

3Q21
Consolidated
Financial Results

AKBANK



Content

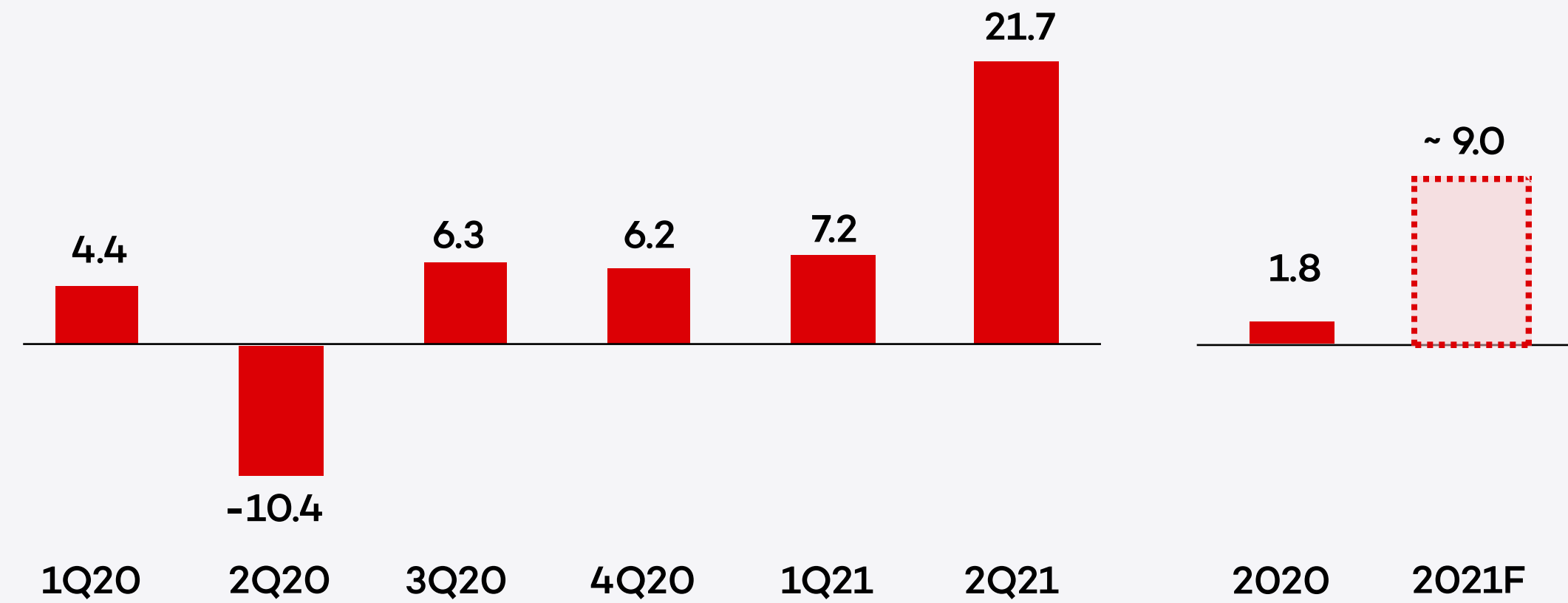
01 Operating Environment

02 Financials

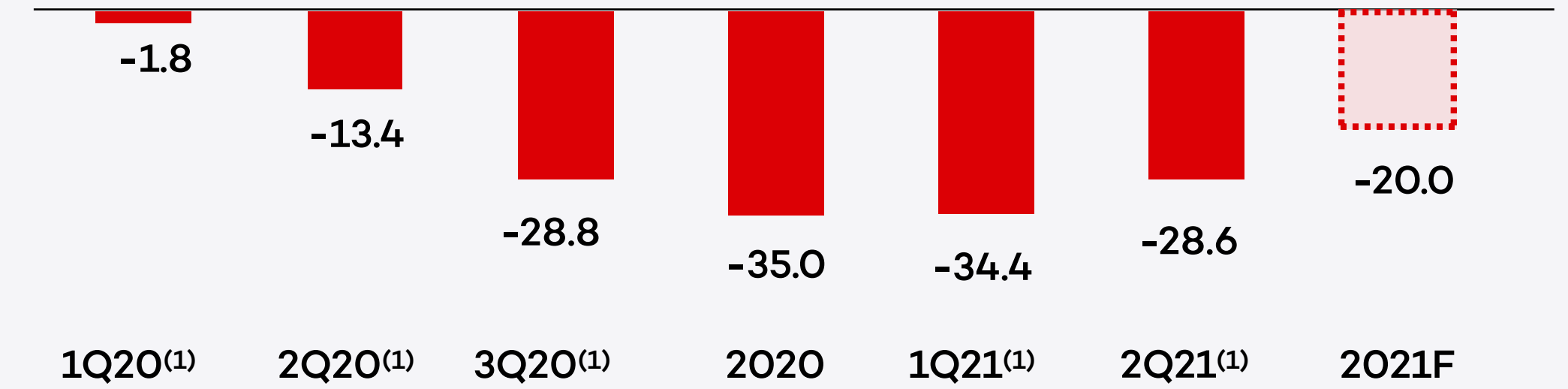
03 Annex

Turkish Economy: 2021 Outlook

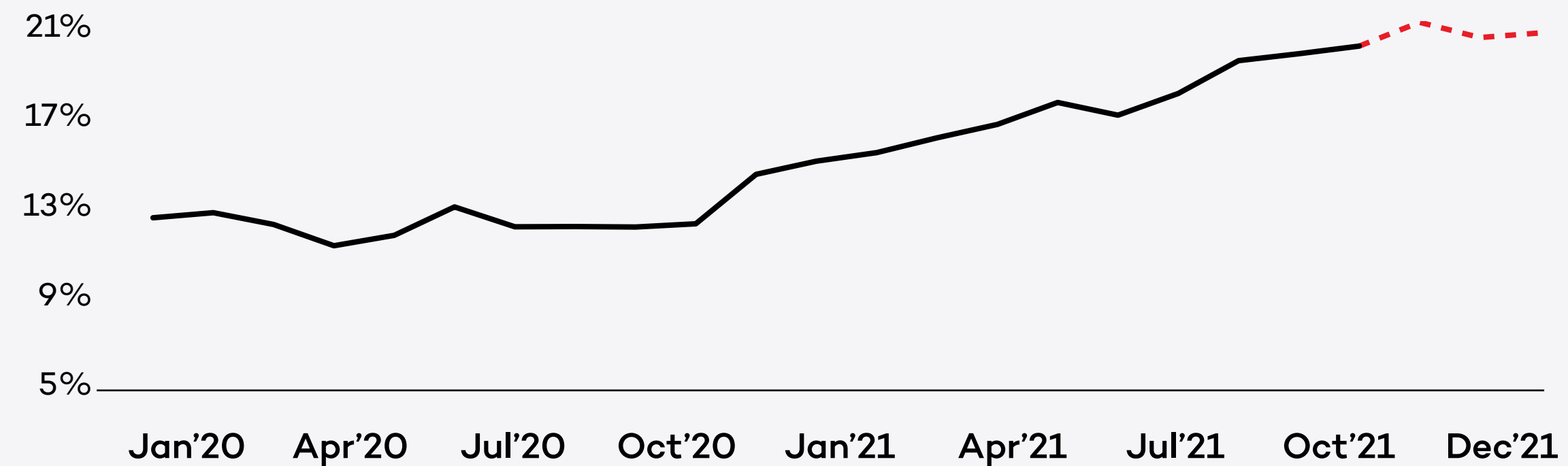
GDP Growth
(YoY, %)



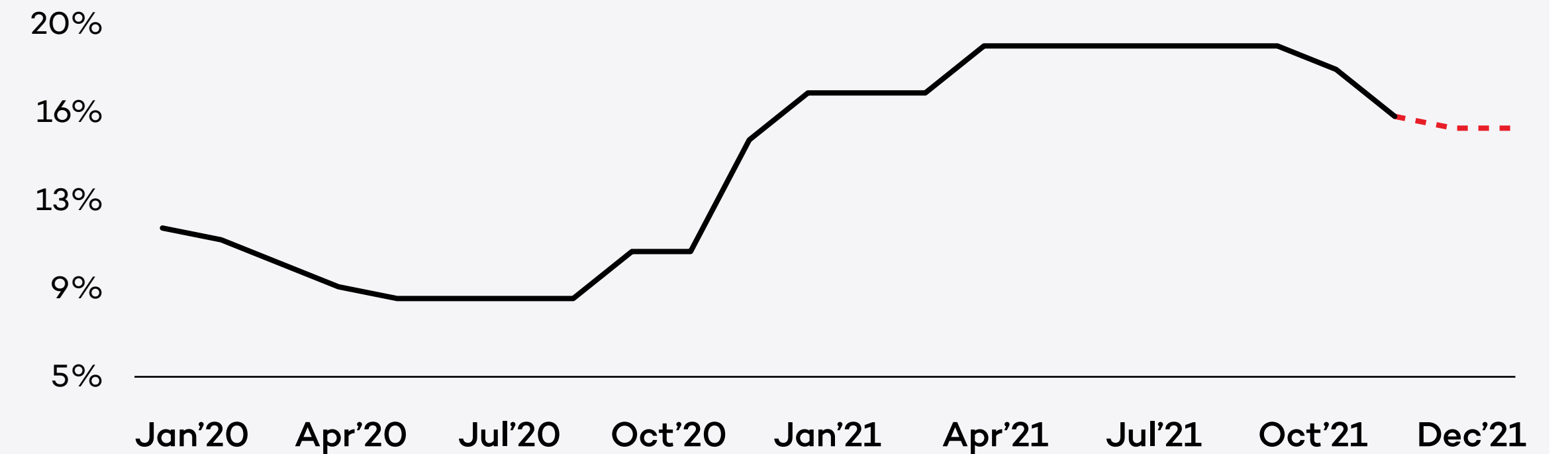
Current Account Balance
(USD, bn)



Inflation
(YoY, %)



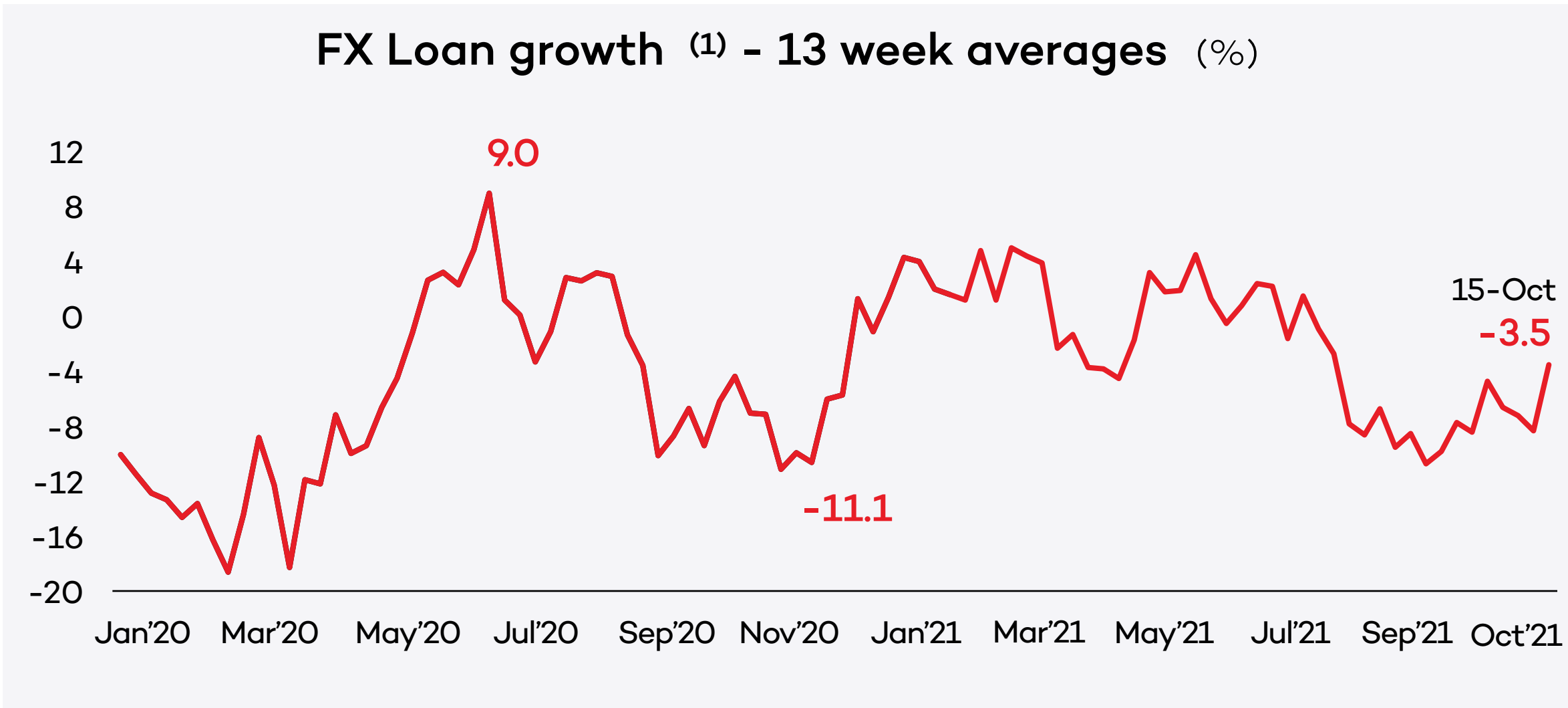
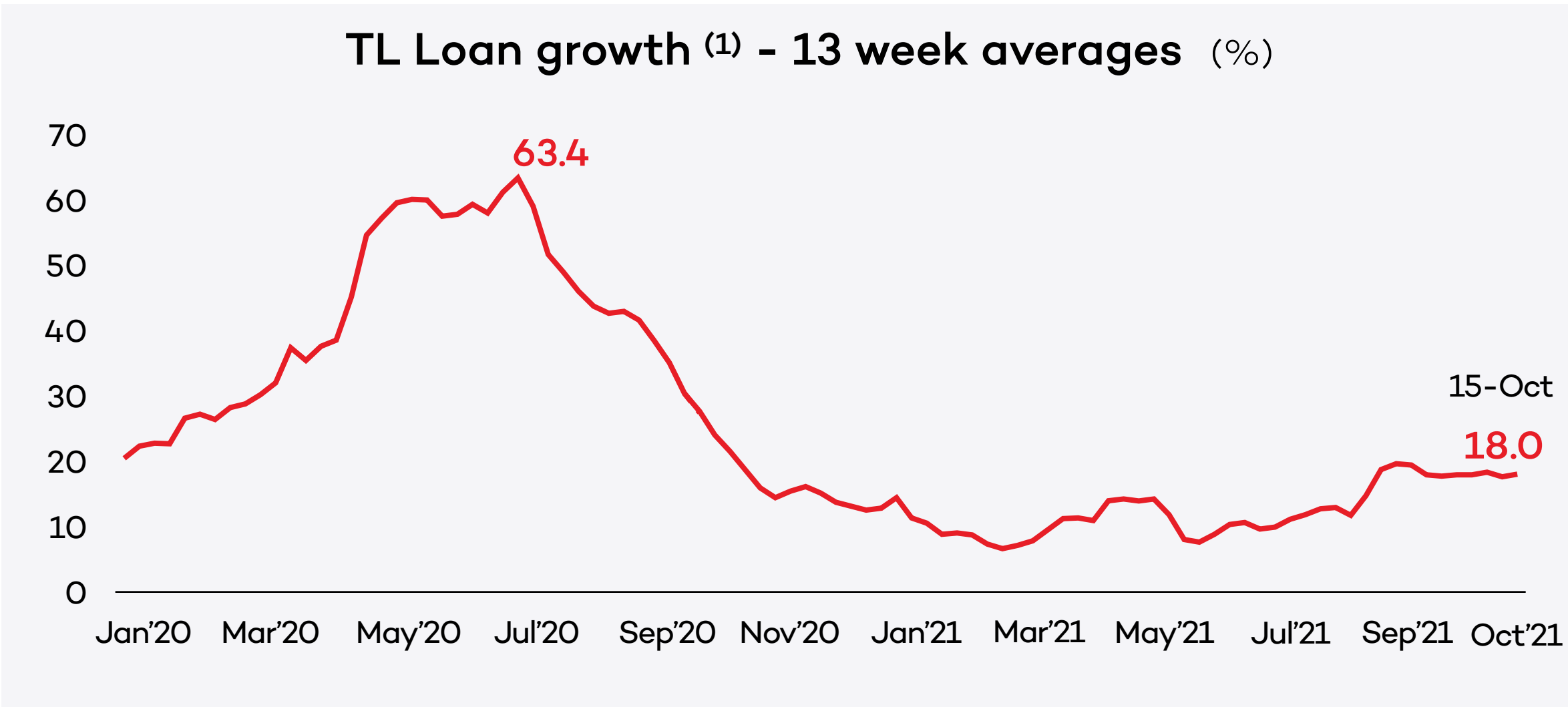
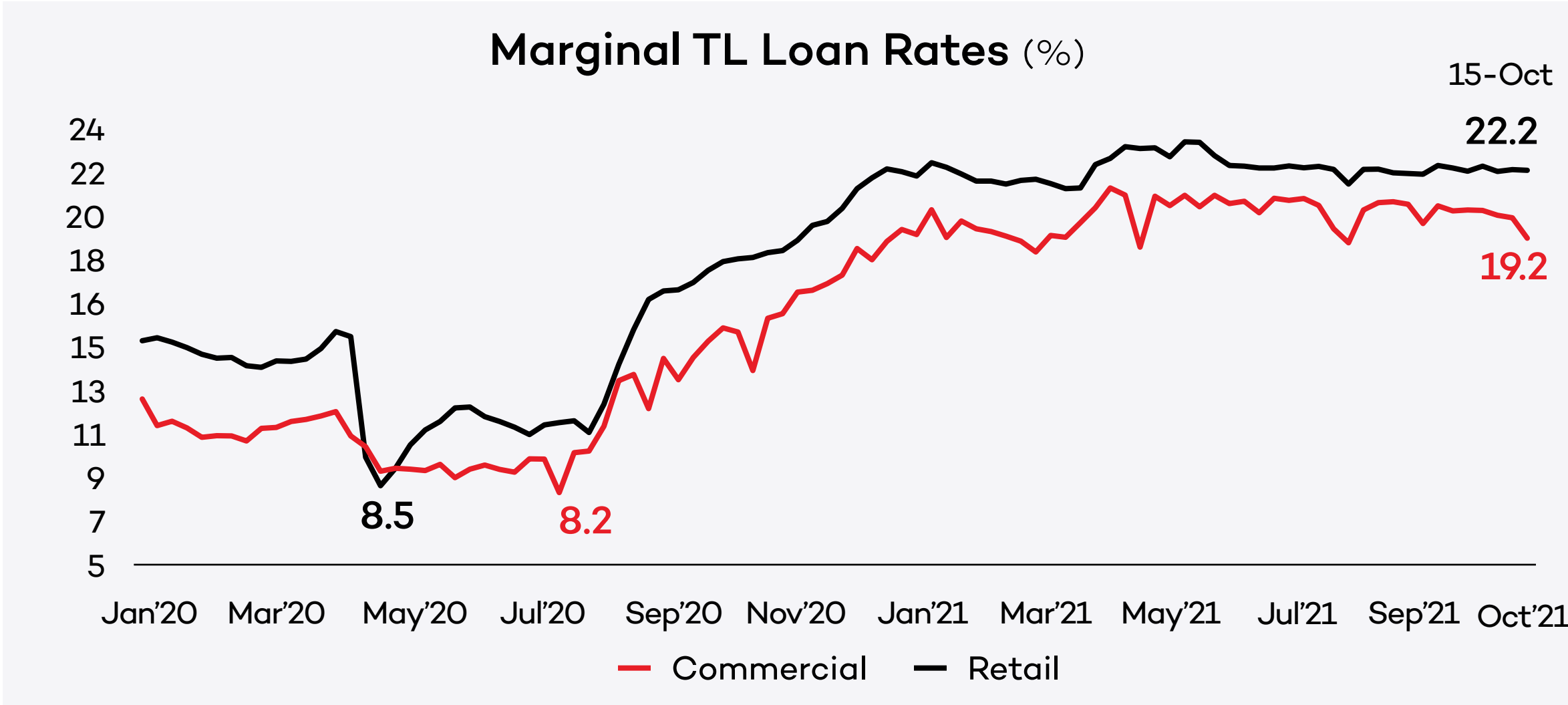
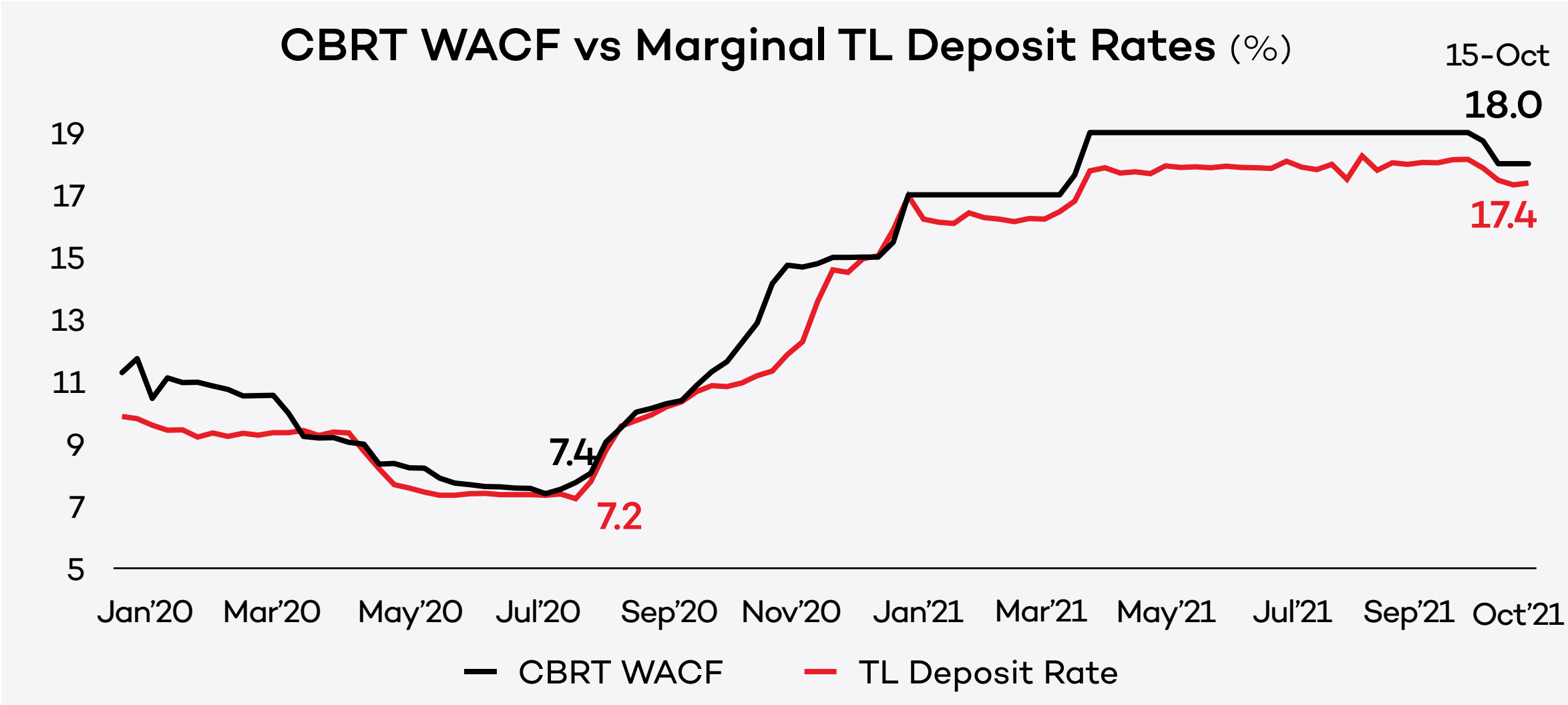
Policy Rate
(1 Week Repo Rate)



