

4Q16

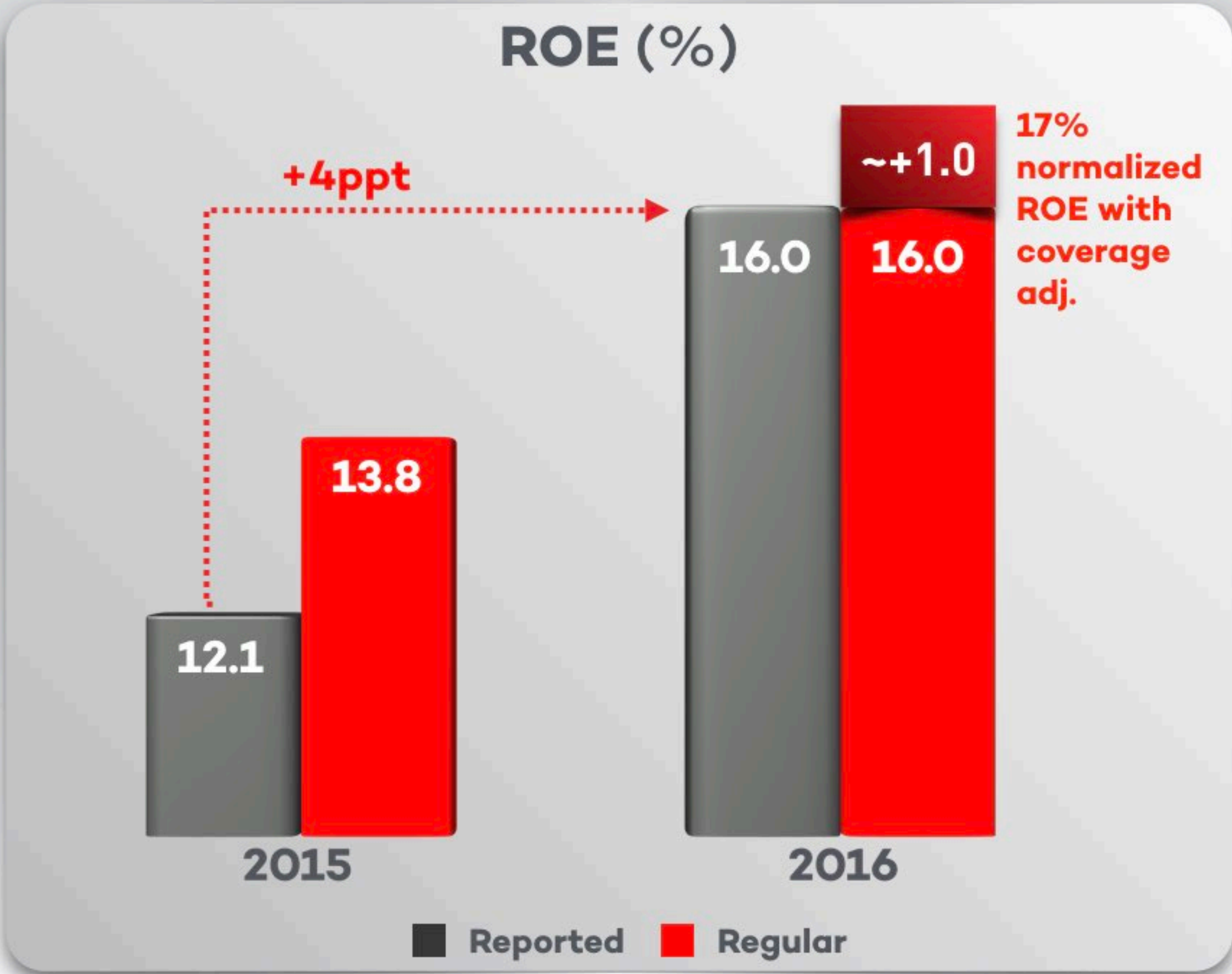
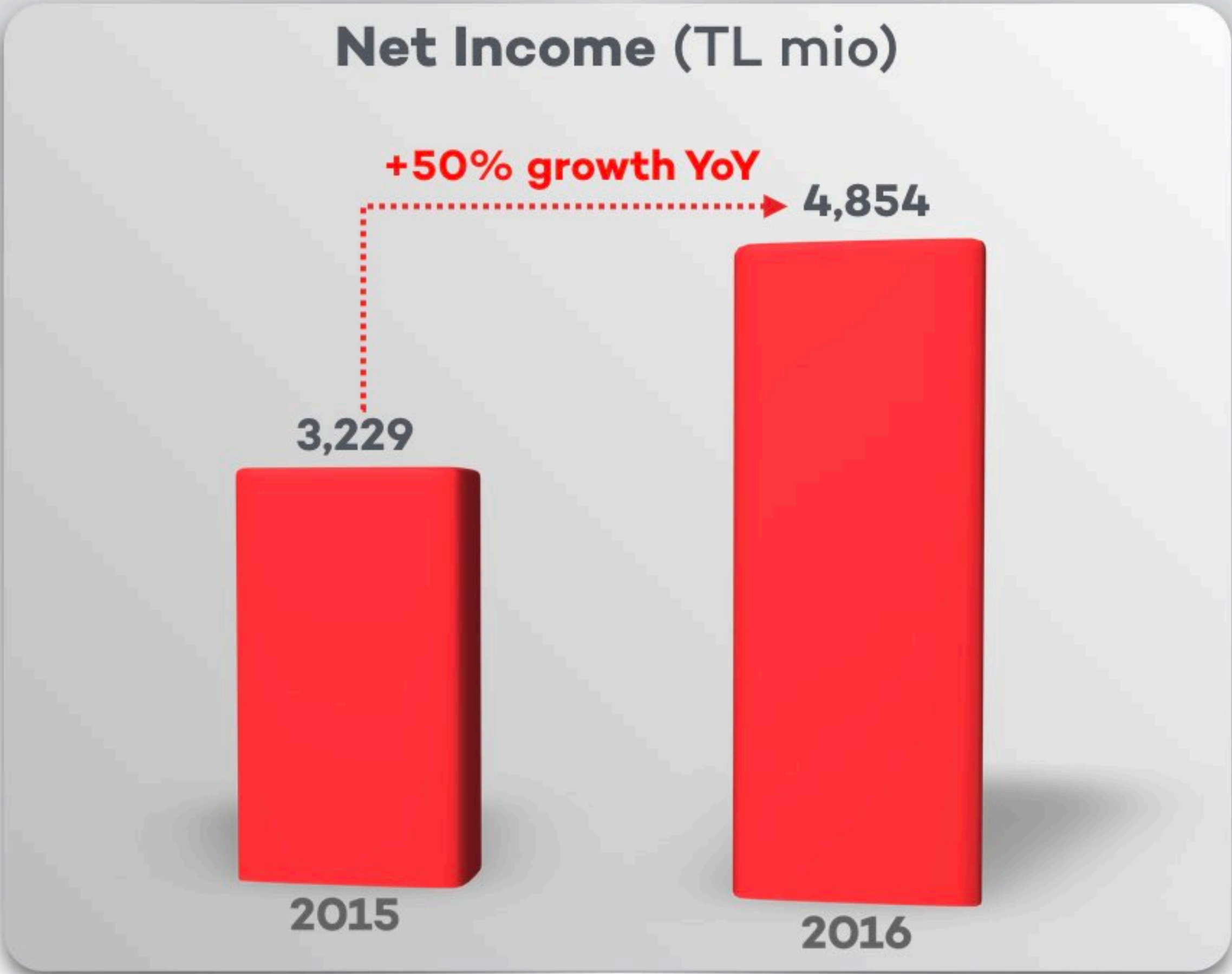
Consolidated

Financial Results

31 January 2017

AKBANK

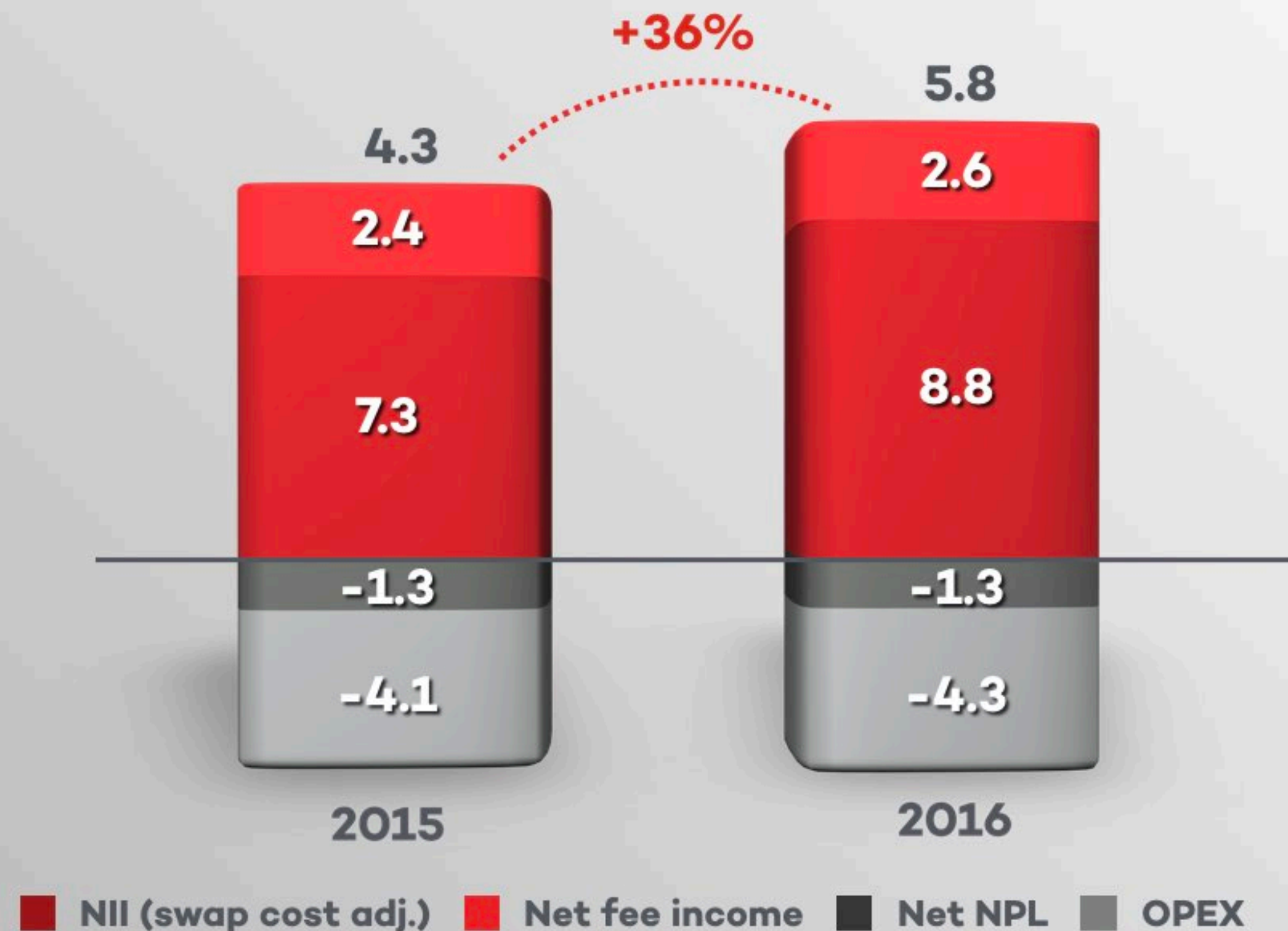
Outpacing the sector with 50% NI growth and 16% ROE...



Please see slide 26 for Regular ROE calculation

...as a result of spectacular core operating income growth

Cumulative Core Operating Income (TL bio)



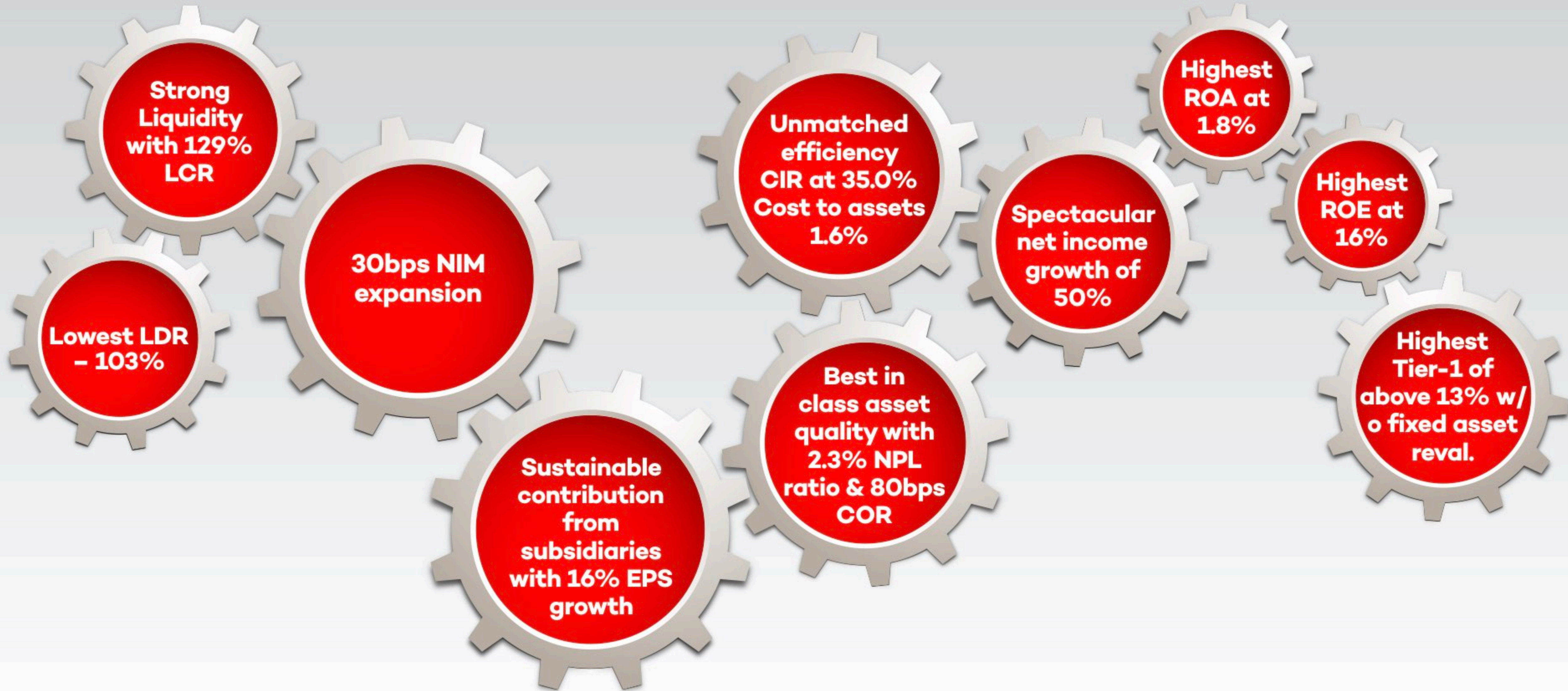
► Spectacular core operating income growth owing to;

- Above sector loan growth in selected lucrative areas funded by strong TL deposit growth, rather than unsustainable ST liquidity
- More than 20% NII-after swap growth with 30bps NIM expansion
- Best in class asset quality (80bps net COR vs. 90bps last year)
- Reduction in OPEX in real terms (recurring OPEX growth only 4%)
- Sustainable contribution of subsidiaries continues with an EPS growth of 16%, YoY

► Spectacular ALCO & treasury management additionally contributed to NI growth

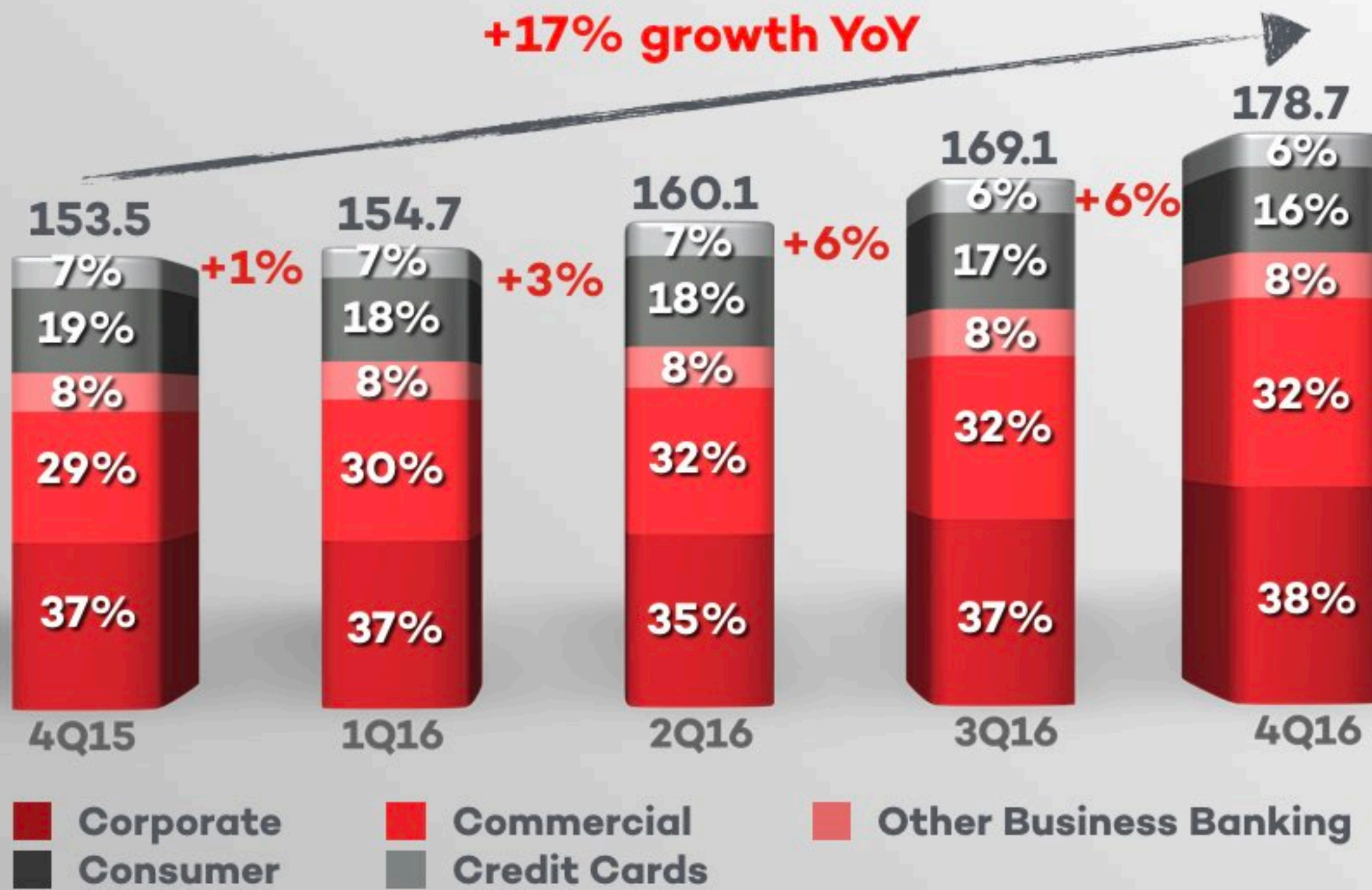
Core Operating Income = Net Interest Income + Swap Costs/Gains + Net Fee income (2016 adj. with TL100mio account maintenance fees) – Net NPL cost (LLPs-Collections) – OPEX (adj. with non-recurring items such as fee rebates and one-offs)

