

2010 Earnings Presentation

BRSA Bank Only



Macro Outlook 2011

- > 2010 GDP growth expected to be 8.0%; forecasts indicate roughly 5% GDP growth in 2011.
- > 2010 budget deficit of TRY 39.6 bn corresponds to 3.5% of projected GDP. 2011 budget deficit is expected to be below 2% of GDP.
- > 2010 Treasury rollover ratio of 89.3% was better than targeted 99.5%. Treasury's forecast of 88% rollover ratio for 2011 seems achievable. Lower roll-over ratio is likely to amplify market liquidity by TRY 16bn.
- > Widening CAD has been a reason for concern lately; however, CAD is expected to be no more than 6.7% of GDP thanks to CBT's cautious stance and tight fiscal policy.
- > We expect no more interest rate cuts from CBT. The market's year-end policy rate expectation is around 8%, corresponding to a 175 bps rate hike.
- > Inflation is expected to be tame in the 1st half thanks to base effects. It is likely to see upward movement in the 2nd half. CBT's CPI call stands at 5.9%.
- > CBT's shift in its monetary policy stance caused depreciation in TRY against USD and EUR; Turkish lira appreciation is nevertheless anticipated over the medium to longer term.
- > Unemployment rate declined to 11.0% in November 2010. Improvements in the workforce are expected to continue at slower pace hereafter however.
- > Buoyed up by positive referendum results in 2010, markets expect no significant changes in the political scene after the elections.
- > In line with the long-term stable economic and political outlook, it is highly likely that international rating agencies will be assigning investment grade ratings by year-end bolstering FDI and long term loans.

Banking Sector Outlook

- > Lending volume expansion is projected to be around 20-25 % in line with CBT's tolerance.
- > NIM contraction expected to hover around 50-100 bps depending on banks' balance sheet structures. However loan growth is likely to compensate for a considerable part of the NIM contraction and thus ease the pressure on NII.
- > TRY RRR increased and differentiated on the basis of deposit maturities, thus pulling roughly TRY 20 bn in liquidity out of the market. In case of excessive loan growth, reserve requirement ratios may be increased further by CBT as additional precautions are deemed to be warranted.
- > Cost of deposits is expected to increase gradually due to existing competition in the market and higher RRRs. Banks have already started raising loan interest rates to keep their spreads over deposits.
- > Following BRSA's encouragement for bond issuance both in TRY and FX, banks are expected to issue more and more bonds during 2011.
- > Such alternative funding instruments will cause moderate deposit growth, driving a gradual rise in L/D.
- > ROEs will remain attractive in general but are expected to fall as a result of shareholder's equity inflated by high net income which is likely to be retained by banks. BRSA's cautious stance on dividend payout ratio might remain unchanged.
- > Despite ongoing penetration with branch openings and loan growth, opex growth is anticipated to rise consistently with cost-cautious and efficiency-focused strategies.
- > NPL ratio is likely to continue downward to 3.0-3.2% thanks to strong loan growth and reversal of provisions.
- > Flat cost of risk on the back of improving sentiments.
- > Capital base remains solid. Parallel running of both Basel I and Basel II will likely be the case when measuring capital adequacy ratios in order to review the outcome of the exercise.

2010 Highlights

High profitability along with strong loan growth

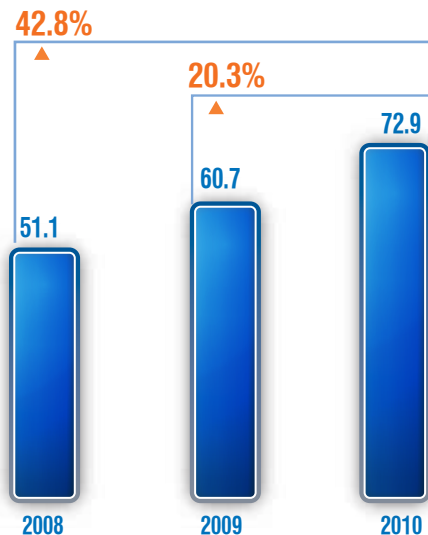
- > Net income increased by **23.3%** YoY, reaching TRY 2,010 mn
- > Outstanding ROE performance at **30.5%**
- > Loan growth being the primary driver, assets increased by **20.3%** YoY (ROA: **3.0%**)
- > Remarkable loan growth reaching TRY 44.3 bn; up by 9.1% QoQ and by **36.5%** YoY
- > Considerable increase in retail loans, up by **55.1%** YoY
- > Sound deposit base amounted to TRY 54.8 bn up by **24.6%** YoY
- > Significant growth in demand deposits, up by **33.1%** YoY
- > Unlike industry average, NII increased by **2.6%** YoY
- > NIM at **5.1%**
- > Net fees and commissions income up by **14.2%** YoY
- > Total operating revenues and net operating income up by **14.6%** and 9.8% YoY, respectively
- > 110 bps improvement in asset quality (NPL: **3.8%**)
- > Cost of risk down to **80 bps**
- > Efficient cost control with relatively low cost/income ratio at **33.9%**
- > Robust capital structure with **15.9%** CAR, above the regulatory threshold

Assets increased by 20.3% YoY, loans being the main driver

Asset Growth

YoY 20.3% **QoQ 4.8%**

Total Asset Growth (TRY billion)



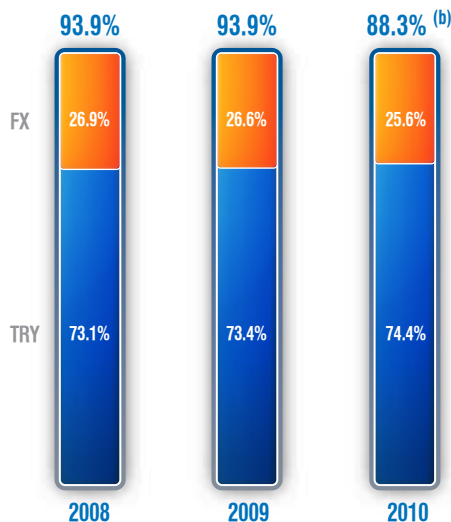
(a) Including interest accruals and excluding fund loans

(b) The impact of the abolition of interest payment in reserve requirements

IEA

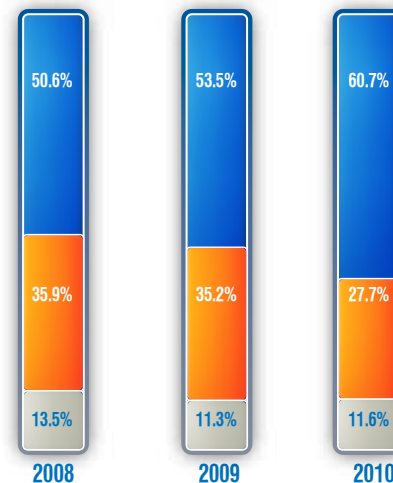
88.3%

Composition of IEAs^(a)



