

# 3Q14 Consolidated Financial Results

23 October 2014

# Strong Operational Results

**Cumulative net profit TL 2,416 mio, ROE 13.7% and ROA 1.6% broadly in line with guidance**

**Top line growth driven by;**

- ✓ Net interest income growth 12.9%
- ✓ Net fee income growth 9.3%

**Net interest income growth achieved through strong volume growth and NIM improvement**

**Fee income growth through penetration into potential areas**

**Cost of risk and Opex broadly in line with targets**

# Solid Growth in High Margin Loans

## **Asset reshuffling continues with strong loan growth**

- ✓ Asset growth driven by a strong loan growth of 13.4%
- ✓ Loans to assets increased to 62.2% in 3Q14 vs. 60.8% in previous quarter

## **13.4% TL loan growth with emphasis on high margin loans**

- ✓ Emphasis on SME loans and GPL's
- ✓ Favoring products with higher return and optimal maturity profile

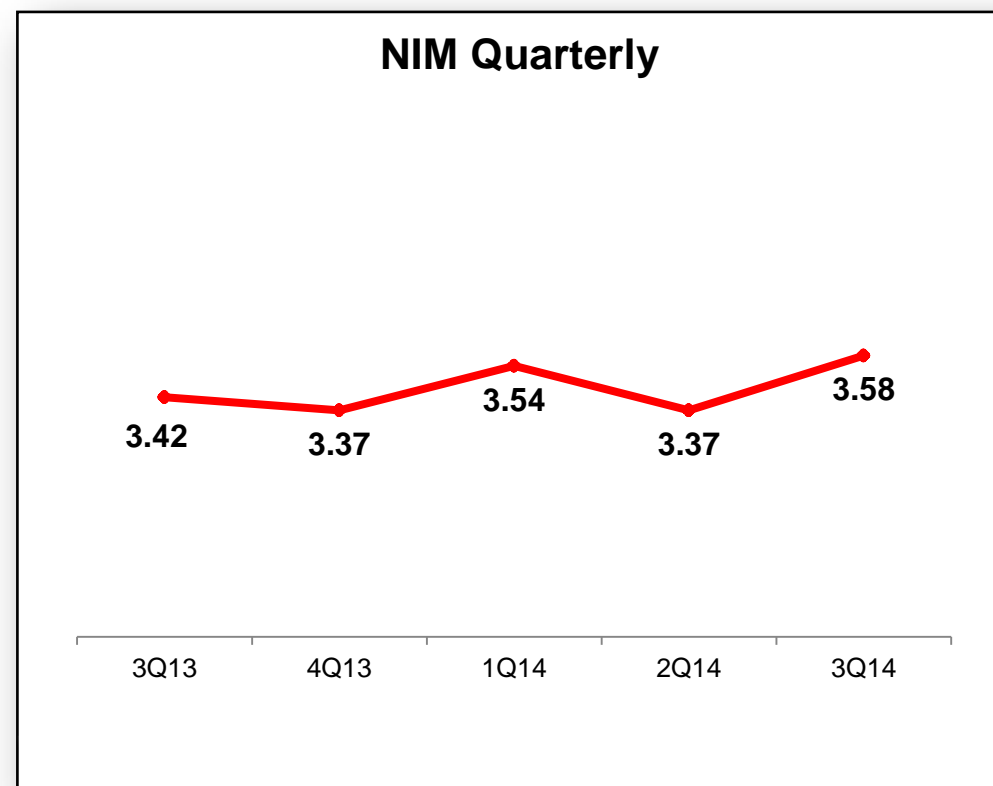
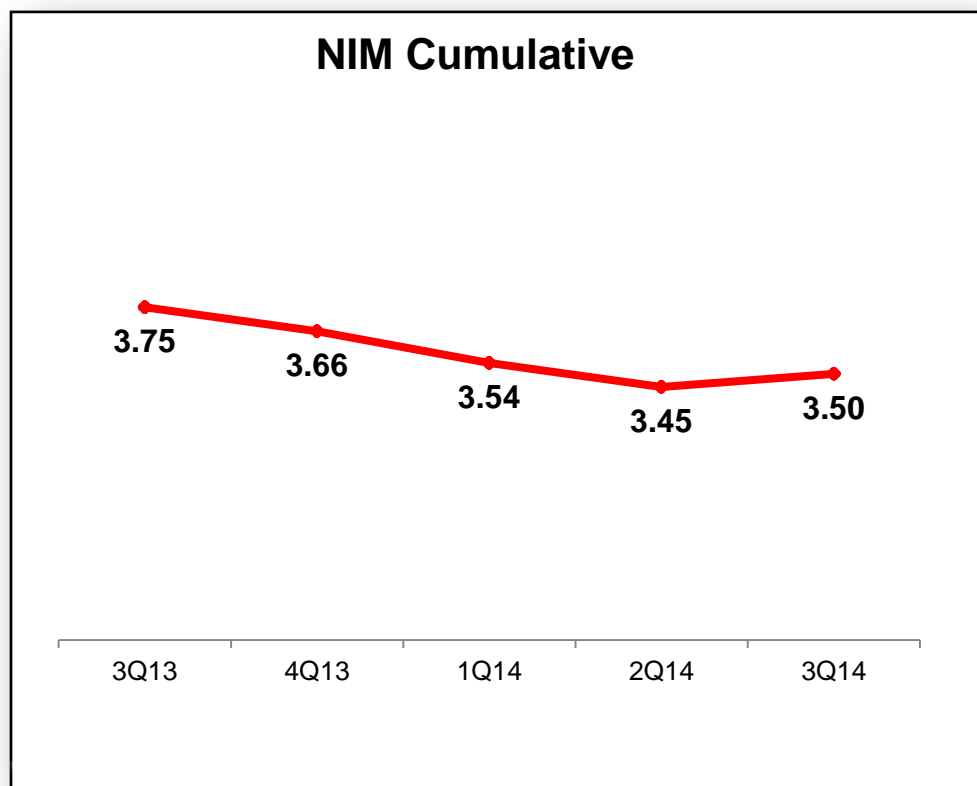
## **7% growth in FX loans in US\$ terms driven by export loans and selective project financing**

## **Loan/deposit ratio flattish at 110%**

- ✓ Emphasis on TL deposits in line with strong TL loan growth
- ✓ FX lending financed mainly through long term financing

## **Strong capitalization with CAR 14.4%, Tier I 13.4%**

# NIM Improvement Coupled with Volume Growth



**Quarterly NIM increased by  
21 bps**

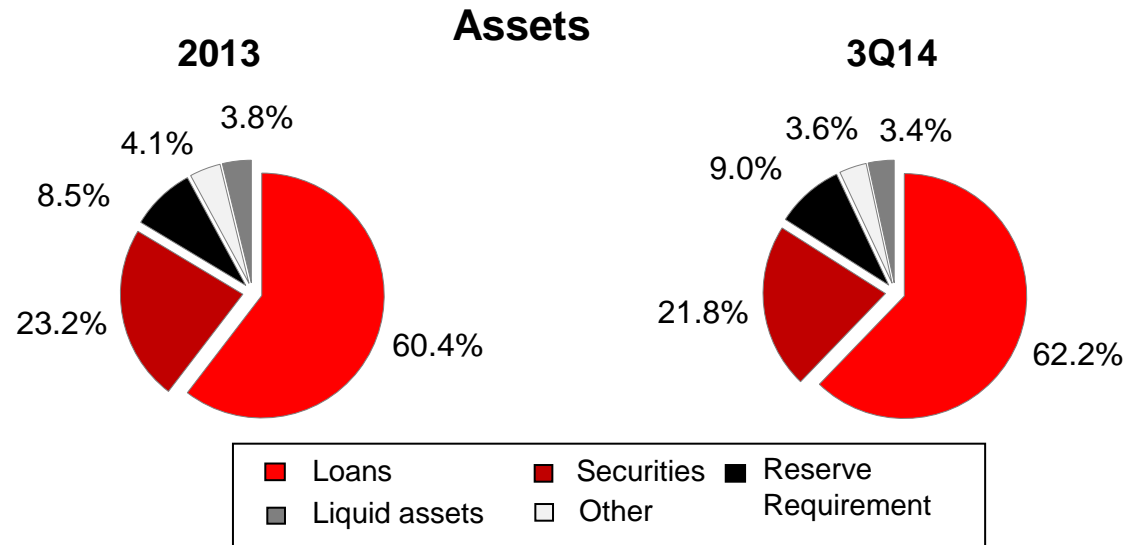
# NIM Benefited From Core Spread Improvement

(%)	3Q13	4Q13	1Q14	2Q14	3Q14	$\Delta$ in yield	$\Delta$ in NIM (bps)
						2Q-3Q	2Q-3Q
TL Loans	9.27	9.60	10.35	10.69	10.45	-0.24	-5
TL Deposits (blended)	5.97	6.27	6.94	7.97	7.13	-0.84	+32
- TL Time Deposits	7.42	7.78	8.43	9.70	8.71	-0.99	
TL Loan-Deposit Spread	3.30	3.33	3.41	2.72	3.32	0.60	
FX Loans	4.65	4.36	4.68	4.49	4.44	-0.05	+2
FX Deposits (blended)	2.04	1.88	2.03	1.79	1.58	-0.21	+3
- FX Time Deposits	2.51	2.28	2.44	2.17	1.93	-0.24	
FX Loan-Deposit Spread	2.61	2.48	2.65	2.70	2.51	0.16	
<b>Loan-Deposit NIM impact</b>							<b>+32</b>
TL Securities	8.32	10.75	10.30	10.99	10.52	-0.47	-25
FX Securities	3.52	3.50	3.68	3.58	3.48	-0.10	-
<b>Securities NIM impact</b>							<b>-25</b>
Repo and Others impact							+14
<b>Net Interest Margin</b>	<b>3.42</b>	<b>3.37</b>	<b>3.54</b>	<b>3.37</b>	<b>3.58</b>		<b>+21</b>

