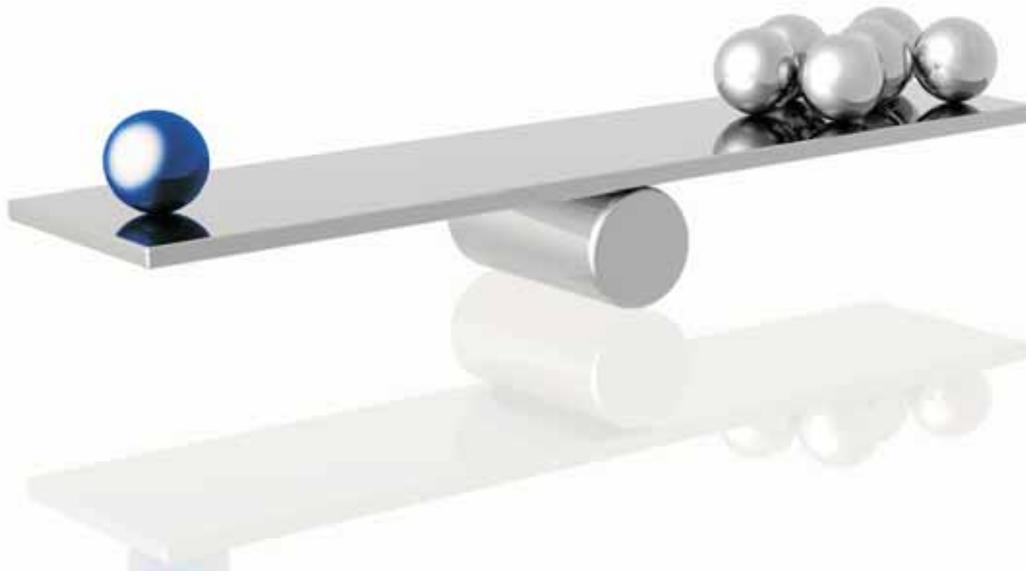


# 2009 Earnings Presentation

BRSA Bank Only



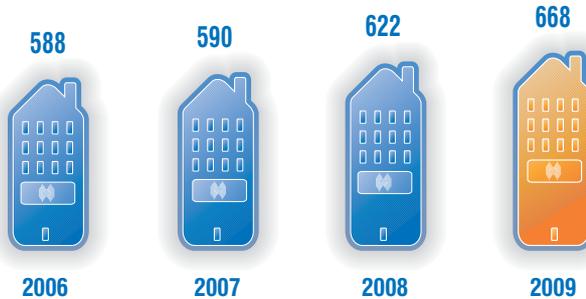
## Nationwide coverage while focusing new openings more on large cities



46 new branches were opened, 18 of them in Istanbul, beefing up the network with 668 branches all over the country. 50 new branches are in the pipeline.

- Halkbank's 12,505 employees have high levels of professional knowledge and skills.
- 3,118 new employees have been recruited. 1,498 of existing personnel have retired over the last 2 years.
- Average age has dropped from 38 to 35.
- University graduate / total staffing ratio up eight points from 58% to 66%.

### Total Branches (a)



### Human Resources



(a) Including domestic branches and special transaction center

## Macro Outlook

- > Despite slow recovery in domestic demand, GDP growth in Turkey may exceed expectations at around 4%, thanks to base effects and to recent improvement in major indicators, mainly industrial production.
- > Given the recent tax-related changes and the seasonal impact on agricultural prices, CPI was up 8.2% in early 2010 though core inflation remained relatively tame. We hold to our assumption of 6.5% headline CPI by end-2010.
- > Flat policy rate is expected up until the end of 3rd quarter; Rate hikes by CBRT amounting to 150 bps seem reasonable in late 2010, to ease the pressure on inflation target of 2011.
- > We anticipate relatively strong fiscal discipline given the magnitude of the impact of the crisis. A budget deficit of around 5% seems within reasonable limits.
- > No crowding-out effects are anticipated in lending markets even with the Treasury's 100% roll-over ratio target. Tax receipts may improve further if GDP grows faster than 3.5%, which is the mid-term plan target. If achieved it will pave the way for a lower roll-over ratio.
- > Recent sovereign rating upgrades seem affirmative and supportive. Achieving investment grade looks to be within the realm of possibility.

## Banking Sector Outlook

- > Mortgage lending started to pick some time ago as customers became convinced that the easing cycle is over. We now see further improvement in the outlook and this trend in mortgages is set to continue.
- > A push for diversification in investments may boost companies' appetite for new investment in energy distribution and production; Corporate lending volumes are on the rise.
- > The banking sector's NPL ratio is likely to come down not only due to loan expansion but also because of lower risk costs and fewer write-offs.
- > Collections from NPLs will also support banks' bottom lines provided that the economy recovers in line with expectations.
- > NIM may narrow 60-70 bps due to re-pricing of outstanding assets. Competition however may exert additional pressure on NIM and bring it down 100 bps.
- > Loan growth may compensate for all or part of the NIM contraction as banks are comfortable on their L/D ratio.
- > There is no irrational pricing in deposits for the time being. Cost of funding is likely to go down a bit further in the coming two quarters.
- > In case of lower FX and trading gains, we may see decoupling among Turkish banks in terms of net income growth.
- > Banks with fee-growth opportunities are likely to experience better profit growth.

