

# 4Q10 Consolidated Financial Results

February 11, 2011

**AKBANK**

# 4Q10 Results

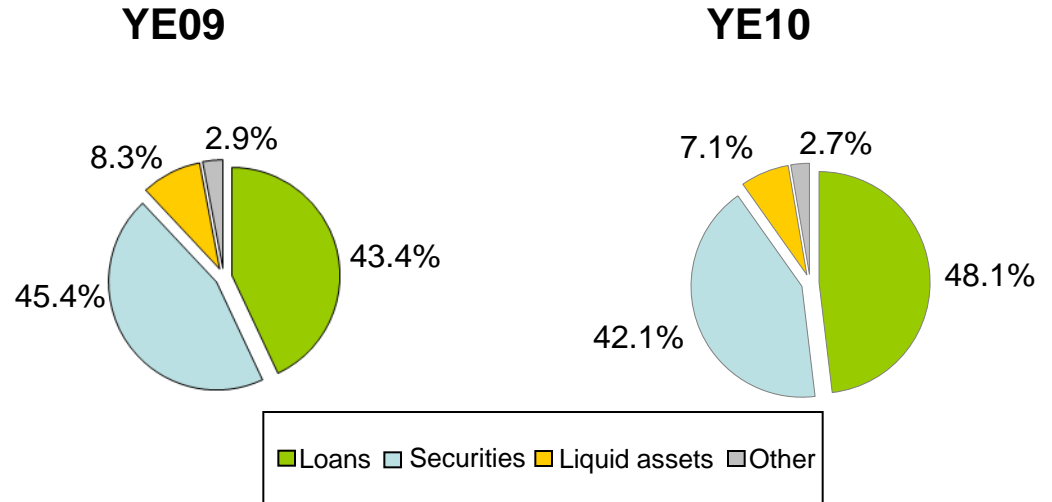
## Strong growth in consumer and SME loans

- 16.8% y-t-d growth in total assets
- 29.4% y-t-d increase in total loans,
  - comprising 33.1% growth in TL loans, 21.1% in FX loans in dolar terms
- 8.5% q-o-q increase in total loans
- 42.0% y-t-d increase in consumer loans, 10.6% q-o-q growth
  - 50.3% y-t-d increase in general purpose loans, 50 bps increase in market share
  - 34.3% y-t-d increase in mortgage loans, with flat market share
  - 44.9% y-t-d increase in auto loans, 160bps increase in market share
- 31.2% y-t-d increase in SME loans and 26.1% y-t-d increase in corporate loans
- 17.6% y-t-d increase in deposits; 5.2% q-o-q increase
- Improved NIM due to CPI linkers and better loan / deposit spread
- Net profit reached TRY 3,010mn (USD 1,958 mn)
- ROAE of 18.9%, ROAA of 2.7%

*Sector comparisons based on weekly BRSA unconsolidated figures.*

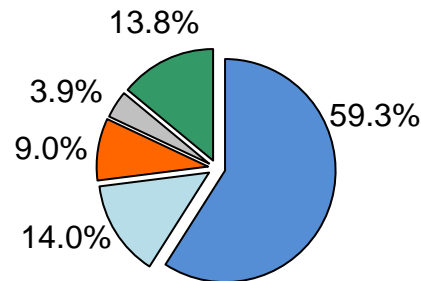
# 4Q10 Highlights – shifting asset mix from securities to loans

- Loans / assets increased to 48.1% from 43.4%
- Securities / assets decreased to 42.1% from 45.4%

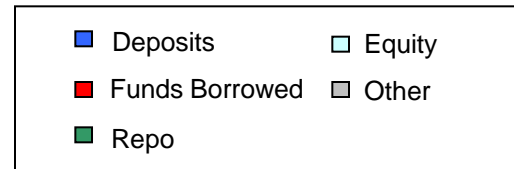
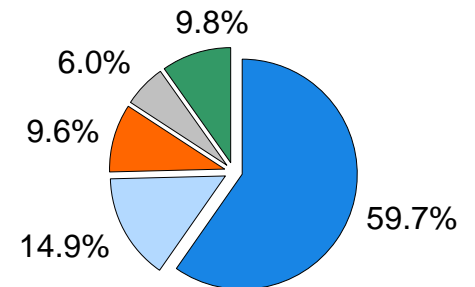


