

# YE11 Consolidated Financial Results

10 February 2012

**AKBANK**

# YE11 Results

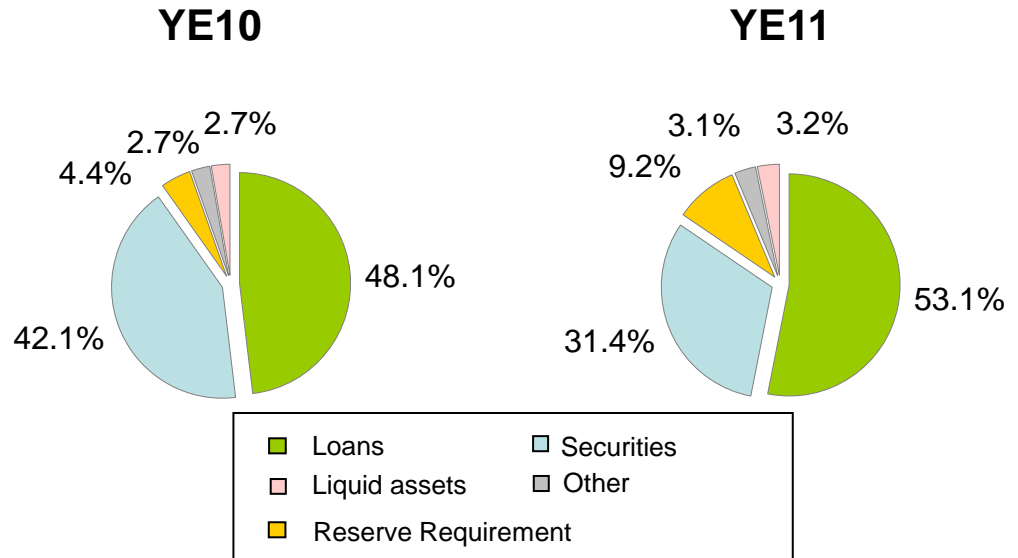
## Strong loan growth and fee income generation

- Loans / assets increased to 53% from 48%
- Securities / assets decreased to 31% from 42%
- Solid loan growth of 29%, 20bps market share gain y-t-d
  - Strong growth of 31% in TL loans, 40bps market share gain
- Balanced growth of 18.7% in consumer loans
  - 21% increase in mortgage loans
  - 8% increase in auto loans
  - 18% increase in general purpose loans
- 34% growth in SME loans and 25.8% growth in corporate loans, 50bps increase in market share
- Deposit growth of 12.6%, 10 bps market share
- Leverage increased to 7.7x from 6.7x
- Strong fee income growth of 20% y-o-y
- Limited cost growth of 1.3% y-o-y
- Net profit reached TRY 2.535 mn (USD 1.342 mn)
- ROAE of 14.3%, ROAA of 2.0%

*Sector comparisons based on weekly BRSA unconsolidated figures.*

# Well managed assets / liabilities structure

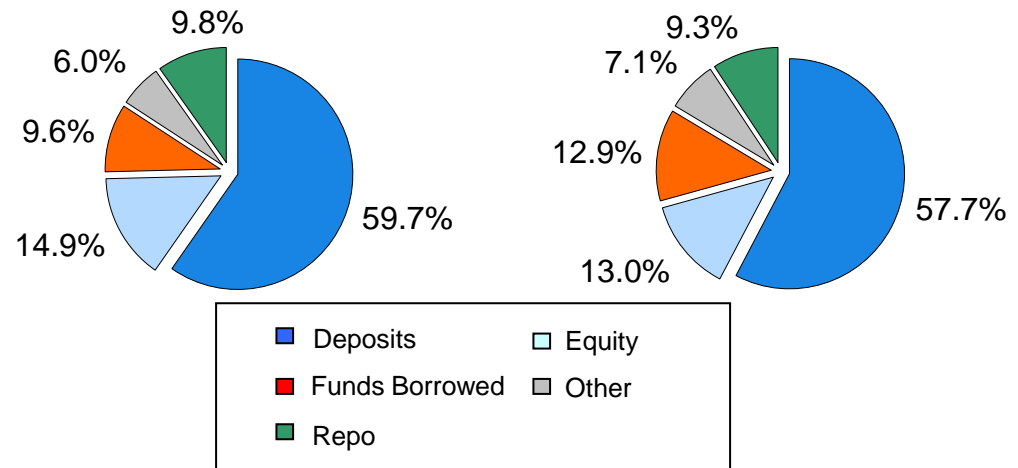
- Loans / assets increased to 53% from 48%
- Securities / assets decreased to 31% from 42%



