



2013 Earnings Presentation



Macro Outlook

- > FED finally started tapering its monthly bond purchases: first to USD 75 bn from USD 85 bn in mid-December and then to USD 65 bn in late Jan-14. QE3 still in place at a marginally lower pace.
- > UST 10Y yield rapidly climbed to highest level of 3.05% in early Jan-14 since Jun-11 as tapering took place, then subsided to 2.7%.
- > Having finished Q3-13 at 8.5%, benchmark bond rate pulled back to 7.6% in late Oct-13, since then increasing with volatility and now hovering at 10.6%.
- > Turkey grew a stronger than expected 4.4% in Q3-13 compared with the same period of last year.
- > Dec-13 IP increased by 6.9% YoY whereas Q4-13 average IP growth materialized as 3.8%.
- > CBRT revised upward its inflation expectation for the 2014 to 6.6% from 5.3% on the back of depreciation in TRY, tax hikes and increase in food prices.
- > CBRT decided to tighten further its monetary stance and hiked interest rates mainly due to the depreciation in TRY and upside risks on its inflation target. In this respect, it raised interest rates in the range of 425-550 bps for one-week repo rate, lower and upper end of corridor and PD O/N lending rate to 10.0%, 8.0%, 12.0% and 11.5% respectively.
- > CBRT changed funding composition as well from O/N funding (previously 7.75%) to one-week repo funding (now 10.0%). Consequently, CBRT funding cost raised effectively by ~225 bps.
- > CBRT sold FX reached USD 24.0 bn since June 11th but could not curb the depreciation in TRY which recorded another 11.0% in 4Q-13 and 3.0% till mid-February.
- > Dec-13 trade deficit was USD 9.9 bn, bringing annual deficit to USD 99.8 bn which is up by 19% YoY.
- > Yearly CAD registered USD 65.0 bn in which net gold trade posted a deficit USD 11.8 bn as of Dec-13.
- > CPI ended 2013 at 7.4%, above CBRT's target zone. Core Indexes H and I at 7.11% and 7.08% respectively, both seem sticky at above 7.0% on the back of depreciated TRY.
- > Jan-14 monthly inflation data at 1.98%, core indexes H and I jumped to 7.70% and 7.59%, headline inflation at 7.75%.
- > Unemployment rate realized as 9.9% in Nov-13.
- > 2013 budget showed a deficit of TRY 18.4 bn, below estimated figure. Total primary balance ended up with TRY 31.5 bn surplus. Budget deficit / GDP is expected to be ~1.2%.

Banking Sector Overview

- > Loans up by 31.8% YoY, almost 6.5% stemmed from local currency depreciation. Loan book reached TRY 1,047 bn.
- > Retail loans grew by 24.2% YoY. In terms of subsegments: consumer, housing loans and credit cards increased annually 28.3%, 27.2% and 16.7%, respectively.
- > On funding front, total deposits raised 22.5% YoY. Increase in TRY deposits 14.1% YoY and FX deposits 16.3% YoY in real terms.
- > L/D ratio continued to rise, reaching 110.7% as well as TRY L/D rose to 126.7%.
- > NPL ratio down to 2.7% in 2013, NPL coverage at 76.4%, CoR slightly down to 114 bps.
- > 2013 net income increased by 5.1% YoY mainly backed by the increase in NII and fees & commissions.
- > Trading gains not supportive of the bottom line, registered 46.9% YoY decrease in 2013.
- > RoE at 14.2% and RoA at 1.6%, dropped to annually lowest levels.
- > C/I ratio rose to 44.1%.
- > CAR at 15.3% in 2013; high credit growth, MtM losses and local currency depreciation resulted in 257 bps YoY contraction on CAR.
- > Basel III rules effective as of Jan-14, capital buffers set to be partially applied in 2016.
- > New consumer protection law, approved in Nov-13 authorizing BRSA to determine product and service fees. Becomes effective in May-14.
- > BRSA introduced new changes to the existing credit cards, auto and housing loans regulations (effective as of Feb-14):
 - No installments for gasoline, telecommunication services, food and jewelry purchases with credit cards.
 - Maximum credit card financing period will be limited to 9 months regardless of type of purchase.
 - Terms of consumer loans will be capped at 36 months whereas auto loans at 48 months.
 - Loan to value (LTV) of 75% will be applied for auto loans amounted less than TRY 50.000. If the loan amount exceeds TRY 50.000, LTV will be 70% for the first TRY 50.000 tranche and 50% for the exceeding amount.
 - Housing loans will be subject to 75% cap on LTV as well.

2013 Highlights

- > Quarterly net income up **27.3%** reaching **TRY 741 mn** in Q4-13 and YE2013 net income up **6.0%** YoY amounting to **TRY 2,751 mn**.
- > Solid fundamentals mirrored in profitability ratios, RoE and RoA at **20.8%** and **2.2%**, respectively.
- > Robust NIM at **4.9%** despite challenging market conditions.
- > Total assets up **29.2%** YoY fostered by strong loan growth.
- > Loan growth back on fast lane **28.8%** YoY, propped up by the increase across all segments.
- > Stable and sound asset quality; NPL ratio down **30 bps** to **2.6%** (no write-offs/sell-offs), CoR at **58 bps** level.
- > NPL coverage still remarkably high at **80.6%**.
- > Strong deposit base up **11.3%** QoQ and **26.0%** YoY climbing to **TRY 100 bn**.
- > L/D ratio down to **84.2%**, far below sector average, offers room for further growth and flexibility going forward.
- > Total operating revenues up **8.3%** YoY.
- > Fees and commissions up **8.3%** YoY reaching **TRY 930 mn**.
- > C/I ratio at **39.2%** significantly below industry average despite new investments and one-off impact on OpEx.
- > Strong and high quality capital base reinforced by retained earnings; CAR at **13.9%**.