- CAR 19.9%
- Tier I Ratio 18.4%
- Leverage 6.7X
- Loans to Deposit 80.5%

Total Assets: TL 102,833 mn



Total Assets: TL 120,070 mn

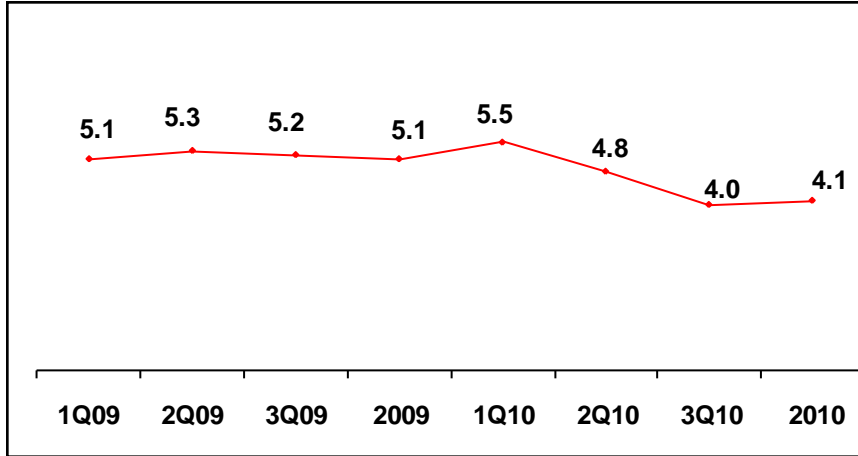


## 4Q10 Highlights

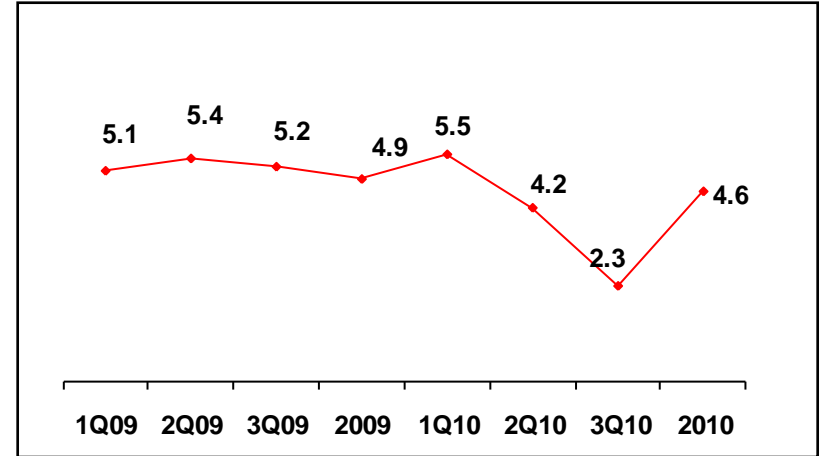
(TL mn.)	<b>YE09</b>	<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>YE10</b>
Net Profit	2,723	1,003	805	480	722	3,010
ROAE	21.5%	27.2%	20.9%	11.9%	16.7%	18.9%
ROAA	2.9%	3.8%	2.9%	1.7%	2.5%	2.7%
NIM	5.1%	5.5%	4.2%	2.3%	4.6%	4.1%
Cost of Risk	1.5%	-0.5%	-0.4%	-0.1%	-0.1%	-0.3%
Cost to Asset	2.4%	2.3%	2.2%	2.2%	2.2%	2.2%
Fees to Cost	58.5%	55.1%	61.3%	51.5%	51.6%	54.7%
CIR	39.8%	29.8%	36.4%	53.6%	41.2%	38.7%

# Improved NIM more than CPI impact: loan / deposit spread +13 bps

## NIM Cumulative



## NIM Quarterly



(TL mn., \$ mn.)	1Q10	2Q10	3Q10	4Q10	Change (bps)	Effect on NIM (bps)
TL Loans	12.73%	12.01%	11.40%	11.21%	-19	-16
FX Loans	3.96%	4.03%	4.18%	4.03%	-15	2
TL Securities	13.51%	10.89%	5.83%	11.65%	582	219
FX Securities	4.03%	4.21%	4.64%	4.50%	-14	-1
TL Deposits	7.62%	7.86%	7.62%	7.58%	-4	17
FX Deposits	1.92%	2.17%	2.40%	1.97%	-43	10

Source : Akbank's financials & footnotes

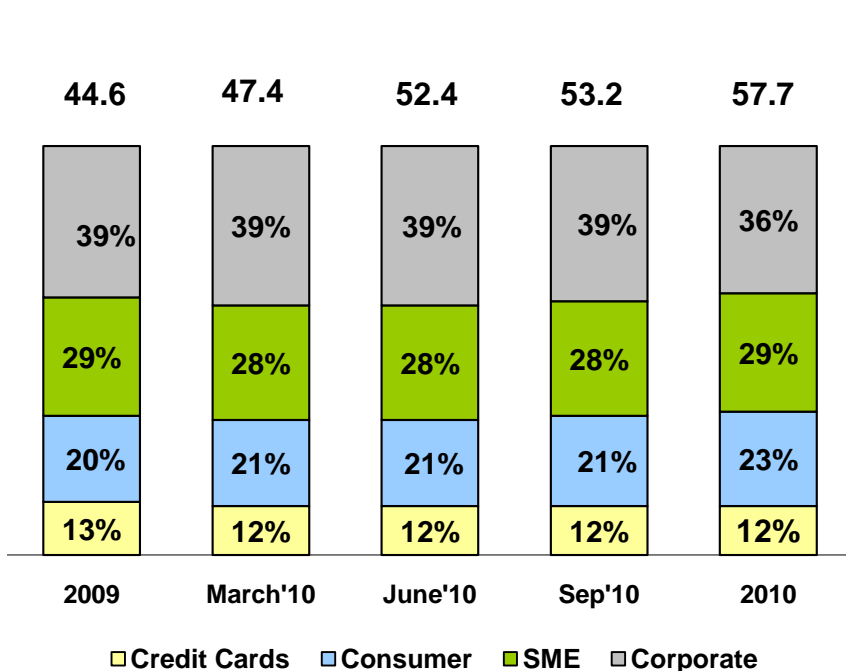
## Loans – consumer and SME major contributors to growth

(TL mn., \$ mn.)	YE09	1Q10	2Q10	3Q10	YE10	y-t-d
TL loans	24,073	25,504	29,157	30,747	32,035	33.1%
FX loans (\$ mn)	13,804	14,434	14,759	15,566	16,713	21.1%
<b>Total loans</b>	<b>44,604</b>	<b>47,382</b>	<b>52,383</b>	<b>53,215</b>	<b>57,733</b>	<b>29.4%</b>

(TL mn., \$ mn.)	YE09	1Q10	2Q10	3Q10	YE10	y-t-d
TL Corporate	2,881	3,300	4,400	4,327	3,619	25.6%
FX Corporate (\$ mn)	9,169	9,911	10,203	10,600	11,189	22.0%
TL SME	5,676	5,962	6,965	7,581	7,953	40.1%
FX SME (\$ mn)	4,759	4,671	4,703	5,092	5,711	20.0%
Consumer	9,245	9,875	11,060	11,877	13,130	42.0%
Credit Cards	5,754	5,781	6,163	6,405	6,619	15.0%

# Loans – changing mix towards consumer & SME with improved asset quality

(TL billion)



