

# 2Q12 Consolidated Financial Results

3 August 2012

**AKBANK**

# Strong growth with increased operational profitability

- Developments in Turkish Economy broadly in line with our expectations
- In line with this, we achieved strong growth with operational profitability
  - 11.5% growth in lending with market share gain of 60bps y-t-d
  - 5.9% growth in deposit with market share gain of 40bps y-t-d
  - Growth achieved with margin improvements
  - Loan/deposit net interest margin impact improved by 61bps
- Fee income generation of 5.5% y-o-y despite the base effect. Excluding loan fees accounting change and mutual fund cap, the growth is 17%
- Quarterly increase in NIM, ROA, ROE, net profit. Improvements will continue in 2H12
- Net profit TL 1,106 mn with ROE at 11.8%, ROA at 1.5%
  - Net profit would have been TL 1,264 mn and ROE 13.5% in case CPI linked securities valued by actual inflation readings;
  - GLLP expense additionally weighed on net profit by TL 211 mn, due to loan growth
  - This loan growth will bring us further profitability especially in the declining rate environment
- Strong capital adequacy ratio sustained at 15.9% with Basel II effect expected up to 1%

## Quarterly increase in NIM, ROA, ROE, net profit

(TL mn.)	1H11	1Q12	2Q12	1H12
Net Profit	1,399	531	575	1,106
ROAE	15.9%	11.5%	12.1%	11.8%
ROAA	2.3%	1.5%	1.6%	1.5%
NIM	3.2%	3.2%	3.5%	3.4%
Cost of Risk	-0.1%	0.3%	0.4%	0.4%
Cost to Asset	2.0%	1.9%	2.0%	2.0%
Fees to Cost	66.7%	58.9%	63.7%	61.4%
CIR	38.6%	44.2%	46.8%	45.5%

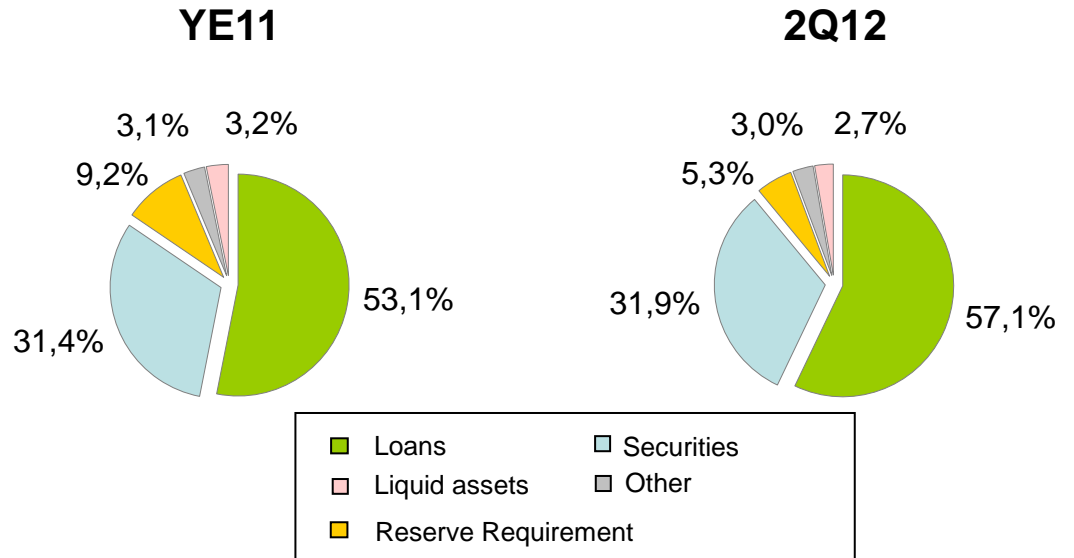
## Strong market share gains in all areas

	<b>2011</b>	<b>1H2012</b>	<b>Change bps</b>
Total Loans	10.1%	10.7%	60
TL	8.6%	9.1%	50
FX	14.0%	14.8%	80
Consumer Loans	9.3%	10.0%	70
Mortgage	10.0%	10.8%	80
Auto	11.8%	11.7%	-10
General Purpose	8.4%	9.2%	80
Credit Cards	17.4%	19.1%	170
Total Deposits	10.5%	10.9%	40
TL	9.2%	9.4%	20
FX	12.9%	13.4%	50

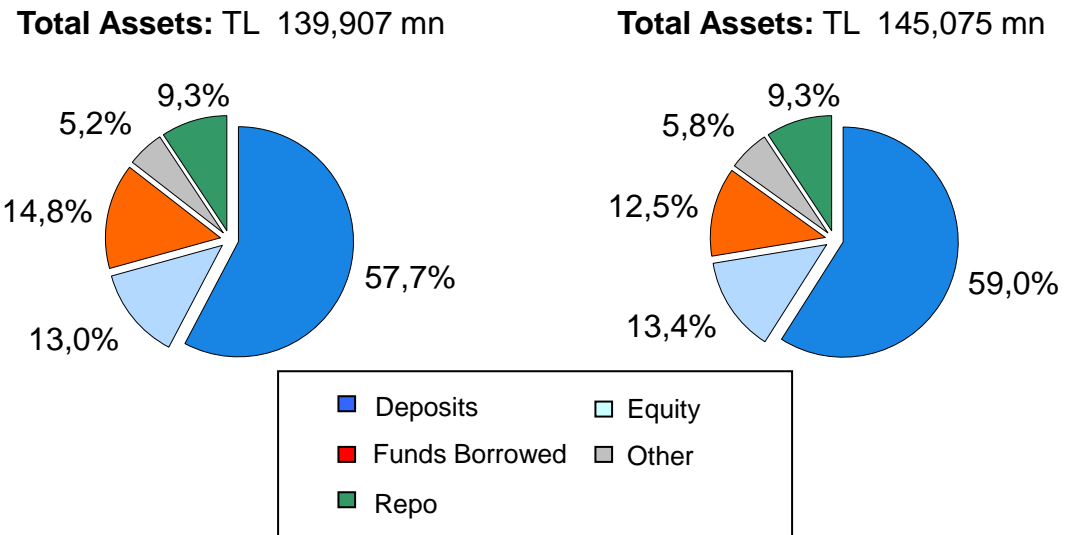
*Sector comparisons based on weekly BRSA unconsolidated figures.*