## 2009 Highlights

### Strong growth and sustainably high profitability

- > Total assets up 18.7% YoY with a remarkable 2.9% ROA.
- > Superior loan growth with 22.2% increase in TRY, 37.7% in FX in USD terms, and 26% in total.
- > 4.9% NPL ratio is up only 20 bps YoY. This is well below the sector and entails no write-offs or sell-offs.
- > Total deposits and money market funds surged 17% YoY and reached TRY 49.7 bn. Demand deposits up 46.3%.
- > Shareholder equity up 34% despite significant dividends: ROE remarkably high at 32.5%.
- > Superb performance in net income: Up 60% to TRY 1,631 mn.
- > 73.9% loan/deposit ratio capable of supporting further lending growth.
- > Strong growth in net interest income: Up 46% to TRY 3,109 mn with an outstanding 6% NIM.
- > Net fees and commissions income up 24.4% YoY to TRY 461 mn.
- > Total operating revenues and net operating income up 44% and 59% respectively.
- > 31.0% cost/income ratio still one of the lowest in the sector.
- > 16% CAR supported by high profitability well above 12%.

## 2009 Performance matrix based on major ratios <sup>(a)</sup>

	ROE	NIM	C/I	Loan Growth	Gross NPL Growth <sup>(b)</sup>	Net Fee Income Growth
<b>Halkbank</b>	32.5%	6.0%	31.0%	25.6%	33.3%	24.4%
<b>Peer 1</b>	26.0%	5.5%	32.6%	-0.4%	91.4%	14.0%
<b>Peer 2</b>	21.5%	5.4%	33.3%	-10.5%	60.3%	17.2%
<b>Peer 3</b>	20.7%	5.1%	35.4%	1.5%	45.4%	4.0%
<b>Peer 4</b>	19.2%	5.5%	38.0%	13.3%	45.6%	-0.1%
<b>Peer 5</b>	17.9%	6.0%	42.5%	-2.1%	58.9%	13.8%

(a) Based on unadjusted bank only figures (b) Including write offs  
Peers ranked by ROE

## Asset growth is driven by loan expansion

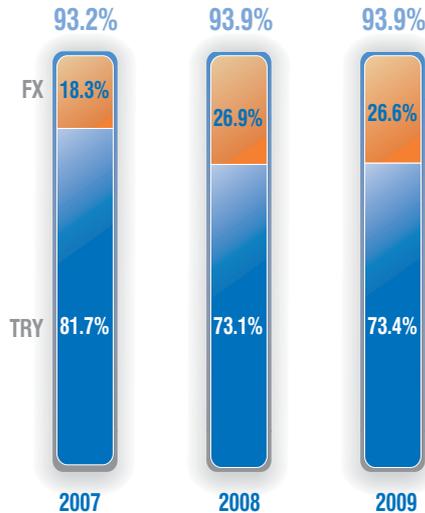
**ASSET GROWTH**  
**YoY 18.7% QoQ 6.0%**

Total Asset Growth (TRY billion)



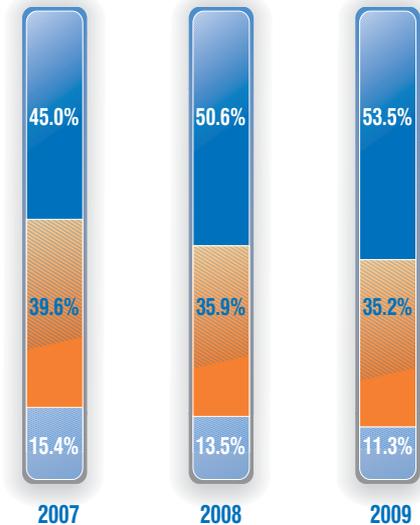
**IEA**  
**93.9%**

Composition of IEAs <sup>(a)</sup>



Asset Mix (%)