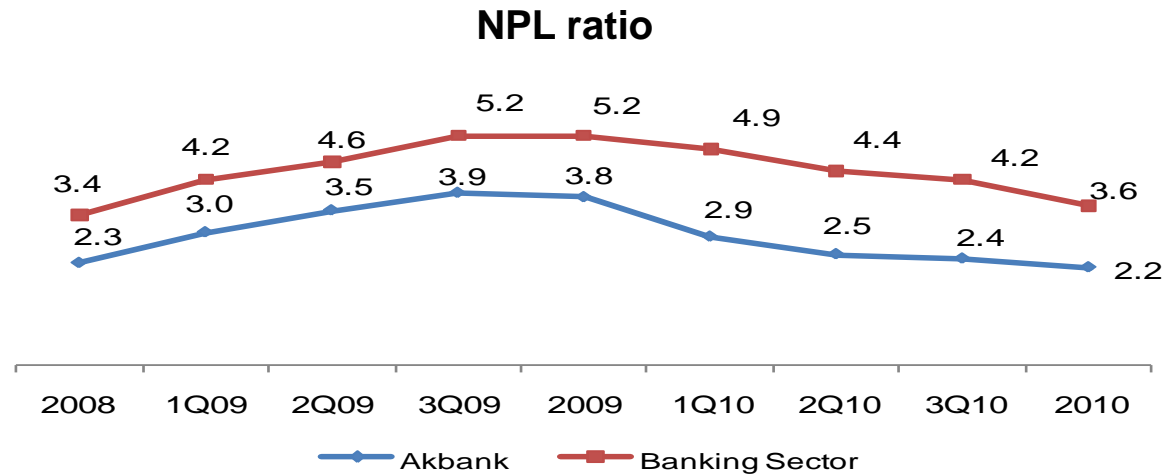
## NPL ratios

	Akbank		Sector	
	2009	2010	2009	2010
Corporate	0.0%	0.0%	4.7%	2.8%
SME	7.7%	3.7%	10.8%	8.1%
Consumer	4.1%	2.3%	4.0%	2.7%
Credit Cards	6.5%	4.6%	10.8%	8.1%
<b>Total</b>	<b>3.8%</b>	<b>2.2%</b>	<b>5.2%</b>	<b>3.6%</b>

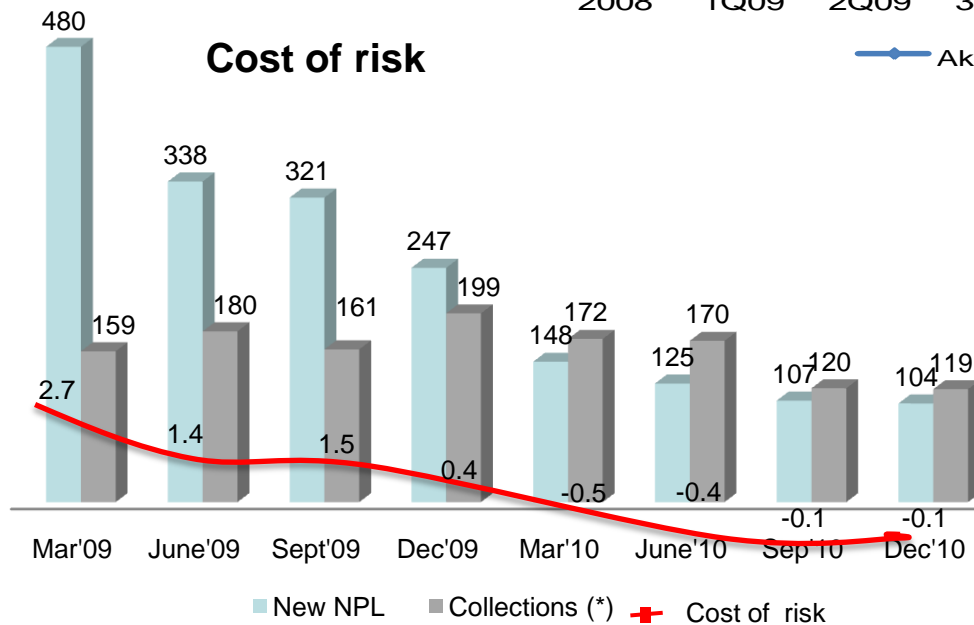
3.1% (Corporate + SME) and 1.6% (Consumer + Credit Cards) are indicated as components of the Total NPL ratios.

- Share of consumer loans and SME loans increased to 64% from 61%
- 100% specific provisioning; strong buffer and hidden reserve of around TL 448 mn
- 141% coverage ratio including general provisions

# Cost of risk – the lowest



(TL mn.)