- CAR 16.8%
- Tier I Ratio 16.2%
- Leverage 7.7X
- Loans to Deposit 92.1%

Total Assets: TL 120,070 mn

Total Assets: TL 139,907 mn

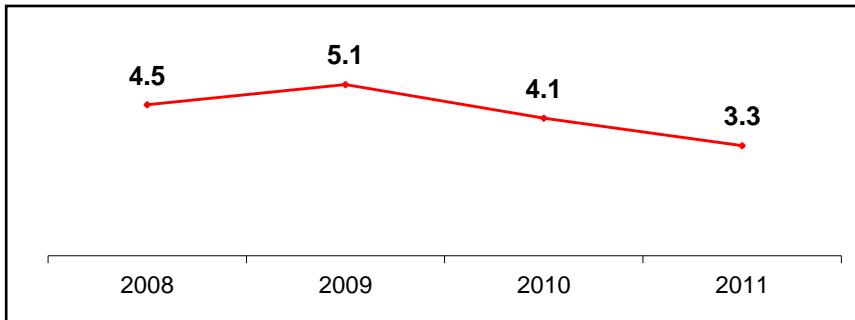


## YE11 Highlights

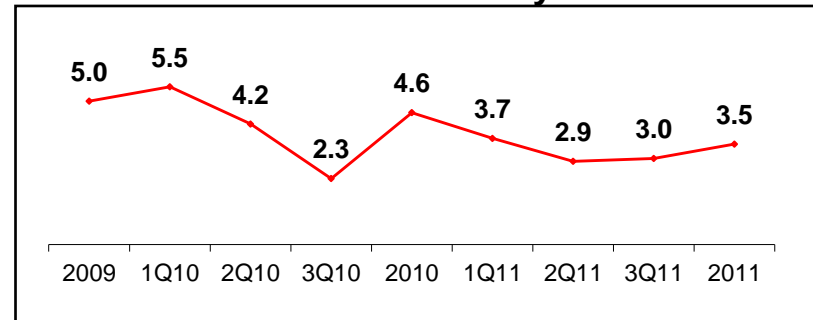
(TL mn.)	<b>YE10</b>	<b>1Q11</b>	<b>2Q11</b>	<b>3Q11</b>	<b>4Q11</b>	<b>YE11</b>
Net Profit	3,010	728	671	561	575	2,535
ROAE	18.9%	16.6%	15.4%	12.6%	12.8%	14.3%
ROAA	2.7%	2.4%	2.1%	1.7%	1.6%	2.0%
NIM	4.1%	3.7%	2.9%	3.0%	3.5%	3.3%
Cost of Risk	-0.3%	-0.2%	0.0%	0.0%	0.9%	0.2%
Cost to Asset	2.2%	2.0%	2.0%	1.8%	1.9%	1.9%
Fees to Cost	54.7%	60.0%	73.3%	63.4%	62.8%	64.9%
CIR	38.7%	36.4%	41.2%	42.1%	46.7%	41.4%

# Repriced loan yields will support NIM

**NIM Cumulative\***



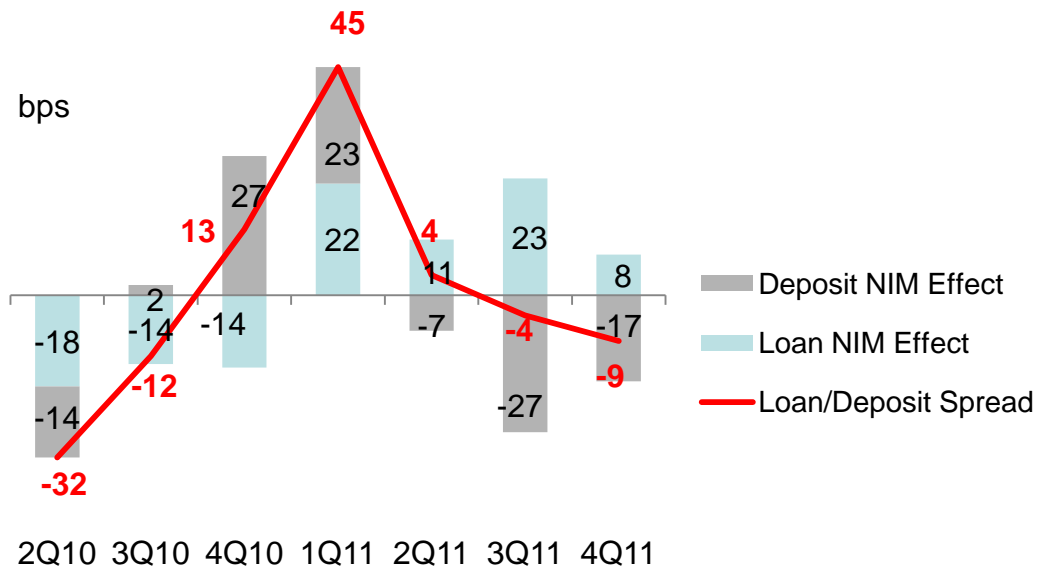
**NIM Quarterly\***



(TL mn., \$ mn.)	1Q11	2Q11	3Q11	4Q11	Effect on NIM change		
					1Q11-2Q11	2Q11-3Q11	3Q11-4Q11
TL Loans	10.47%	10.00%	10.45%	10.70%	4	8	12
TL Deposits	6.79%	6.92%	7.66%	8.01%	4	-23	-10
FX Loans	3.95%	4.07%	4.50%	4.37%	7	15	-4
FX Deposits	2.40%	2.68%	2.89%	3.20%	-11	-4	-7
<b>Loan-Deposit spread</b>					<b>4</b>	<b>-4</b>	<b>-9</b>
TL Securities	8.99%	9.10%	9.51%	11.78%	-21	4	59
FX Securities	4.54%	4.72%	4.52%	4.44%	0	2	1
<b>Securities spread</b>					<b>-21</b>	<b>6</b>	<b>60</b>
Total					-17	2	51
Reserve requirement					-28	-19	13
<b>Total</b>					<b>-45</b>	<b>-17</b>	<b>64</b>

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

# Due to short duration, cost of deposit weighed on loan-deposit spread



- We will see the positive effect of repriced loan portfolio and expansion in high yield lending from 2Q onwards

## High yielding TL loans major contributor to growth

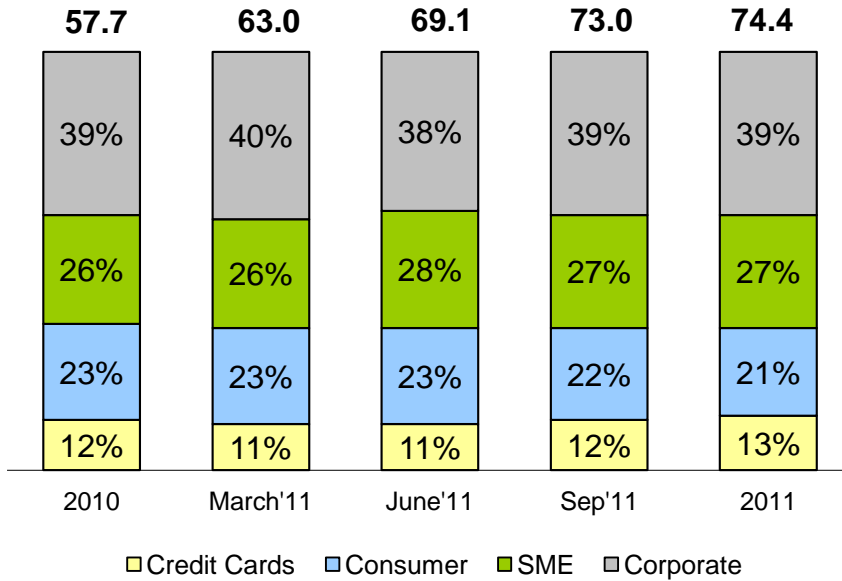
(TL mn., \$ mn.)	YE10	1Q11	2Q11	3Q11	YE11	y-t-d
TL loans	32,035	35,898	39,671	40,903	42,000	31.1%
FX loans (\$ mn)	16,713	17,651	18,240	17,341	17,129	2.5%
<b>Total loans</b>	<b>57,733</b>	<b>63,016</b>	<b>69,141</b>	<b>73,005</b>	<b>74,356</b>	<b>28.8%</b>