# Shift to Loans Continuing

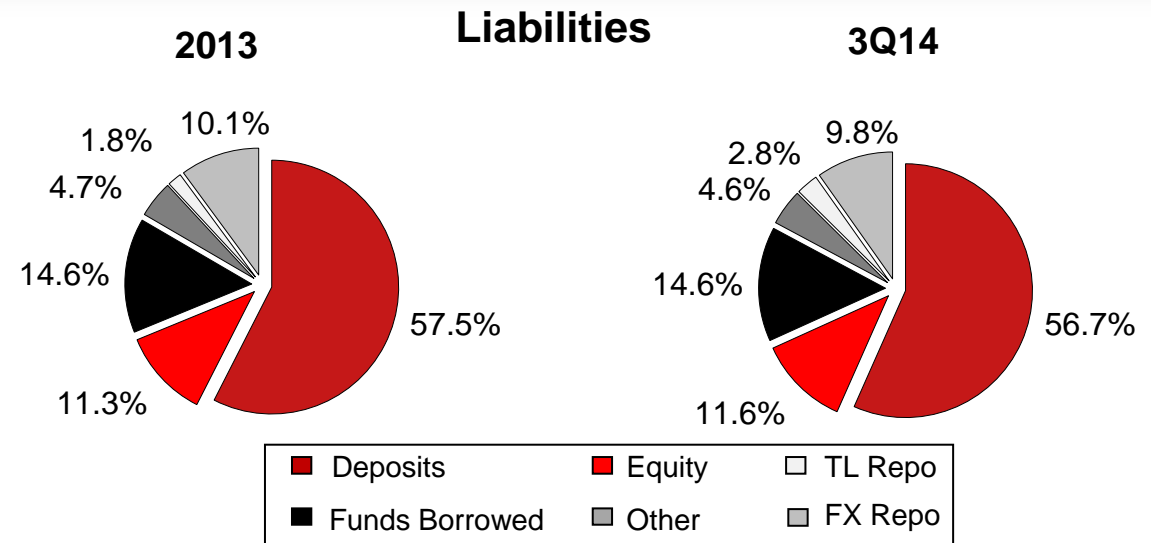
## Increased Share of Loans

- Loans / Assets increased to 62.2% from 60.4% in 2013



## Growth Funded by Deposits in 3Q14

- ytd TL loan growth fully funded by TL deposit growth
- Loans to Deposit ratio flattish at 110%

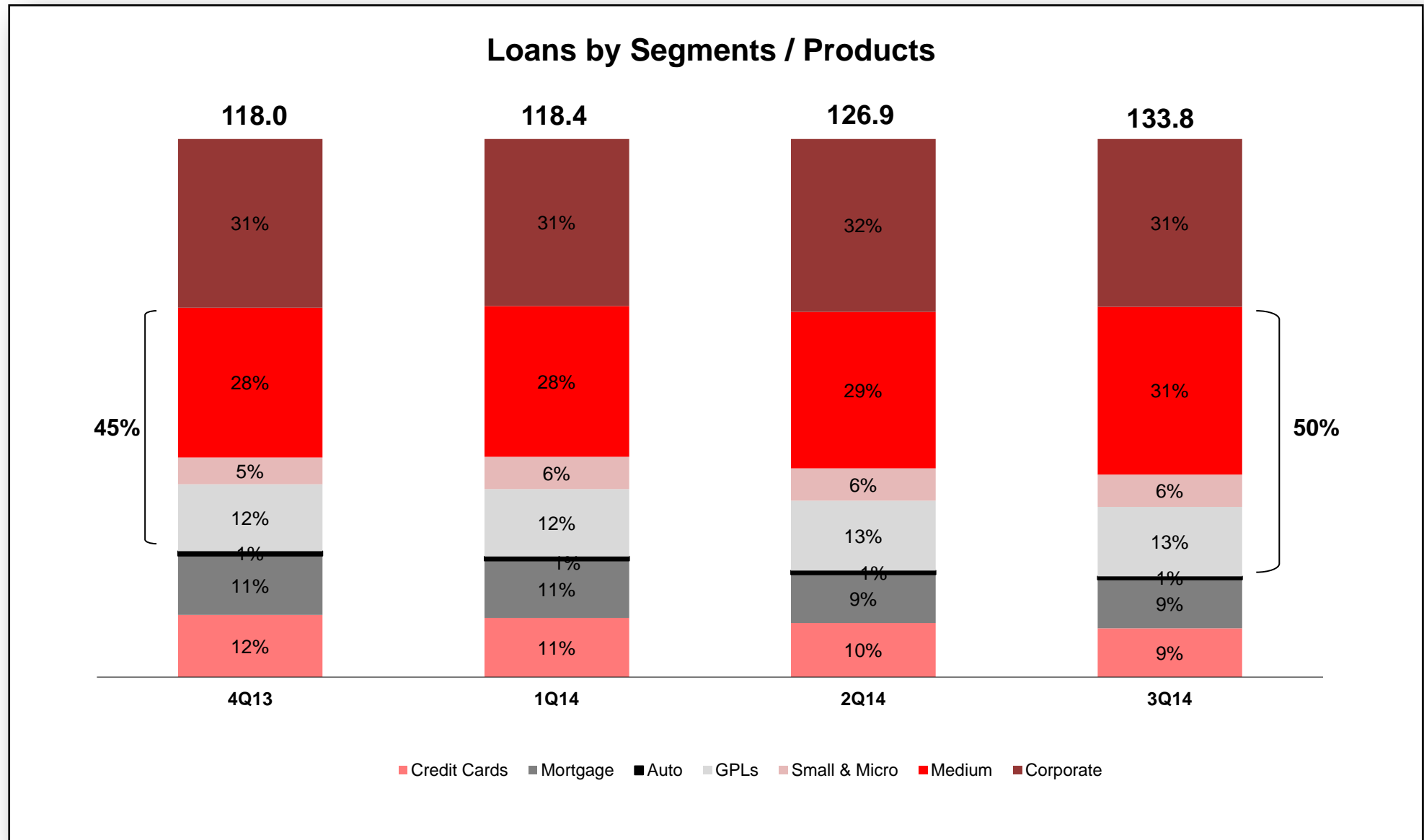


# Solid Lending Growth

(TL mio)	3Q13	4Q13	1Q14	2Q14	3Q14	YtD (%)	QoQ (%)
<b>TL Loans</b>	<b>69,512</b>	<b>71,908</b>	<b>73,167</b>	<b>78,226</b>	<b>81,402</b>	<b>13</b>	<b>4</b>
Corporate	6,175	6,532	6,665	7,482	7,346	12	(2)
Medium, Small & Micro	23,062	24,281	25,852	28,977	31,281	29	8
Medium	17,402	18,044	18,739	21,117	22,790	26	8
Small & Micro	5,660	6,237	7,113	7,860	8,491	36	8
Consumer	26,286	27,591	27,921	29,583	30,800	12	4
Credit Cards	13,989	13,504	12,729	12,184	11,975	(11)	(2)
(US\$ mio)							
<b>FX Loans</b>	<b>21,107</b>	<b>21,274</b>	<b>20,818</b>	<b>22,670</b>	<b>22,797</b>	<b>7</b>	<b>1</b>
Corporate	14,536	14,176	13,841	15,144	14,974	6	-1
Medium	6,571	7,098	6,977	7,526	7,824	10	4
<b>Total Loans (TL mio)</b>	<b>113,218</b>	<b>118,010</b>	<b>118,369</b>	<b>126,912</b>	<b>133,794</b>	<b>13</b>	<b>5</b>

FX indexed loans are shown under FX loans

# Continuous Increase in High Margin Loans (TL bio)



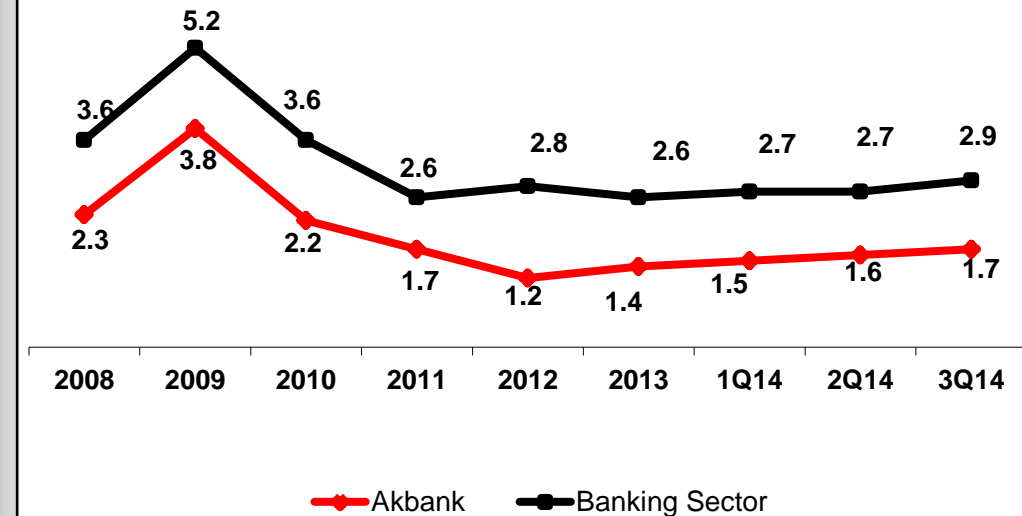


# NPLs Significantly Below Sector with Strongest Coverage

**NPL Ratios by Segment (%)**

	Akbank		Sector	
	<u>2013</u>	<u>3Q14</u>	<u>2013</u>	<u>3Q14</u>
Business	0.7	0.8	2.3	2.5
Consumer	1.5	2.1	2.0	2.4
Credit Cards	4.4	6.9	5.4	7.0
Total	<u>1.4</u>	<u>1.7</u>	<u>2.6</u>	<u>2.9</u>