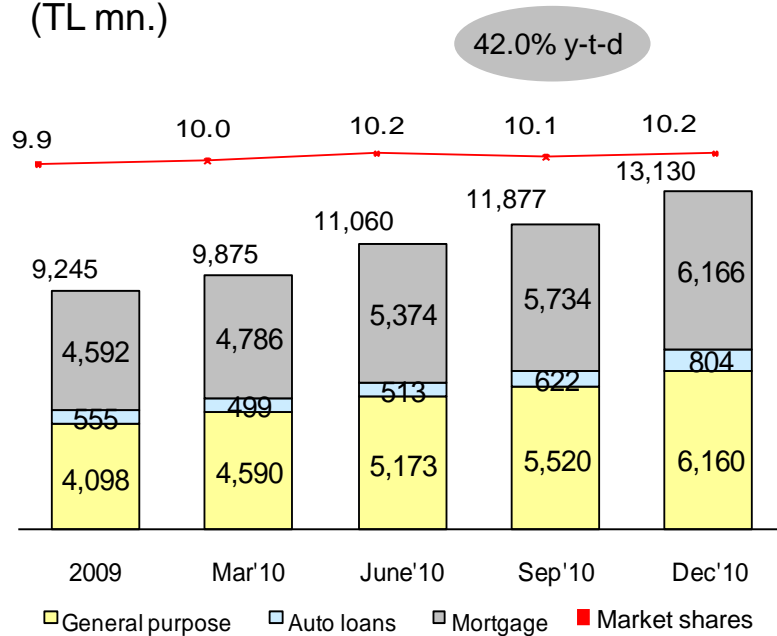


(\*) Excluding NPL Sales

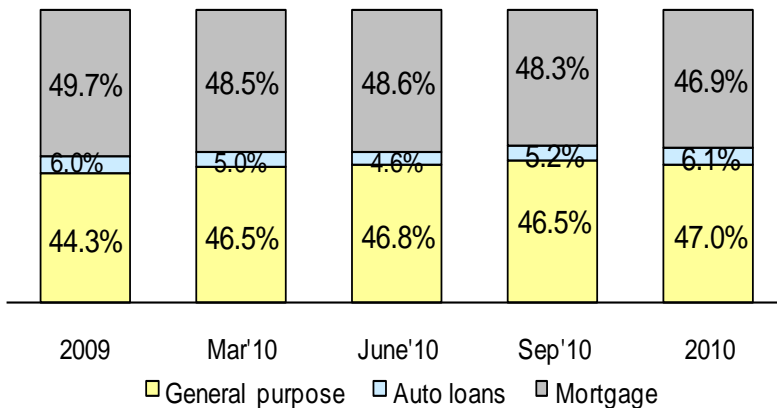


# Consumer loans – strong growth helps relieve margin pressure

(TL mn.)

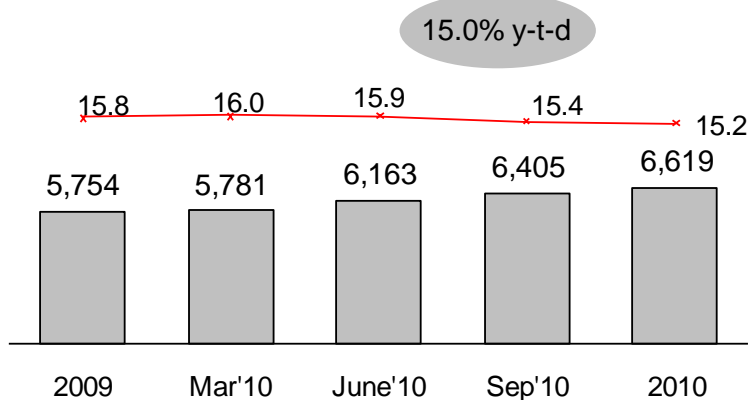


- General purpose loans grew 50.3% y-t-d vs 42.3% of sector
- 50 bps increase in market share:
  - Customer targeting with improved CRM capability
- Auto loans grew 44.9% y-t-d vs 28.3% of sector
- 160 bps increase in market share:
  - Deals with selected auto brands
- Mortgage loans grew 34.3% y-t-d with flat market share

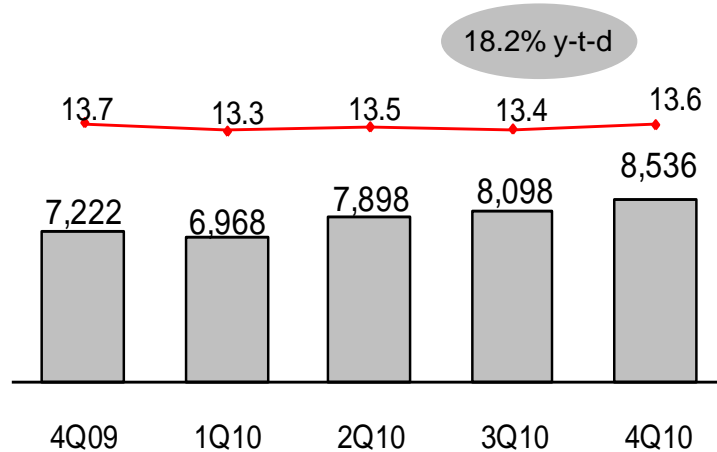


# Credit card loans – profitable portfolio

## Credit Card Loans (TL mn)



## Credit Cards Issuing Volume

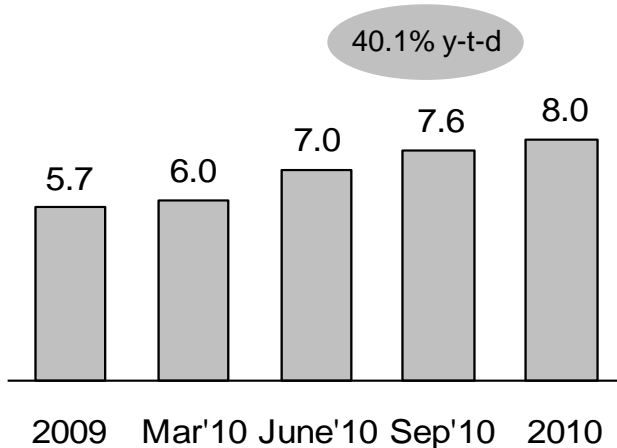


■ Volume (TL mn.) ■ Market shares

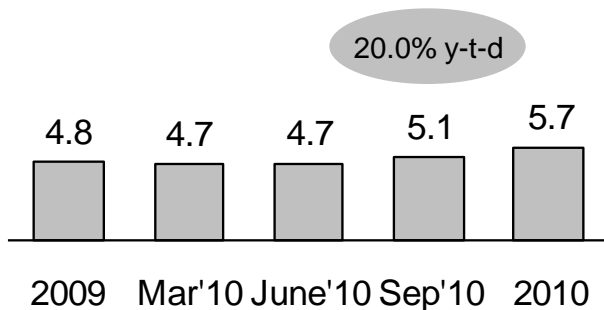
- NPL ratio 4.6% vs 8.1% of the sector
- Highest issuance volume per card
  - 31% higher than the sector average
- Higher issuing & acquiring commission income on volumes compared to sector
- Focus on further optimization