Economic activity heat map

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Jul'21	Aug'21	Sep'21
Growth (yoy, %)	4.4	-10.4	6.3	6.2	7.2	21.7			
Industrial Production (yoy, %)	5.7	-16.6	8.5	10.2	11.3	40.3	9.7	13.8	
Manufacturing PMI	50.6	42.7	54.7	52.0	52.9	50.3	54.0	54.1	52.5
Electricity Consumption (yoy, %)	3.3	-11.5	3.6	4.5	6.2	25.8	11.7	17.9	4.5
White Goods Sale (yoy, %)	11.2	-1.2	33.1	26.3	39.7	16.2	-31.0	-8.2	
Automotive Sales (yoy, %)	44.8	18.7	156.2	39.6	57.0	48.0	-47.7	0.9	
Home Sales (yoy, %)	33.0	13.8	49.2	-30.0	-22.9	2.1	-53.0	-17.0	
Real Sector Confidence Index (s.a.)	103.9	75.2	103.4	109.2	109.3	108.1	112.1	112.2	113.3
Capacity Utilization Rate (s.a.)	76.2	63.5	72.7	75.2	75.6	75.9	76.4	76.8	77.8
Consumer Confidence Index (s.a.)	80.7	81.2	81.2	80.7	84.8	79.7	79.5	78.2	79.7
Services Sector Confidence Index (s.a.)	113.5	63.1	93.8	100.8	102.6	104.7	114.8	116.1	117.8
Retail Sector Confidence Index (s.a.)	122.5	90.0	115.1	117.1	108.9	103.2	109.6	110.3	115.6
Construction Sector Confidence Index (s.a.)	87.4	70.0	96.9	90.7	82.3	79.8	86.3	92.4	91.8
Unemployment Rate (s.a.)	13.0	13.3	13.4	12.9	13.0	12.3	12.0	12.1	
Budget Balance (bn TRY)	-29.6	-79.9	-31.1	-32.2	22.8	-55.3	-45.8	40.8	-23.6
Current Account Balance (bn \$)	-8.1	-11.9	-8.3	-6.7	-7.5	-6.1	-0.9	0.5	
Export (yoy, %)	-4.2	-26.1	-2.5	6.6	17.0	69.7	9.9	51.8	30.0
Import (yoy, %)	10.3	-16.3	10.8	12.0	9.6	50.4	16.8	23.6	12.2
Foreign Tourist Arrivals (yoy, %)	-22.1	-97.9	-73.0	-59.4	-53.9	1,304	367	119	
	Best			Average			Worst		

Funding conditions easing towards the year-end



Source: BRSA & CBRT & WACF weekly data

5 ⁽¹⁾ Excluding participation banks

Content

01 Operating Environment

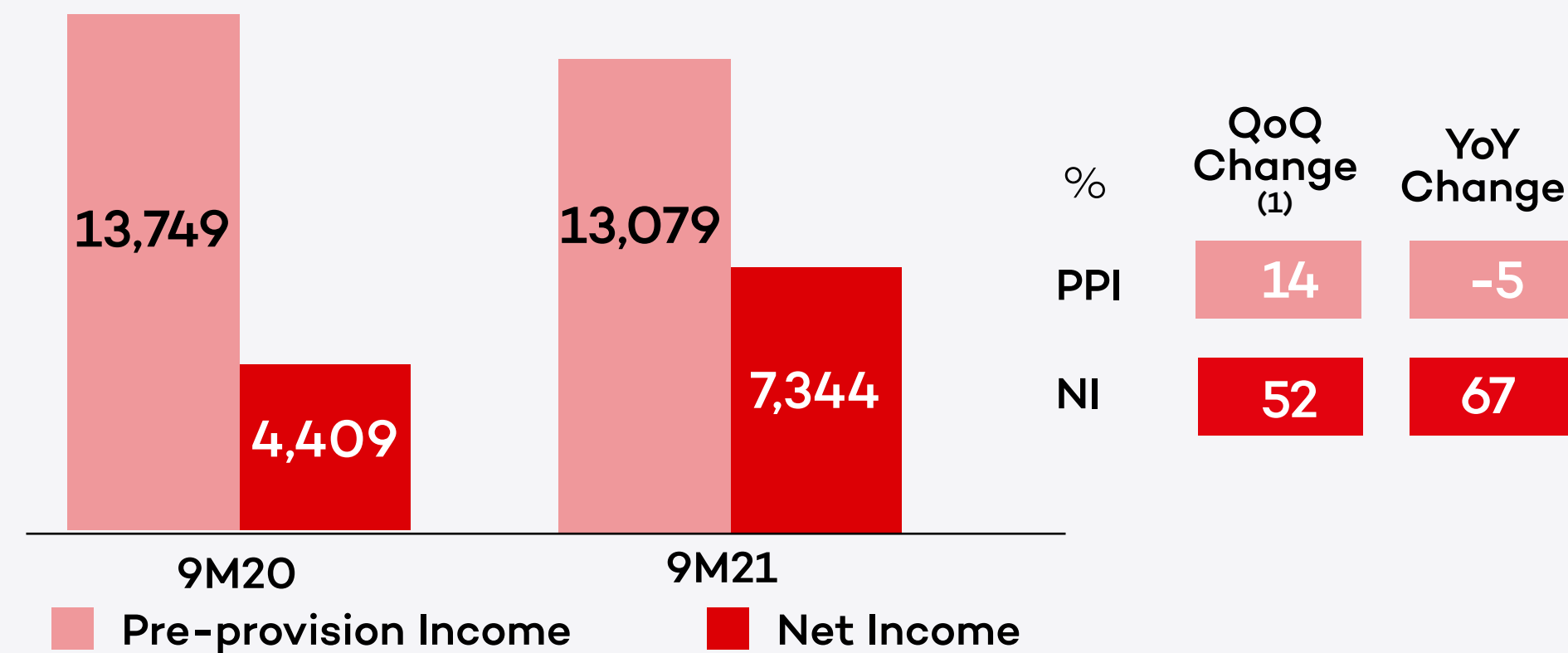
02 Financials

03 Annex

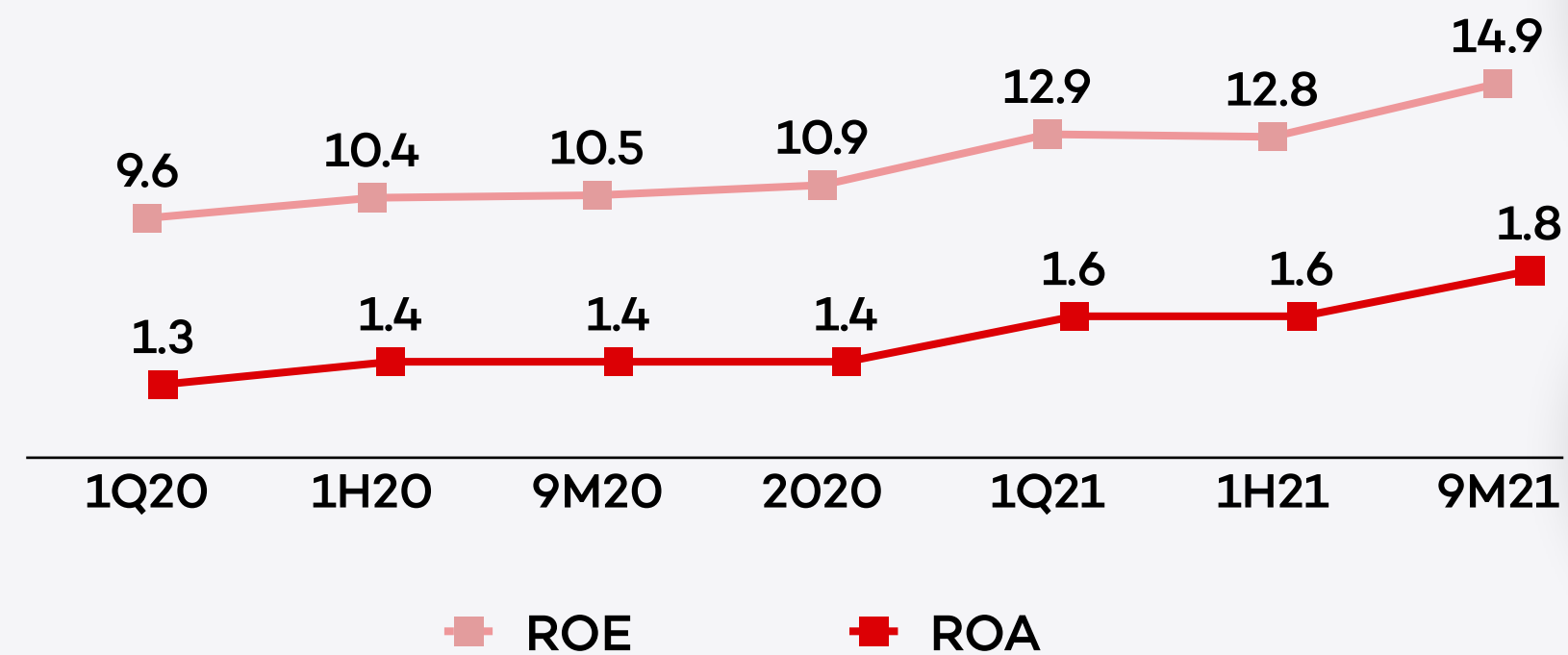
9M21: Already delivered mid-teens FY ROE guidance

Net Income & Pre-provision Income

(TL mn)



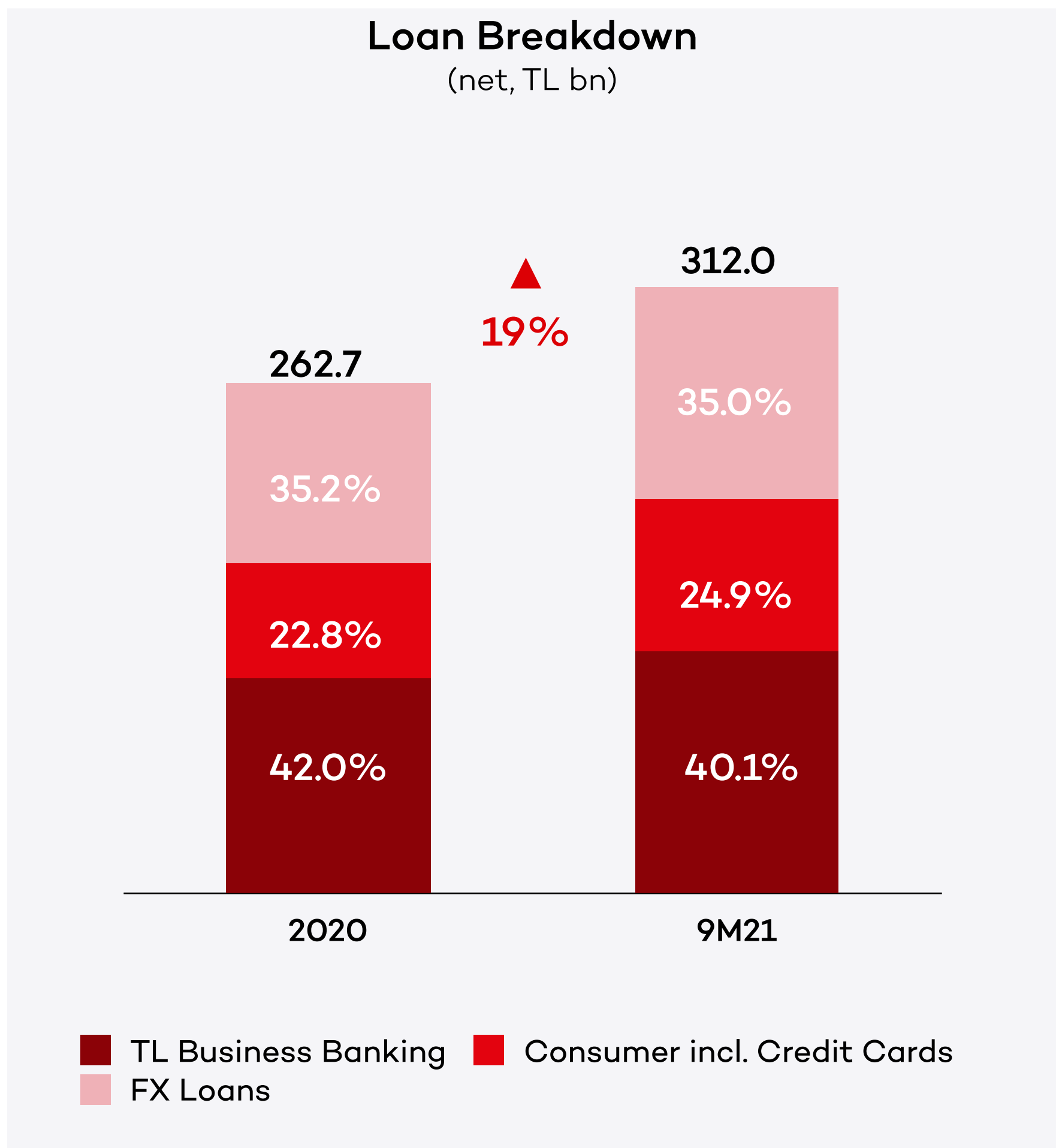
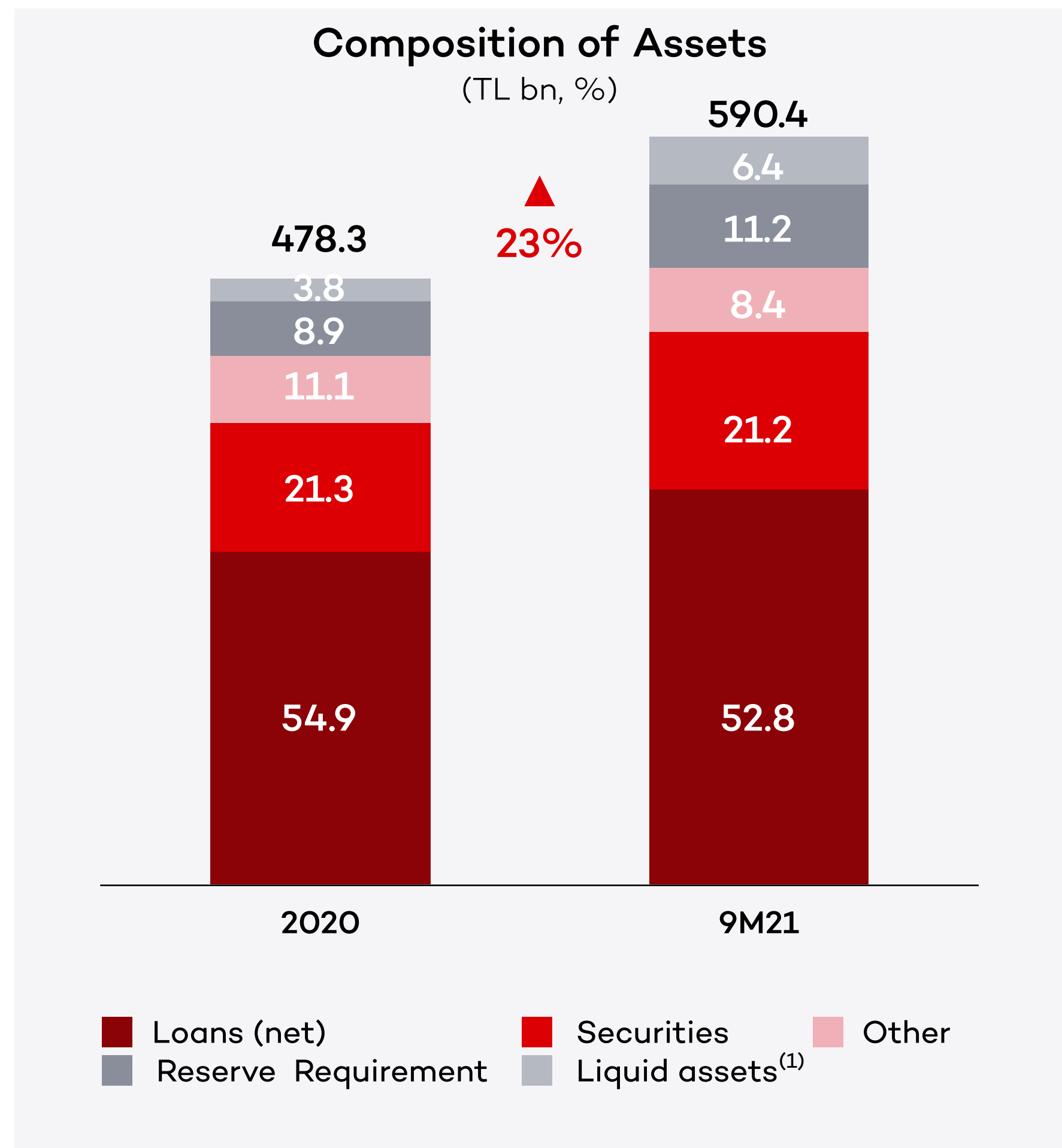
Cumulative RoE & RoA (%)



9M21 Achievements

- ▶ Generated all time high net income
- ▶ Reached 14.9% RoE & 1.8% RoA with 8.4x leverage & robust 19.4% CAR (2)
- ▶ Sustained outstanding fee performance well above FY guidance
- ▶ Exceeded FY guidance in consumer loan growth with market share gains enhancing profit mix
- ▶ Demonstrated strong risk discipline through-the-cycle resulting in better than guided CoC evolution