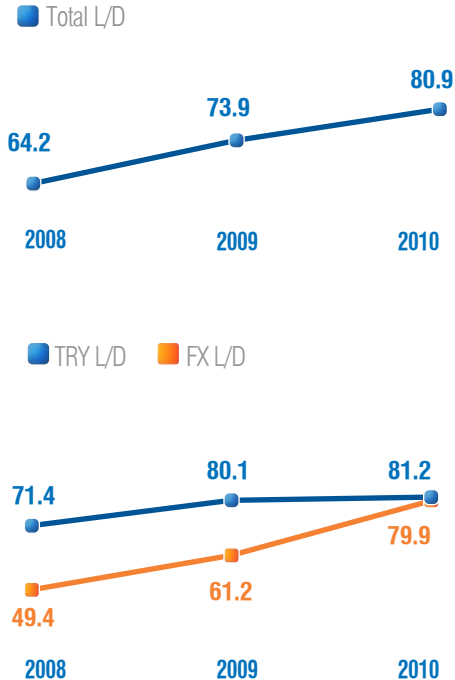
Asset Mix (%)

- Loans
- Securities
- Other Assets

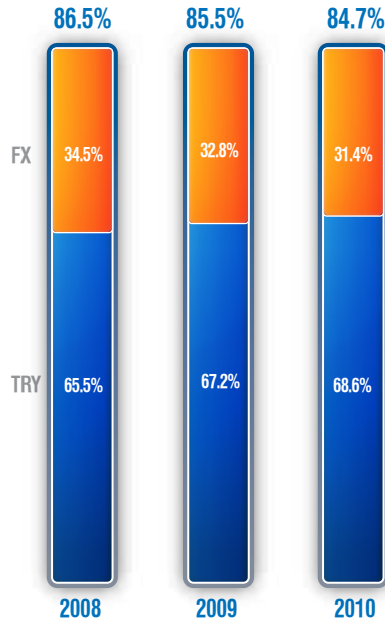


Customer deposits represent greater part of the liabilities

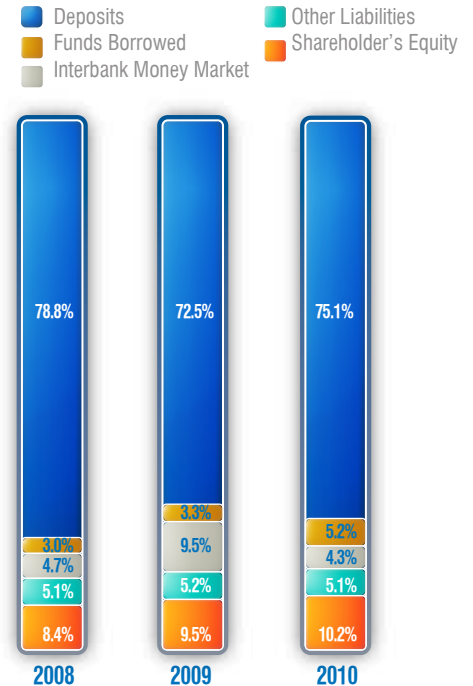
Loan to Deposit (%)



Composition of IBLs^(a)



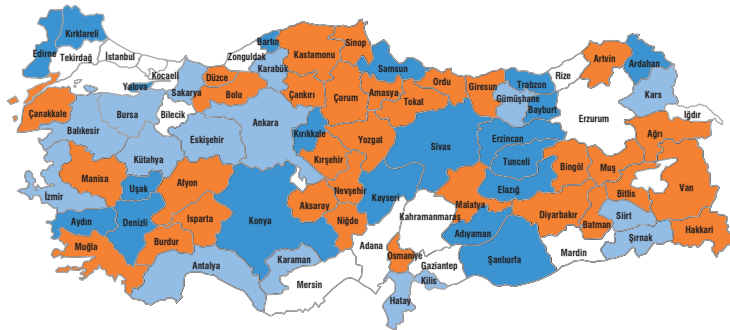
Liabilities Mix (%)



(a) Including interest accruals and excluding funds, excluding demand deposit, the share of IBL is %74 in 2010.

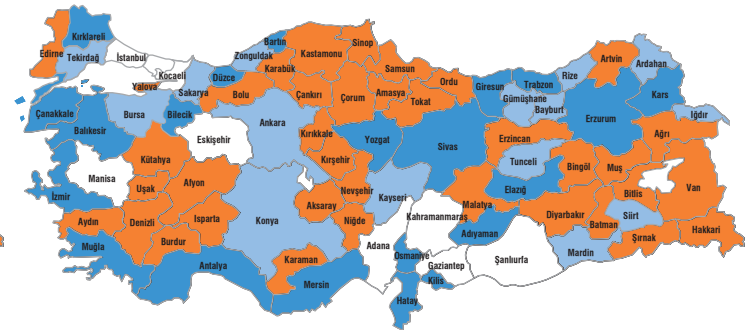
Strong presence all around the country

Loans^(a)



- #1 in 32 provinces
- #2 in 20 provinces
- #3 in 16 provinces
- 13 provinces not ranked in the first three

Deposits^(a)

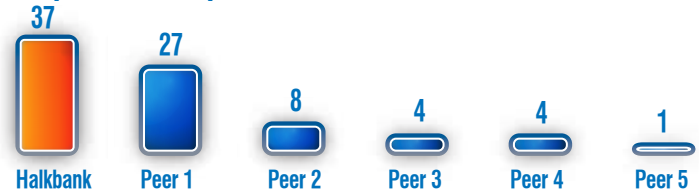


- #1 in 37 provinces
- #2 in 21 provinces
- #3 in 15 provinces
- 8 provinces not ranked in the first three

Loans - # of provinces ranked no 1 in 2010



Deposits - # of provinces ranked no 1 in 2010

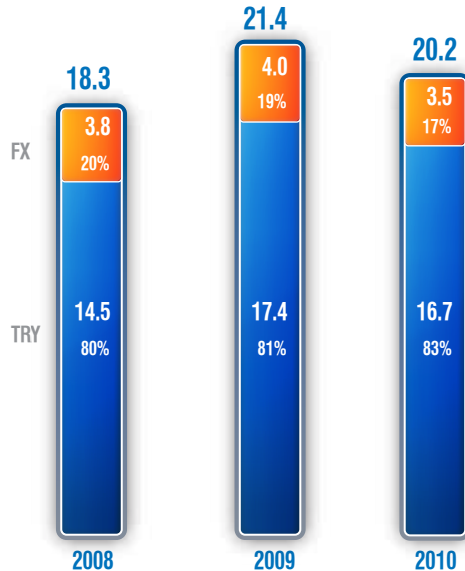


Source: 31.12.2010 BRSB data

(a) Ranking among listed banks.