- Loans
- Securities
- Other Assets

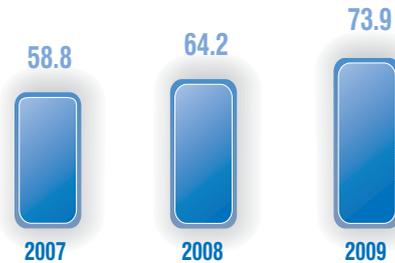


(a) Including interest accruals and excluding fund loans

# Comfortable loan/deposit ratio provides scope for growth and alleviates pressure on NIM

## Loan to Deposit (%)

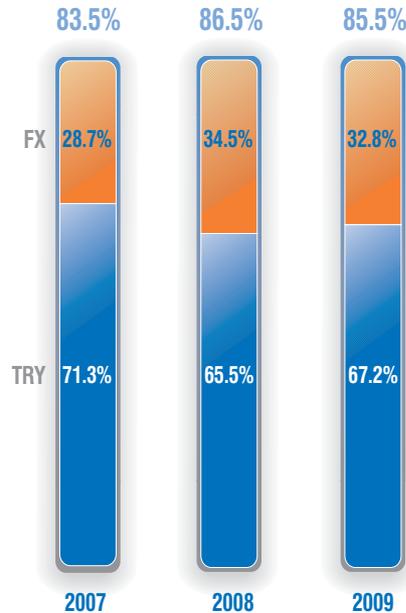
● Total L/D



● TRY L/D ● FX L/D

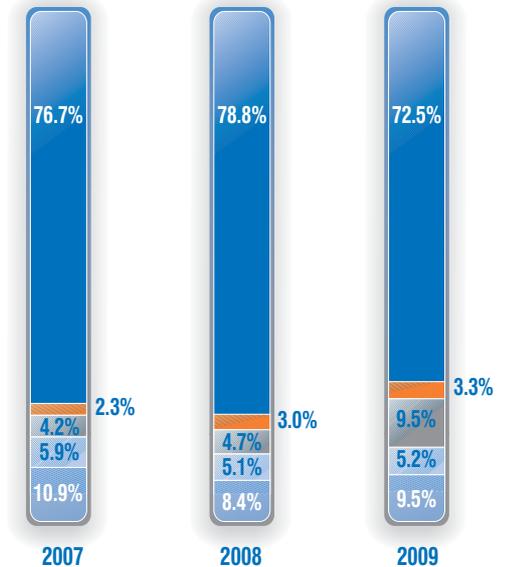


## Composition of IBLs (a)



## Liabilities Mix (%)

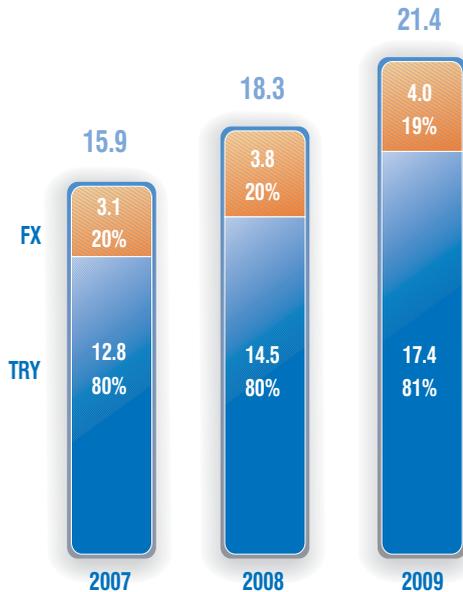
● Deposits ● Other Liabilities  
● Funds Borrowed ● Shareholder's Equity  
● Interbank Money Market



(a) Including interest accruals and excluding funds, excluding demand deposits, the share of IBL is 76% in 2009.

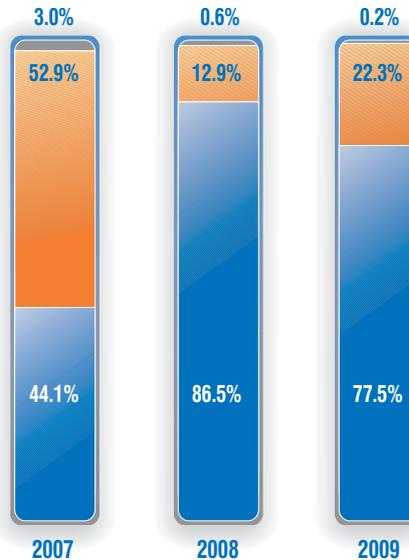
## Securities portfolio grew 16.6% with composition changing in favor of AFS

Total Securities Portfolio <sup>(a)</sup> (TRY billion)



Total Securities Composition

● HTM ● AFS ● Trading



**A strategy of managing newly-invested securities mostly in the AFS portfolio will henceforth be followed.**

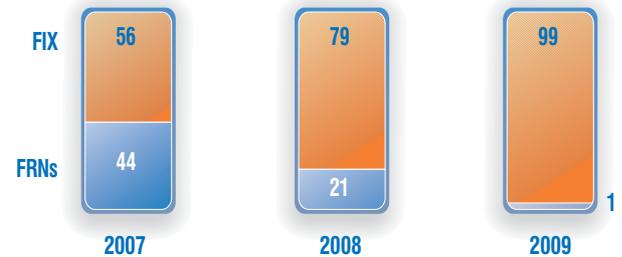
(a) FX indexed securities are booked as foreign currency

## FRNs: Protection against rate hikes

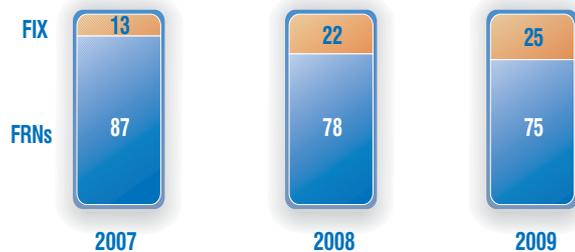
Total Securities Portfolio <sup>(a)</sup> (%)



FX Securities Portfolio <sup>(a)</sup> (%)



TRY Securities Portfolio <sup>(a)</sup> (%)



**51% of FRNs are repriced in 45 days, 15% in 3 months and 30% in 6 months.**

<sup>(a)</sup> Excluding interest accruals

## The story goes on: Unmatched loan growth (TRY billion) <sup>(a)</sup>

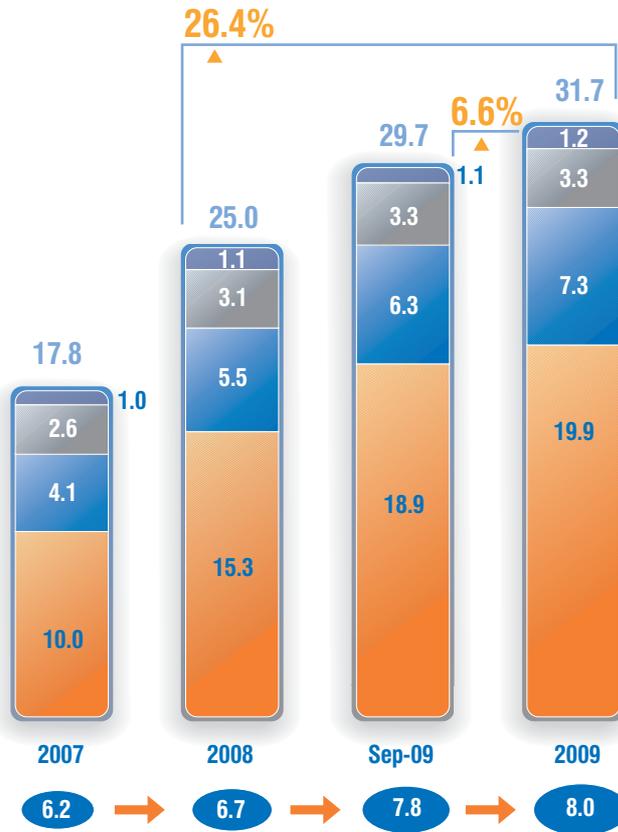
<b>TOTAL LOANS</b>
<b>HALKBANK SECTOR <sup>(b)</sup></b>
YoY <b>26.4%</b> YoY <b>6.4%</b>