Balanced asset allocation drives sustainable long-term shareholder value



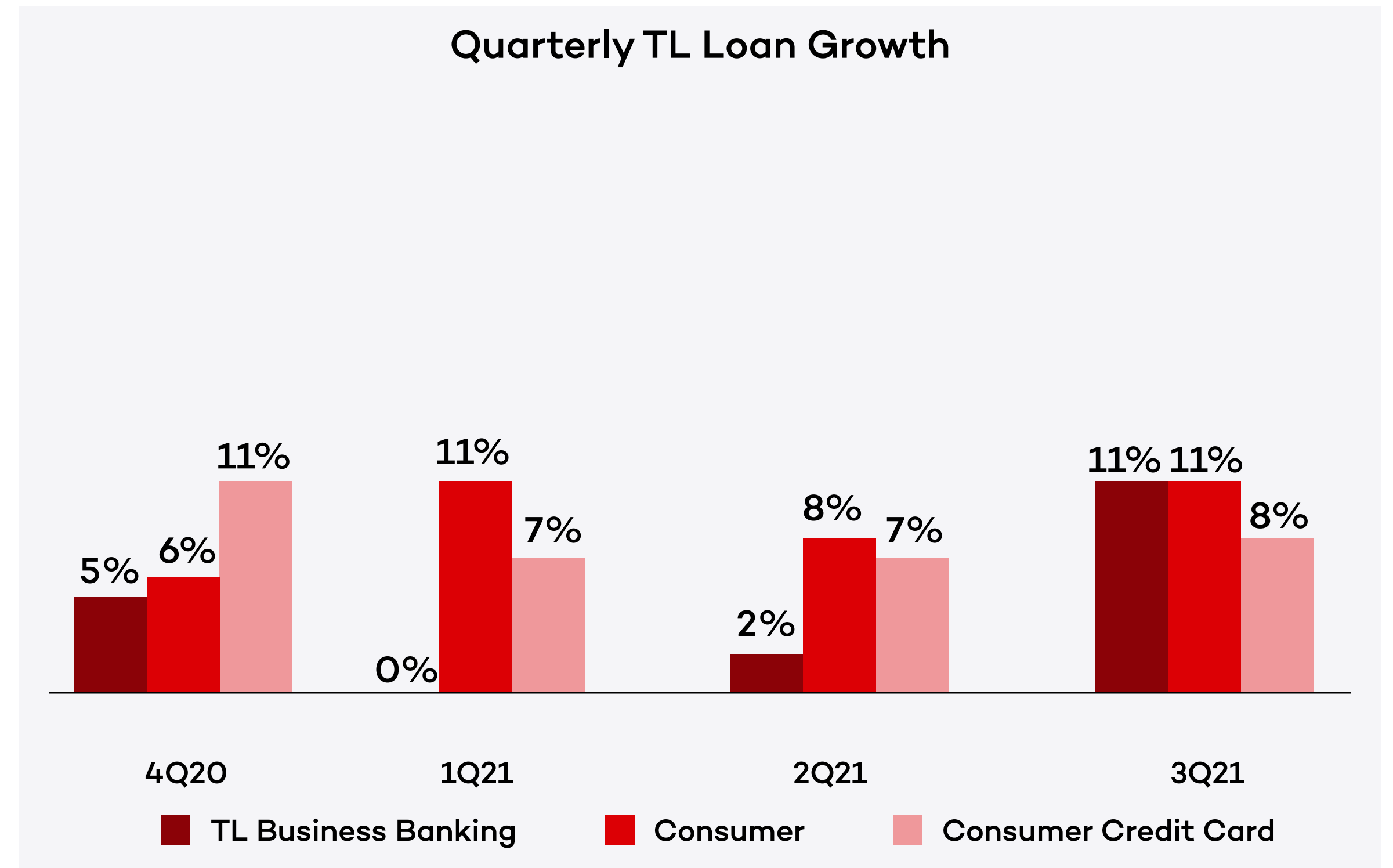
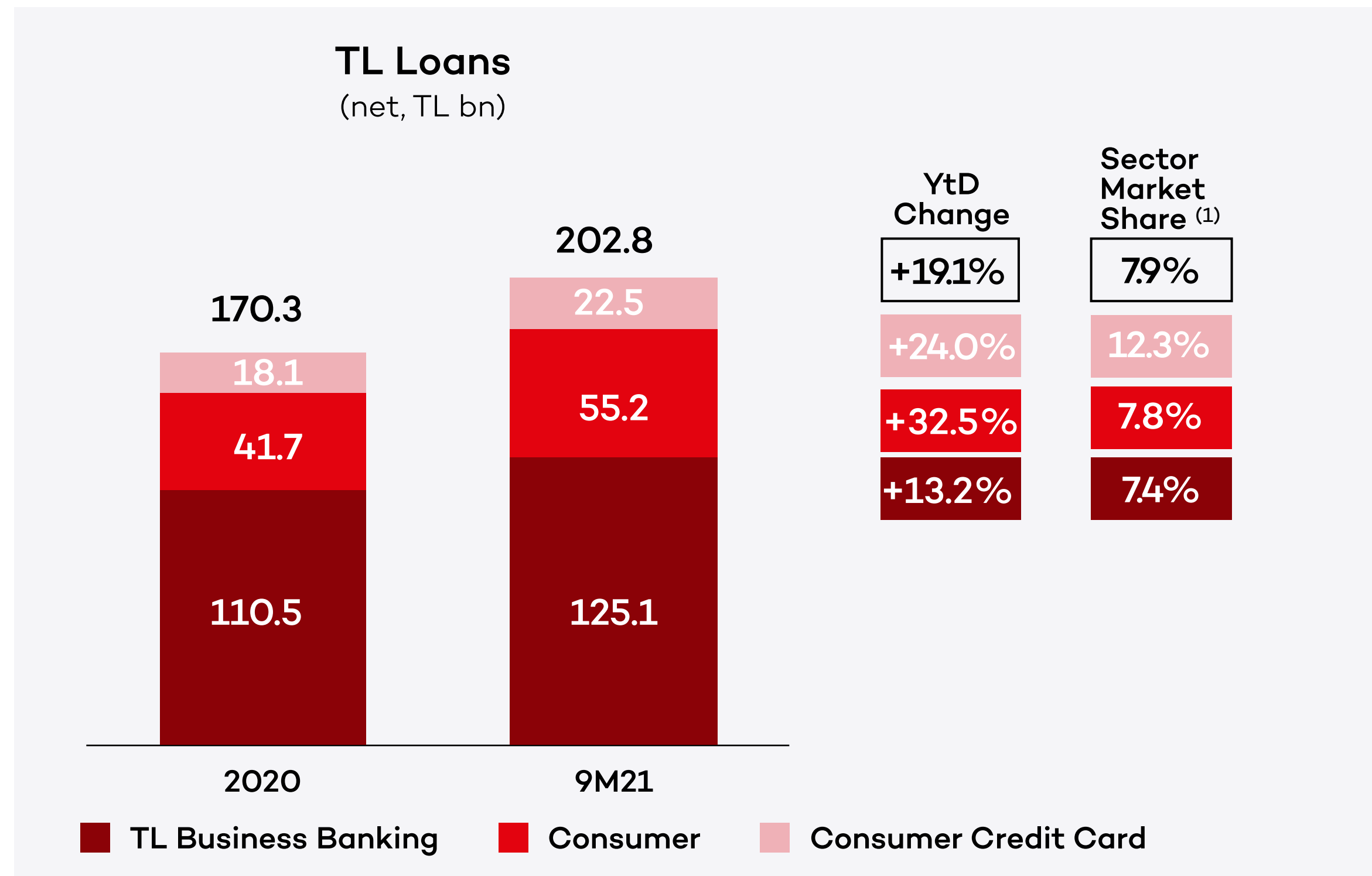
Prudent Asset- Liability Management
↓
Low Leverage
8.4x
+
Robust capital⁽²⁾
19.4%

Increased consumer share in loan mix to enhance profitability

8 ⁽¹⁾ Cash and cash equivalents
⁽²⁾ w/o forbearances: Fixing FX rate for RWA calculation to average last 12 month FX rate



Broad based TL loan growth: On track to beat 20% guidance

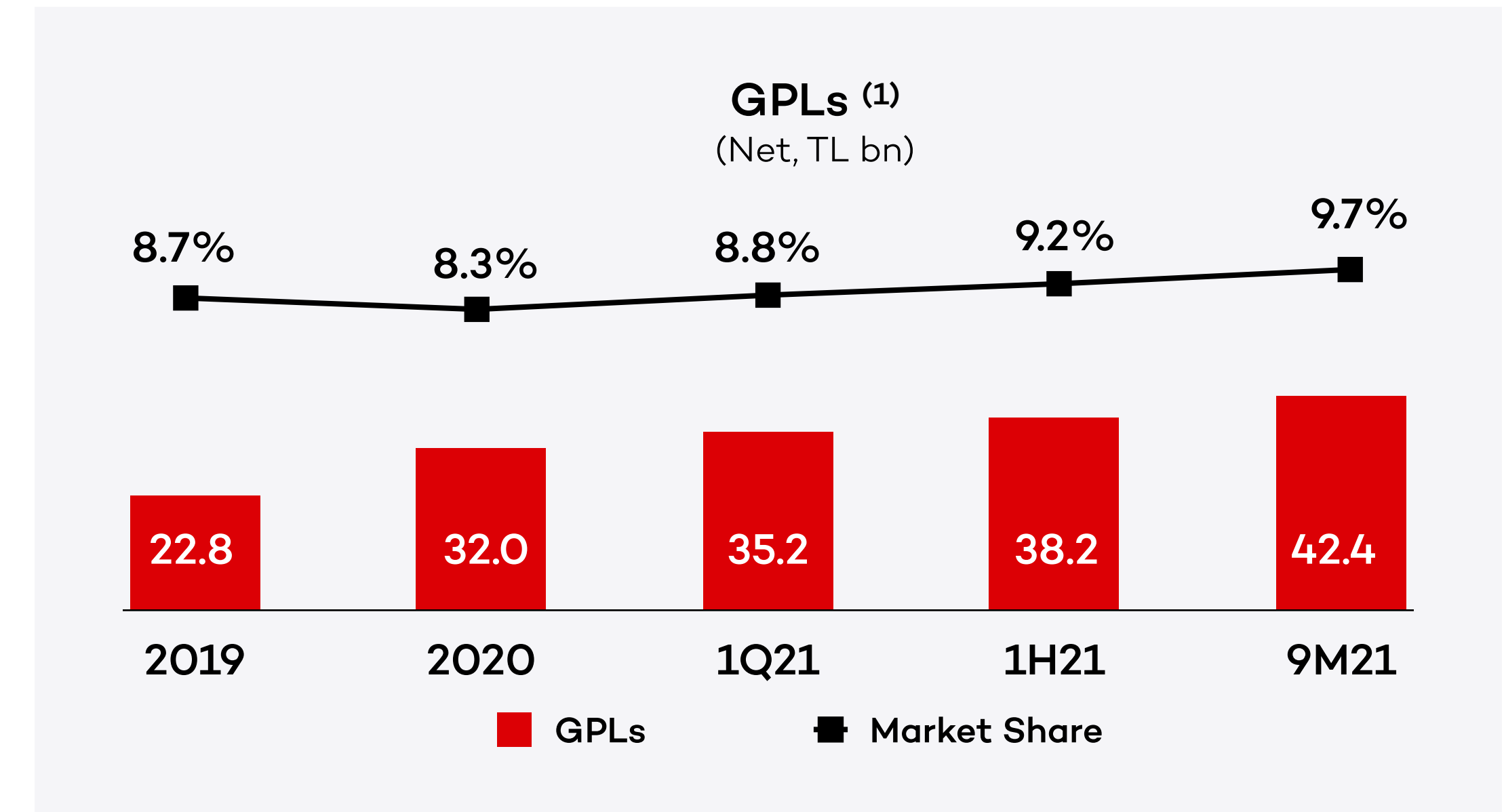
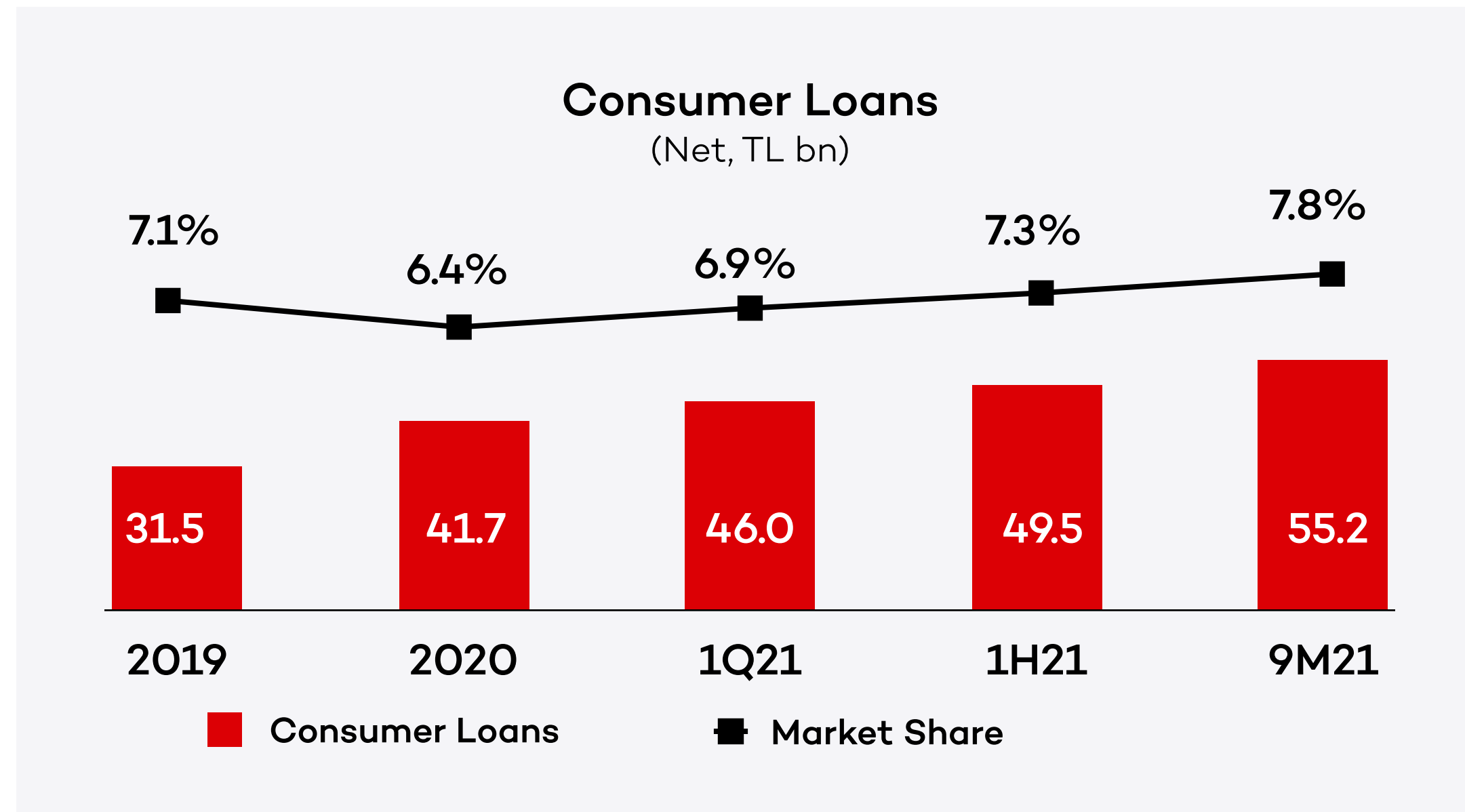


- ▶ Consecutive market share gains in consumer loans reached 140 bps YtD:
 - ◉ 140 bps in GPL⁽²⁾, 110 bps in Mortgage, 50 bps in Auto
- ▶ Accelerated growth in TL business banking in 3Q (+ 60 bps QoQ market share gain)

9M21 vs. Guidance	
Consumer Loan Growth	Better
TL Business Loan Growth	✓

9 ⁽¹⁾ Market share data based on bank only BRSA weekly data as of Oct 1, 2021
⁽²⁾ General Purpose Loans

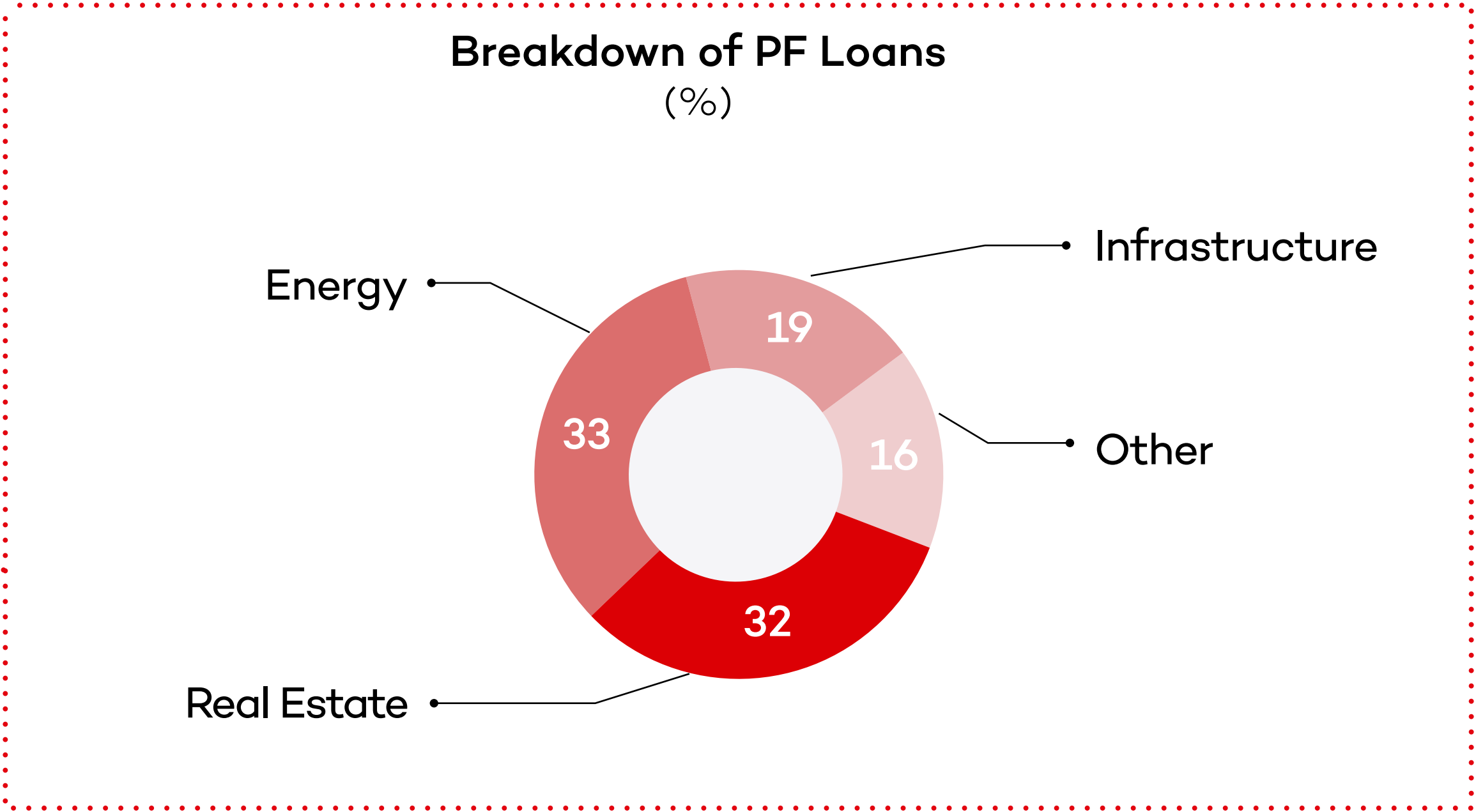
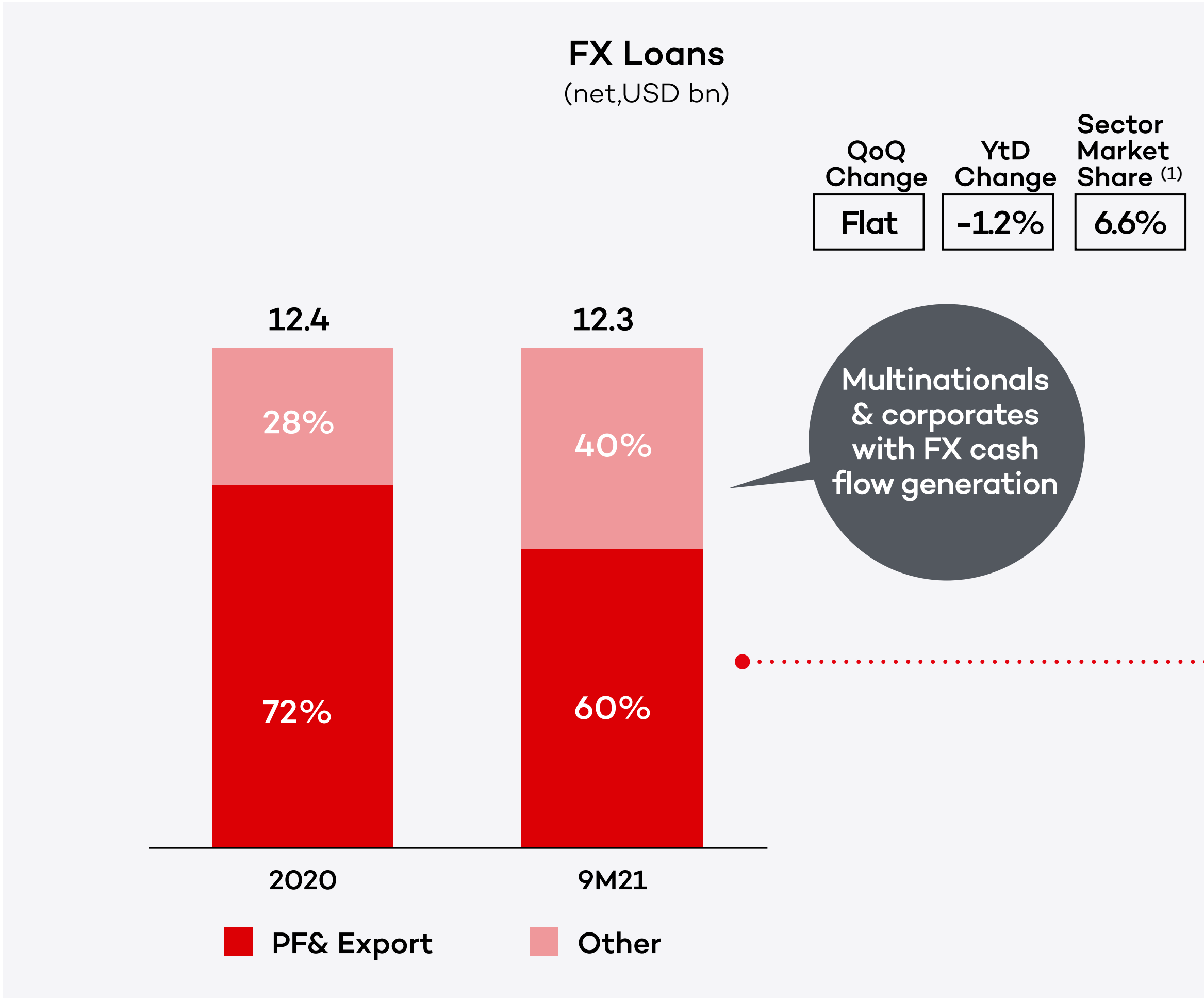
Consumer loan growth supported by digital capabilities & AI