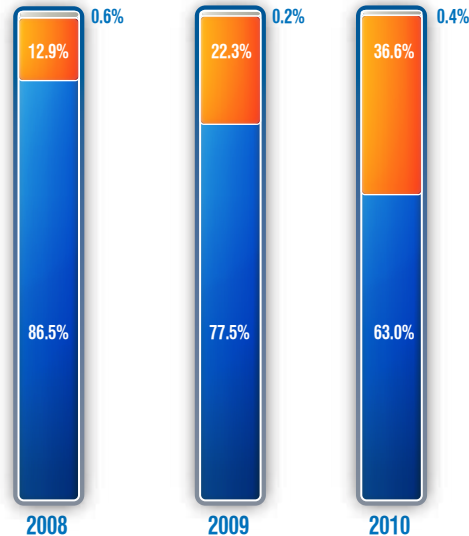
Consequential increase in the AFS portfolio

Total Securities Portfolio^(a) (TRY billion)



Total Securities Composition

■ HTM ■ AFS ■ Trading



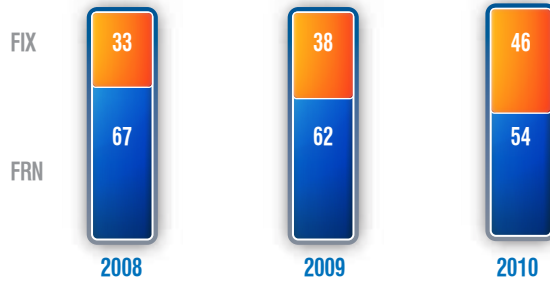
Total redemption of TRY 3 bn in 2011;

- TRY 1.4 bn principal amount
- TRY 1.6 bn coupon payment

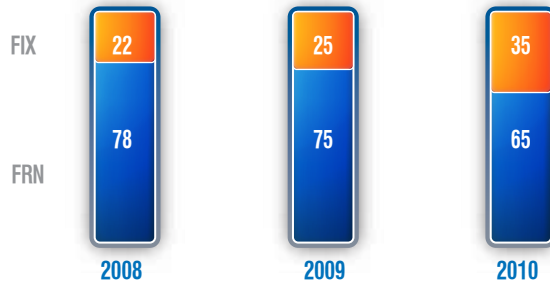
(a) FX indexed securities are booked as foreign currency.

Well diversified securities portfolio

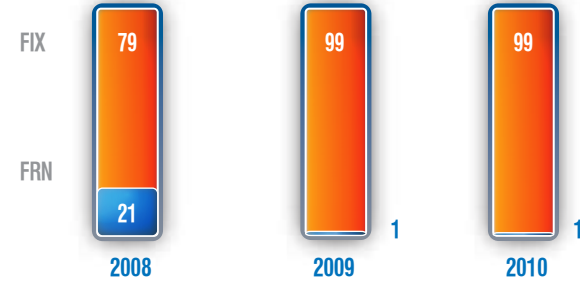
Total Securities Portfolio^(a) (%)



TRY Securities Portfolio^(a) (%)



FX Securities Portfolio^(a) (%)



**CPI-linkers
constitute 12% of
total securities.**

(a) Excluding interest accruals.

Loan growth over 37%, reinforced by the retail and commercial loans (TRY billion)^(a)

Total Loans

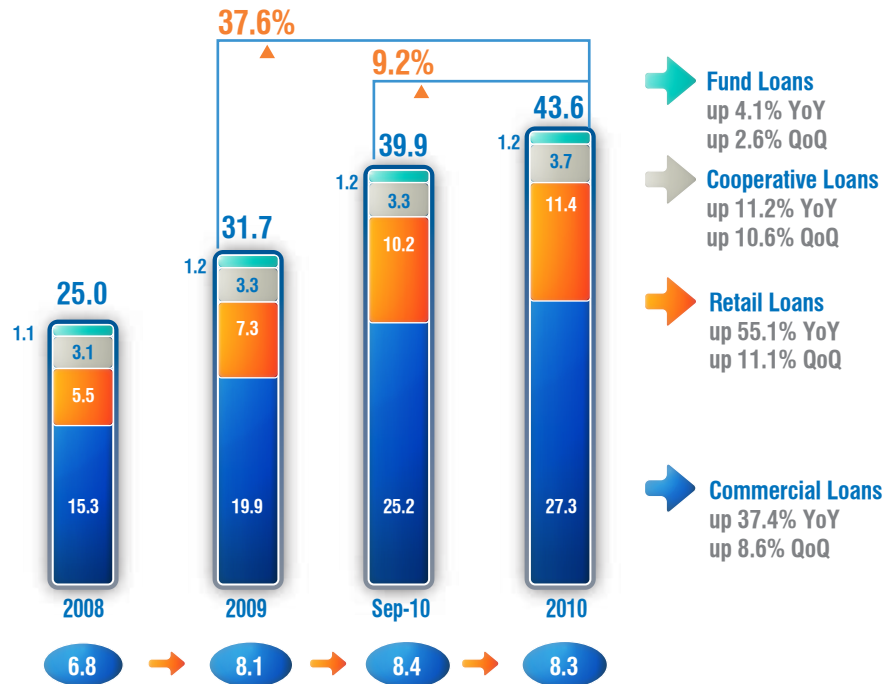
| HALKBANK | B. Sector ^(b) |
|--------------|--------------------------|
| YoY | YoY |
| 37.6% | 33.9% |
| QoQ | QoQ |
| 9.2% | 10.6% |

TRY Loans

| HALKBANK | B. Sector ^(b) |
|--------------|--------------------------|
| YoY | YoY |
| 38.1% | 33.2% |
| QoQ | QoQ |
| 6.2% | 8.8% |

FX Loans

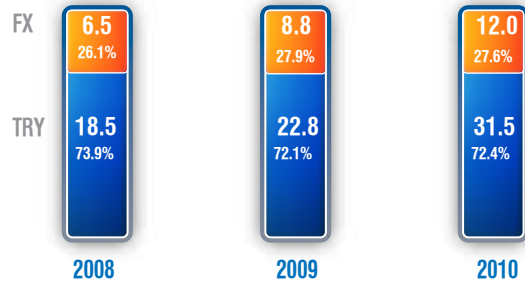
| HALKBANK | B. Sector ^(b) |
|--------------|--------------------------|
| YoY | YoY |
| 36.2% | 36.1% |
| QoQ | QoQ |
| 18.0% | 16.0% |
| in USD terms | |
| YoY | YoY |
| 32.2% | 32.1% |
| QoQ | QoQ |
| 10.3% | 8.4% |