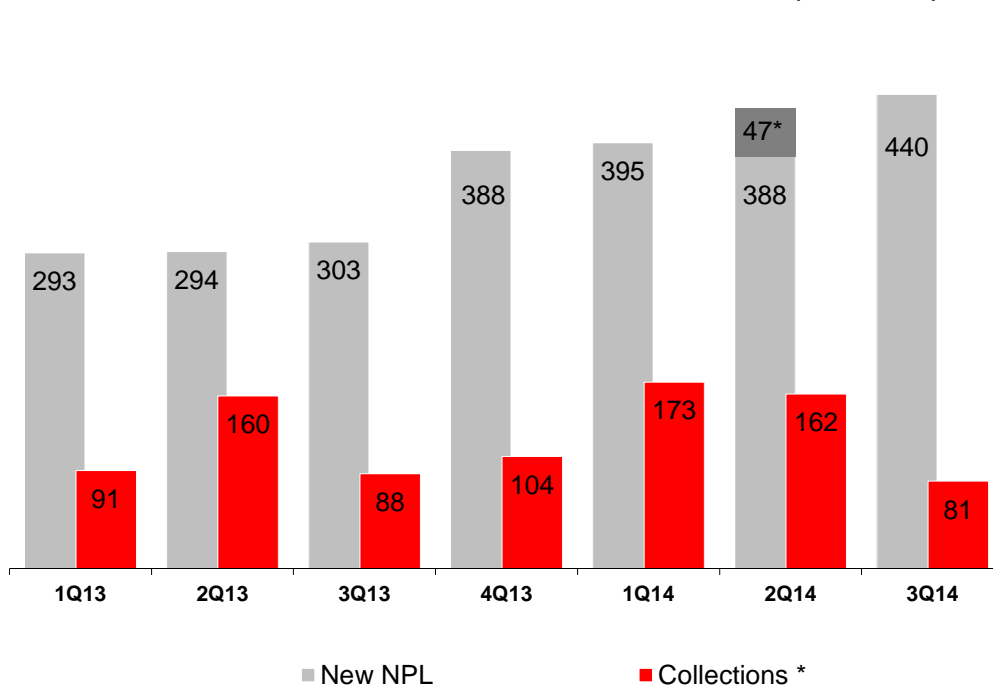
**Akbank vs. Sector NPL Ratio (%)**



**93%**  
Specific  
**~ 180%**  
Total  
Coverage Ratio

# CoR Trend Will Revert to Budget Guidance

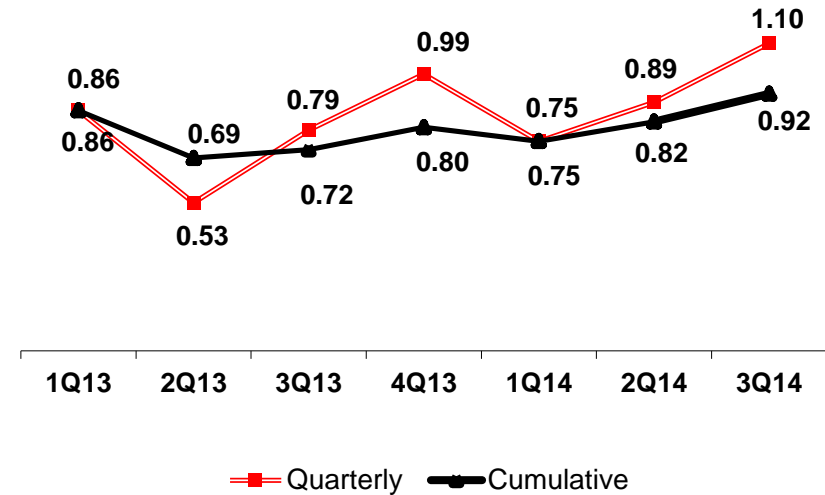
## New NPL Provisions and Recoveries (TL mio)



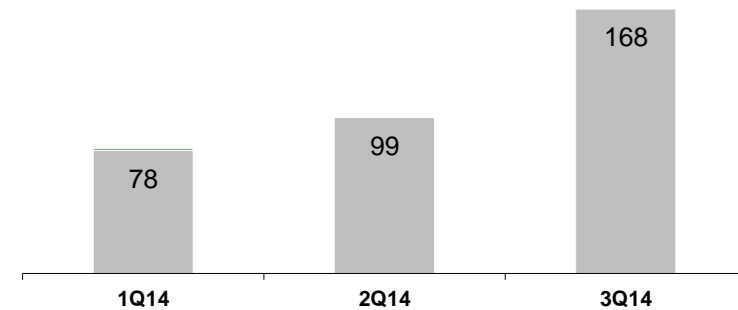
\* NPL provision resulting from isolated case

\*\* Collections include NPL Sales Proceeds of TL 44 mio in 2Q14 and TL 58 mio in 2Q13

## Net Specific Cost of Risk (%)

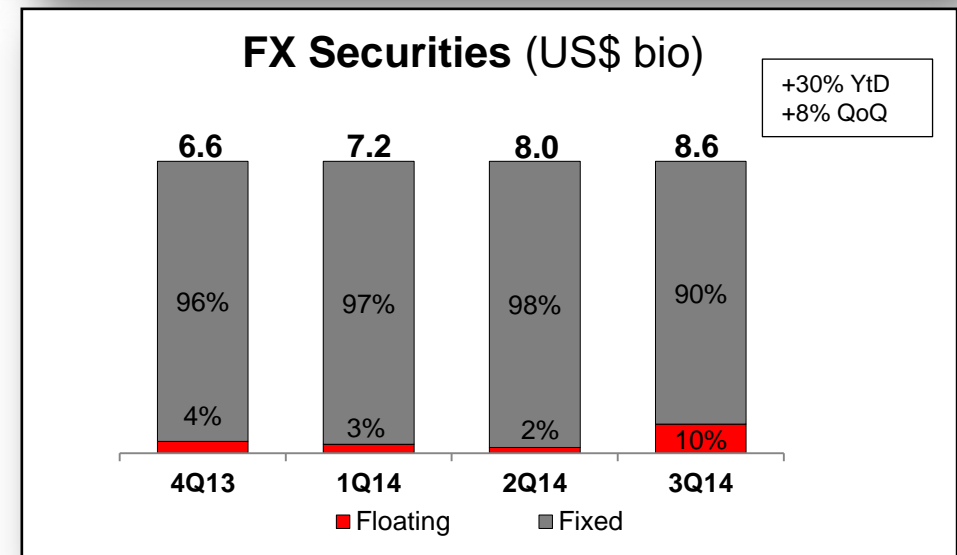
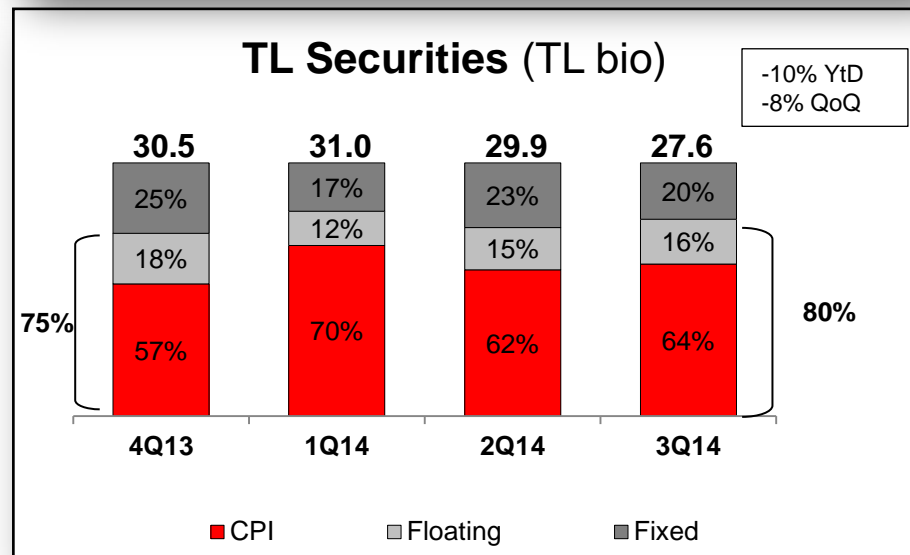
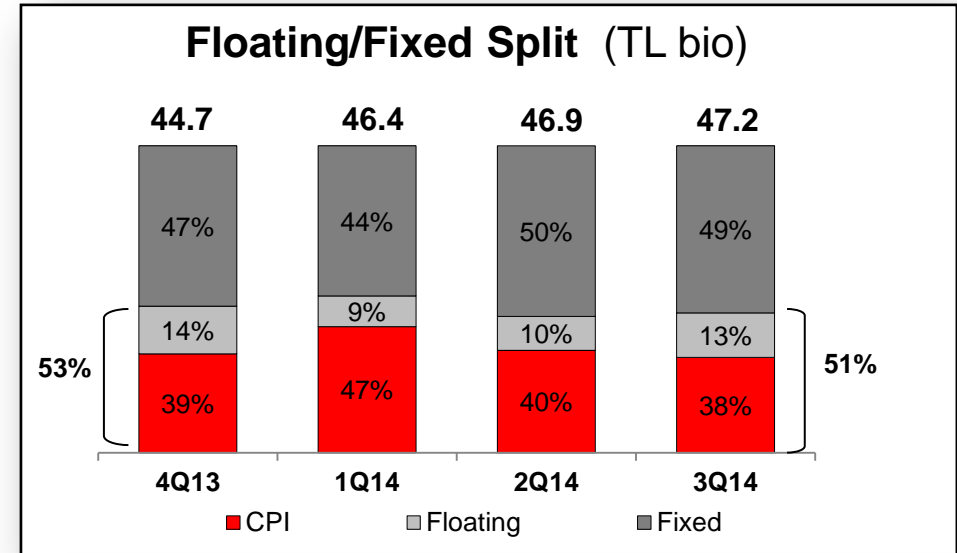
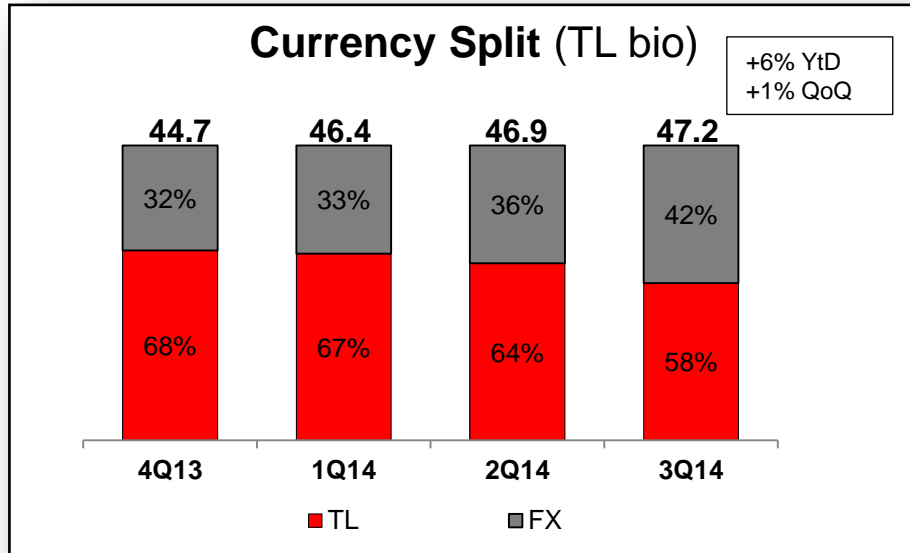


## General Provisions (TL mio)



Increase over the 2Q14 is due to loan growth and increase in exchange rate (TL33mio)