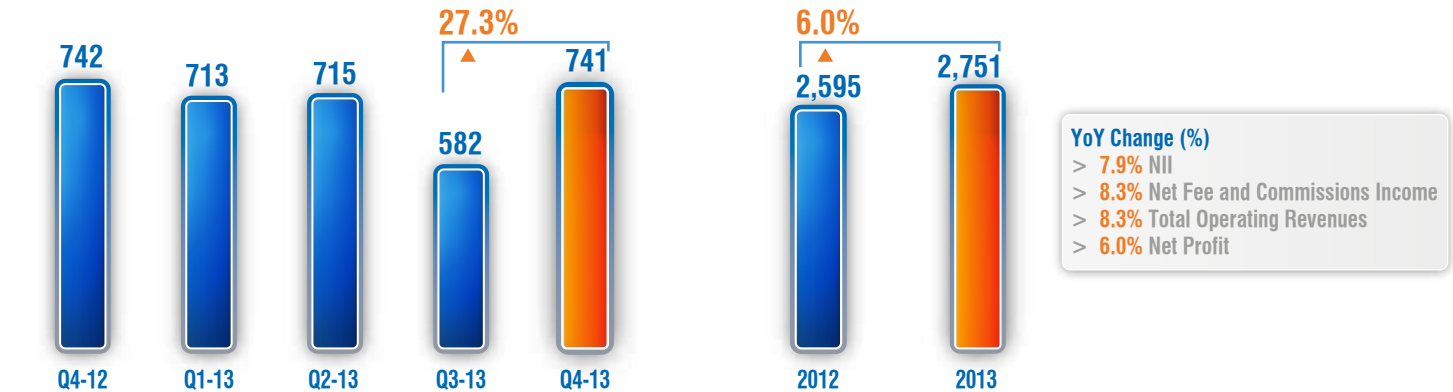
2013 Performance matrix based on major ratios ^(a)

	RoE	RoA	NIM	C/I	Net Loan / Deposits	NPL	Gross NPL ^(b) Growth	Tier 1
HALKBANK	20.8%	2.2%	4.9%	39.2%	84.2%	2.6%	14.6%	12.7%
Peer 1	18.7%	2.4%	4.2%	46.1%	111.3%	3.6%	40.8%	11.3%
Peer 2	13.7%	1.7%	4.2%	43.3%	111.5%	2.1%	20.1%	13.2%
Peer 3	13.7%	1.6%	4.1%	50.5%	111.8%	1.6%	10.5%	11.6%
Peer 4	13.6%	1.7%	4.2%	37.6%	105.1%	1.5%	50.3%	14.7%
Peer 5	12.9%	1.3%	4.8%	41.0%	106.4%	3.9%	29.6%	10.6%

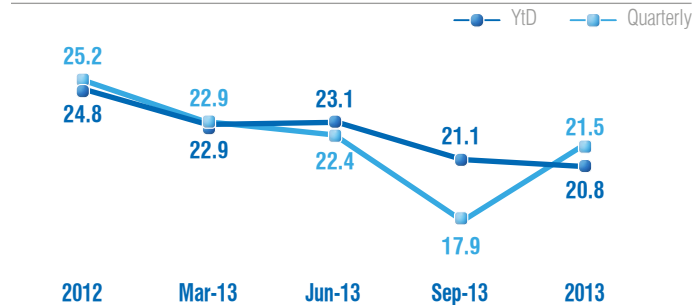
(a) Based on unadjusted bank only figures (b) Including write offs, Peers ranked by RoE

Net Income growth 6.0% YoY, RoE 20.8%

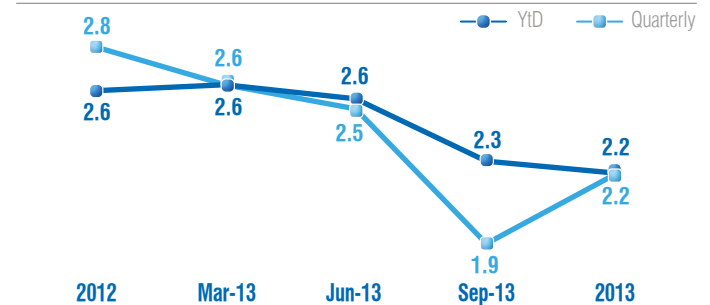
Net Income (TRY million)



RoE (%)



RoA (%)

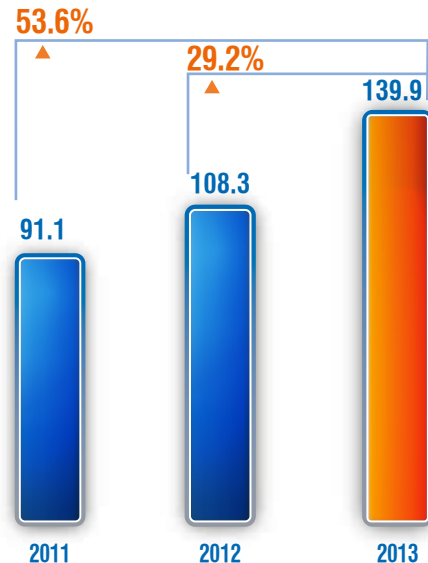


Strong asset growth with well-balanced composition

Asset Growth

YoY 29.2% QoQ 8.9%

Total Asset Growth (TRY billion)

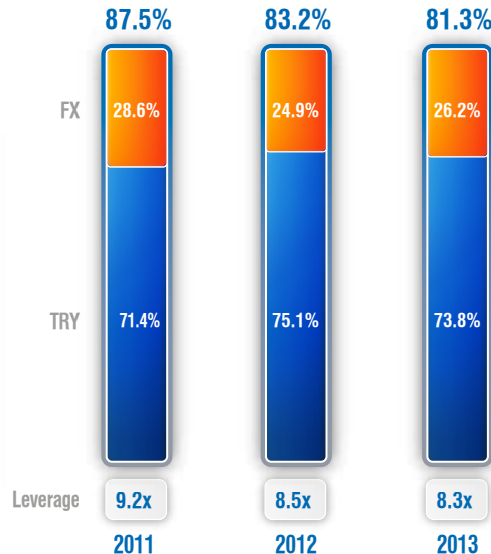


(a) Including interest accruals and excluding fund loans

IEA

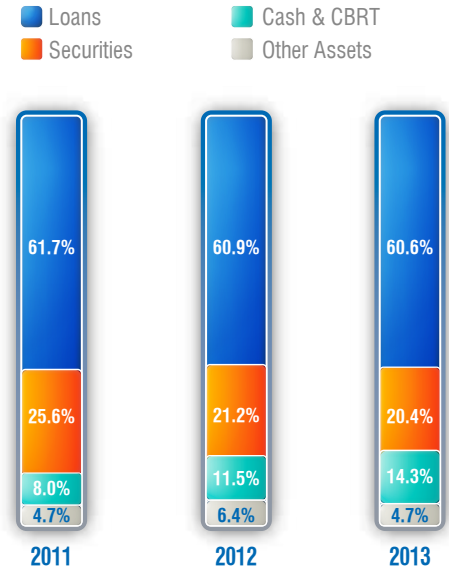
81.3%

Composition of IEAs^(a)



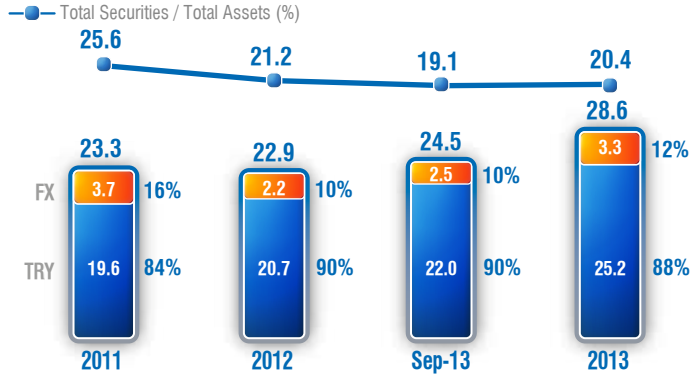
Securities portion 20.4%

Asset Mix (%)