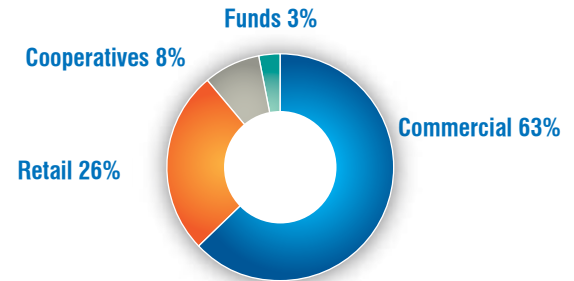
(a) Excluding interest accruals. (b) BRSA monthly data

Optimized customer segmentation

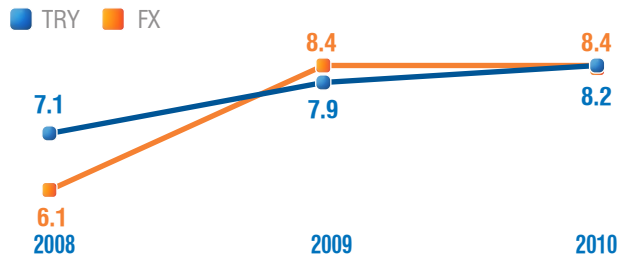
Loans by Currency (TRY billion)^(a)



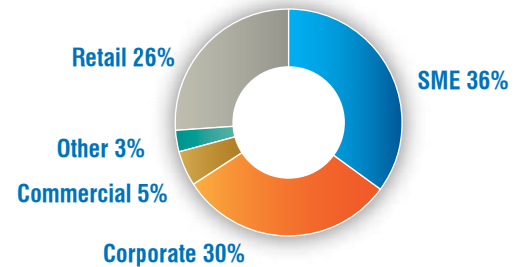
Loans by Types



Market Share in Loans by Currency (%)^(b)



Loans by Customer Segmentation



(a) Excluding interest accruals (b) BRSA monthly data

Consumer and housing loans are the primary sources of growth (TRY billion)^(a)

HALKBANK

YoY

55.1%

QoQ

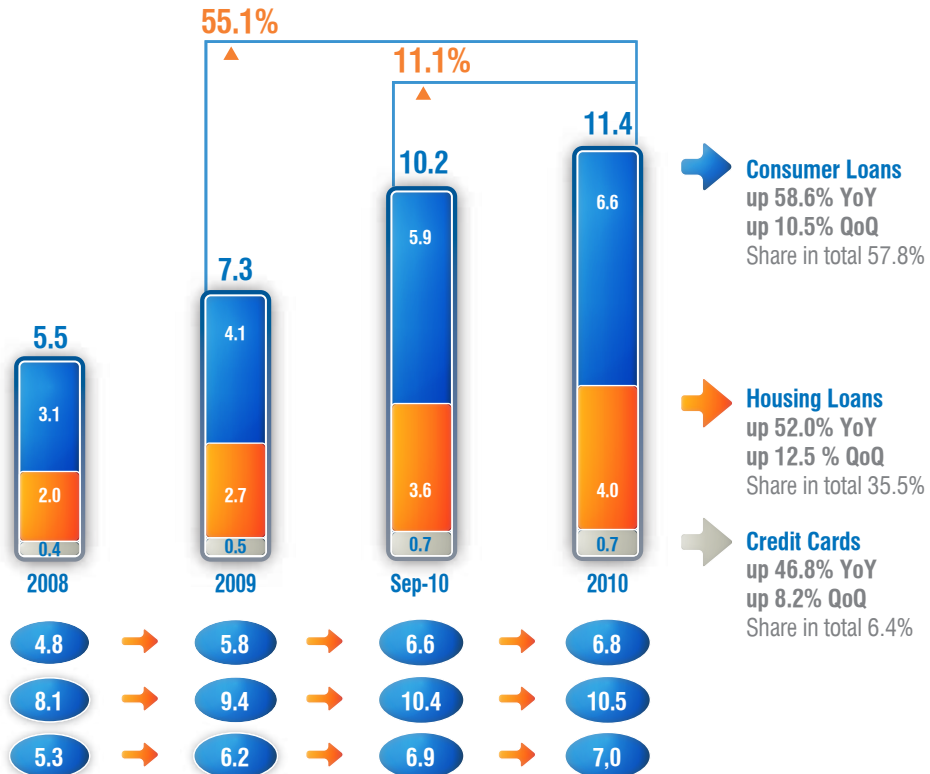
11.1%

B. SECTOR^(b)

YoY

33.1%

QoQ

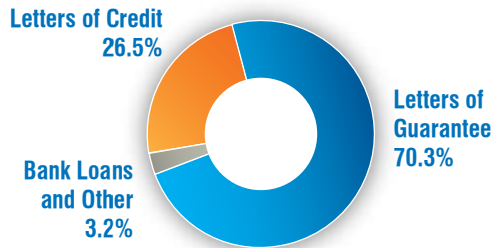
9.9%


(a) Excluding interest accruals. (b) CBRT data as of 31.12.2010.

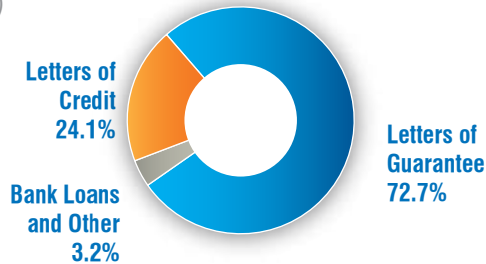
Driven by trade finance, non-cash loans up by 37% YoY and market share up 90 bps

Breakdown of Non-cash Loans (%)^(a)

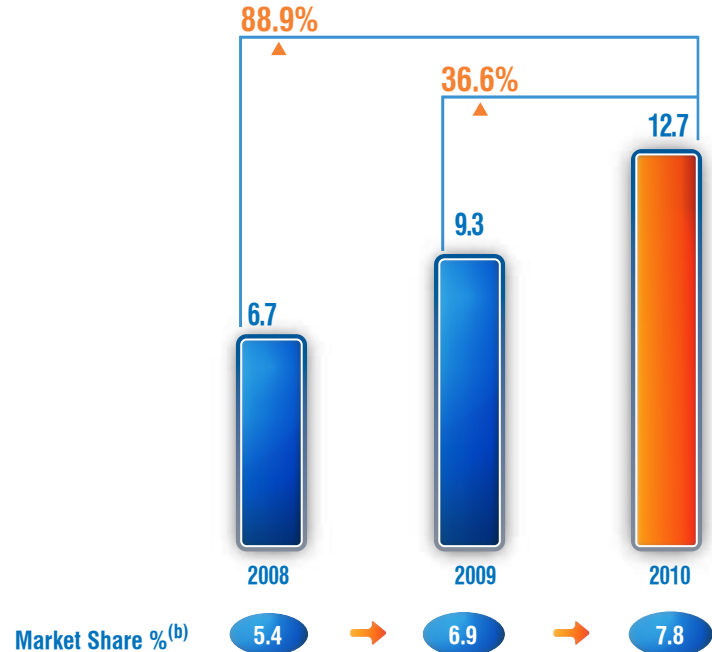
(2010)



(2009)



Non-cash Loans (TRY billion)^(a)



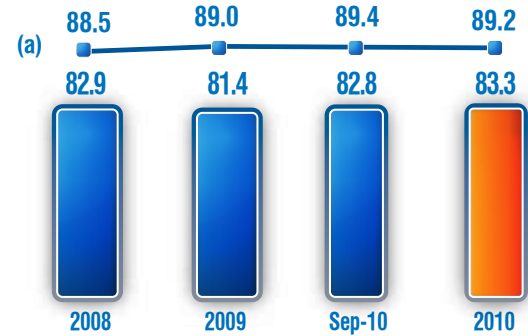
(a) Guarantees, Warranties (b) BRSA monthly data.

