

3Q16

Consolidated

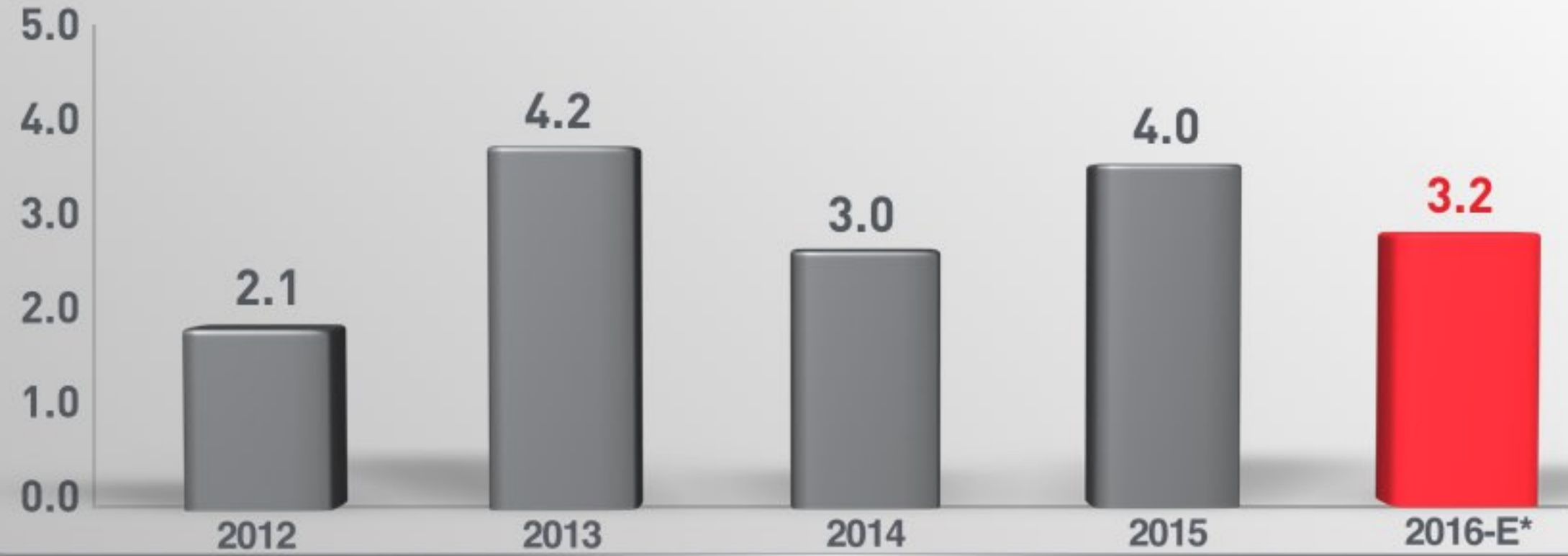
Financial Results

21 October 2016

AKBANK

Macro Outlook

Growth (%)



► Despite some deceleration in the third quarter, Turkish economy is heading to a decent 3.2% growth

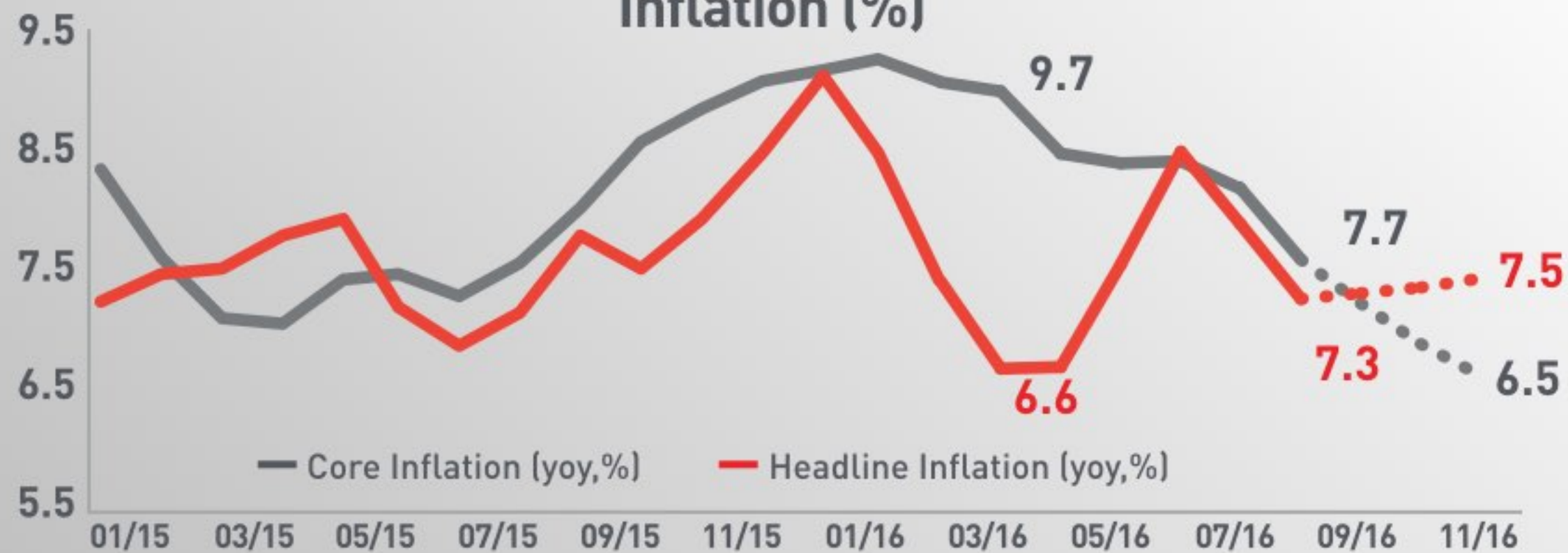
Budget Balance/GDP (%)

Current Account Balance/GDP (%)

	Budget Balance/GDP (%)	Current Account Balance/GDP (%)
2012	-2.1	-6.1
2013	-1.2	-7.7
2014	-1.3	-5.4
2015	-1.2	-4.5
2016-E	-1.6*	4.8

► New MTP indicates some easing in fiscal stance in 2017, but overall fiscal discipline would continue

Inflation (%)



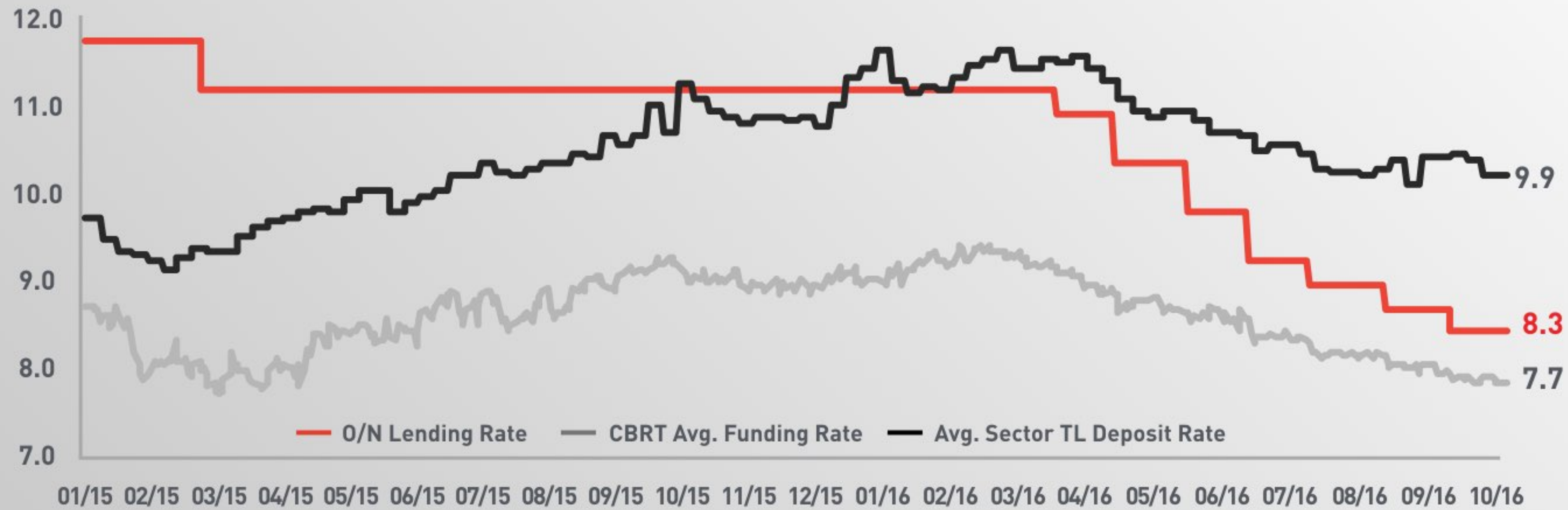
► CPI inflation is expected to be around 7.5% at year end

USD/TRY



► Volatility in TL has recently increased, but current level does not pose a threat to economic outlook

Monetary Policy



- ▶ Since March, Turkish Central Bank cut the upper band of the corridor by 250 bps in total
- ▶ The average cost of CBT funding has come down to 7.7% by mid-Oct from 9.1% in February
- ▶ TL deposit costs have come down considerably from their elevated levels early in the year, however still standing close to double digit levels

Outstanding profitability on solid fundamentals

Profitable

TL 3.7 bio Net Income
with 66% EPS growth

ROA 1.9%
ROE 16.5%

Significant NIM expansion
of 40bps, YoY

Core operating income
growth of 47%, YoY

Sustainable

LDR improved to 103% despite
above sector volume growth

Strongest liquidity,
only 3 months duration gap

Lowest COR & NPL ratio
with strongest coverage

Solid annual book value growth
of 20% & best-in-class solvency
(CAR ~15%)

Efficient

Unmatched efficiency

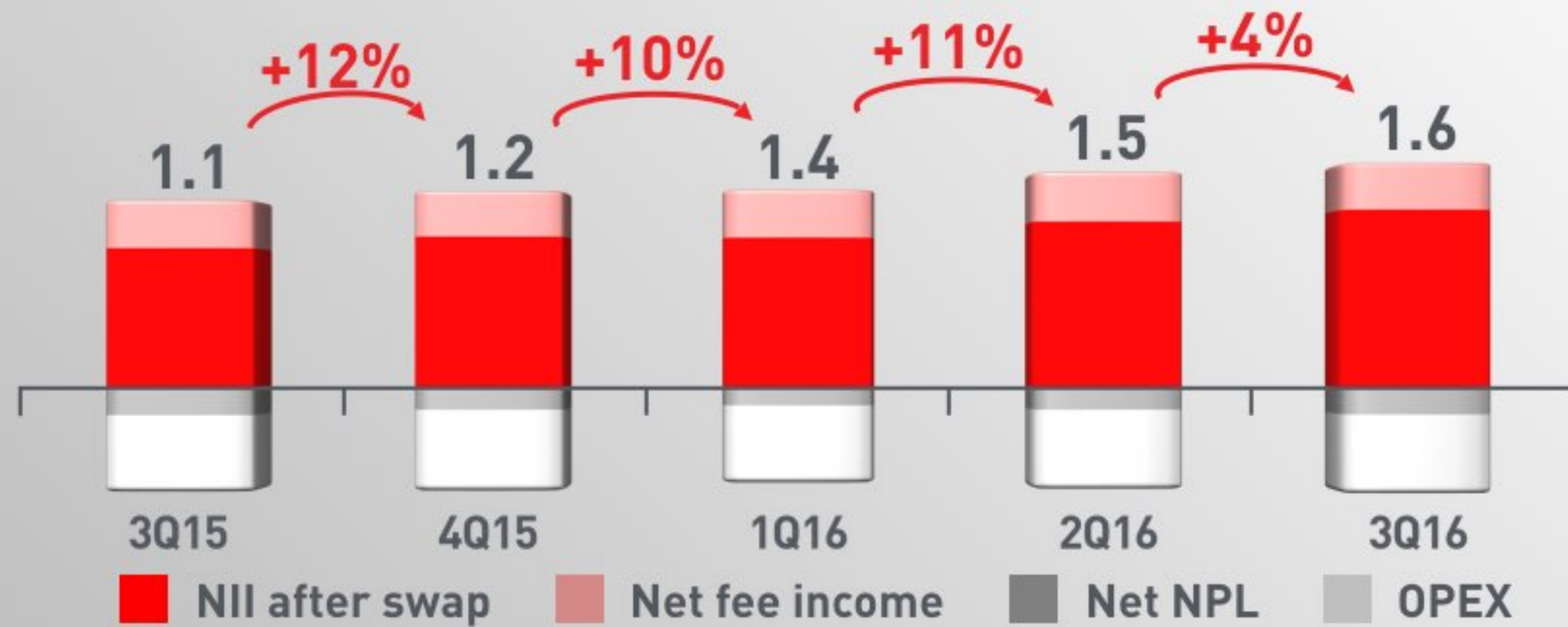
Positive Jaws of 17%

Recurring costs reduced
in real terms

Cost to Assets 1.6%
CIR at 34.7%

Core operating income increases consecutively each quarter

Quarterly Core Operating Income (TL bio)



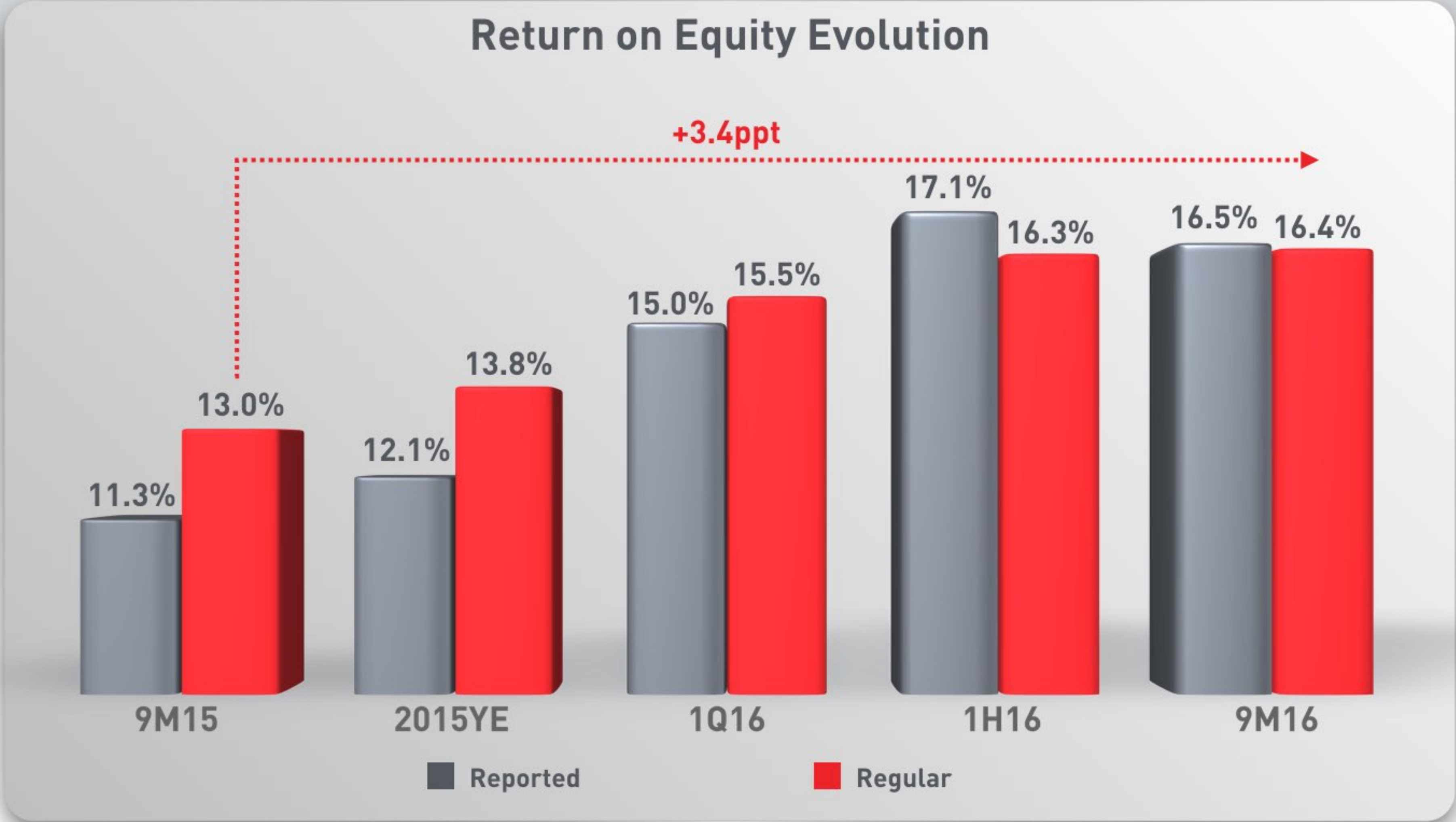
Cumulative Core Operating Income (TL bio)



- ▶ Core operating income increases consecutively each quarter while cumulative annual growth reached 47%
- ▶ Above sector loan growth funded by strong deposit growth, rather than unsustainable ST liquidity facilities
- ▶ Strong annual NII-after swap growth of 23% thanks to significant NIM improvement of c.40bps
- ▶ Sustainable contribution of subsidiaries continues with an EPS growth of 32%, YoY
- ▶ Improved asset quality (75bps net COR vs. 97bps same period last year) results in lower NPL costs
- ▶ Recurring OPEX growth is broadly flat at 2%, reduction in real terms

Core Operating Income = Net Interest Income + Swap Costs/Gains + Net Fee income (9M15 adj. with TL 50 mio account maintenance fees) – Net NPL cost (LLPs-Collections) – OPEX (adj. with non-recurring items such as fee rebates and one-offs)