(TL mn., \$ mn.)*	YE10	1Q11	2Q11	3Q11	YE11	y-t-d
TL Corporate	3,676	4,973	4,765	4,737	4,400	19.7%
FX Corporate (\$ mn)	12,294	13,089	13,412	12,885	12,714	3.4%
TL SME	7,906	9,121	10,522	10,591	10,790	36.5%
FX SME (\$ mn)	4,613	4,820	5,202	4,787	4,928	6.8%
Consumer	13,047	14,193	15,564	15,623	15,516	18.9%
Credit Cards	6,576	6,665	7,606	8,504	9,505	44.5%

(\* Excluding accrued interest on loans)

# Strong asset quality with high collateralization

(TL billion)



## NPL ratios

	Akbank		Sector	
	2010	2011	2010	2011
Corporate	0.0%	0.0%	2.8%	2.3%
SME	3.7%	2.9%		
Consumer	2.3%	1.8%	2.7%	1.9%
Credit Cards	4.6%	3.2%	8.1%	5.9%
<b>Total</b>	<b><u>2.2%</u></b>	<b><u>1.7%</u></b>	<b><u>3.6%</u></b>	<b><u>2.6%</u></b>

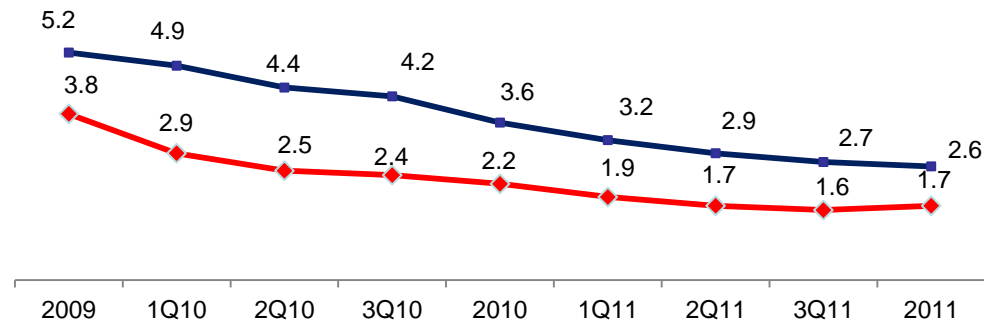
Note: Corporate and SME NPL ratios for Akbank are grouped as 1.6%.

- 157% coverage ratio including general provisions
- Increase in NPL ratio due to a single loan of TL 134 million with good collateralization and strong recovery expectancy