Efficient - fully integrated engine for Profitable Sustainability



Above sector loan growth in selected areas

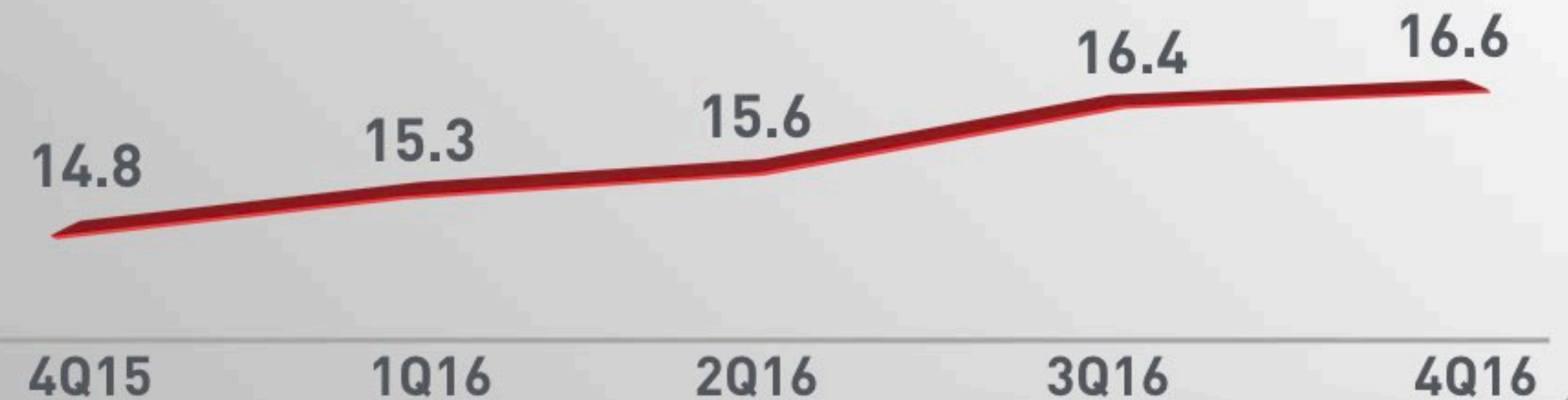
Loan Breakdown by major segments (TL bio)



+70bps increase in TL Loan Market Share



~2ppt Market share gain in TL Business Loans



- ▶ 17% annual loan growth as guided, driven by healthy TL loan growth while FX loans contracted by 5% in USD terms
- ▶ TL lending growth outpaced sector with a 70bps market share gain in private sector
- ▶ Business banking loans were the main driver, up by 30%, around 2 ppt market share gain
- ▶ Retail loan balance stable with continuing yield enhancement

Market shares based on solo financials and among private sector&foreign banks

Strong growth in TL business banking loans

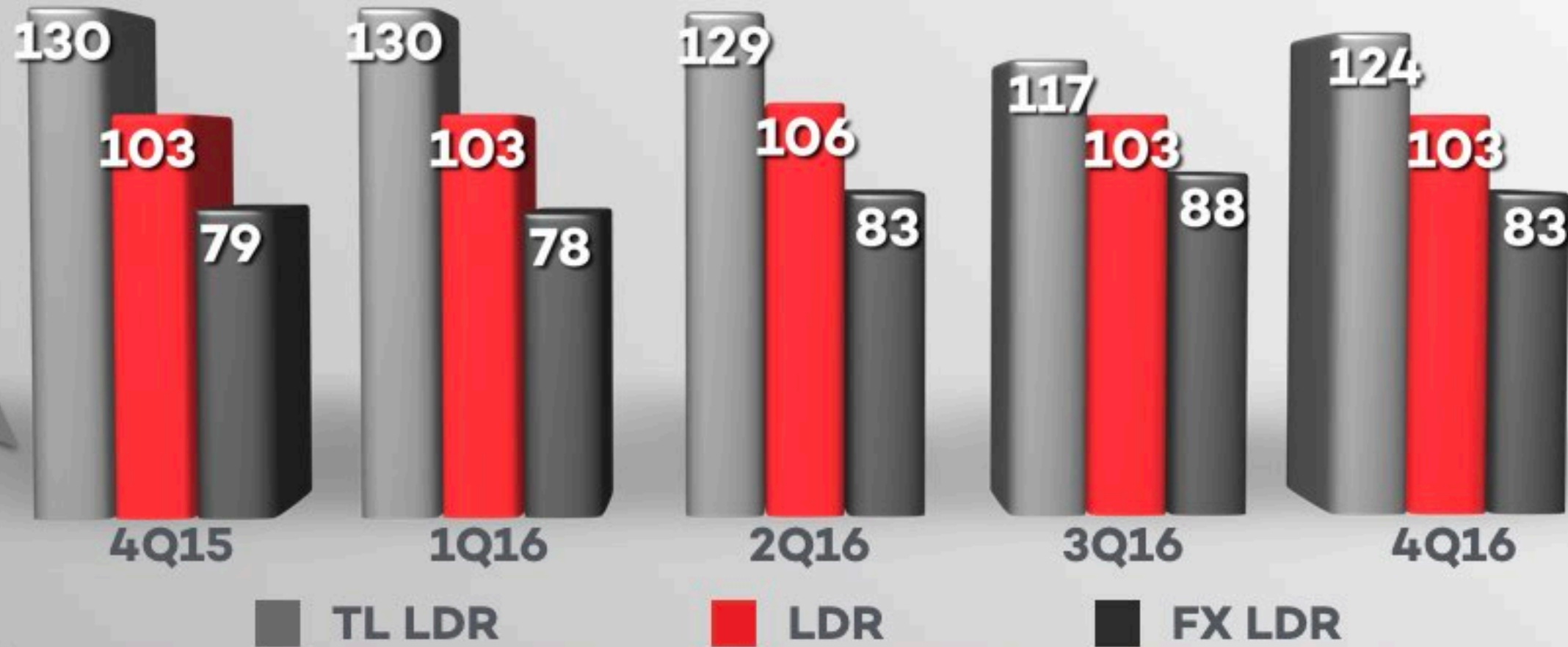
(TL bio)	4Q15	1Q16	2Q16	3Q16	4Q16	QoQ (%)	YtD (%)
TL Loans	89.5	91.9	97.3	101.3	105.0	4	17
Business Banking	50.0	52.9	57.3	61.6	65.1	6	30
Corporate	14.3	15.1	16.1	17.9	20.1	12	41
Commercial	22.6	25.0	27.7	30.0	31.2	4	38
Other Business	13.1	12.9	13.5	13.7	13.7	0	5
Retail	39.5	39.0	40.0	39.7	40.0	1	1
Consumer	28.6	28.5	29.5	29.0	29.4	1	3
Credit Cards	10.9	10.5	10.5	10.6	10.6	0	(3)
(USD bio)							
FX Loans	22.2	22.5	22.0	22.6	21.1	(7)	(5)
Corporate	14.7	14.7	14.1	14.5	13.8	(5)	(6)
Commercial	7.5	7.8	7.9	8.1	7.3	(9)	(3)
Total Loans (TL bio)	153.5	154.7	160.1	169.1	178.9	6	17

FX indexed loans are shown under FX loans

Sustainable funding with Lowest LDR around 100% as guided

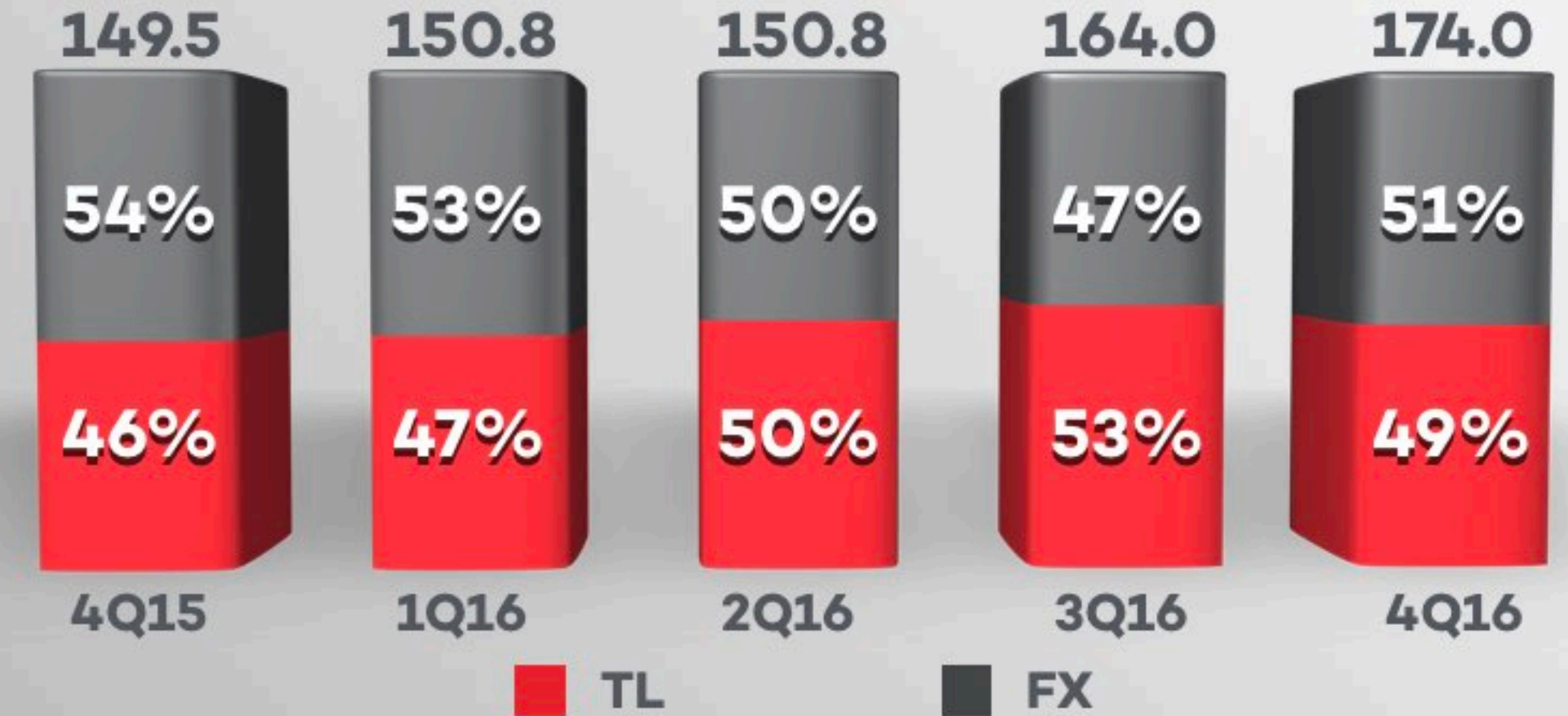
LDR flat at 103% while FX LDR improved to 83% vs. 92% of sector

Loan to Deposit Ratio (%)



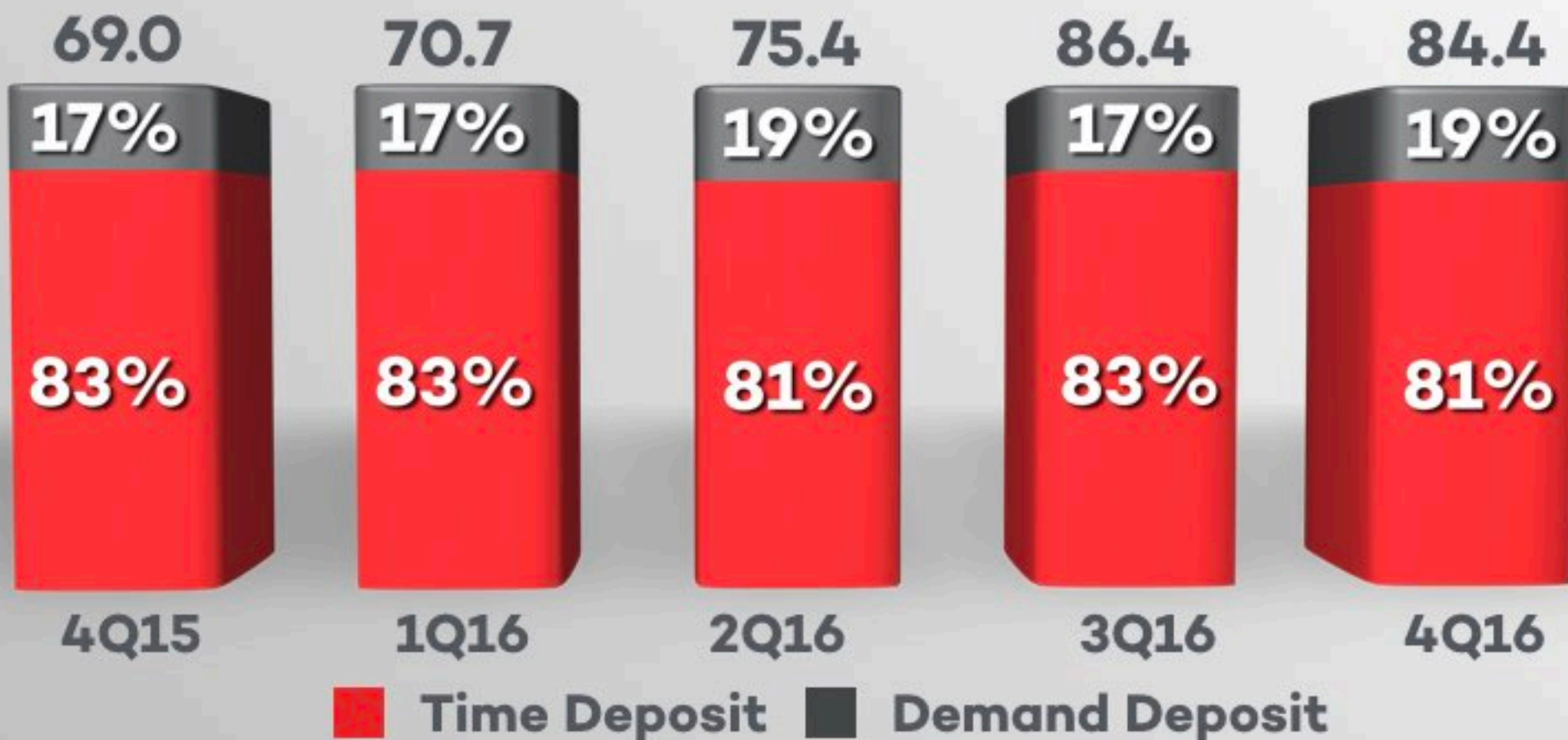
Currency Split (TL bio)

+6% QoQ
+16% YtD



TL Deposits (TL bio)