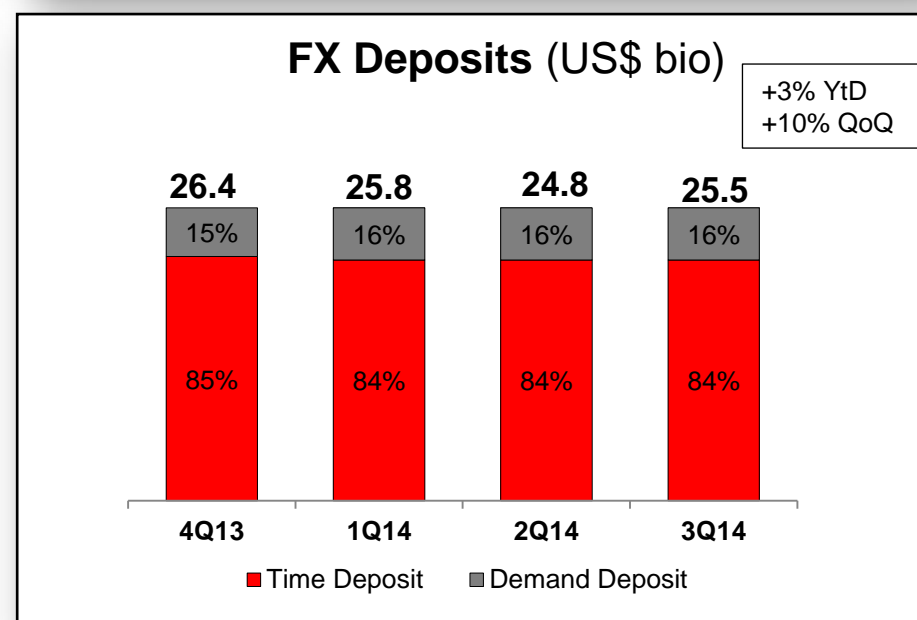
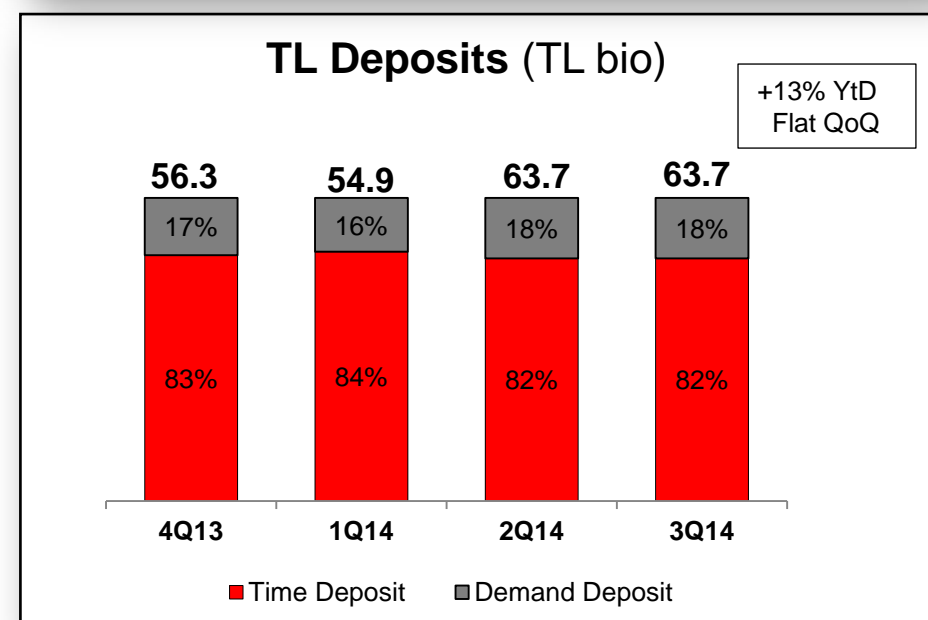
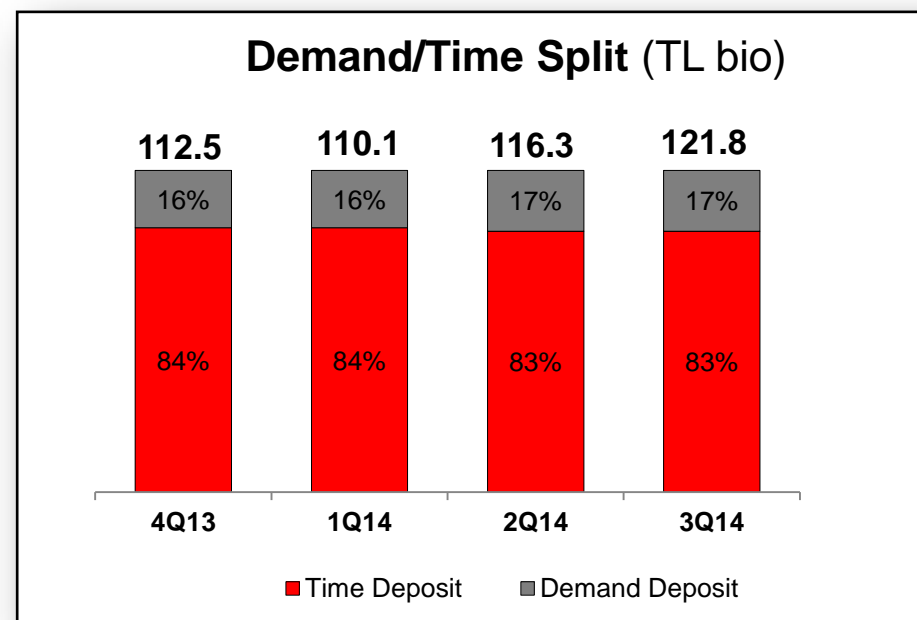
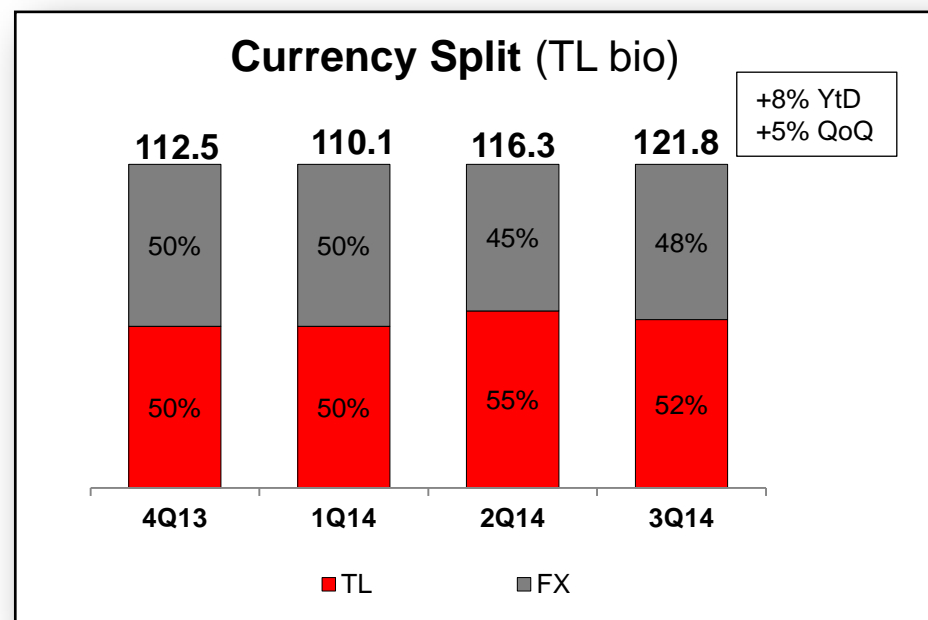
# Well-Positioned Securities Book



23% HtM, 77%  
AFS

MtM Valuation in  
Equity net,  
(-) TL 0.6 bio

# Healthy TL Deposit Growth at 13% YtD

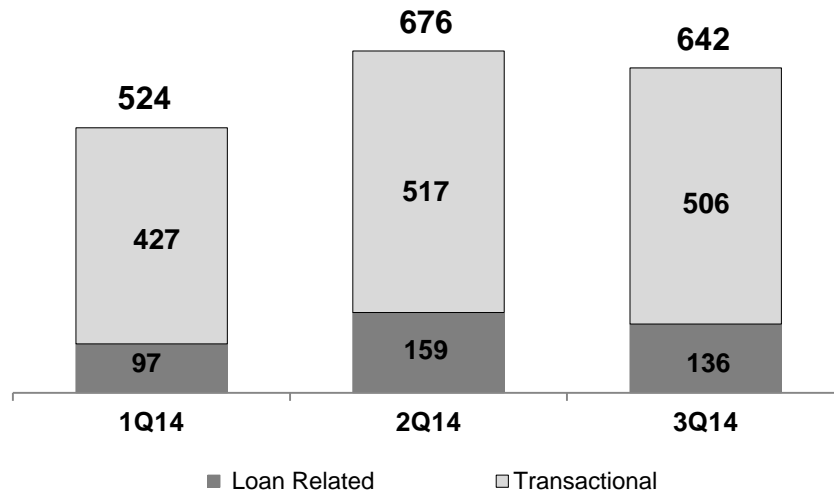


# Fee Growth Through Penetration into Potential Areas

(TL mio)