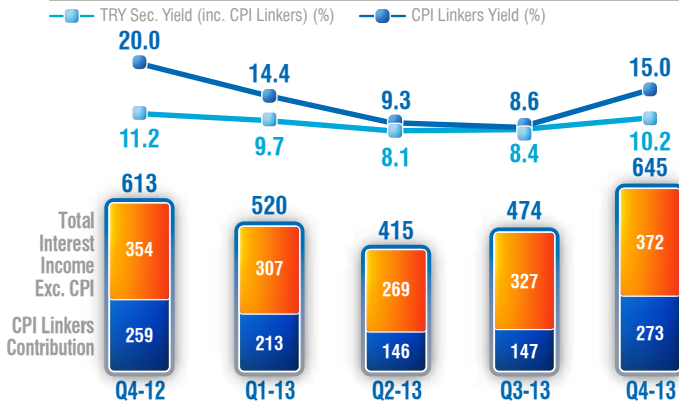


TRY securities yield up to 10.2%, AFS portion down to 33.4%

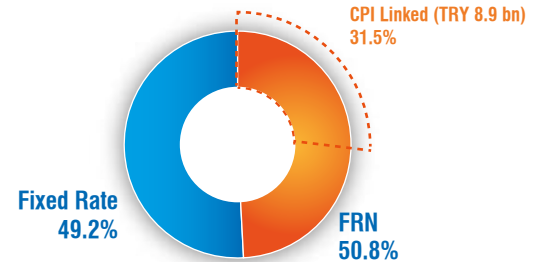
Total Securities Portfolio (TRY billion)



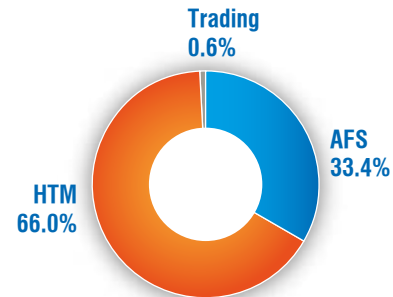
TRY Securities Yield (%)



Interest Structure (%)



Securities Composition (%)



Sustained lending growth

(TRY billion)^(a)

Total Loans

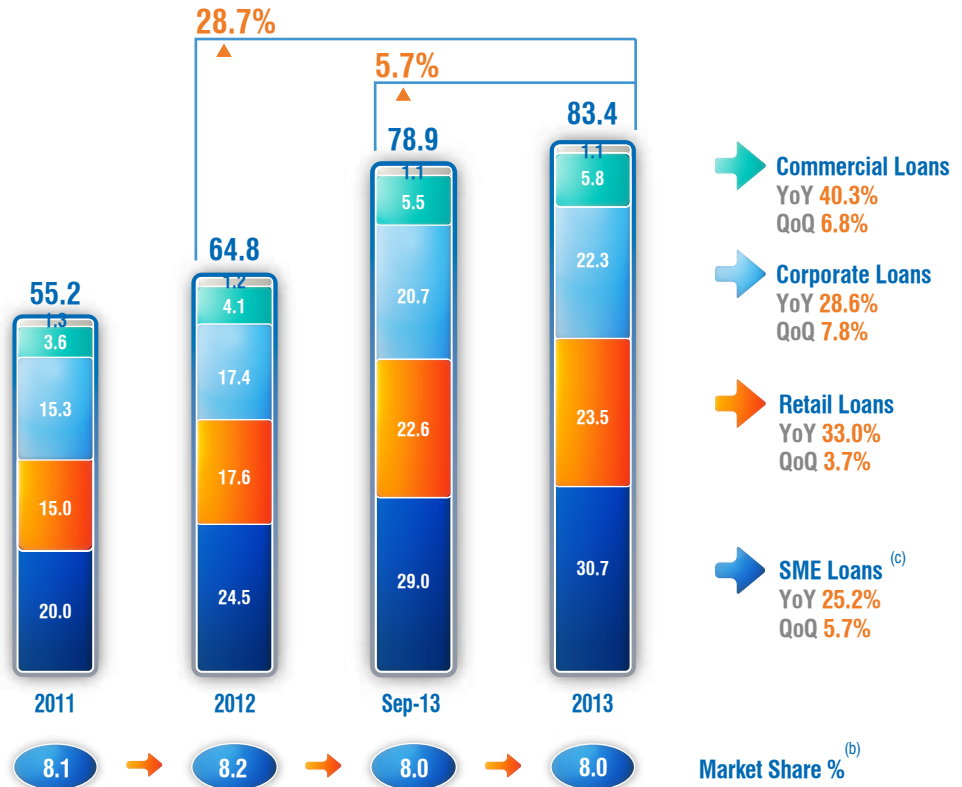
HALKBANK	B. Sector ^(b)
YoY	YoY
28.7%	31.8%
QoQ	QoQ
5.7%	5.8%

TRY Loans

HALKBANK	B. Sector ^(b)
YoY	YoY
24.8%	27.9%
QoQ	QoQ
4.4%	4.4%

FX Loans

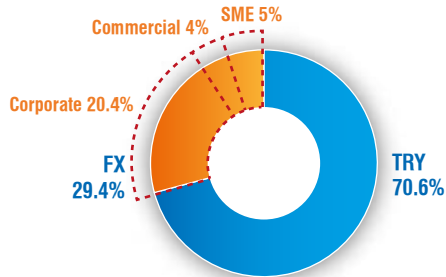
HALKBANK	B. Sector ^(b)
YoY	YoY
39.1%	42.8%
QoQ	QoQ
9.1%	9.5%
in USD terms	
YoY	YoY
15.8%	18.9%
QoQ	QoQ
2.9%	3.3%



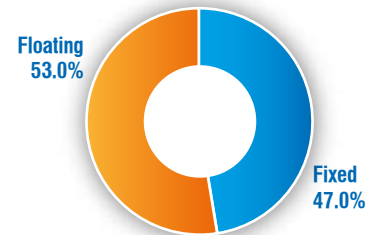
(a) Excluding interest accruals (b) BRSA monthly data as of Dec-13 (c) According to the BRSA definition