Regular ROE improved more than 3ppt in a year

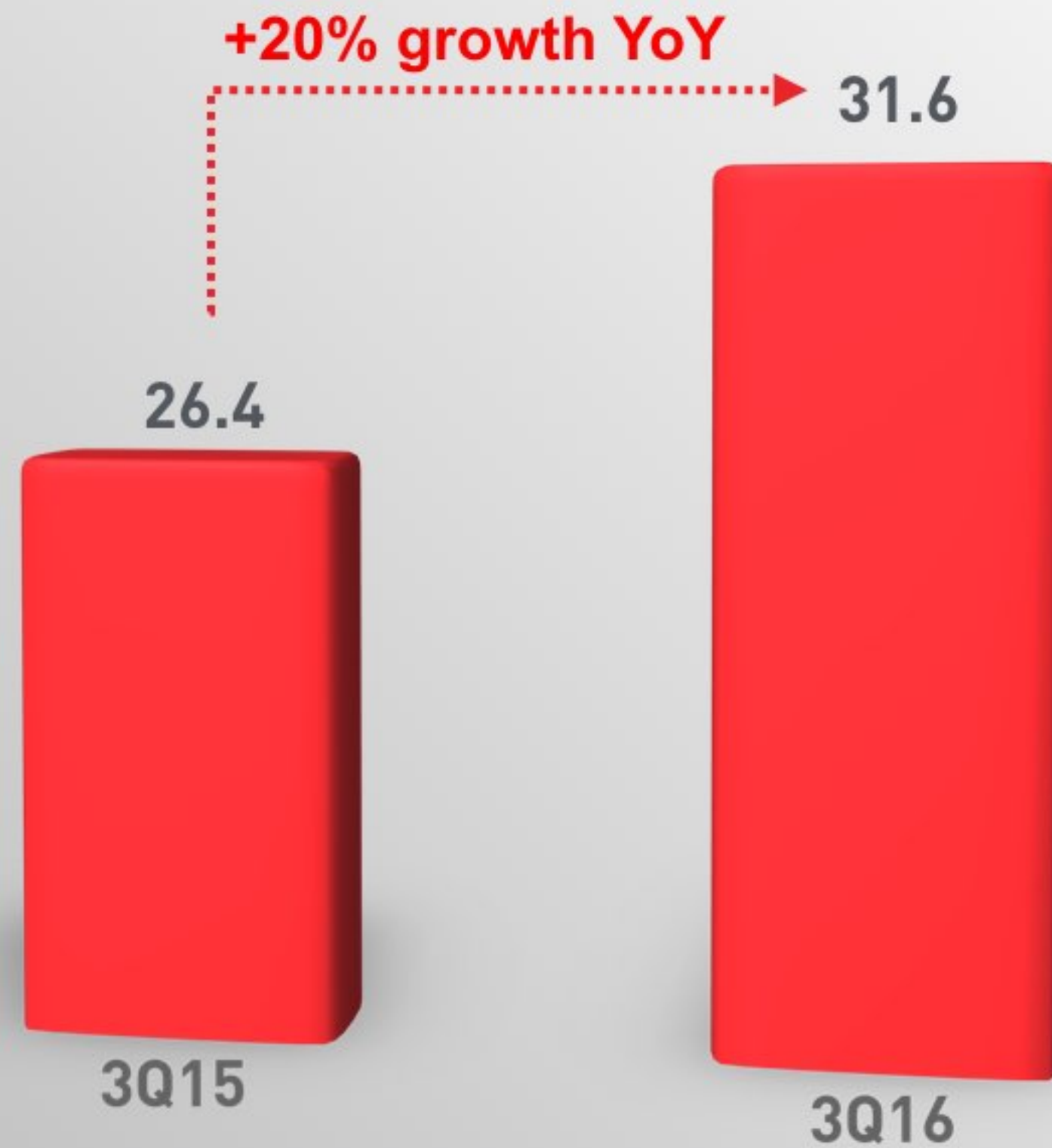


Regular ROE improves each quarter thanks to strong core operating income growth

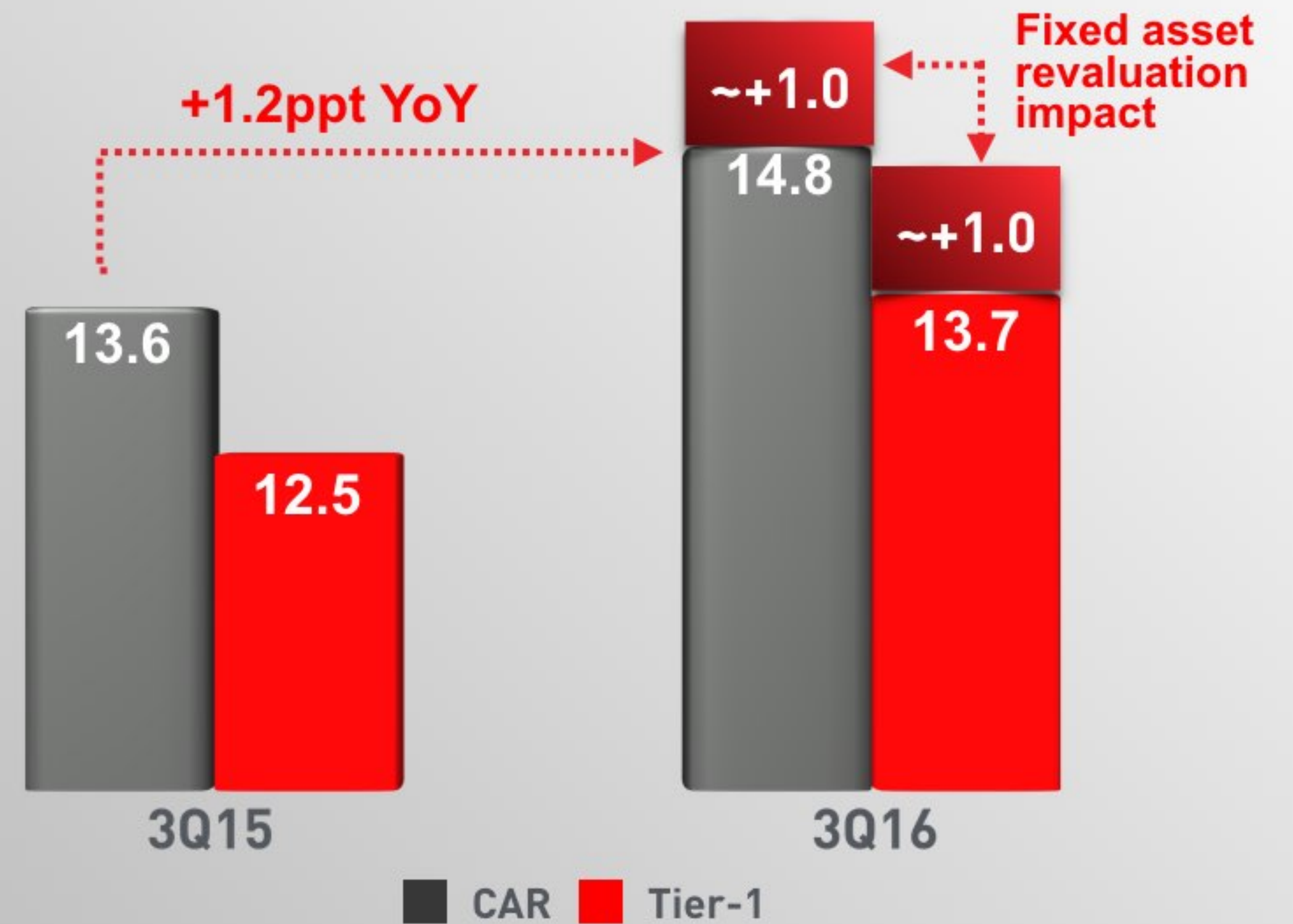
Please see slide 22 for Regular ROE Calculation

Solid Book Value growth of 20% and Tier-1 at ~14%

Book Value (TL bio)



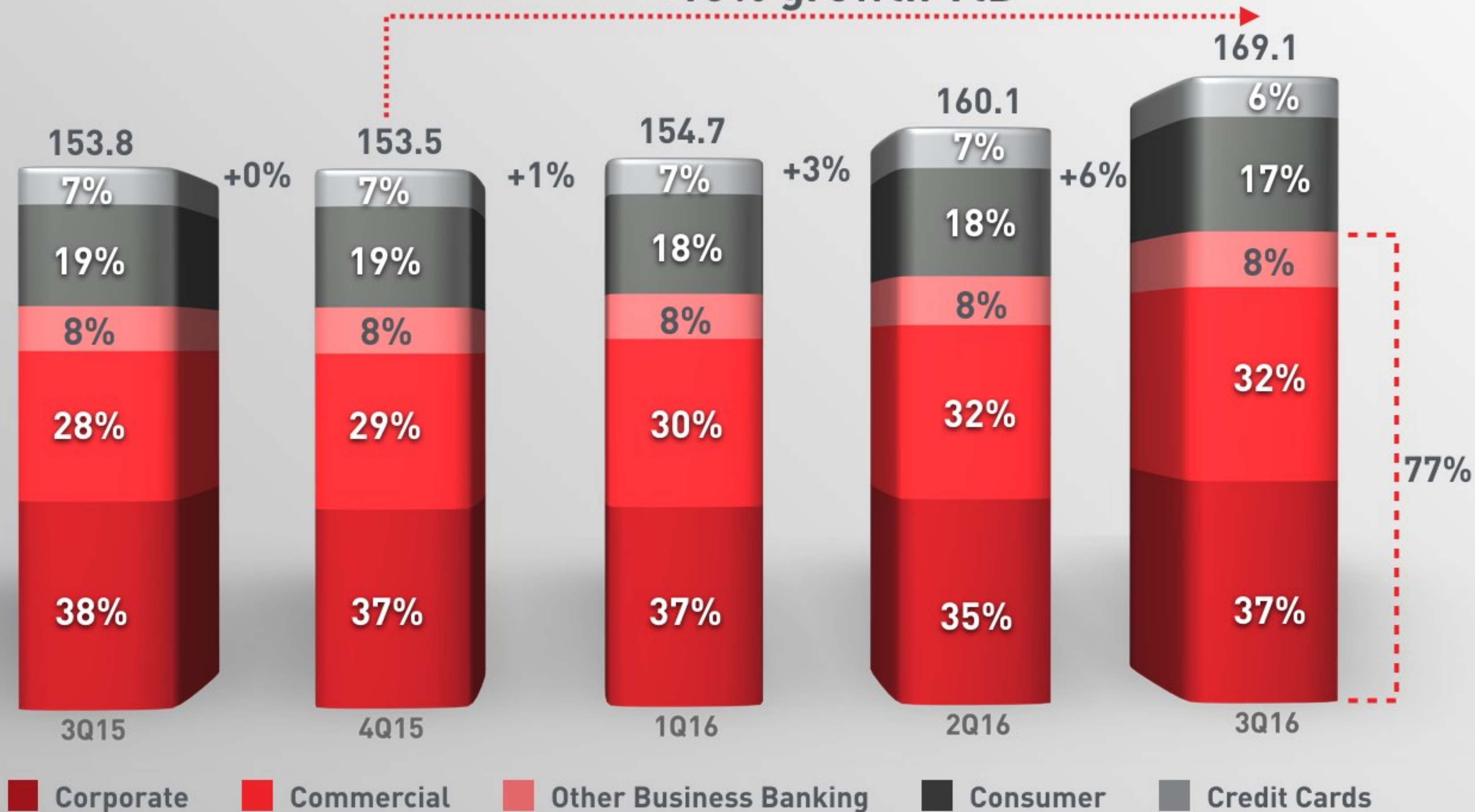
Solvency ratios (%)



Above sector loan growth of 6% in 3Q16

Loan Breakdown by major segments (TL bio)

+10% growth YtD

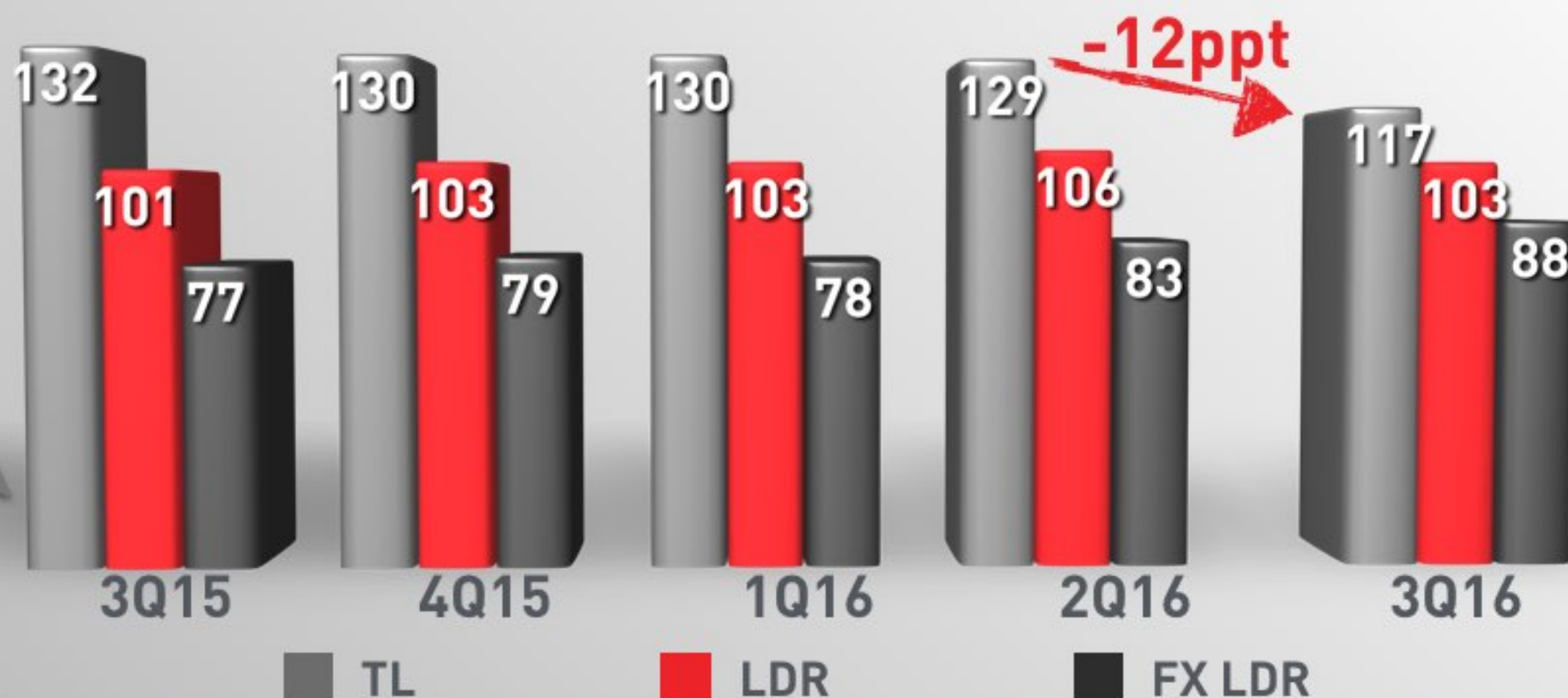


- ▶ Lending growth outpaced sector both in TL (+4%) and FX lending (+3%) in 3Q16
- ▶ Strong TL growth driven by business banking loans
- ▶ Retail loan balance stable with continuing yield enhancement
- ▶ YtD loan growth reached to 10% with a strong TL loan growth of 13% and 2% FX lending growth

Further LDR improvement with continued focus on deposits

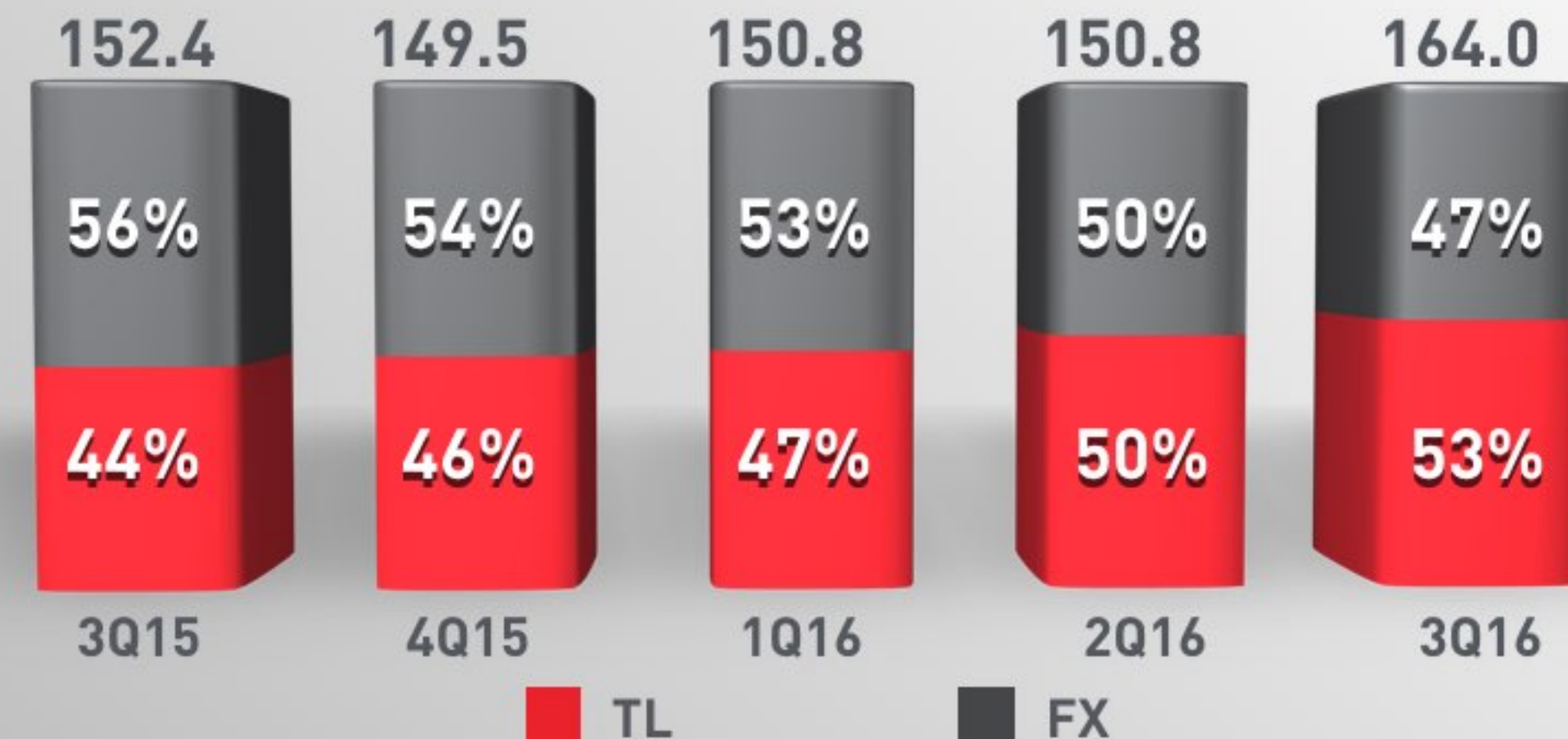
LDR at 103% while TL LDR improved to 117% vs. 136% of sector

Loan to Deposit Ratio (%)



Currency Split (TL bio)

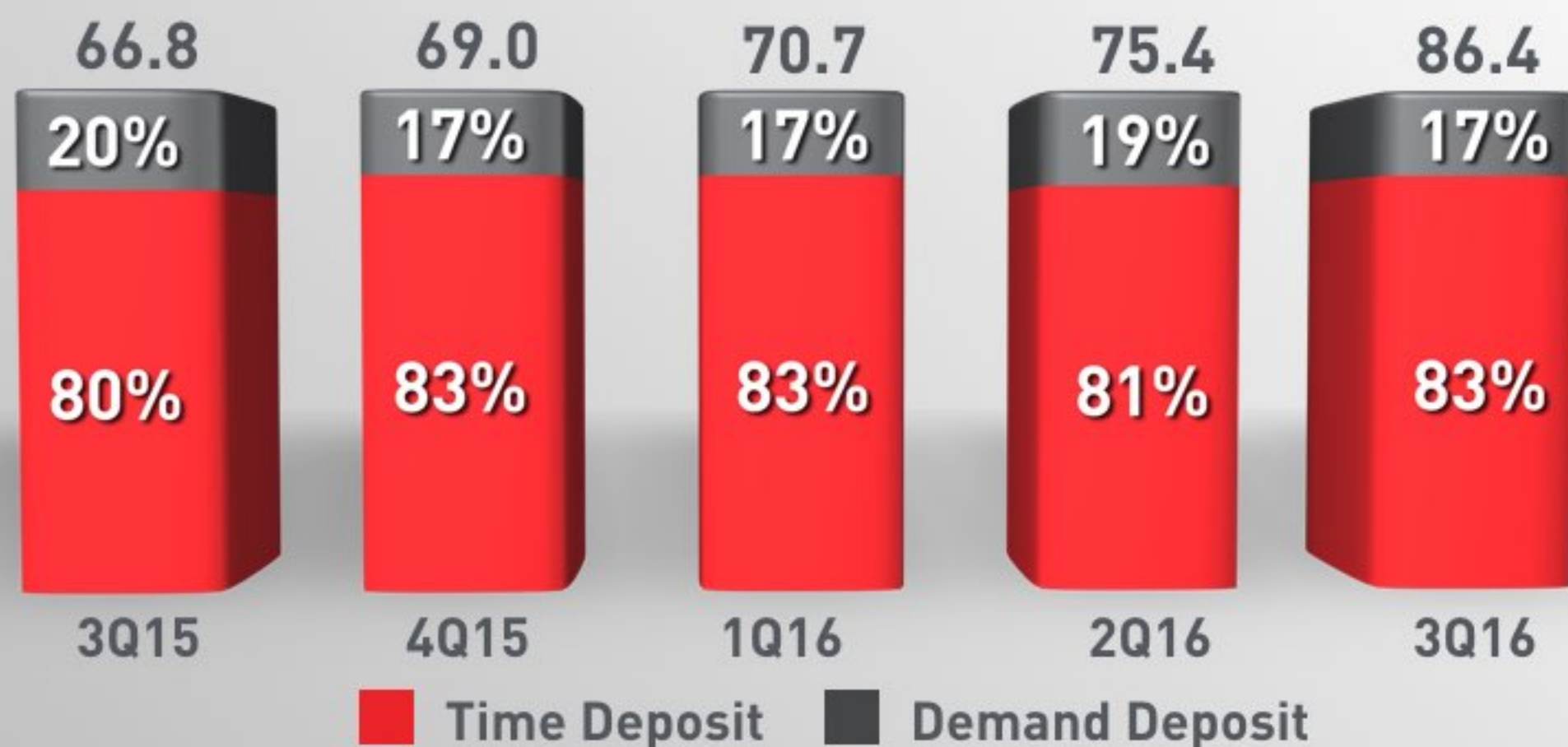
+9% QoQ
+10% YtD



TL Deposits (TL bio)