## Quarterly Fees & Commissions

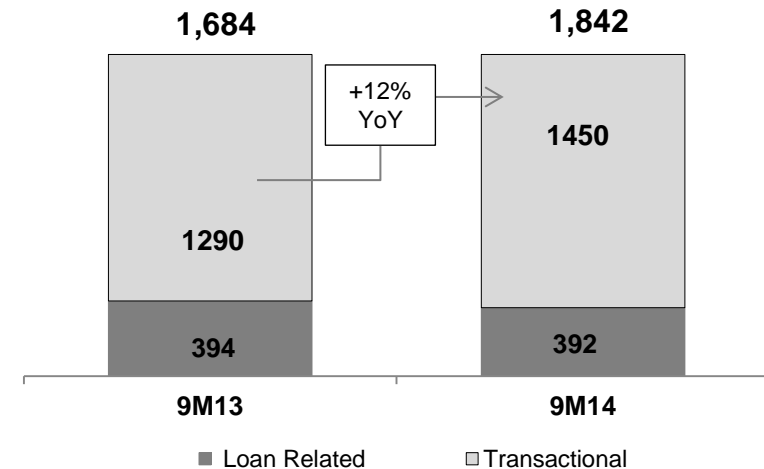
-5% QoQ\*



\*Quarterly decline due to periodical account maintenance fee collection in 2Q14

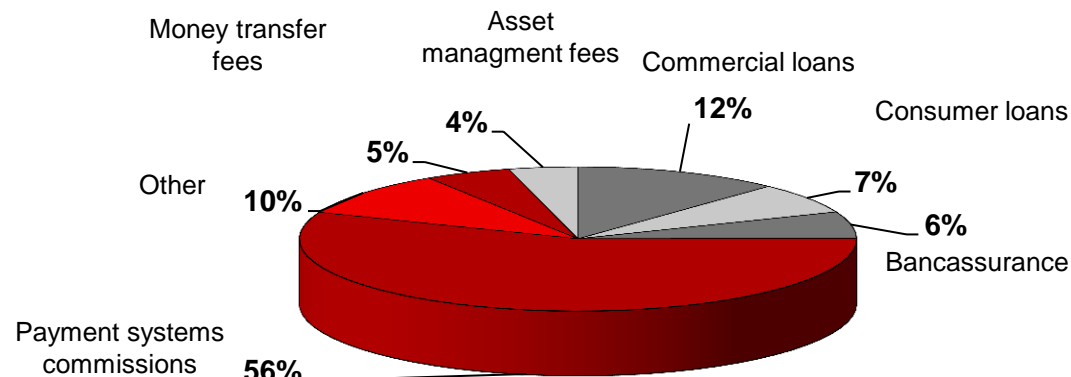
## Cumulative Fees & Commissions

+9% YoY



**+44% YoY**  
increase in  
Money Transfer  
Fees

## Split of Commission Income



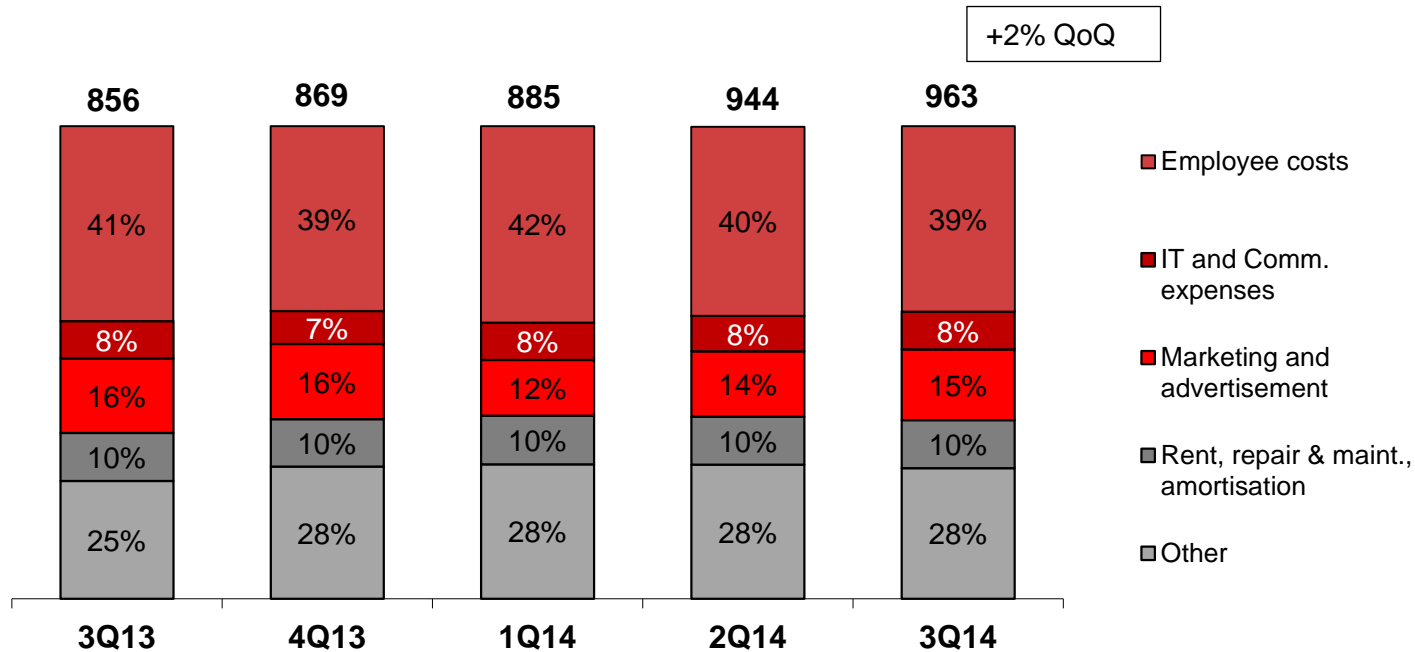
**+51% YoY**  
increase in  
Non-Cash Loan  
Fees

**#1**  
in  
Bancassurance  
Commissions

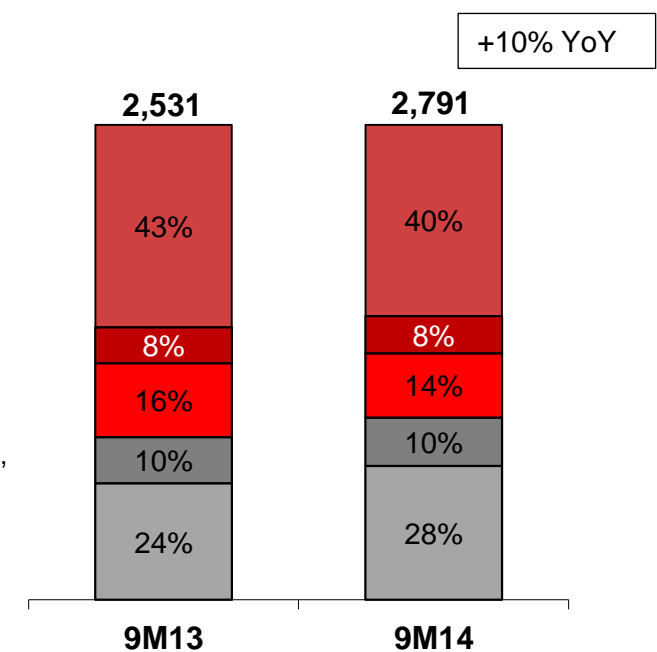
# Effective Cost Management Continued

(TL mio)

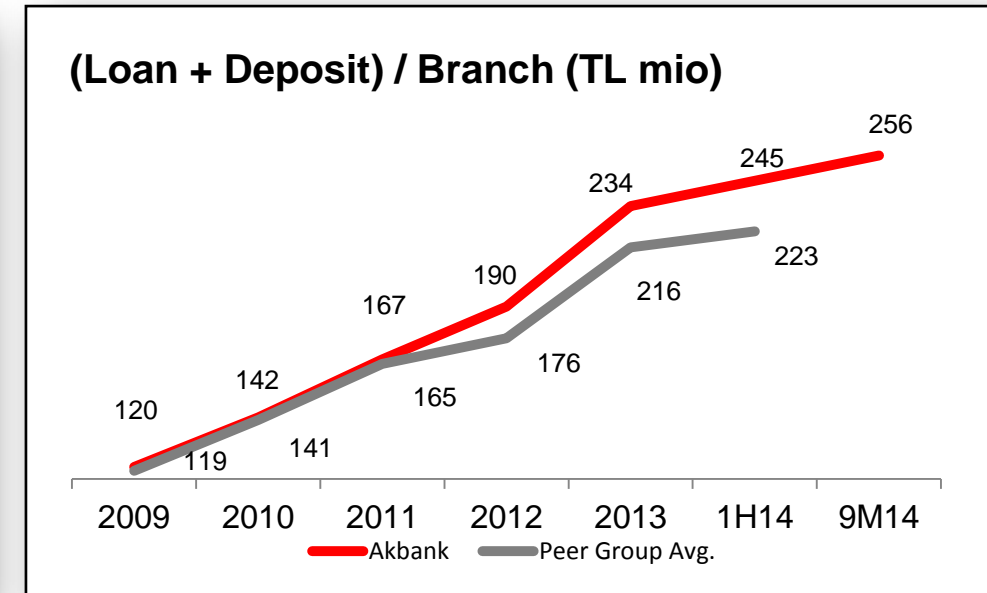
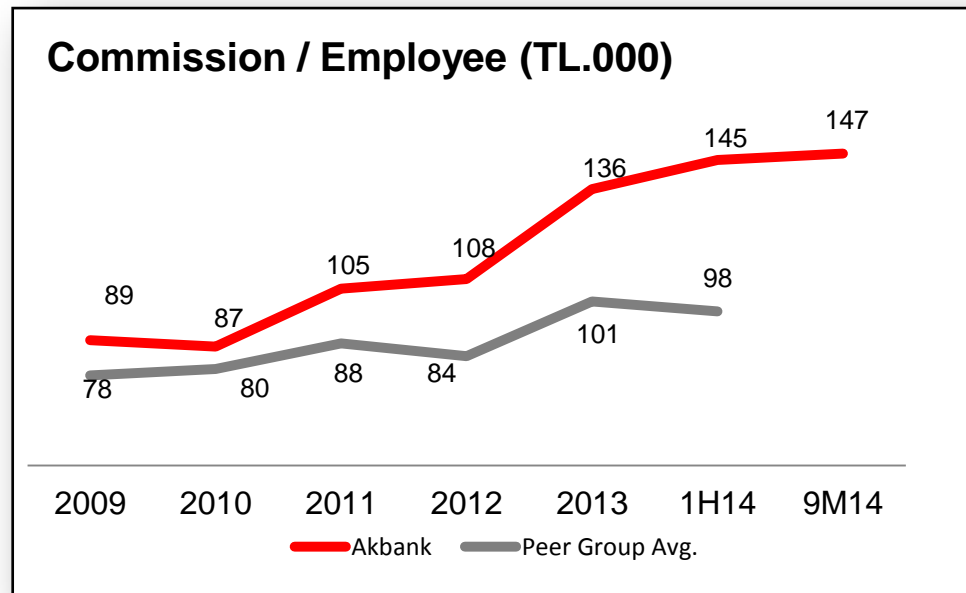
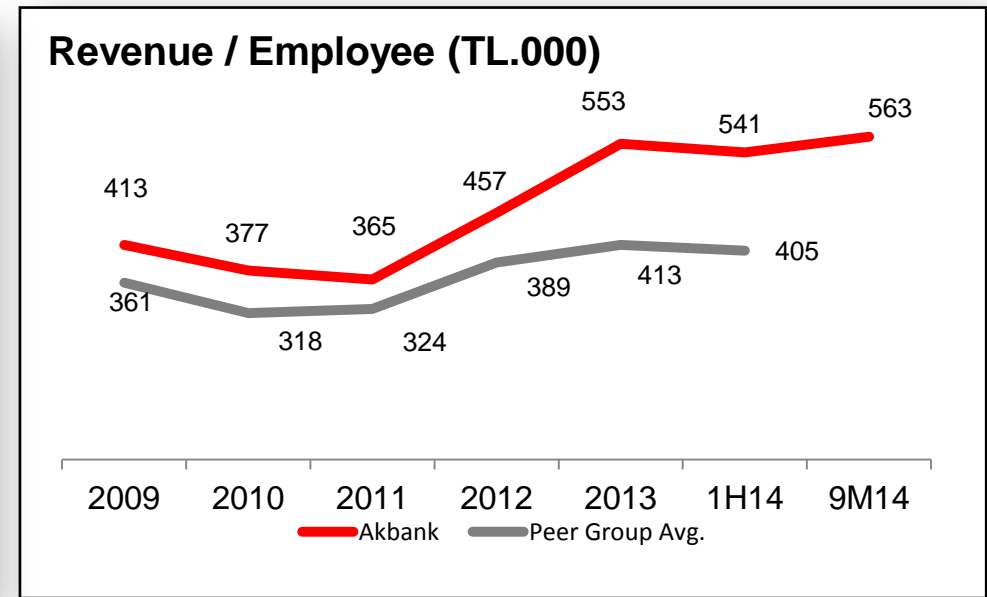
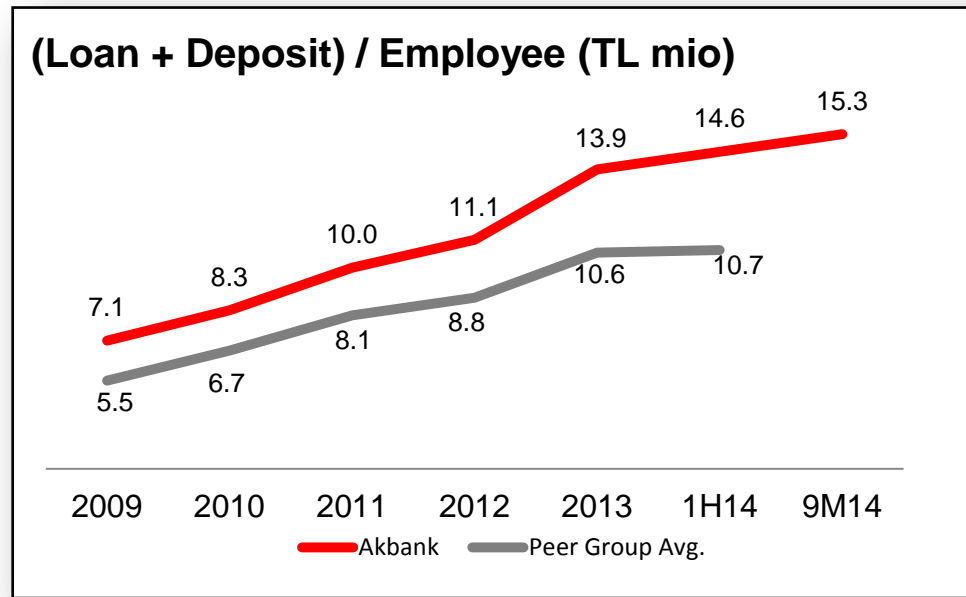
## Quarterly Operational Costs