Slight uptick in coverage ratio; CoR at 80 bps

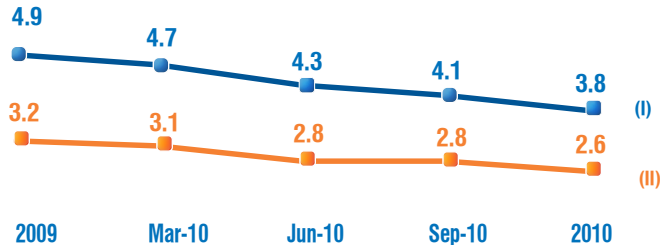
NPL Portfolio (TRY million)



NPL Coverage (%)

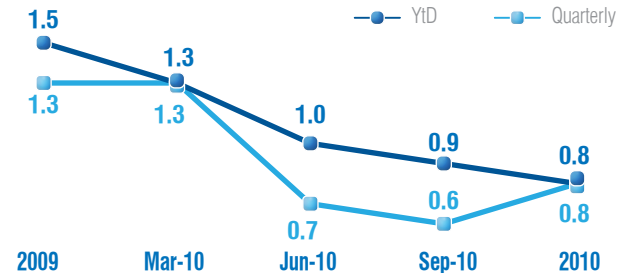


NPL / Total Loans (%)



(I) Total NPL ratio (II) Excluding the legacy of year 2001 and before NPLs

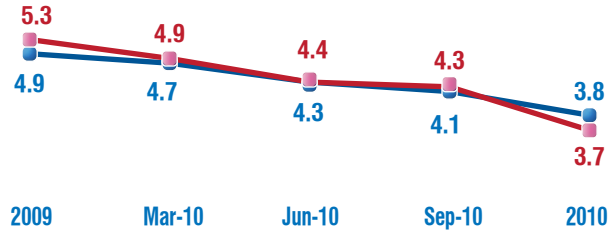
Loan Loss Provisions/ Average Net Loans (%)



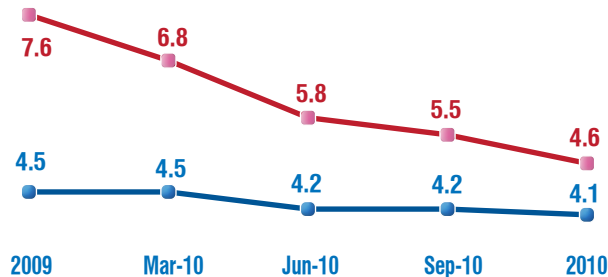
(a) Including discretionary provisions

NPL ratio down 30 bps

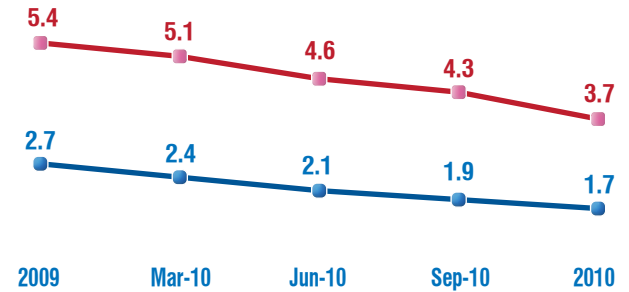
NPL / Total Loans (%)^(a)



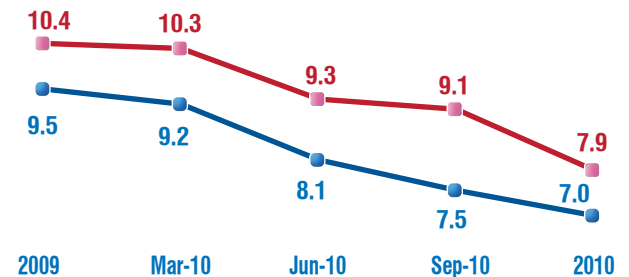
SME Loans (%)^(a)



Consumer Loans (%)^(b)



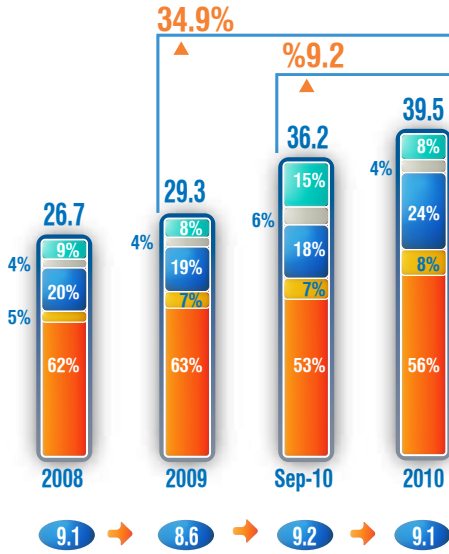
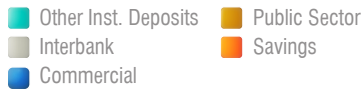
Credit Cards (%)^(b)



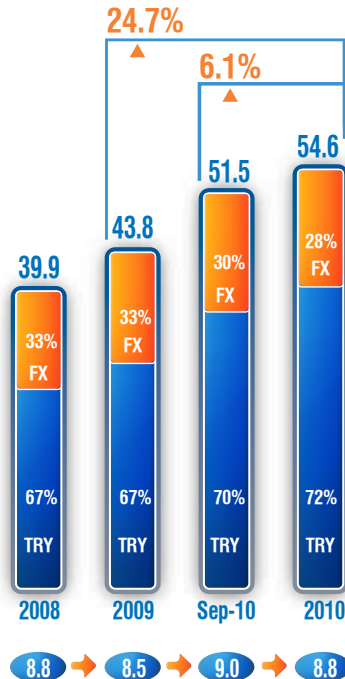
(a) BRSA monthly data (b) CBRT data as of 31.12.2010.