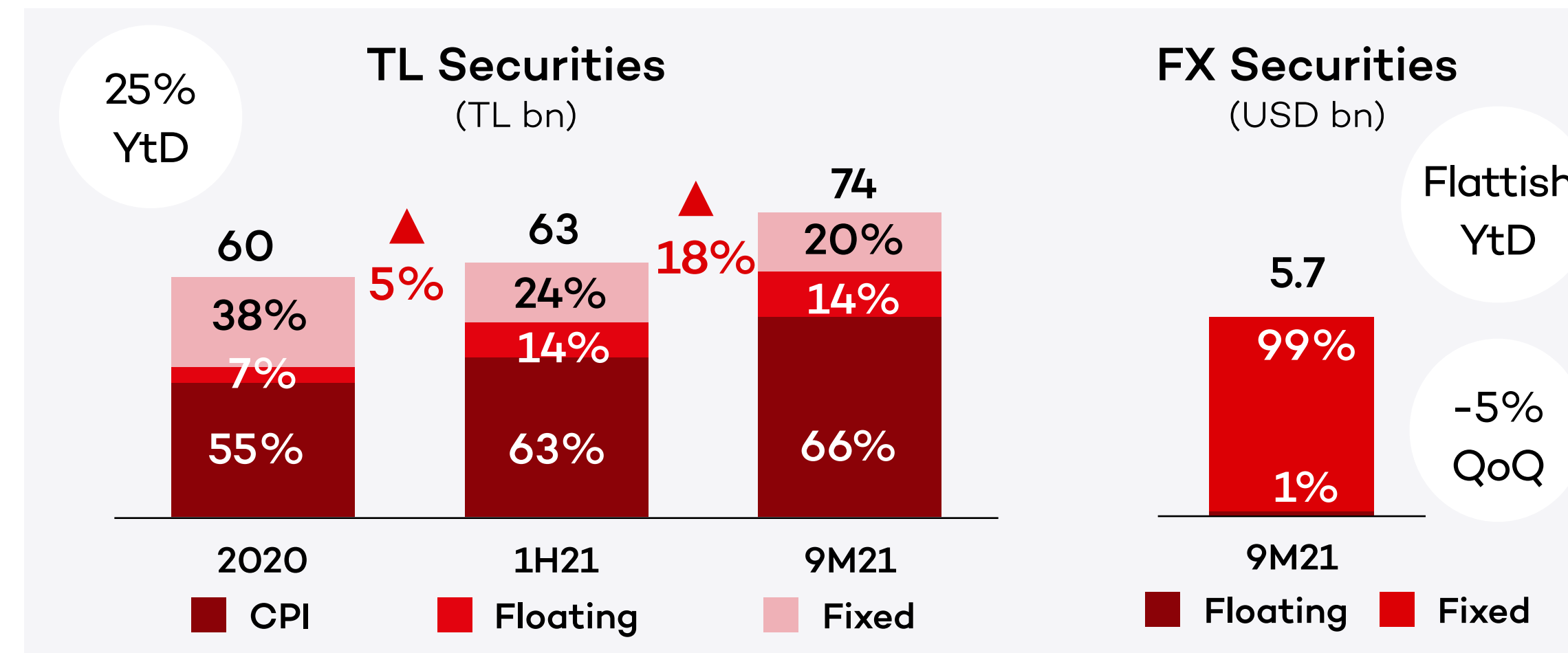
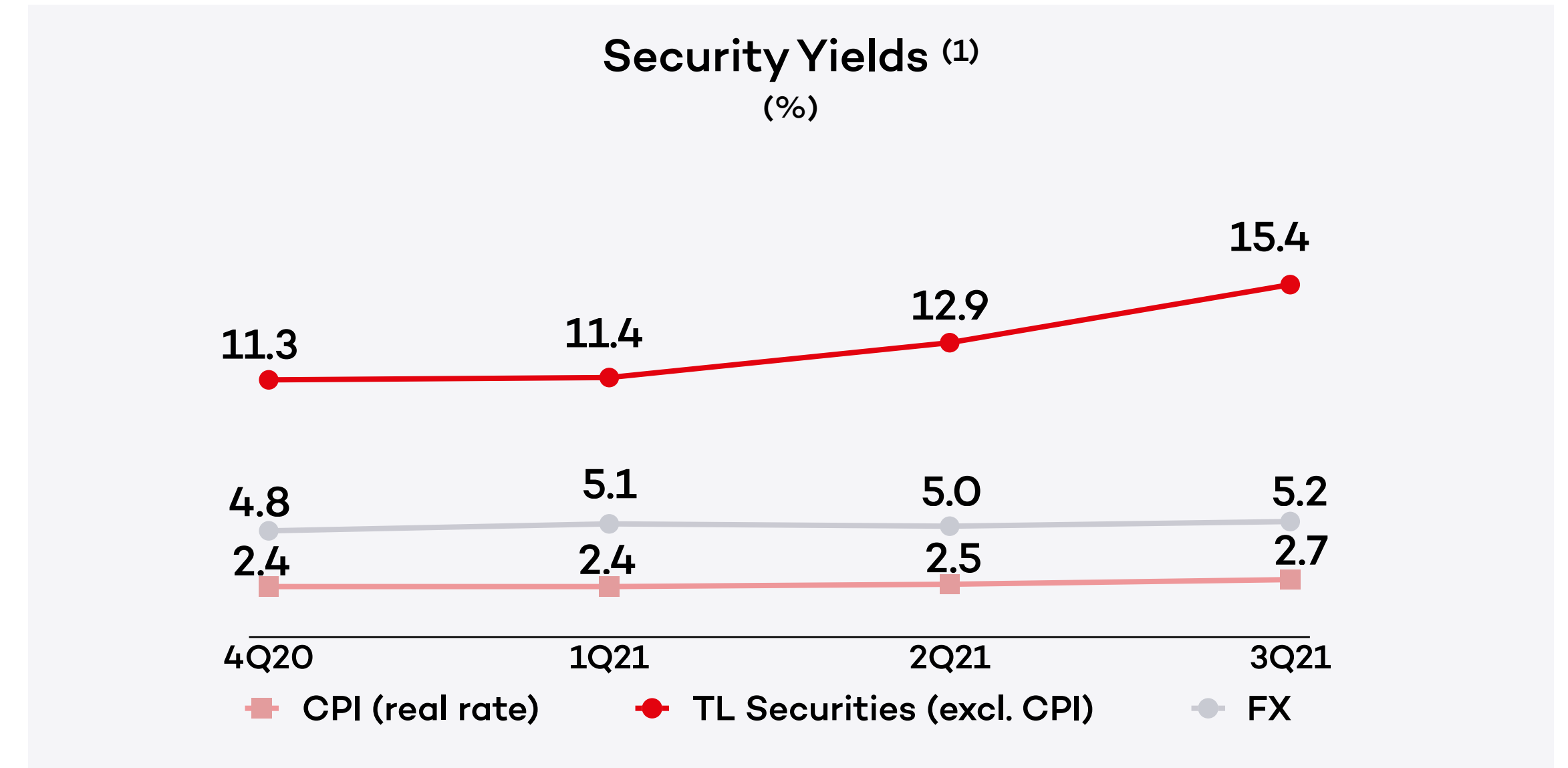
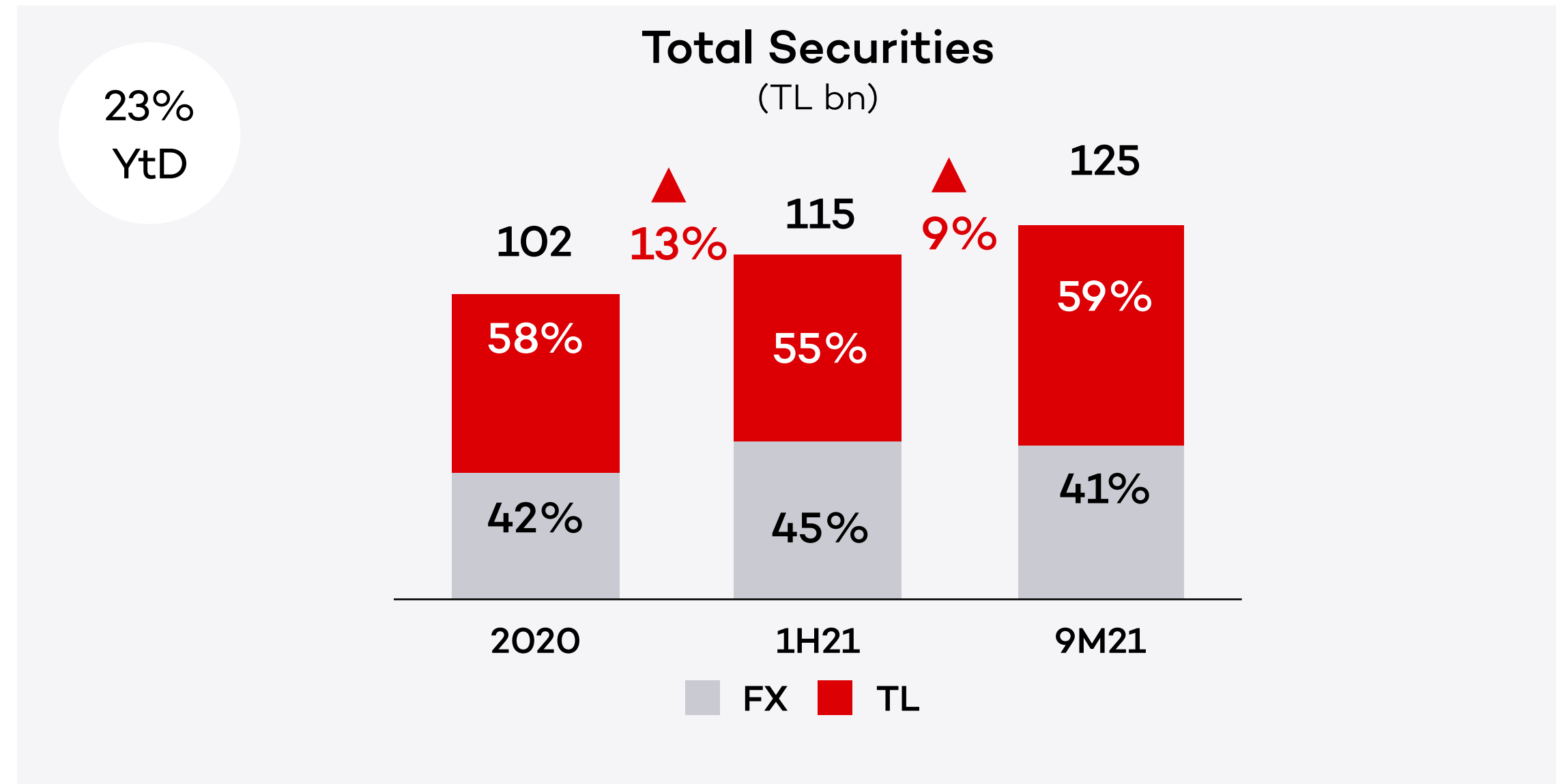
- ▶ Leveraging digital adoption with almost 100% automated loan decision process
- ▶ ML based decision models built on big data and ML scorecards to improve robustness of credit decisions
- ▶ 82% GPLs & 57% credit cards sold through digital channels ⁽²⁾
- ▶ 69% of GPL originations were pre-approved, separately 33% were to salary customers
- ▶ Pre-approved originations ⁽³⁾ increased by almost 30% based on number of customers since 2019 YE

10 ⁽¹⁾ General Purpose Loan
⁽²⁾ Last 12 months
⁽³⁾ MIS data, based on monthly averages

FX loan growth continued to be muted, inline with guidance

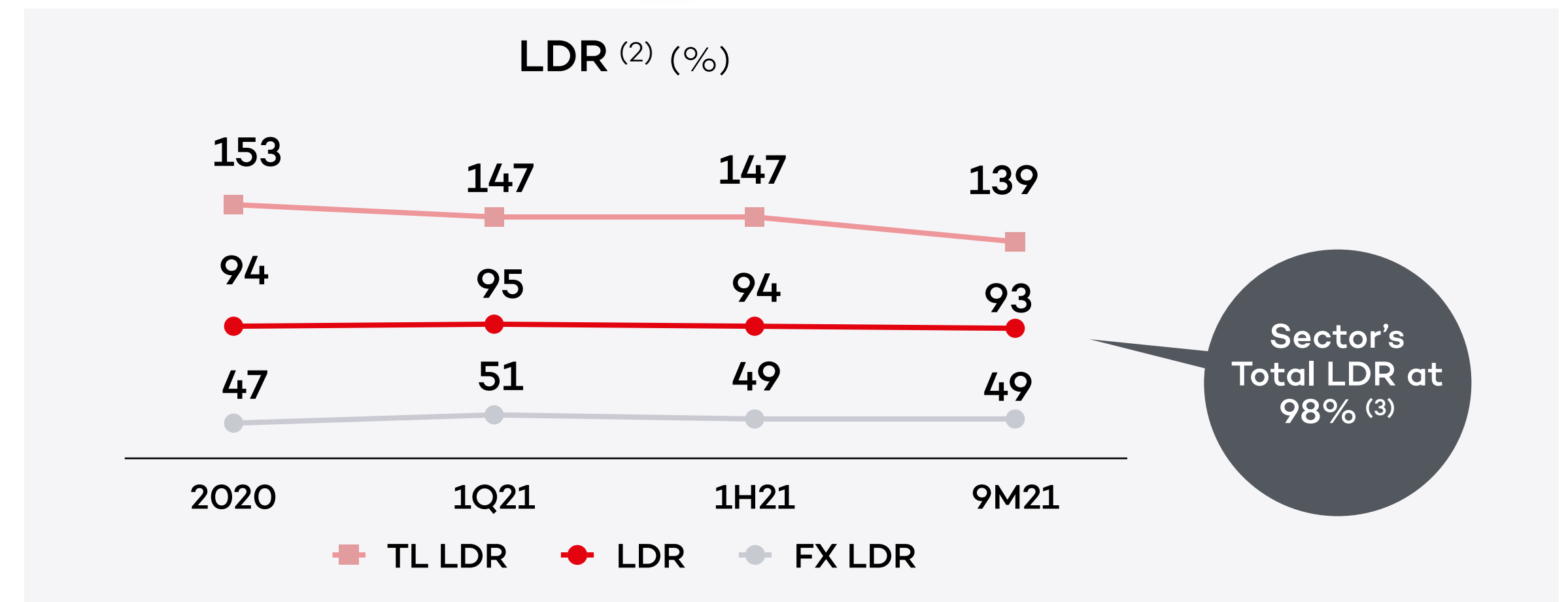
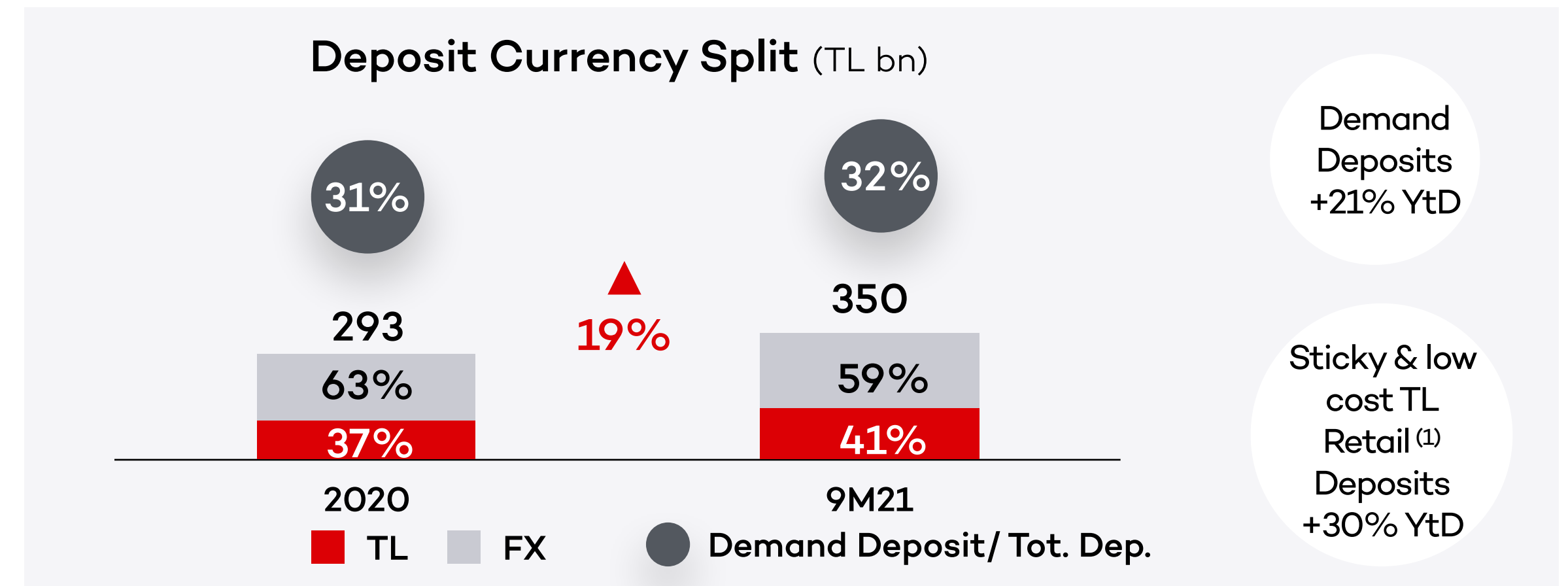
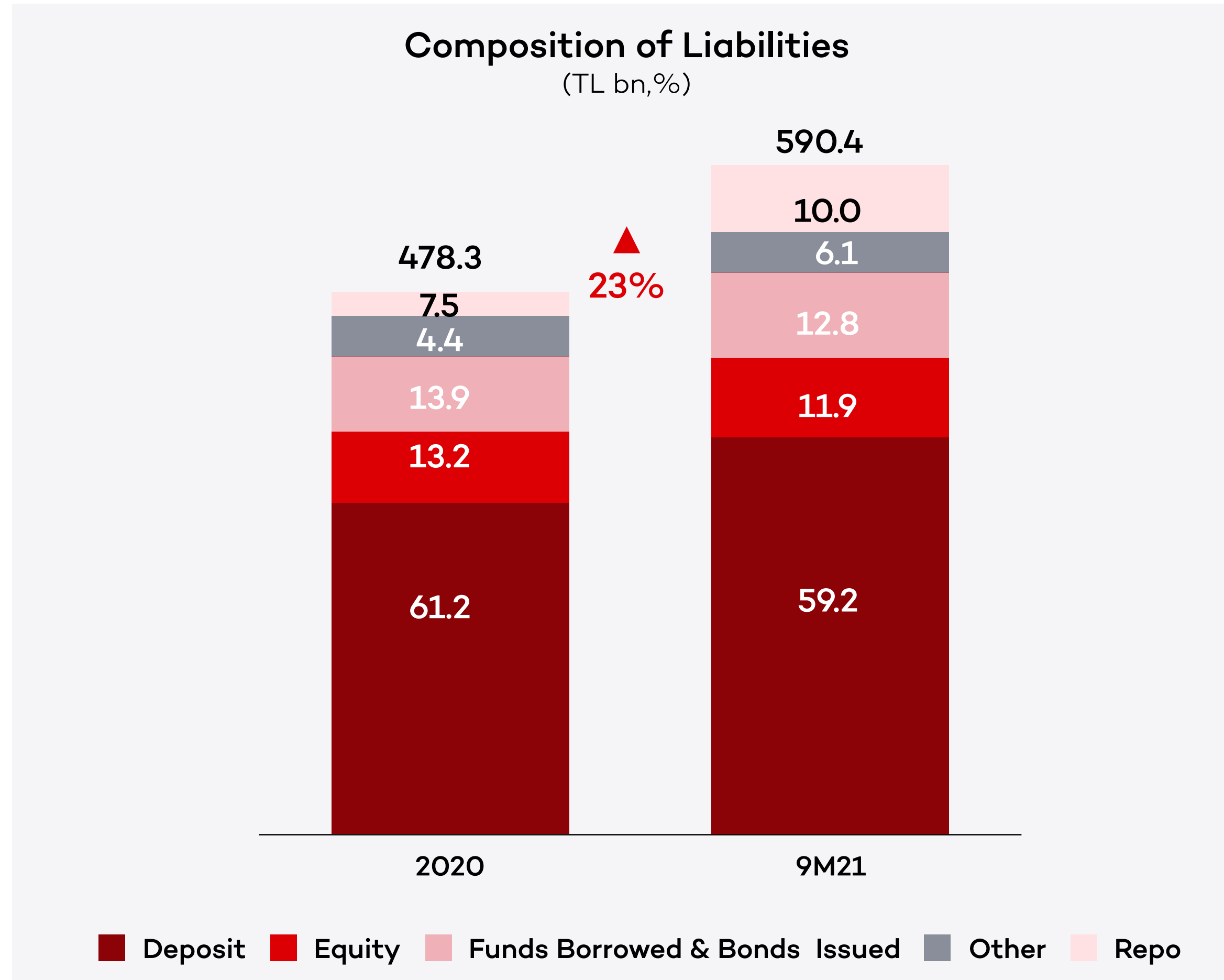