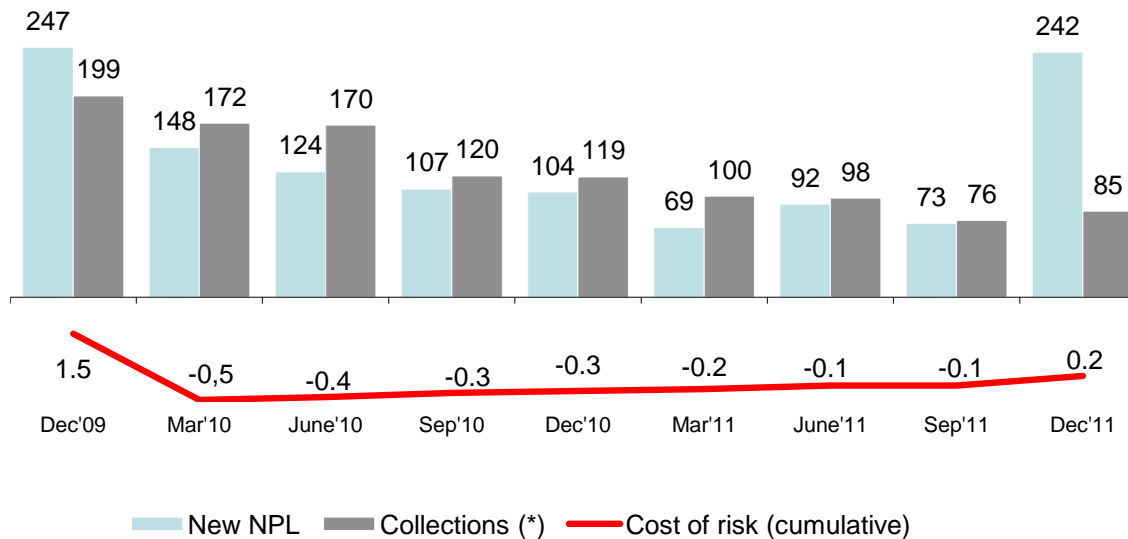
# One-off NPL impact on cost of risk

## NPL ratio



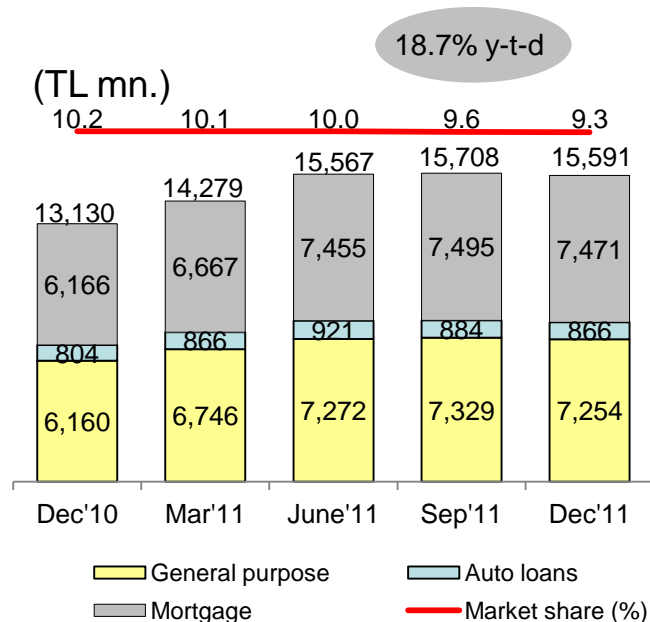
(TL mn.)

## Cost of risk

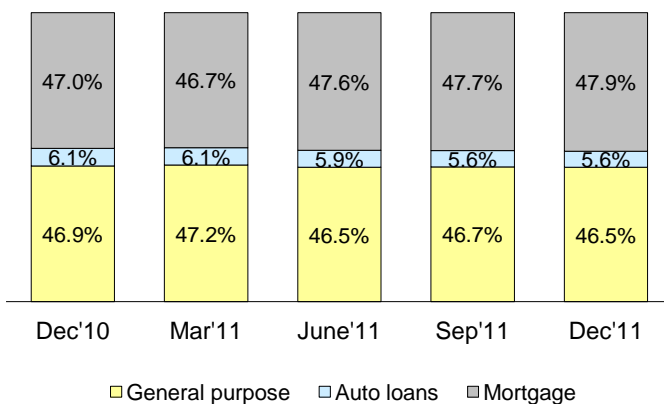


(\*) Excluding NPL Sales

# Prudent management of consumer loans



- Mortgage loans grew 21.2% y-t-d
- Auto loans grew 7.7% y-t-d
- General purpose loans grew 17.8% y-t-d

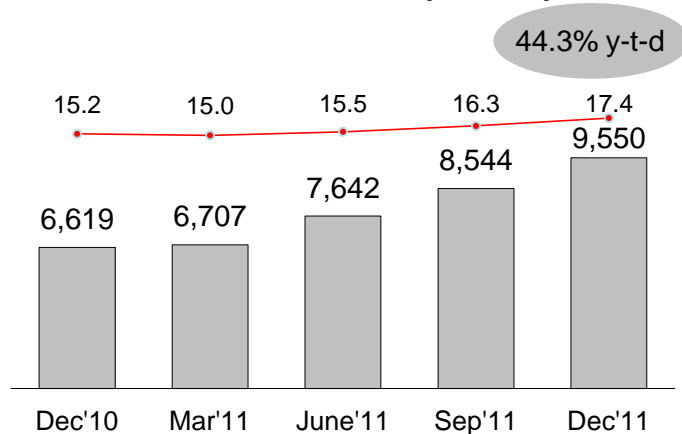


## Cross-sell ratio

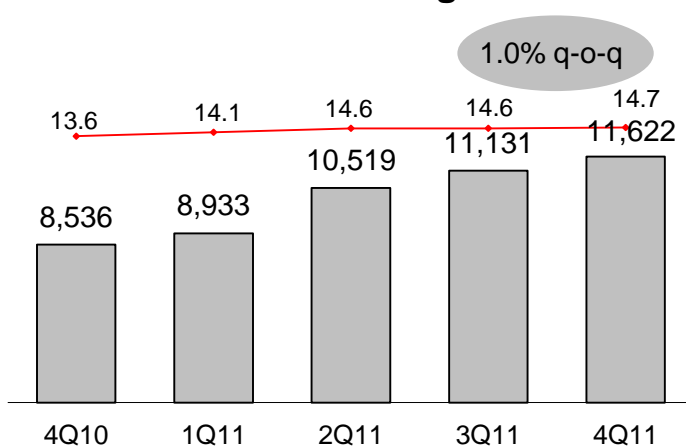
Mortgage Loans	5.8x
General Purposes Loans	5.7x
Auto Loans	5.2x

# Extending our strong position in credit card business

## Credit Card Loans (TL mn)



## Credit Cards Issuing Volume



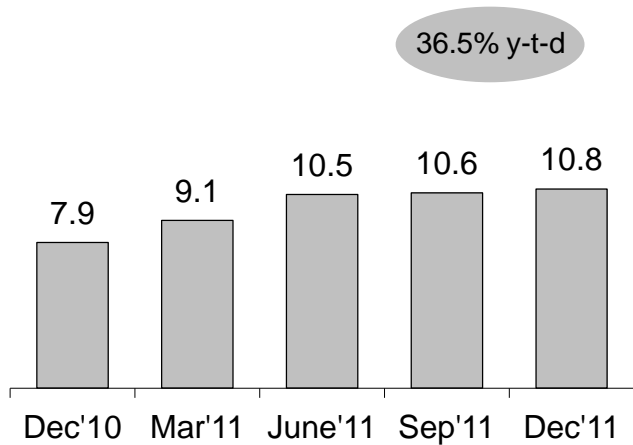
■ Volume (TL mn.) ■ Market shares

## Higher quality portfolio with;

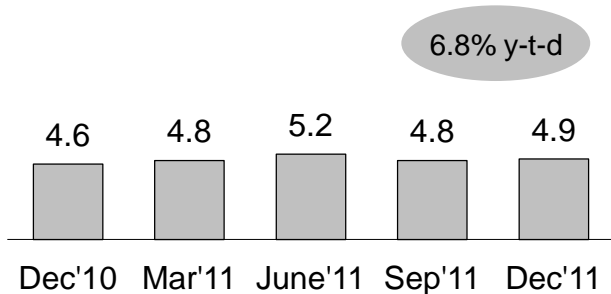
- 220 bps market share gain in Credit Card Loans
- 110 bps market share gain in Credit Card Issuing Volume
- Highest fee generating bank in payment systems
- Highest issuance volume per card in the peer group by 20%
- Low NPL ratio of 3.2% vs 5.9% for the sector

