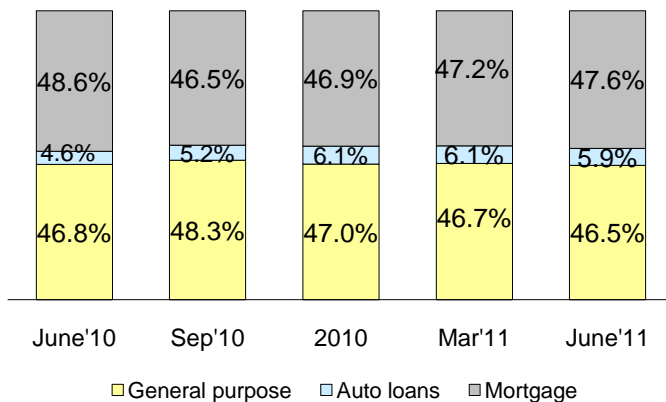


(\*) Excluding NPL Sales

# Balanced consumer loan growth



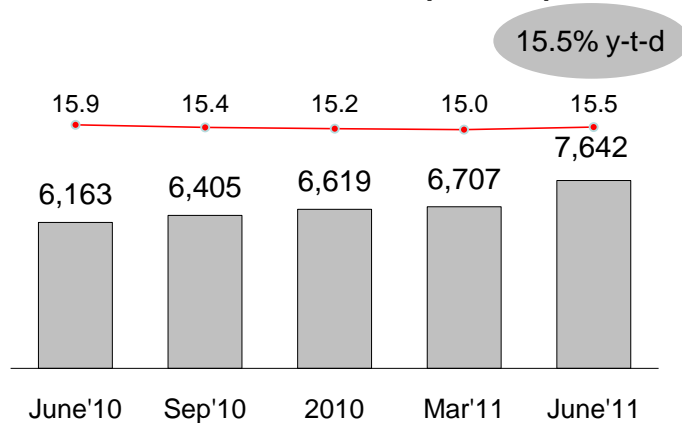
- Mortgage loans grew 20.9% y-t-d vs 16.6% of sector, 30bps increase in market share
- Auto loans grew 14.5% y-t-d
- General purpose loans grew 18% y-t-d



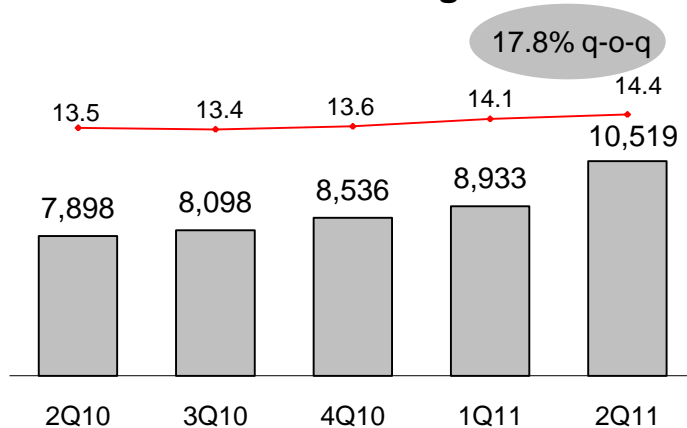
Cross-sell ratio	
Mortgage Loans	5.8x
General Purposes Loans	5.6x
Auto Loans	5.1x