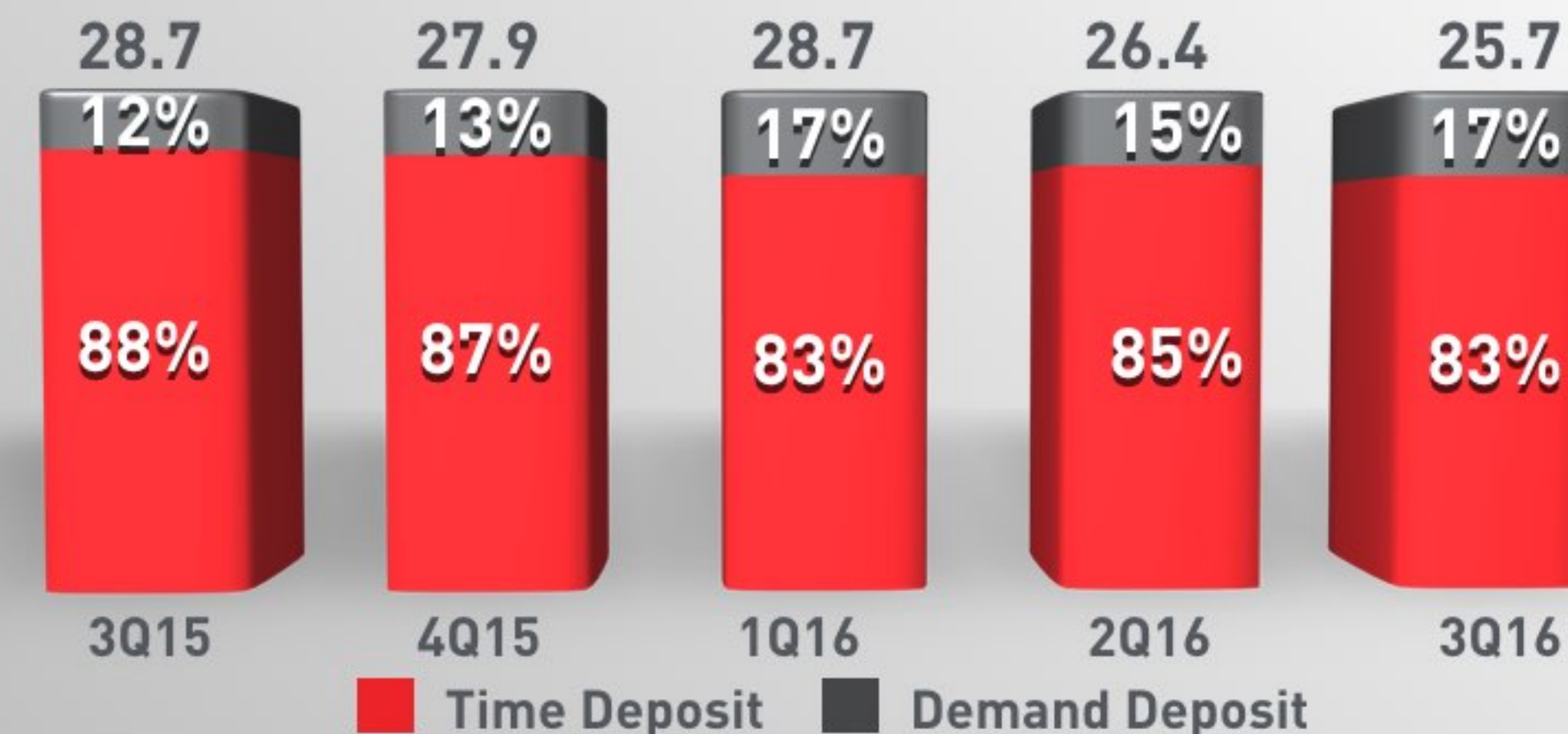
+15% QoQ
+25% YtD

25% YtD growth in TL Deposits

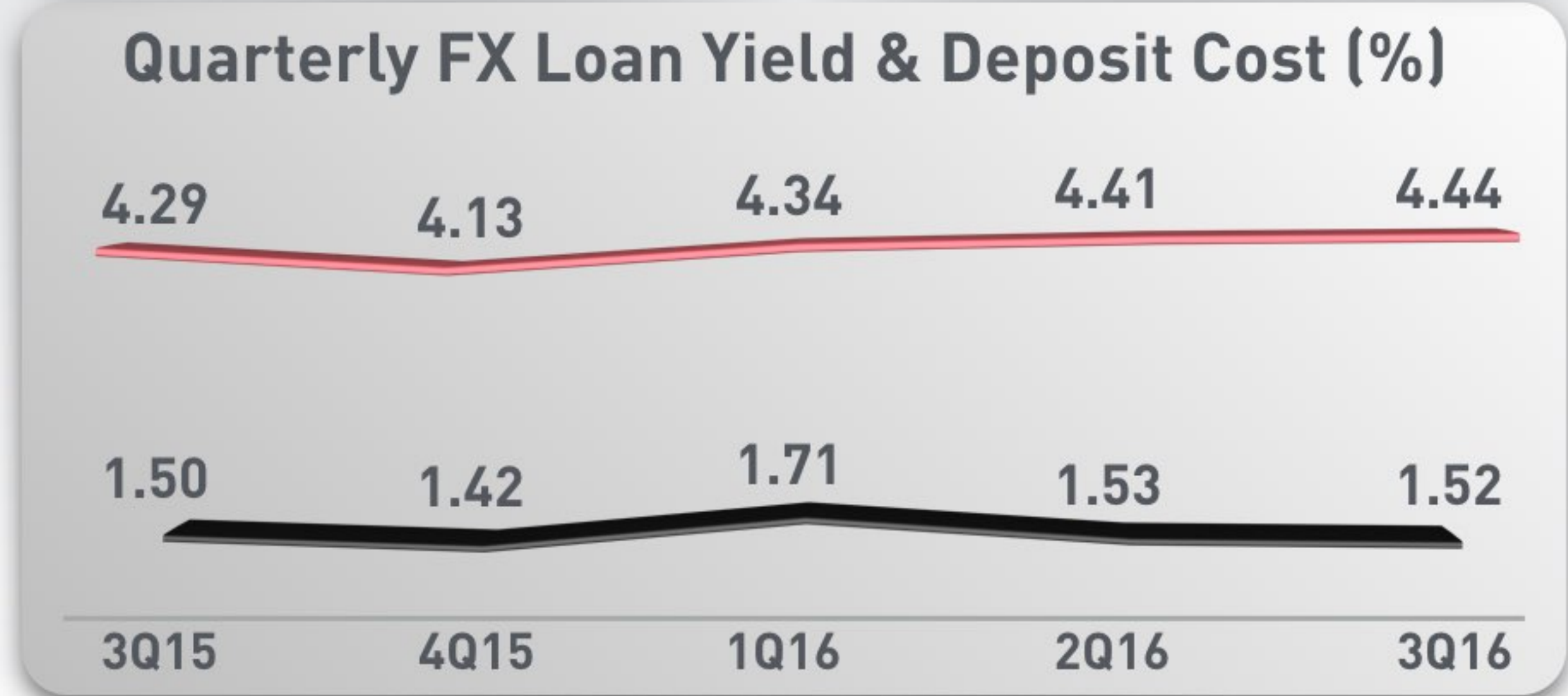
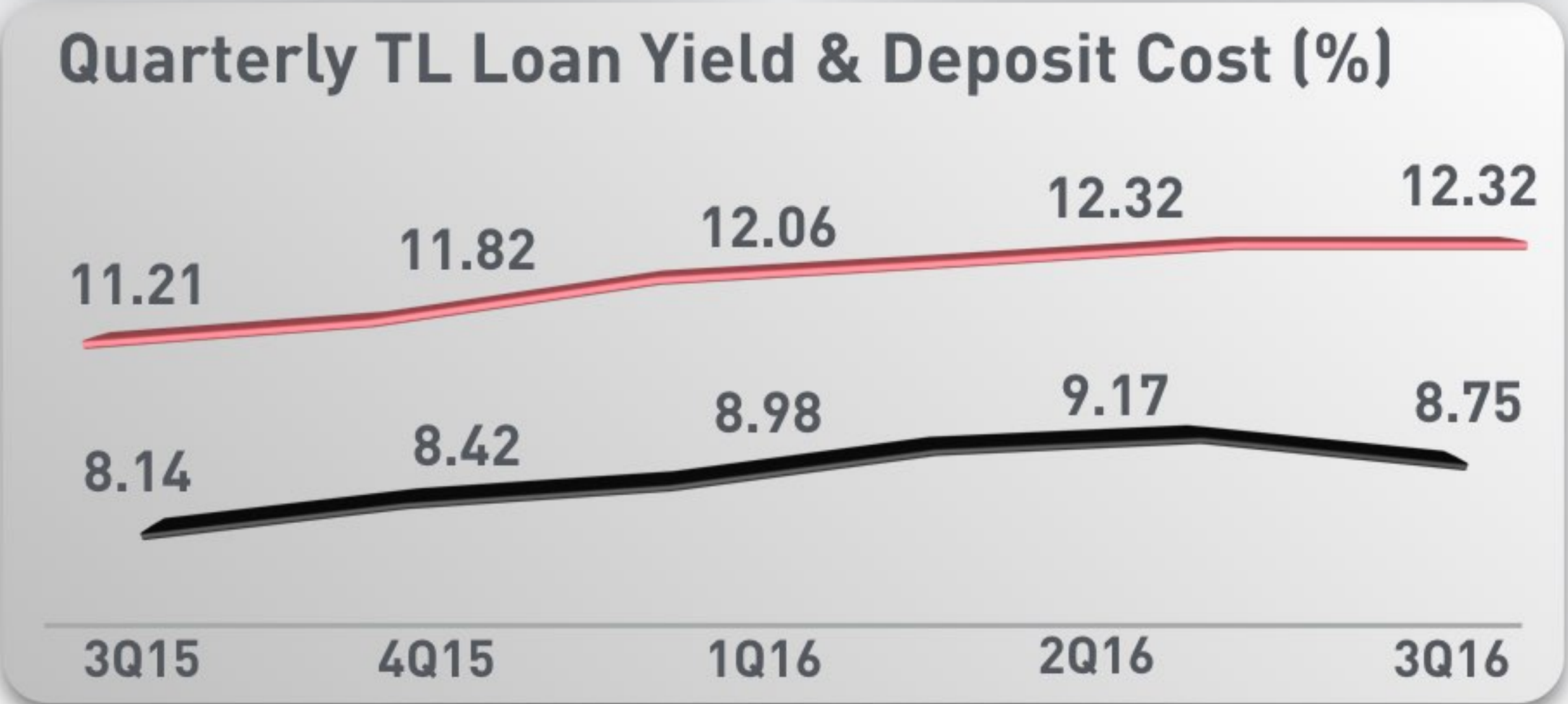
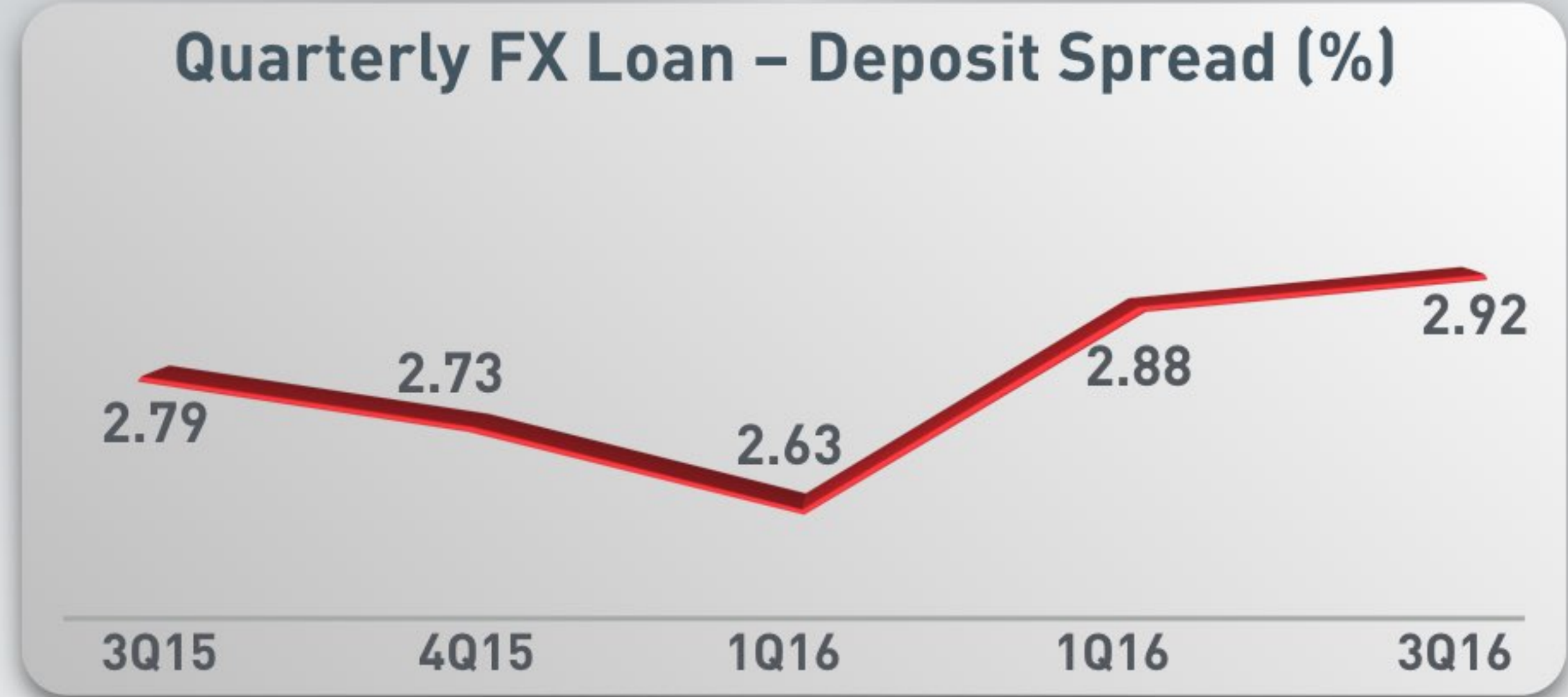
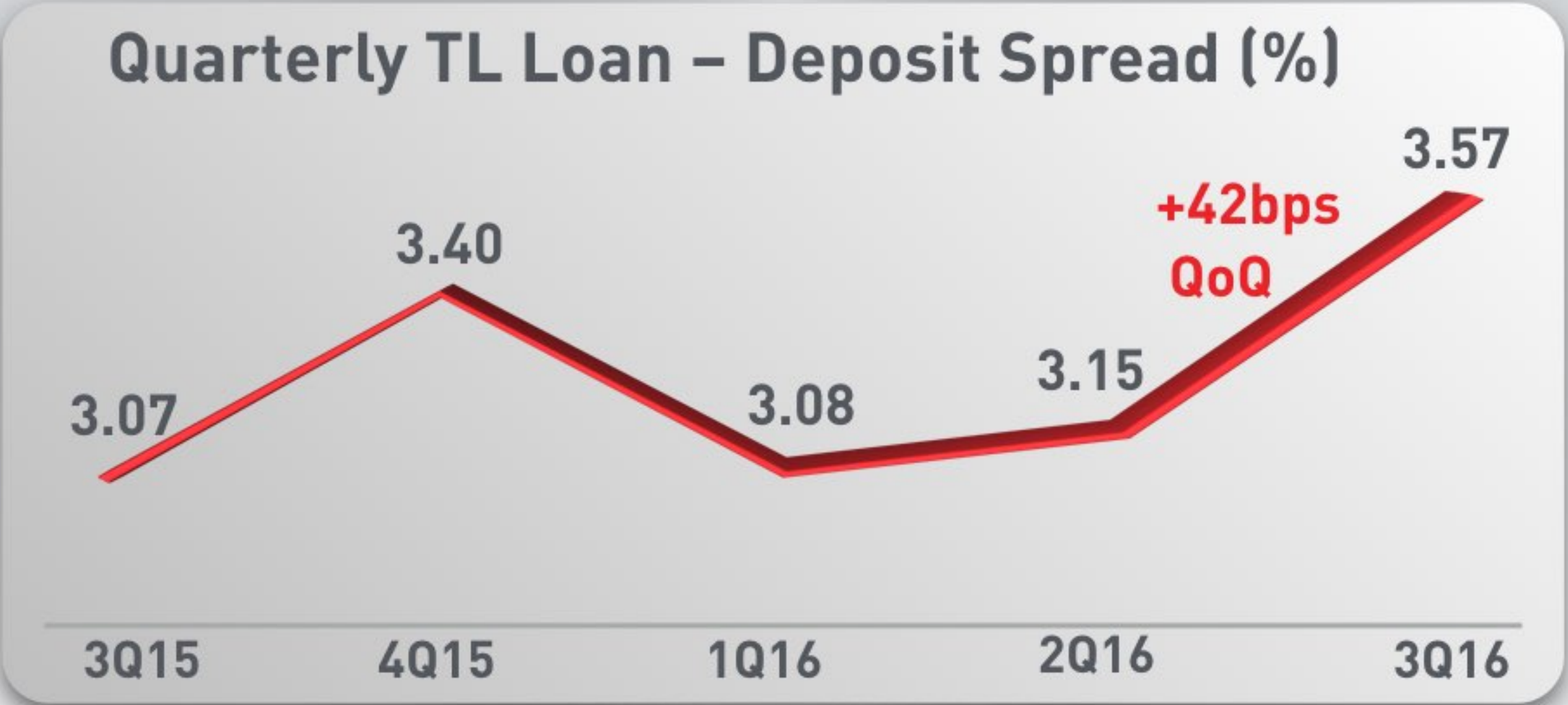


FX Deposits (USD bio)

-2% QoQ
-7% YtD

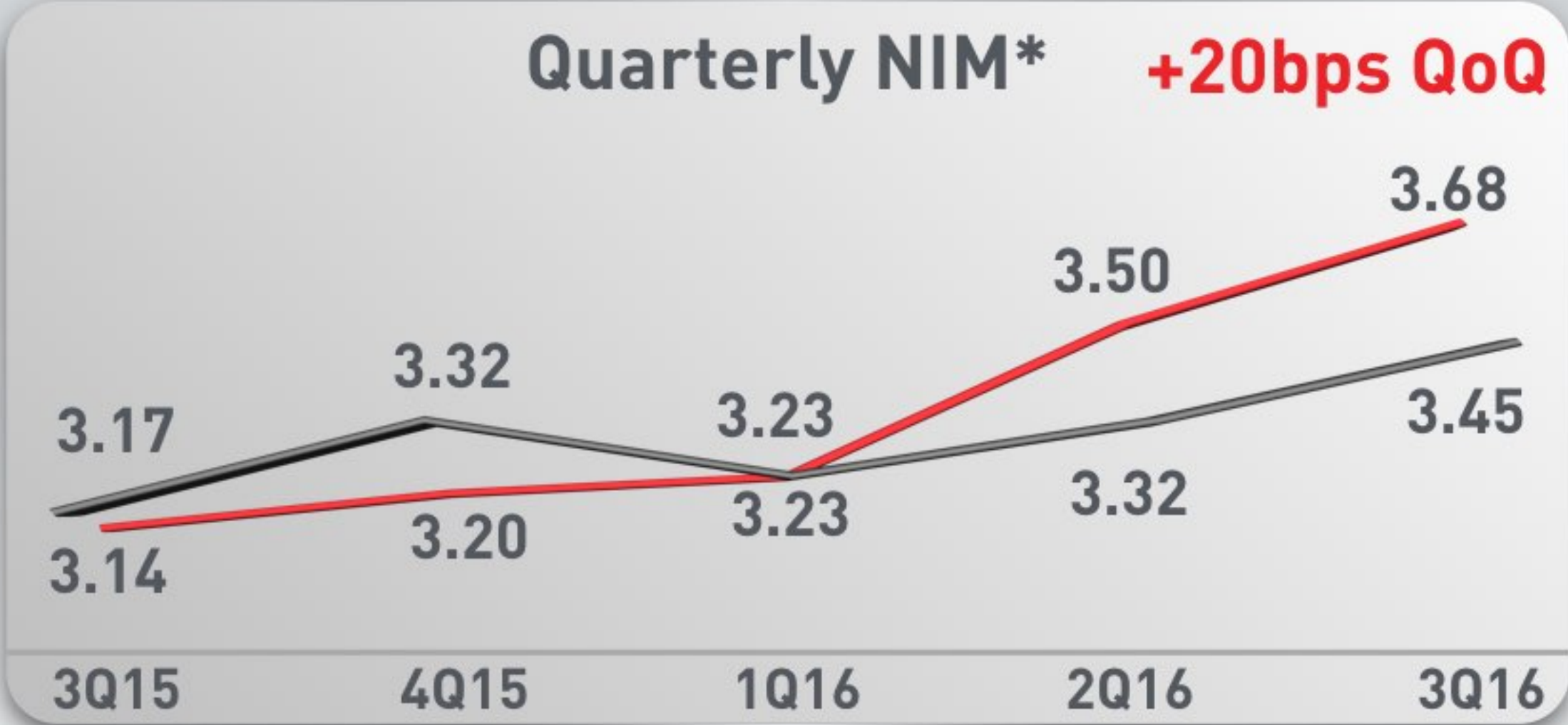
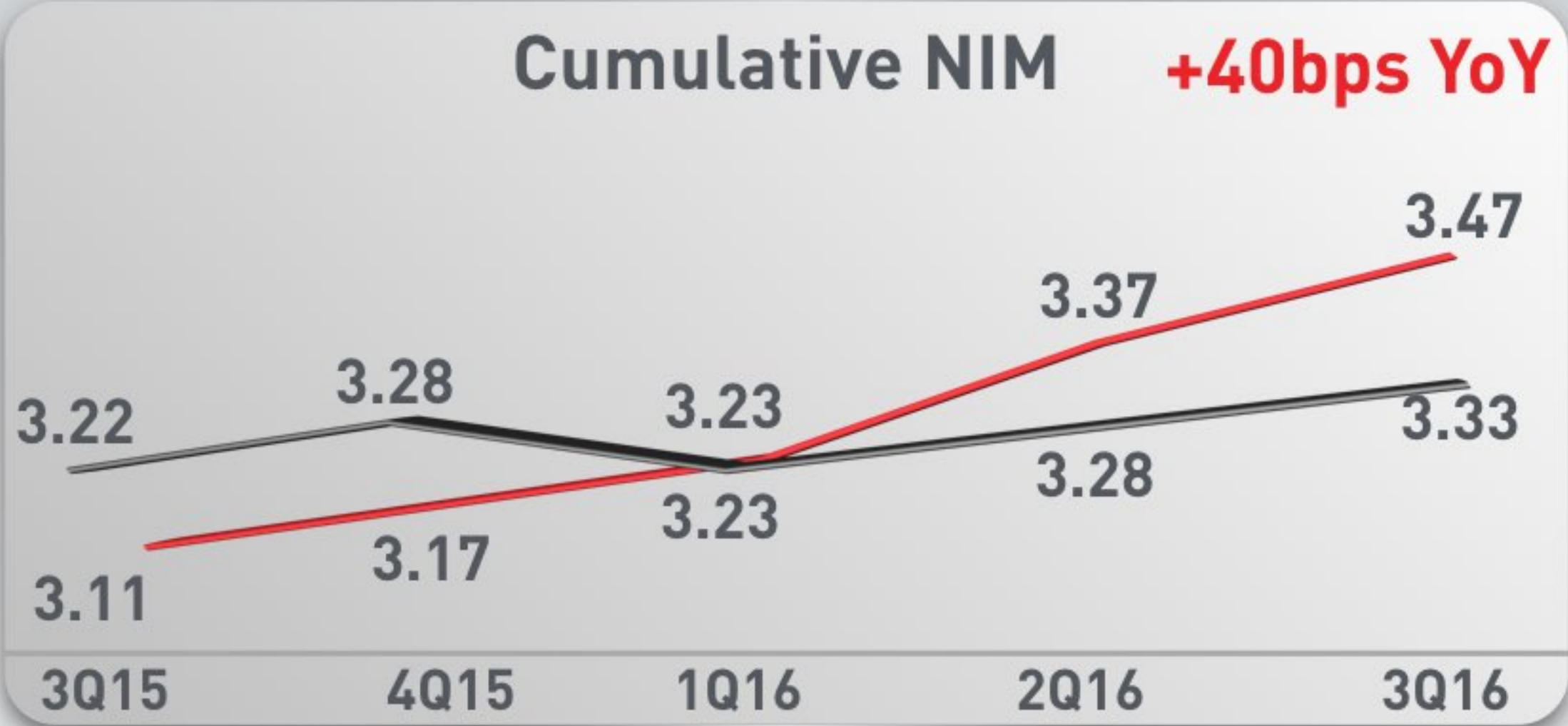