# SME loans - continued strong momentum with risk focus

## TL Loans (TL bn)



## FX Loans (USD bn)

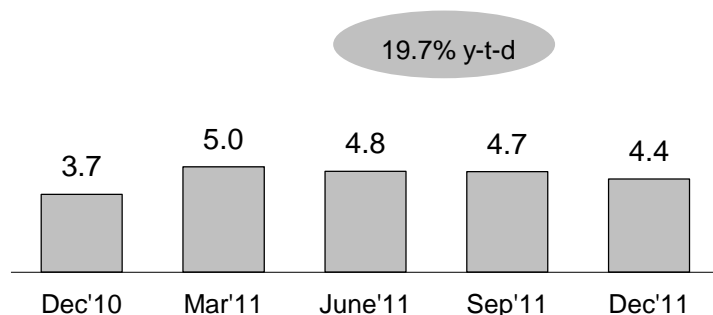


- Sales effectiveness with new operations
- New products for export finance, energy efficiency, renewable energy
- Bundled product packages – wholesale and foreign trade support
- The channeling of cheap multilateral funds from EIB and EBRD
- New website for SME's

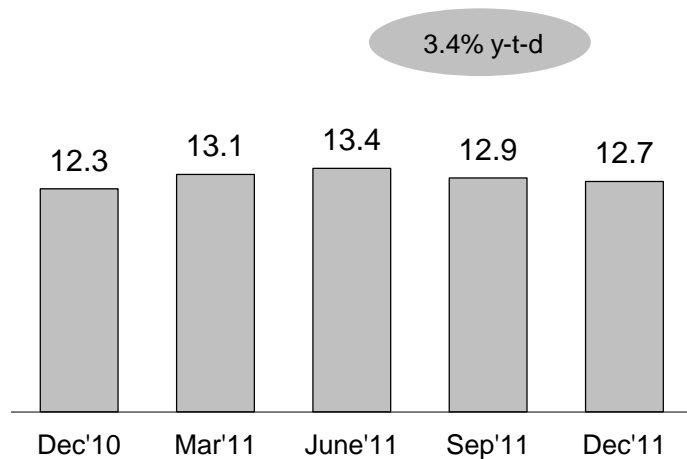
SME loans given to companies with sales turnover <TL 100 mn