# SME loans – sequential growth without aggressive price deterioration

## TL Loans (TL bn)



## FX Loans (USD bn)



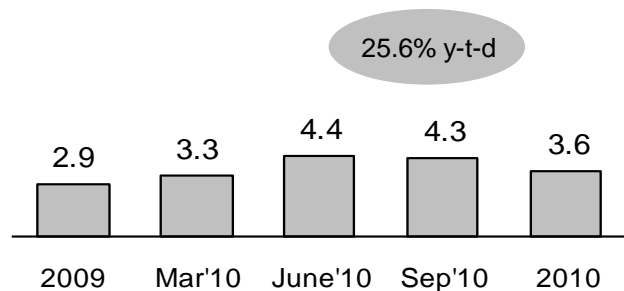
### Growth result of;

- New business structure
- Effective customer targeting and relationship management
- New products for export finance, energy efficiency, renewable energy
- The channeling of cheap multilateral funds to SME's
  - EIB 7 year loan for SME's
  - IFC loan for SME's
  - EBRD "Sustainable Energy Financing Facility"

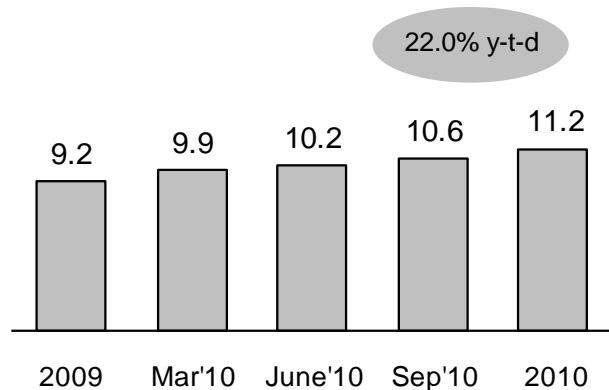
SME loans given to companies with sales turnover <TL 85 mn

# Corporate loans – at the top of the “Synergy Pyramid”

## TL Loans (TL bn)

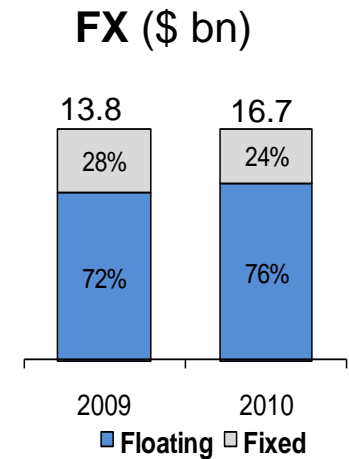
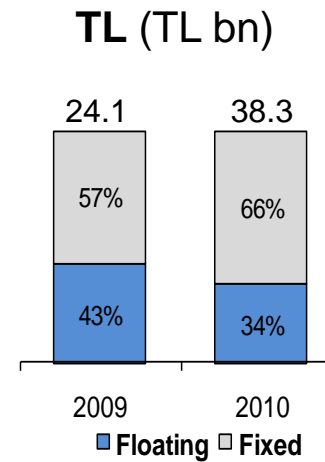
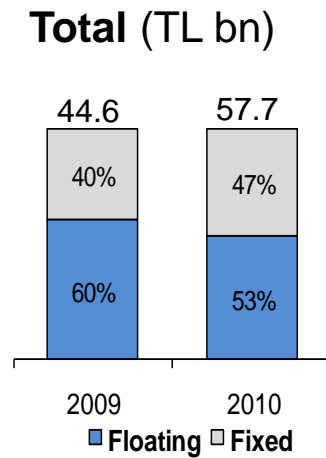
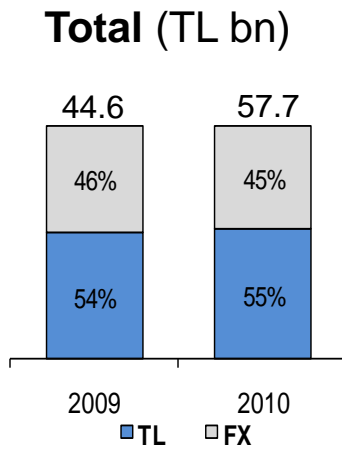


## FX Loans (USD bn)

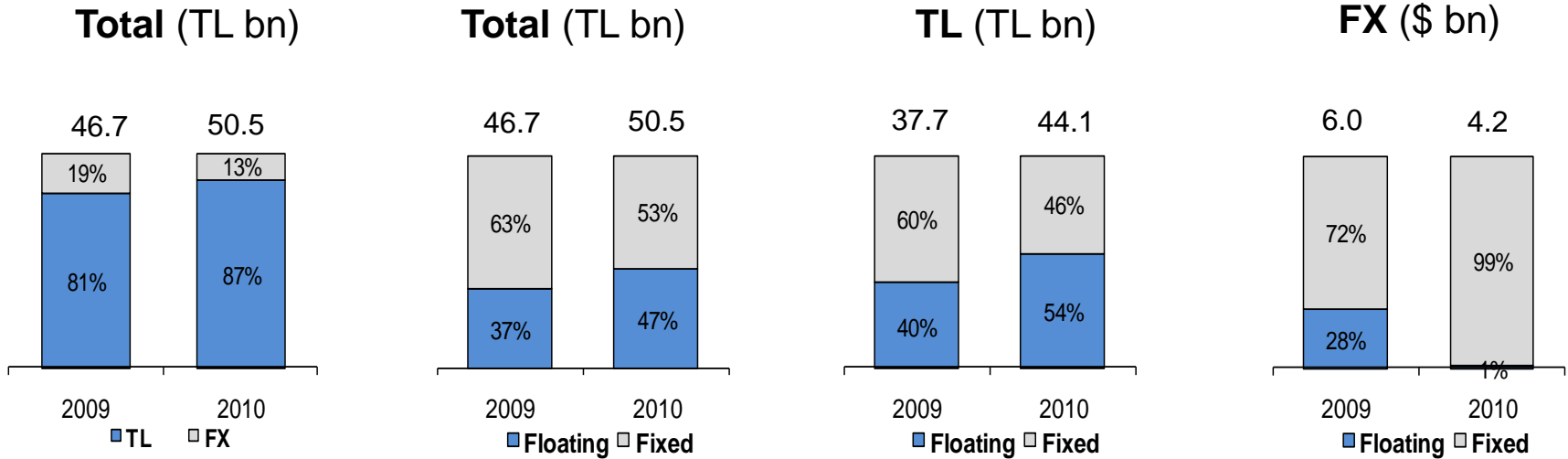


- Excellent relationship management
- Strong penetration to the cash cycles of companies
- Increased M&A advisory, IPO's, Corporate Bond Issuance Services