Further growth in CPI-linker portfolio with better spreads



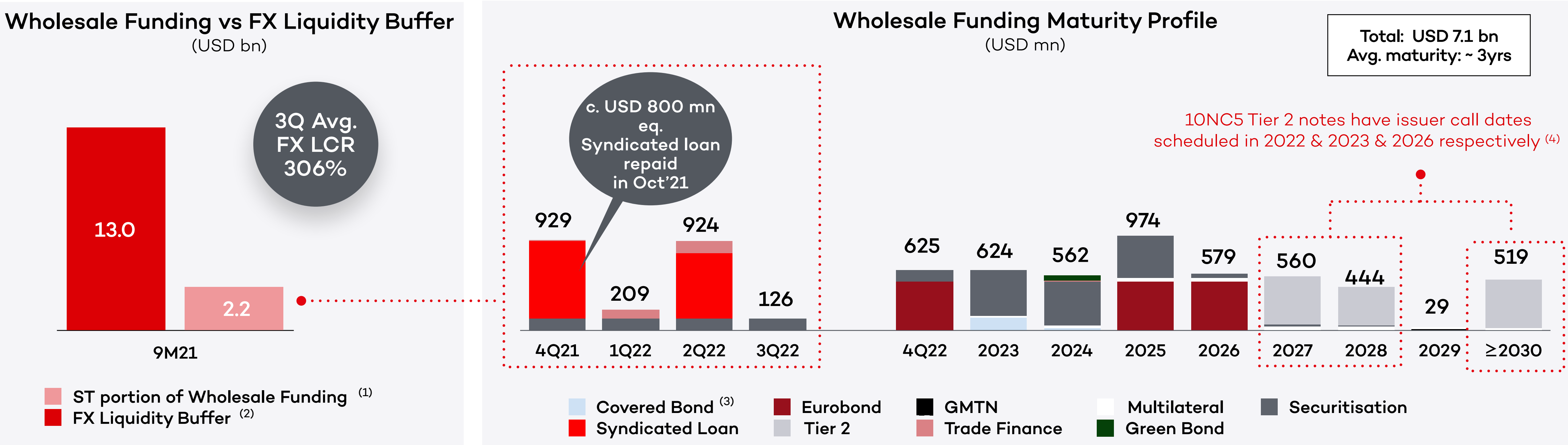
- ▶ **CPI linkers & FRN reached 80% of TL Securities**
 - ◉ CPI linkers valued with 17% Oct-Oct inflation estimate
 - ◉ Every +1% CPI has c. TL 326 mn NI and +6bps NIM & +50 bps ROE impact
- ▶ Strategic positioning with improved spreads across all securities portfolio YtD

Disciplined funding mix with improved TL LDR



Sticky & low cost Retail ⁽¹⁾ Deposits' Share in TL Deposit 71%

ESG-linked funding prioritized throughout the year



- ▶ In October, successfully rolled-over second ESG linked syndicated loan amounting to USD 700 mn
 - Performance criteria: Gender balance, non-lending to greenfield coal power plant projects & electricity sourcing of the Bank from renewable sources
 - Received USD 900 mn demand from 36 banks (7 new) from 20 countries
 - All in cost Libor + 215 bps & Euribor + 175 bps (35 bps & 50 bps lower compared to Oct'20 facility in USD & Euro tranche respectively)
 - Increased total sustainable funding share in wholesale transactions from c. 30% to over 40%

Balances based on principal outstanding and bank-only MIS data

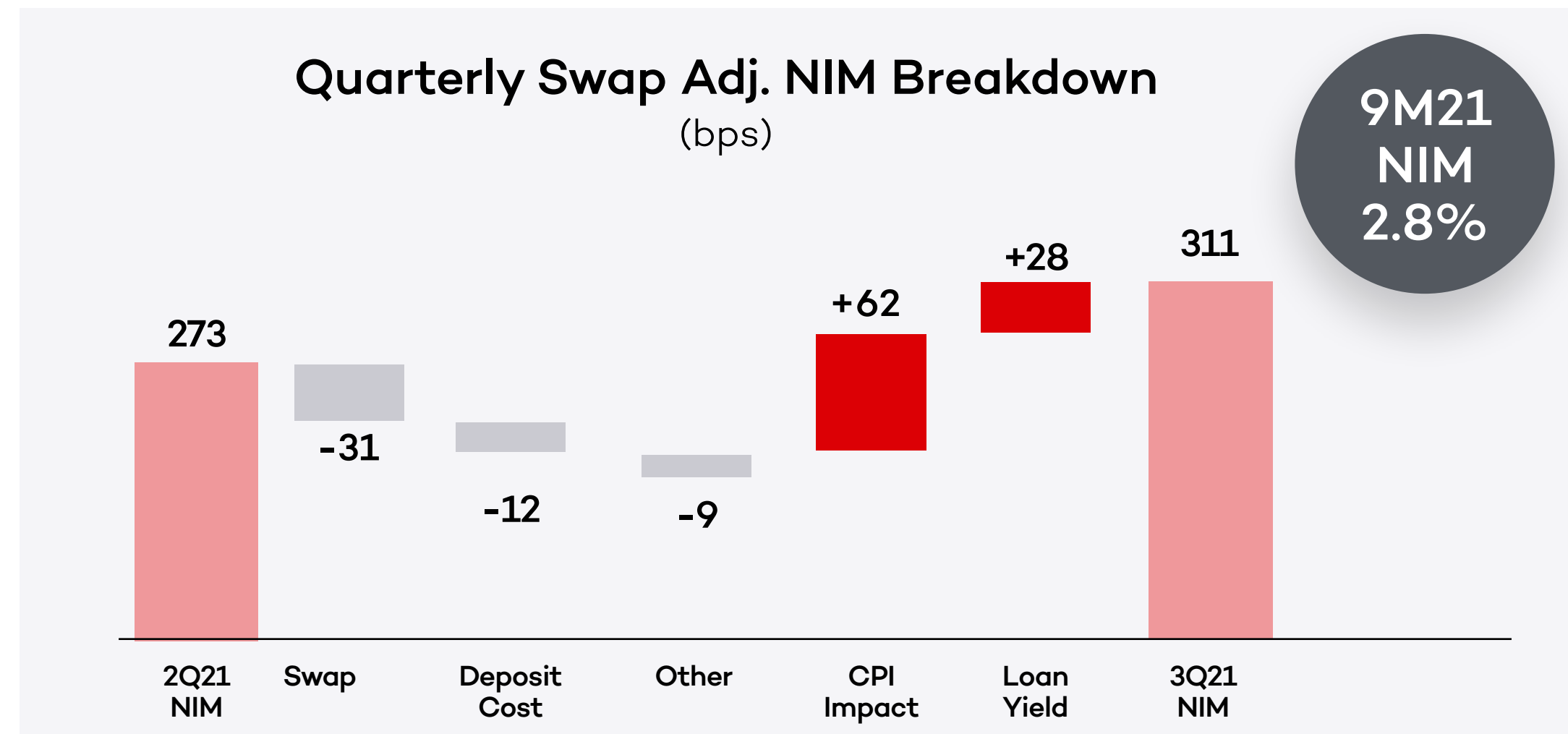
⁽¹⁾ ≤ 1 year tenor

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

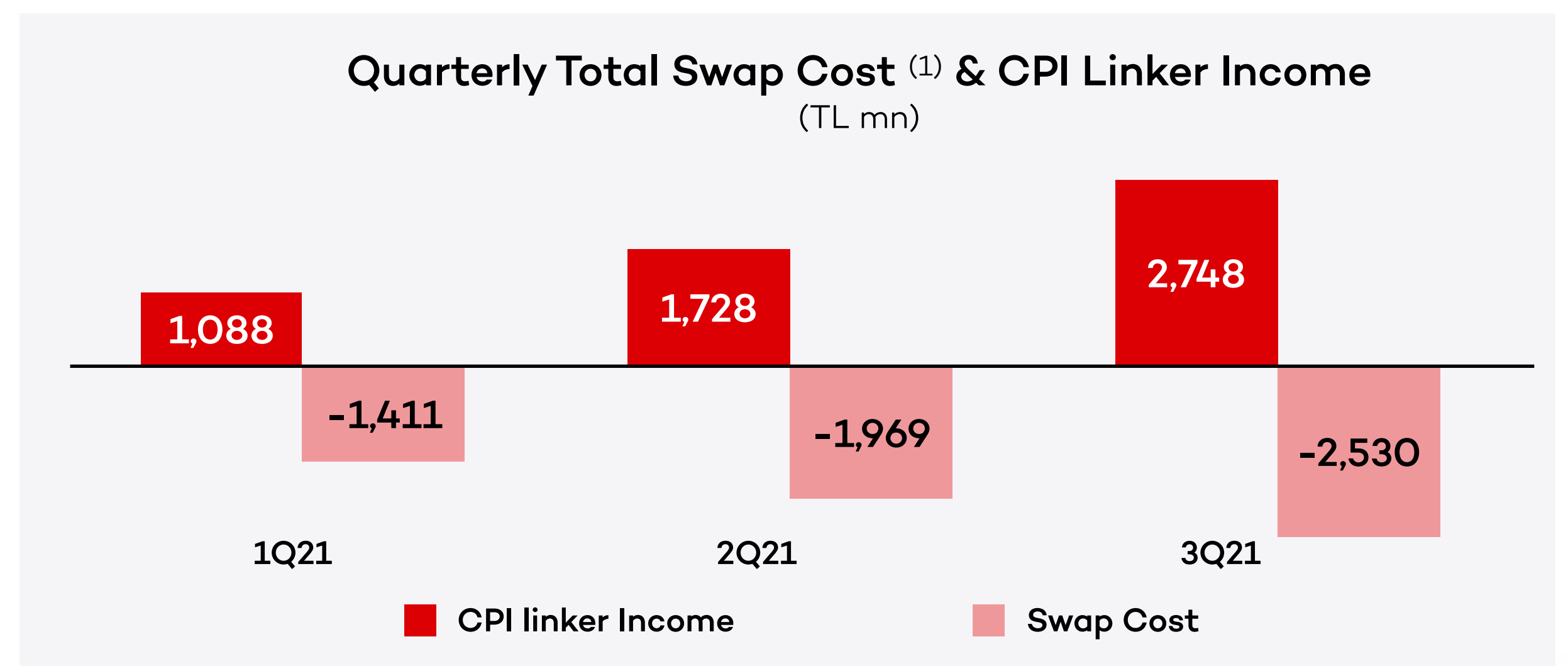
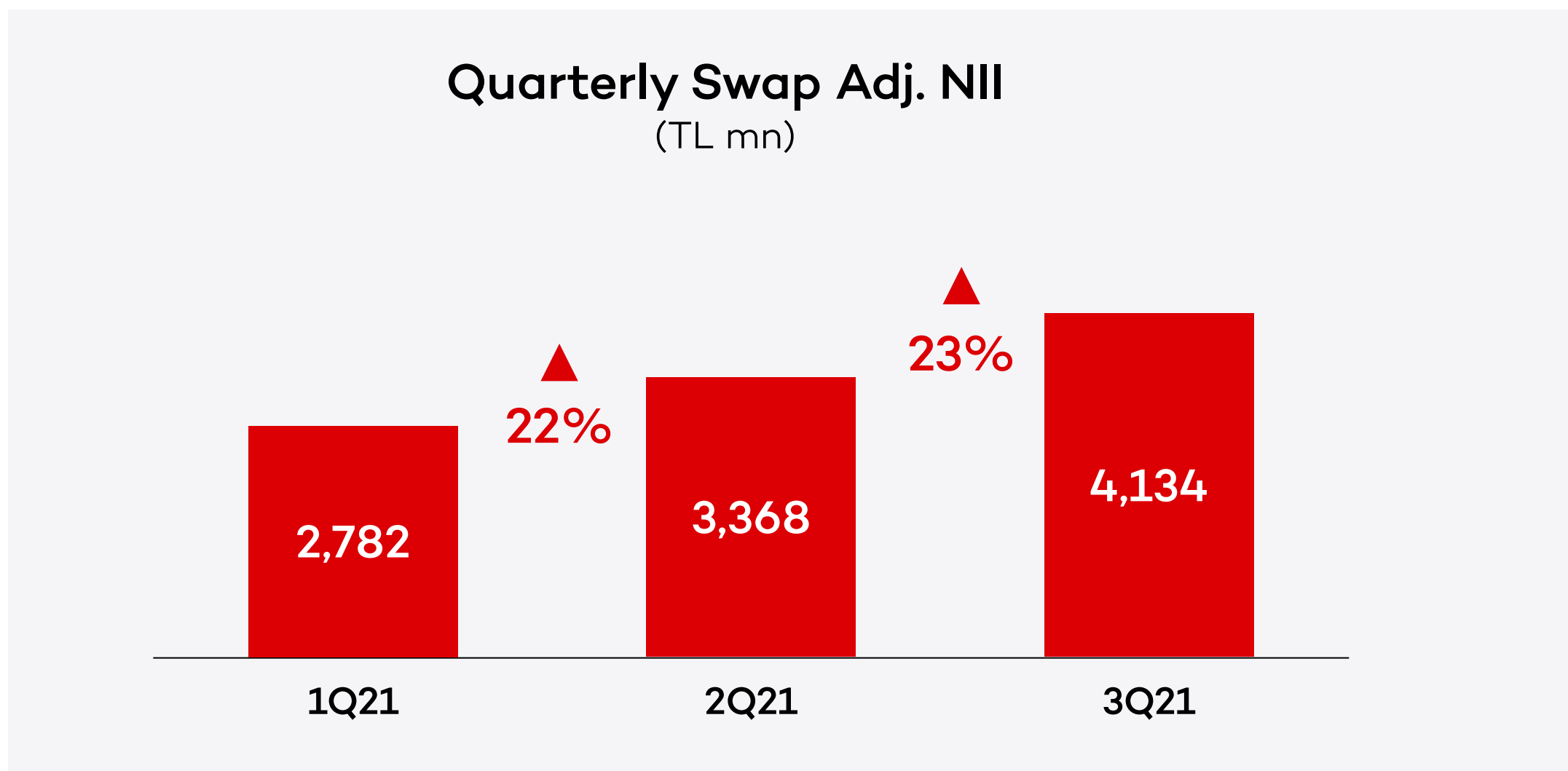
⁽³⁾ USD equivalent of TL 1.4 bn Covered Bond issuances

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

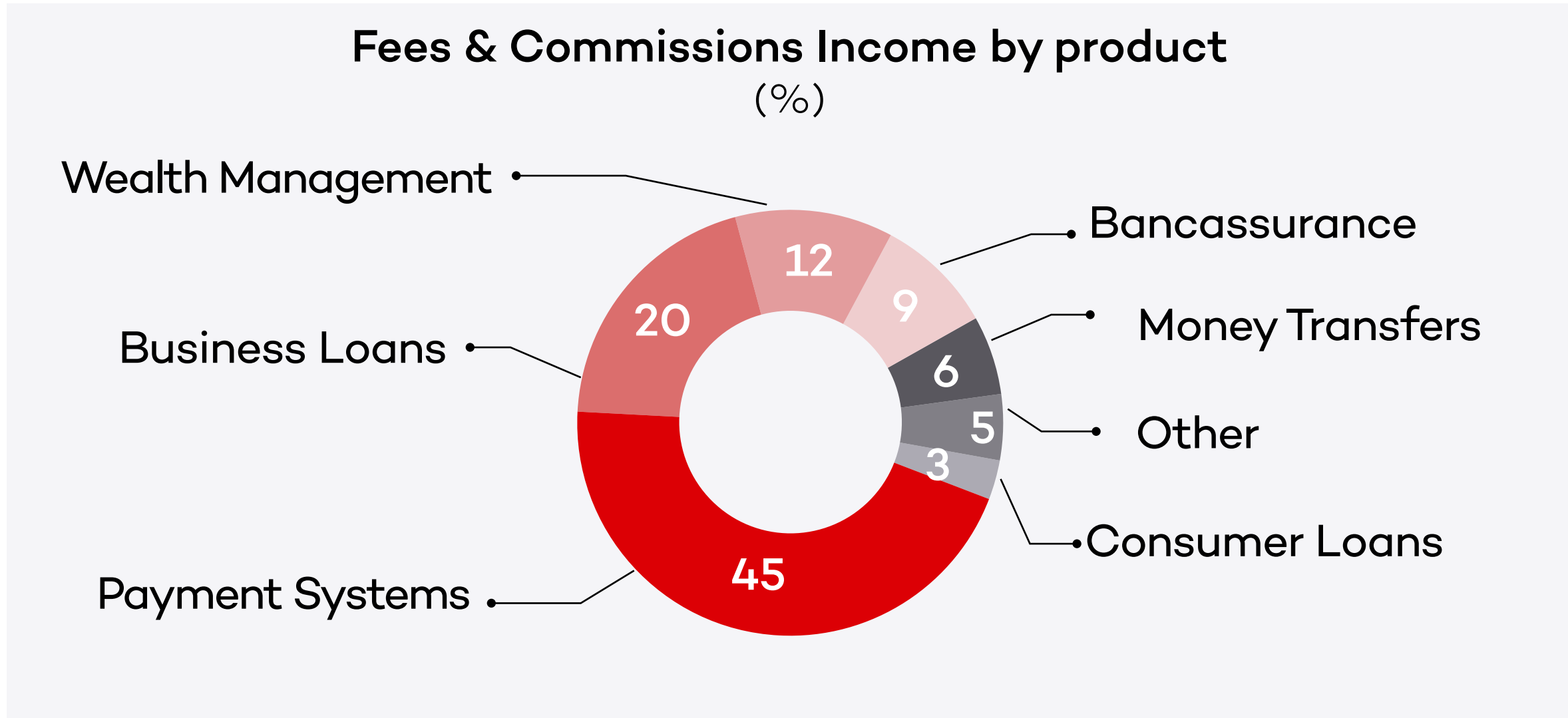
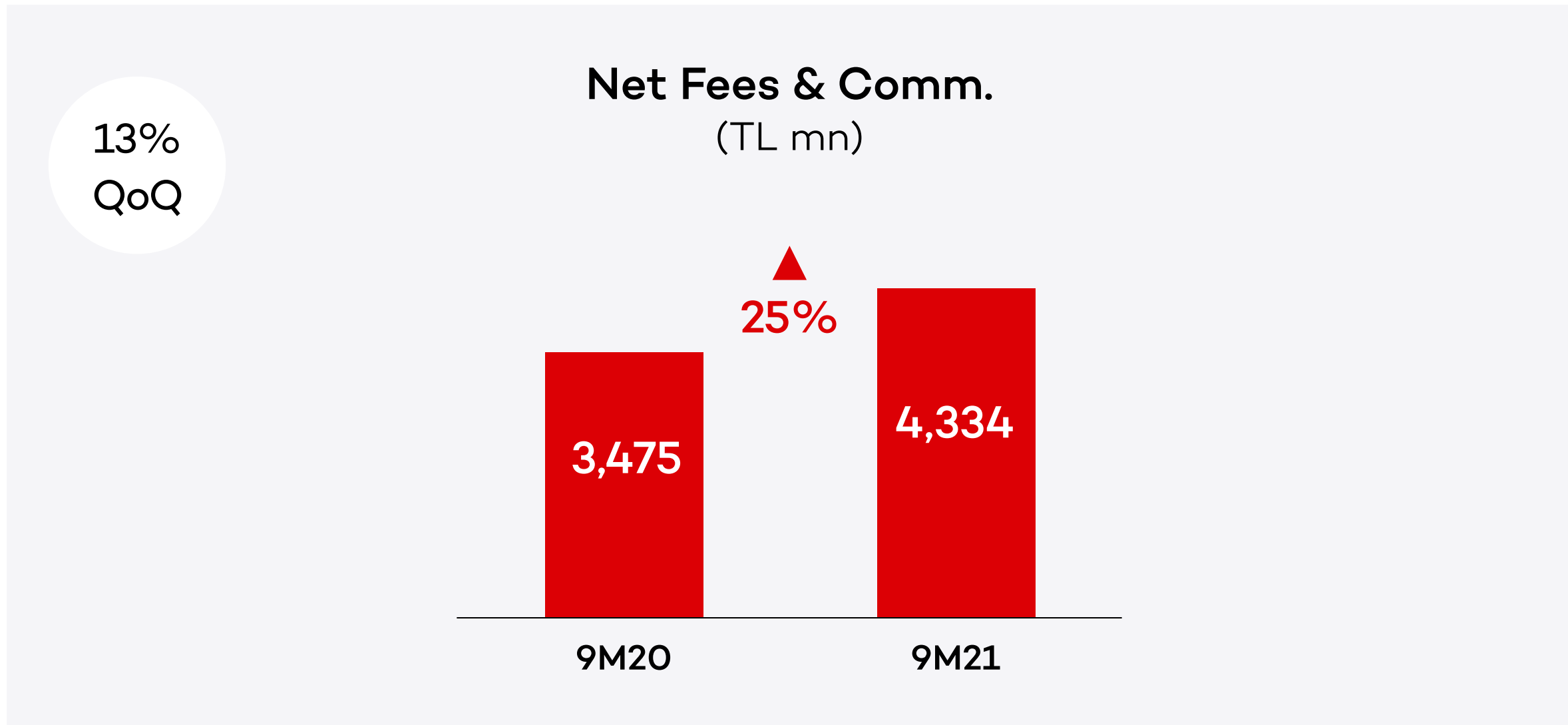
NIM accretive asset repricing & strategic CPI positioning