# Healthy growth potential with liquid & flexible balance sheet

- Loans / assets increased to 57% from 53%
- Reserve req. / assets decreased to 5% from 9%

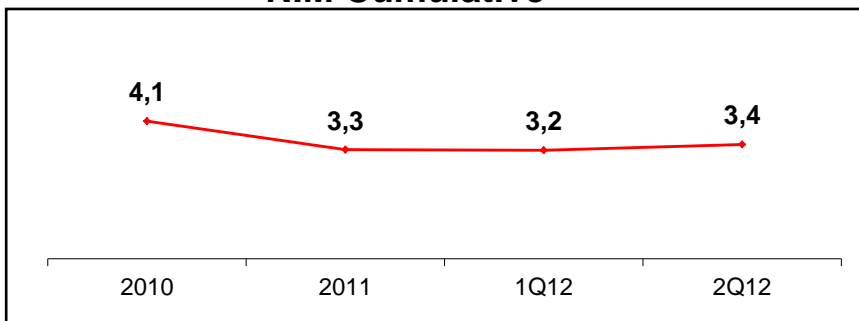


- CAR 15.8%
- Tier I Ratio 14.9%
- Leverage 7.5X
- Loans to Deposit 96.9%

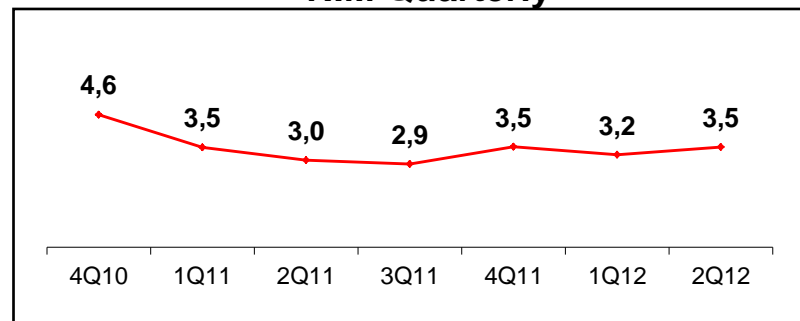


# Loan / deposit net interest margin improved by 61bps

## NIM Cumulative\*



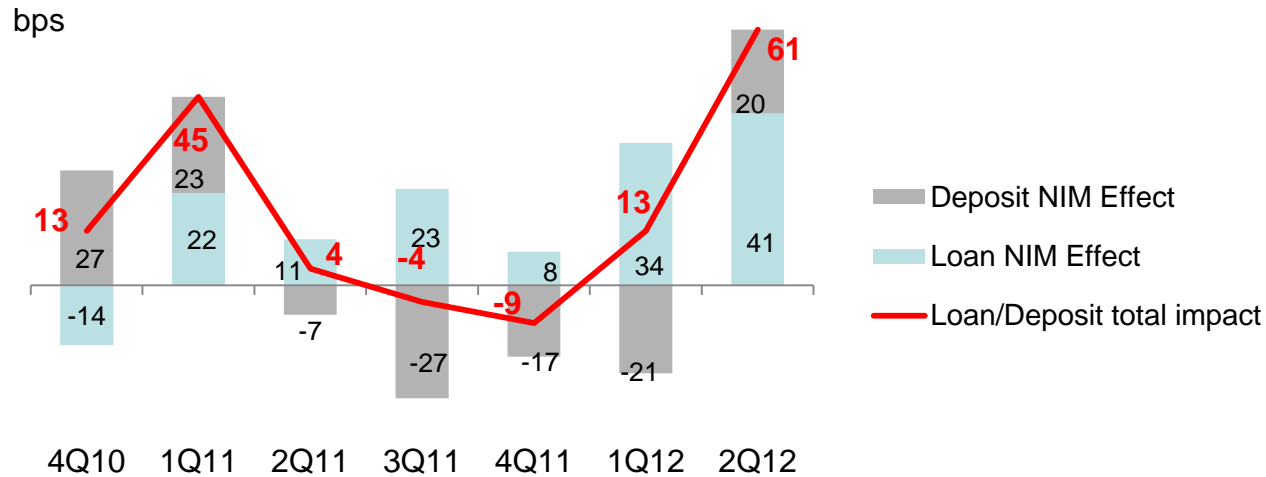
## NIM Quarterly\*



(TL mn., \$ mn.)	3Q11	4Q11	1Q12	2Q12	3Q11-4Q11	NIM impact 4Q11-1Q12	1Q12-2Q12
TL Loans	10.45%	10.70%	10.99%	11.49%	12	34	29
TL Deposits	7.66%	8.01%	8.58%	8.53%	-10	-16	12
FX Loans	4.50%	4.37%	4.66%	5.13%	-4	0	12
FX Deposits	2.89%	3.20%	3.33%	2.88%	-7	-5	8
<b>Loan-Deposit impact</b>					<b>-9</b>	<b>13</b>	<b>61</b>
TL Securities	9.51%	11.78%	10.26%	10.76%	59	-32	-19
FX Securities	4.52%	4.44%	4.67%	4.43%	1	-2	7
<b>Securities impact</b>					<b>60</b>	<b>-34</b>	<b>-12</b>
Other					4	-7	-16
<b>Total</b>					<b>55</b>	<b>-28</b>	<b>33</b>

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

# Positive effect of high yield lending and lower deposit costs will continue



- We will continue to see the positive effect of high yield lending and lower deposit costs in 3Q

## High yielding TL loans major contributor to growth to bring further profitability in 2H

(TL mn., \$ mn.)	2Q11	3Q11	YE11	1Q12	2Q12	y-t-d
TL loans	39,671	40,903	42,000	44,455	49,897	18.8%
FX loans (\$ mn)	18,240	17,341	17,129	17,728	18,267	6.6%
<b>Total loans</b>	<b>69,141</b>	<b>73,005</b>	<b>74,356</b>	<b>77,884</b>	<b>82,897</b>	<b>11.5%</b>