Expanding share of demand deposits

TRY Deposits by Types (TRY billion)^(a)

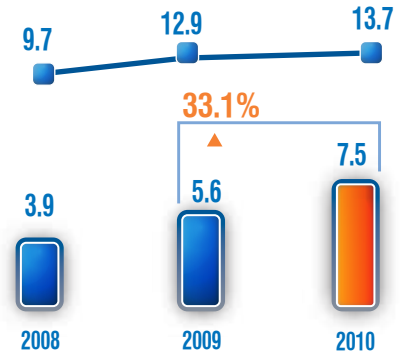


Total Deposits by Currency (TRY billion)^(a)



Demand Deposit (TRY billion)^(a)

— Demand Deposits/Total Deposits

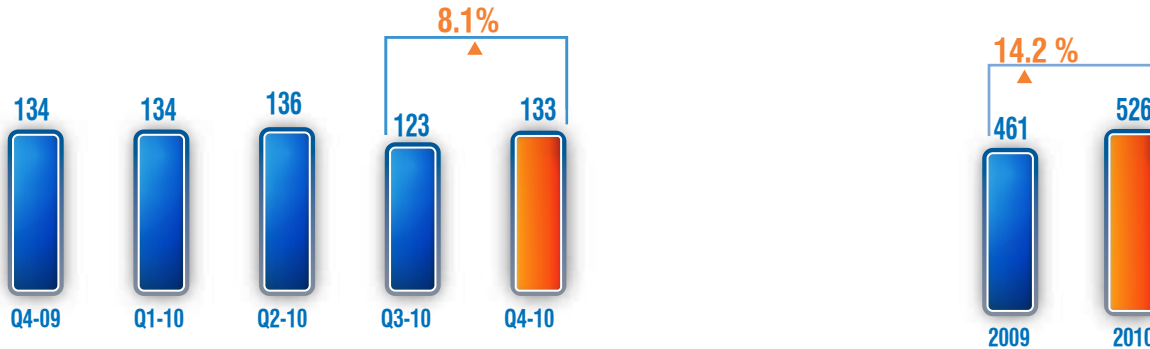


| | | HALKBANK | B. Sector ^(b) |
|--------------|-----|-----------------|---------------------------------|
| Total Dep. | YoY | 24.7% | 19.9% |
| | QoQ | 6.1% | 7.7% |
| TRY Dep. | YoY | 34.9% | 27.0% |
| | QoQ | 9.2% | 10.3% |
| FX Dep. | YoY | 4.0% | 6.0% |
| | QoQ | -1.3% | 2.0% |
| in USD terms | YoY | 1.0% | 2.8% |
| | QoQ | -7.8% | -4.7% |

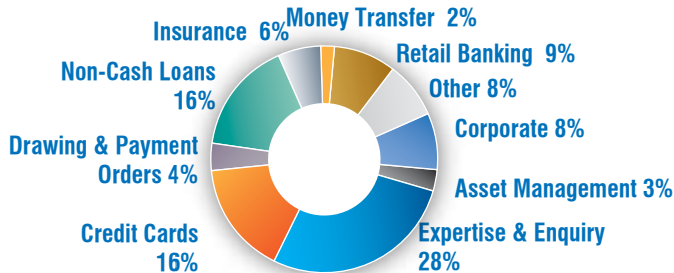
(a) Excluding Interest Accruals (b) BRSA monthly data

14.2% YoY growth in fees and commissions income

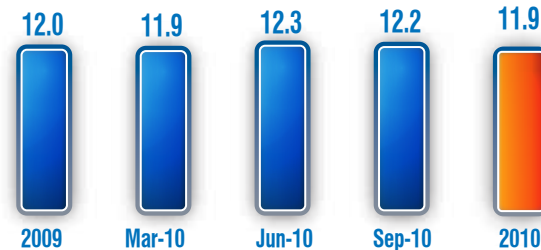
Net Fees & Commissions Income (TRY million)



Breakdown of Fees & Commissions Income

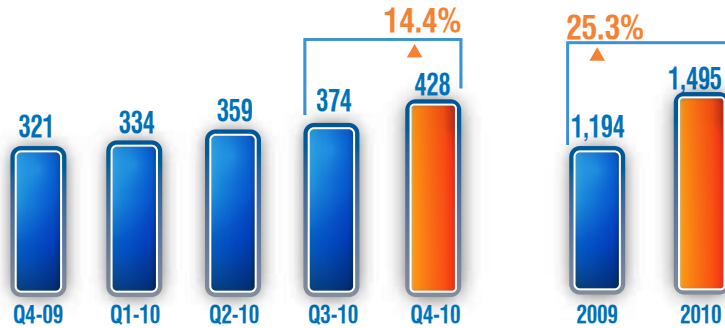


Net Fees & Commissions Income/Total Operating Revenues (%)



C/I still comfortable

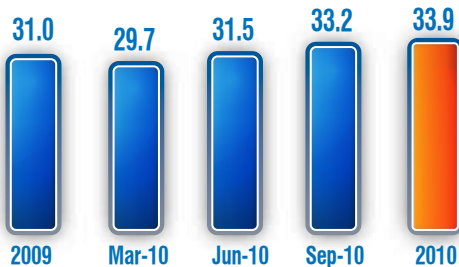
Operating Expenses (TRY million)



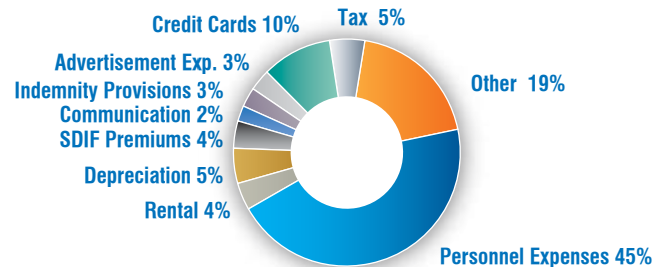
Operating Expenses/Average Assets (%)



Cost/Income (%)