# Loans – balanced loan portfolio



# Securities - unrealized gain more than TL 2.2 bn.



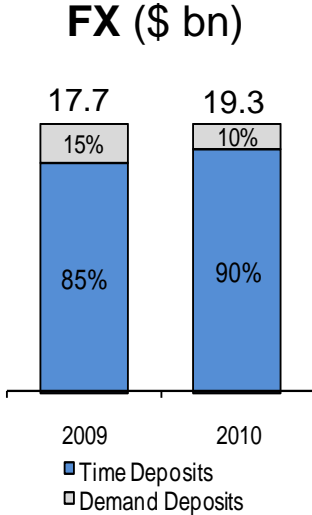
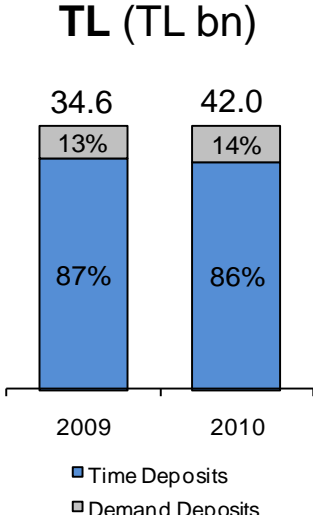
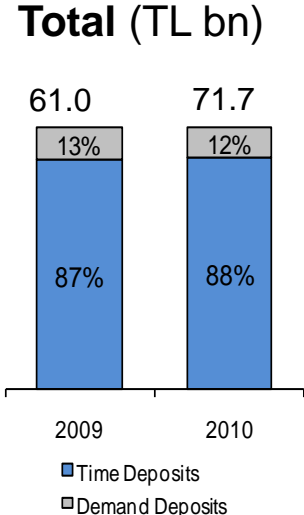
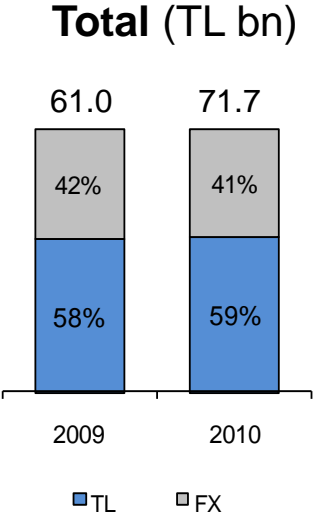
- Higher share of floating rate securities
- Securities with high yield and strong trading capability (TL duration of 218 days, FX duration of 1,779 days)
- Available for sale 86% (2009: 66%), held-to-maturity 14% (2009: 34%)
- TL 471 mn of trading gain

# CPI linkers put Akbank in a beneficial position

- CPI linkers comprise 30% of securities
  - Strong hedge against inflation
  - High return differential vis-a-vis average asset yields - inflation +5%
- Quarterly valuation of CPI linkers will now be based on YE2011 CPI estimation, to reduce volatility

<b>CPI Linkers effect on net interest income in 2010 (TL mn)</b>				
<b>1Q10</b>	<b>2Q10</b>	<b>3Q10</b>	<b>4Q10</b>	<b>Total</b>
550	483	3	640	1,676

# Deposits – Positive cost effect on NIM of 27 bps



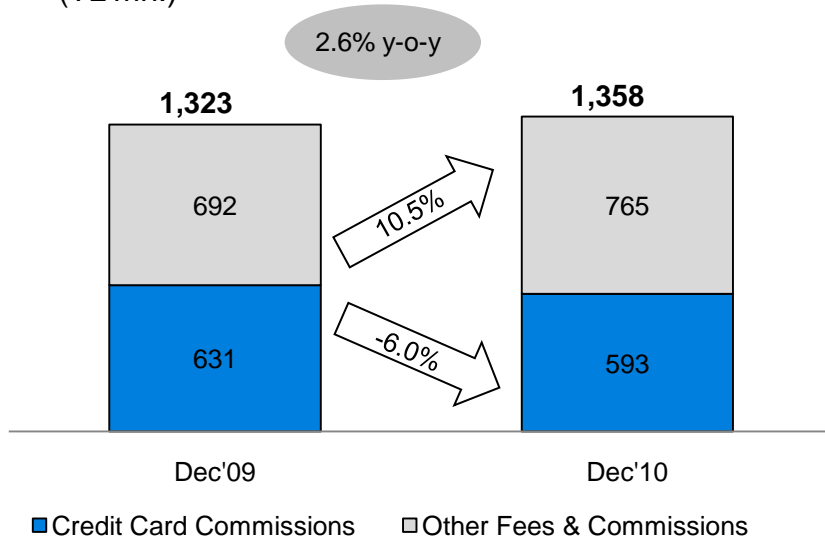


# Lower impact of increased reserve requirements

- Akbank differentiates itself with;
  - low loan-to-deposit ratio
  - low TL reserve requirement / TL assets ratio by means of high free capital
  - the highest potential of switching securities to loans: to avoid increased cost of reserve requirement on deposits

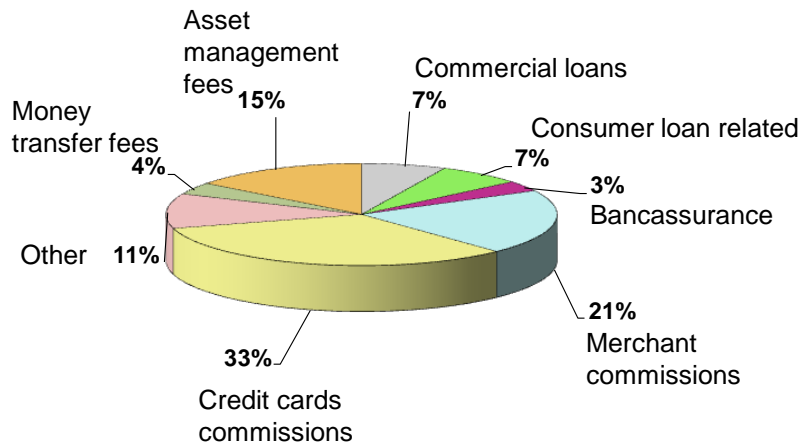
# Fees and commissions

(TL mn.)