- ▶ NIM to end the year below FY guidance due to higher than expected funding cost
- ▶ 9M CPI valuation adjusted to 17% (1H: 14%) with additional TL 861 mn NII impact
 - ◉ Every +1% CPI has c. TL 326 mn NI and +6bps NIM & +50 bps ROE impact
- ▶ Gradual decline in funding cost to support NIM going forward



Across the board outstanding fee performance well above FY guidance



Payment Systems
+58% YoY
Supported by both volume and interest rates in acquiring & issuing

Bancassurance
+52% YoY
New product launch
Digital Bancassurance sales +75% YoY
Digital premiums/Total +33 pp YoY ⁽¹⁾

Money Transfers
+40% YoY
Supported by strong volume growth

Consumer Loans
+14% YoY
Across the board market share gains

Wealth Management
+12% YoY
ESG & tech. focused product innovation
Accelerated customer acquisition driven by new digital services
Akbank's debut Social Bond issuance in Sep'21

Enhancing bottom-line impact through digital transformation

DIGITAL ONBOARDING

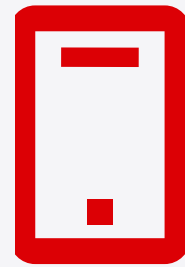
13%

New to Bank Customer Acquisition via DoB ⁽¹⁾

More digital-savvy & Younger

- ▶ Mobile penetration: +7 pp higher
- ▶ Number of financial transactions made from mobile:c. 25% higher
- ▶ Customers b/w the ages 18-35: 19% higher share

CUSTOMER INTERACTION



6 mn

Active Digital Customers

+31%

Monthly app login ⁽²⁾

+22%

of mobile customers conducting financial transactions ⁽³⁾

+11pp

Mobile NPS ⁽²⁾

FINANCIAL ENGAGEMENT



+41%

of financial transactions through mobile ⁽³⁾

- ▶ +18% Payments ⁽³⁾
- ▶ +63% Money transfers ⁽³⁾

+8pp

Share of mobile in financial transactions ⁽³⁾

- ▶ +7pp share in payments ⁽³⁾
- ▶ +5pp share in money transfers ⁽³⁾

PERFORMANCE



2x

Digital customer x-sell compared to non-digital

82%

GPLs sold through digital channels ⁽⁴⁾

57%

Credit cards sold through digital channels ⁽⁴⁾

49%

Bancassurance products sold through digital channels ⁽⁴⁾

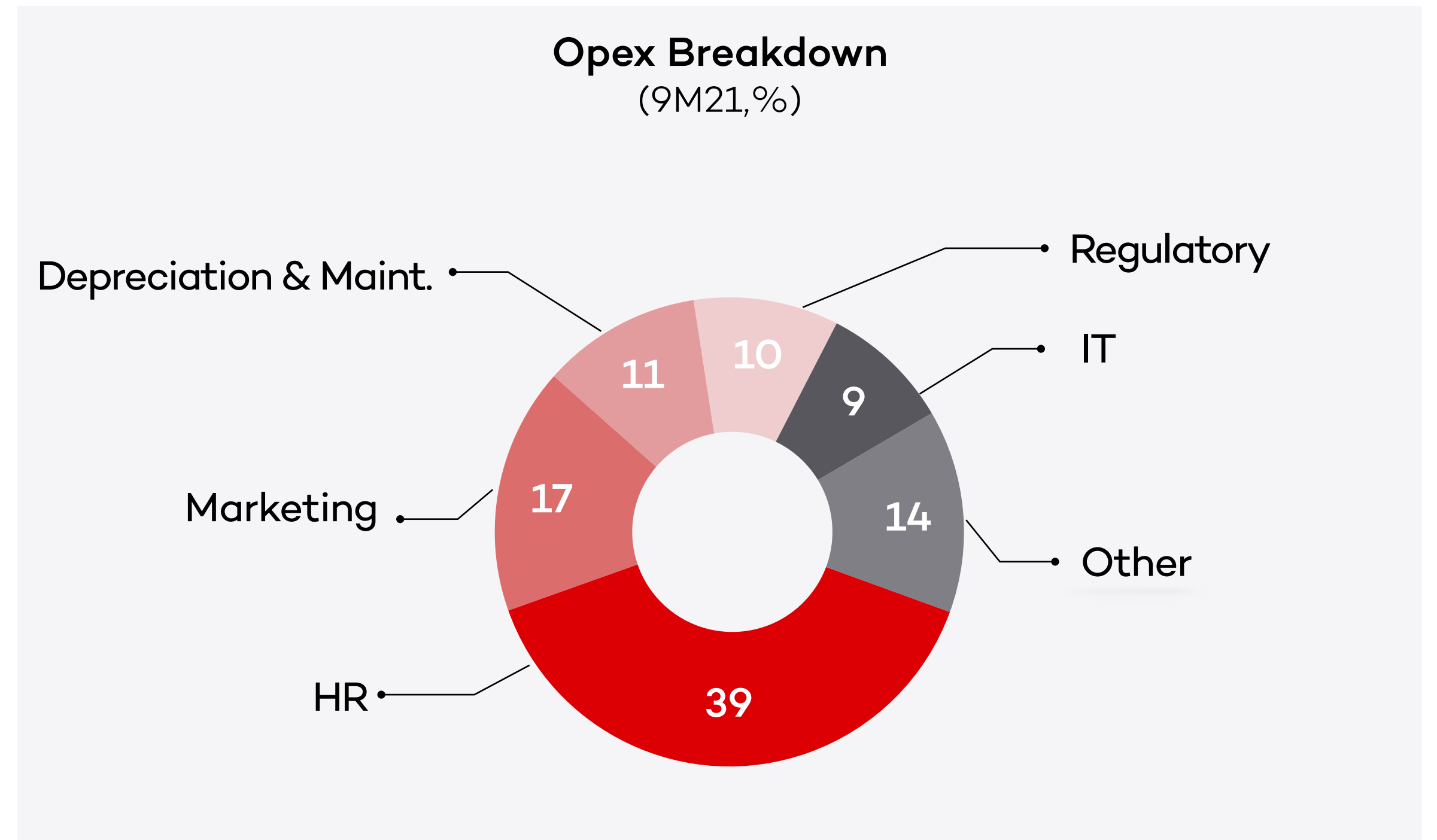
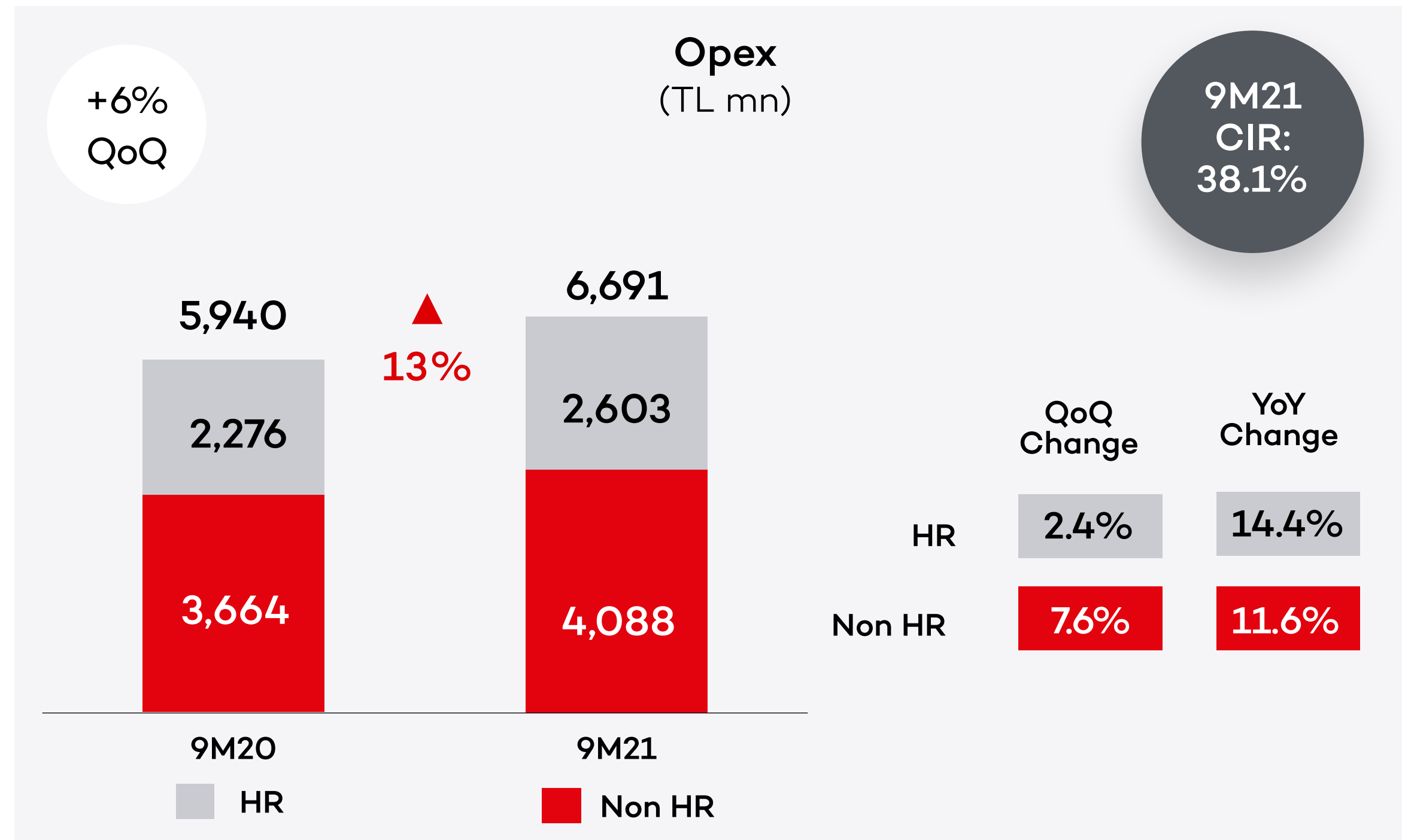
(1) Since May'21

(2) Since the beginning of 2020

(3) From Sep'20 to Sep'21

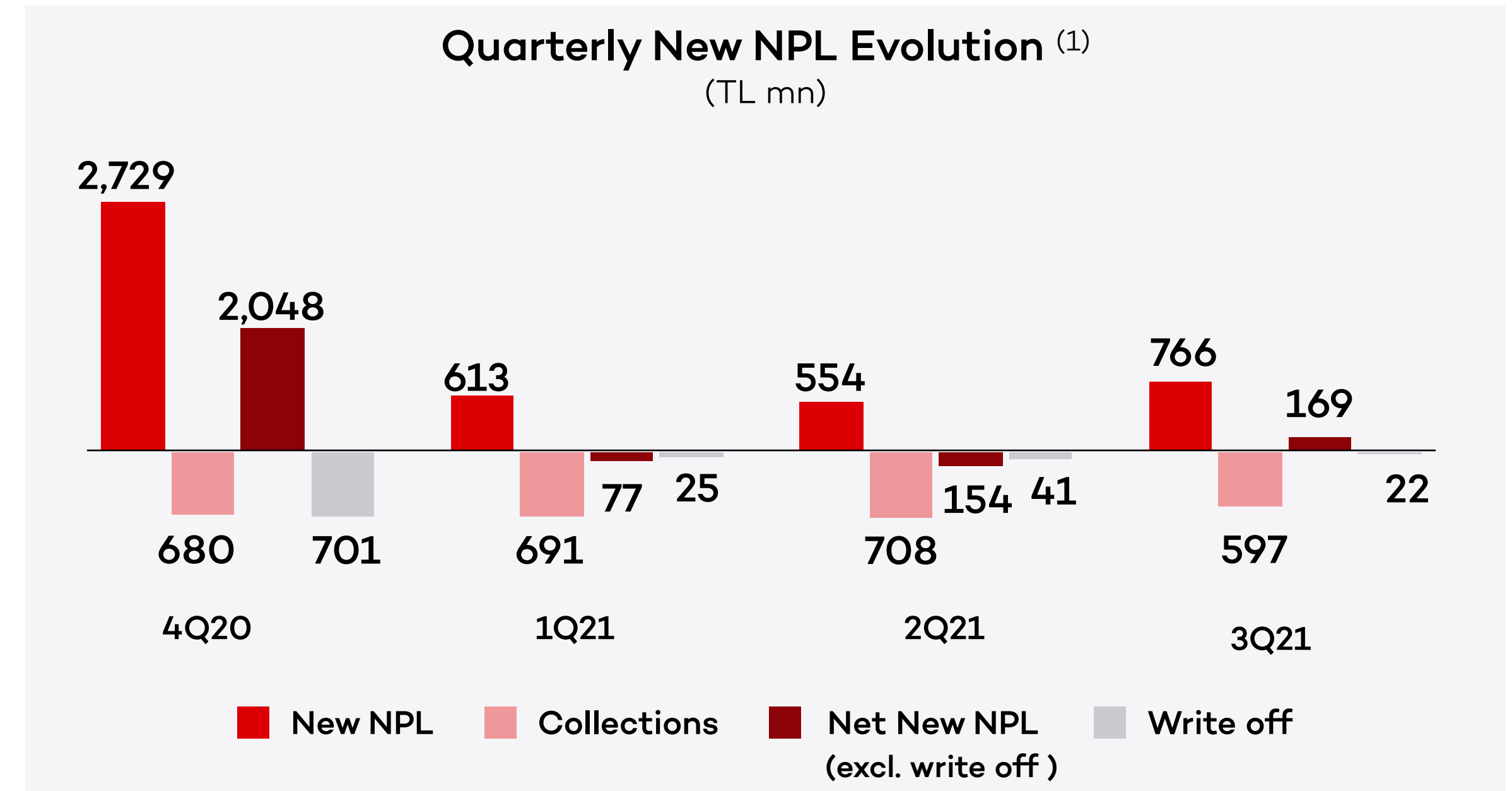
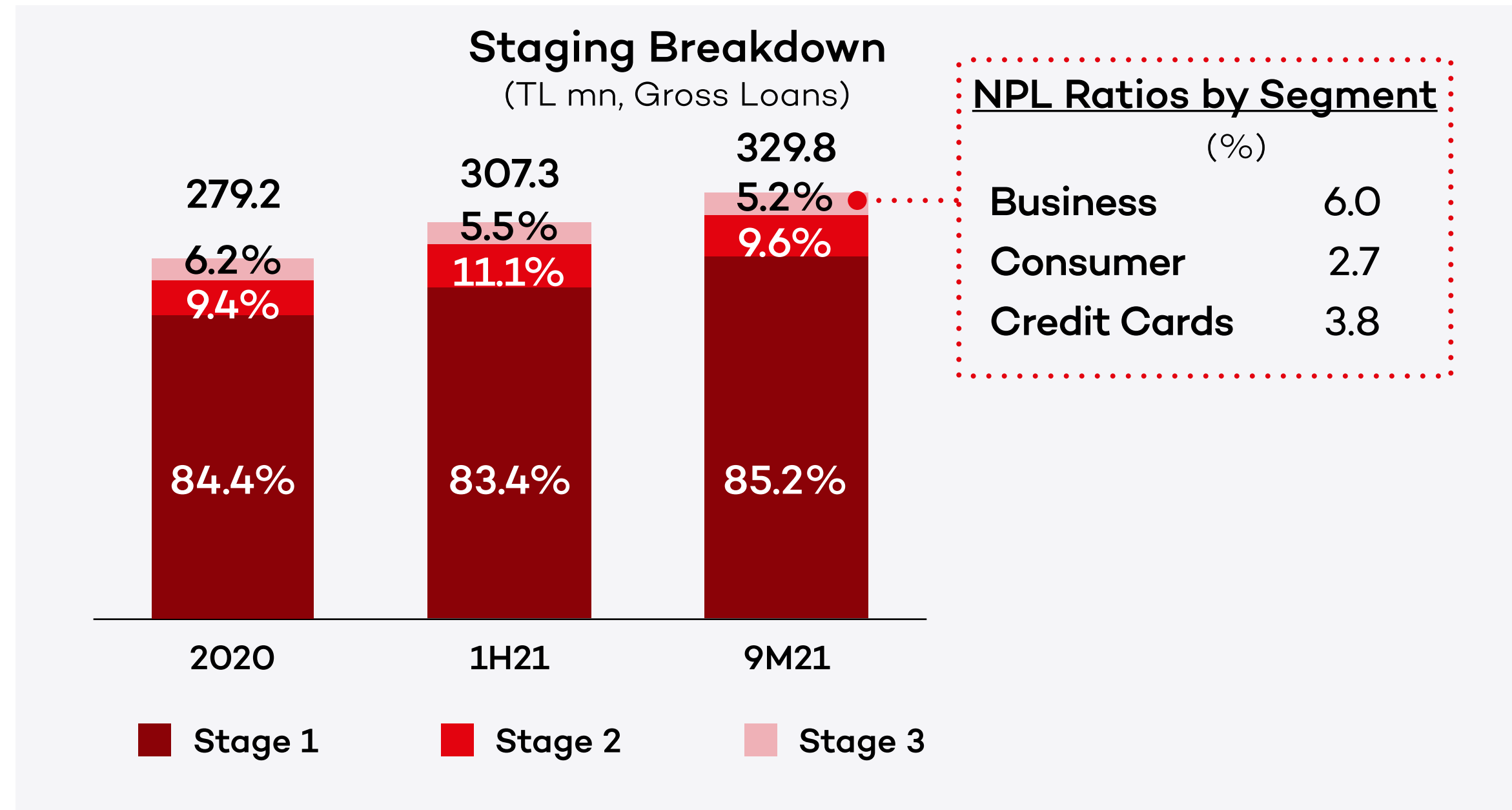
(4) Last 12 months

On track with FY Opex guidance despite higher inflation outlook



- ▶ CIR to gradually improve along with revenue enhancement
 - CIR calculation excludes FX gain from long FX position related with stage 1&2 provisions and LYY hedge