<b>TRY LOANS</b>
<b>HALKBANK SECTOR <sup>(b)</sup></b>
YoY <b>23.1%</b> YoY <b>9.6%</b>

<b>FX LOANS</b>
<b>HALKBANK SECTOR <sup>(b)</sup></b>
YoY <b>36.1%</b> YoY <b>-1.3%</b>
<small>in USD terms</small>
YoY <b>37.9%</b> YoY <b>0.1%</b>



- ➔ **YoY Change (%)**
- ➔ **Fund Loans up 3.9%**
- ➔ **Cooperative Loans up 6.0%**
- ➔ **Retail Loans up 33.6%**
- ➔ **Commercial Loans up 29.7%**

**In terms of gaining market share, Halkbank was the leading bank among its peers in 2007-2009.**

(a) Excluding interest accruals  
(b) BRSA data as on a daily basis

## Customer acquisitions driven by new campaigns and products launched in 2009:

> 294 new customers in the corporate segment, 879 in the commercial segment, and 63,507 in the SME segment

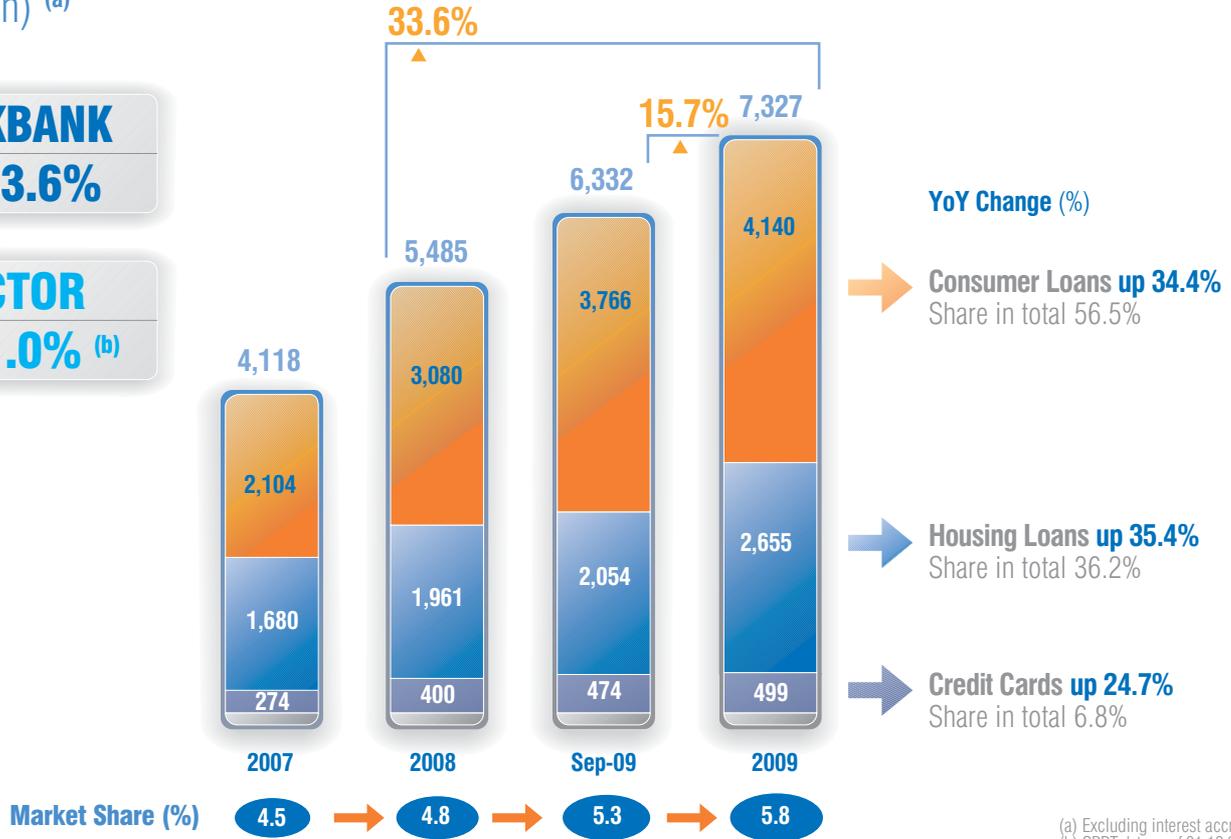


# Much of the vigor in retail loan growth comes from consumer and mortgage lending

(TRY million) <sup>(a)</sup>

**HALKBANK**  
YoY **33.6%**

**SECTOR**  
YoY **11.0%** <sup>(b)</sup>



(a) Excluding interest accruals  
(b) CBRT data as of 31.12.2009

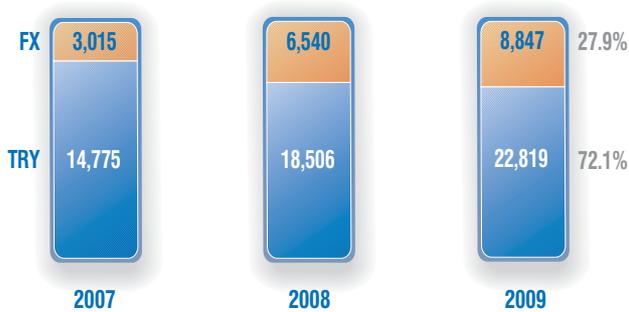
## Customer acquisitions driven by new campaigns and products launched in 2009:

1,051,919 new customers in the retail segment; 187,720 in credit cards

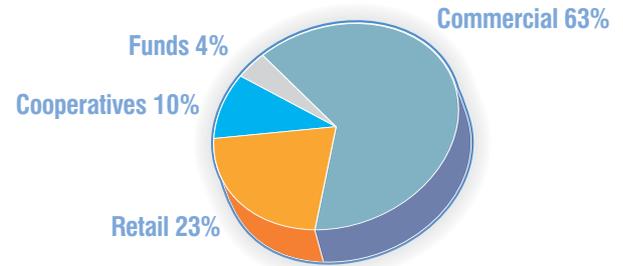


## Strong position in all customer segments. Approximately twofold increase in FX loan market share during the last two years

Loans by Currency <sup>(a)</sup> (TRY million)



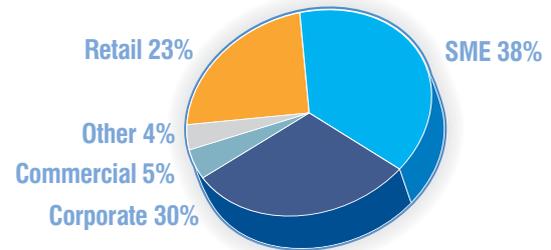
Loans By Types (%)



Market Share in Loans by Currency <sup>(b)</sup> (%)



Loans By Customer Segmentation (%)



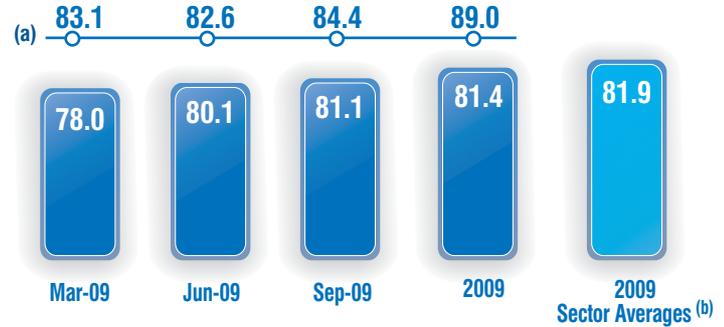
(a) Excluding interest accruals  
(b) BRSA data as on a daily basis

## Well-retained asset quality combined with loan growth results in NPL ratio stabilization

NPL Portfolio (TRY million)



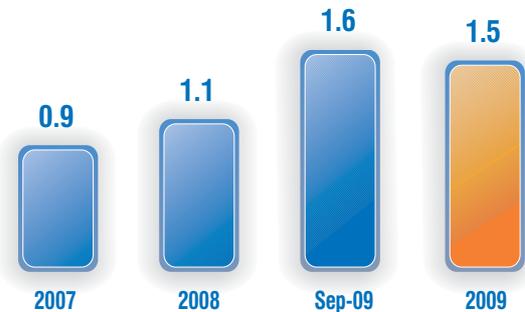
NPL Coverage (%)



NPL/Total Loans (%)



Loan Loss Provisions/Average Net Loans (%)



(1) Total NPL ratio (2) Excluding effect of legacy of year 2001 and before NPL's

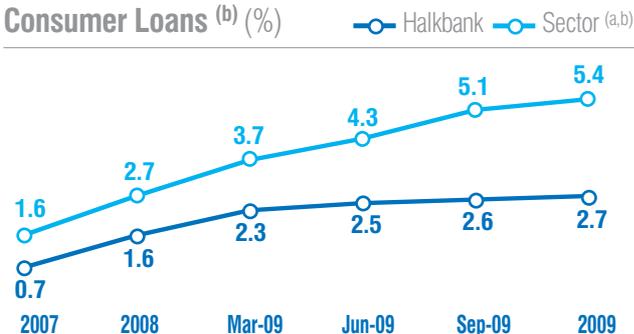
(a) Including discretionary provisions (b) BRSA data on a daily basis

## NPL ratio below the sector average with no write-offs or sell-offs

### NPL/Total Loans <sup>(a)</sup> (%)



### Consumer Loans <sup>(b)</sup> (%)



### SME Loans <sup>(a)</sup> (%)



### Credit Cards <sup>(b)</sup> (%)

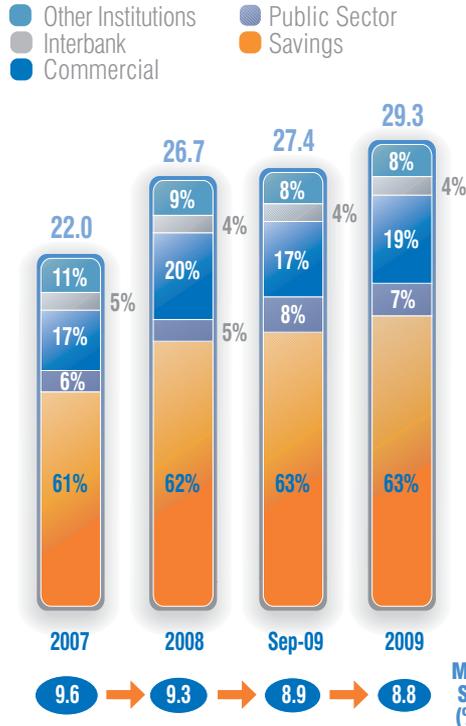


(1) All loans granted to SMEs in terms of customer definition (2) Loans granted to SMEs in terms of loan definition