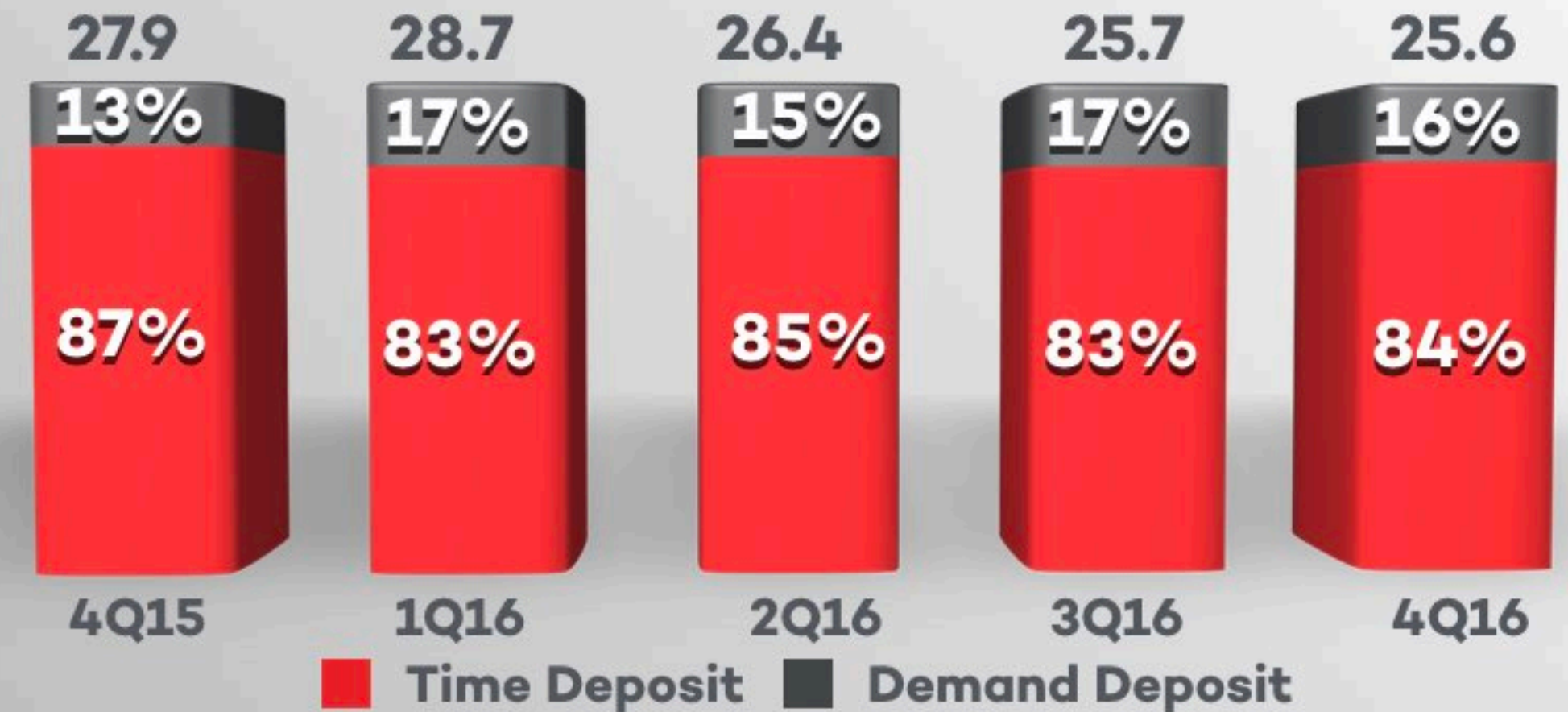
-2% QoQ
+22% YtD



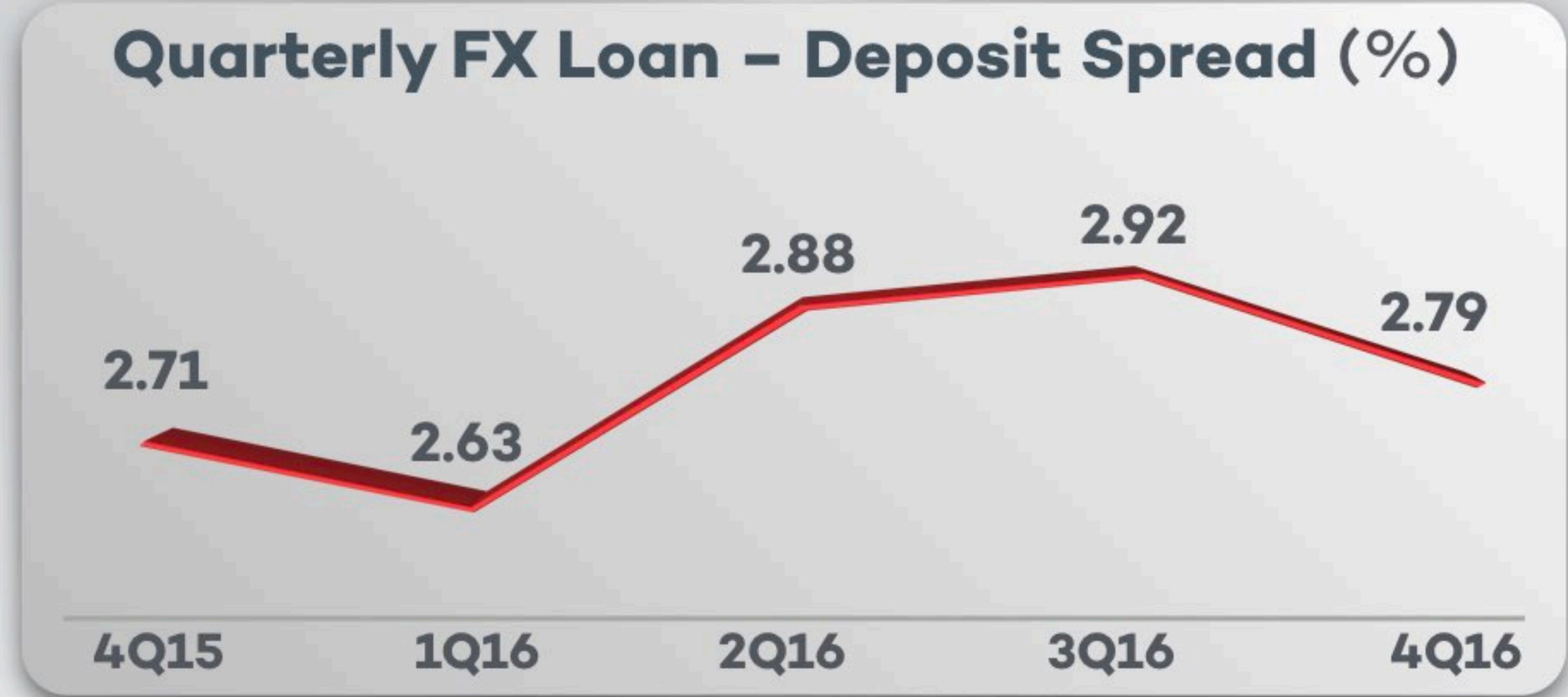
Demand deposits share increased by 2-3ppt

FX Deposits (USD bio)

-1% QoQ
-8% YtD

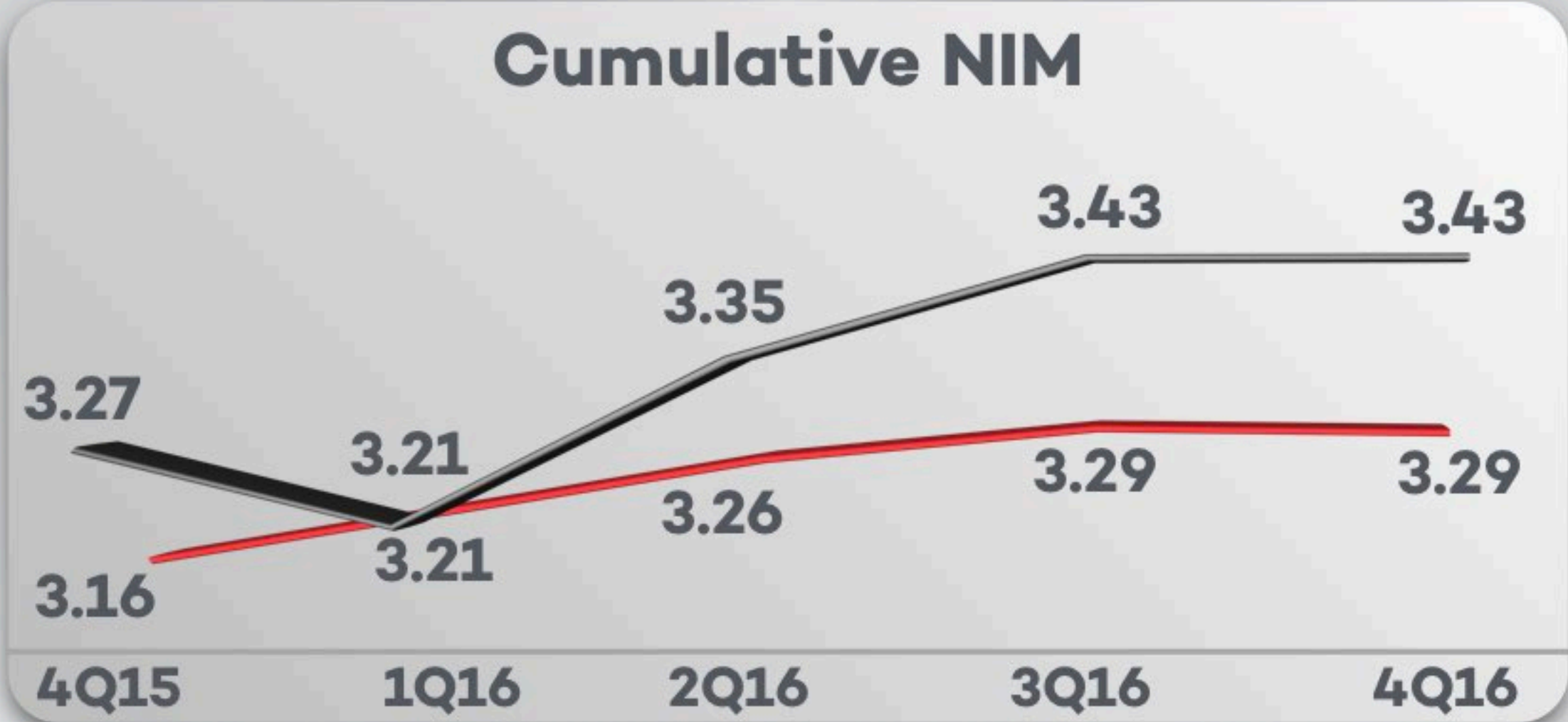


Outstanding rise in TL core spread by 38bps

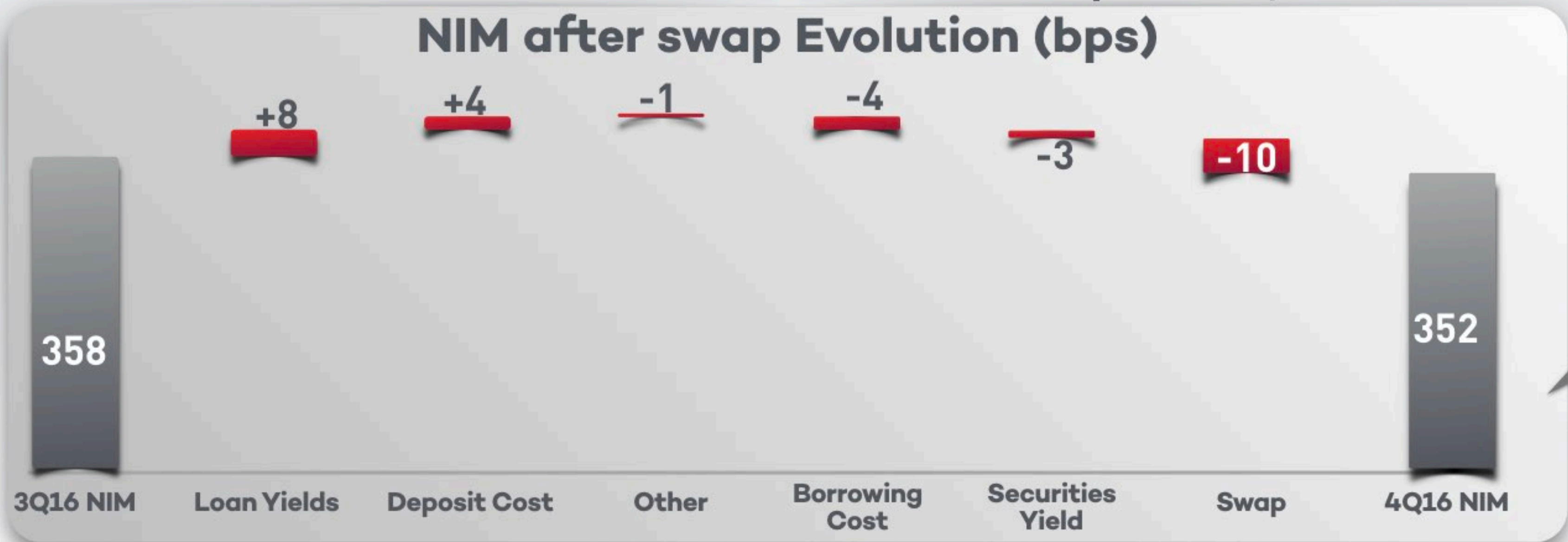


— Loan — Deposit

30bps annual NIM expansion despite reduced TL LDR



— NIM — Swap Cost adj. NIM



Quarterly NIM broadly stable at **3.5%** despite lower reverse swap utilization

* CPI linkers estimation difference (c.TL 80 mio) in 4Q16 is normalized for each quarter in 2016

Beating COR guidance with significant improvement in retail

NPL Ratios and COR by Segment (%)

	NPL		COR	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Business	0.9	1.2	0.4	0.6
Consumer	4.0	4.6	1.8	1.1
Credit Cards	9.1	9.4	3.4	2.3
Total	<u>2.2</u>	<u>2.3</u>	<u>0.9</u>	<u>0.8</u>

Net Specific Cost of Risk (%)



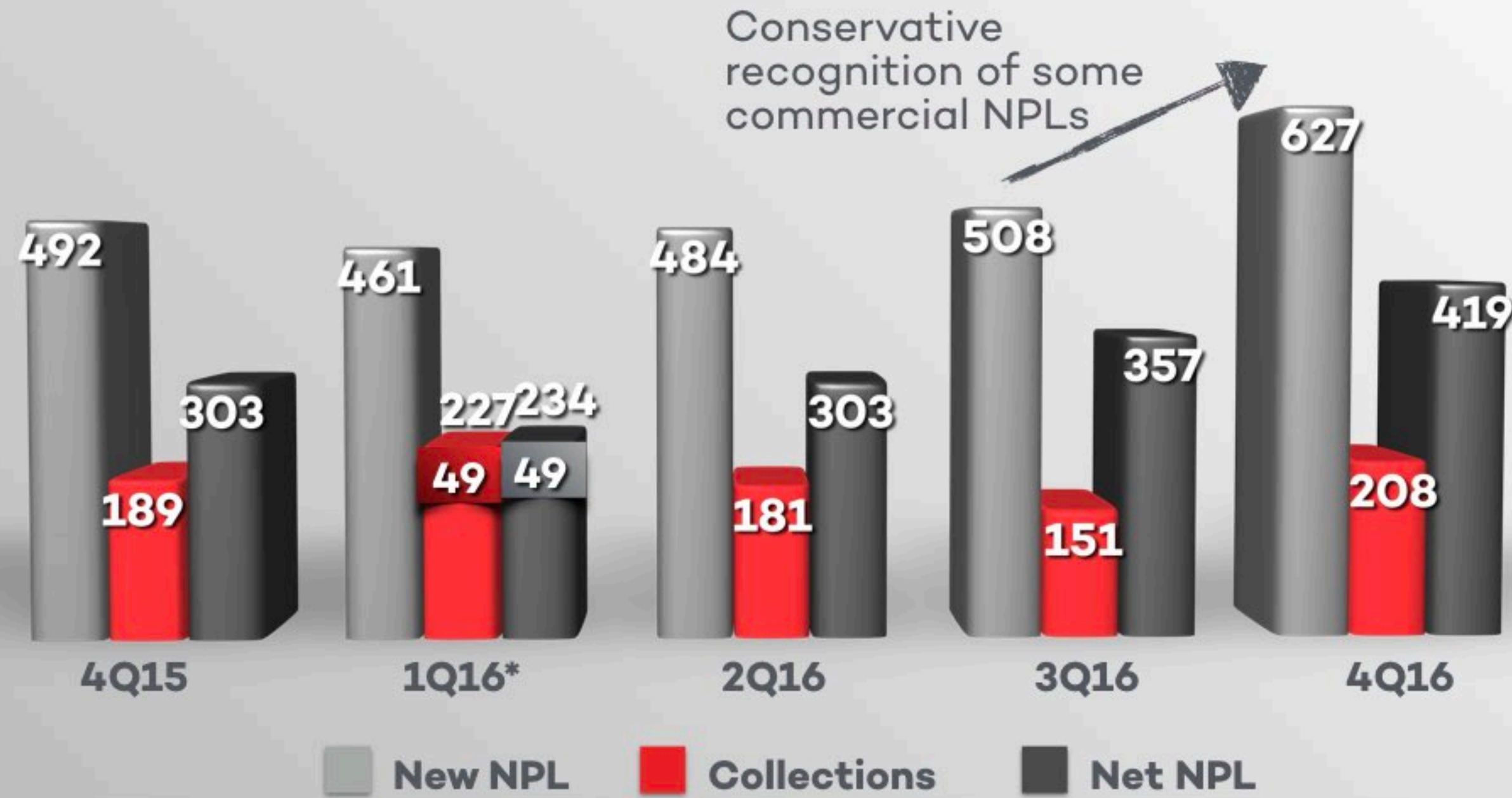
96% Specific
165% Total Coverage Ratio

Impact of higher specific coverage;
CoR 20bps
ROE around 1%

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

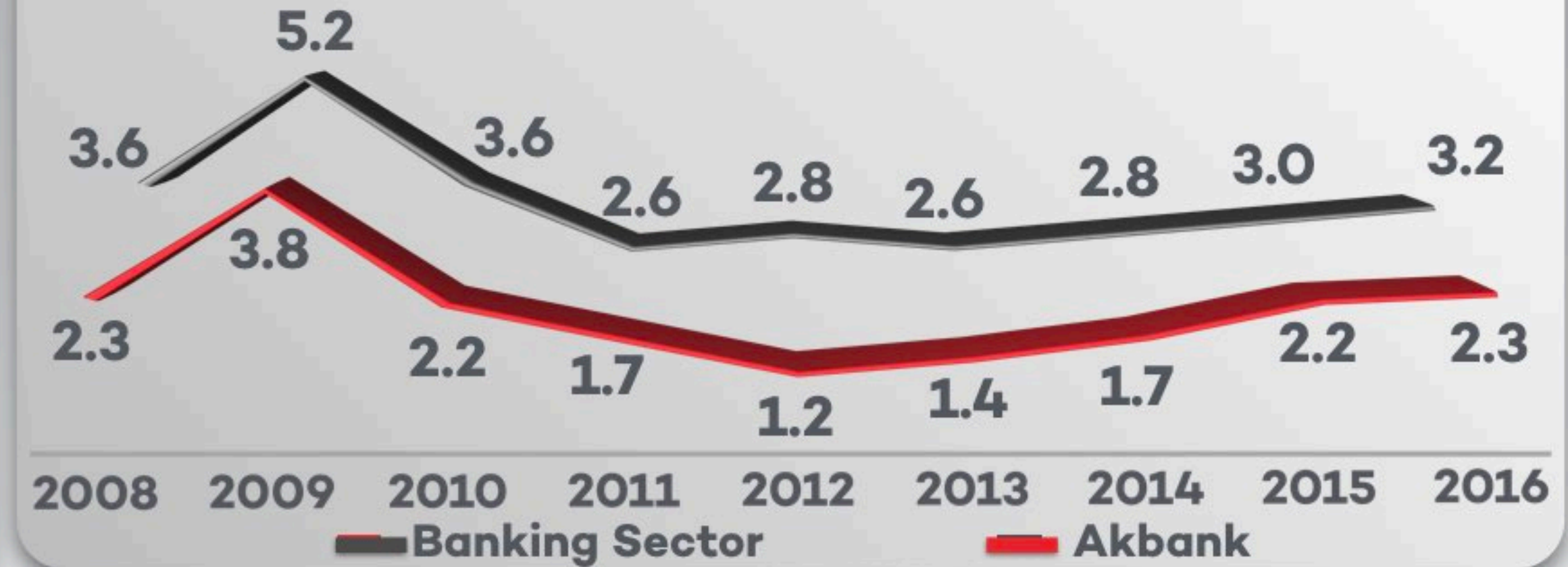
Broadly stable asset quality...