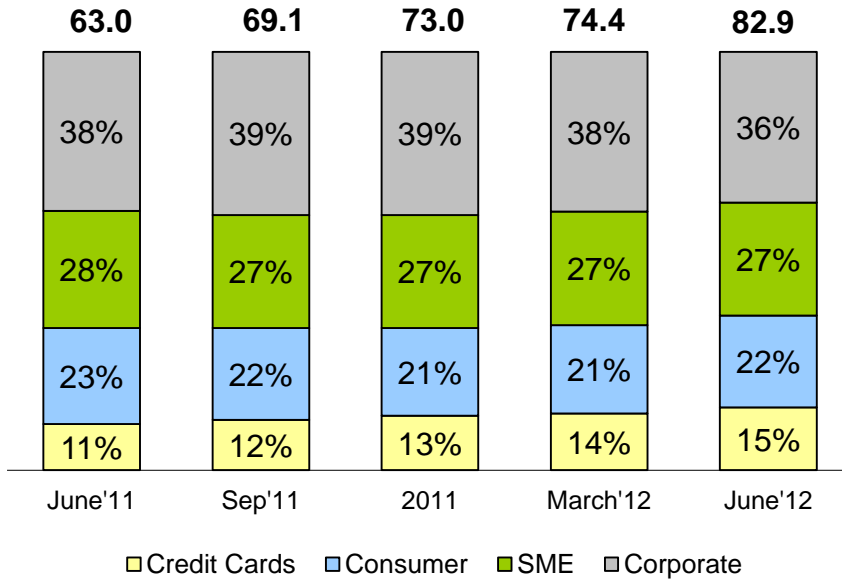
(TL mn., \$ mn.)*	2Q11	3Q11	YE11	1Q12	2Q12	y-t-d
TL Corporate	4,765	4,737	4,400	5,972	5,094	14.0%
FX Corporate (\$ mn)	13,412	12,885	12,714	13,191	13,603	7.7%
TL SME	10,522	10,591	10,790	11,960	13,005	20.1%
FX SME (\$ mn)	5,202	4,787	4,928	5,027	5,251	7.3%
Consumer	15,564	15,623	15,516	16,247	17,855	15.1%
Credit Cards	7,606	8,504	9,505	10,462	11,971	25.9%

(\*) Excluding accrued interest on loans



# Strong asset quality with high collateralization

(TL billion)



## NPL ratios

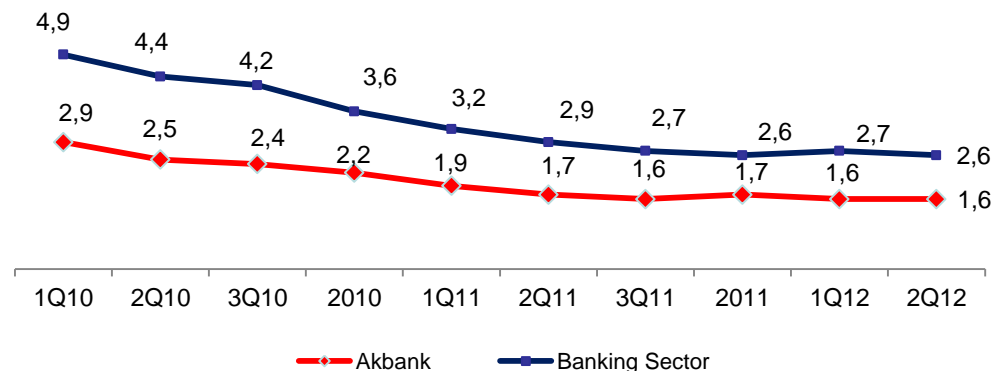
	Akbank		Sector	
	2011	2Q12	2011	2Q12
Corporate	0.0%	0.0%	2.3%	2.2%
SME	2.9%	2.7%	2.3%	2.2%
Consumer	1.8%	1.8%	1.9%	2.0%
Credit Cards	3.2%	2.9%	5.9%	5.4%
<b>Total</b>	<b><u>1.7%</u></b>	<b><u>1.6%</u></b>	<b><u>2.6%</u></b>	<b><u>2.6%</u></b>

Note: A bracket groups Corporate and SME ratios for Akbank, with a total of 1.3% indicated.

- 169% coverage ratio including general provisions
- Higher GLLP expense of TL 106 mn q-o-q due to higher loan growth

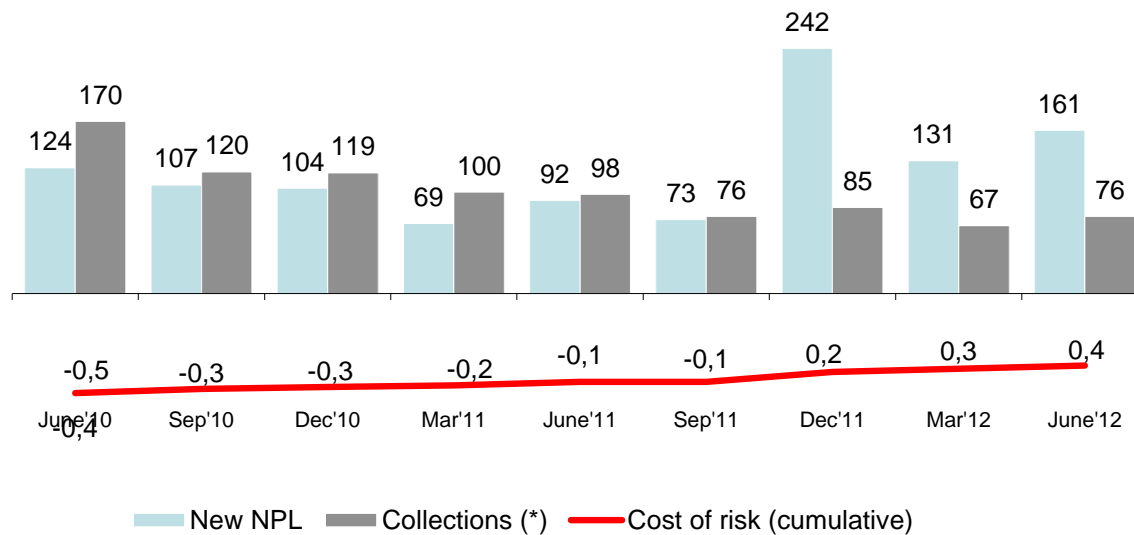
# Cost of risk in line with expectations

## NPL ratio



(TL mn.)