# Corporate loans - benefiting from synergies

## TL Loans (TL bn)

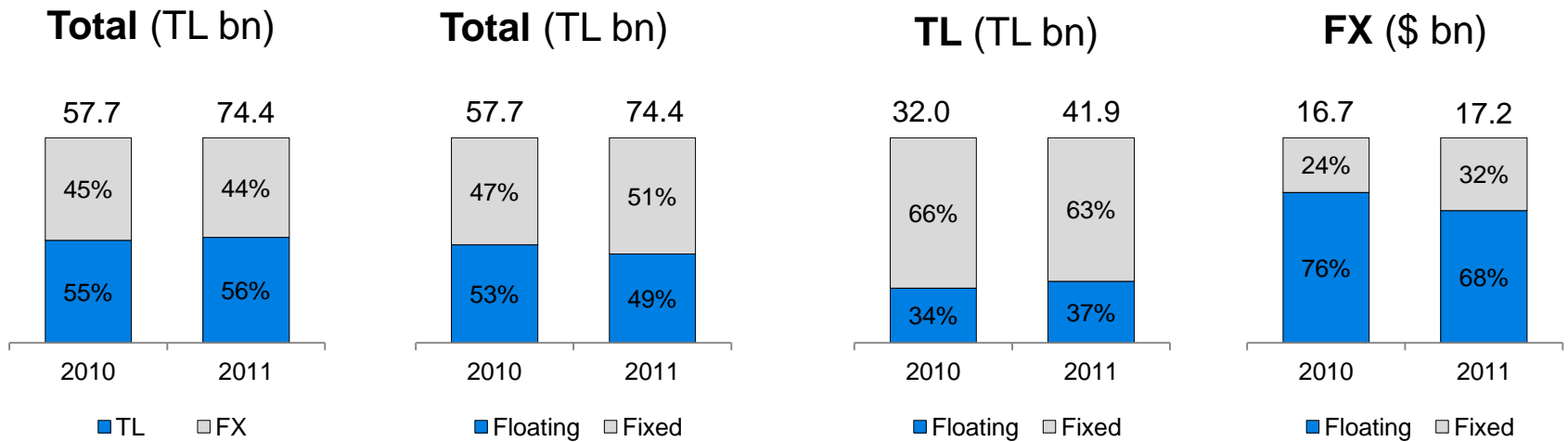


## FX Loans (USD bn)



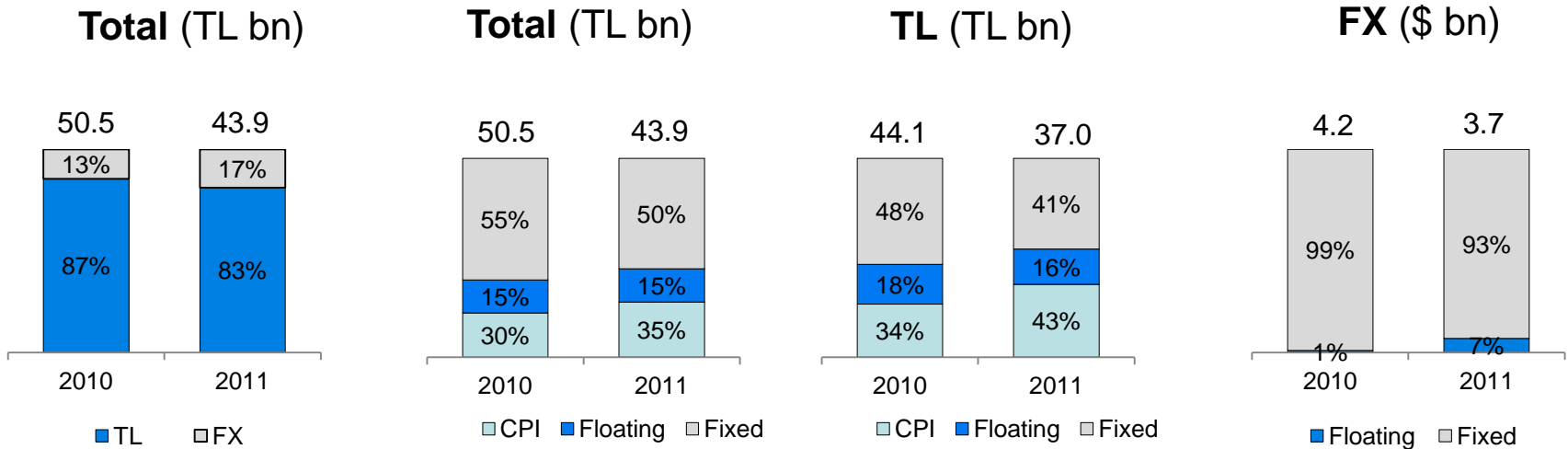
- Excellent relationship management
- Strong penetration to the cash cycles of companies
- Increased M&A advisory, IPO's, Corporate Bond Issuance Services
- Cross sell ratio of 4.8x

# Loans - increasing share of TL loans



- SME loans major contributor to growth

# Securities - increase in FRN's will allow rate accumulation

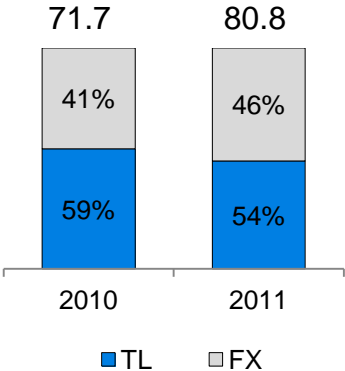


- Higher inflation effect is reflected in 4Q (7.61% vs 6.25% estimate)
- Available for sale 88% (2010: 86%), held-to-maturity 11% (2010: 13%), trading 1% (2010:1%)
- TL 437 mn of trading gain

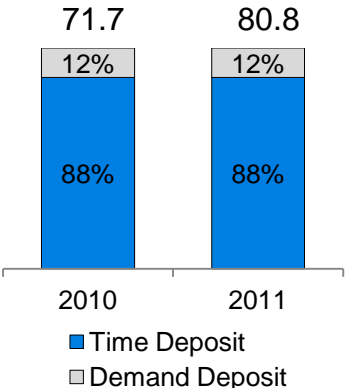
Percentage breakdowns are calculated based on cost of securities, excluding accruals

# Deposits - 10 bps increase in market share

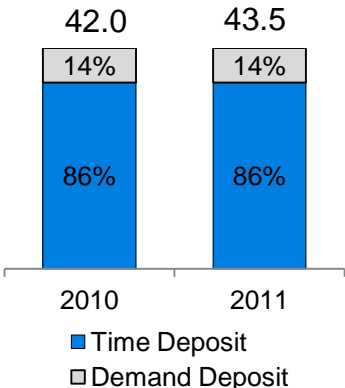
**Total (TL bn)**



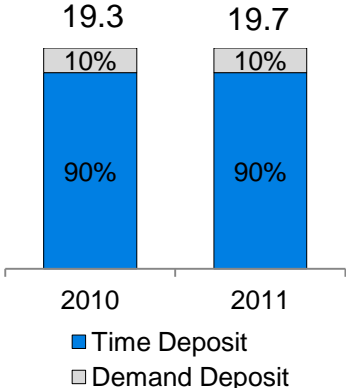
**Total (TL bn)**



**TL (TL bn)**



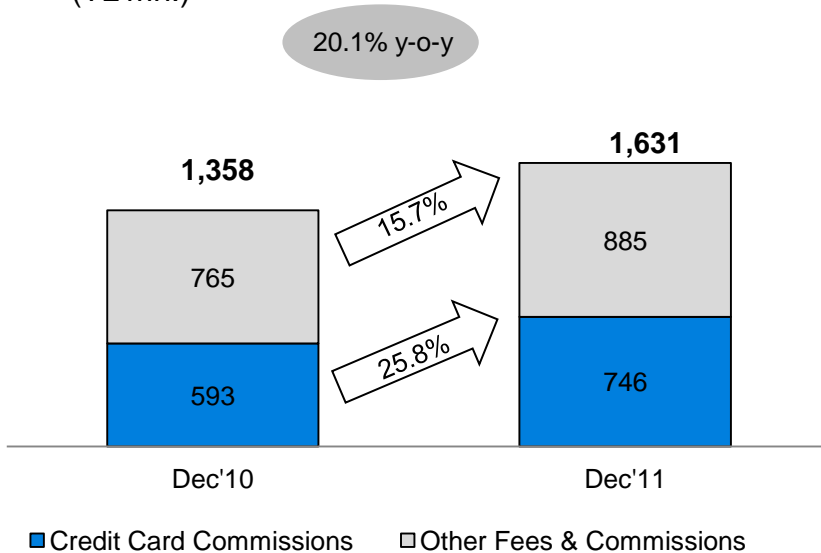
**FX (\$ bn)**





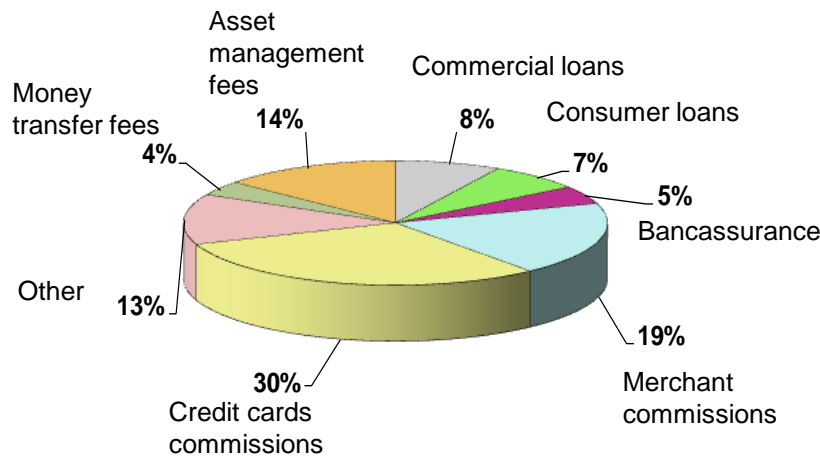
# Strong fee and commission growth

(TL mn.)