Sectoral diversification maintained, FX lending mainly in corporate segment

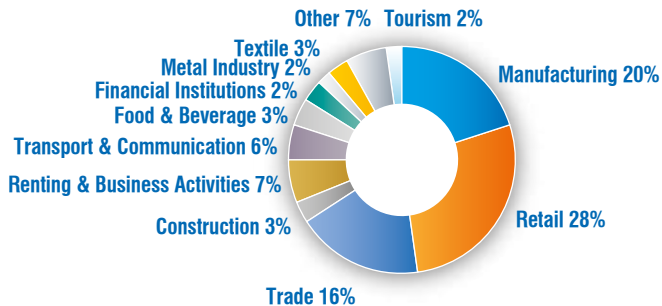
Loans by Currency (%)^(a)



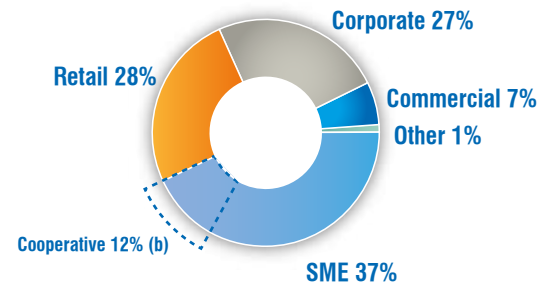
Interest Structure (%)^(a)



Sectoral Breakdown of Loans (%)^(a)



Loans by Customer Segmentation (%)^(a)



(a) Excluding interest accruals (b) Micro SMEs

Solid retail loan growth

(TRY billion)^(a)

HALKBANK

YoY

33.0%

QoQ

3.7%

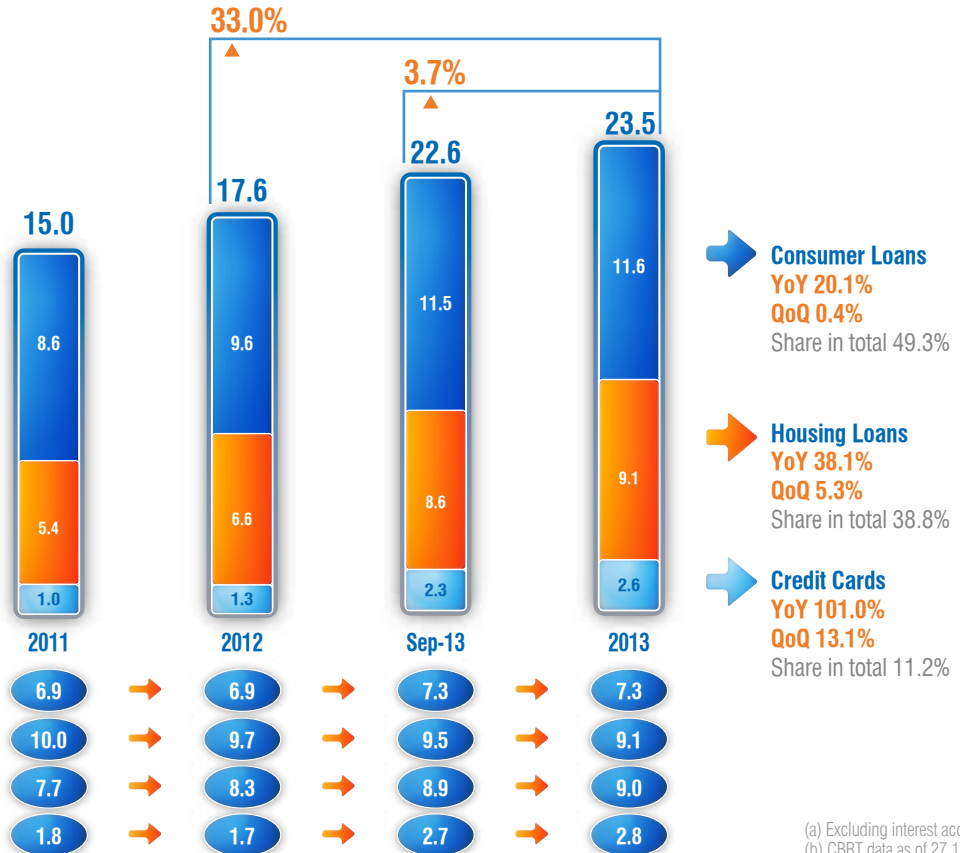
B. SECTOR^(b)

YoY

24.2%

QoQ

3.4%



Retail Loans Market Share %

Consumer Loans Market Share %

Housing Loans Market Share %

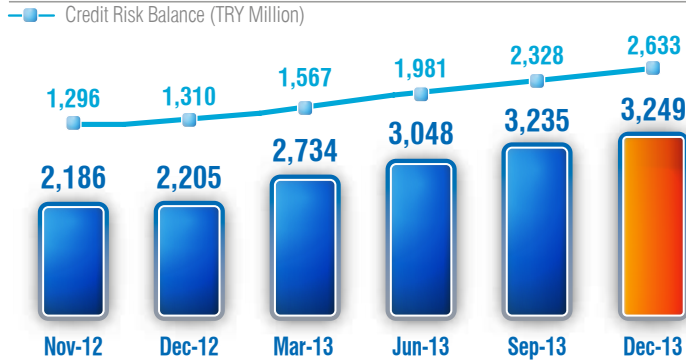
Credit Card Loans Market Share %

(a) Excluding interest accruals.

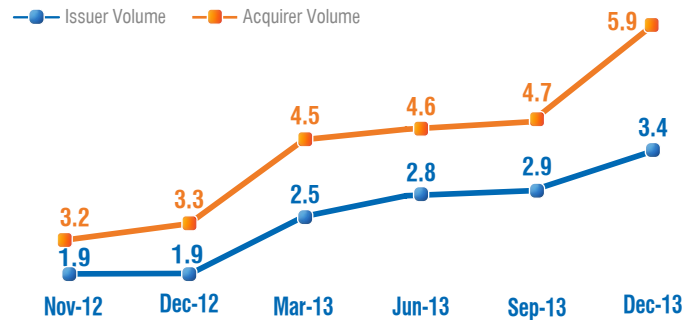
(b) CBRT data as of 27.12.2013

Credit card business makes important progress

of Credit Cards (Thousand)

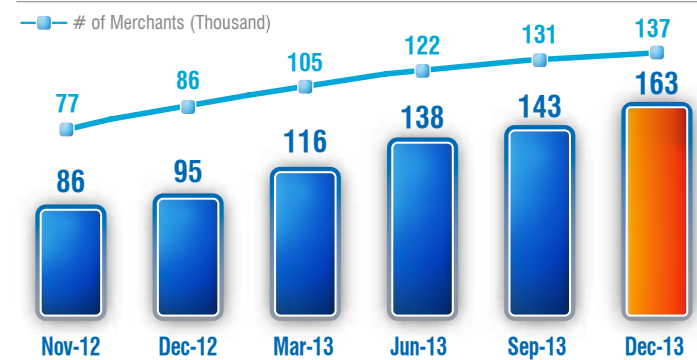


Credit Card Market Shares (%)^(a)