New NPL Provisions and Recoveries (TL mio)

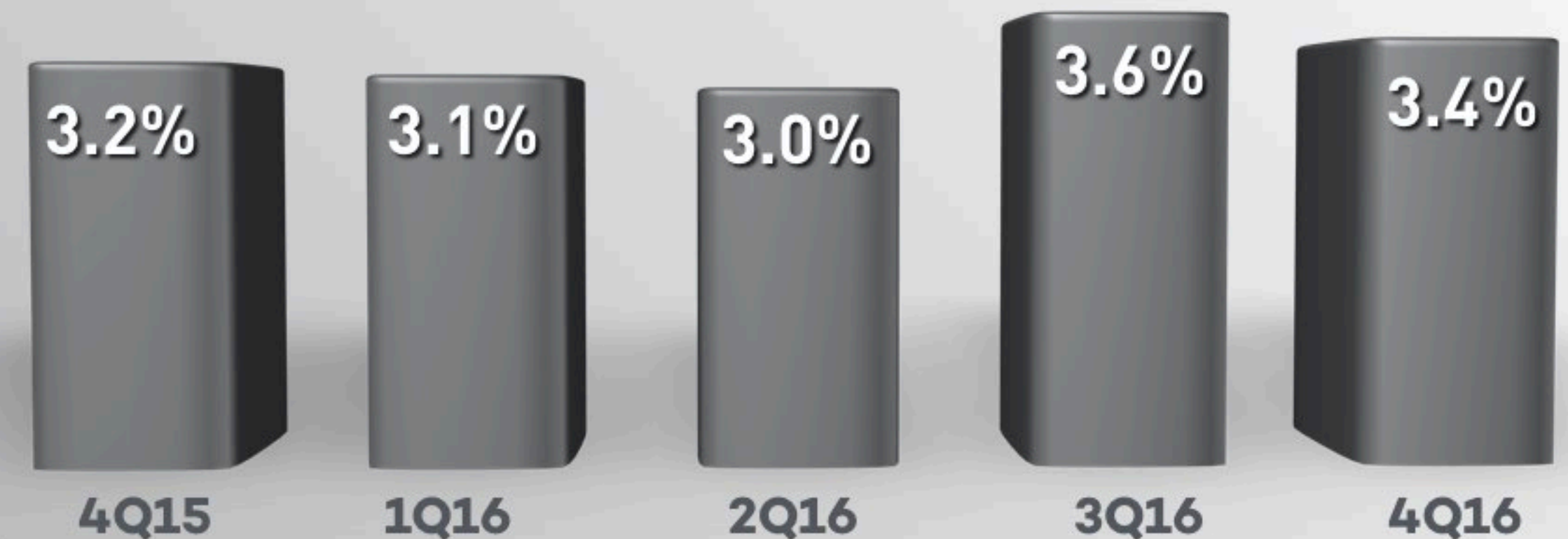


**Restructured loan balance
broadly stable at 1.7%**

Akbank vs. Sector NPL Ratio (%)

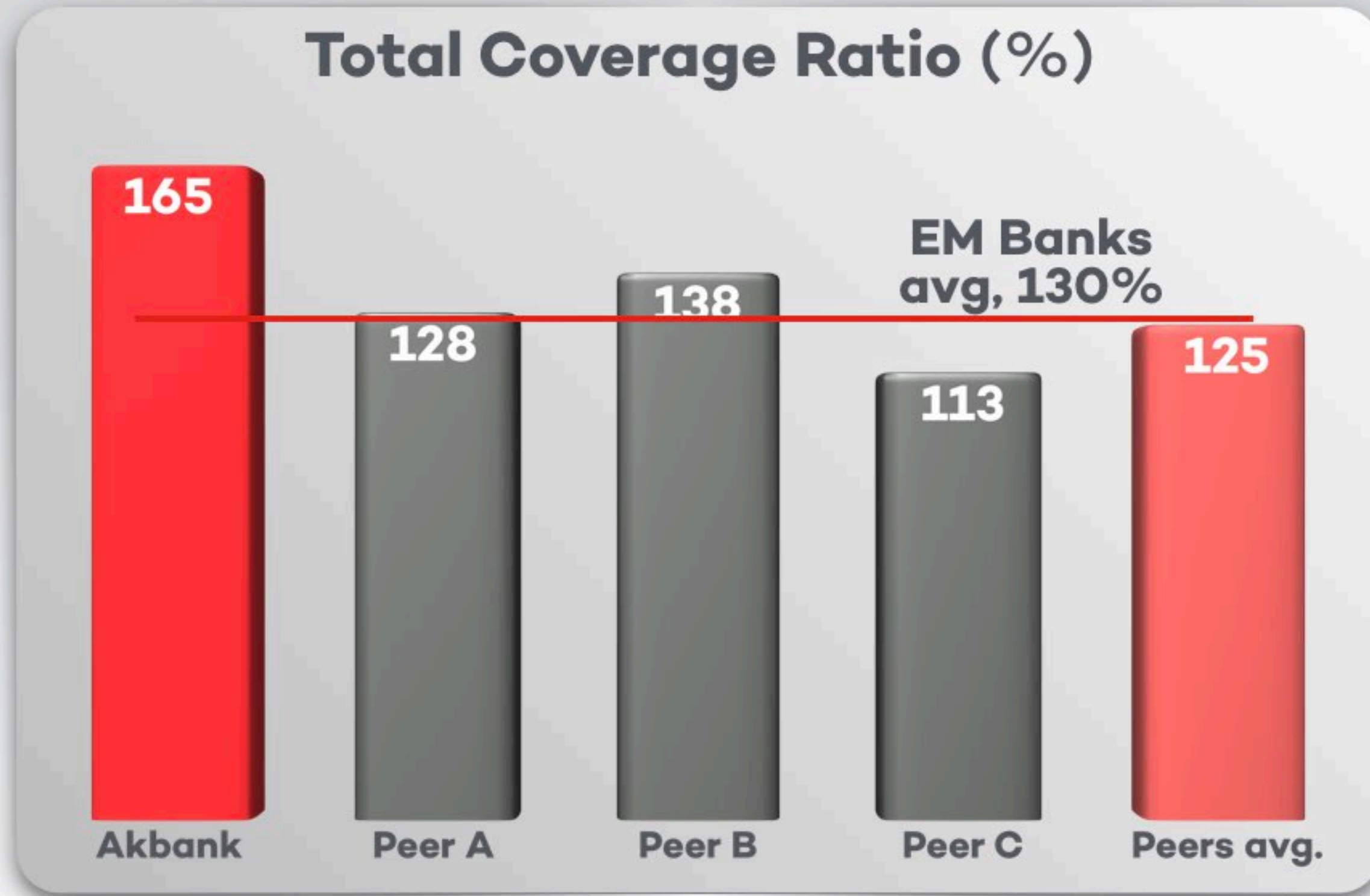


Stable Group II loans share

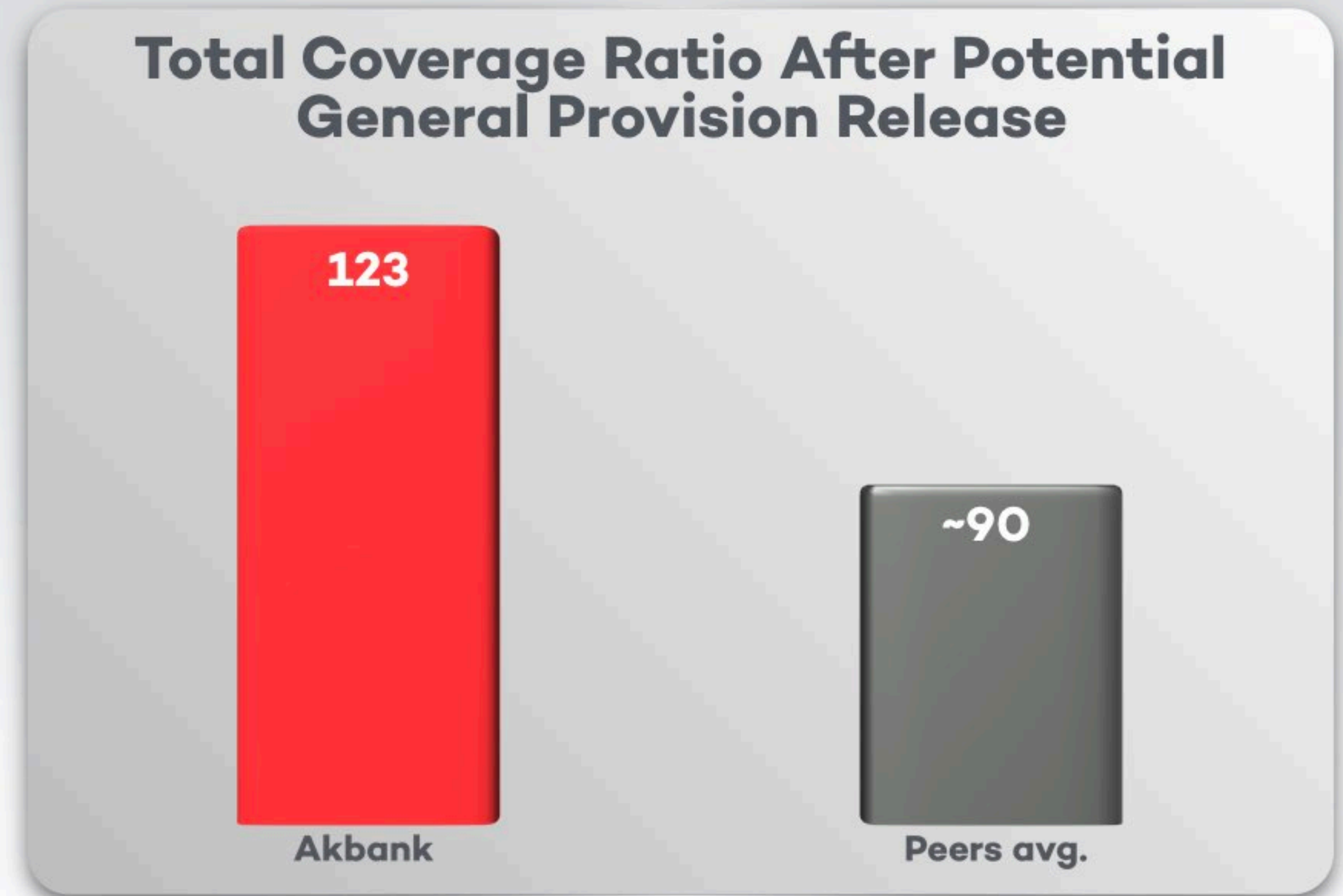


W/o NPL sales of TL 49 mio in 1Q16, collection amount would be TL 178 mio while Net NPL would be TL 283 mio
Sector Data is based on BRSA weekly statistics

...With Strongest Buffer



Potential **general provision** release amount
TL1.8bio + TL 200mio free provisions
=
TL2.0 bio total available buffer, which covers
1/2 of our current NPL balance



Based on 9M16 consolidated figures for peers

Well diversified fee income generation capability with further improvement in direct banking

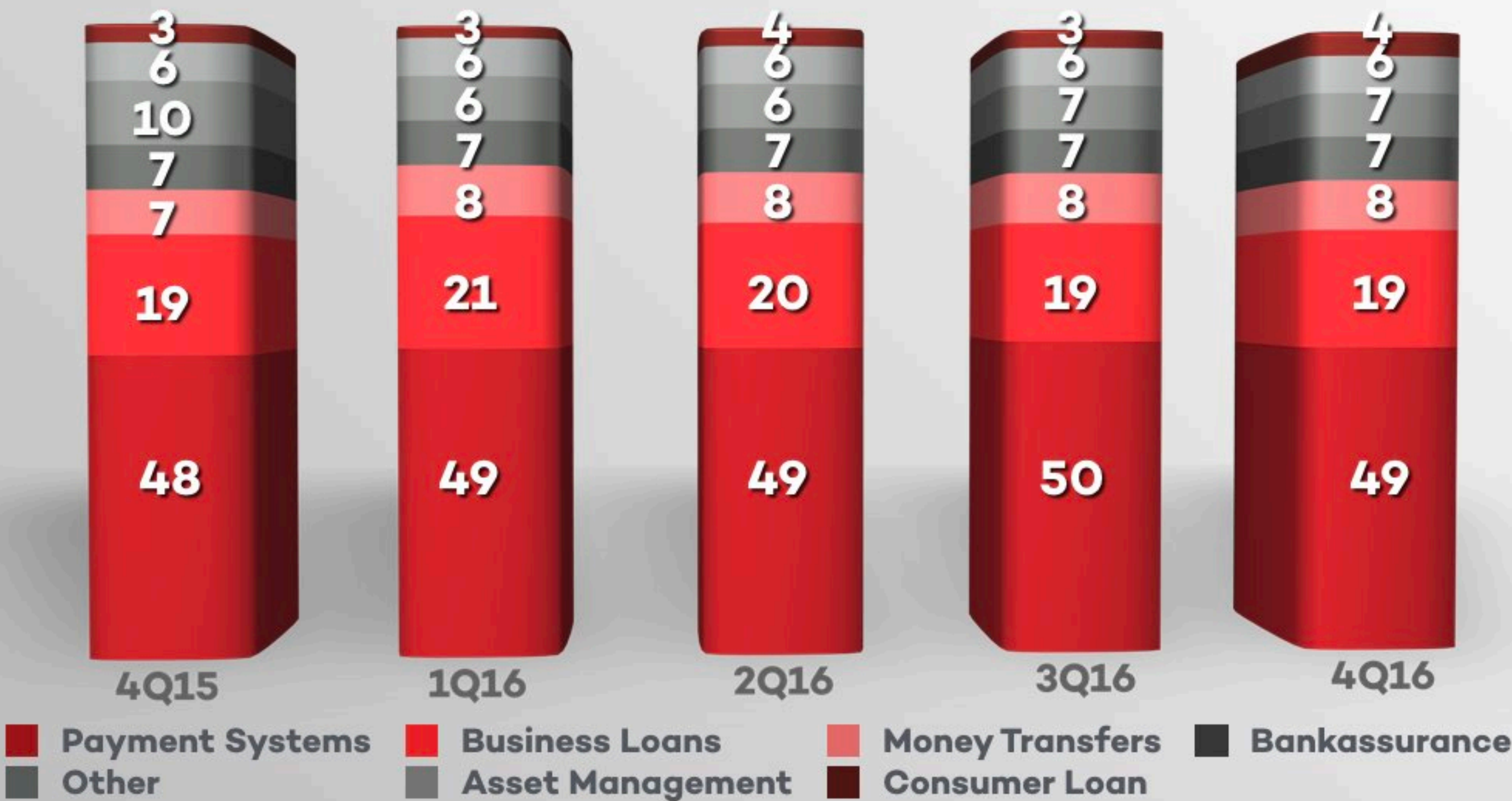
Cumulative Net Fees & Comm.

(TL mio)

3% YoY
8% YoY*



Split of Comissions by product (%)



* excl. acc maintenance fees

+42% YoY increase in Direct Banking Fees, **share in total fees is up to 15%** vs. 11% of last year



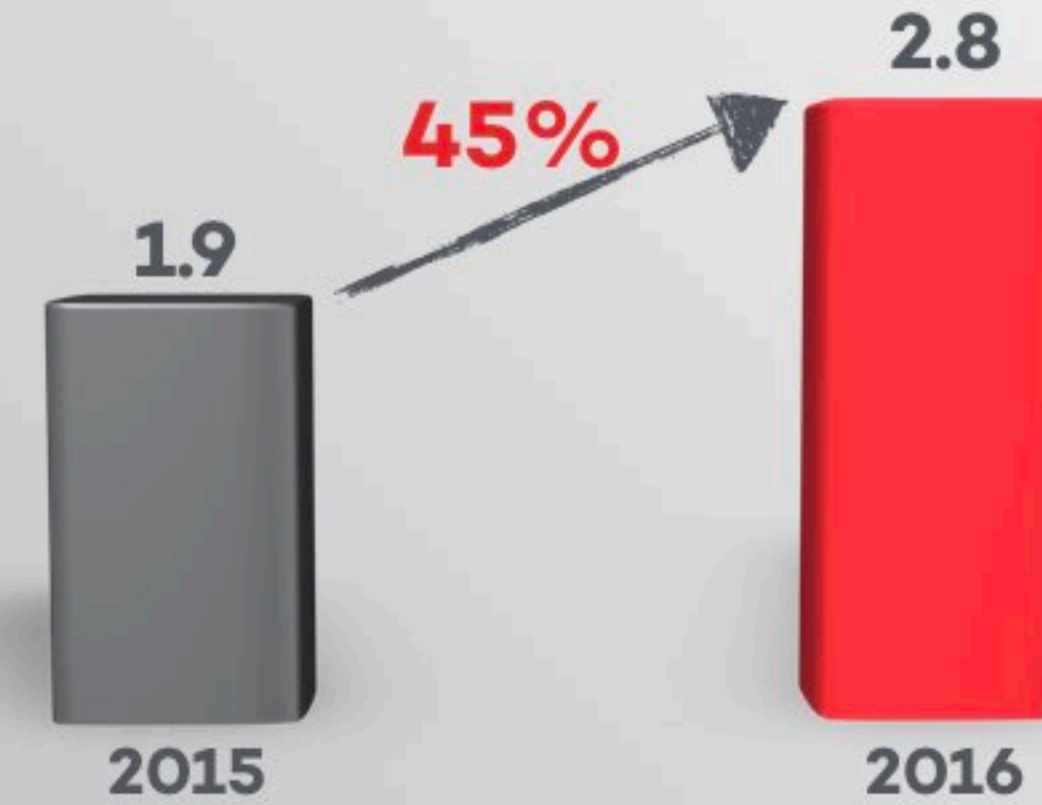
Best Mobile Banking – Akbank Direkt

Mobile Banking Penetration (%)