# Credit card loans – increasing market share

## Credit Card Loans (TL mn)



## Credit Cards Issuing Volume



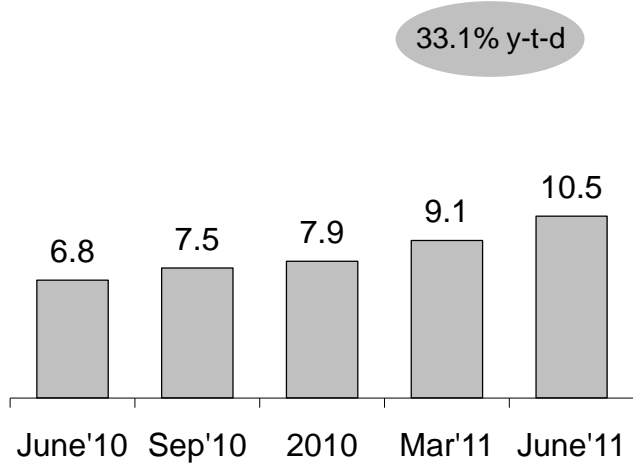
■ Volume (TL mn.)    ■ Market shares

### Higher quality portfolio with;

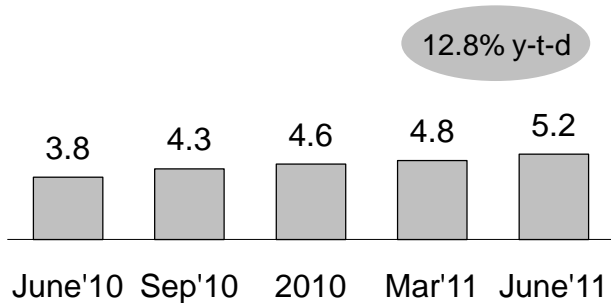
- Low NPL ratio of 4.1% vs 7.1% for the sector
- Highest issuance volume per card in the peer group
  - 35% higher than the sector average
- Highest issuing & acquiring commission income on volumes compared to the peer group
- Focus on further optimization

# SME loans – continued strong momentum with risk focus

## TL Loans (TL bn)



## FX Loans (USD bn)

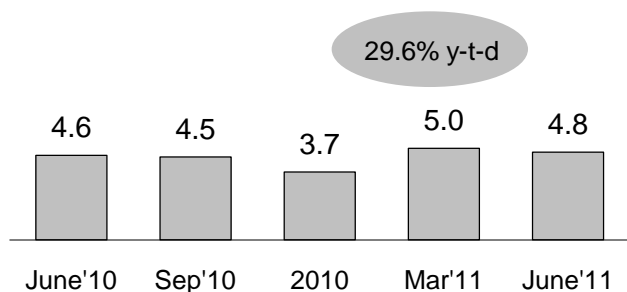


- Sales effectiveness with new operations
- New products for export finance, energy efficiency, renewable energy
- Bundled product packages – wholesale and foreign trade support
- The channeling of cheap multilateral funds from EIB and EBRD
- New website for SME's

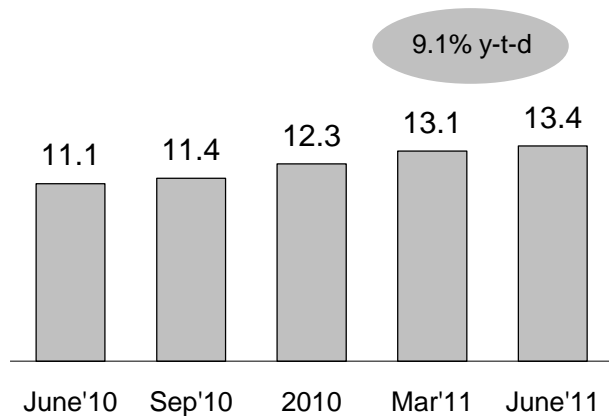
SME loans given to companies with sales turnover <TL 100 mn