(a) Source: Interbank Card Center Data, monthly volume

of POS (Thousand)

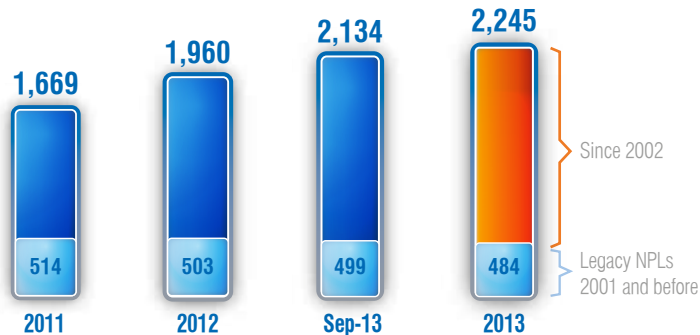


Selected Figures (TRY mn)

	2012	2013	Growth (%)
Issuer Volume	6,987	11,959	71.2
Acquirer Volume	10,116	20,012	97.8
Credit Card Risk Balance	1,310	2,633	101.0

Sound asset quality sustained

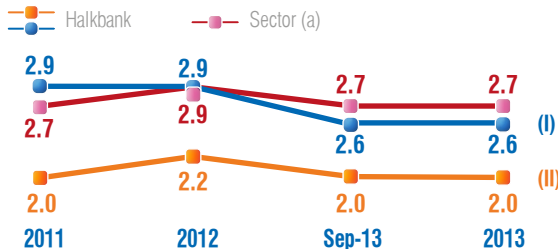
NPL Portfolio (TRY million)



NPL Coverage (%)



NPL / Total Loans (%)



Despite sell-offs in the industry, sector NPL in nominal terms up 26.4% YoY, whereas increase in Halkbank NPL was limited to 14.6% YoY.

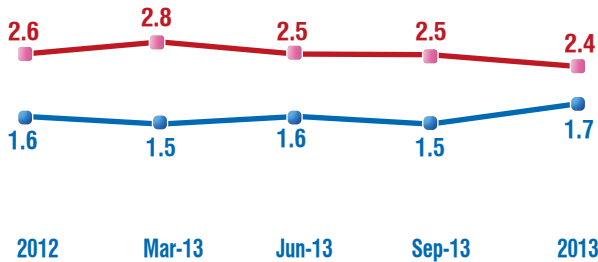
(I) Total NPL ratio (II) Excluding the legacy of year 2001 and before NPL's

(a) BRSA monthly data as of Dec-13

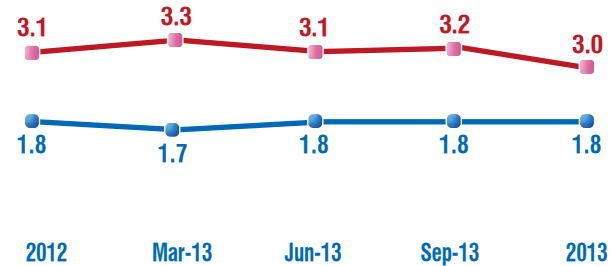
NPL ratio reinforcing risk-adjusted return in all segments

—●— Halkbank NPL —■— Sector NPL (a,b)

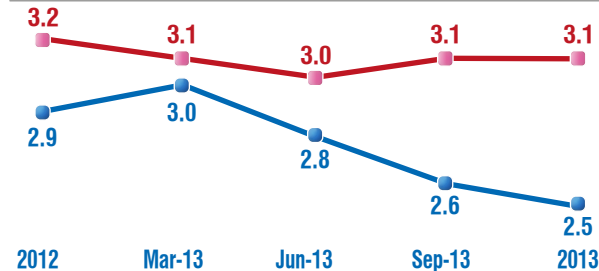
Corporate - Commercial (%)^(a)



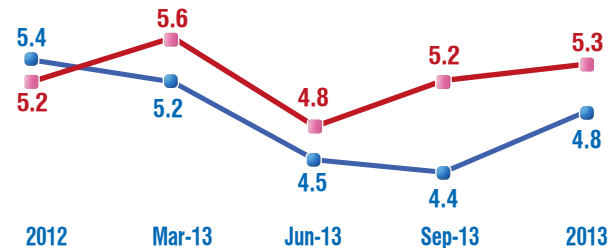
Consumer Loans (%)^(b)



SME Loans (%)^(a)



Credit Cards (%)^(b)

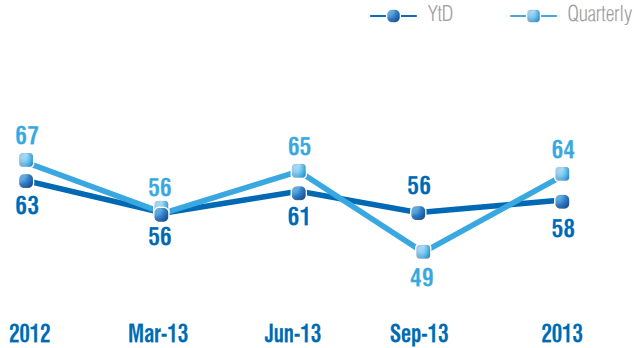


(a) BRSA data as of Dec-13, Halkbank data excluding legacy NPLs

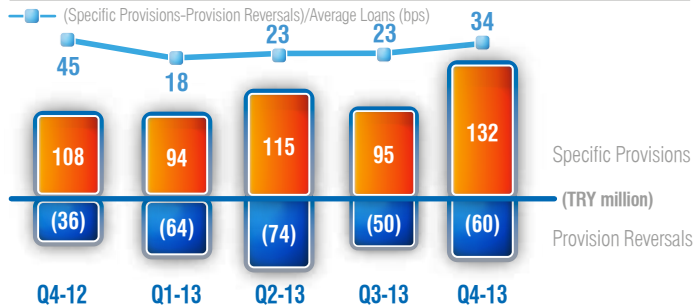
(b) CBRT data as of 27.12.13

58bps CoR better than initially guided

Cost of Risk (bps)^(a)



Net Cost of Risk

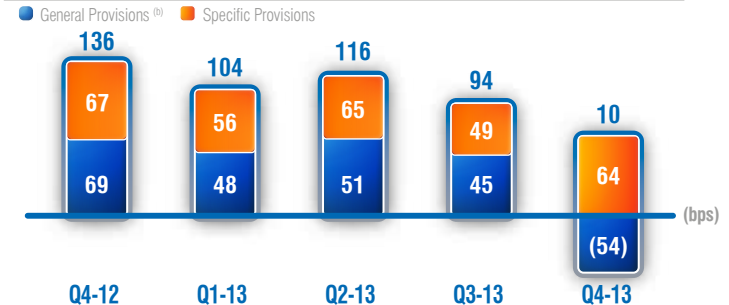


(a) Specific Provisions / Average Net Loans

Cost of Risk by Segments (bps)^(a)