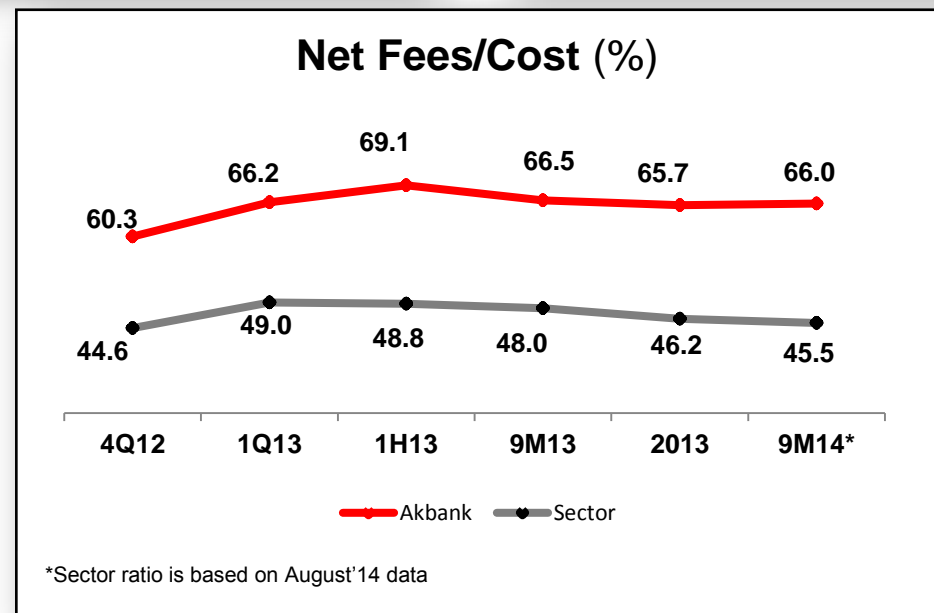
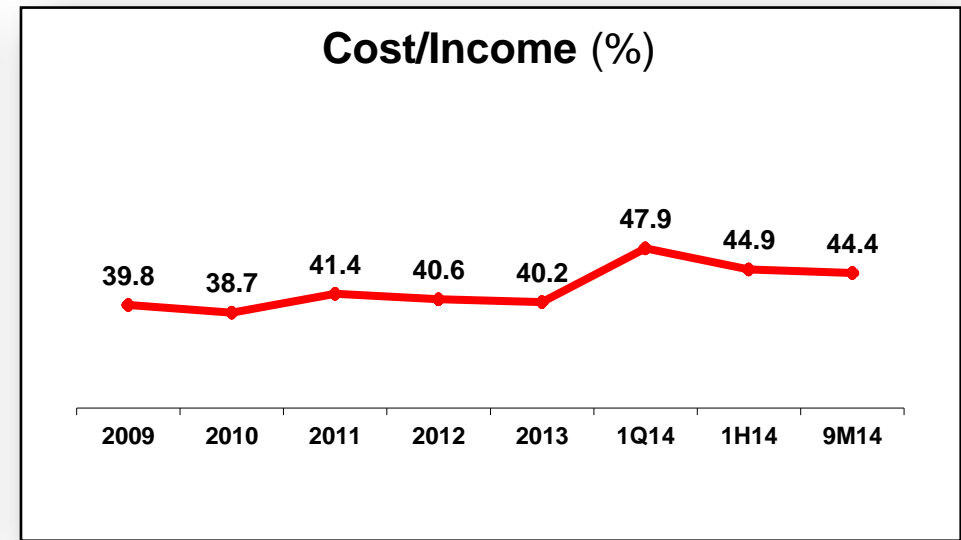
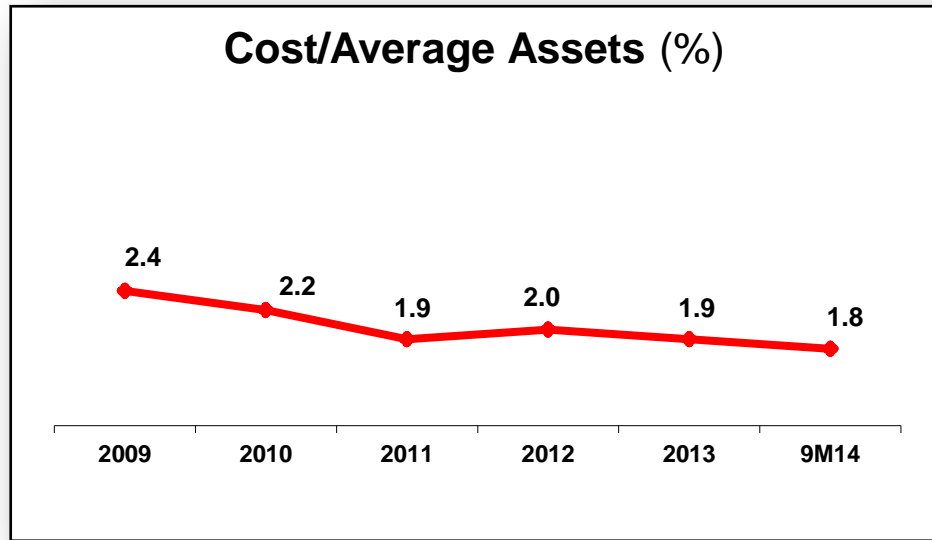
## Cumulative Operational Costs



# Growing Output Efficiency



# Continuously Best in Efficiency Through Lean Management



All ratios have been calculated excluding the Competition Board Penalty of TL129 mio.



# 2014 Guidance

## Growth (%)

Total Assets	~ 13
Loans	~ 15
TL	~ 16
FX	~ 12
Total Deposits	~ 12
TL	~ 16
FX	~ 5

ROA	1.5%
Leverage	~ 9x
ROE	~ 14%
NIM	~ 3.6%
Net fees&com. growth	8-10%
Opex growth	8%
Fees / opex	68%
Cost/ income	43%
Cost / assets	1.8%
NPL	1.7%
Cost of risk	90 bps
Change in EPS	Positive

# Annex

- Summary Financial Results
- Balance Sheet Highlights
- Income Statement Highlights
- Loans by Segment

# Summary Financial Results

<i>(TL mio, ratios in %)</i>	<b>9M13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>9M14</b>	<b>YoY (%)</b>	<b>QoQ (%)</b>
Net Profit	2,428	661	951	804	2,416	-0.5	-15.4
Net Profit (ex.bond trading & one-off)	2,048	683	661	660	2,003	-2.2	-0.2
Net interest income	4,709	1,737	1,710	1,870	5,317	12.9	9.3
Net fee income	1,684	524	676	641	1,842	9.3	-5.1
ROAE	14.7	11.8	16.2	13.0	13.7	-1.0	-3.2
ROAA	1.9	1.3	1.9	1.5	1.6	-0.3	-0.4
NIM	3.63	3.54	3.37	3.58	3.50	-0.1	0.2
Cost of Risk	0.72	0.75	0.89	1.10	0.92	0.2	0.2
Cost to Asset*	1.9	1.8	1.9	1.9	1.8	-0.1	-
Fees to Cost*	66.5	59.3	71.6	66.6	66.0	-0.5	-5.0
CIR*	38.4	47.9	41.2	43.5	44.4	6.0	2.3
CAR	14.8	14.5	14.7	14.4	14.4	-0.4	-0.3
Tier I	14.4	13.5	13.7	13.4	13.4	-1.0	-0.3

\*Adjusted for one-off items. In 9M13, one-off items included Competition Board Penalty of TL129 mio.