## Cost of risk

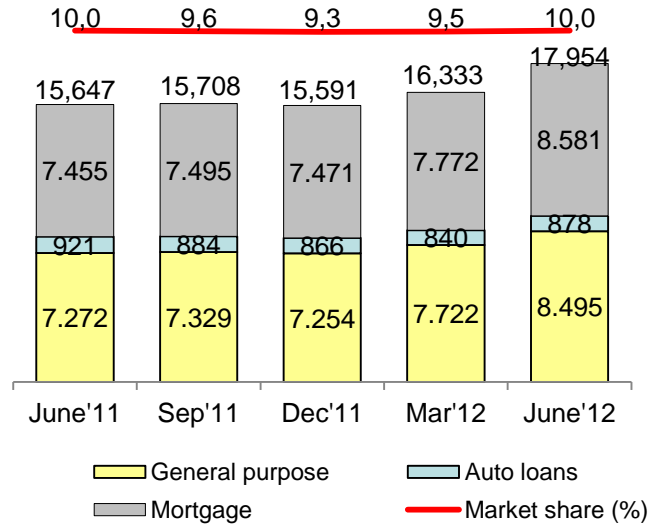


(\*) Excluding NPL Sales

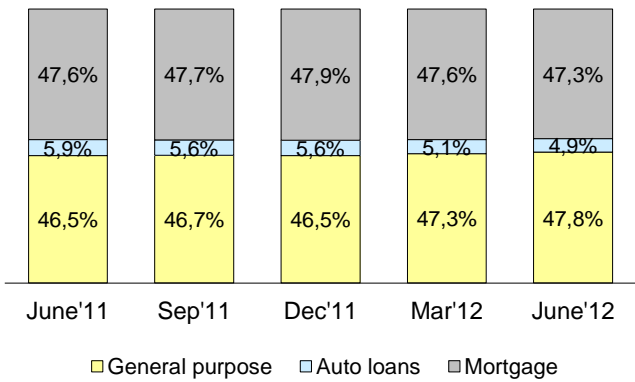
# Prudent management of consumer loans with market share gains

(TL mn.)

15.2% y-t-d



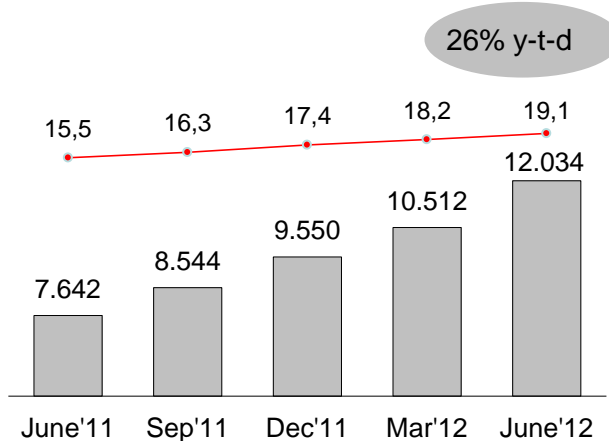
- Mortgage loans grew 13.7% y-t-d, 80bps increase in market share
- General purpose loans grew 18.3% y-t-d, 80bps increase in market share
- Balanced portfolio with high spread / low duration general purpose loans and fully collateralized mortgage loans



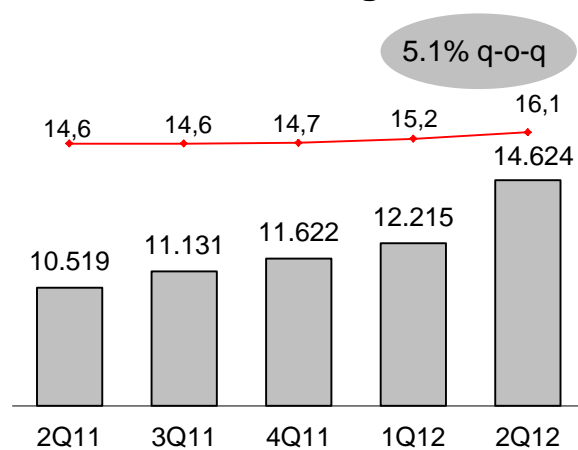
Cross-sell ratio	
Mortgage Loans	5.9x
General Purposes Loans	5.7x
Auto Loans	5.2x

# Extending our strong position in credit card business

## Credit Card Loans (TL mn)



## Credit Cards Issuing Volume



■ Volume (TL mn.)

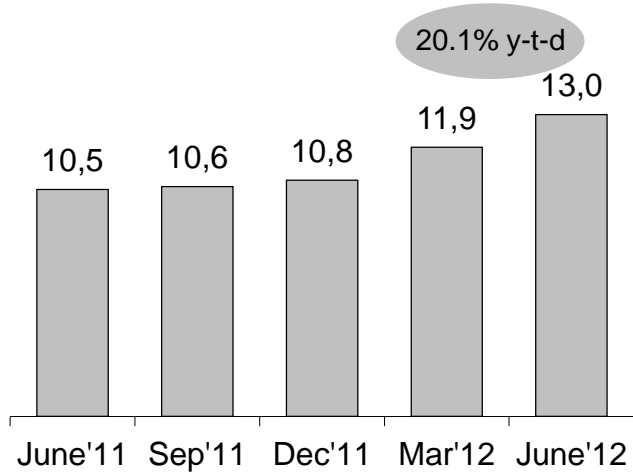
■ Market shares

## Higher quality portfolio with;

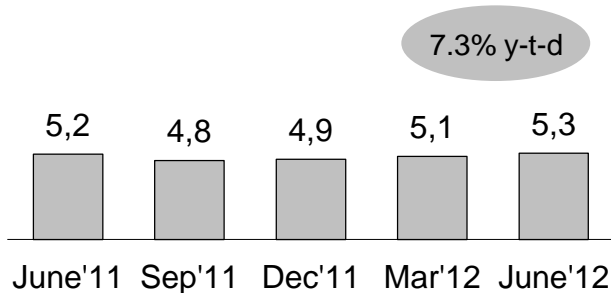
- 1.7% market share gain y-t-d in Credit Card Loans
- 90 bps market share gain q-o-q in Credit Card Issuing Volume
- Highest fee generating bank in payment systems
- Highest issuance volume per card in the peer group by 27%
- Low NPL ratio of 2.9% vs 5.4% for the sector