Gross Cost of Risk (bps)

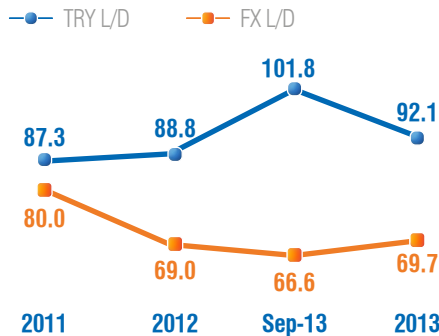
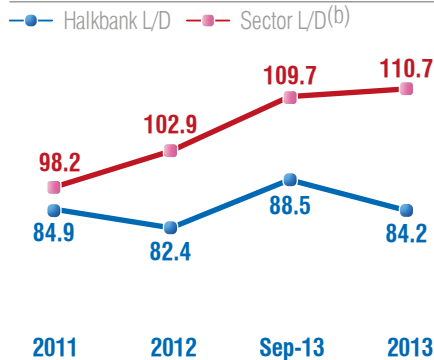


(b) General Provisions of Cash Loans / Average Cash Loans

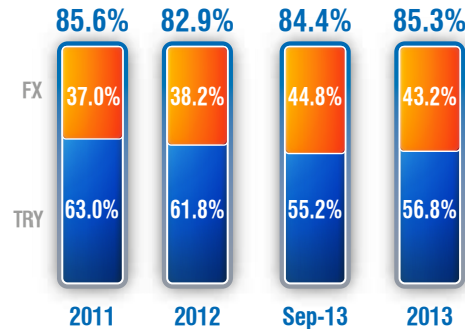
Low L/D decoupling from the sector

IBL 85.3%^(a)

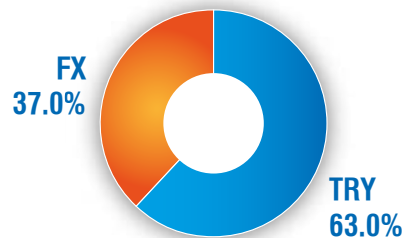
Loan to Deposit (%)



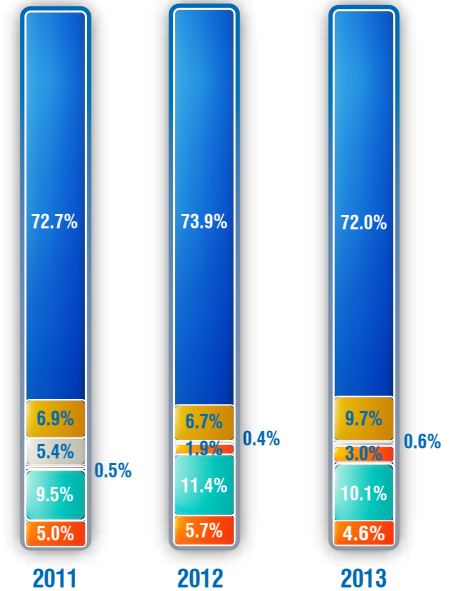
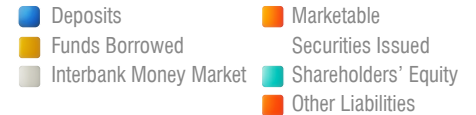
Composition of IBLs ^(a)



Liabilities by Currency (%)



Liabilities Mix (%)



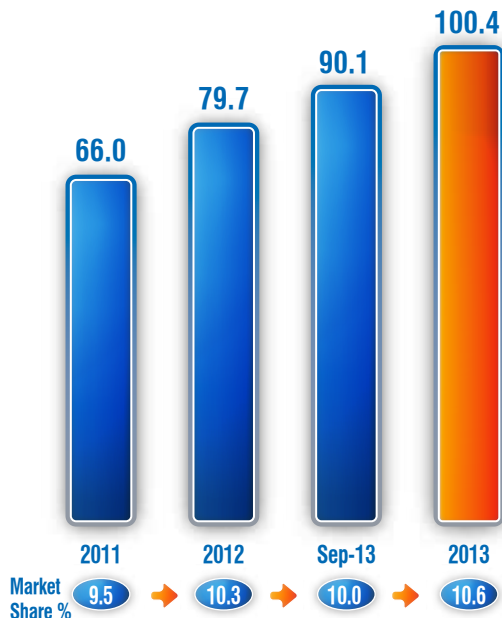
(a) Including interest accruals and excluding funds. Excluding demand deposit, the share of IBL is 71.9% in 2013.

(b) BRSA monthly data as of Dec-13

Strong deposit growth, increasing market share

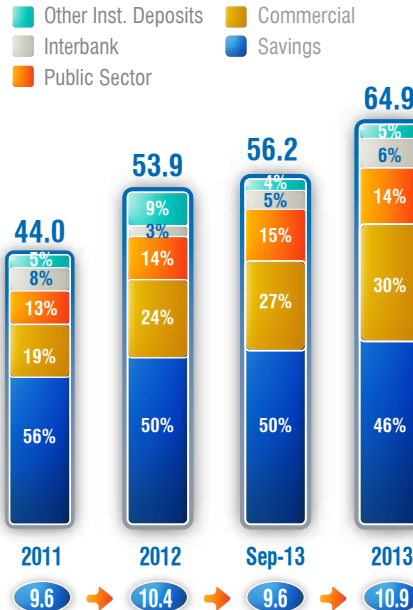
		HALKBANK	B. Sector ^(b)
Total Dep.	YoY	26.0%	22.5%
	QoQ	11.4%	4.8%

Total Deposits (TRY billion)^(a)



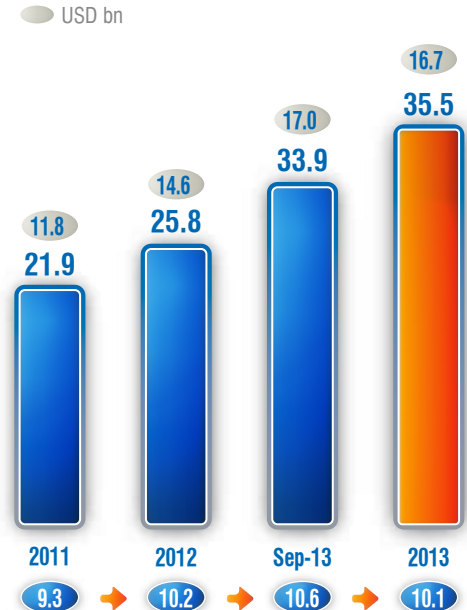
		HALKBANK	B. Sector ^(b)
TRY Dep.	YoY	20.4%	14.1%
	QoQ	15.6%	2.0%

TRY Deposits (TRY billion)^(a)