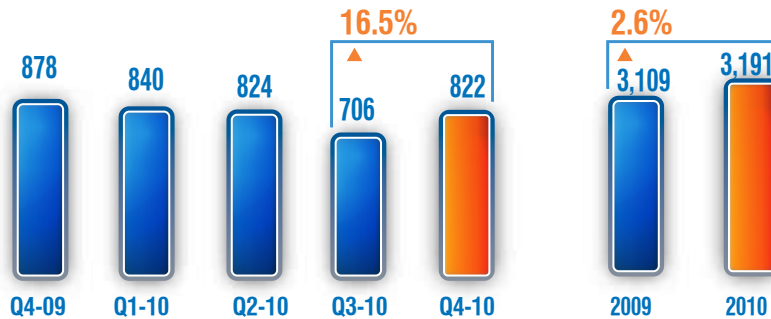


Breakdown of Operating Expenses

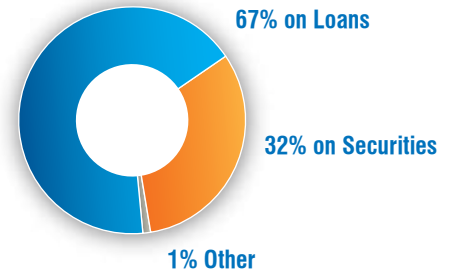


NII up 16.5% quarterly

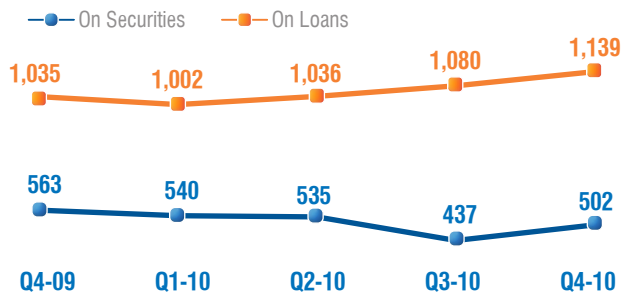
Net Interest Income (TRY million)



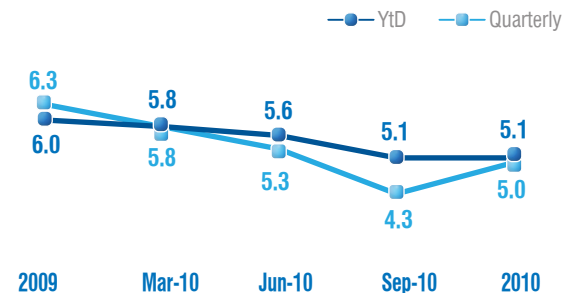
Breakdown of Interest Income



Interest Income (TRY million)

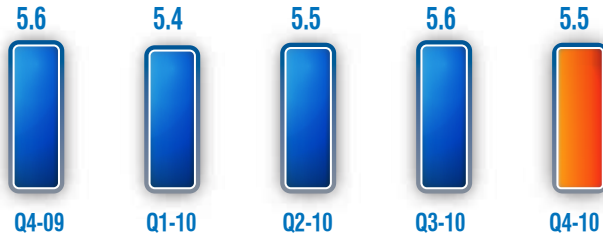


NIM (%)

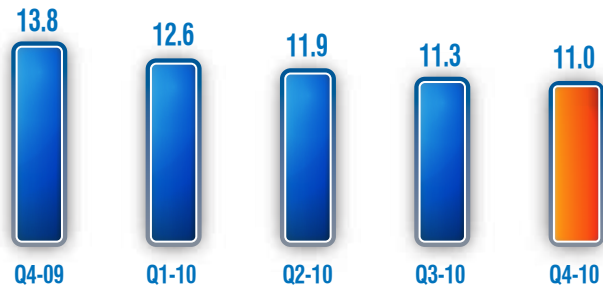


Cost-Yield-Spread^(a) - Quarterly

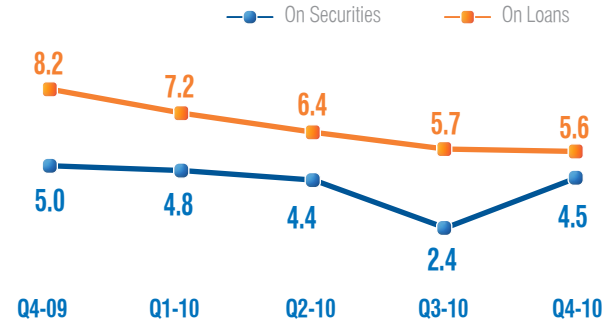
Cost of Deposits (%)



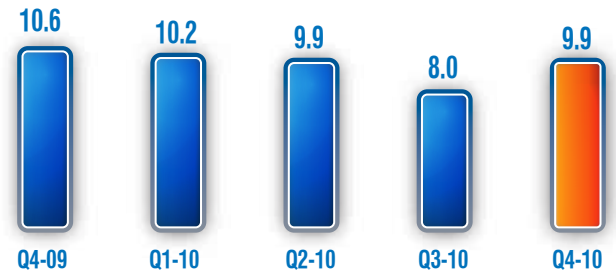
Yield on Loans (%)^(b)



Spreads (%)



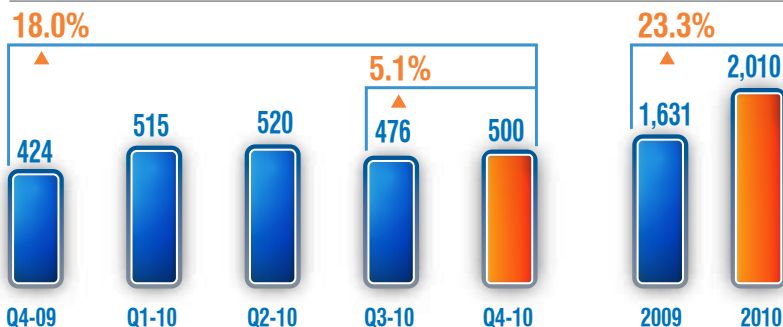
Yield on Securities (%)



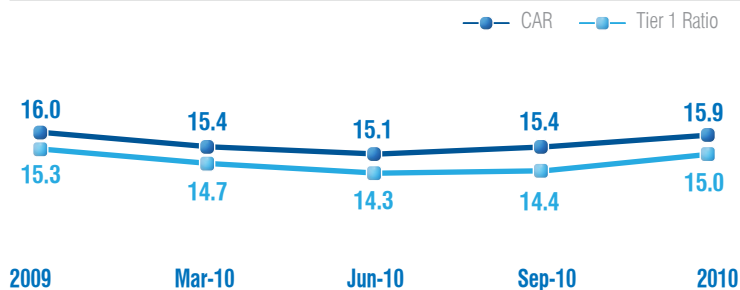
(a) TRY-FX blended (b) Excluding fund loans

Net Income - Profitability Ratios

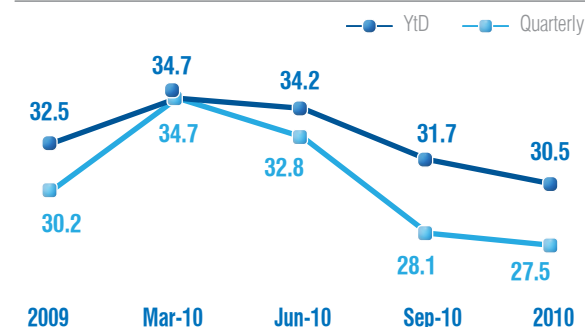
Net Income (TRY million)