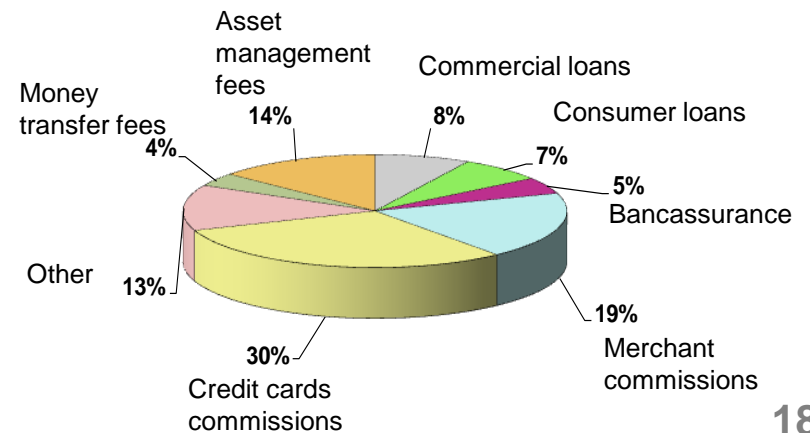


- Excluding credit cards, fee income growth is 10.5%
- Growth is mainly due to bancassurance, commercial loans and other banking commissions
- Bancassurance 44%, commercial loans %18 and other banking commissions 30% y-o-y growth