Significant improvement in core TL spread by 42bps

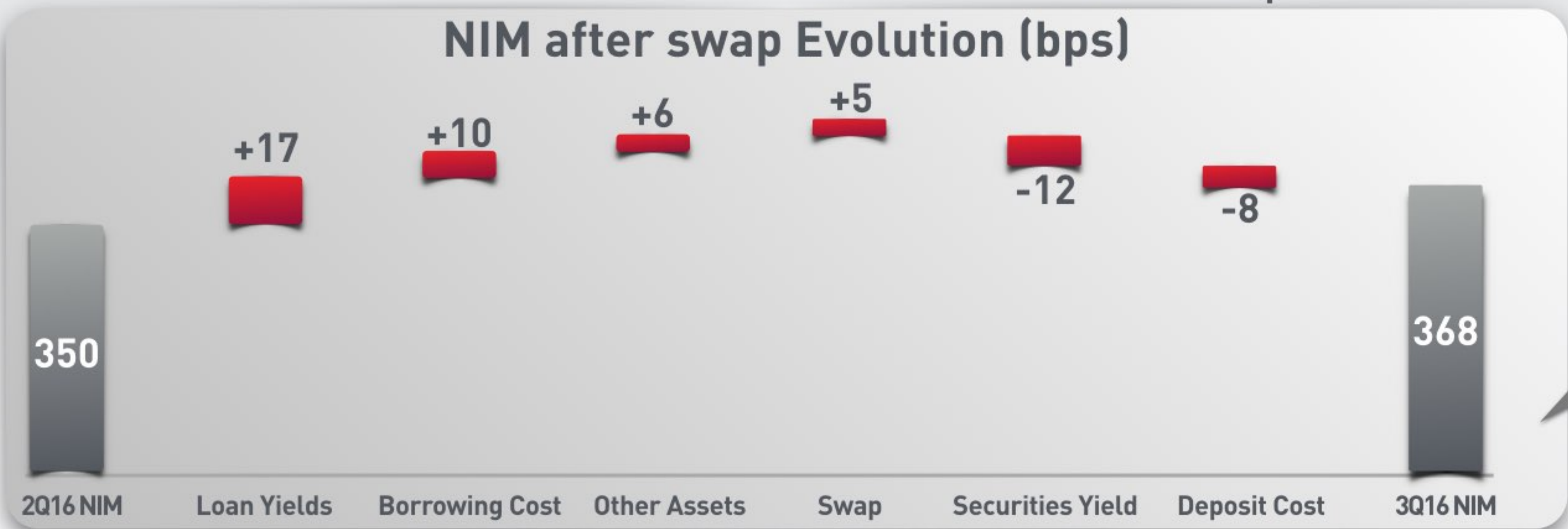


— Loan — Deposit

Strong NIM expansion along with volume growth



— NIM — NIM after swap

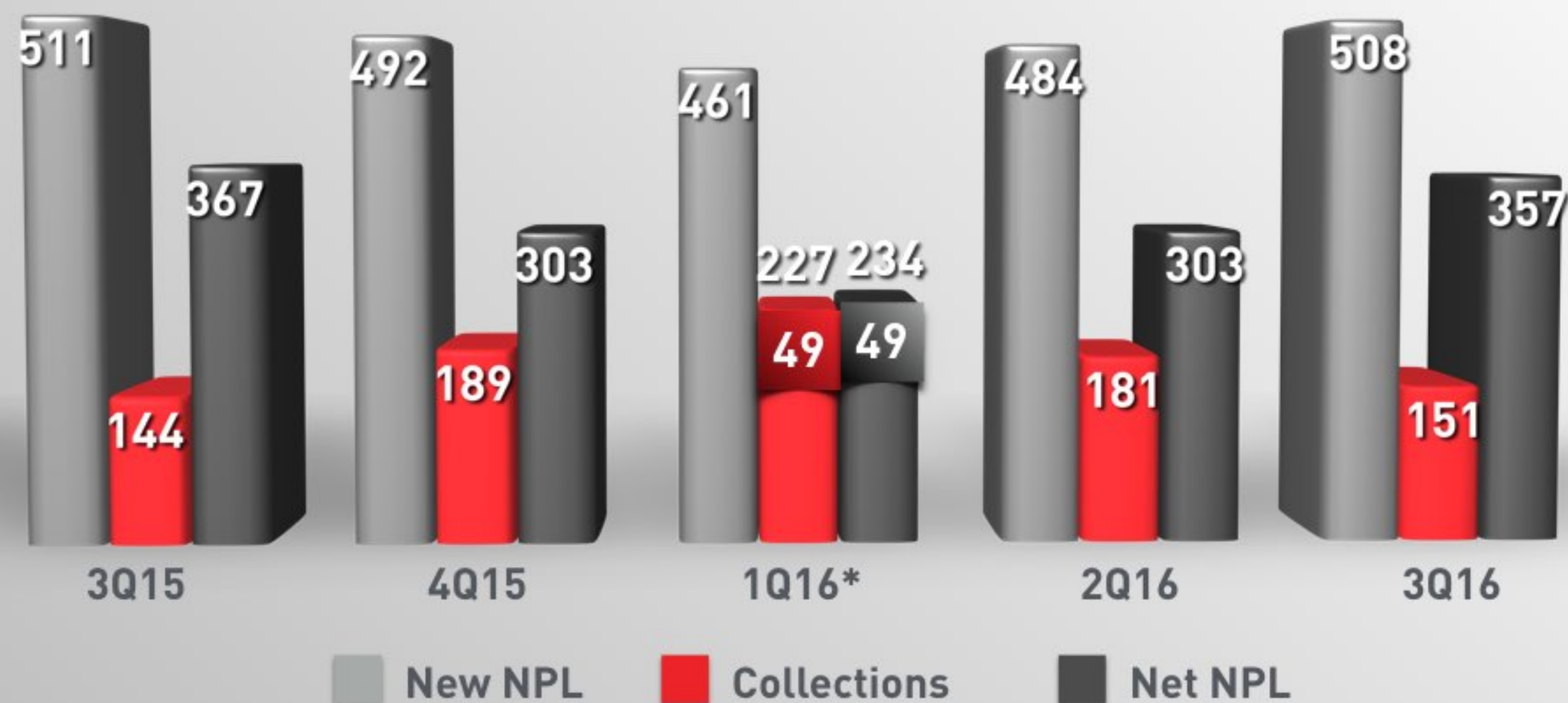


NIM improvement by 20bps with both core spread expansion and swap gains

* Higher contribution of CPI linkers (c.TL 65 mio) in 4Q15 is normalized for each quarter in 2015

Strong asset quality maintained

New NPL Provisions and Recoveries (TL mio)



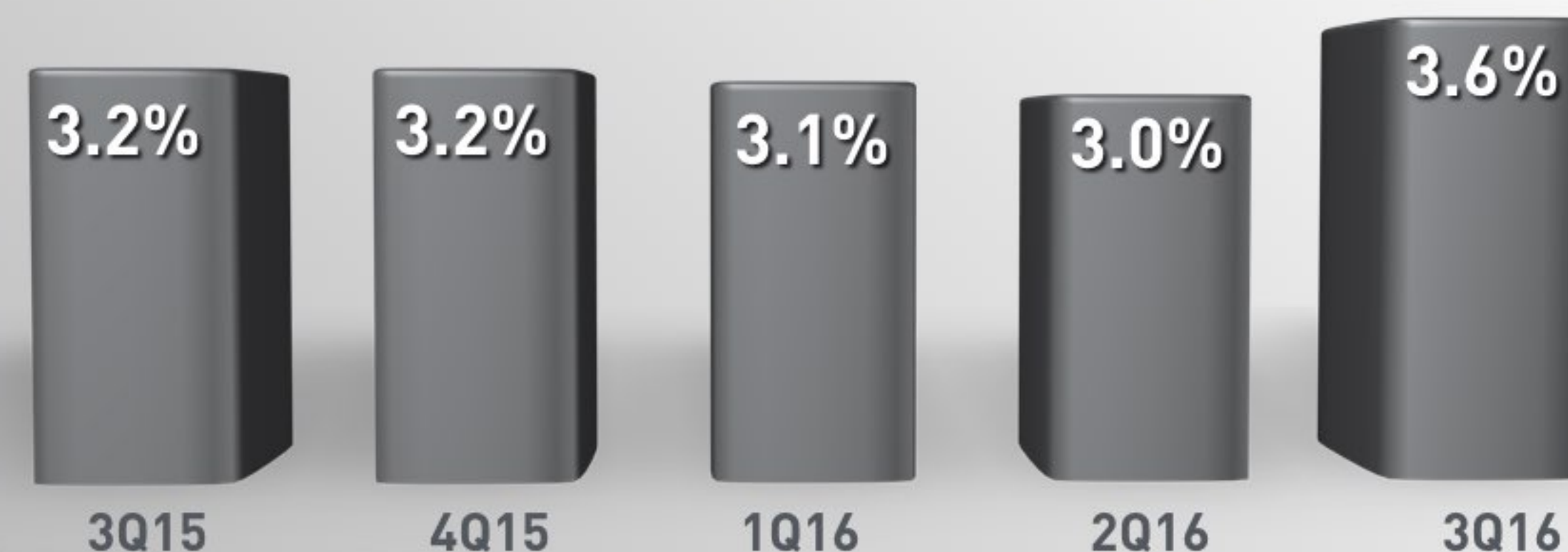
Impact of higher specific coverage on CoR **20bps**

Restructured loan balance **stable** QoQ

Net Specific Cost of Risk (%)



Share of Group II loans in total loans increased due to proactive approach



* W/o NPL sales gain of TL 49 mio in 1Q16, collection amount would be TL 178 mio while net NPL would be TL 283 mio

** Shows quarterly COR w/o NPL sales gain of TL 49 mio

Stable NPL ratio while sector continues inching up

NPL Ratios by Segment (%)

	Akbank		Sector	
	<u>2015</u>	<u>3Q16</u>	<u>2015</u>	<u>3Q16</u>
Business	0.9	1.0	2.4	2.7
Consumer	4.0	4.5	3.2	3.5
Credit Cards	9.1	9.2	8.2	8.3
Total	<u>2.2</u>	<u>2.2</u>	<u>3.0</u>	<u>3.3</u>

Akbank vs. Sector NPL Ratio (%)

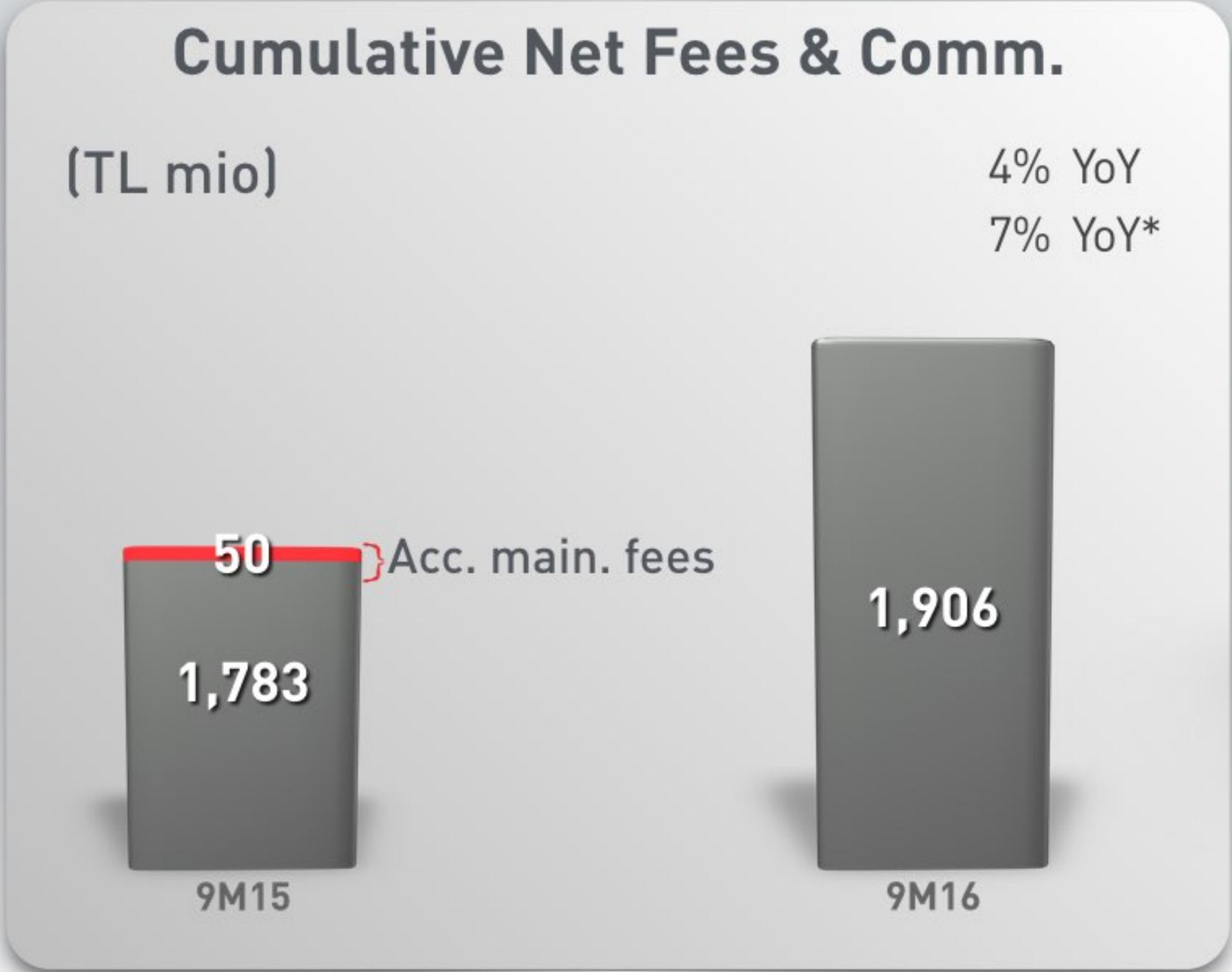


96% Specific
168% Total Coverage Ratio

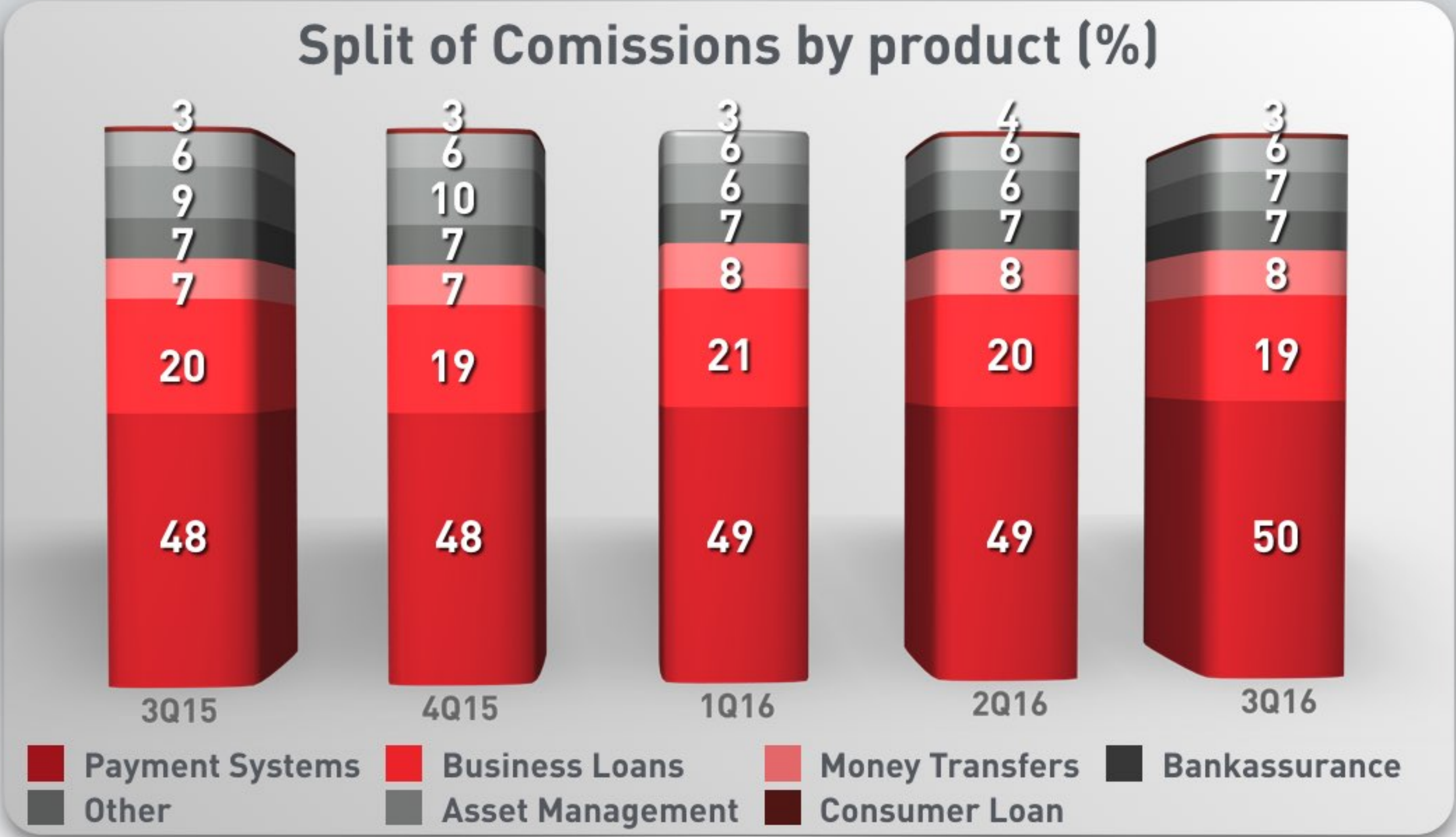
Impact of higher specific coverage
on ROE around 1%