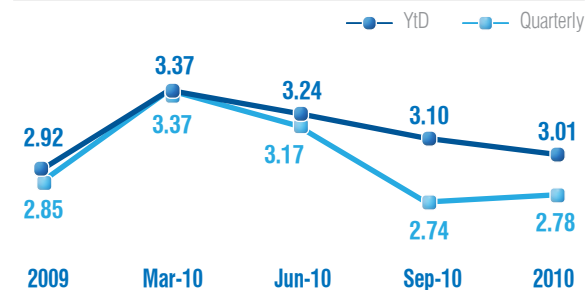
Capital Ratios (%)



ROE (%)



ROA (%)

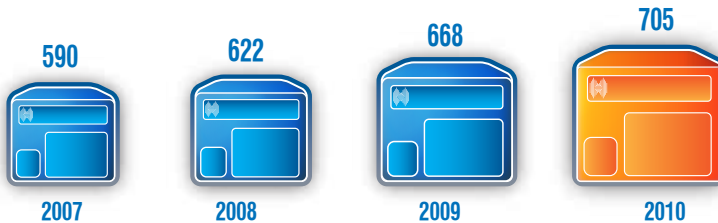


Branch Network – Human Resources



- In 2010, 37 new branches opened, 19 of which are in big cities. The total figure has come up to 705.
- 1,829 new employees have been recruited since the end of 2009.

Total Branches^(a)



(a) Including domestic branches and special transaction centers.

Human Resources



Appendix

Balance Sheet

| In TRY million | 2009 | Sep-10 | 2010 | QoQ Change % | YoY Change % |
|--|---------------|---------------|---------------|-----------------|-----------------|
| Cash and Balances Held with the Central Bank (a) | 3,416 | 4,026 | 4,650 | 15 | 36 |
| Banks & Money Market (b) | 1,136 | 1,515 | 1,109 | (27) | (2) |
| Securities (b) | 21,373 | 20,744 | 20,207 | (3) | (5) |
| Net Loans (b) | 32,458 | 40,618 | 44,296 | 9 | 36 |
| Gross NPL | 1,668 | 1,718 | 1,758 | 2 | 5 |
| NPL Net | 309 | 295 | 293 | (1) | (5) |
| Property and Equipment | 1,150 | 1,243 | 963 | (23) | (16) |
| Other Assets | 1,118 | 1,435 | 1,717 | 20 | 54 |
| Total Assets | 60,650 | 69,581 | 72,942 | 5 | 20 |
| Deposits (b) | 43,950 | 51,655 | 54,782 | 6 | 25 |
| Funds Borrowed (b) | 2,032 | 3,456 | 3,824 | 11 | 88 |
| Interbank Money Market(b) | 5,762 | 3,671 | 3,155 | (14) | (45) |
| Funds | 1,316 | 1,300 | 1,295 | 0 | (2) |
| Other Liabilities | 1,101 | 1,684 | 1,584 | (6) | 44 |
| Provisions | 731 | 831 | 857 | 3 | 17 |
| Shareholders' Equity | 5,760 | 6,984 | 7,445 | 7 | 29 |
| Total Liabilities | 60,650 | 69,581 | 72,942 | 5 | 20 |

(a) Reserve deposits monitored in balance with Central Bank.

(b) Including interest accruals.

Income Statement

| In TRY million | 2009 | 2010 | YoY (%) | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | QoQ (%) |
|---|--------------|--------------|-----------|------------|------------|------------|------------|------------|-----------|
| Interest Income | 6,817 | 6,351 | (7) | 1,626 | 1,565 | 1,596 | 1,543 | 1,647 | 7 |
| On Loans | 4,226 | 4,256 | 1 | 1,035 | 1,002 | 1,036 | 1,080 | 1,139 | 5 |
| On Securities | 2,442 | 2,014 | (18) | 563 | 540 | 535 | 437 | 502 | 15 |
| Interest Expense | 3,708 | 3,160 | (15) | 748 | 725 | 772 | 838 | 825 | (2) |
| On Deposits | 3,212 | 2,772 | (14) | 601 | 616 | 669 | 747 | 739 | (1) |
| Net Interest Income | 3,109 | 3,191 | 3 | 878 | 840 | 824 | 706 | 822 | 16 |
| Net Fees and Commissions | 461 | 526 | 14 | 134 | 134 | 136 | 123 | 133 | 8 |
| Net Trading Income | 16 | 115 | - | (16) | 61 | 15 | 88 | (49) | - |
| Other Operating Income | 261 | 575 | 120 | 51 | 93 | 98 | 99 | 285 | 186 |
| Reversal of Loan Loss Provisions | 150 | 220 | 47 | 29 | 64 | 61 | 52 | 42 | (19) |
| Total Operating Revenues | 3,846 | 4,407 | 15 | 1,046 | 1,128 | 1,073 | 1,016 | 1,190 | 17 |
| Operating Expenses | 1,194 | 1,495 | 25 | 321 | 334 | 359 | 374 | 428 | 14 |
| Net Operating Income | 2,653 | 2,912 | 10 | 726 | 793 | 714 | 642 | 762 | 19 |
| Provision for Loan Losses and Other Receivables | 646 | 458 | (29) | 199 | 149 | 99 | 79 | 131 | 65 |
| Loan Loss Provisions for Cash Loans | 434 | 316 | (27) | 103 | 111 | 62 | 60 | 83 | 38 |
| Profit/(Losses) from Associates | 11 | 56 | 419 | 0 | 5 | 24 | 27 | 0 | - |
| Income Before Taxes | 2,017 | 2,509 | 24 | 527 | 649 | 640 | 590 | 631 | 7 |
| Provision for Tax | 386 | 499 | 29 | 103 | 134 | 120 | 114 | 131 | 15 |
| Net Income | 1,631 | 2,010 | 23 | 424 | 515 | 520 | 476 | 500 | 5 |

4th Quarter 2010 Non-recurring items

- a) Net TRY 139 mn from the revaluation of the assets transferred to REIT company.
- b) TRY 49 mn foreign exchange loss in Demir-Halkbank after the evaluation with historical cost.
- c) TRY 10 mn additional provision to increase coverage.

For further information please contact
halkbank.IR@halkbank.com.tr



DISCLAIMER

The information contained in this presentation has been prepared by Türkiye Halk Bankası A.S. (the Bank) for informational purposes only. Although the information in this presentation has been obtained from sources which the Bank believes to be reliable, the Bank cannot guarantee that the information is without fault or entirely accurate. The information contained in this presentation has not been independently verified. No representation or warranty express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The information and opinions in this presentation are provided as at the date of this presentation and are subject to change without notice. Türkiye Halk Bankası A.S. does not accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or otherwise arising in connection with this presentation. This presentation cannot be interpreted as an advice to anyone and is also strictly confidential and may not be reproduced, distributed or published for any purpose.