## 2009

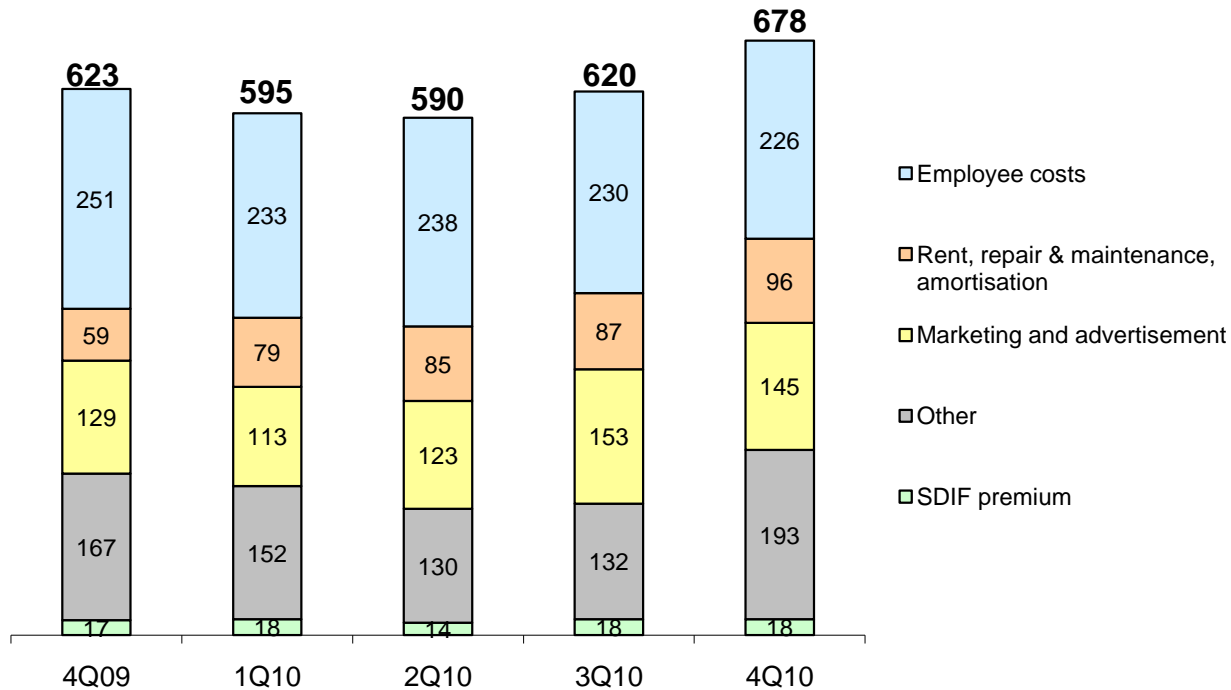


## 2010



# Operating costs – sustainably low cost base

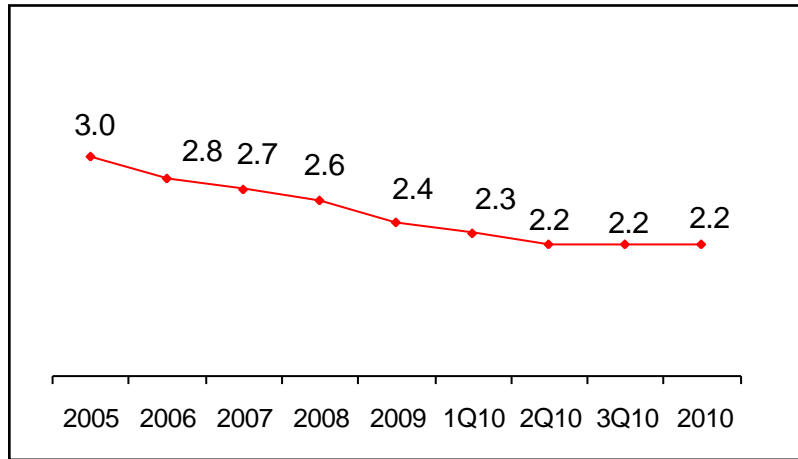
## Quarterly Operating Cost



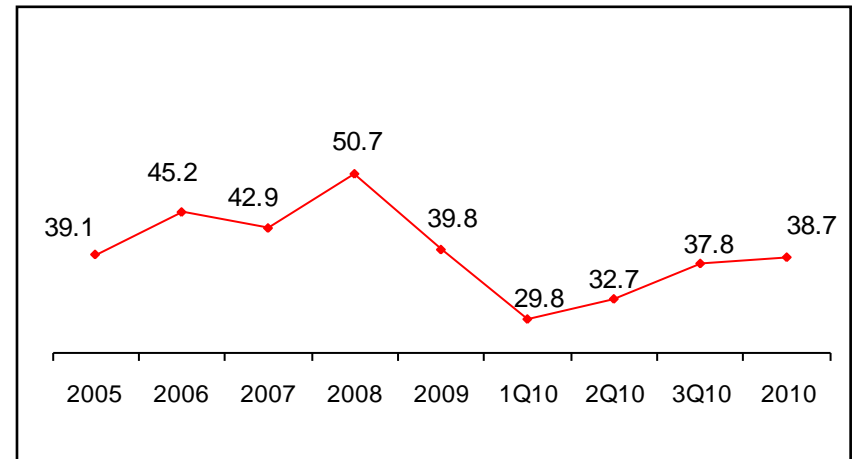
- Excluding branch taxes, 7.9% increase in costs
- Quarterly increase due to seasonal growth

# Efficiency – the most efficient

Cost/average assets (%)



Cost/income (%)



- Cost to assets ratio continued to be under control
- Low cost / asset ratio has a positive impact on ROA

## 2011 strategic priorities

- Customer
  - Customer acquisition
  - Customer satisfaction
  - Cross-sell
  - New products and product bundles
- Loan growth
  - Continued focus on SME and consumer loans
  - High asset quality - enhanced risk monitoring
- Commission income growth
- Cost management
  - Increased efficiency
  - Dynamic cost allocation for revenue generation
- Continued investments
  - IT and human resources investments for long term leadership

# Akbank 2011 targets

- 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

## 2010 dividend payment

- BOD has decided to give the following proposal to the Ordinary General Assembly that will be held on March 21, 2010 at 14:00
- Akbank will distribute :
  - 14.25% dividend per share; with a pay out ratio of 21.3%
  - Total dividend TL 570 mn

## Balance sheet highlights

Consolidated (TL mn.)			Shares (%)		Change (%)
	2009	2010	2009	2010	
Cash and Due from Banks	8,493	8,521	8.3	7.1	1
Securities	46,703	50,543	45.4	42.1	8
Loans	44,604	57,733	43.4	48.1	29
Other	3,033	3,273	2.9	2.7	8
<b>TOTAL ASSETS</b>	<b>102,833</b>	<b>120,070</b>			<b>17</b>
Deposits	60,954	71,708	59.3	59.7	18
Funds Borrowed	9,209	11,497	9.0	9.6	25
Repo	14,231	11,797	13.8	9.8	-17
Other	3,992	7,120	3.9	6.0	78
Equity	14,447	17,948	14.0	14.9	24
<b>TOTAL LIABILITIES</b>	<b>102,833</b>	<b>120,070</b>			<b>17</b>



## Income statement highlights

<b>Consolidated (TL mn.)</b>	<b>2009</b>	<b>2010</b>	<b>Change (%)</b>
Interest Income	9,550	8,994	-6
Interest Expense	(4,825)	(4,564)	-5
<b>Net Interest Income</b>	<b>4,725</b>	<b>4,430</b>	<b>-6</b>
Trading Gain (Loss), Net	113	80	-29
Provision for Loan Losses, net of collections	(687)	97	-114
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>4,151</b>	<b>4,607</b>	<b>11</b>
Fees and Commissions (Net)	1,323	1,358	3
Operating Expense	(2,261)	(2,483)	10
Other Income	206	459	123
Other Provisions	(130)	(177)	-36
<b>Income Before Tax</b>	<b>3,289</b>	<b>3,764</b>	<b>14</b>
Tax	(566)	(754)	33
<b>Net Income</b>	<b>2,723</b>	<b>3,010</b>	<b>11</b>

## Balance sheet highlights in USD

<b>Consolidated (USD mn.*)</b>			<b>Shares (%)</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
Cash and Due from Banks	5,710	5,542	8.3	7.1
Securities	31,401	32,872	45.4	42.1
Loans	29,990	37,547	43.4	48.1
Other	2,040	2,128	2.9	2.7
<b>TOTAL ASSETS</b>	<b>69,141</b>	<b>78,089</b>		
Deposits	40,983	46,637	59.3	59.7
Funds Borrowed	6,192	7,477	9.0	9.6
Repo	9,568	7,672	13.8	9.8
Other	2,684	4,630	3.9	6.0
Equity	9,714	11,672	14.0	14.9
<b>TOTAL LIABILITIES</b>	<b>69,141</b>	<b>78,089</b>		

\* Figures are stated with exchange rates effective at respective dates: 2009 – 1.4873; 2010 – 1.5376

## Income statement highlights in USD

<b>Consolidated (USD mn.*)</b>	<b>2009</b>	<b>2010</b>
Interest Income	6,421	5,850
Interest Expense	(3,244)	(2,968)
<b>Net Interest Income</b>	<b>3,177</b>	<b>2,882</b>
Trading Gain (Loss), Net	76	52
Provision for Loan Losses, net of collections	(462)	63
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>2,791</b>	<b>2,997</b>
Fees and Commissions (Net)	890	883
Operating Expenses	(1,520)	(1,615)
Other Income	139	298
Other Provisions	(88)	(115)
<b>Income Before Tax</b>	<b>2,211</b>	<b>2,448</b>
Tax	(381)	(490)
<b>Net Income</b>	<b>1,830</b>	<b>1,958</b>

\* Figures are stated with exchange rates effective at respective dates: 2009 – 1.4873; 2010 – 1.5376

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