# SME loans – strong momentum with risk focus

## TL Loans (TL bn)



## FX Loans (USD bn)

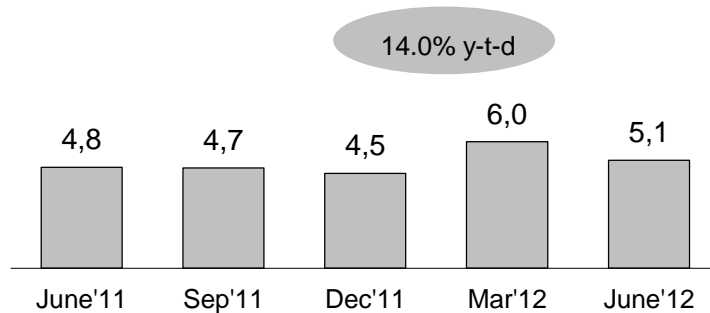


- Growth with a profitable mix
- Bundled product packages for different sectors i.e.tourism, wholesale and foreign trade support
- Loan packages with loyalty and support programmes for Merchants and Small Businesses
- Channeling of multilateral funds from OPIC, EIB and EBRD
- Increased focus on export finance, energy efficiency, renewable energy
- Cross sell ratio of 4.0x

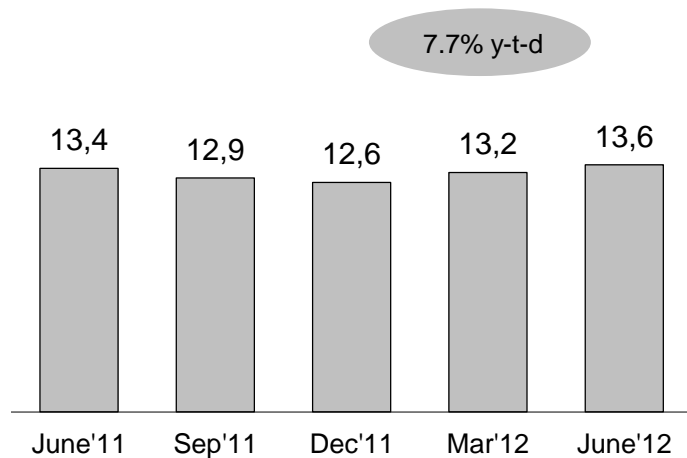
SME loans given to companies with sales turnover <TL 100 mn

# Corporate loans – growth with profitability focus

## TL Loans (TL bn)

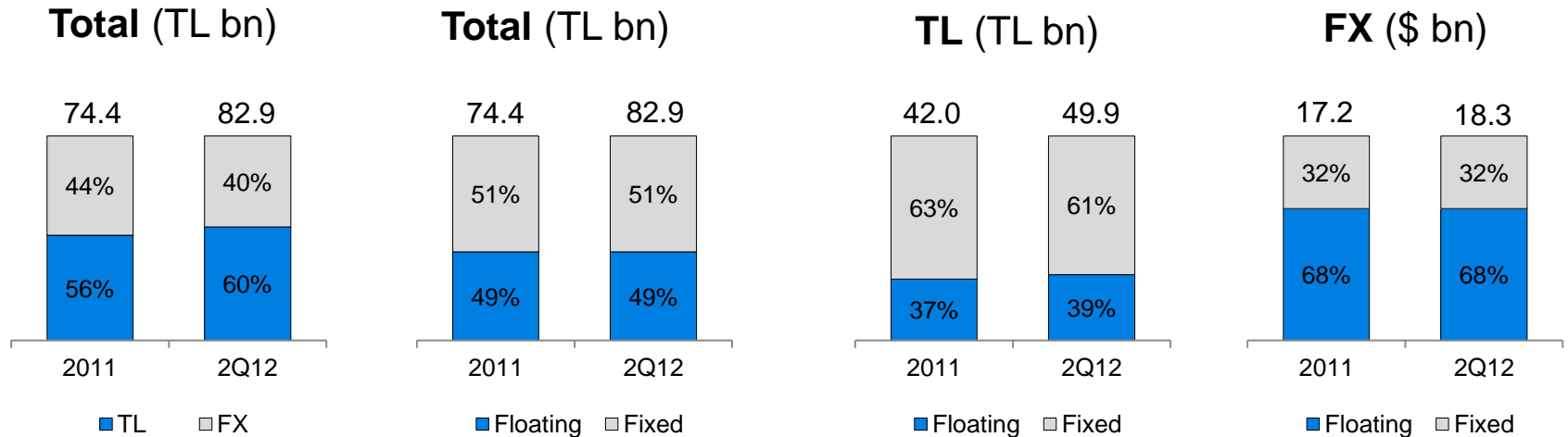


## FX Loans (USD bn)



- Levering synergies across different business units
- Proactive and customer-focused approach and an emphasis on customer satisfaction
- High quality portfolio with zero credit losses
- Cross sell ratio of 5.0x