Proactive IFRS 9 implementation regardless of staging forbearance

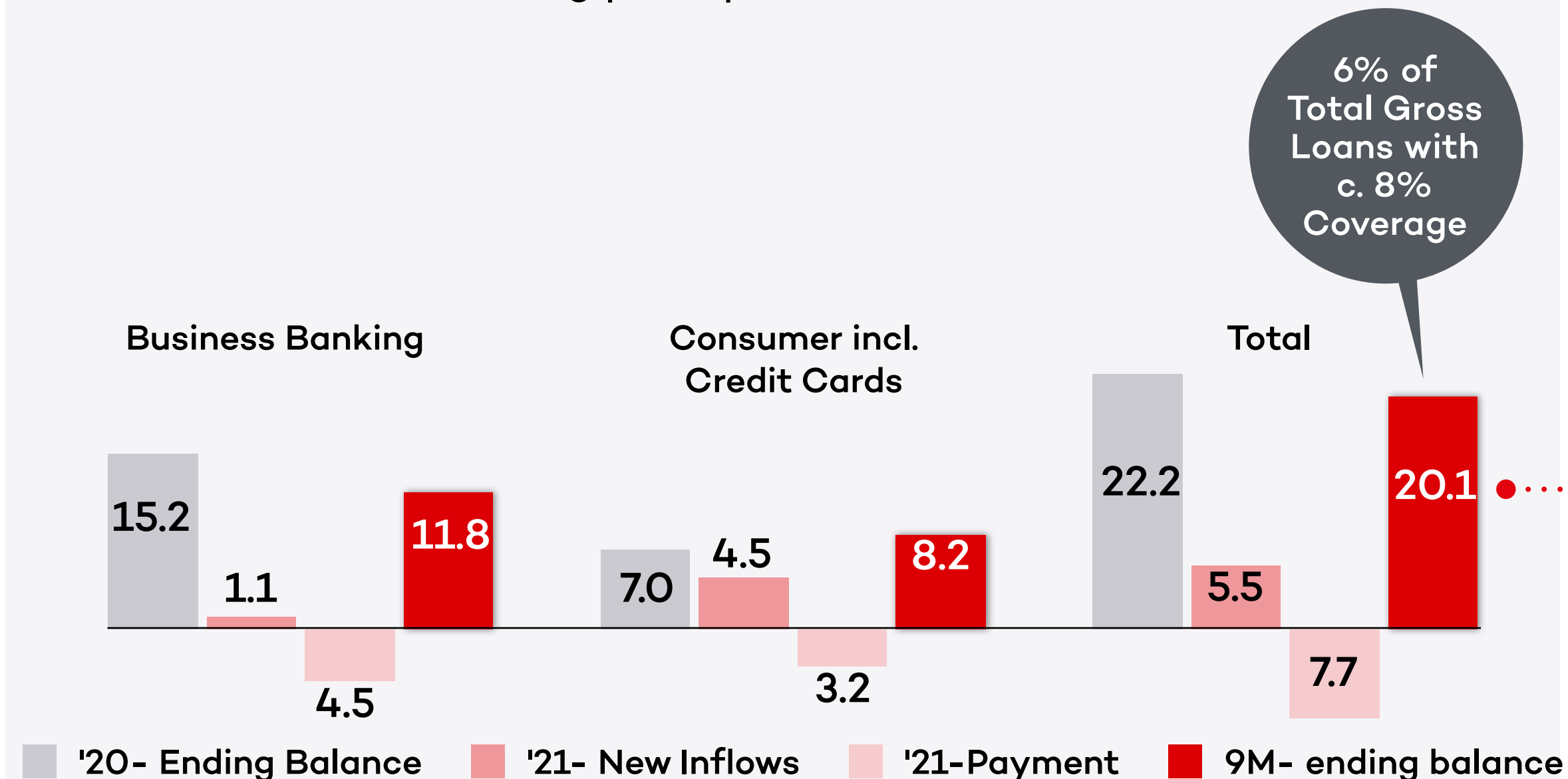


- ▶ Stage 2 balance & share declined mostly due to reclassification of a TL commercial file following significant risk reduction
- ▶ Broad- based collection performance remains strong
- ▶ No NPL sale & immaterial write-off during the quarter

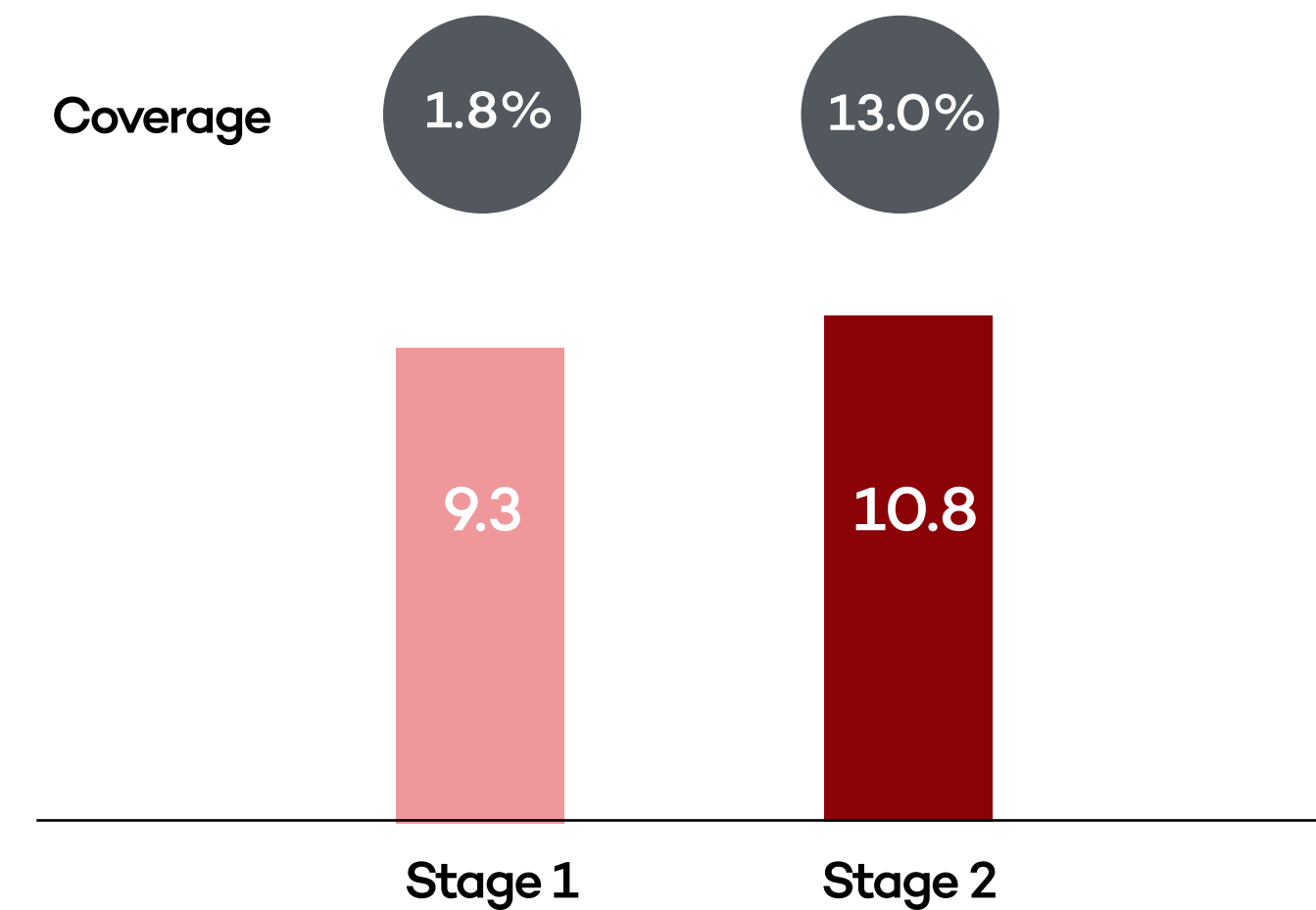
- ▶ BRSA staging forbearances ended effective Oct 1, 2021:
 - ◉ 30-90 days files: only TL 0.8 bn in Stage 1
 - ◉ 90-180 days files: TL 1.6 bn (If all were booked as NPL, NPL ratio impact would be +45 bps)
 - ... with strong coverages.
- ▶ 2021 FY NPL ratio to remain below <6% guidance

Deferred loan scheme ended starting Oct 1, 2021

Segmental Breakdown of Performing Deferred Loans
(Outstanding principal amounts, TL bn)



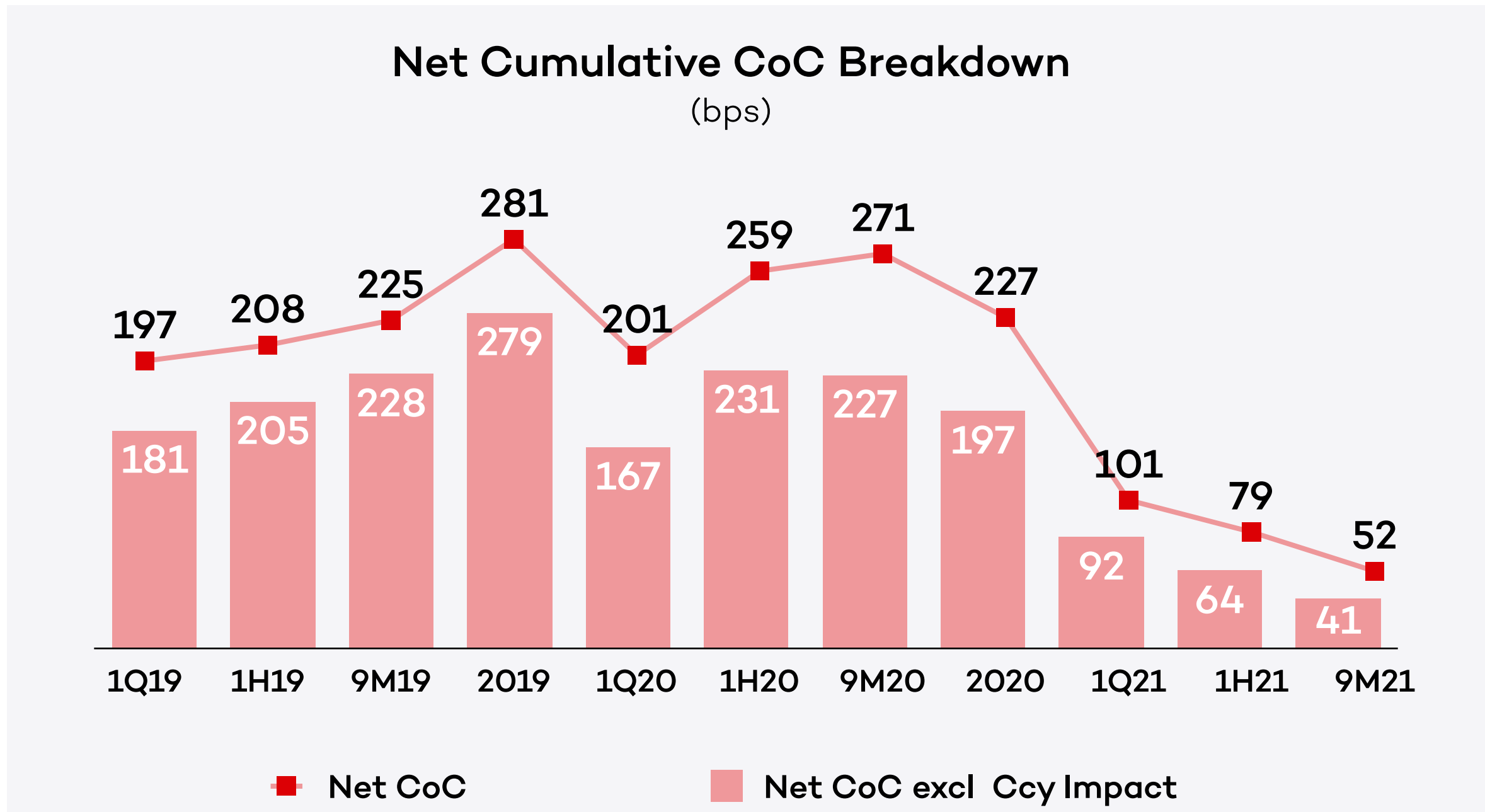
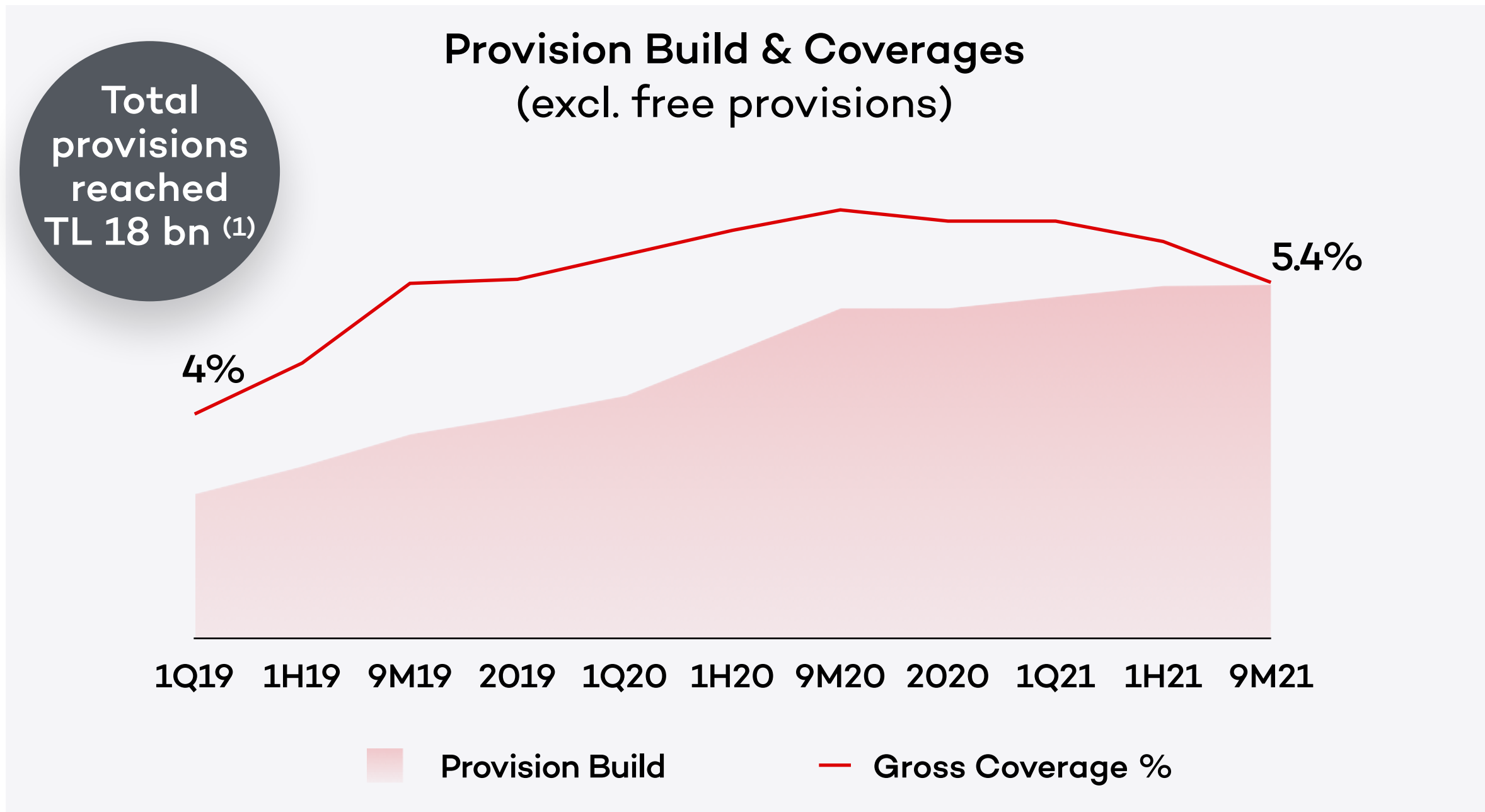
Performing Deferred Loan Breakdown & Coverages (TL bn,%)



- ▶ Total deferred risk principal amount to date is at TL 36 bn
- ▶ 82% of deferred loans have matured installments:
 - Strong repayment performance
 - c. 60% Business Banking & c. 40% Consumer incl. credit card

- ▶ Total coverage of performing portion at 8% up 90 bps YtD
- ▶ Limited NPL of TL 0.8 bn from total deferred loans' scheme

CoC evolution demonstrates long-term prudent risk management

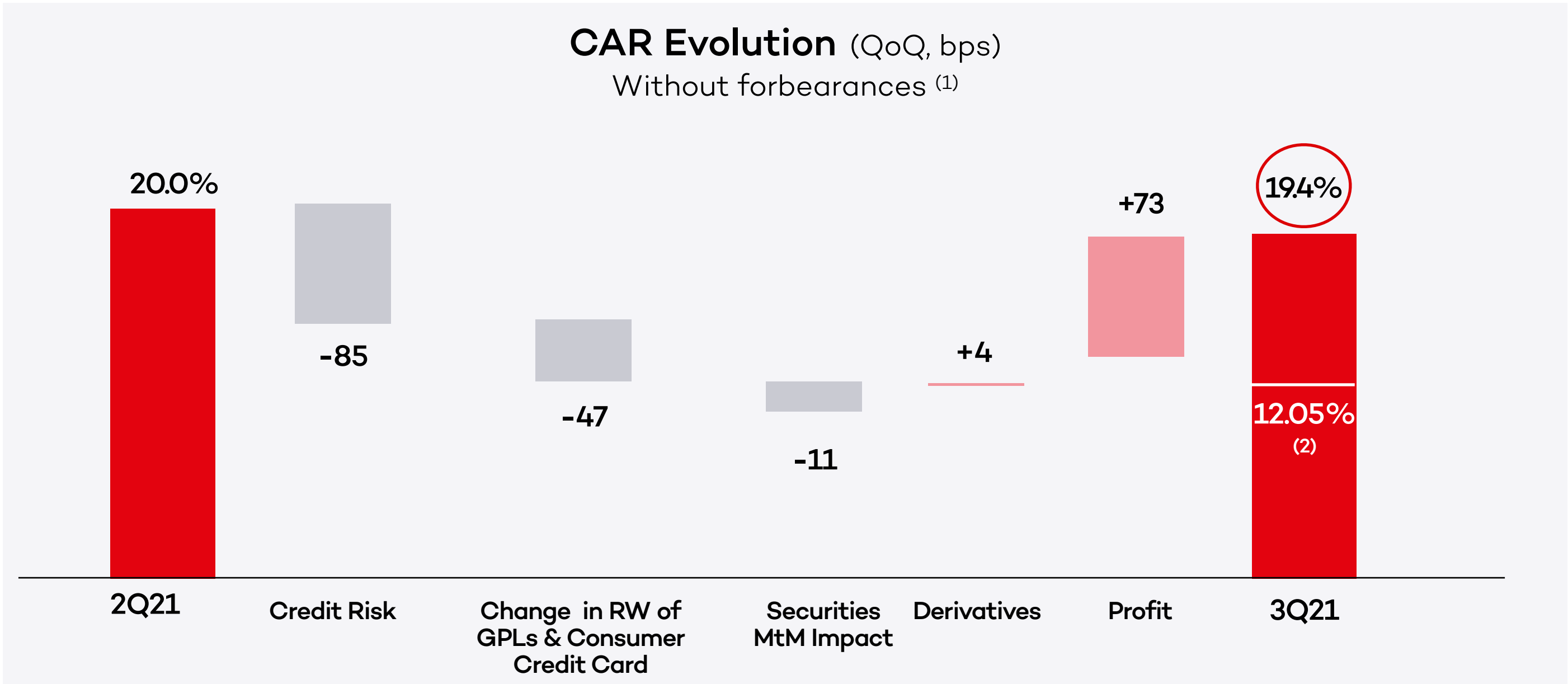


(%)	2020	9M21
Stage 1 Coverage	0.6	0.6
Stage 2 Coverage	16.4	15.2
Stage 3 Coverage	62.4	66.6
Free Provisions	TL 1,150 mn	TL 1,150 mn
Stage 2+3 Coverage (incl. free provisions)	37.3	35.7

- ▶ Solid coverage ratios
- ▶ FX provisions are hedged
- ▶ Significant risk reduction in a TL commercial file led to provision reversal (c. 30 bps cumulative Net CoC impact) & reclassification to Stage 1
- ▶ YtD CoC evolution underlines much better FY performance vs guidance



Capital remains a source of strength with robust buffers



Sensitivity of Solvency Ratios:

- ▶ 10% TL depreciation: c. 60 bps
- ▶ 1% NPL increase : c. 25 bps

(%, TL bn)	CAR	Excess Capital ⁽³⁾	Tier 1	Excess Tier 1 ⁽³⁾	CET-1	Excess CET-1 ⁽³⁾
<u>Without forbearances</u> ⁽¹⁾	19.4%	32.3	15.5%	24.1	15.5%	30.6
<u>With forbearances</u> ⁽¹⁾	20.0%	33.9	16.1%	25.5	16.1%	31.9

(1) Fixing FX rate for RWA calculation to average last 12 month FX rate

(2) Min Basel III required: Including buffers (Capital Conservation Buffer: 2.50%, D-SIB Buffer: 1.50%, Countercyclical Capital Buffer: 0.05%)

(3) Basel III min. requirements: CAR: 12.05%, Tier-1: 10.05%, CET-1 8.55%

3Q21 Key ESG highlights

On track for our long-term targets for sustainable finance & climate change

- ▶ Sustainable finance ⁽¹⁾ provided in Q3 at ~TL 6.2 bn (9M reached TL 20 bn)
- ▶ Pioneering sustainability-linked funding transactions
 - 1st sustainability-linked repo transaction in CEEMEA (USD 300 mn)
 - 1st Turkish deposit bank to secure funds from AIIB, to finance SMEs during Covid-19 (USD 100mn)
- ▶ Total sustainable funding share in wholesale transactions from 30% to 40% ⁽²⁾
- ▶ Diversifying product range for impact investing
 - AuM of ESG-themed funds launched by Ak Asset Management reached ~ TL 850 mn
 - 1st domestic retail social bond (TL 340 mn)
- ▶ New product: Transition to Low Carbon Economy Loan