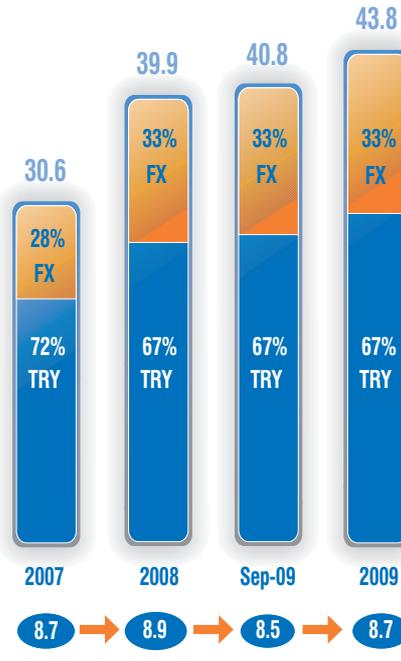
(a) Total NPL - daily BRSA data, SME - monthly BRSA data. (b) CBRT data as of 31.12.2009  
(c) Excluding the sector's write offs and sell offs in 2009, Source: Banks Financials

## Total deposit market share has been maintained even while reducing costs

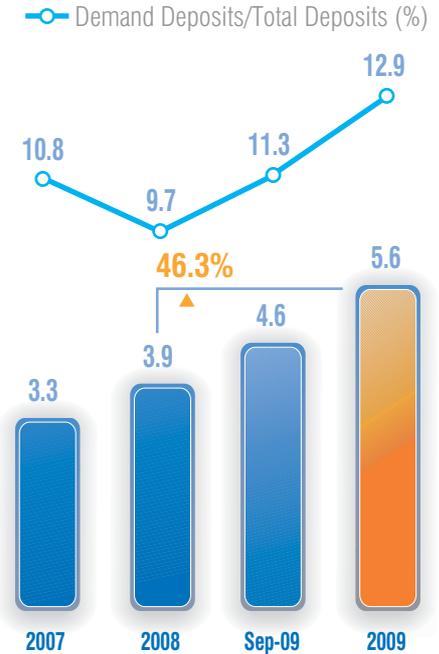
### TRY Deposits by Types <sup>(a)</sup> (TRY billion)



### Total Deposits by Currency <sup>(a)</sup> (TRY billion)



### Demand Deposits (TRY billion)



(a) Excluding Interest Accruals (b) BRSA data on a daily basis

## Cost-Yield-Spread (a)

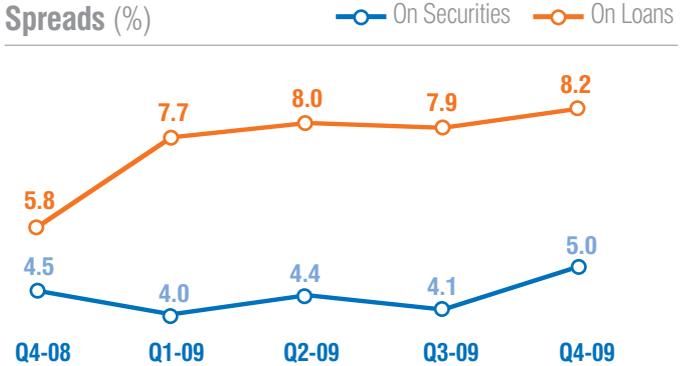
### Cost of Deposits (%)



### Yield on Loans (b) (%)



### Spreads (%)



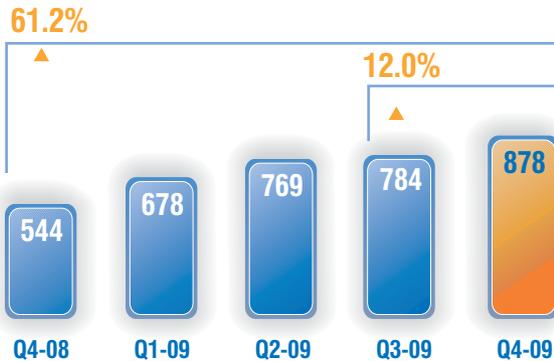
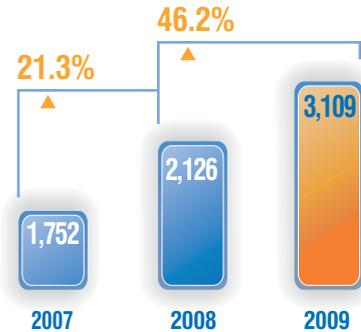
### Yield on Securities (%)



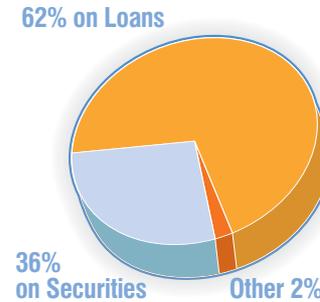
(a) TRY-FX blended (b) Excluding fund loans

## Net interest income surged 46.2% YoY

Net Interest Income (TRY million)