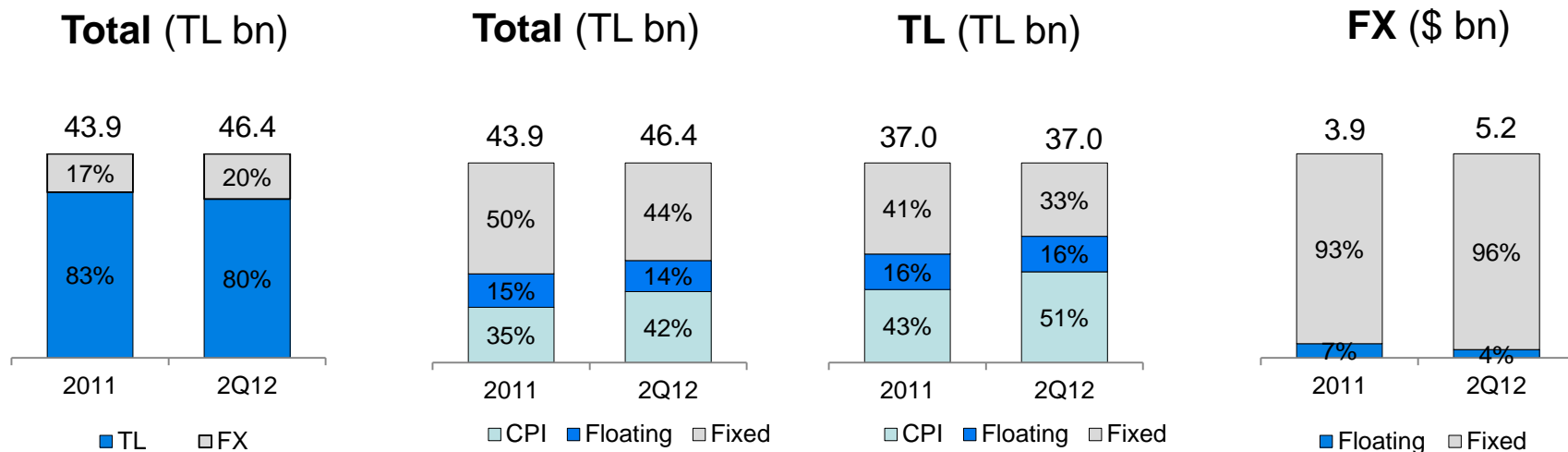
# Loans - increasing share of TL loans



- 11.5% increase in loans, 60 bps market share gain

# Securities – well managed to support profitability and liquidity

## Strong unrealized gain of TL 615 mn



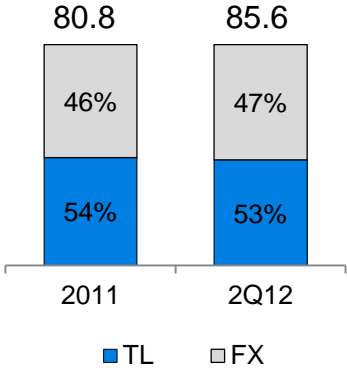
- TL 401 mn of trading gain
- CPI inflation estimated at 8.7%
- Available for sale 89% (2011: 88%), held-to-maturity 10% (2011: 11%), trading 1% (2011:1%)

Percentage breakdowns are calculated based on cost of securities, excluding accruals

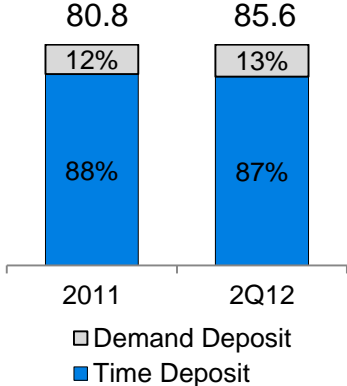


# Deposits - 40 bps increase in market share with decreased cost

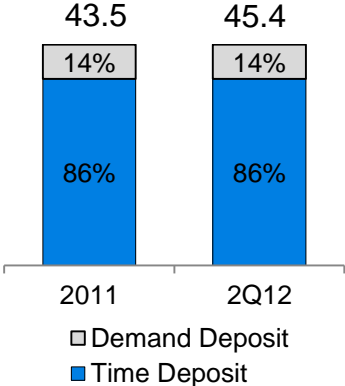
**Total (TL bn)**



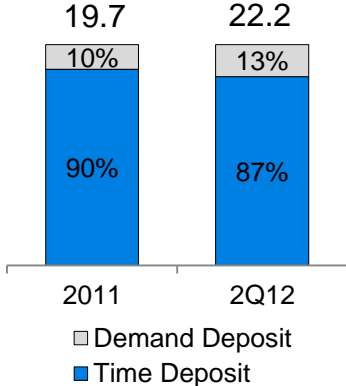
**Total (TL bn)**



**TL (TL bn)**



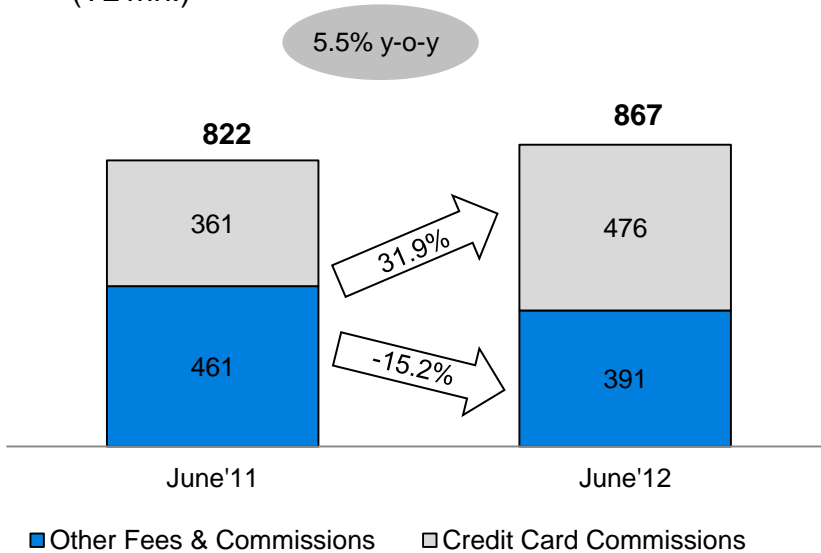
**FX (\$ bn)**



- 5.9% increase in deposits, 40 bps market share gain

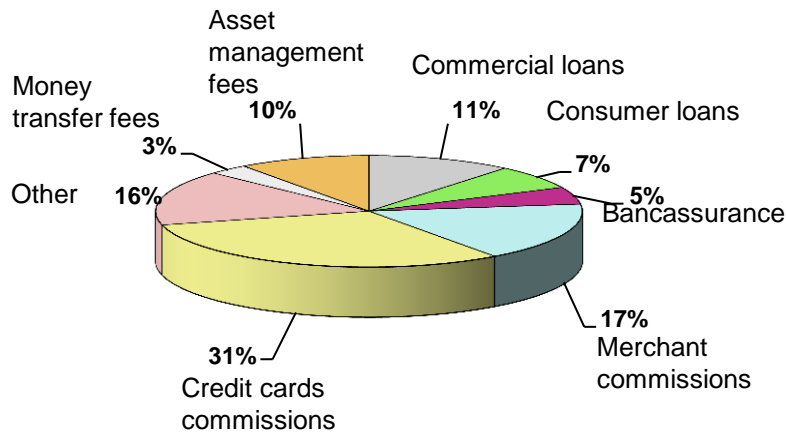
# Strong fee and commission growth

(TL mn.)