# Corporate loans – strong growth

## TL Loans (TL bn)

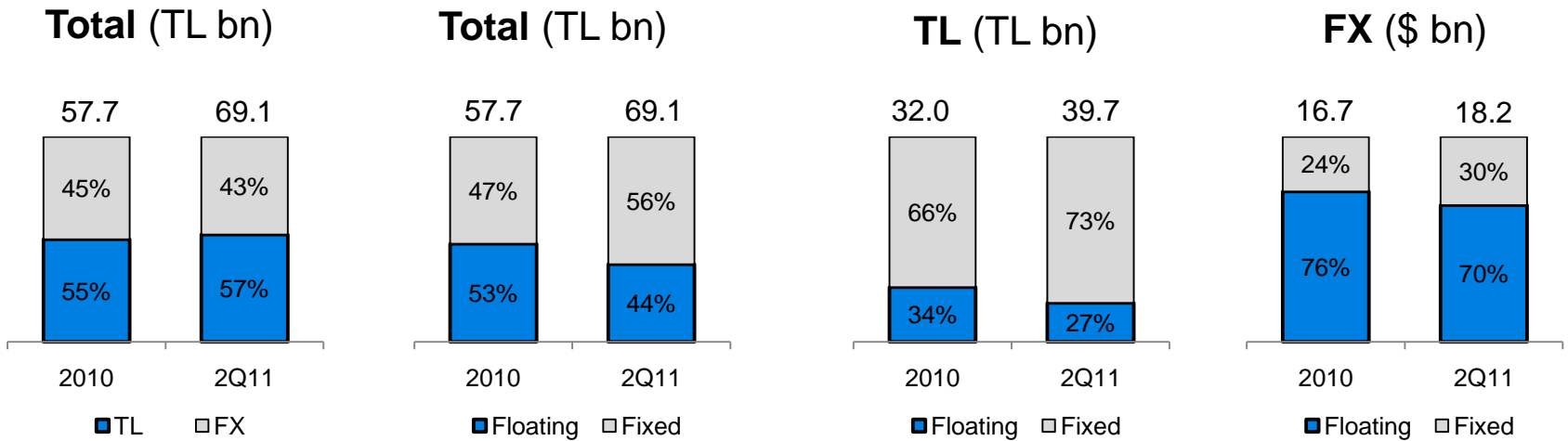


## FX Loans (USD bn)

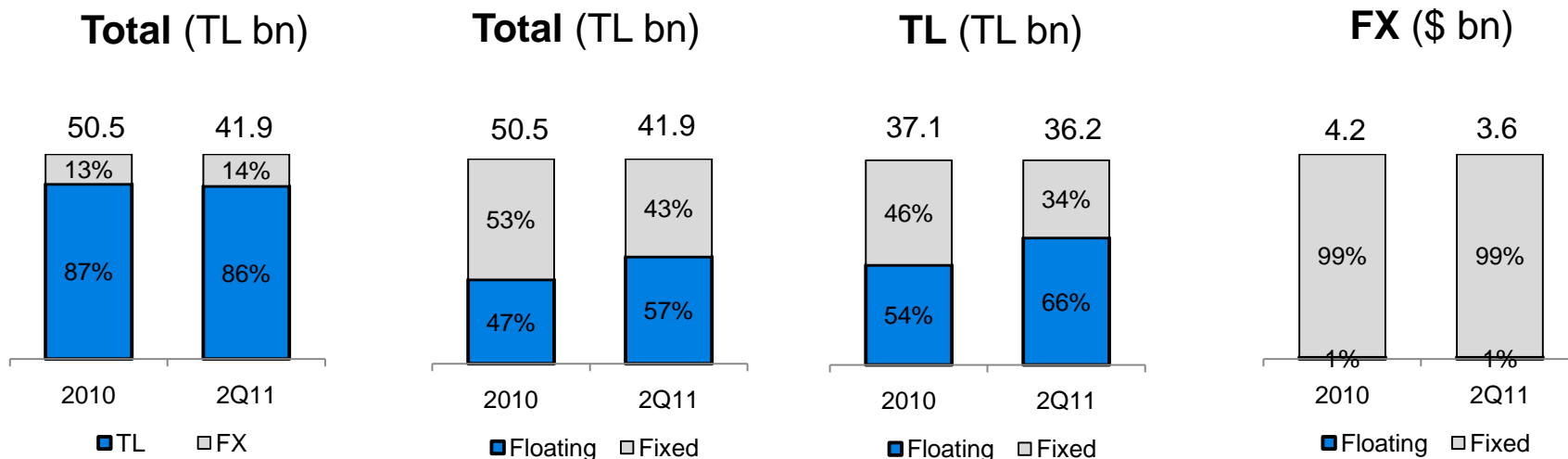


- Excellent relationship management
- Strong penetration to the cash cycles of companies
- Increased M&A advisory, IPO's, Corporate Bond Issuance Services

# Loans – increasing share of TL loans



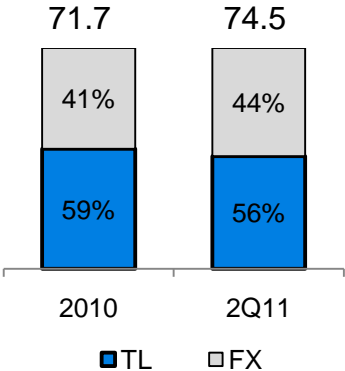
# Securities - unrealized gain more than TL 950 mn