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

23 ⁽¹⁾ Based on bank-only MIS data, includes: Granted SME loans (assessed through ESMS) & renewable loans, and ESG-type Eurobond & syndicated loan purchases
⁽²⁾ As of October 2021

3Q21 Key ESG highlights

Supporting our ecosystems & communities

- ▶ Youth Academy leveraged Akbank Academy’s capabilities to prepare students for future of work
 - ◉ Provided training for ~ 29K students (YtD) on IT, Cybersecurity, Sustainability, Arts & Culture
 - ◉ Employment programs focused on gender balance in technology roles
- ▶ Enabled & incentivized innovation in sustainability with “Sustainable Finance for the Future” Program
 - ◉ Wikimarathon: increased awareness and know-how on key sustainable finance issues
 - ◉ Hackathon: tackled key challenges on sustainable finance & financial inclusion with innovative ideas


E	S	G
	✓	✓
✓	✓	✓

Strengthening governance through new memberships, policies & disclosure

- ▶ Became official signatory of UN Principles of Responsible Banking by UNEP FI
- ▶ “Supplier Code of Conduct” published to increase our positive impact on our supply chain
- ▶ Published Akbank’s 1st integrated report, providing wider range of data on non-financial performance
 - ◉ 36 non-financial indicators assured by 3rd party

✓	✓	✓
✓		✓
✓	✓	✓

2021: Already delivered mid-teens FY ROE guidance

	9M21	 2021G	vs. Guidance
TL Loan Growth	+19.1%	~ 20%	Better performance
FX Loan Growth (in USD)	-1.2%	Flattish	✓
Leverage	8.4x	> 8x	✓
ROE	14.9%	Mid-teens	✓
NIM (swap adj.)	2.8%	20-30 bps contraction	Downside risk • Due to increase in funding costs
Net fees&com. growth	+24.7%	High-teens	Better performance
Opex growth	+12.6%	Mid-teens	✓
Cost/ income ⁽¹⁾	38.1%	≤34%	Slight upside risk • Due to NII miss
NPL ⁽²⁾	5.2%	<6%	✓
Net total CoC	52 bps	<200 bps	Better performance

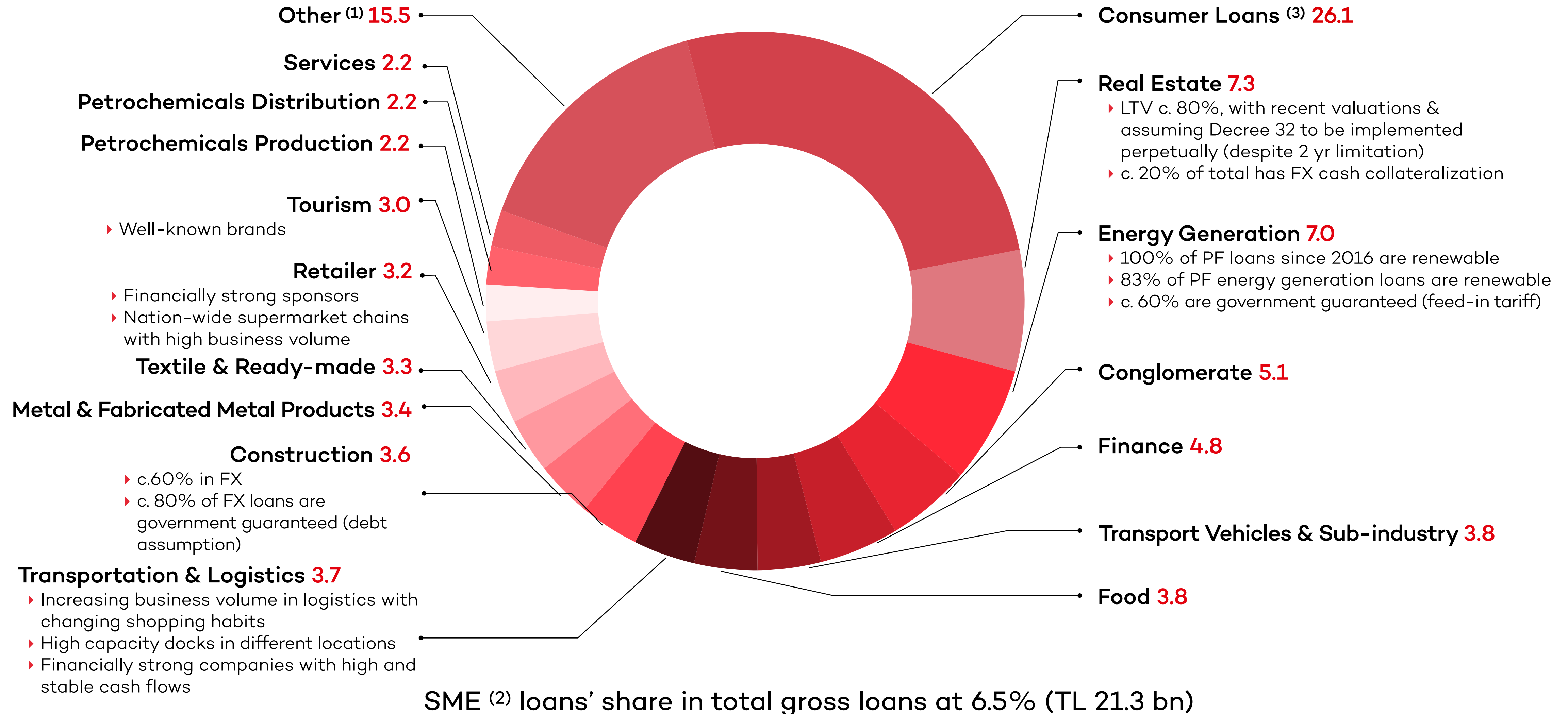
Content

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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

27

⁽¹⁾ Loan concentration below 2%

⁽²⁾ According to MIS segmentation

⁽³⁾ Including credit cards

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Staging & coverage ratios of main sectors

3Q21

Stage 2 Loans

	<u>% of Total Stage 2</u>	<u>Coverage (%)</u>	<u>Coverage ▲ pp (YtD)</u>	<u>Coverage ▲ pp (QoQ)</u>
Real Estate ⁽¹⁾	30.8	12	(2)	Flattish
Energy Generation	10.6	31	1	Flattish
Tourism	5.3	19	11	1
Construction	1.5	22	2	(4)
Retailer	1.4	17	7	2
Transportation & Logistics	0.7	11	(1)	(1)

3Q21

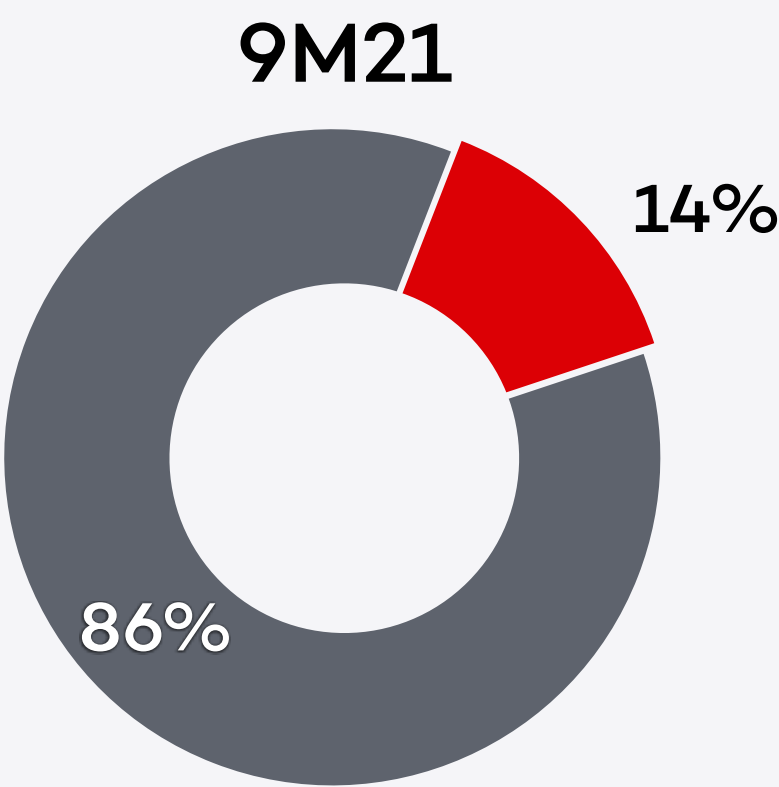
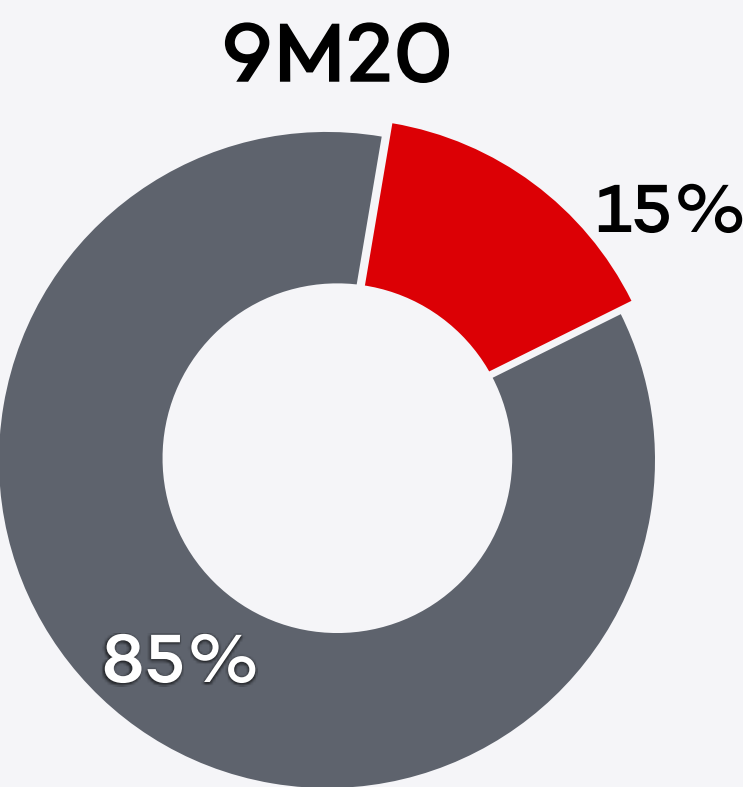
Stage 3 Loans

	<u>% of Total Stage 3</u>	<u>Coverage (%)</u>	<u>Coverage ▲ pp (YtD)</u>	<u>Coverage ▲ pp (QoQ)</u>
Real Estate	20.3	61	2	2
Retailer	11.7	55	7	Flattish
Construction	9.6	82	7	1
Energy Generation	5.0	55	10	3
Tourism ⁽²⁾	2.6	59	13	3
Transportation & Logistics	0.6	77	4	1

⁽¹⁾ Real estate's share in Stage 2 is at 7.1% with 21.4% coverage, excluding one excessively collateralized real estate loan

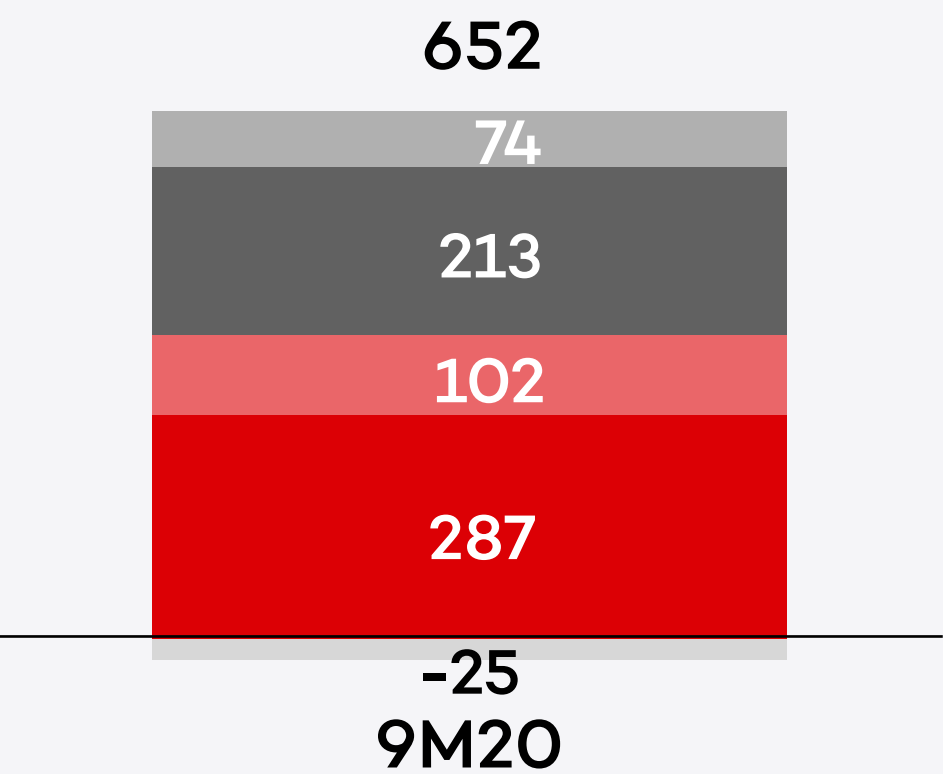
⁽²⁾ Adjusted for one excessively collateralized file

Subsidiaries' contribution

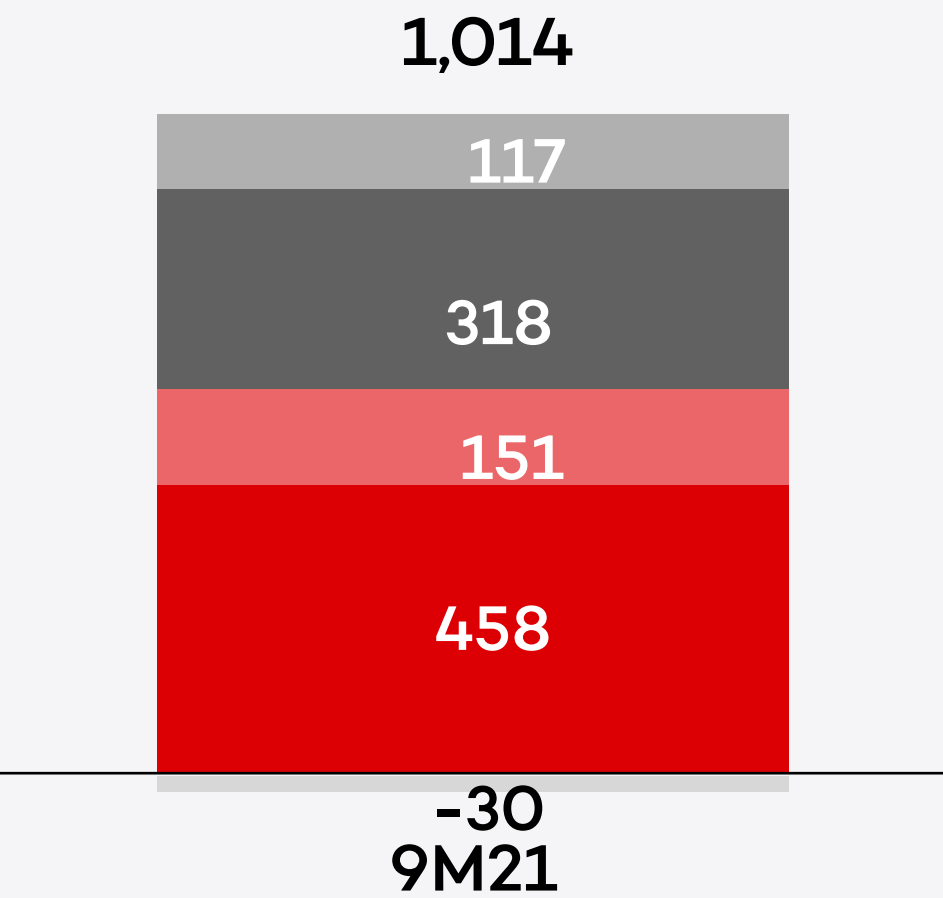


- Bank-only net income
- Subsidiaries' Contribution

Subsidiaries' Net Income (TL mn)



▲
56%
YoY



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

Snapshot of Results

	2020	1Q21	1H21	9M21
Profitability (%)				
ROE	10.9	12.9	12.8	14.9
ROE, Quarterly	12.1	12.9	12.9	18.7
ROA	1.4	1.6	1.6	1.8
ROA, Quarterly	1.5	1.6	1.6	2.3
Swap Adj. NIM	4.12	2.40	2.58	2.76
Swap Adj. NIM, Quarterly	3.61	2.40	2.74	3.11
CIR ⁽¹⁾	33.8	40.0	39.8	38.1
CIR, Quarterly	38.5	40.0	39.6	35.4
(%)				
Total LDR ⁽²⁾	94	95	94	93
TL ⁽²⁾	153	147	147	139
FX	47	51	49	49
Leverage (x)	7.6	8.2	8.0	8.4
Asset Quality (%)				
NPL Ratio	6.2	5.8	5.5	5.2
Stage 3 Coverage	62.4	63.7	65.2	66.6
Stage 2/ Total Gross Loans	9.4	9.5	11.1	9.6
Stage 2 Coverage	16.4	16.8	16.1	15.2
Net CoC	2.27	1.01	0.79	0.52
Net CoC, Quarterly	1.06	1.01	0.59	0.02
Solvency ⁽³⁾ (%)				
CAR	19.8	18.5	20.0	19.4
CET-1	16.9	15.5	16.0	15.5
Tier-1	16.9	15.5	16.0	15.5

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

⁽²⁾ Bank-only, TL LDR includes domestic TL bond issuances and merchant payables

⁽³⁾ w/o forbearances: For 1H21 & 9M21, fixing FX rate for RWA calculation to average last 12 month FX rate. For 1Q21 & 2020, fixing MtM losses of securities & FX rate for RWA calculation to average last 12 month FX rate

Balance Sheet Highlights

	2020	1H21	9M21	QoQ (%)	YtD (%)
Consolidated (TL mn)					
Cash and due from Banks	60,576	84,320	103,936	23	72
Securities	101,926	115,052	125,095	9	23
TL	59,540	62,774	74,239	18	25
FX (USD)	5,713	6,023	5,728	(5)	0
Loans (net)	262,658	289,481	311,975	8	19
TL	170,310	182,585	202,775	11	19
FX (USD)	12,447	12,315	12,299	0	(1)
Other	53,157	48,986	49,367	1	(7)
Total Assets	478,317	537,839	590,372	10	23
Deposits	292,519	326,905	349,747	7	19
TL	108,362	122,693	142,832	16	32
FX (USD)	24,821	23,526	23,283	(1)	(6)
Funds Borrowed and Bonds Issued	66,287	76,488	75,583	(1)	14
Repo	20,907	32,111	59,002	84	182
Other	35,679	35,024	35,985	3	1
Equity	62,924	67,311	70,256	4	12
Total Liabilities and S/H Equity	478,317	537,839	590,372	10	23

Income Statement Highlights

Consolidated (TL mn)	2Q21	3Q21	QoQ(%)	9M20	9M21	YoY(%)
Net Interest Income incl. swap cost	3,368	4,134	23	12,830	10,284	(20)
NII	5,337	6,664	25	15,134	16,194	7
o/w CPI-linker income	1,728	2,748	59	2,172	5,564	156
Swap Cost	(1,969)	(2,530)	28	(2,304)	(5,910)	157
Fees and Commissions (Net)	1,348	1,524	13	3,475	4,334	25
Net Trading Gain (Loss)	1,494	1,222	(18)	3,201	4,748	48
LYY hedge gain/ (loss)	436	243	(44)	1,013	1,784	76
ECL hedge gain/ (loss)	154	20	(87)	785	236	(93)
Other	905	959	6	1,403	2,728	94
Other Income	59	79	34	183	405	121
Operating Expense	(2,240)	(2,364)	6	(5,940)	(6,691)	13
Pre- Provision Income	4,029	4,595	14	13,749	13,079	(5)
Provision for Loan Losses, net of collections	(427)	(14)	-	(4,800)	(1,137)	(76)
Stage 1+2 (net)	(185)	329	-	(2,307)	(371)	(84)
Stage 3	(517)	(615)	19	(2,450)	(1,753)	(28)
Stage 3 Recoveries	430	293	(32)	742	1,223	65
Currency Impact (fully hedged)	(154)	(20)	(87)	(785)	(236)	(70)
Other Provisions	(559)	(274)	(51)	(3,044)	(2,034)	(33)
LYY MtM gain/ (loss)	(548)	(239)	(56)	(2,341)	(1,990)	(15)
Free Provisions	-	-	-	(500)	-	-
Other	(11)	(35)	203	(203)	(45)	(78)
Income Before Tax	3,043	4,307	42	5,907	9,908	68
Tax	(937)	(1,098)	17	(1,498)	(2,564)	71
Net Income	2,106	3,209	52	4,409	7,344	67

Initiatives & indices



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