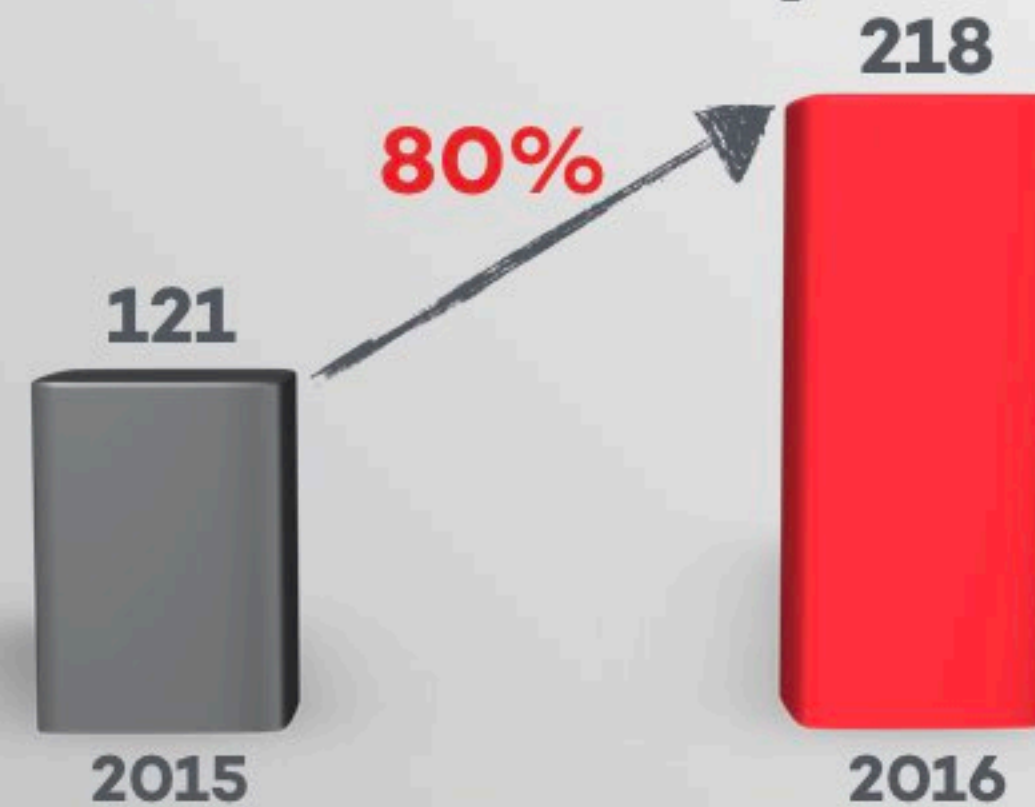
Over USD
100mio
investment
in
IT&digital
each year



Total Mobile Customers (mio)



of Transactions in Mobile Channels (mio, monthly)



Significant
increase in mobile
banking
penetration up to
40% as of 2016

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

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

Best banking model results in significant output efficiency

With increased market shares in selected areas; TL deposits, TL business loans

of customers (mio)

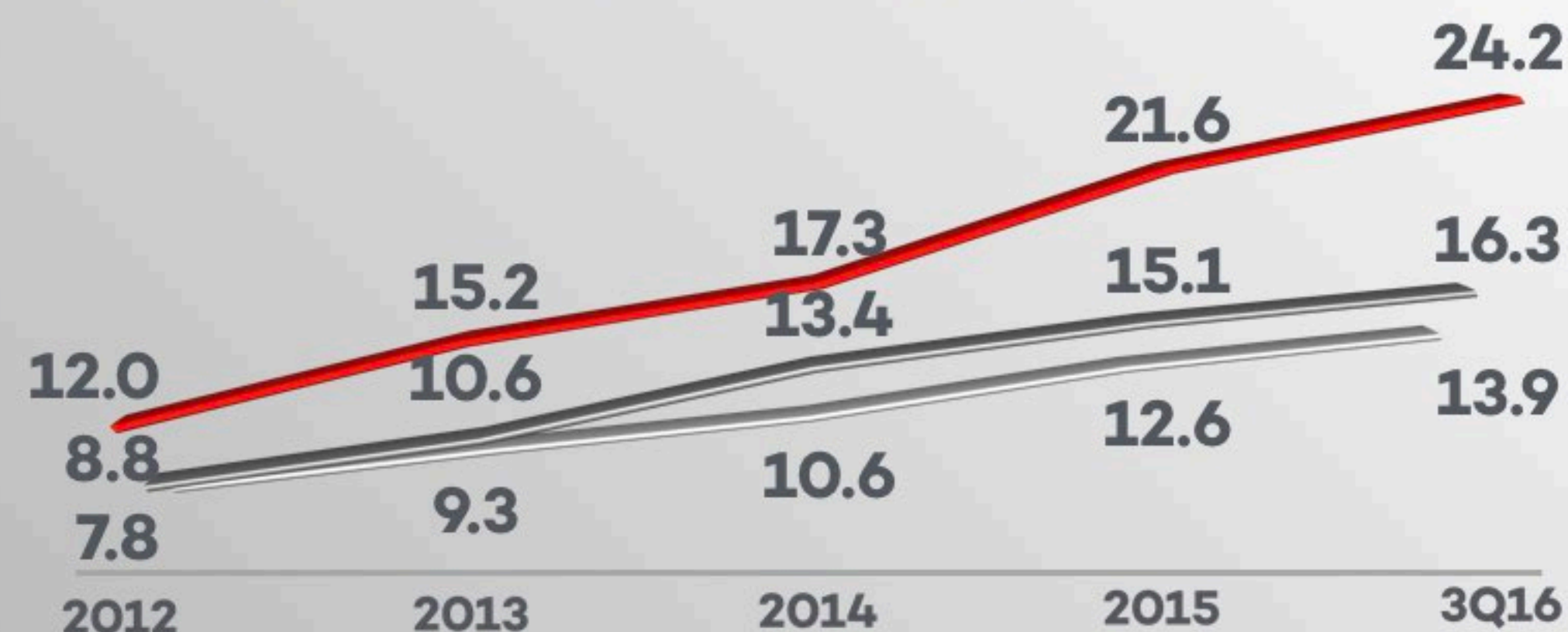


Sales Force / Total Staff



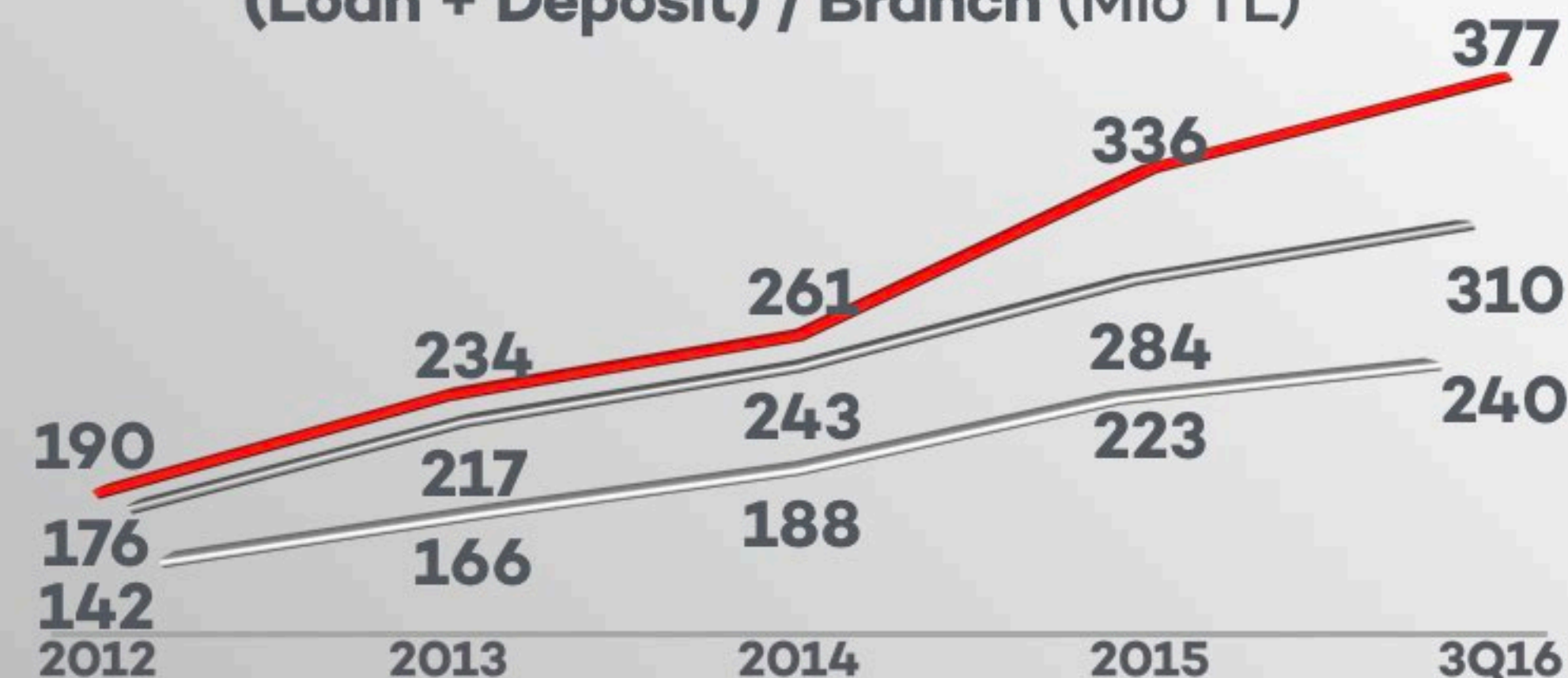
2mio increase in # of customers with less # of branches, yet larger sales force (+750 sales people in last 5Y) with doubled output efficiency

(Loan + Deposit) / Employee (Mio TL)



— Akbank
— Peers Avg.
— Sector

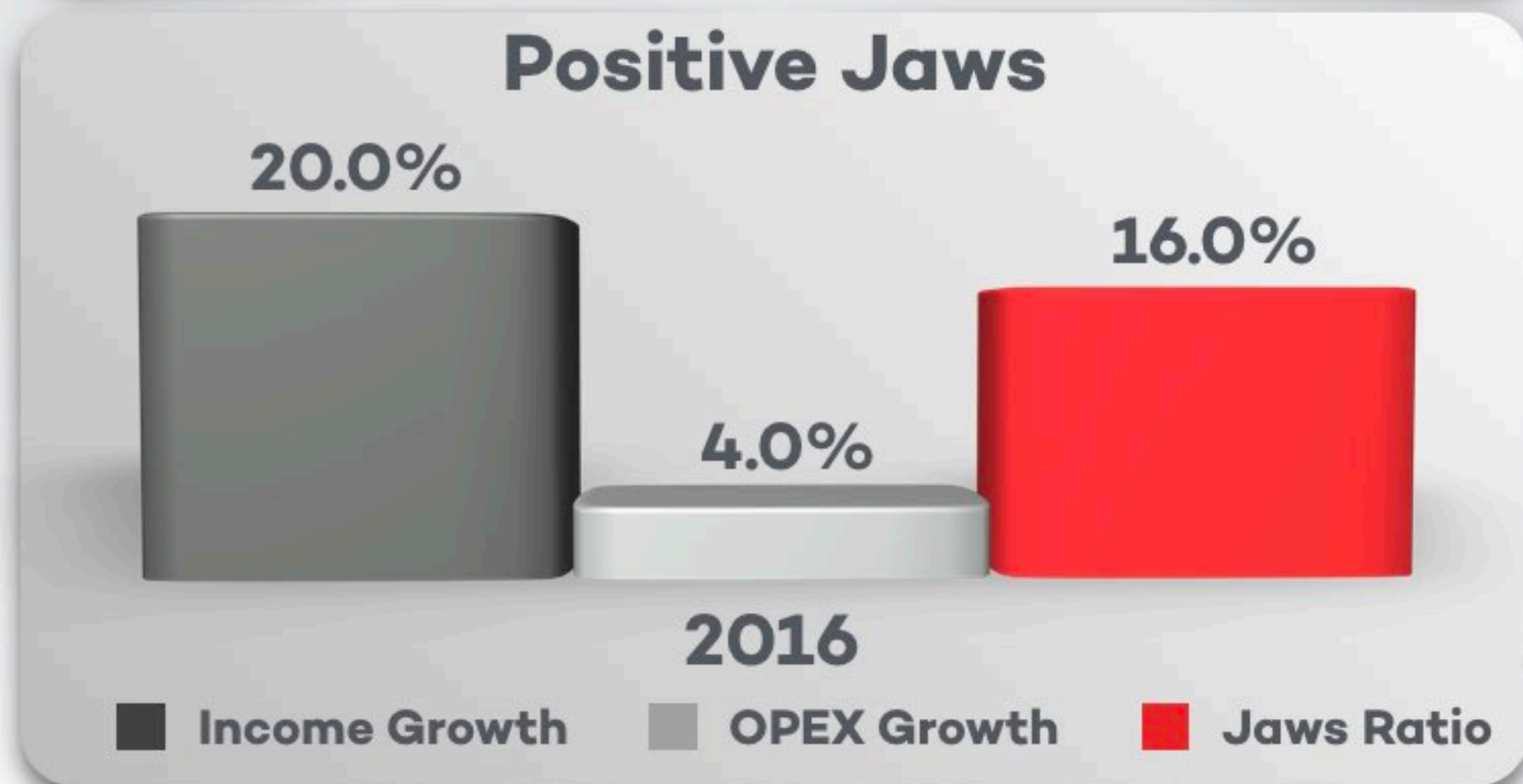
(Loan + Deposit) / Branch (Mio TL)



5ppt CIR improvement despite a very low base



CIR is also one of the lowest among global peers

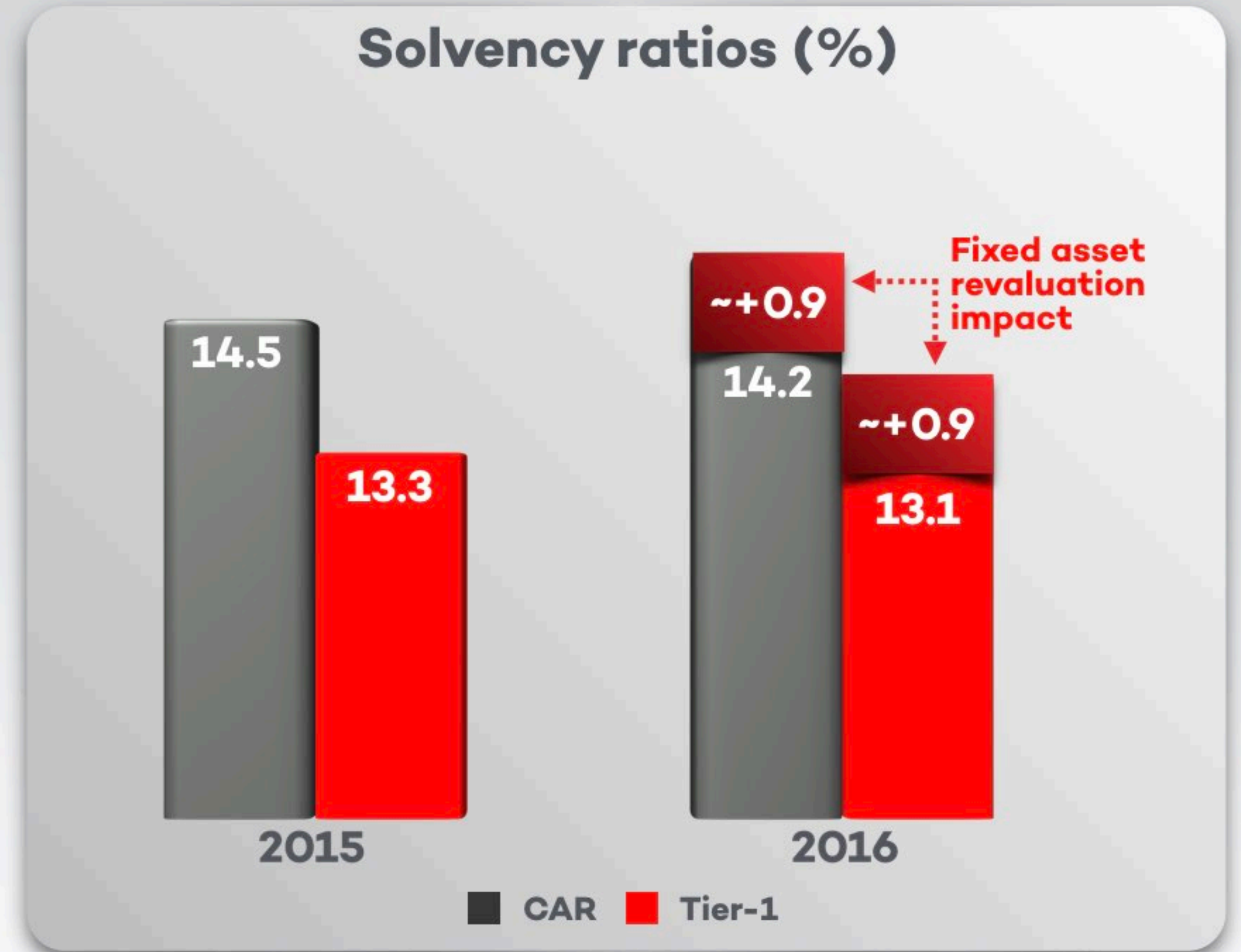
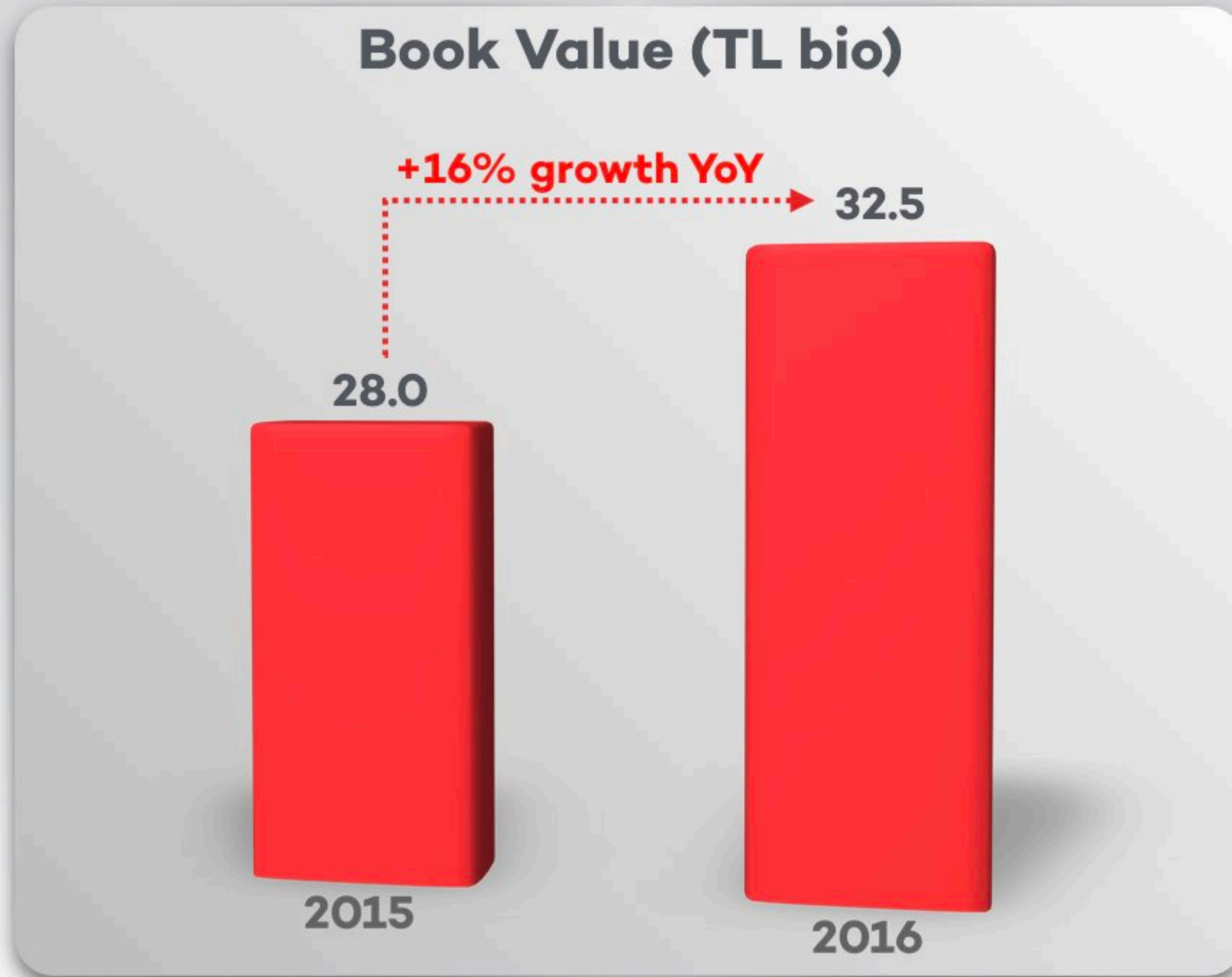