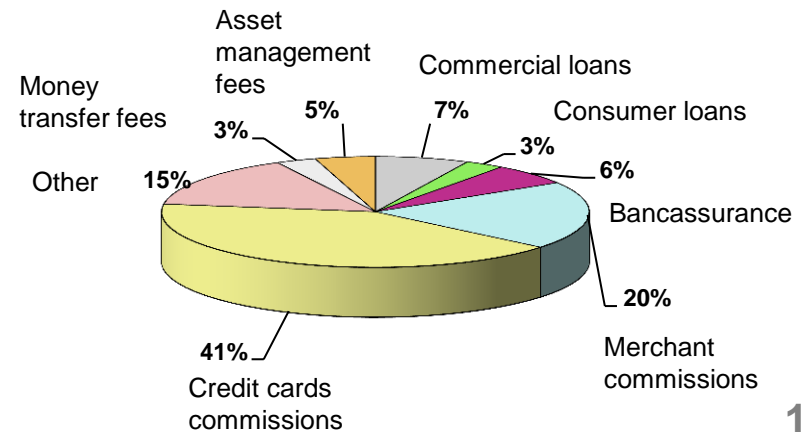


- Growth is mainly due to credit card (32%) and bancassurance (28%) commissions
- 41% increase in non-branch channels commissions
- Fee/income and fee/cost ratios are 27.9% and 61.4% respectively
- Loan fees accounting change and mutual fund cap are reducing growth from 17% to 5.5%