# Balance Sheet Highlights

<b>Consolidated (TL mio)</b>			<b>Shares (%)</b>		<b>Change (%)</b>
	<b>2013</b>	<b>3Q14</b>	<b>2013</b>	<b>3Q14</b>	
Cash and Due from Banks	24,062	26,514	12.3	12.4	10
Securities	45,443	46,787	23.2	21.8	3
Loans	118,010	133,794	60.4	62.2	13
Other	7,967	7,847	4.1	3.7	(2)
<b>Total Assets</b>	<b>195,482</b>	<b>214,942</b>			<b>10</b>
Deposits	112,473	121,781	57.5	56.7	8
Funds Borrowed and Bonds Issued	28,627	31,278	14.6	14.6	7
Repo	23,231	27,066	11.9	12.6	17
- TL Repo	3,509	6,000	1.8	2.8	71
- FX Repo	19,722	21,066	10.1	9.8	7
Other	9,017	9,954	4.6	4.6	10
Equity	22,135	24,863	11.3	11.6	12
<b>Total Liabilities and S/H Equity</b>	<b>195,482</b>	<b>214,942</b>			<b>10</b>

# Income Statement Highlights

Consolidated (TL mio)	9M13	9M14	Change (%)
Interest Income	8,666	10,943	26
Interest Expense	(3,957)	(5,626)	42
<b>Net Interest Income</b>	<b>4,709</b>	<b>5,317</b>	<b>13</b>
Trading Gain (Loss)	642	(125)	-
- Securities	636	516	(19)
- Other	6	(641)	-
Provision for Loan Losses, net of collections	(550)	(851)	40
Fees and Commissions (Net)	1,684	1,842	9
Operating Expense	(2,532)	(2,791)	10
Other Income	126	170	35
Other Provisions	(548)	(459)	(16)
<b>Income Before one-off items and Tax</b>	<b>3,532</b>	<b>3,102</b>	<b>(12)</b>
One-off items*	(304)	-	-
<b>Income Before Tax</b>	<b>3,228</b>	<b>3,102</b>	<b>(4)</b>
Tax	(800)	(686)	(14)
<b>Net Income</b>	<b>2,428</b>	<b>2,416</b>	<b>-</b>

\*As of 9M13 includes Competition Board Penalty of TL129 mio

The income statement includes Free Provision of TL 175 mio as of 9M13 and Income on Free Provision Reversal of TL 70 mio as of 9M14.

# Balance Sheet Highlights in USD

<b>Consolidated (USD mio.*)</b>			<b>Shares (%)</b>	
	<b>2013</b>	<b>3Q14</b>	<b>2013</b>	<b>3Q14</b>
Cash and Due from Banks	11,295	11,643	12.3	12.4
Securities	21,331	20,546	23.2	21.8
Loans	55,393	58,754	60.4	62.2
Other	3,740	3,446	4.1	3.7
<b>Total Assets</b>	<b>91,758</b>	<b>94,389</b>		
Deposits	52,794	53,478	57.5	56.7
Funds Borrowed and Bonds Issued	13,437	13,735	14.6	14.6
Repo	10,904	11,885	11.9	12.6
- TL Repo	1,647	2,635	1.8	2.8
- FX Repo	9,257	9,251	10.1	9.8
Other	4,233	4,371	4.6	4.6
Equity	10,390	10,918	11.3	11.6
<b>Total Liabilities and S/H Equity</b>	<b>91,758</b>	<b>94,389</b>		

\* Figures are converted with exchange rates effective at the respective balance sheet dates: 2013 – 2.1304; 9M14 – 2.2772

# Income Statement Highlights in USD

<b>Consolidated (USD mio *)</b>	<b>9M13</b>	<b>9M14</b>
Interest Income	4,255	4,806
Interest Expense	(1,943)	(2,471)
<b>Net Interest Income</b>	<b>2,312</b>	<b>2,335</b>
Trading Gain (Loss), Net	315	(55)
- Securities	312	227
- Other	3	(282)
Provision for Loan Losses, net of collections	(270)	(374)
Fees and Commissions (Net)	827	809
Operating Expenses	(1,243)	(1,226)
Other Income	62	75
Other Provisions	(269)	(202)
<b>Income Before one-off items and Tax</b>	<b>1,734</b>	<b>1,362</b>
One-off items	(149)	-
<b>Income Before Tax</b>	<b>1,585</b>	<b>1,362</b>
Tax	(393)	(301)
<b>Net Income</b>	<b>1,192</b>	<b>1,061</b>

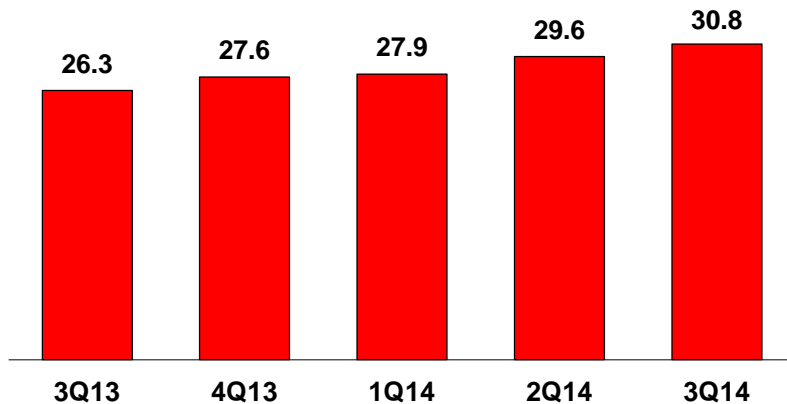
\* Figures are converted with exchange rates effective at the respective balance sheet dates: 9M13– 2.0365; 9M14 – 2.2772

# Consumer Loans – Emphasis on GPLs

(TL bio)