		HALKBANK	B. Sector ^(b)
FX Dep.	YoY	37.7%	39.7%
	QoQ	4.5%	9.9%
in USD terms	YoY	14.6%	16.3%
	QoQ	-1.4%	3.6%

FX Deposits (TRY billion)^(a)

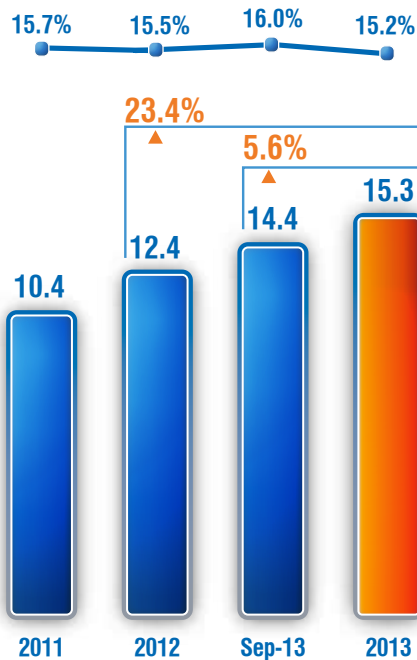


(a) Excluding interest accruals (b) BRSA monthly data as of Dec-13.

Growth in time and demand deposit

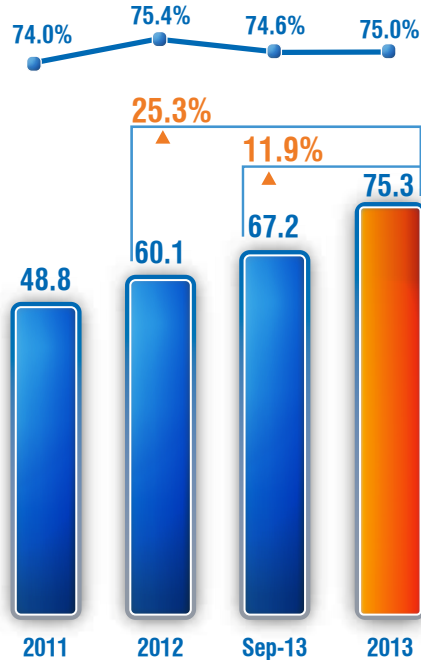
Demand Deposit (TRY billion)^(a)

—●— Demand Deposits/Total Deposits (%)

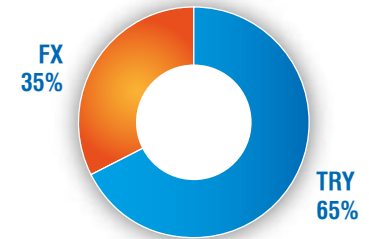


Time Deposits (TRY billion)^(a)

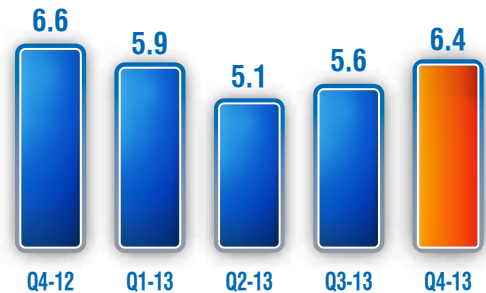
—●— Time Deposits/Total Deposits (%)



Deposits by Currency (%)



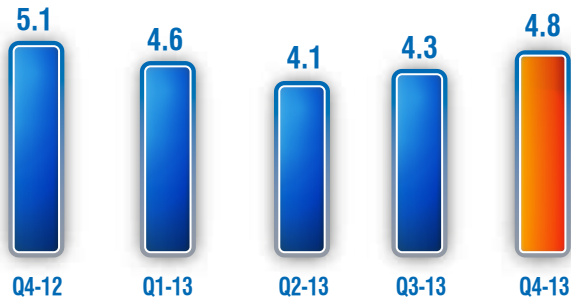
Cost of TRY Deposits (%)^(b)



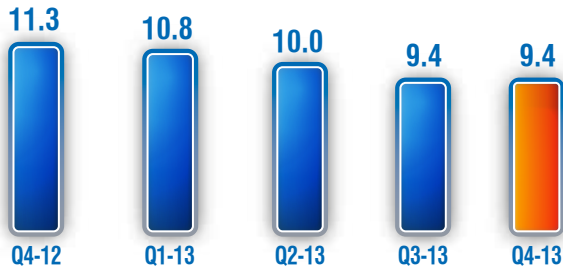
(a) Excluding interest accruals (b) Time & Demand Blended

Cost-Yield-Spread^(a)

Cost of Deposits (%)

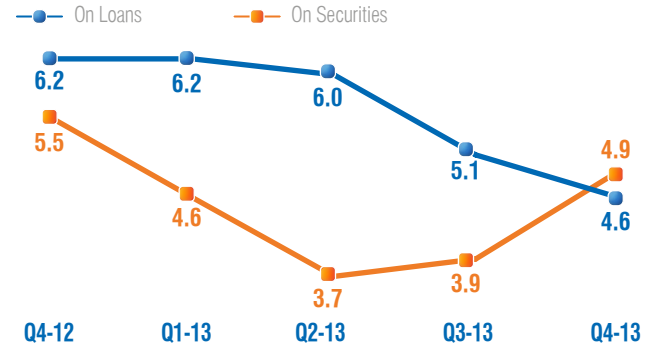


Yield on Loans (%)^(b)

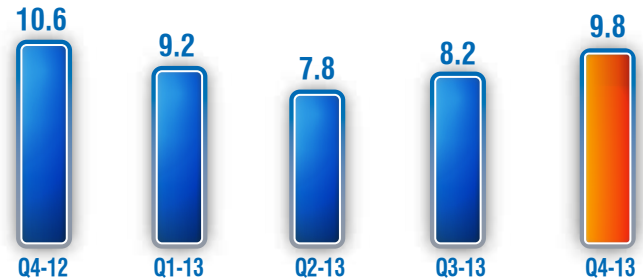


(a) TRY-FX blended (b) Excluding fund loans

Spreads (%)



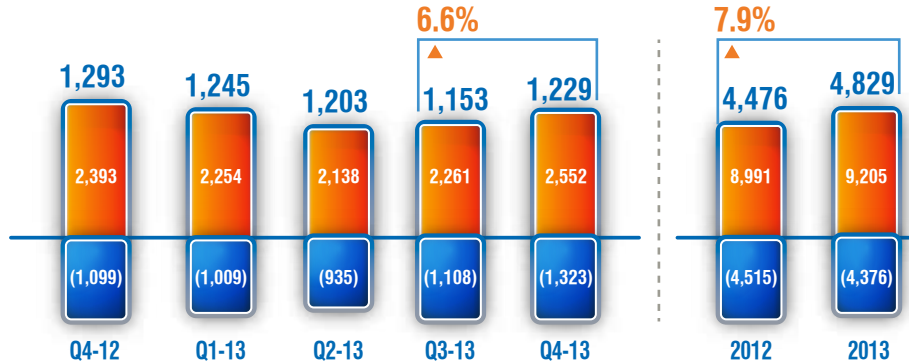
Yield on Securities (%)