Sector Data is based on BRSA weekly statistics

Remarkable fee income generation of Direct Banking



* excl. acc maintenance fees



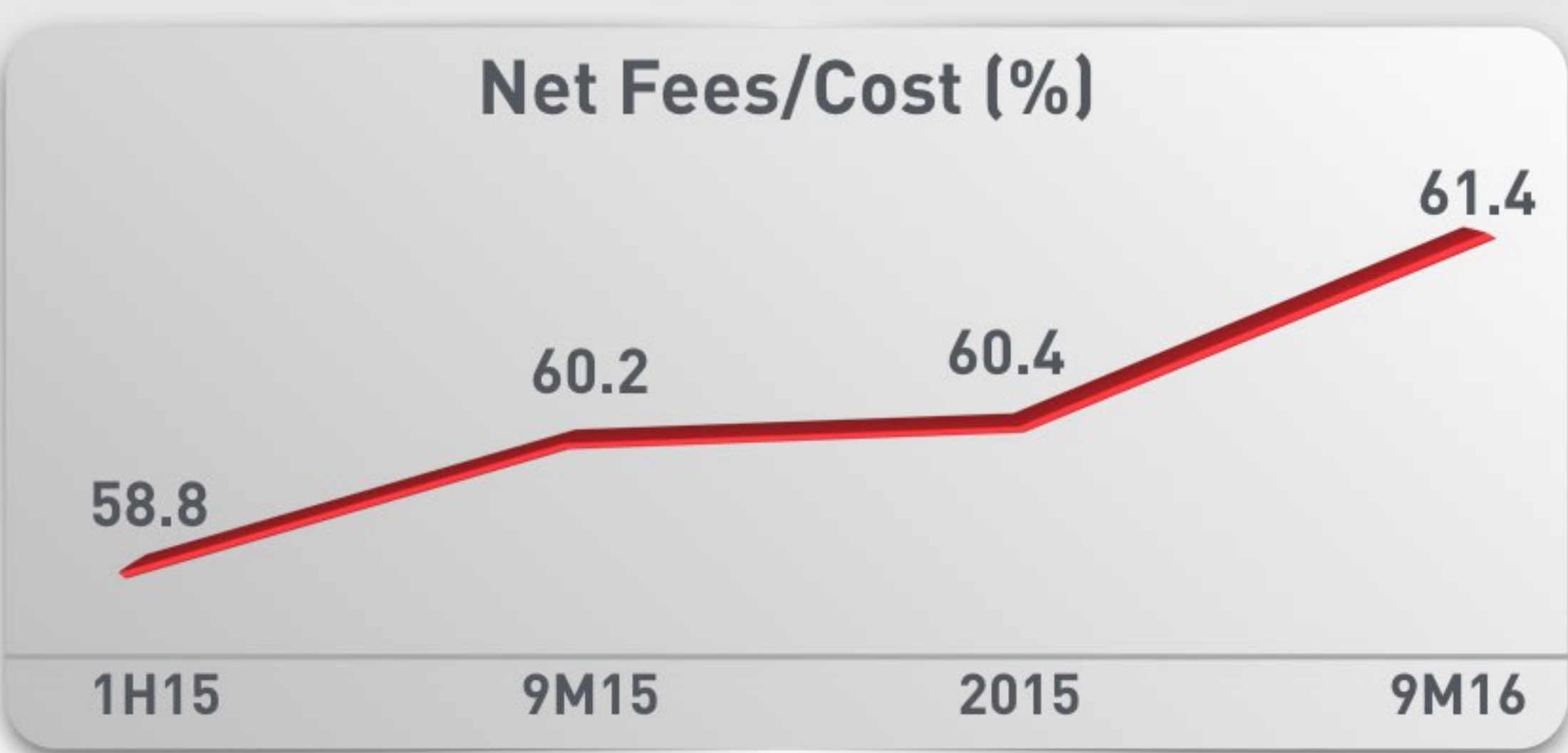
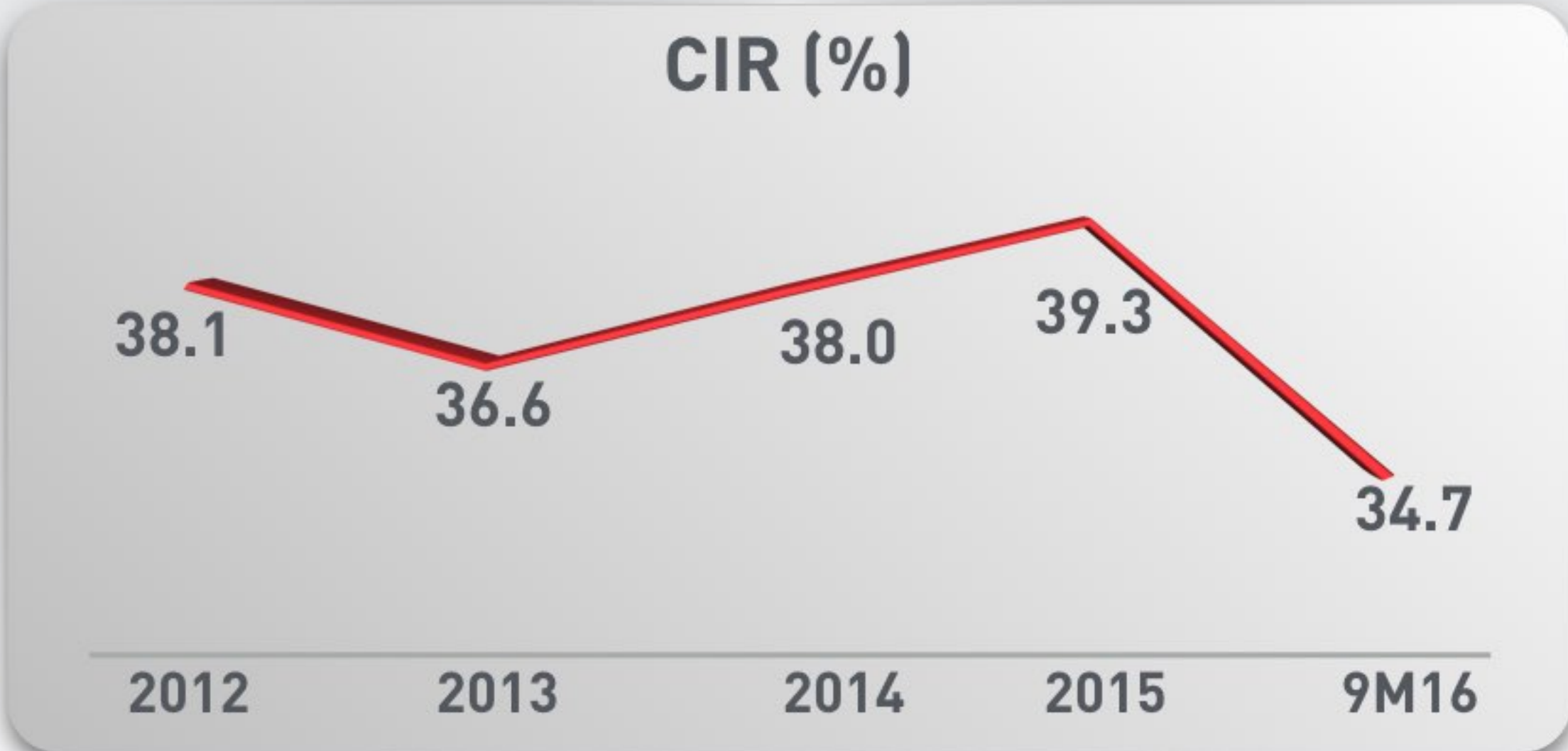
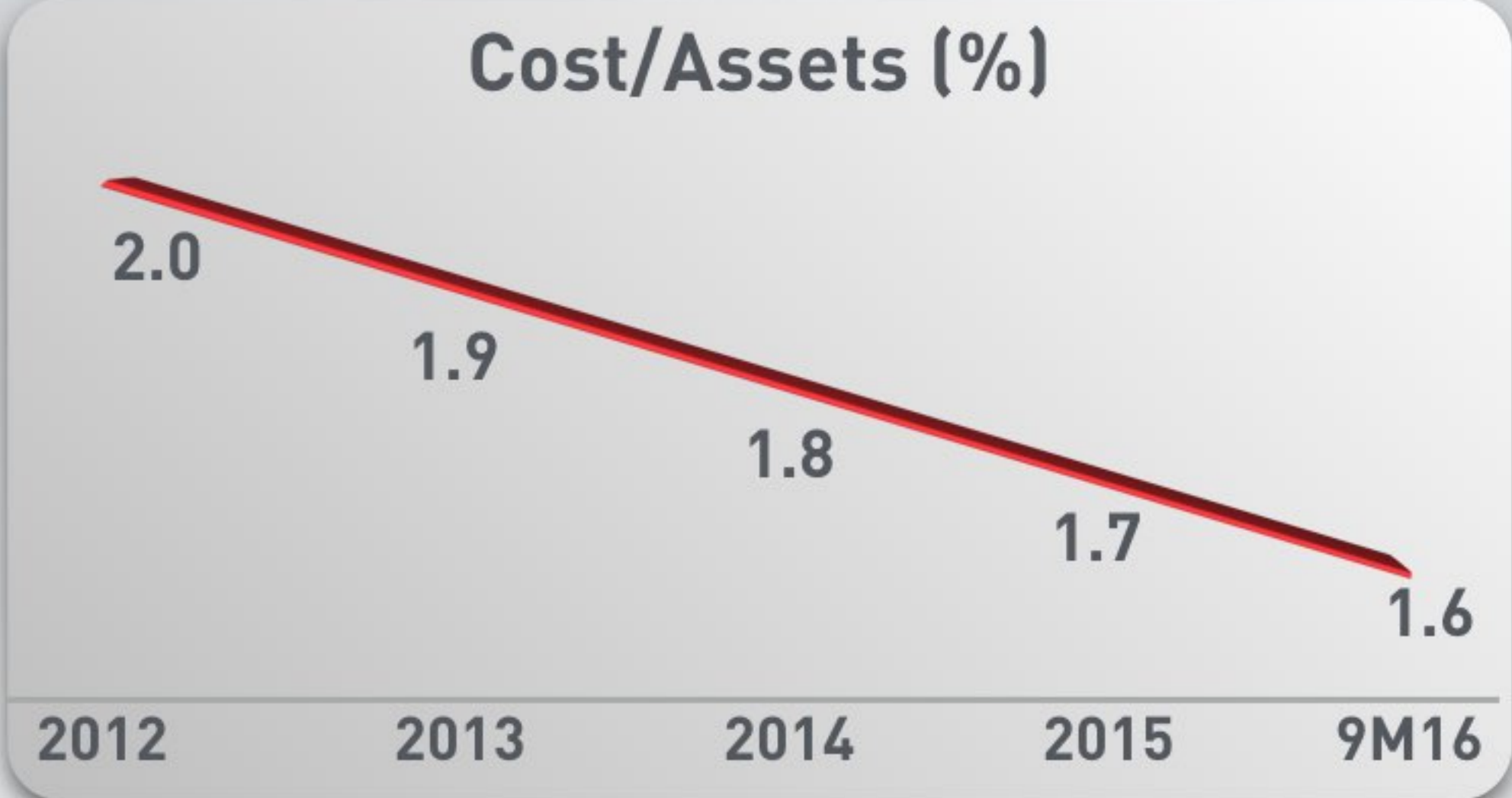
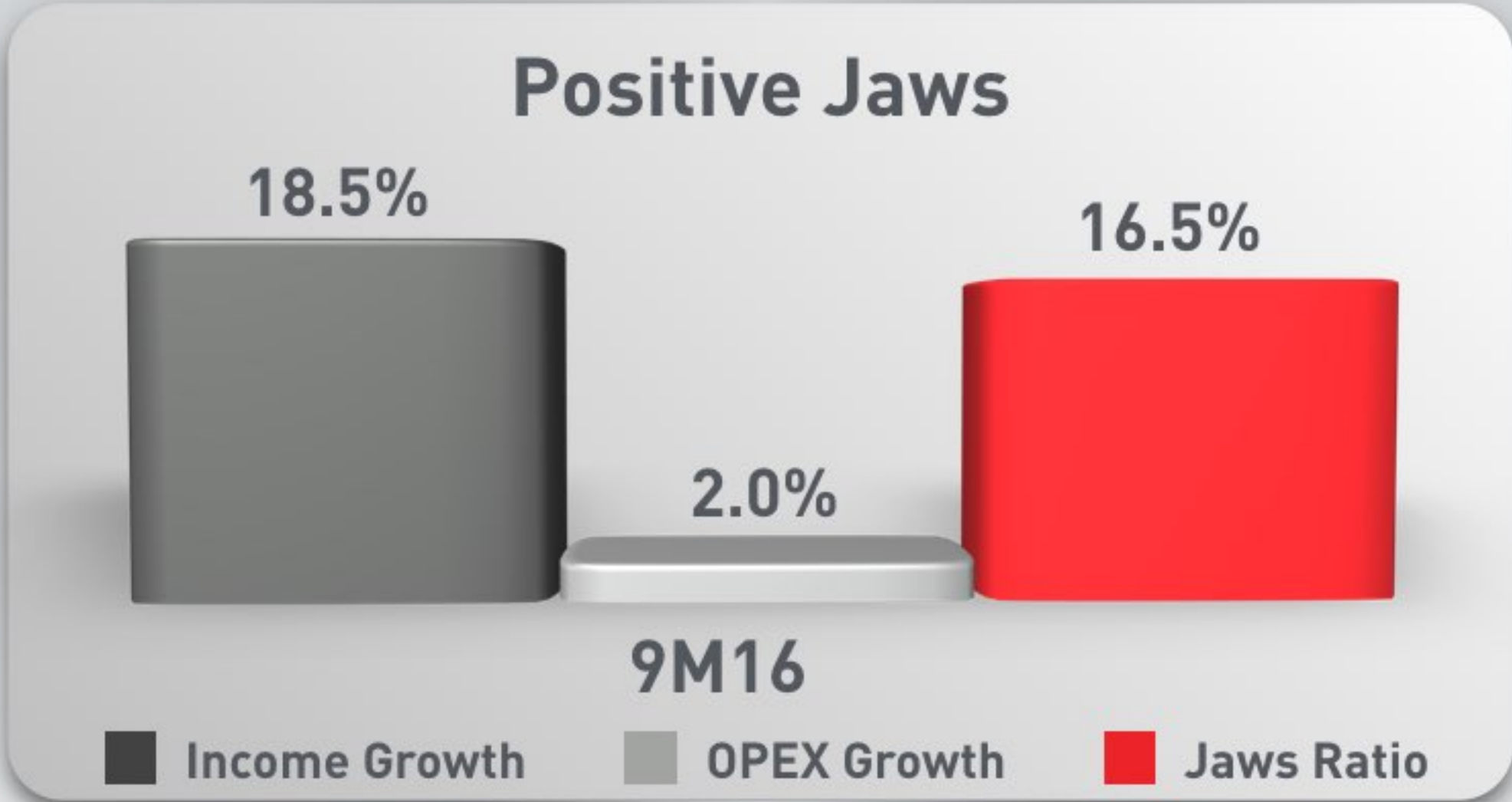
+44% YoY increase in Direct Banking Fees, share in total fees is up to 15% vs. 11% of same period last year

+25% YoY increase in Money Transfer Fees

+17% YoY increase in Non-cash loan Fees

Unmatched efficiency with outstanding positive jaws

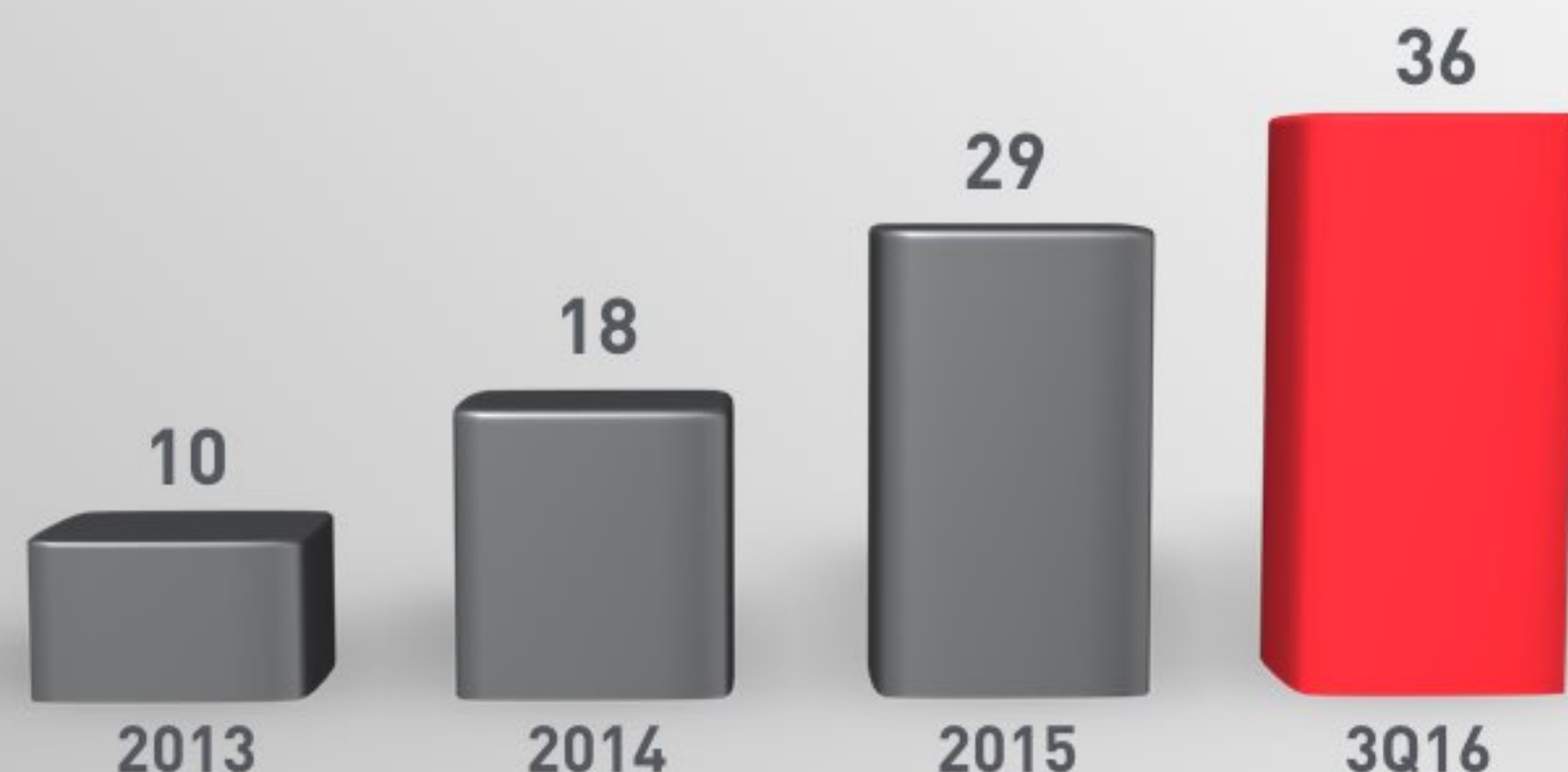
Robust positive jaws of 17% in 9M16



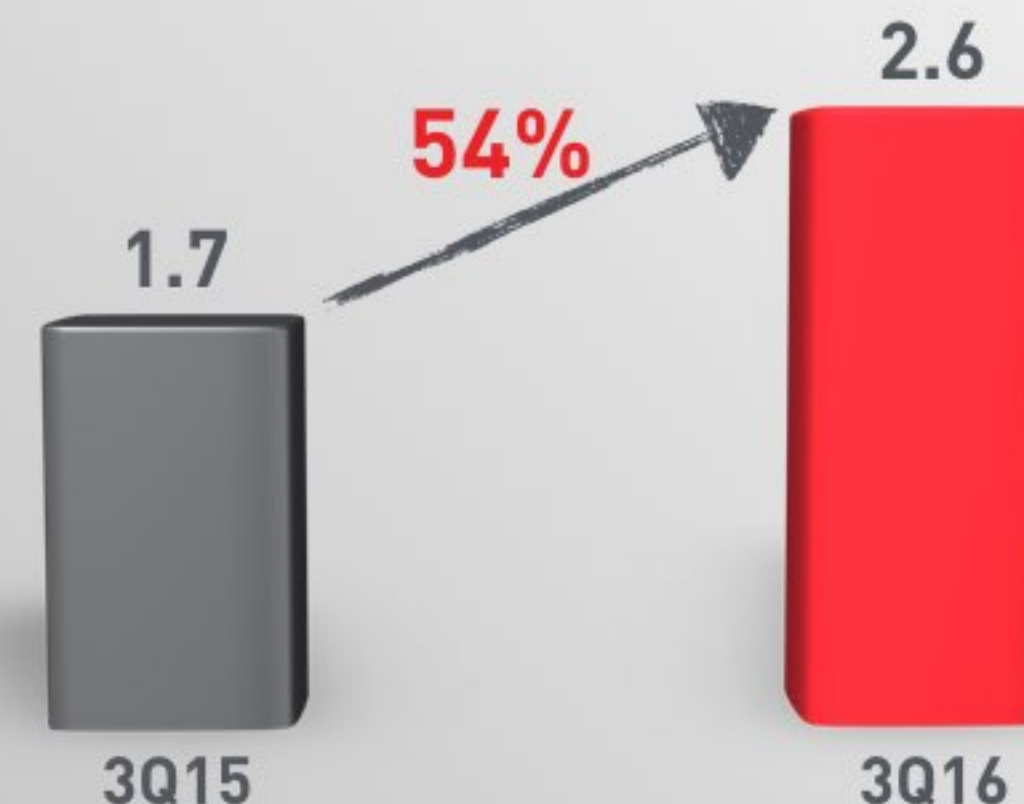
In all calculations non-operational items and one-off excluded; TL 129 mio competition board penalty in 2013, TL 109 mio fee rebates in 2014, TL 217 mio fee rebates, TL 25 mio personnel indemnity related with outsourced security staff in 2015 and TL 80 mio fee rebates TL181 mio Visa gain and TL87 mio fine in 9M16.