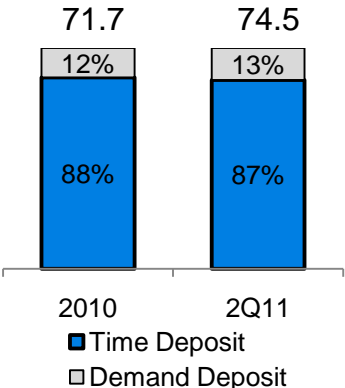
- Liquid securities portfolio used to finance loan growth
- Available for sale 82% (2010: 86%), held-to-maturity 13% (2010: 13%), trading 5% (2010:1%)
- Higher share of floating rate in TL
- TL 388 mn of trading gain, CPI linkers 38% of portfolio

# Deposits – growth in share of demand deposits

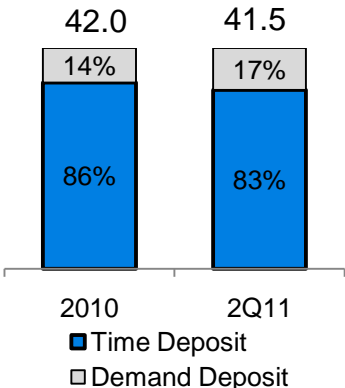
**Total (TL bn)**



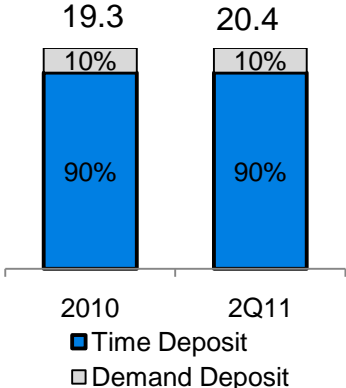
**Total (TL bn)**



**TL (TL bn)**



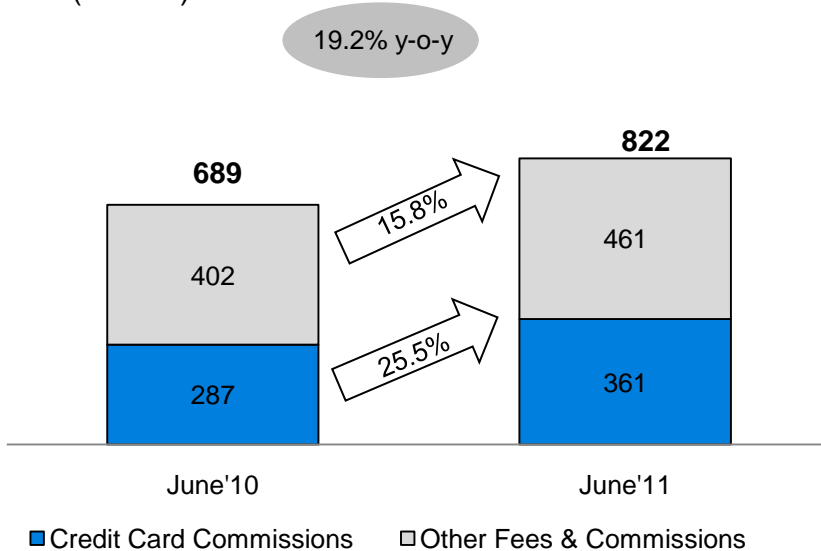
**FX (\$ bn)**





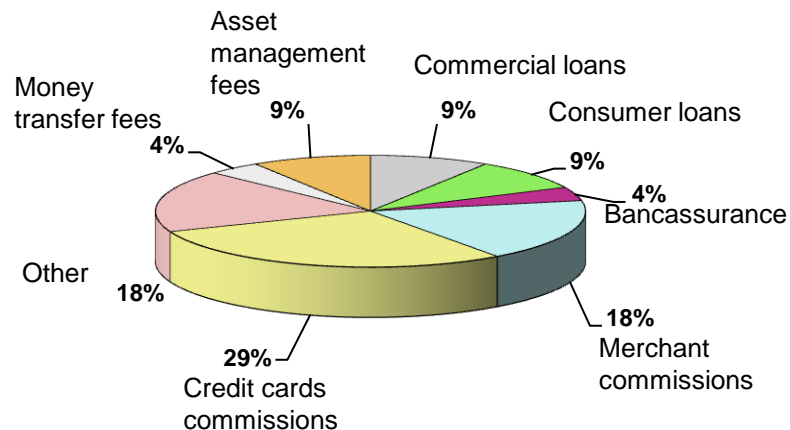
# Strong fee and commission growth

(TL mn.)

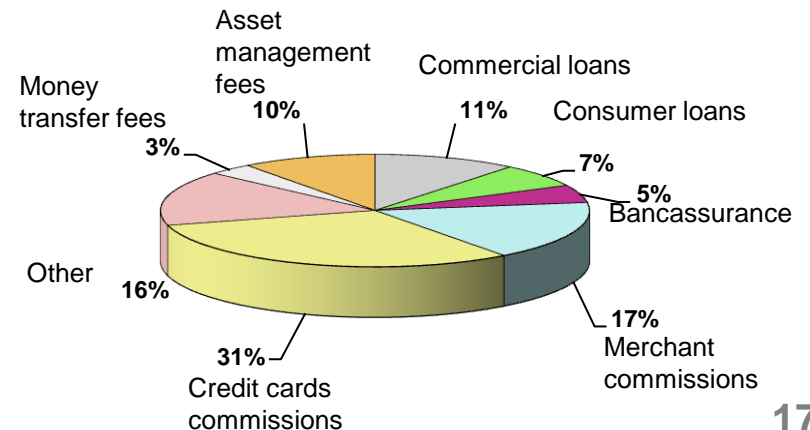


- 16% q-o-q fee and commission growth excluding account maintenance fee in 2Q
- Growth is mainly due to credit card, bancassurance and other banking commissions
- Bancassurance 46% and money transfer fees 44% y-o-y growth
- Improving fee/income to 25.8% and fee/cost ratios to 66.7%