1H11

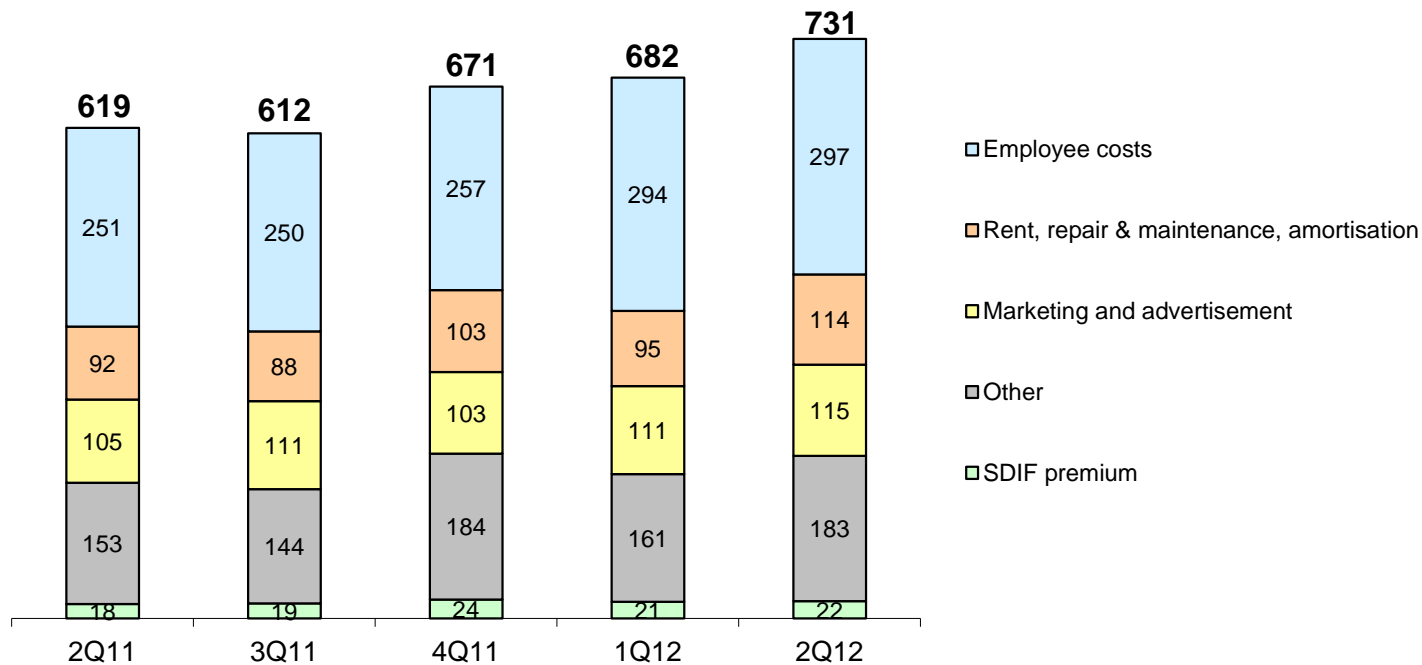


1H12



# Operational cost increase due to branch network expansion

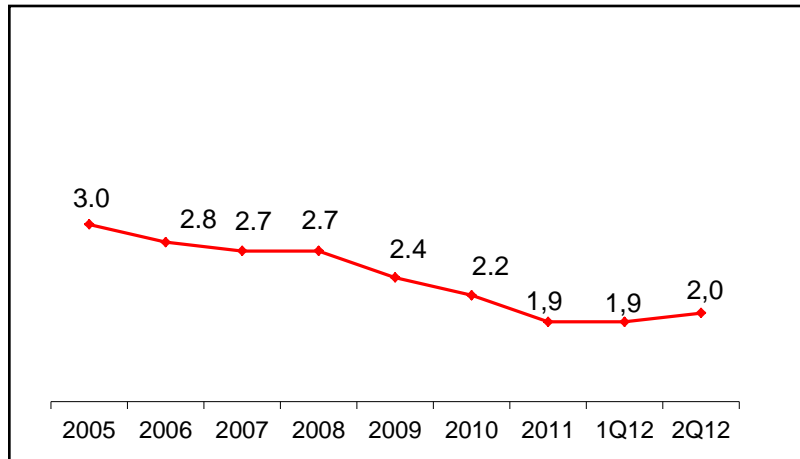
## Quarterly Operational Cost



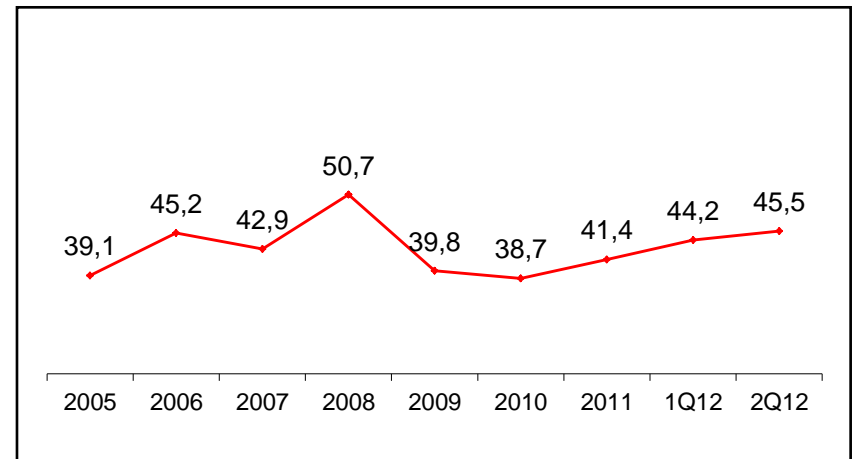
- 14.7% y-o-y increase mainly due to HR expenses and branch network expansion

# Cost ratios targeted to improve in following quarters

Cost/average assets (%)



Cost/income (%)



- Low cost / asset ratio has a positive impact on ROA

## Akbank 2012 budget targets

- ROE 15-16%
- Leverage 8.0x
- Loan growth 18%
- Loan / assets 54%
- Securities / assets 30%
- Deposit growth 15%
- NIM 15-20 bps higher than 2011 NIM
- Net commission income ~10%
- Opex: High single digit
- NPL ~1.6-1.8%
- Cost of risk between 30-40 bps

## Balance sheet highlights

Consolidated (TL mn.)			Shares (%)		Change (%)
	2011	1H12	2011	1H12	
Cash and Due from Banks	17,342	11,595	12.4	8.0	(33)
Securities	43,957	46,381	31.4	32.0	6
Loans	74,356	82,897	53.1	57.1	11
Other	4,252	4,201	3.0	2.9	(1)
<b>TOTAL ASSETS</b>	<b>139,907</b>	<b>145,075</b>			<b>4</b>
Deposits	80,771	85,561	57.7	59.0	6
Funds Borrowed	20,741	18,215	14.8	12.6	(12)
Repo	13,062	13,447	9.3	9.3	3
Other	7,201	8,431	5.1	5.8	17
Equity	18,131	19,414	13.0	13.4	7
<b>TOTAL LIABILITIES</b>	<b>139,907</b>	<b>145,075</b>			<b>4</b>

## Income statement highlights

<b>Consolidated (TL mn.)</b>	<b>2Q11</b>	<b>2Q12</b>	<b>Change (%)</b>
Interest Income	4,399	5,707	30
Interest Expense	(2,408)	(3,295)	37
<b>Net Interest Income</b>	<b>1,990</b>	<b>2,412</b>	<b>21</b>
Trading Gain (Loss), Net	123	(146)	-
Provision for Loan Losses, net of collections	38	(149)	-
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>2,151</b>	<b>2,118</b>	<b>(2)</b>
Fees and Commissions (Net)	822	867	6
Operating Expense	(1,232)	(1,413)	15
Other Income	217	121	(44)
Other Provisions	(192)	(258)	35
<b>Income Before Tax</b>	<b>1,766</b>	<b>1,435</b>	<b>(19)</b>
Tax	(368)	(329)	(10)
<b>Net Income</b>	<b>1,399</b>	<b>1,106</b>	<b>(21)</b>

## Balance sheet highlights in USD

<b>Consolidated (USD mn.*)</b>			<b>Shares (%)</b>	
	<b>2011</b>	<b>1H12</b>	<b>2011</b>	<b>1H12</b>
Cash and Due from Banks	9,181	6,419	12.4	8.0
Securities	23,271	25,675	31.4	32.0
Loans	39,364	45,888	53.1	57.1
Other	2,251	2,326	3.0	2.9
<b>TOTAL ASSETS</b>	<b>74,068</b>	<b>80,307</b>		
Deposits	42,761	47,363	57.7	59.0
Funds Borrowed	10,981	10,083	14.8	12.6
Repo	6,915	7,444	9.3	9.3
Other	3,813	4,667	5.1	5.8
Equity	9,599	10,751	13.0	13.4
<b>TOTAL LIABILITIES</b>	<b>74,068</b>	<b>80,307</b>		

\* Figures are stated with exchange rates effective at respective dates: 2011 – 1.8889; 1H12 – 1.8065



## Income statement highlights in USD

<b>Consolidated (USD mn.*)</b>	<b>2Q11</b>	<b>2Q12</b>
Interest Income	2,722	3,159
Interest Expense	(1,491)	(1,824)
<b>Net Interest Income</b>	<b>1,232</b>	<b>1,335</b>
Trading Gain (Loss), Net	76	(81)
Provision for Loan Losses, net of collections	24	(82)
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>1,331</b>	<b>1,172</b>
Fees and Commissions (Net)	509	480
Operating Expenses	(762)	(782)
Other Income	134	67
Other Provisions	(119)	(143)
<b>Income Before Tax</b>	<b>1,093</b>	<b>794</b>
Tax	(227)	(182)
<b>Net Income</b>	<b>866</b>	<b>612</b>

\* Figures are stated with exchange rates effective at respective dates: 2Q11– 1.6157; 2Q12 – 1.8065 (Sharp fall in USD terms is due to strong TL depreciation in the period)

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