Robust Positive Jaws of 16%

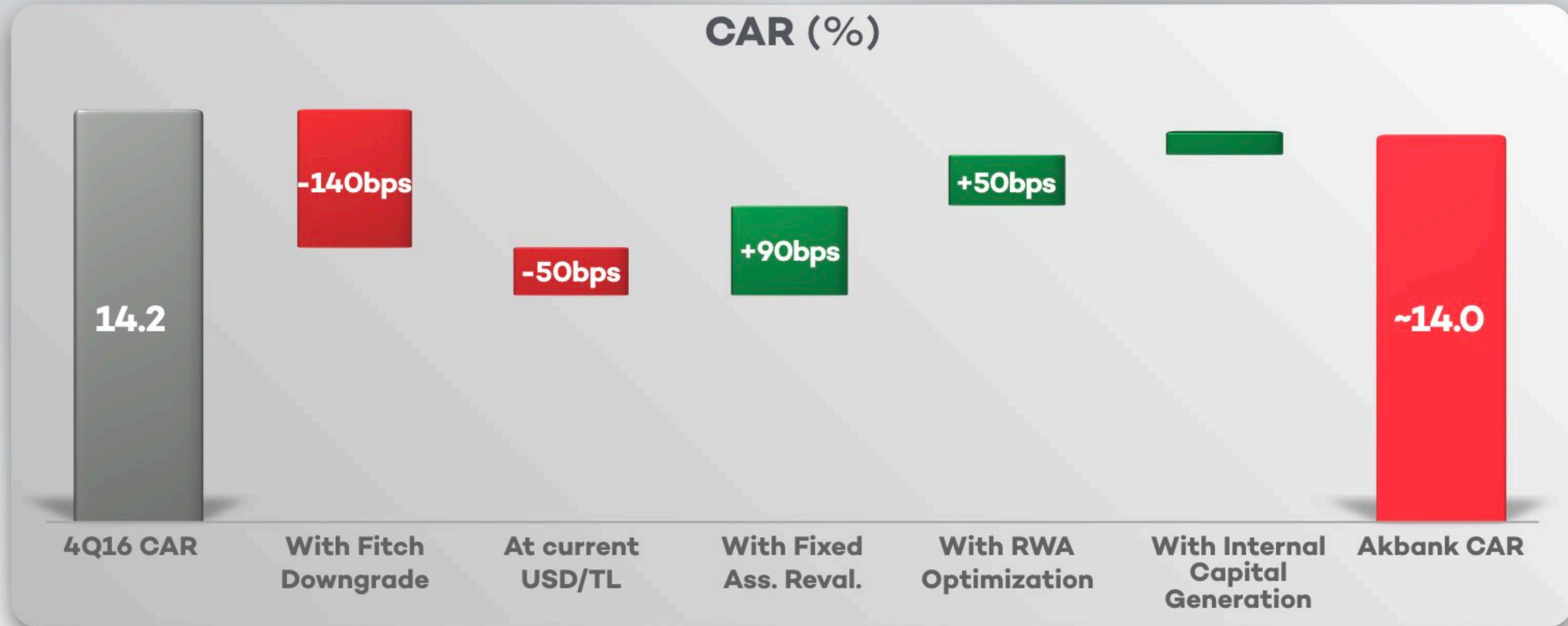


In all calculations non-operational items and one-off excluded; TL 129 mio competition board penalty in 2013, TL 109 mio fee rebates in 2014, TL 217 mio fee rebates, TL 25 mio personnel indemnity related with outsourced security staff in 2015 and TL 91 mio fee rebates, TL181 mio visa gain and TL87 mio fine in 2016.

Solid Book Value growth of 16% and strong solvency ratios



Strong mitigations will keep CAR ~14%



**Akbank's CAR remains ~14% while
Tier-1 ~13%**

2016 results continued to beat FY Guidance

Growth (%)	2016T	2016A
Total Assets	14-16	17
Loans	15-17	17
TL	15-17	17
FX (USD terms)	7-9	-5
Total Deposits	15-17	16
TL	15-17	22
FX (USD terms)	7-9	-8

	2016T	2016A	
ROA	~1.5%	1.8%	+
Leverage	~ 9.5x	9.1x	+
ROE	~14%	16.0%	+
NIM	Flat	+30bps	+
Net fees&com. growth	~15%	3%	-
Opex growth	~8%	2%	+
Cost/ income*	~37%	35.0%	+
Cost / assets	~1.6%	1.6%	✓
CAR	~ 14%	14.2%	+
LDR	Max 105%	103%	✓
NPL	~2.2%	2.3%	✓
Cost of risk	90 bps	81 bps	+
EPS Growth	+25%	50%	+

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

Macro and Growth Assumptions -2017

Macroeconomic Assumptions(%)	2017
GDP growth, real terms	3.0-3.5
CPI Inflation	~8.0

Growth Assumptions (%)	Sector	
	2017	CAGR 2017-2019
Asset	10-12	11-13
Loan	10-12	11-13
TL	10-12	11-13
FX (USD terms)	2-4	5-7
Deposit	10-12	11-13
TL	10-12	11-13
FX (USD terms)	2-4	5-7

Akbank	
2017	CAGR 2017-2019
10-12	11-13
10-12	11-13
10-12	11-13
2-4	5-7
10-12	11-13
10-12	11-13
2-4	5-7

2017 & Beyond Profitability Guidance

	2017T
ROA	~1.7%
Leverage	~ 9.0x
ROE	~15%
NIM	~3.4%
Net fees&com. growth	~10%
Opex growth	~ 6%
Cost / income	~ 36%
Cost / assets	~1.5%
CAR	~14%
LDR	Max.105%
NPL	~ 2.5%
Cost of risk	~ 90 bps
EPS Growth	~10%

2018 and Beyond

- ▶ **ROA: 1.7 – 1.9%**
- ▶ **ROE: 15 – 17%**
- ▶ **Leverage: 9.0x – 9.5x**

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

Snapshot of Results*

(TL mio, ratios in %)	2015	1Q16	2Q16	3Q16	4Q16	2016	YoY (%)	QoQ (%)
Total Assets	252,467	259,175	265,536	277,363	294,501	294,501	16.6	6.2
Loans	153,446	154,705	160,072	169,118	178,893	178,893	16.6	5.8
Deposits	149,471	150,788	150,824	164,026	173,968	173,968	16.4	6.1
Net Profit	3,229	1,071	1,414	1,197	1,173	4,854	50.3	-2.0
Net interest income	7,589	1,988	2,080	2,212	2,210	8,491	11.9	-0.1
Net fee income	2,487	632	655	619	664	2,569	3.3	7.2
ROAE	12.1	15.0	19.0	15.4	14.6	16.0	3.9	-0.8
ROAA	1.3	1.7	2.2	1.8	1.6	1.8	0.5	-0.2
NIM	3.27	3.17	3.25	3.35	3.40	3.29	0.0	-0.1
NIM after swap	3.16	3.16	3.44	3.58	3.52	3.43	0.3	-0.1
Cost of Risk	0.92	0.61	0.79	0.87	0.96	0.81	-0.1	0.1
Cost to Income**	39.8	37.4	34.2	32.9	35.7	35.0	-3.6	5.5
CAR	14.5	14.6	14.8	14.9	14.2	14.2	-0.3	-0.7
Tier I	13.3	13.5	13.7	13.7	13.1	13.1	-0.2	-0.6

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

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

Balance Sheet Highlights

Consolidated (TL mio)

Cash and Due from Banks

Securities

Loans

Other

Total Assets

Deposits

Funds Borrowed and Bonds Issued

Repo

- TL Repo

- FX Repo

Other

Equity

Total Liabilities and S/H Equity

2015

2016

34,289

45,399

54,113

52,848

153,466

178,893

10,599

17,361

252,467

294,501

149,471

173,968

38,588

44,838

24,249

27,320

6,249

5,726

18,000

21,594

12,144

15,883

28,015

32,492

252,467

294,501

Shares (%)

2015

2016

13.6

15.4

21.4

17.9

60.8

60.7

4.2

5.9

59.2

59.1

15.3

15.2

9.6

9.3

2.5

1.9

7.1

7.3

4.8

5.4

11.1

11.0

Change (%)

32

(2)

17

64

17

16

16

13

(8)

20

31

16

17

Income Statement Highlights

Consolidated (TL mio)

Interest Income

Interest Expense

Net Interest Income

Trading Gain (Loss)

- Securities

- Other

Provision for Loan Losses, net of collections

Fees and Commissions (Net)

Operating Expense

Other Income

Other Provisions

Income Before Tax

Tax

Net Income

2015

15,855

(8,266)

7,589

66

226

(160)

(1,336)

2,487

(4,358)

195

(463)

4,179

(950)

3,229

2016

18,962

(10,471)

8,490

946

185

761

(1,324)

2,569

(4,465)

417

(431)

6,203

(1,348)

4,854

Change (%)

20

27

12

n.m.

-18

n.m.

-1

4

2

114

-7

48

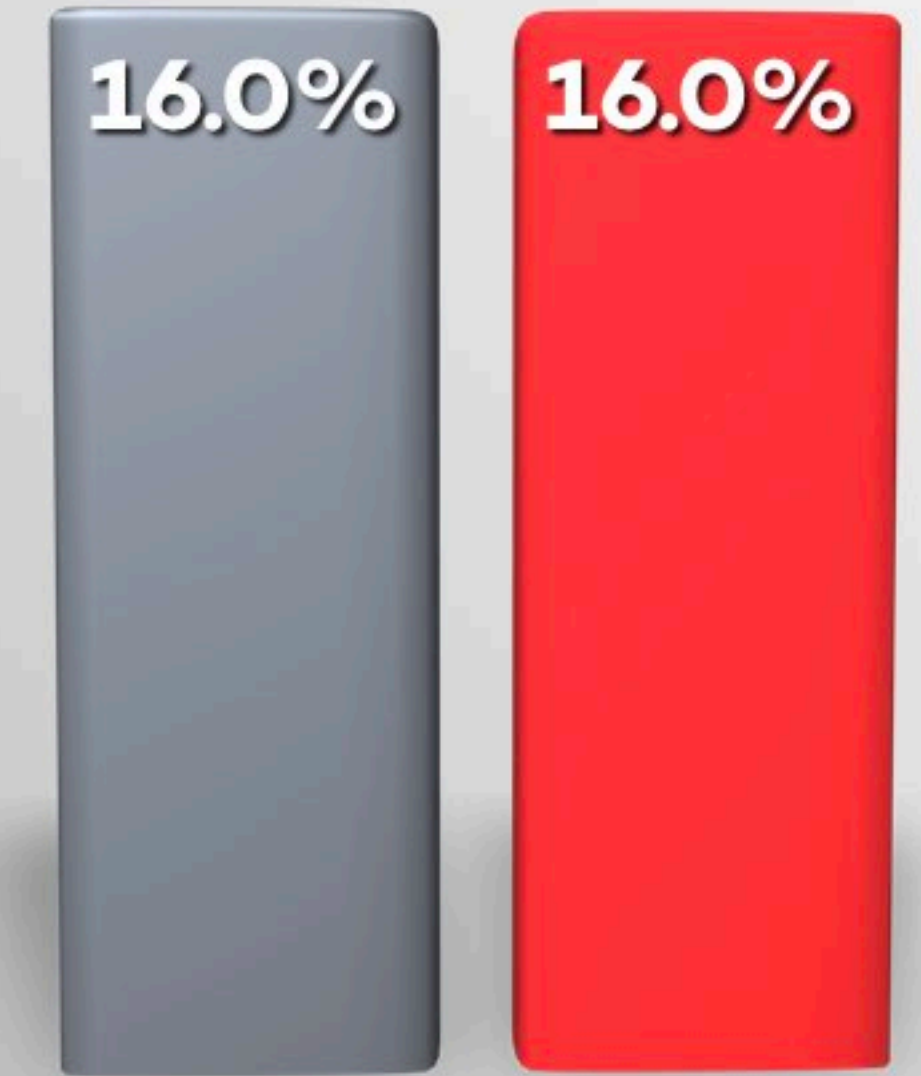
42

50

ROE at 16.0% - Both Reported and Regular

	<u>2015</u>		<u>2016</u>	
Consolidated (TL mio)	Net Income	ROE (%)	Net Income	ROE (%)
Reported	3,229	12.1	4,854	16.0
Non-recurring item adj.:				
Add. General provisions	240	0.9	-	-
Fee rebates	174	0.7	73	0.2
One-off OPEX*	20	0.1	87	0.3
Visa income (-)	-	-	(163)	(0.5)
Regular Net Income	3,663	13.8	4,851	16.0

Cumulative ROE



2016

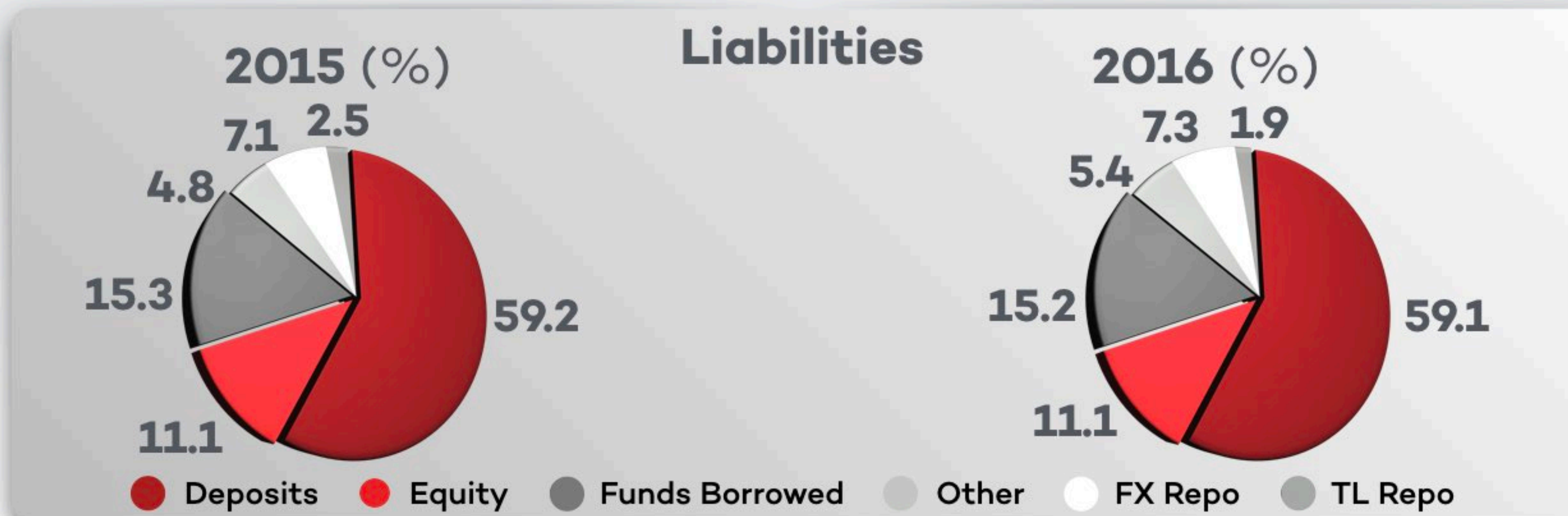
■ Reported ROE ■ Regular ROE

*One-off OPEX include; TL20 mio in 2015 for personnel indemnity related with outsourced security staff and TL87 mio fine in 2016 from Ministry of Customs and Trade, all non-recurring items are after tax figures