Breakdown of Interest Income

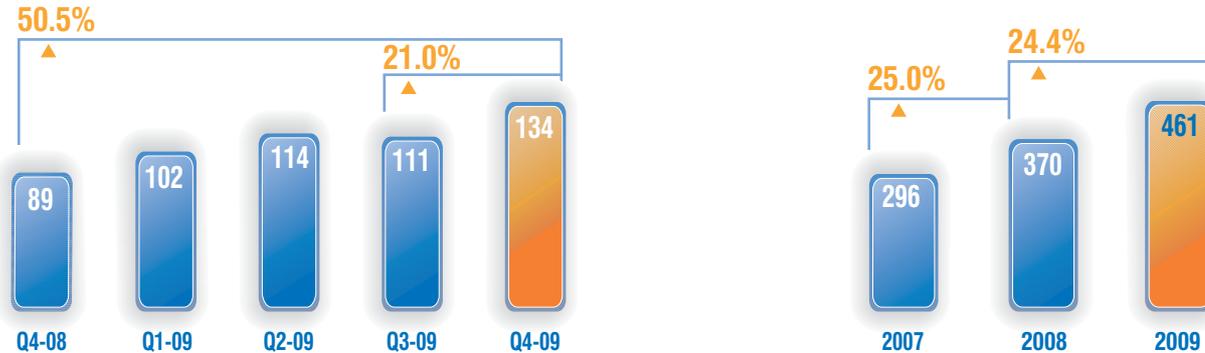


Interest Income (TRY million) — On Securities — On Loans

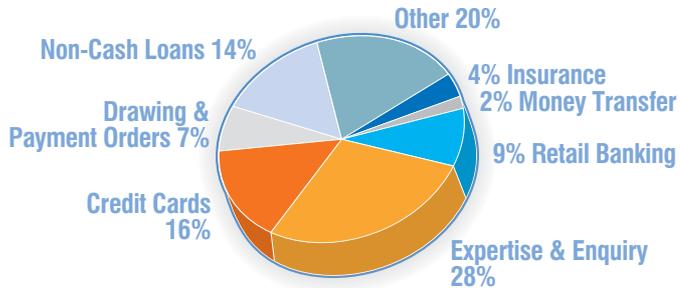


## Strong growth in fee income: Up 24.4% YoY

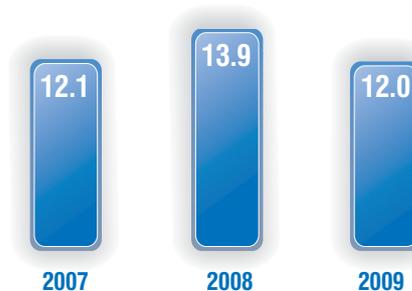
Net Fees & Commissions Income (TRY million)



Breakdown of Fees & Commissions Income

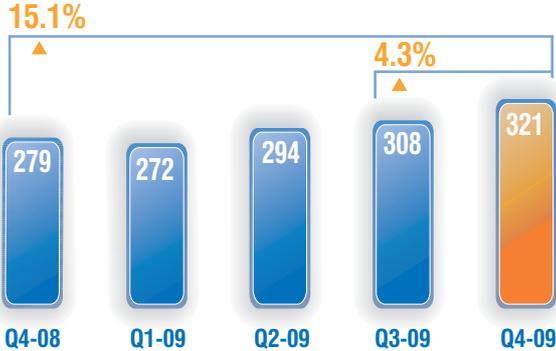


Net Fees & Commissions Income/Total Operating Revenues (%)

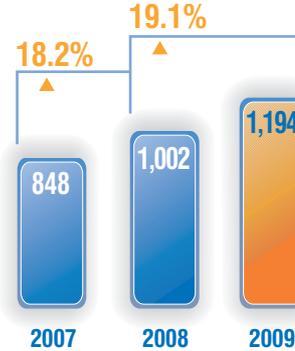


## Consistent OPEX growth: Within tolerable limits and derived from loan expansion

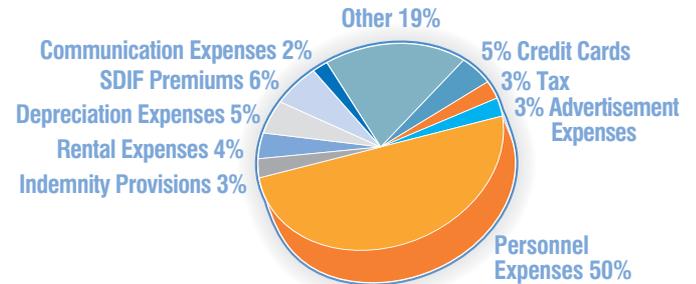
Operating Expenses (TRY million)



Cost/Income (%)

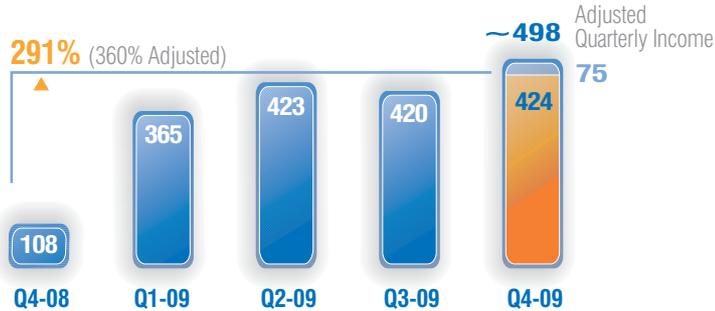


Breakdown of Operating Expenses

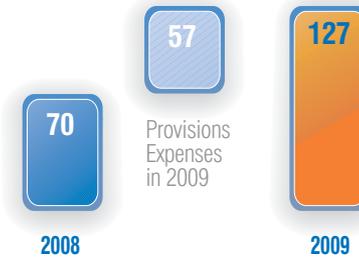


## Peerless income generation with recurring items only

### Net Income (TRY million)



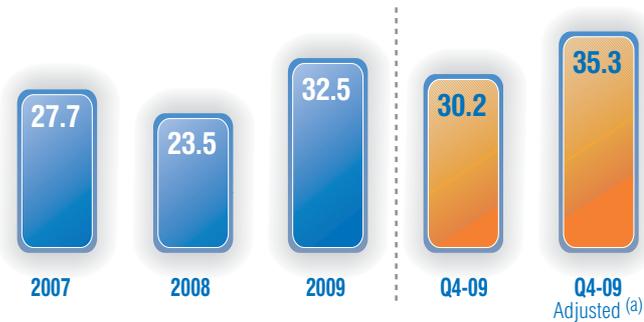
### Discretionary Provisions in Liabilities (TRY million)