Pulling out the value in Mobile Banking

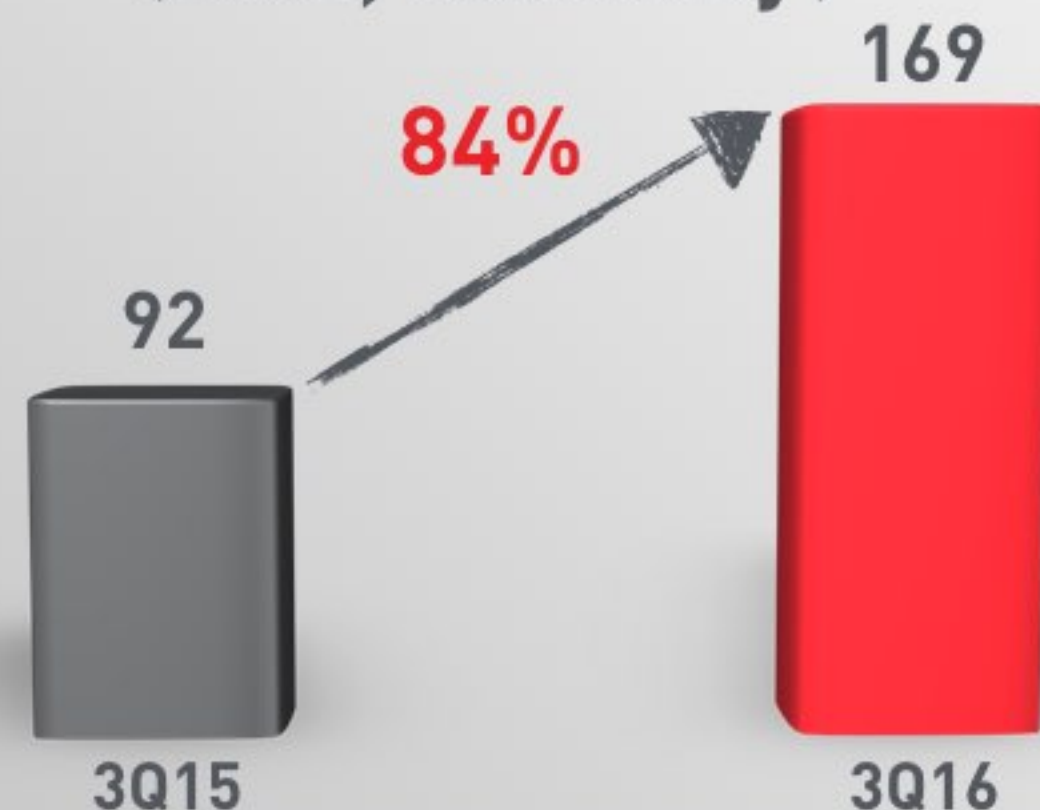
Mobile Banking Penetration (%)



Total Mobile Customers (mio)



of Transactions in Mobile Channels (mio, monthly)



Significant increase
in mobile banking
penetration up to
36% as of 3Q16

40% of GPL
origination is fully
digital through Direct
channels*

*Direct channels include Call Center, Internet Banking, Mobile Banking and Web

9M16 results continued to beat FY Guidance

Growth (%)	2016T	9M16 Annualized		2016T	9M16	
Total Assets	14-16	13	ROA	~1.5%	1.9%	+
Loans	15-17	14	Leverage	~ 9.5x	8.8x	+
TL	15-17	17	ROE	~14%	16.5%	+
FX (USD terms)	7-9	3	NIM	Flat	+36bps	+
Total Deposits	15-17	13	Net fees&com. growth	~15%	4%	-
TL	15-17	34	Opex growth	~8%	2%	+
FX (USD terms)	7-9	-10	Cost/ income*	~37%	35%	+
			Cost / assets	~1.6%	1.6%	✓
			CAR	~ 14%	14.8%	+
			LDR	Max 105%	103%	✓
			NPL	~2.2%	2.2%	✓
			Cost of risk	90 bps	75 bps	+
			EPS Growth	+25%	66%	+

* All data is based on reported figures apart from CIR (excl. one-off gain)

- ▶ Snapshot of Results
- ▶ Balance Sheet Highlights
- ▶ Income Statement Highlights
- ▶ Regular ROE calculation
- ▶ A&L mix
- ▶ Securities Portfolio Breakdown
- ▶ OPEX breakdown
- ▶ Subsidiaries Contribution
- ▶ Loans growth by Segments
- ▶ Swap Costs/Gains & CPI Linkers Income

Snapshot of Results*

(TL mio, ratios in %)

	9M15***	1Q16	2Q16	3Q16	9M16	YoY*** (%)	QoQ (%)
Total Assets	252,467	259,175	265,536	277,363	277,363	9.9	4.5
Loans	153,467	154,705	160,072	169,118	169,118	10.2	5.7
Deposits	149,471	150,788	150,824	164,026	164,026	9.7	8.6
Net Profit	2,222	1,070	1,414	1,197	3,682	65.7	-15.3
Net interest income	5,517	1,988	2,080	2,212	6,280	13.8	6.4
Net fee income	1,833	632	655	619	1,906	4.0	-5.5
ROAE	11.3	15.0	19.0	15.4	16.5	5.2	-3.6
ROAA	1.3	1.7	2.2	1.8	1.9	0.6	-0.4
NIM	3.22	3.23	3.32	3.45	3.33	0.2	0.1
NIM after swap	3.11	3.23	3.50	3.68	3.47	0.4	0.2
Cost of Risk	0.97	0.61	0.79	0.87	0.75	-0.2	0.1
Cost to Income**	40.1	37.4	34.2	32.9	34.7	-5.4	-1.3
CAR	13.6	14.6	14.8	14.9	14.9	1.3	0.1
Tier I	12.5	13.5	13.7	13.7	13.7	1.2	0.0

* Due to accounting methodology change, NII figures have been restated

** Adjusted for non-operational items; one-offs and fee rebates

*** Balance sheet items represent Dec'15 figures

Balance Sheet Highlights

Consolidated (TL mio)			Shares (%)		Change (%)
	2015	3Q16	2015	3Q16	
Cash and Due from Banks	34,289	45,065	13.6	16.2	31
Securities	54,113	49,877	21.4	18.0	(8)
Loans	153,466	169,118	60.8	61.0	10
Other	10,599	13,303	4.2	4.8	26
Total Assets	252,467	277,363			10
Deposits	149,471	164,026	59.2	59.1	10
Funds Borrowed and Bonds Issued	38,588	41,557	15.3	15.0	8
Repo	24,249	26,304	9.6	9.5	8
- TL Repo	6,249	7,451	2.5	2.7	19
- FX Repo	18,000	18,853	7.1	6.8	5
Other	12,144	13,899	4.8	5.0	14
Equity	28,015	31,576	11.1	11.4	13
Total Liabilities and S/H Equity	252,467	277,363			10

Income Statement Highlights

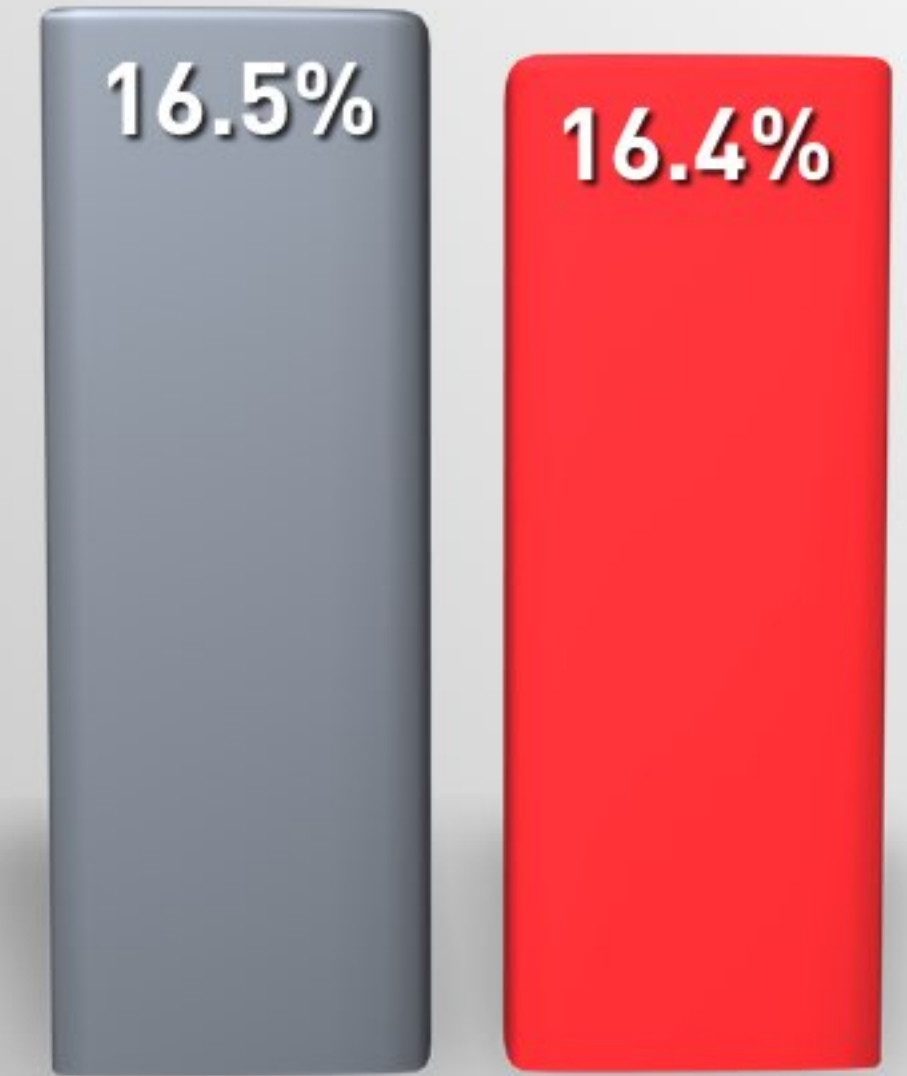
Consolidated (TL mio)

	9M15	9M16	Change (%)
Interest Income	11,515	14,037	22
Interest Expense	(5,997)	(7,757)	29
Net Interest Income	5,517	6,280	14
Trading Gain (Loss)	75	557	n.m.
- Securities	201	238	18
- Other	(126)	319	-
Provision for Loan Losses, net of collections	(1,041)	(890)	15
Fees and Commissions (Net)	1,833	1,906	4
Operating Expense	(3,244)	(3,272)	1
Other Income	166	378	128
Other Provisions	(408)	(285)	-30
Income Before Tax	2,898	4,680	62
Tax	(676)	(999)	48
Net Income	2,222	3,682	66

Regular Return on Equity at 16.4%

Consolidated (TL mio)	<u>9M15</u>		<u>9M16</u>	
	Net Income	ROE (%)	Net Income	ROE (%)
Reported	2,222	11.3	3,681	16.5
Non-recurring item adj.:				
Add. General provisions	180	0.9	-	-
Fee rebates	140	0.7	64	0.3
One-off OPEX*	20	0.1	87	0.4
Visa income (-)	-	-	163	0.7
Regular Net Income	2,562	13.0	3,669	16.4

Cumulative ROE



9M16

■ Reported ROE ■ Regular ROE

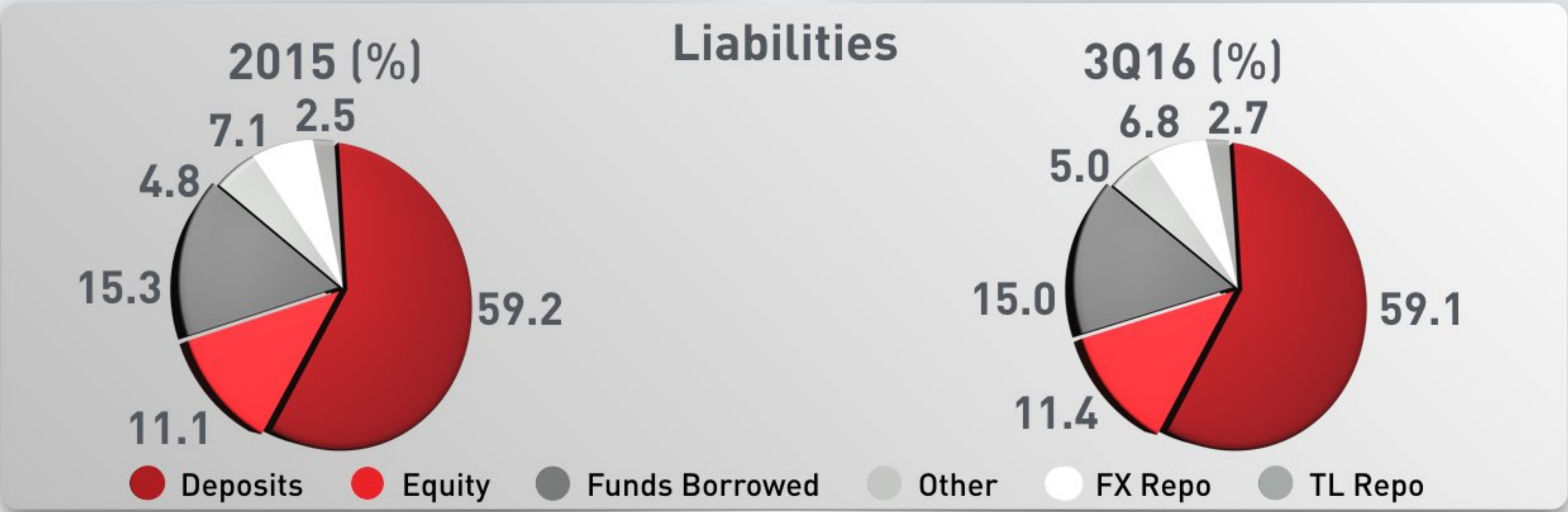
*One-off OPEX include; TL20 mio in 9M15 for personnel indemnity related with outsourced security staff and TL87 mio fine in 9M16 from Ministry of Customs and Trade, all non-recurring items are after tax figures

A&L mix

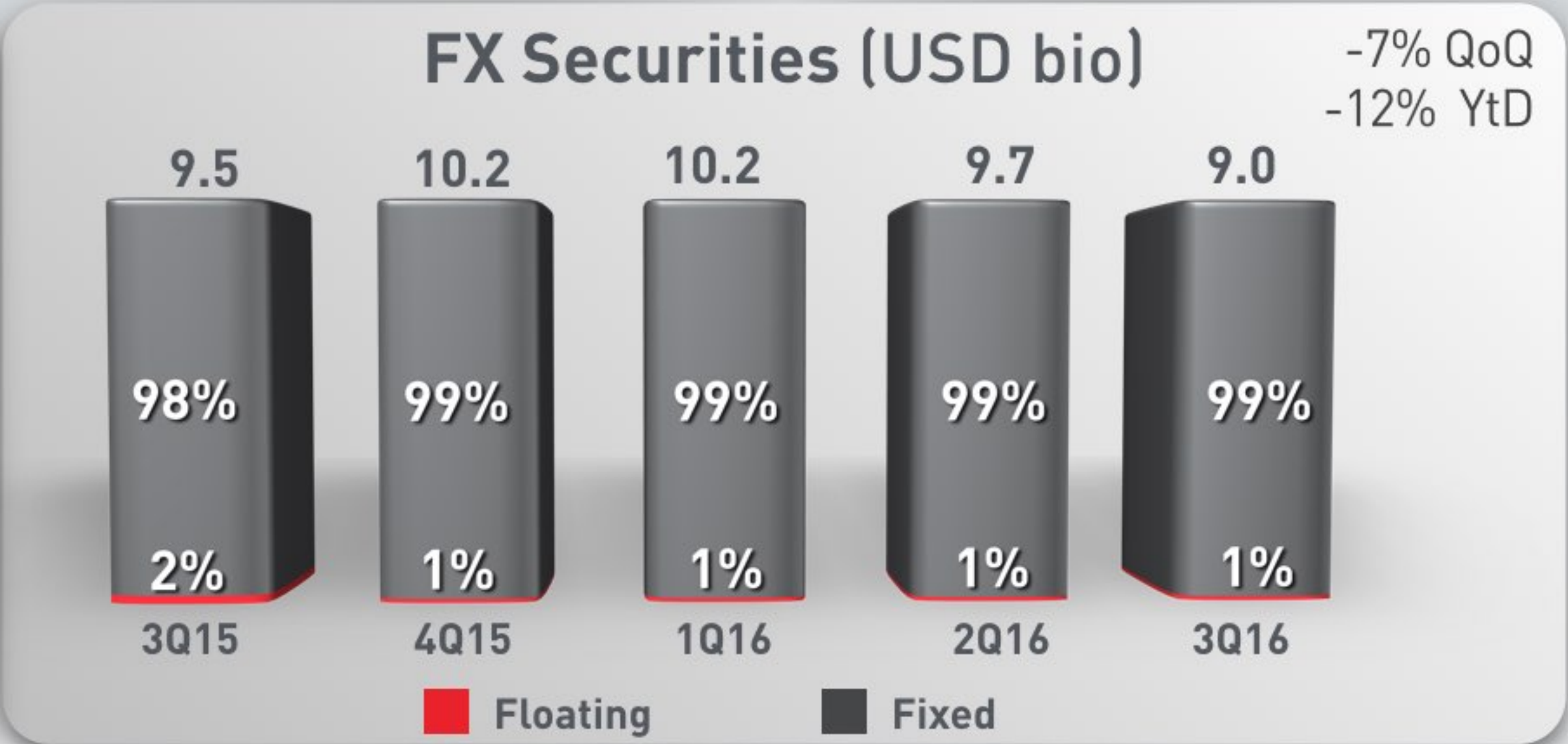
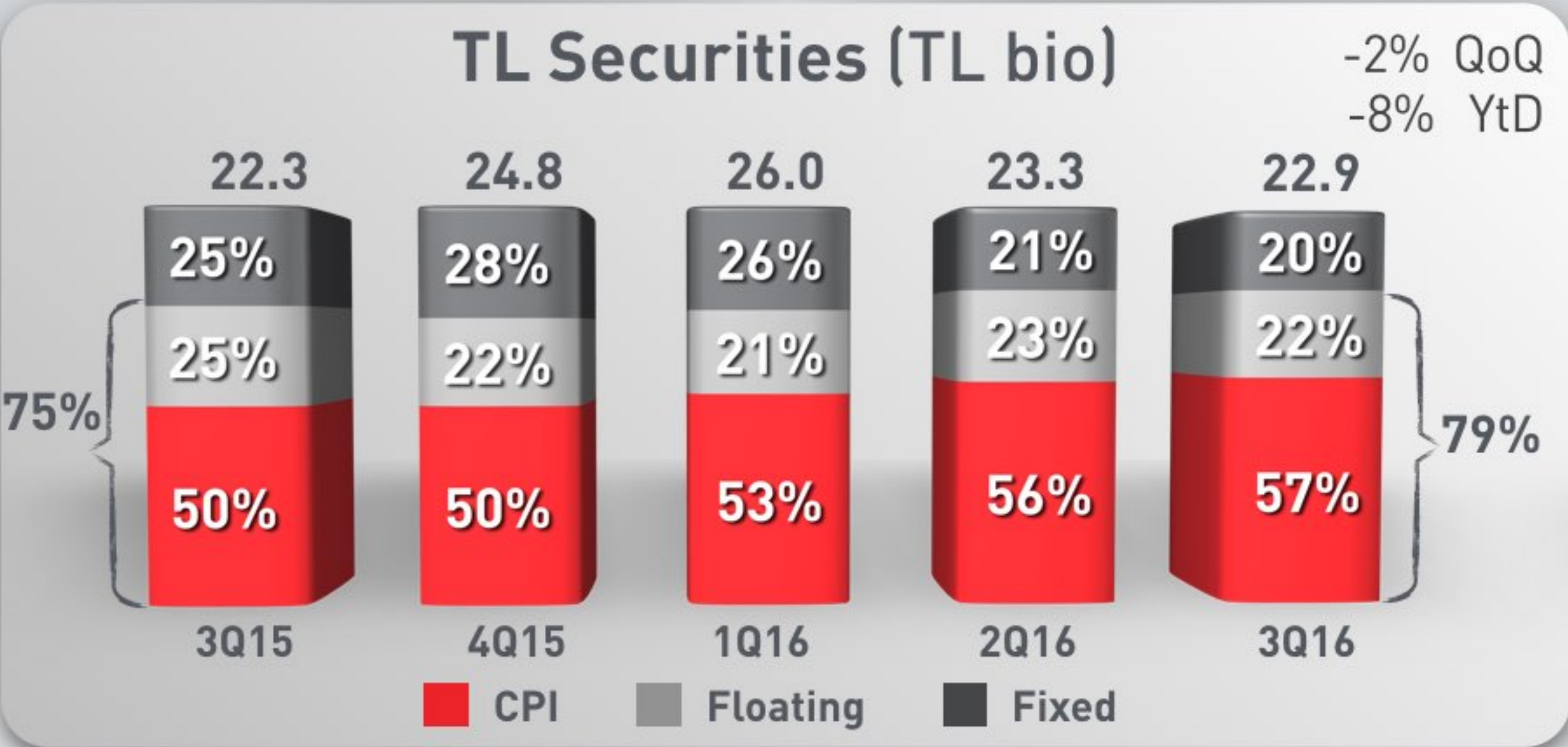