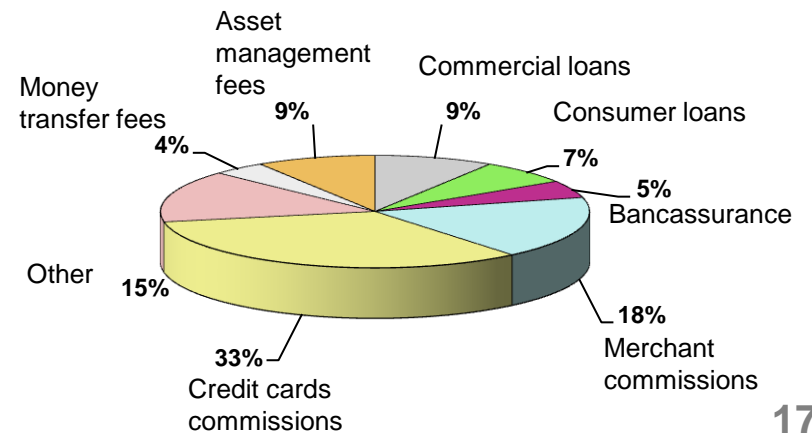


- Growth is mainly due to credit card (26%), bancassurance (31%) and other banking commissions (43%)
- 34% increase in non-branch channels commissions
- Fee/income and fee/cost ratios improved to 26.9% and 64.9% respectively