**1H10**

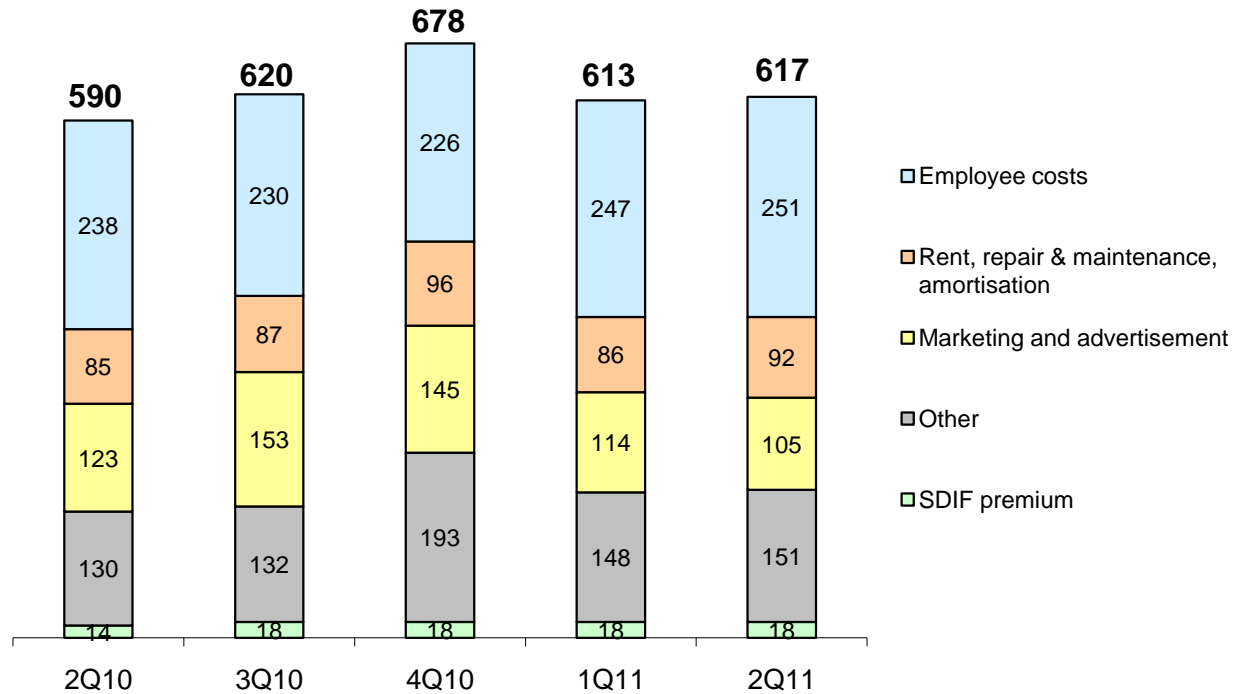


**1H11**



# Operational costs – sustainably low cost base

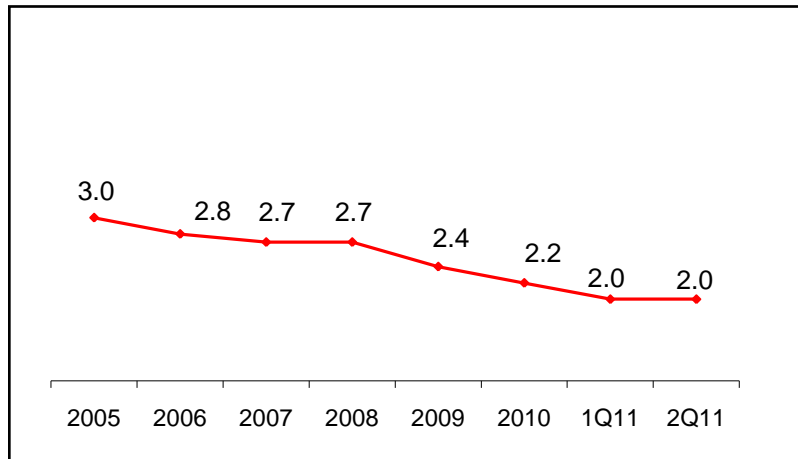
## Quarterly Operational Cost



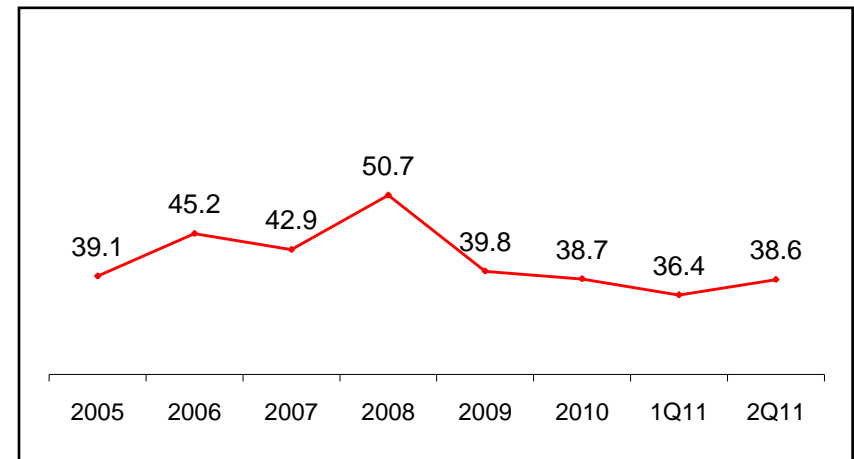
- 4% y-o-y, 1% q-o-q increase in line with the budget

# Efficiency maintained

Cost/average assets (%)



Cost/income (%)



- Cost to asset and cost to income ratios well under control
- Low cost / asset ratio has a positive impact on ROA

## Akbank 2011 targets

- Loan / assets 55%
- Securities / assets 35%
- 2011 ROE target is 16-18%
- 2011 Leverage target is 7.5x
- Loan growth target is 25% +
- Deposit growth is targeted at 15%
- NIM will be ~3.70%
- Net commission income will be 15% +
- Opex: Lower single digit growth
  - 2.0% cost to asset ratio
- NPL will be around 2.1%
  - Cost of risk between 30-50 bps