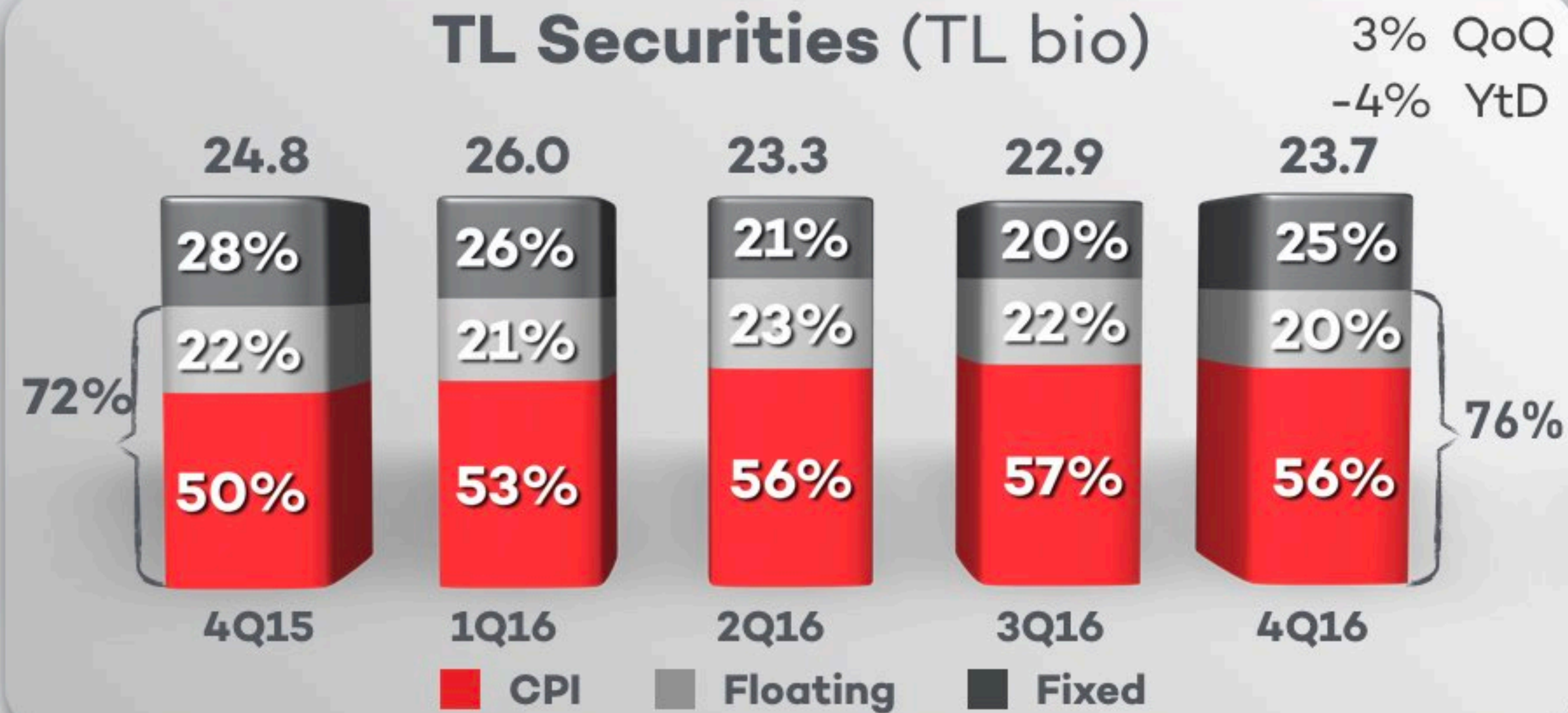
TL 252.5 bio

TL 294.5 bio

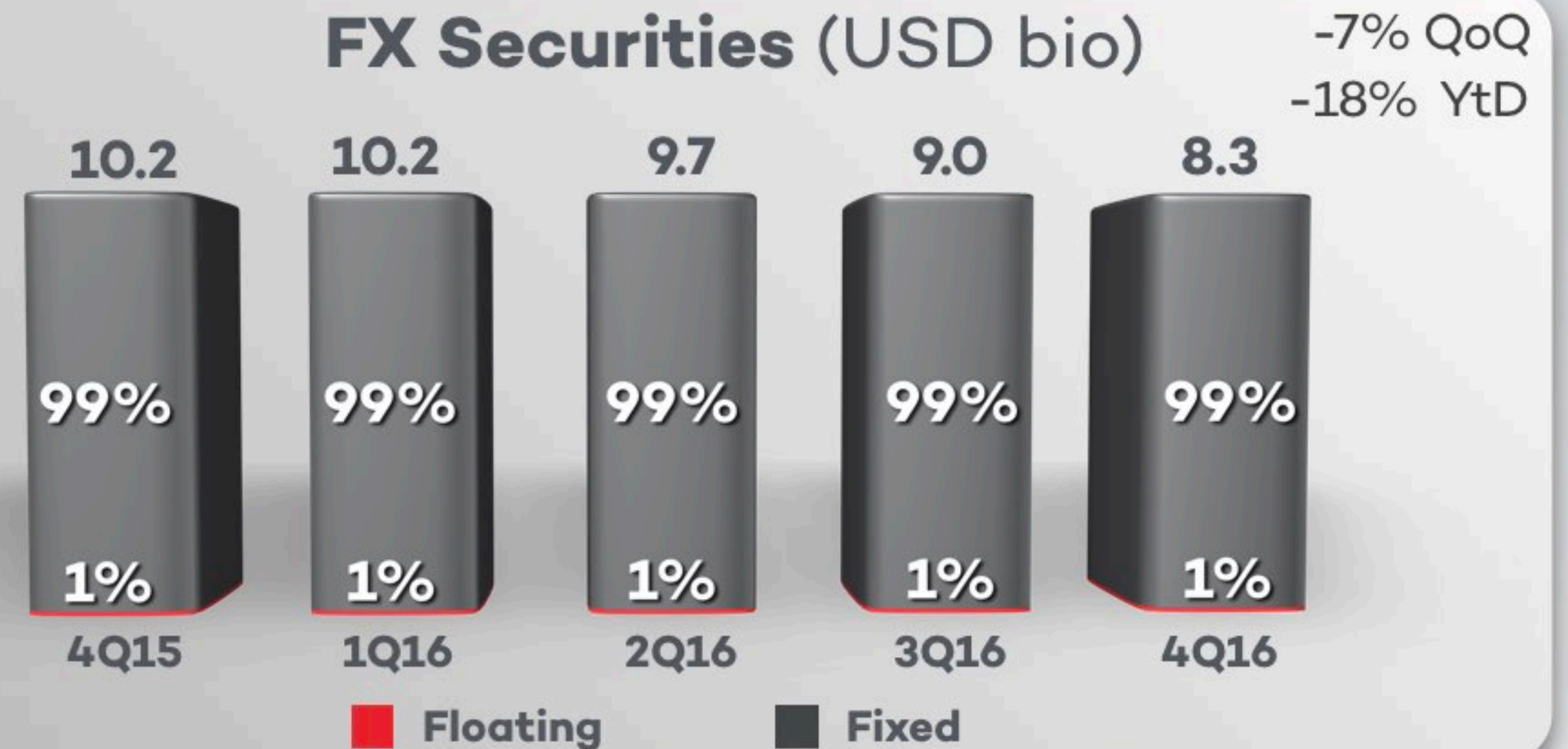


Spectacular treasury management

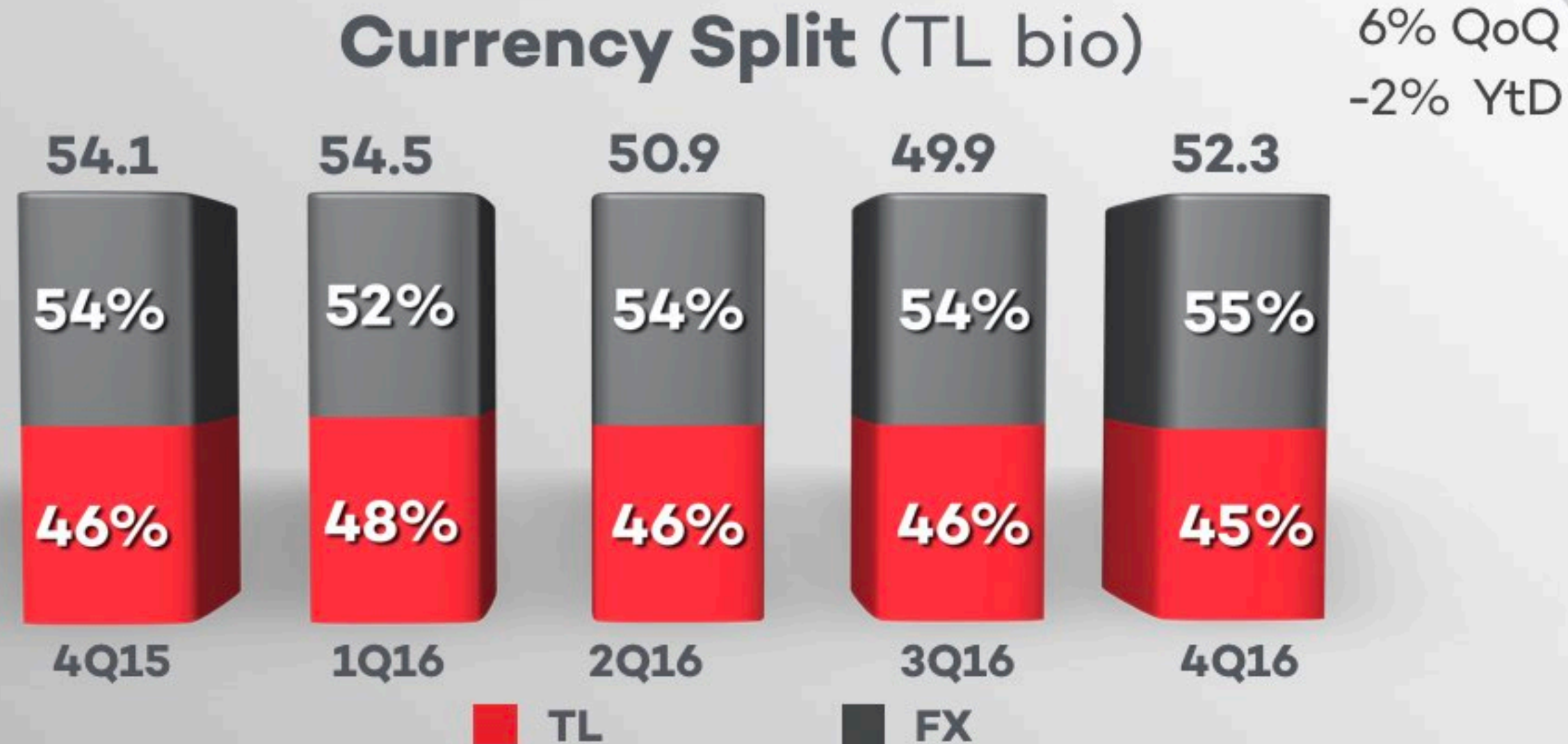
TL Securities (TL bio)



FX Securities (USD bio)



Currency Split (TL bio)



Sound securities
market transactions
gain of TL 185 mio in
2016

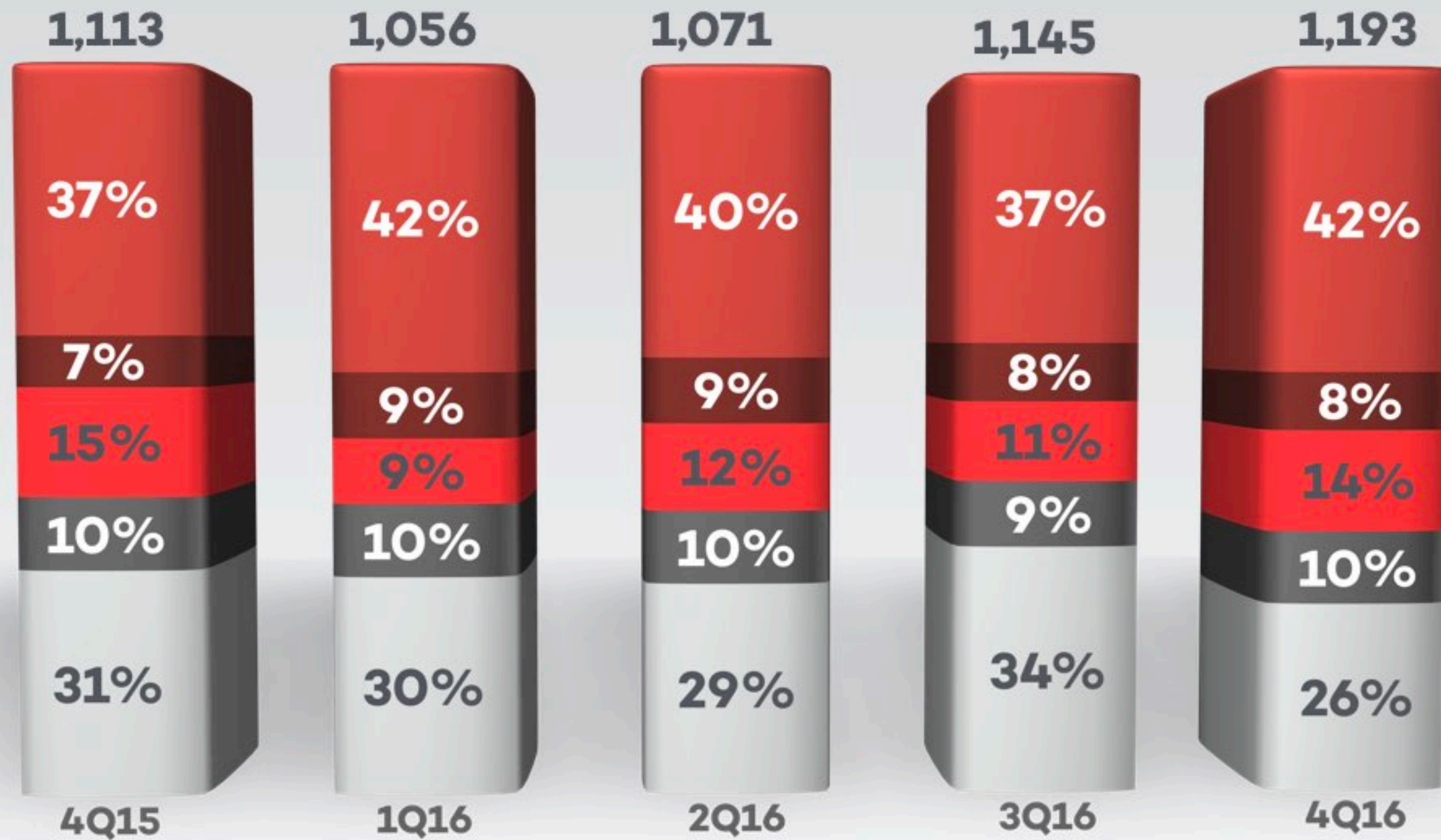
34% HtM,
66% AFS

MtM Valuation in
Equity net,
(-) TL 1.2 bio

Costs reduced in real terms

(TL mio)