**2010**

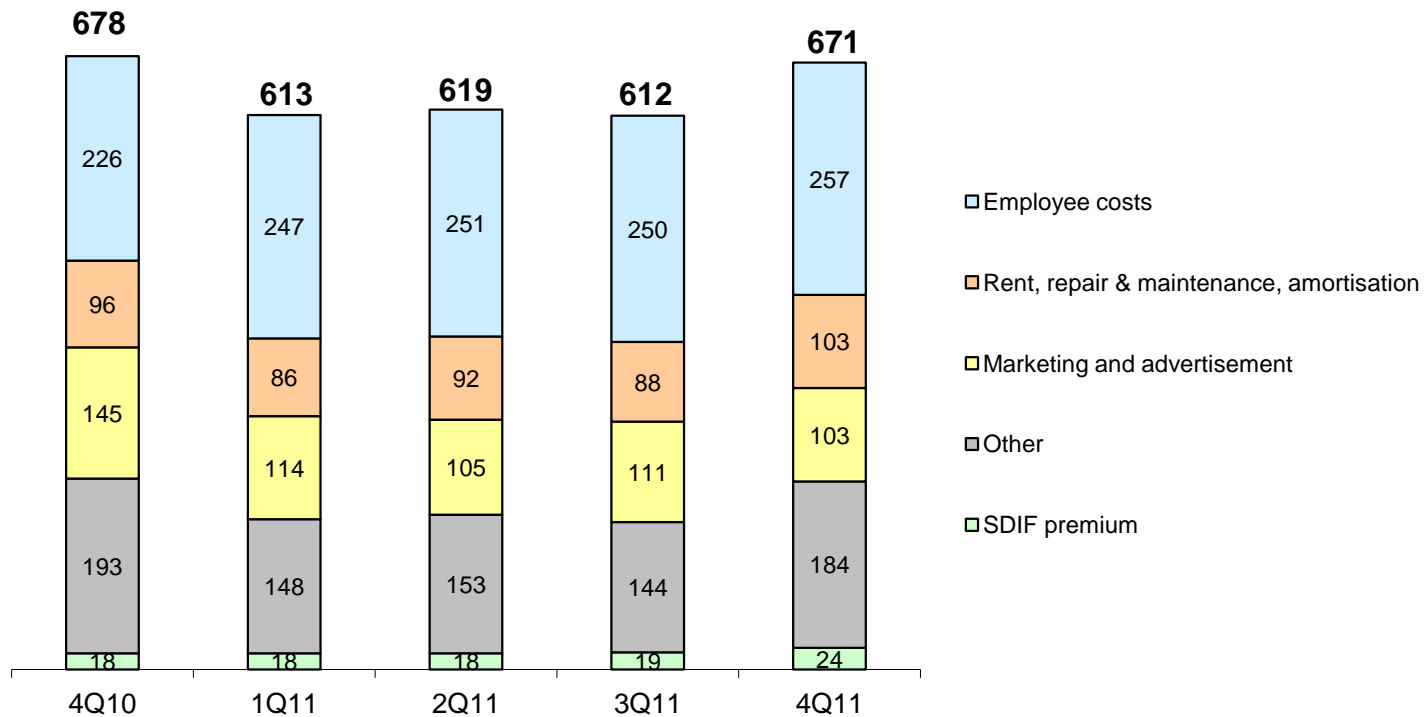


**2011**



# Operational costs - increase better than budgeted

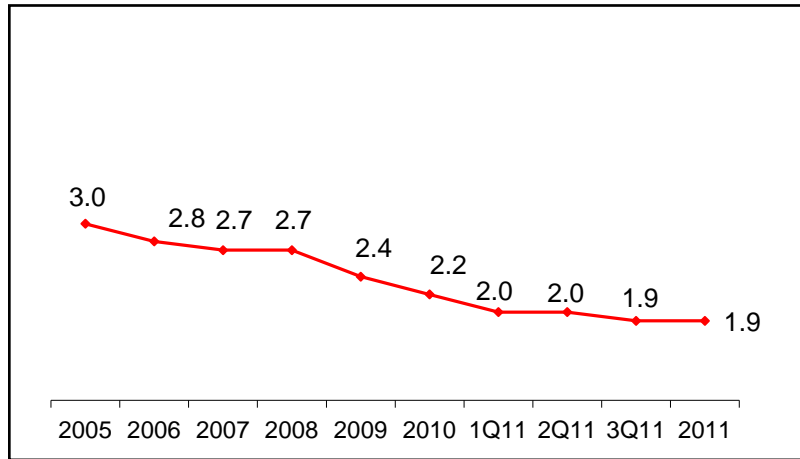
## Quarterly Operational Cost



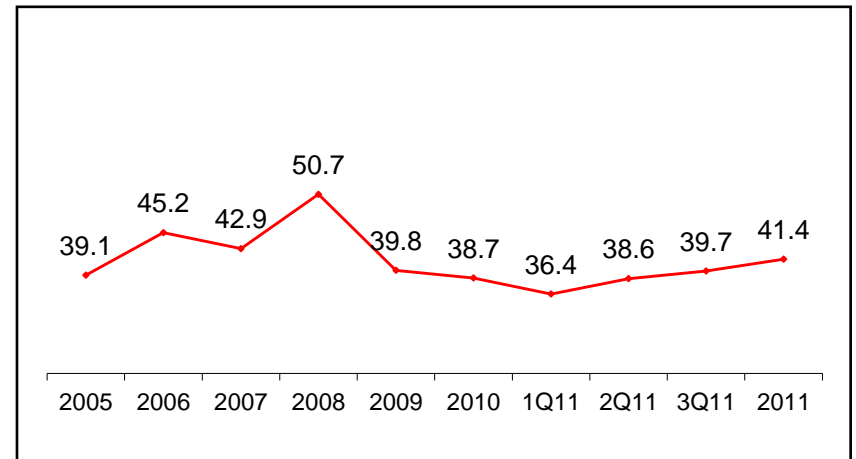
- 1.3%, low annualized growth

# High efficiency ratios

Cost/average assets (%)



Cost/income (%)



- Cost to asset and cost to income ratios well under control
- Low cost / asset ratio has a positive impact on ROA

## Akbank 2012 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

<b>Consolidated (TL mn.)</b>			<b>Shares (%)</b>		<b>Change (%)</b>
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	
Cash and Due from Banks	8,521	17,342	7.1	12.4	104
Securities	50,543	43,957	42.1	31.4	(13)
Loans	57,733	74,356	48.1	53.1	29
Other	3,273	4,252	2.7	3.1	30
<b>TOTAL ASSETS</b>	<b>120,070</b>	<b>139,907</b>			<b>17</b>
Deposits	71,708	80,771	59.7	57.7	13
Funds Borrowed	11,497	18,045	9.6	12.9	57
Repo	11,797	13,062	9.8	9.3	11
Other	7,120	9,898	6.0	7.1	39
Equity	17,948	18,131	14.9	13.0	1
<b>TOTAL LIABILITIES</b>	<b>120,070</b>	<b>139,907</b>			<b>17</b>

## Income statement highlights

<b>Consolidated (TL mn.)</b>	<b>2010</b>	<b>2011</b>	<b>Change (%)</b>
Interest Income	8,994	9,474	5
Interest Expense	(4,564)	(5,322)	17
<b>Net Interest Income</b>	<b>4,430</b>	<b>4,152</b>	<b>(6)</b>
Trading Gain (Loss), Net	80	(112)	(240)
Provision for Loan Losses, net of collections	135	(116)	(186)
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>4,645</b>	<b>3,924</b>	<b>(15)</b>
Fees and Commissions (Net)	1,358	1,631	20
Operating Expense	(2,483)	(2,513)	1
Other Income*	421	429	2
Other Provisions	(177)	(266)	49
<b>Income Before Tax</b>	<b>3,764</b>	<b>3,205</b>	<b>(15)</b>
Tax	(754)	(670)	(11)
<b>Net Income</b>	<b>3,010</b>	<b>2,535</b>	<b>(16)</b>

## Balance sheet highlights in USD

<b>Consolidated (USD mn.*)</b>			<b>Shares (%)</b>	
	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>
Cash and Due from Banks	5,542	9,181	7.1	12.4
Securities	32,871	23,271	42.1	31.4
Loans	37,547	39,364	48.1	53.1
Other	2,128	2,251	2.7	3.1
<b>TOTAL ASSETS</b>	<b>78,089</b>	<b>74,069</b>		
Deposits	46,636	42,761	59.7	57.7
Funds Borrowed	7,477	9,553	9.6	12.9
Repo	7,672	6,915	9.8	9.3
Other	4,631	5,241	6.0	7.1
Equity	11,673	9,599	14.9	13.0
<b>TOTAL LIABILITIES</b>	<b>78,089</b>	<b>74,069</b>		

\* Figures are stated with exchange rates effective at respective dates: 2010 – 1.5376; 2011 – 1.8889

## Income statement highlights in USD

<b>Consolidated (USD mn.*)</b>	<b>2010</b>	<b>2011</b>
Interest Income	5,850	5,015
Interest Expense	(2,968)	(2,817)
<b>Net Interest Income</b>	<b>2,882</b>	<b>2,198</b>
Trading Gain (Loss), Net	52	(59)
Provision for Loan Losses, net of collections	88	(61)
<b>Net Interest Income after Trading Gain/Loss &amp; NPL Prov.</b>	<b>3,022</b>	<b>2,078</b>
Fees and Commissions (Net)	883	864
Operating Expenses	(1,615)	(1,331)
Other Income	273	225
Other Provisions	(115)	(139)
<b>Income Before Tax</b>	<b>2,448</b>	<b>1,697</b>
Tax	(490)	(355)
<b>Net Income</b>	<b>1,958</b>	<b>1,342</b>

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