## Current position

- Loan / assets 53%
- Securities / assets 32%
- ROE 15.9%
- Leverage 7.3x
- Loan growth 19.8% (1H)
- Deposit growth 3.9% (1H)
- NIM 3.3%
- Net commission income 19.2%
- Opex: 4% y-o-y
  - 2.0% cost to asset ratio
- NPL 1.7%
  - Cost of risk -10 bps

## Balance sheet highlights

Consolidated (TL mn.)			Shares (%)		Change (%)
	2010	2H11	2010	2H11	
Cash and Due from Banks	8,521	14,651	7.1	11.3	72
Securities	50,543	41,900	42.1	32.3	-17
Loans	57,733	69,141	48.1	53.4	20
Other	3,273	3,834	2.7	3.0	17
<b>TOTAL ASSETS</b>	<b>120,070</b>	<b>129,526</b>			<b>8</b>
Deposits	71,708	74,517	59.7	57.5	4
Funds Borrowed	11,497	13,766	9.6	10.6	20
Repo	11,797	14,829	9.8	11.4	26
Other	7,120	8,723	6.0	6.8	23
Equity	17,948	17,691	14.9	13.7	-1
<b>TOTAL LIABILITIES</b>	<b>120,070</b>	<b>129,526</b>			<b>8</b>

## Income statement highlights

<b>Consolidated (TL mn.)</b>	<b>2Q10</b>	<b>2Q11</b>	<b>Change (%)</b>
Interest Income	4,718	4,399	-7
Interest Expense	(2,202)	(2,409)	9
<b>Net Interest Income</b>	<b>2,516</b>	<b>1,990</b>	<b>-21</b>
Trading Gain (Loss), Net	115	123	7
Provision for Loan Losses, net of collections	70	36	-48
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>2,701</b>	<b>2,149</b>	<b>-20</b>
Fees and Commissions (Net)	689	822	19
Operating Expense	(1,185)	(1,232)	4
Other Income	233	217	-7
Other Provisions	(155)	(190)	22
<b>Income Before Tax</b>	<b>2,282</b>	<b>1,766</b>	<b>-23</b>
Tax	(474)	(367)	-23
<b>Net Income</b>	<b>1,808</b>	<b>1,399</b>	<b>-23</b>

## Balance sheet highlights in USD

<b>Consolidated (USD mn.*)</b>			<b>Shares (%)</b>	
	<b>2010</b>	<b>2Q11</b>	<b>2010</b>	<b>2Q11</b>
Cash and Due from Banks	5,542	9,068	7.1	11.3
Securities	32,871	25,933	42.1	32.3
Loans	37,547	42,793	48.1	53.4
Other	2,128	2,373	2.7	3.0
<b>TOTAL ASSETS</b>	<b>78,089</b>	<b>80,167</b>		
Deposits	46,636	46,121	59.7	57.5
Funds Borrowed	7,477	8,520	9.6	10.6
Repo	7,672	9,178	9.8	11.4
Other	4,631	5,399	6.0	6.8
Equity	11,673	10,949	14.9	13.7
<b>TOTAL LIABILITIES</b>	<b>78,089</b>	<b>80,168</b>		

\* Figures are stated with exchange rates effective at respective dates: 2010 – 1.5376; 2Q11 – 1.6157

## Income statement highlights in USD

<b>Consolidated (USD mn.*)</b>	<b>2Q10</b>	<b>2Q11</b>
Interest Income	2,988	2,722
Interest Expense	(1,399)	(1,491)
<b>Net Interest Income</b>	<b>1,599</b>	<b>1,231</b>
Trading Gain (Loss), Net	73	76
Provision for Loan Losses, net of collections	44	22
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>1,716</b>	<b>1,329</b>
Fees and Commissions (Net)	438	509
Operating Expenses	(753)	(762)
Other Income	148	134
Other Provisions	(99)	(117)
<b>Income Before Tax</b>	<b>1,450</b>	<b>1,093</b>
Tax	(301)	(227)
<b>Net Income</b>	<b>1,149</b>	<b>866</b>

\* Figures are stated with exchange rates effective at respective dates: 2Q10– 1.5737; 2Q11 – 1.6157



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