Quarterly



10% YoY*
14% QoQ*

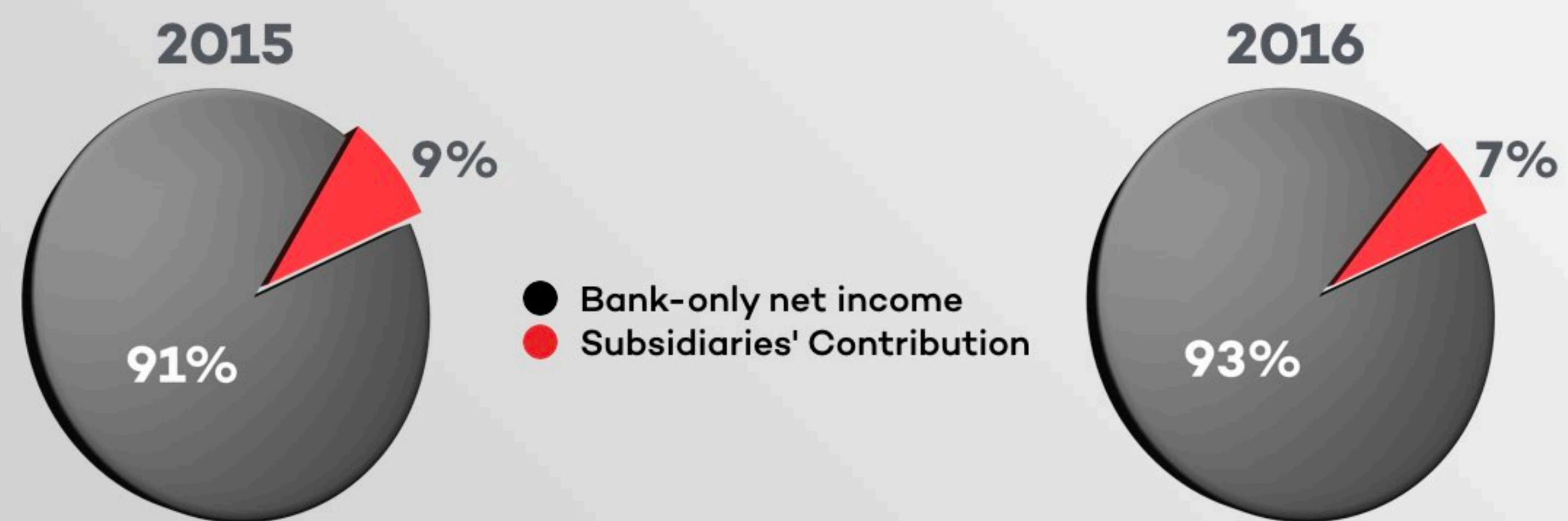
Cumulative



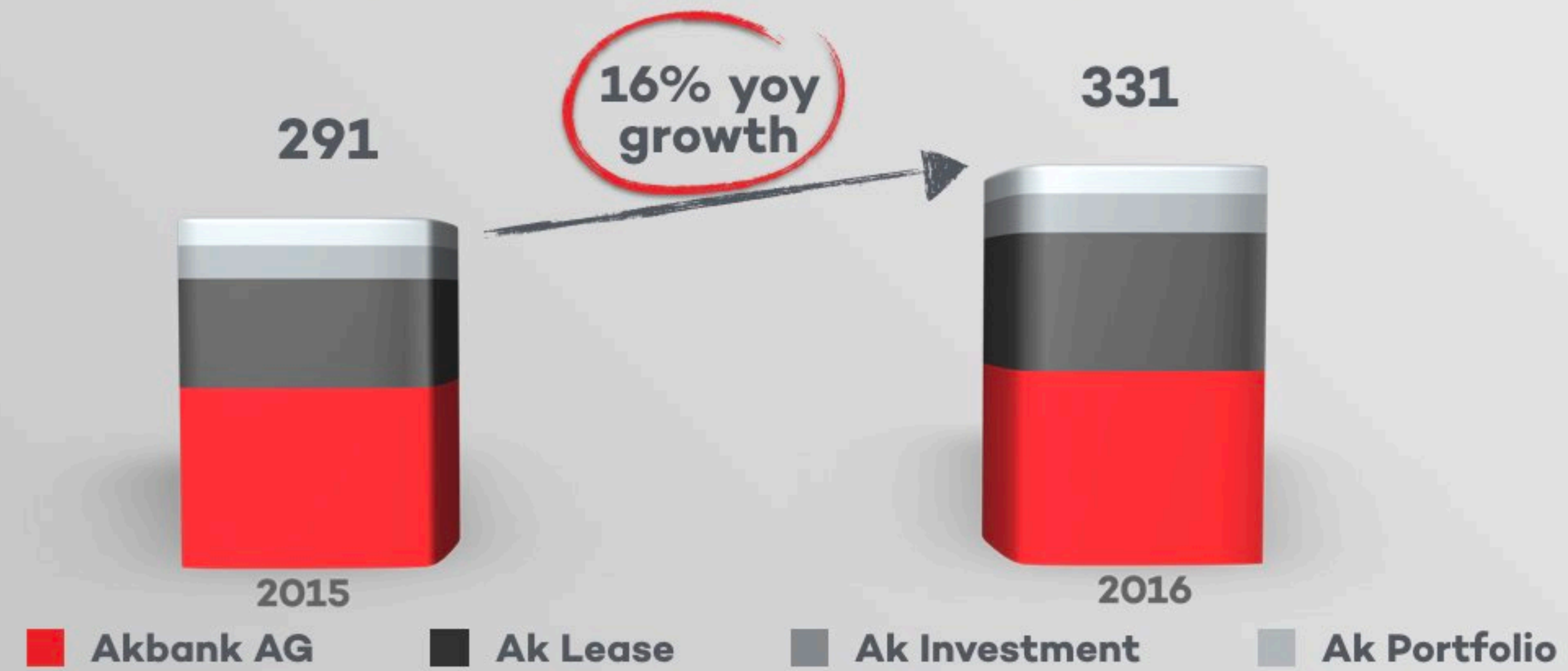
+4% YoY*
+2% YoY

* OPEX growth figures are adjusted with fee rebates and one-offs (fee rebates :TL 215 mio in 2015 and TL 90 mio in 2016, TL87 mio fine in 3Q16)

Subsidiaries net income is up by 16% YoY



Subsidiaries' Net Income (TL mio)



Strong growth in TL corporate lending

5.1x
Cross Sell in
Corporate
Loans

TL Loans (TL bio)

+12% QoQ
+41% YtD

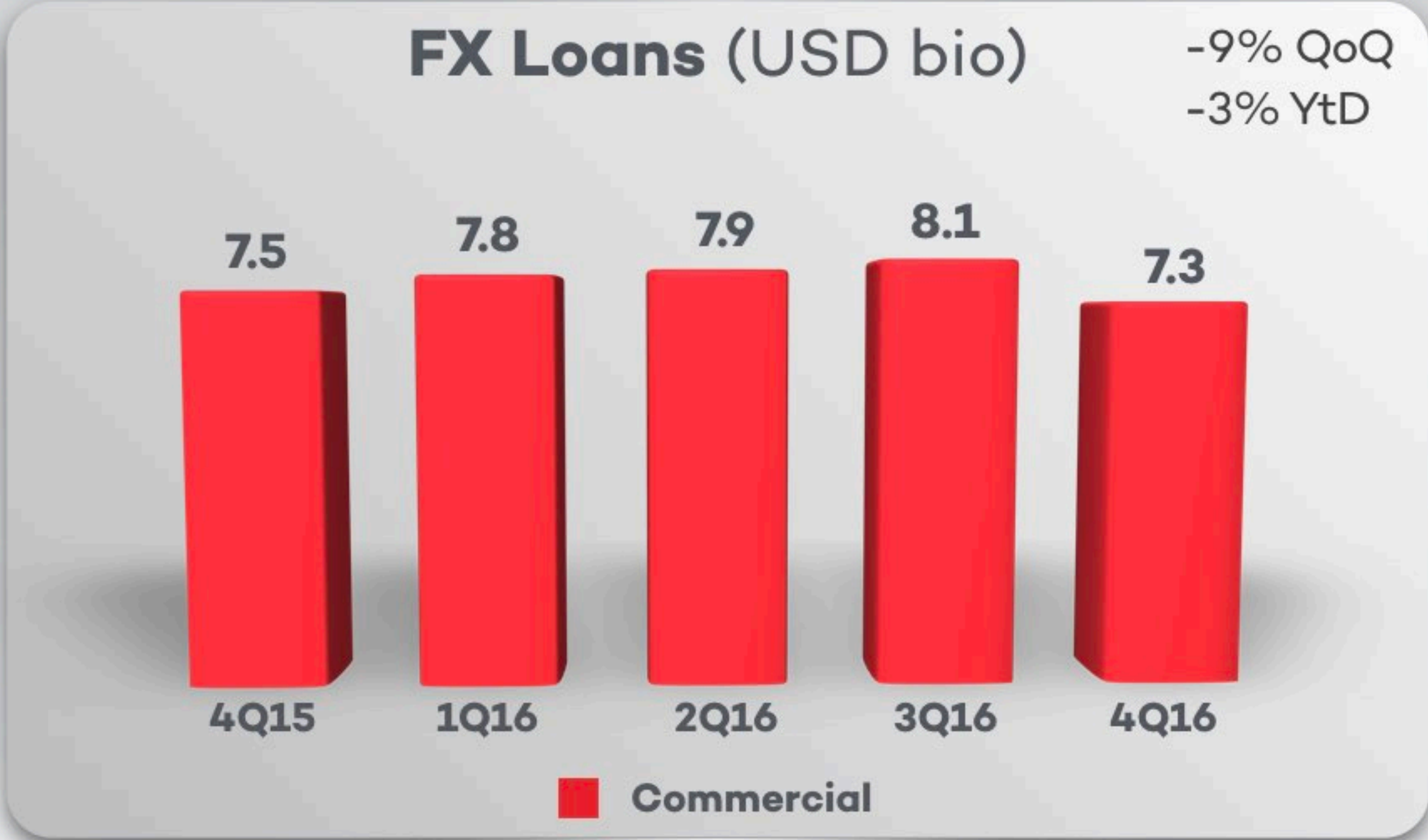
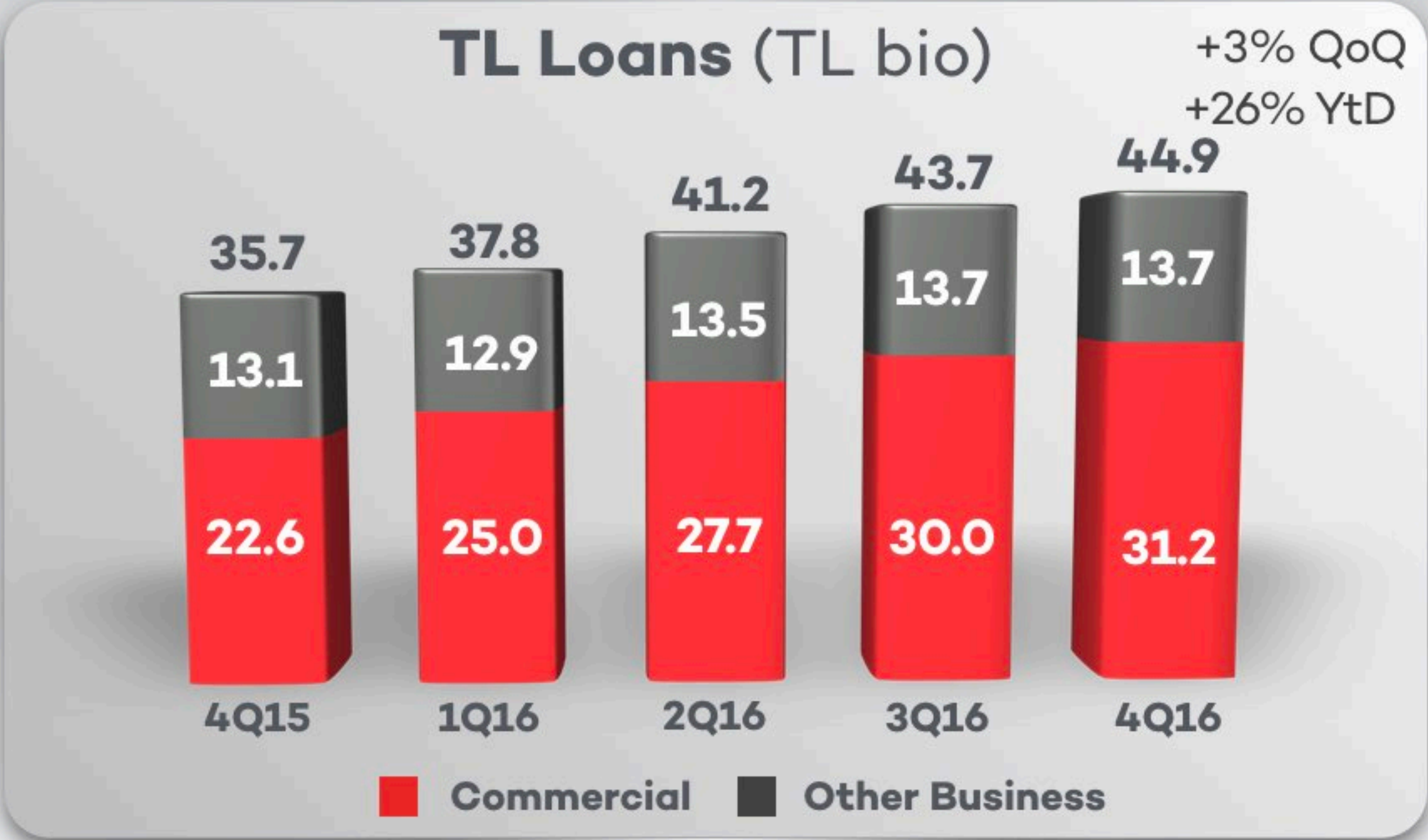


FX Loans (USD bio)

-5% QoQ
-6% YtD



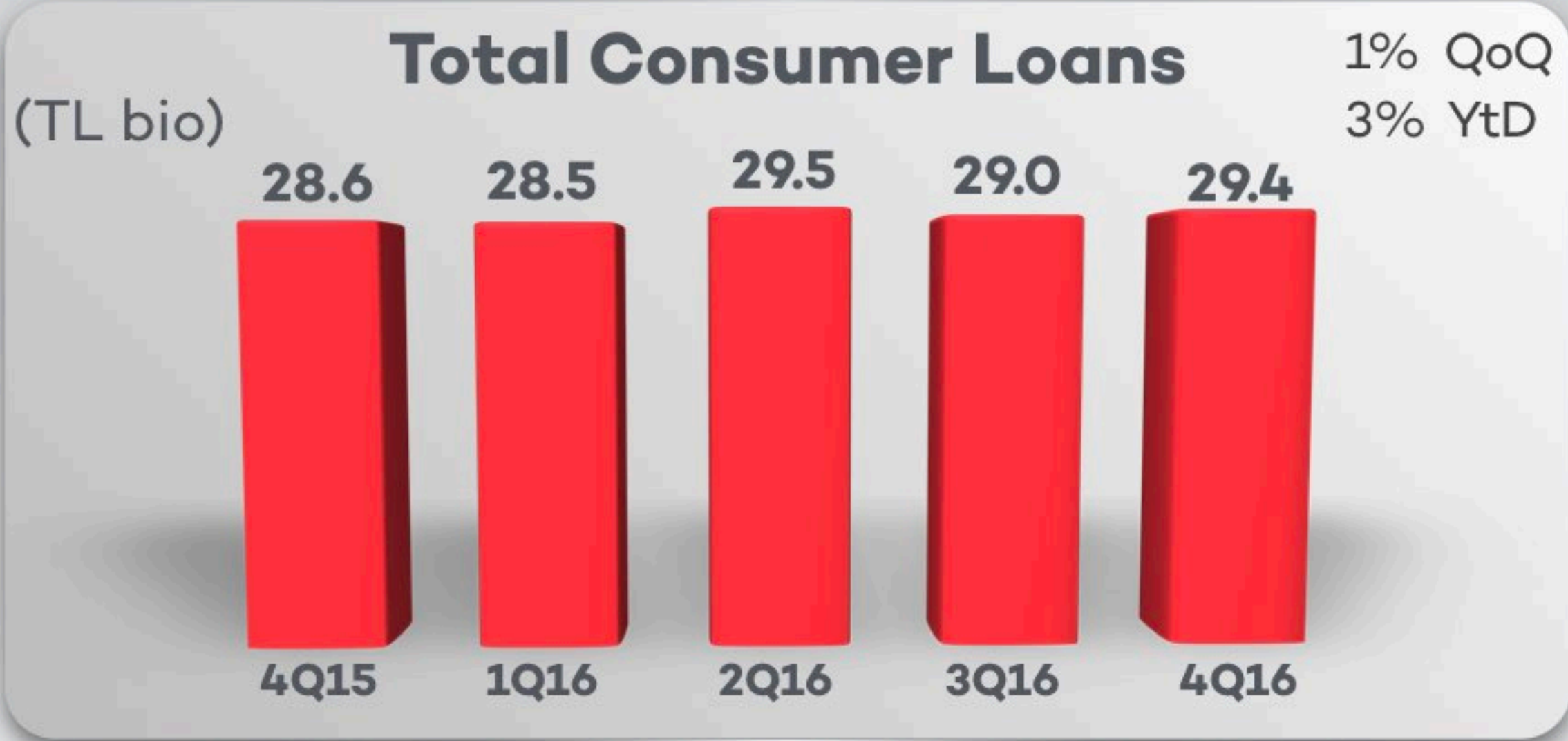
Double digit growth in TL commercial loans



38% YtD
Growth in TL
Commercial loans

5.4x Cross Sell in
Commercial
Loans

Stable market share in GPLs in 2016 among private banks



6.0x
Cross Sell
of GPLs

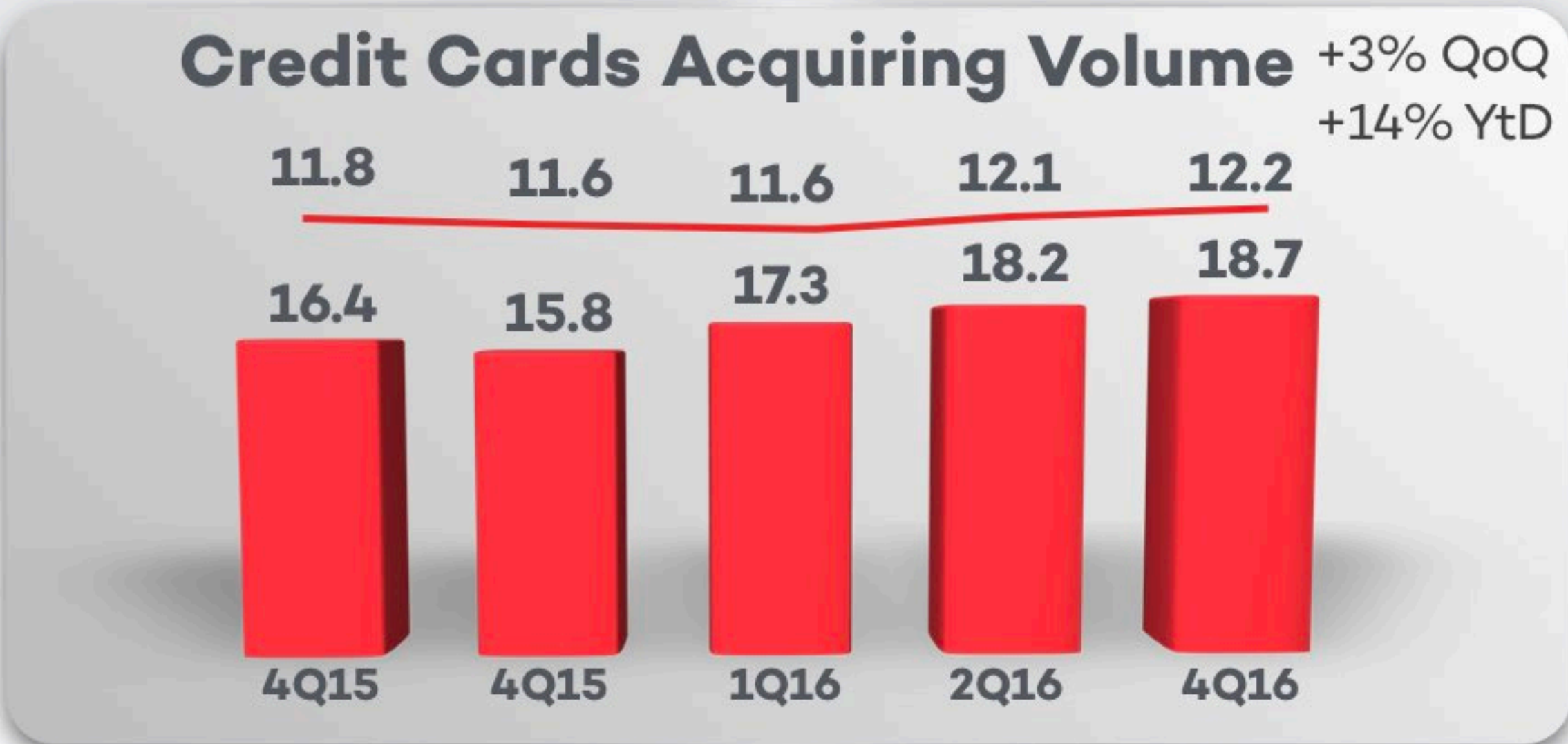


6.6x
Cross Sell of
Mortgage



Credit Cards volume is on the rise

(TL bio)



■ 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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