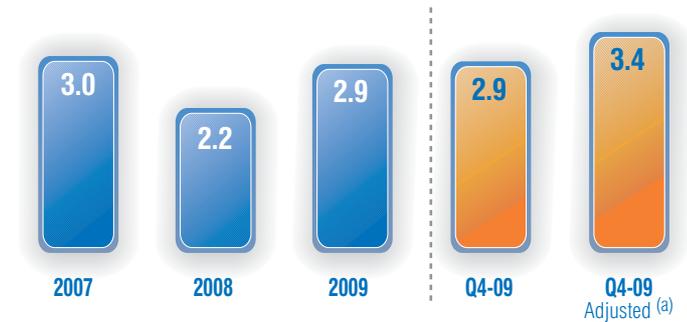
In keeping with Halkbank's conservative stance, TRY 75 mn was set aside in Q4 as discretionary provisioning.

## Key Ratios

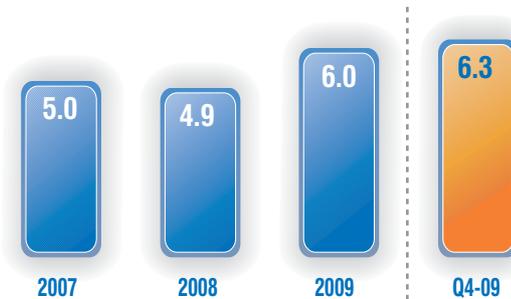
### ROE (%)



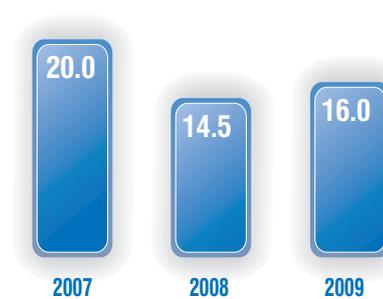
### ROA (%)



### NIM (%)



### CAR (%)



(a) Excluding Discretionary Provisions

## Balance Sheet

In TRY million	2008	Sep-09	2009	YoY (08-09) Change (%)
Cash and Balances Held with the Central Bank <sup>(a)</sup>	3,009	3,318	3,416	14
Banks & Money Market <sup>(b)</sup>	2,119	851	1,136	(46)
Securities <sup>(b)</sup>	18,334	20,280	21,373	17
Net Loans <sup>(b)</sup>	25,836	30,512	32,458	26
Gross NPL	1,251	1,586	1,668	33
NPL Net	214	300	309	45
Property and Equipment	930	1,039	1,150	24
Other Assets	867	1,221	1,118	29
<b>Total Assets</b>	<b>51,096</b>	<b>57,220</b>	<b>60,650</b>	<b>19</b>
Deposits <sup>(b)</sup>	40,271	40,972	43,950	9
Funds Borrowed <sup>(b)</sup>	1,522	1,893	2,032	33
Interbank Money Market <sup>(b)</sup>	2,390	5,843	5,762	141
Funds	1,216	1,366	1,316	8
Other Liabilities	800	1,104	1,101	38
Provisions	608	670	731	20
Shareholders' Equity	4,289	5,372	5,760	34
<b>Total Liabilities</b>	<b>51,096</b>	<b>57,220</b>	<b>60,650</b>	<b>19</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	2008	2009	YoY (%)	Q1-09	Q2-09	Q3-09	Q4-09
Interest Income	6,793	6,817	0.3	1,830	1,697	1,664	1,626
On Loans	3,773	4,226	12	1,102	1,036	1,054	1,035
On Securities	2,776	2,442	(12)	678	622	579	563
Interest Expense	4,667	3,708	(21)	1,151	928	881	748
On Deposits	4,334	3,212	(26)	1,043	822	746	601
<b>Net Interest Income</b>	<b>2,126</b>	<b>3,109</b>	<b>46</b>	<b>678</b>	<b>769</b>	<b>784</b>	<b>878</b>
Net Fees and Commissions	370	461	24	102	114	111	134
Net Trading Income	(194)	16	-	(6)	10	28	(16)
Other Operating Income	363	261	(28)	91	73	46	51
Reversal of Loan Loss Provisions	223	150	(33)	50	43	29	29
Total Operating Revenues	2,666	3,846	44	865	966	968	1,046
Operating Expenses	1,002	1,194	19	272	294	308	321
<b>Net Operating Income</b>	<b>1,664</b>	<b>2,653</b>	<b>59</b>	<b>594</b>	<b>673</b>	<b>661</b>	<b>726</b>
Provision for Loan Losses and Other Receivables	436	646	48	147	146	154	199
Loan Loss Provisions for Cash Loans	243	434	79	119	101	111	103
Profit/(Losses) from Associates	39	11	(72)	4	7	0	0
<b>Income Before Taxes</b>	<b>1,266</b>	<b>2,017</b>	<b>59</b>	<b>450</b>	<b>534</b>	<b>506</b>	<b>527</b>
Provision for Tax	248	386	56	86	111	86	103
<b>Net Income</b>	<b>1,018</b>	<b>1,631</b>	<b>60</b>	<b>365</b>	<b>423</b>	<b>420</b>	<b>424</b>

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