TL 252.5 bio

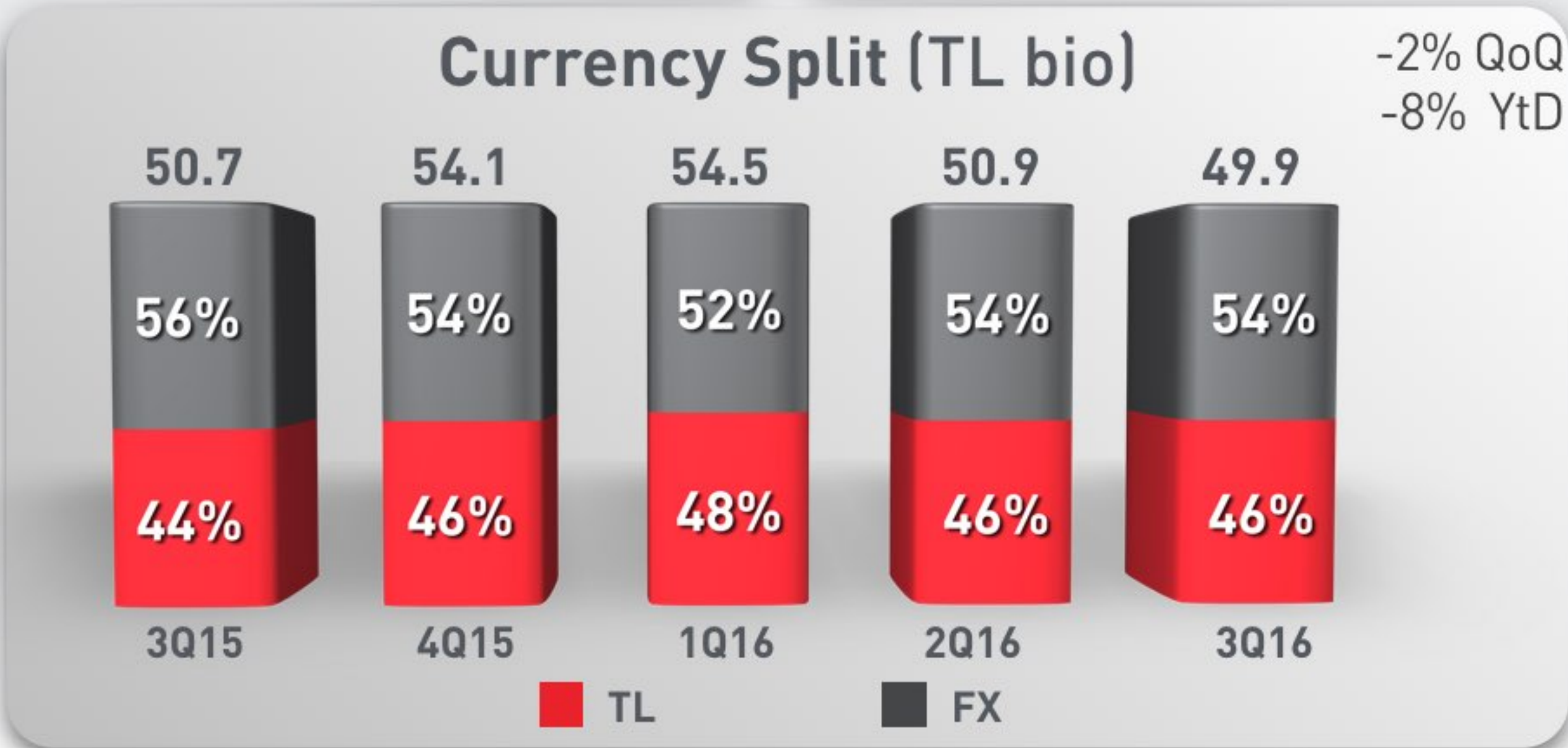
TL 277.4 bio



Spectacular treasury management



TL 238 mio bond transaction gain as of 9M16

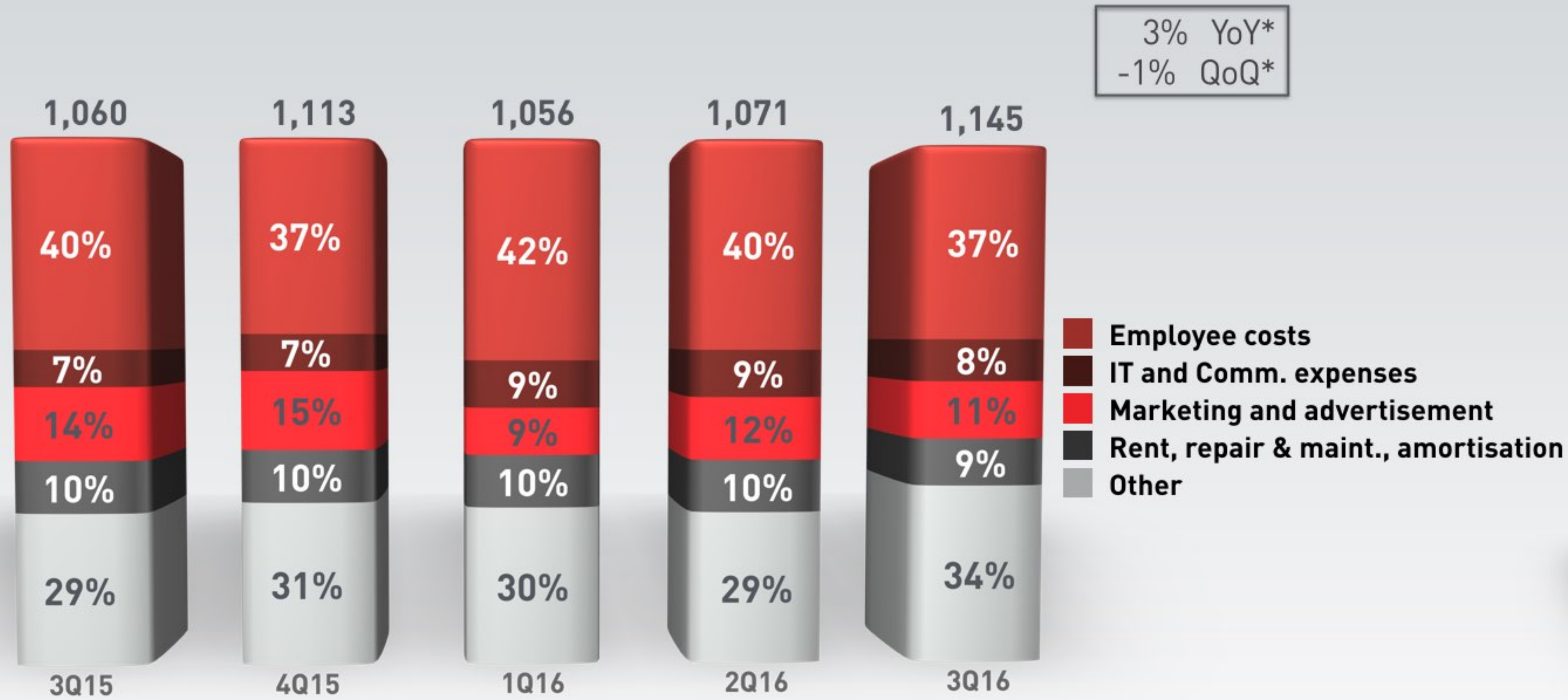


22% HtM, 78% AFS

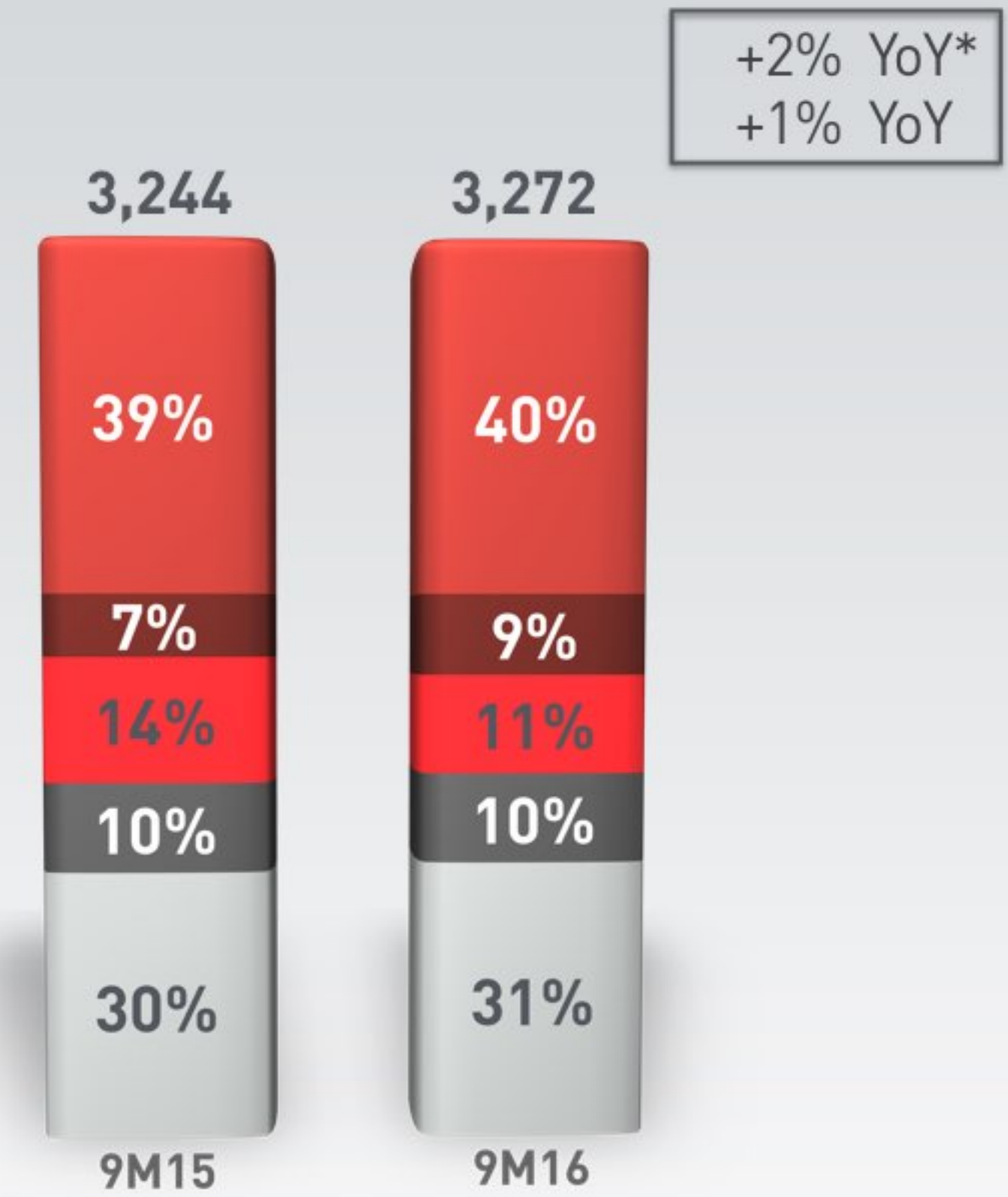
MtM Valuation in Equity net, (-) TL 0.7 bio

Costs reduced in real terms (TL mio)

Quarterly

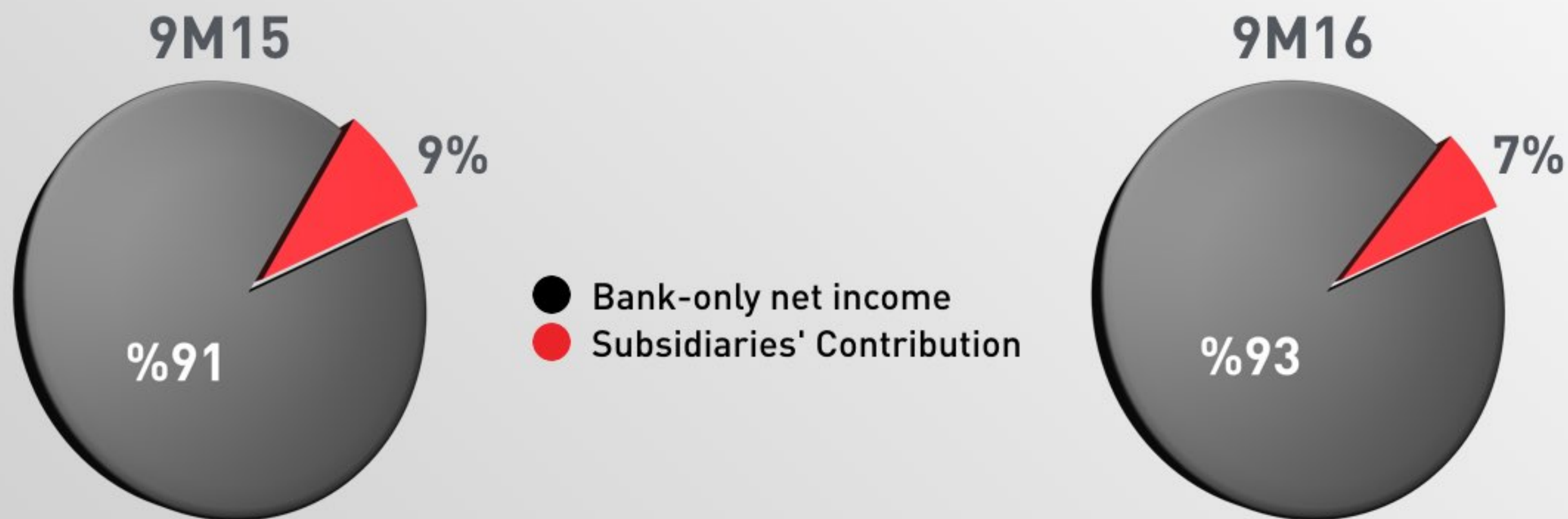


Cumulative

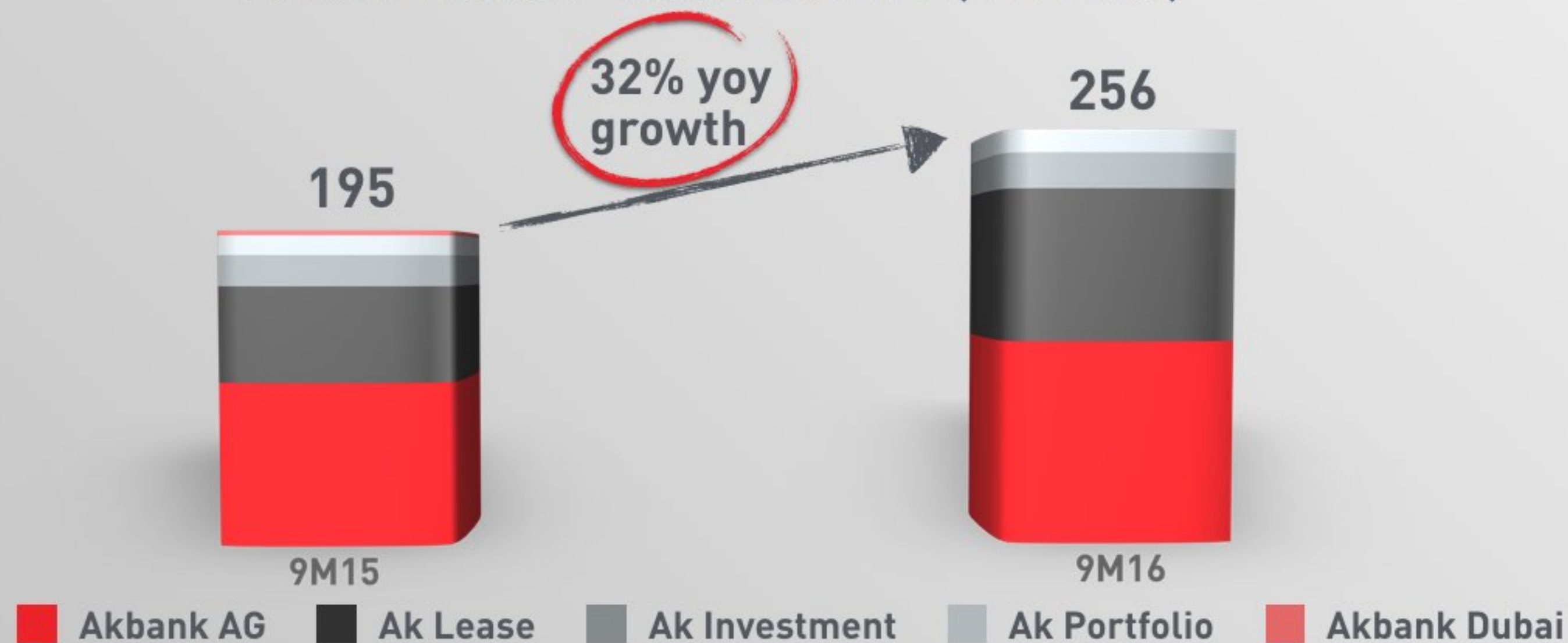


* OPEX growth figures are adjusted with fee rebates and one-offs (fee rebates :TL 215 mio in 2015 and TL 80 mio in 9M16, TL87 mio fine in 3Q16)

Subsidiaries net income is up by 32% YoY



Subsidiaries' Net Income (TL mio)



Loan growth by segments

(TL bio)	3Q15	4Q15	1Q16	2Q16	3Q16	QoQ (%)	YtD (%)
TL Loans	88.0	89.5	91.9	97.3	101.3	4	13
Business Banking	48.4	50.0	52.9	57.3	61.6	8	23
Corporate	13.3	14.3	15.1	16.1	17.9	11	25
Commercial	22.4	22.6	25.0	27.7	30.0	8	33
Other Business	12.7	13.1	12.9	13.5	13.7	2	5
Retail	39.6	39.5	39.0	40.0	39.7	(1)	0
Consumer	28.7	28.6	28.5	29.5	29.0	(1)	1
Credit Cards	10.9	10.9	10.5	10.5	10.6	1	(3)
(USD bio)							
FX Loans	22.1	22.2	22.5	22.0	22.6	3	2
Corporate	15.3	14.7	14.7	14.1	14.5	3	(1)
Commercial	6.8	7.5	7.8	7.9	8.1	3	7
Total Loans (TL bio)	153.8	153.5	154.7	160.1	169.1	6	10

FX indexed loans are shown under FX loans

Strong growth in corporate lending

5.1x
Cross Sell in
Corporate
Loans

TL Loans (TL bio)

+11% QoQ
+25% YtD

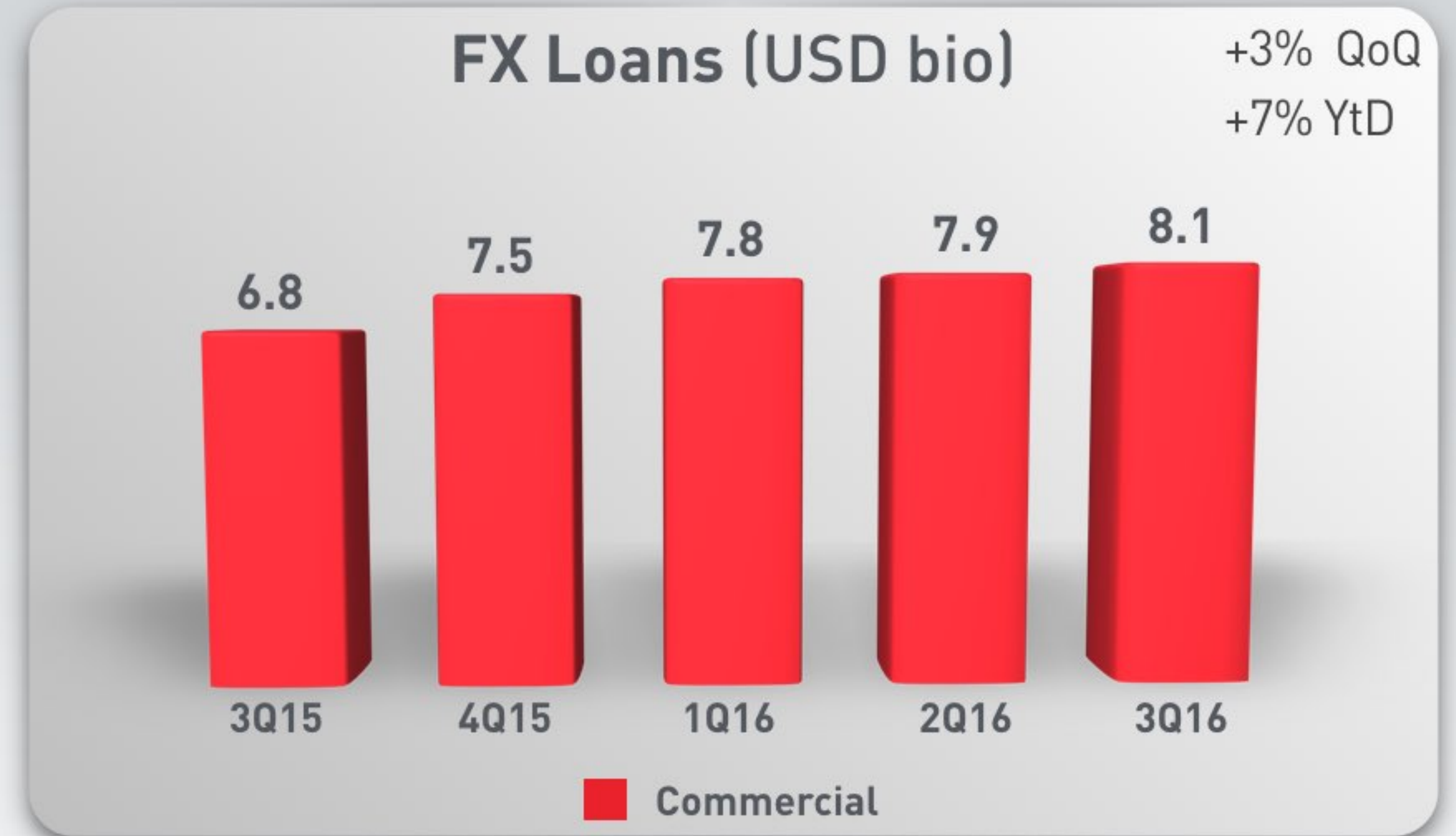
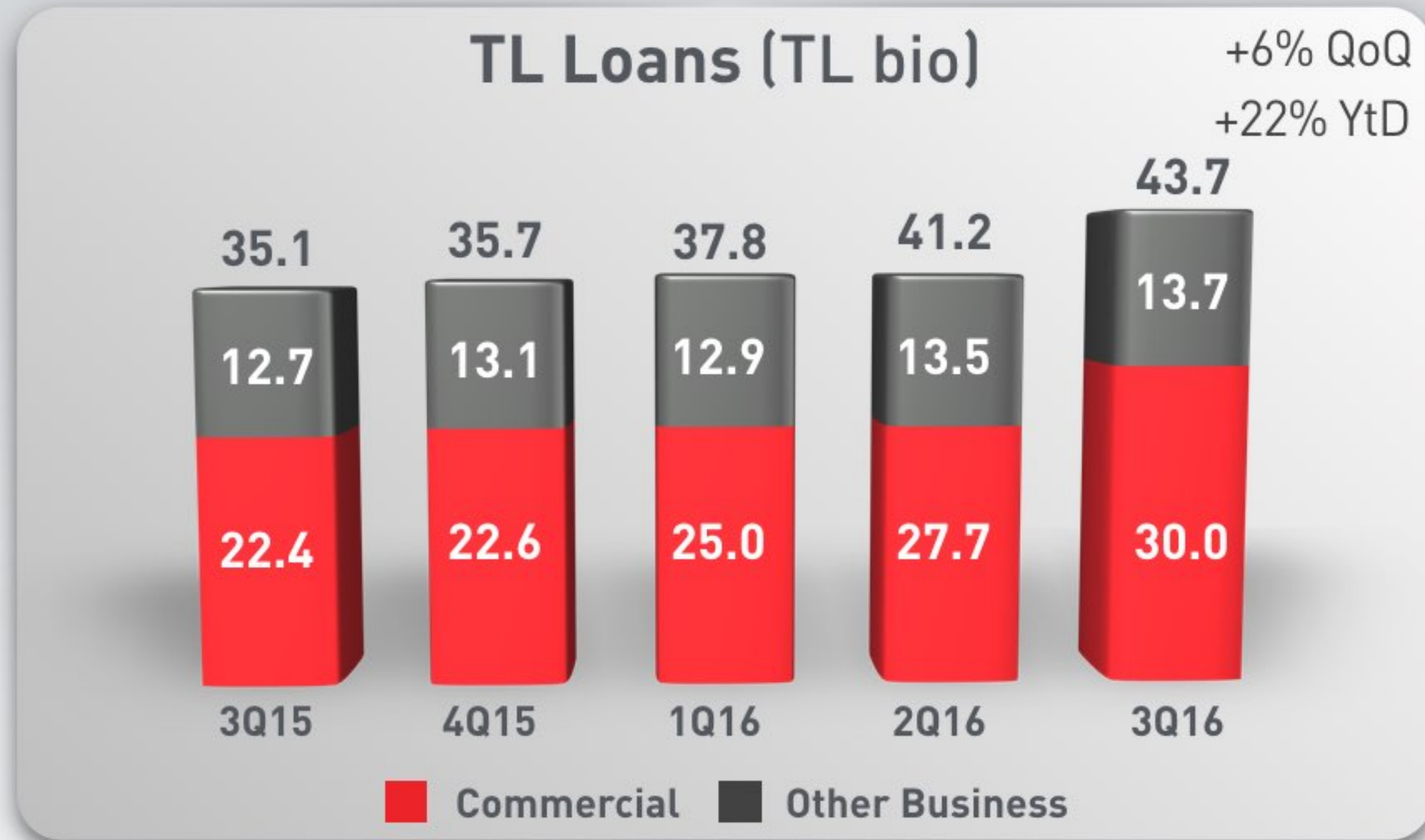