## Total Consumer Loans

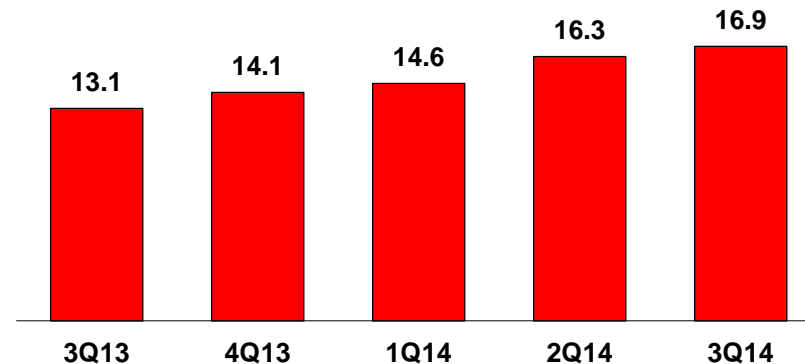
+12% YtD  
+4% QoQ



**6.0x**  
Cross Sell  
of GPLs

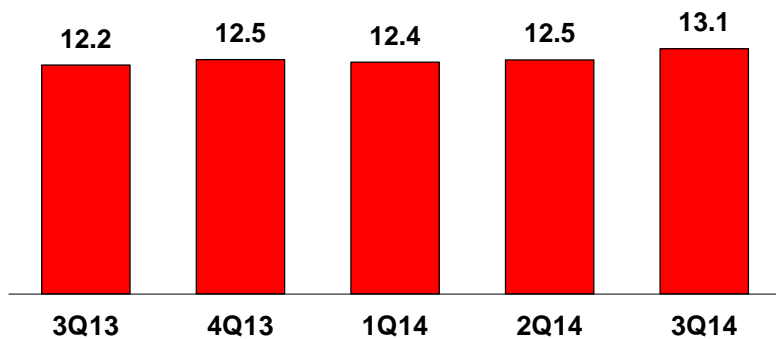
## GPLs

+20% YtD  
+4% QoQ



## Mortgage Loans

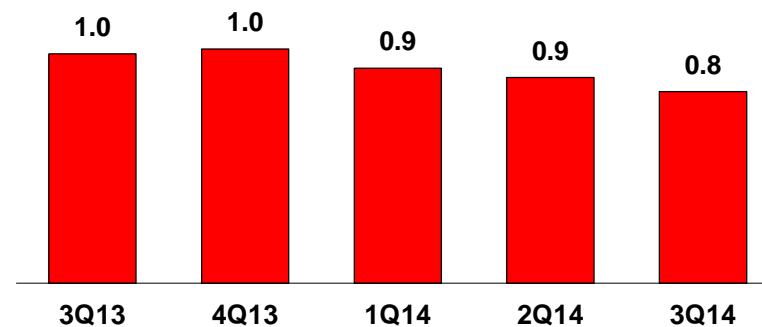
+4% YtD  
+5% QoQ



**6.5x**  
Cross Sell  
of Mortgage

## Auto Loans

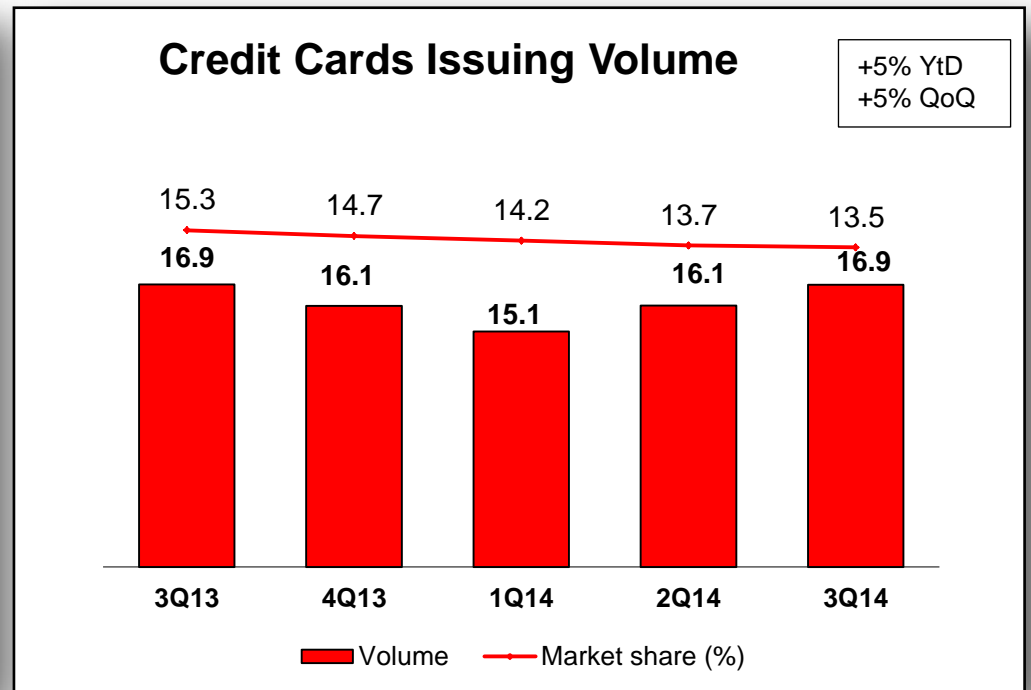
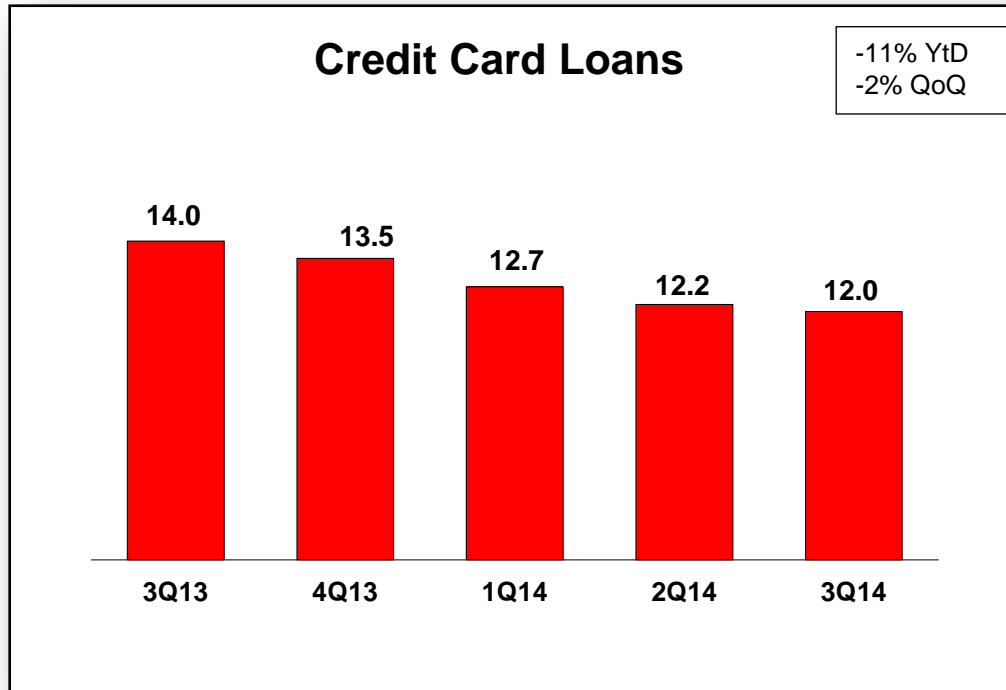
-18% YtD  
- 7% QoQ





# Credit Cards – Continued Focus on Profit Optimization

(TL bio)

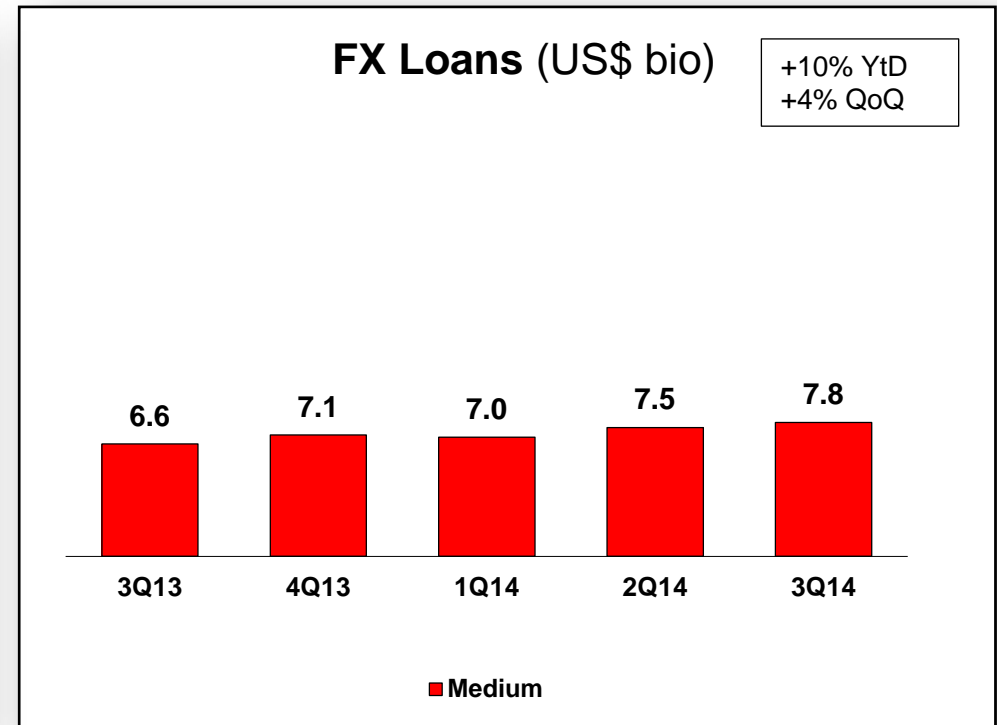
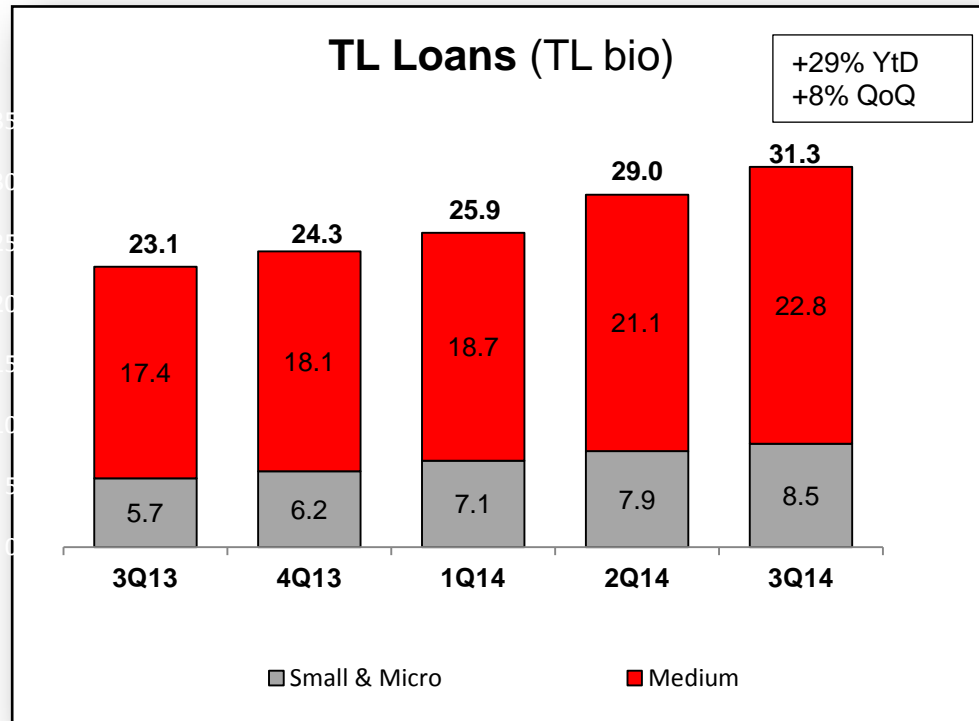


**#1**  
in Payment  
Systems  
Commissions\*

**#1**  
in Issuing  
Volume per  
Card in the Peer  
Group

\* According to 2Q14 data

# Medium, Small and Micro Loans – Continued Momentum



**36% YtD, 8% QoQ**  
Growth in Small &  
Micro

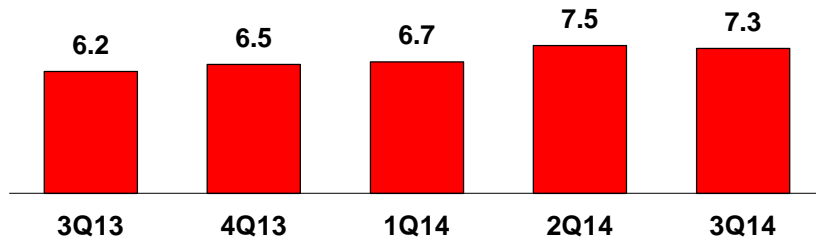
**26% YtD, 8% QoQ**  
Growth in Medium

**5.4x**  
Cross Sell in Medium  
Enterprise Loans  
**4.4x**  
Cross Sell in Small and  
Micro Loans

# Corporate Loans

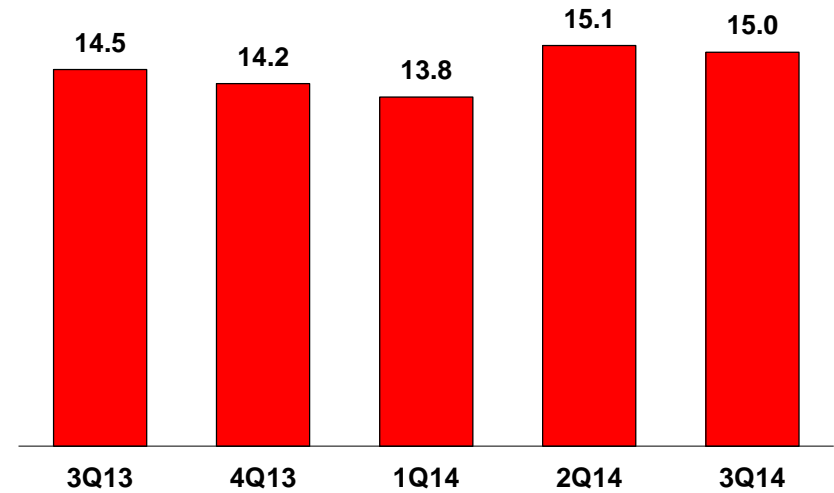
**TL Loans (TL bio)**

+12% YtD  
- 2% QoQ



**FX Loans (US\$ bio)**

+6% YtD  
- 1% QoQ



**5.1x**

Cross Sell in  
Corporate Loans

## Disclaimer Statement

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