FX Loans (USD bio)

+3% QoQ
-1% YtD



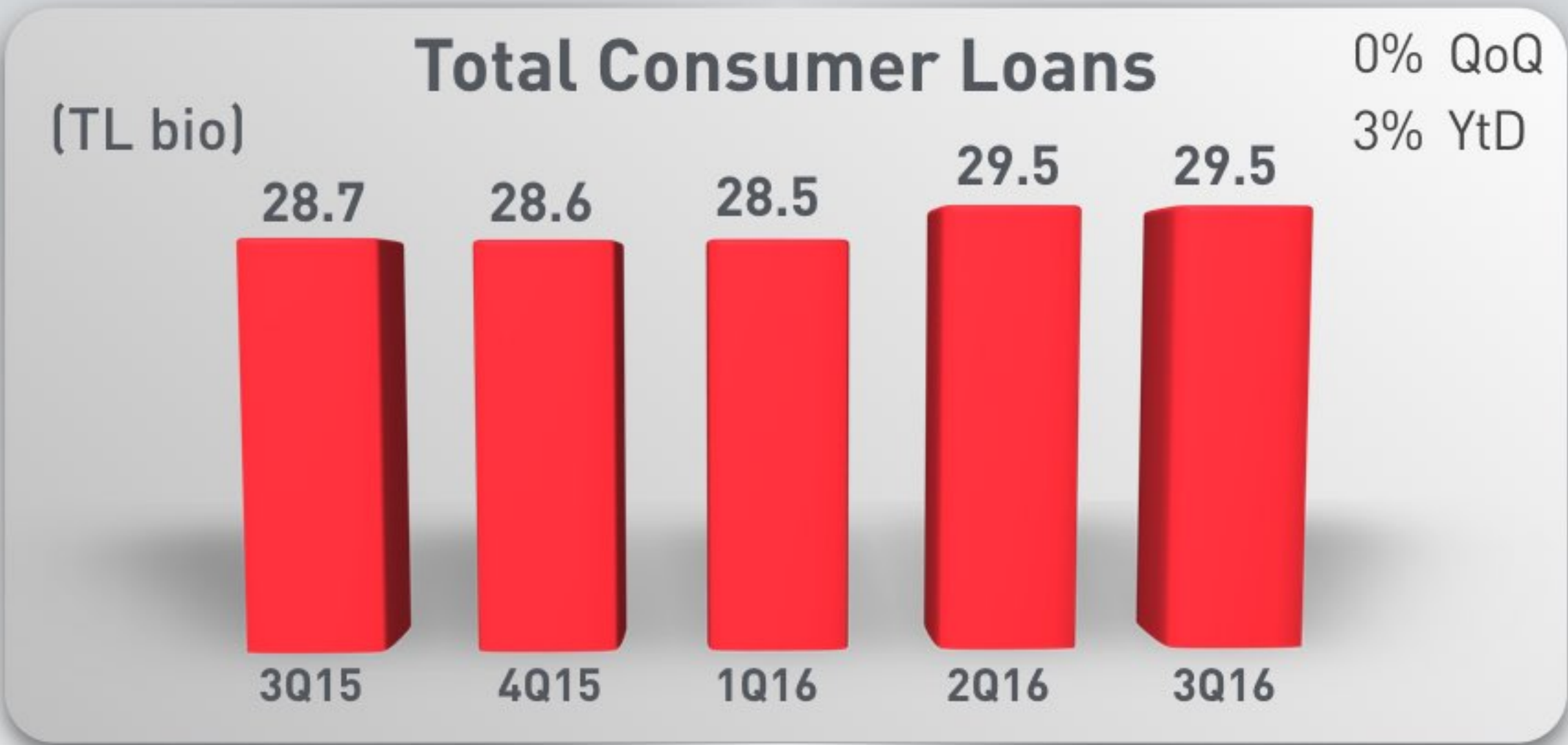
Double digit growth in TL commercial loans



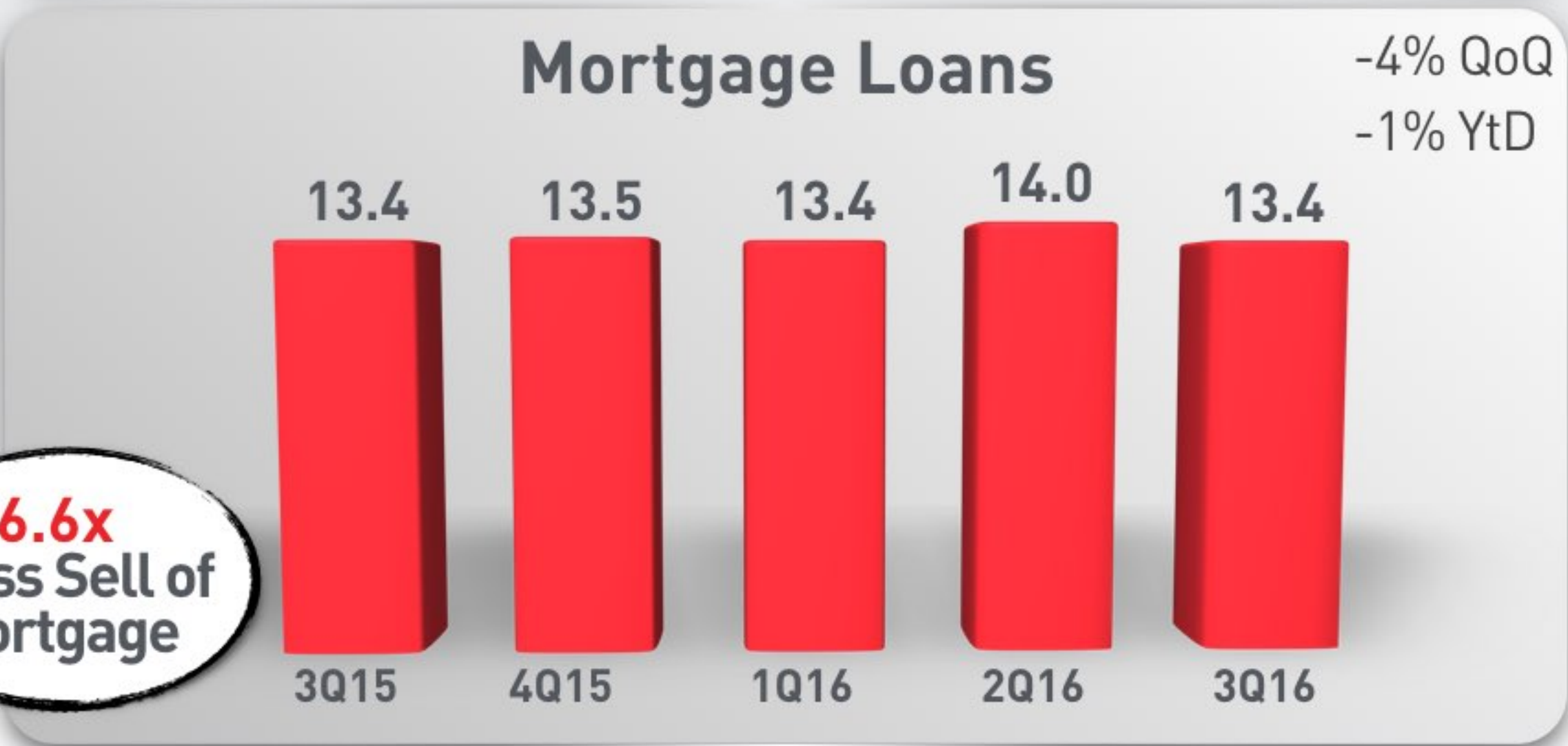
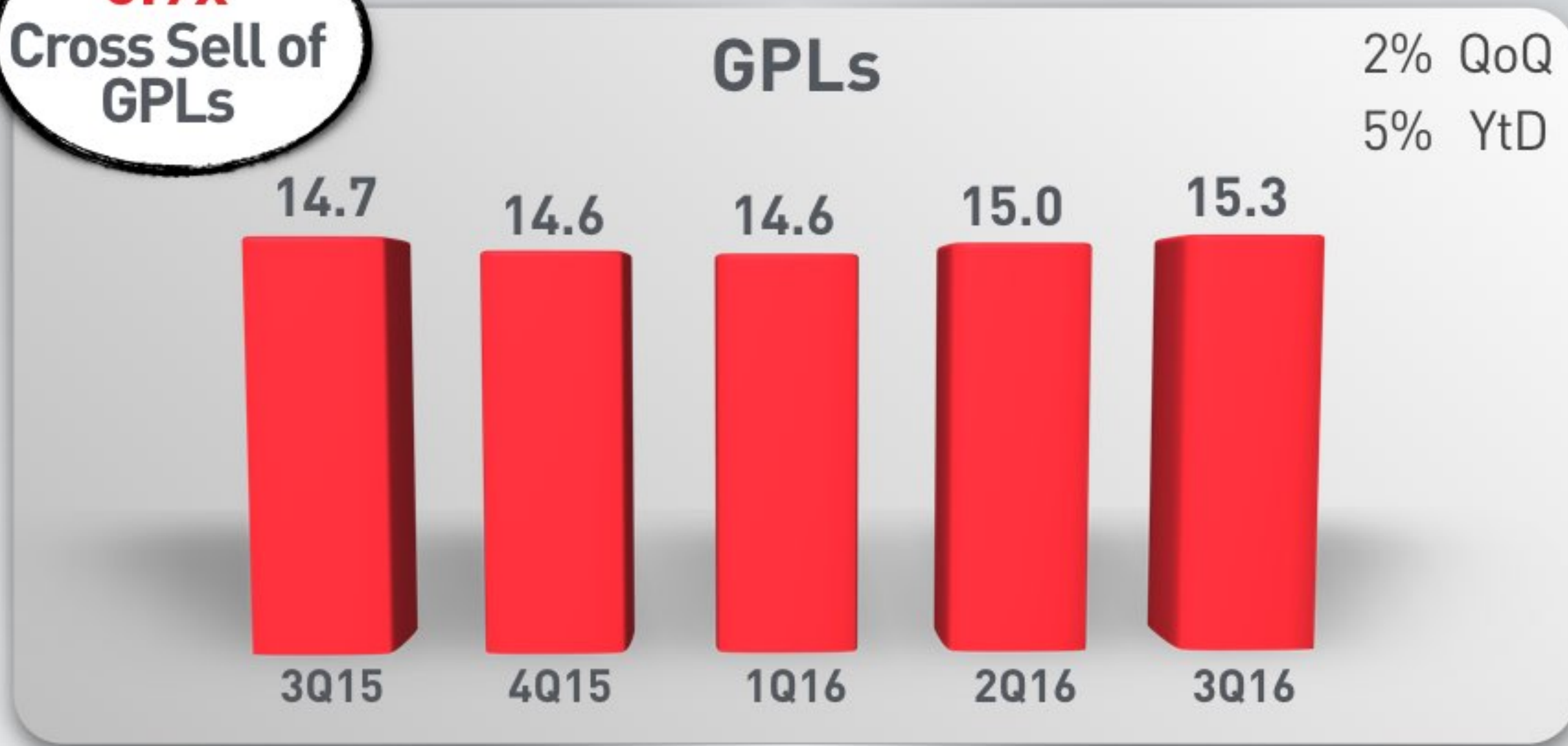
33% YtD
Growth in TL
Commercial loans

5.4x Cross Sell in
Commercial
Loans

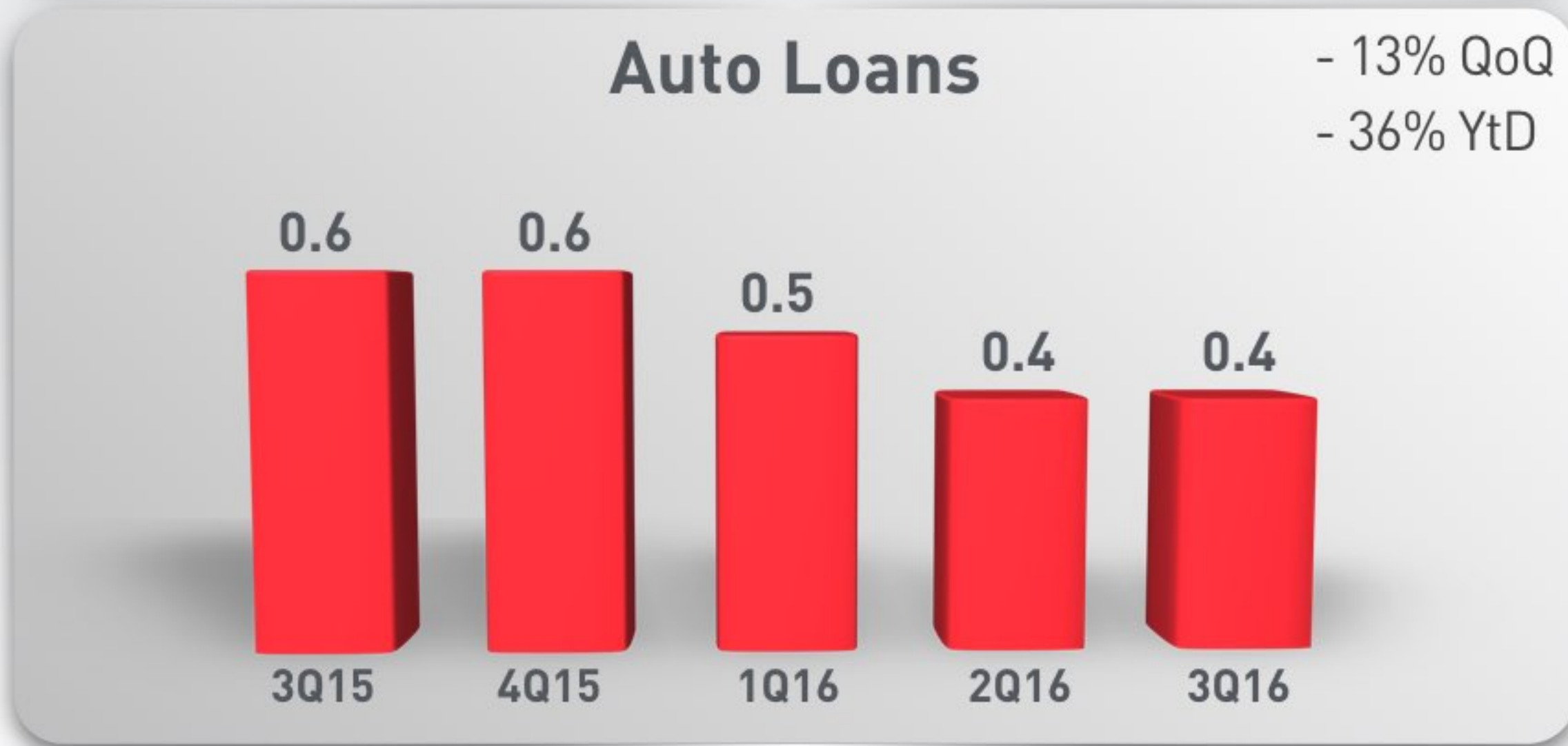
Stable retail loan balance while yield enhancement on track



5.9x
Cross Sell of
GPLs



6.6x
Cross Sell of
Mortgage



Credit Cards volume is on the rise

(TL bio)

Credit Card Loans

1% QoQ
-3% YtD



Credit Cards Issuing Volume

+2% QoQ
+5% YtD



Credit Cards Acquiring Volume

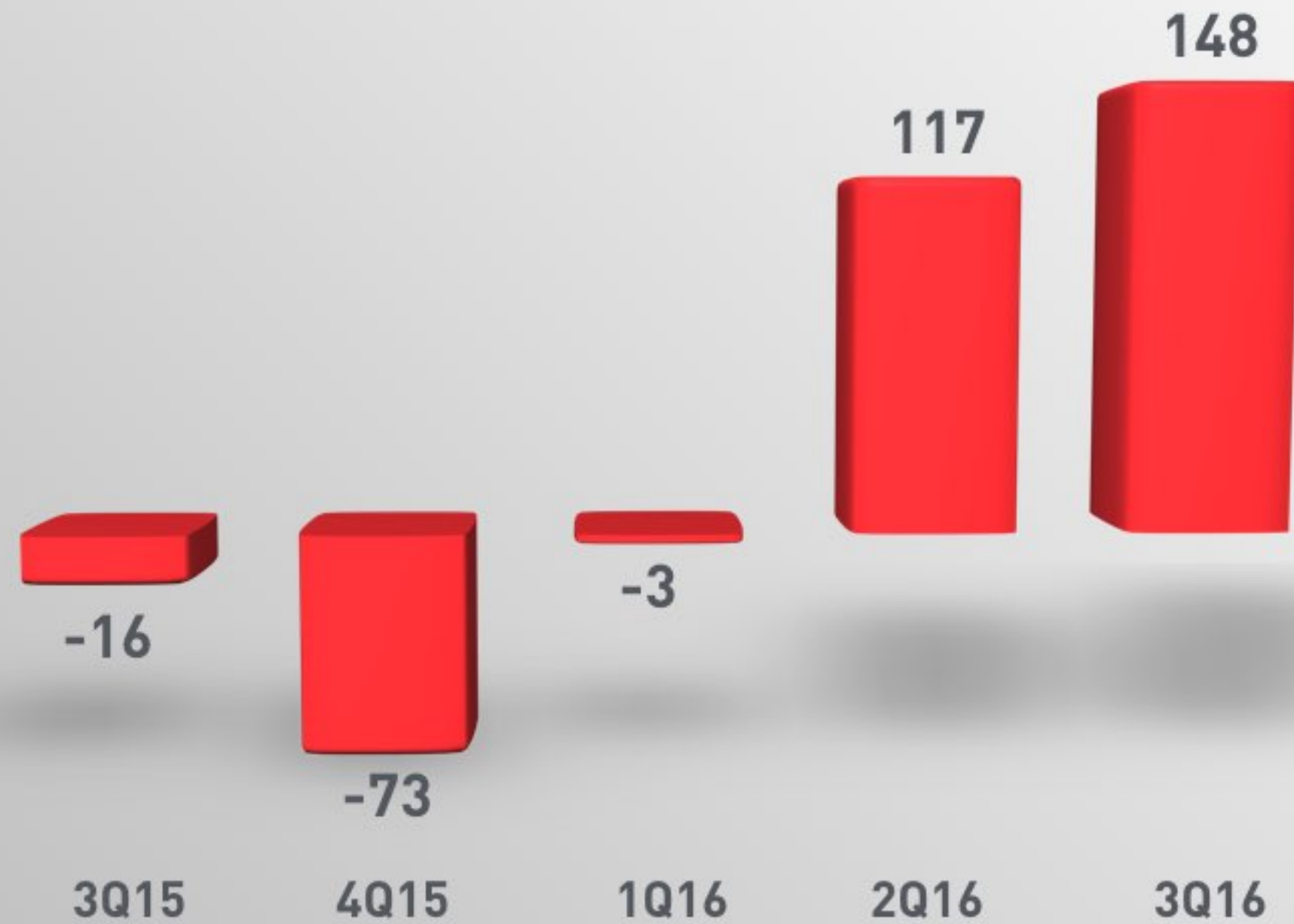
+6% QoQ
+11% YtD



■ Volume — Market share (%)

Swap Costs/Gains & CPI Linkers Income

Quarterly Short-term Swap Costs/Gain
(TL mio)



CPI Linker Income
(TL mio)





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