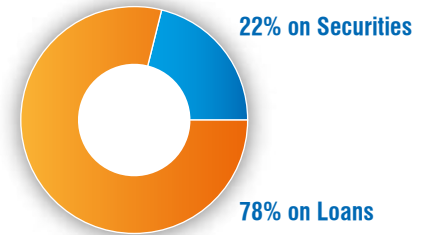
NII up 7.9% YoY

Net Interest Income (TRY million)

Interest Income
Interest Expenses

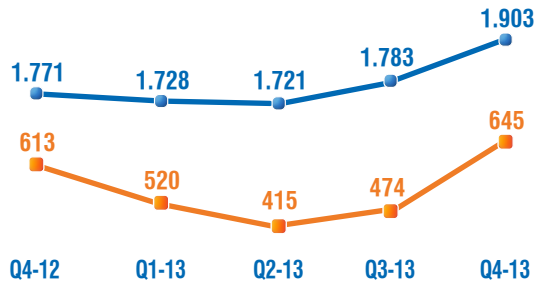


Breakdown of Interest Income (%)



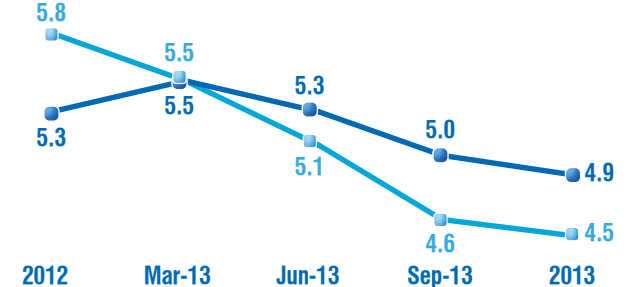
Interest Income (TRY million)

On Loans On Securities



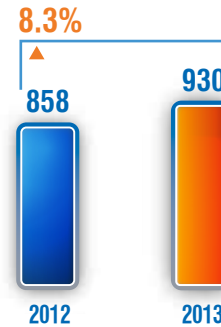
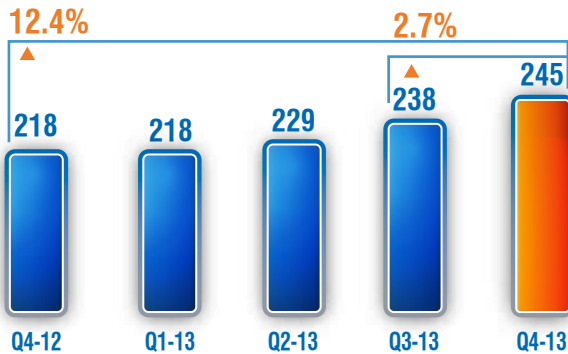
NIM (%)

Quarterly YtD

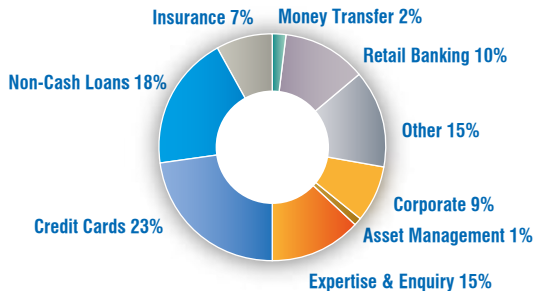


Quarterly increase in fees&commissions sustained in full year

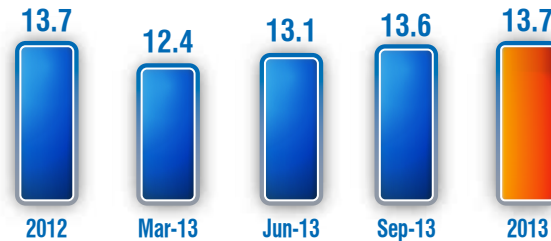
Net Fees & Commissions Income (TRY million)



Breakdown of Fees & Commissions (%)

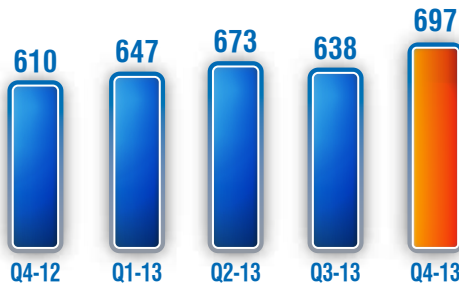


Net Fees & Commissions / Operating Revenues (%)

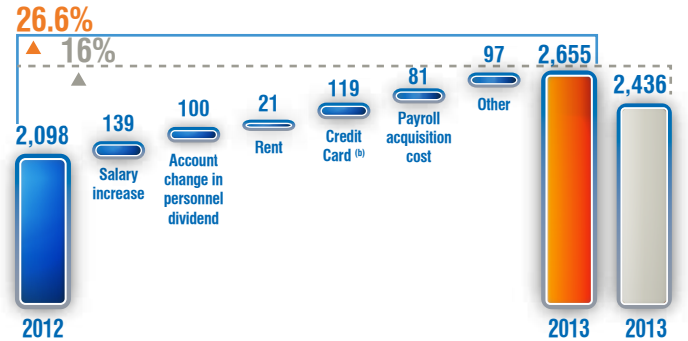
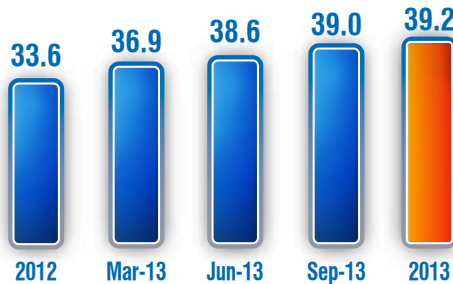


Investments paying off, OpEx now including one-off impact

Operating Expenses (TRY million)



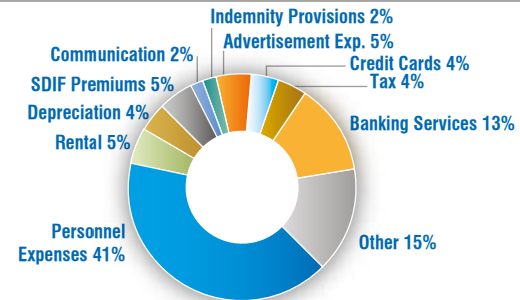
Cost/Income (%)



(a) Adjusted with credit card expenses and account change in personnel dividend.

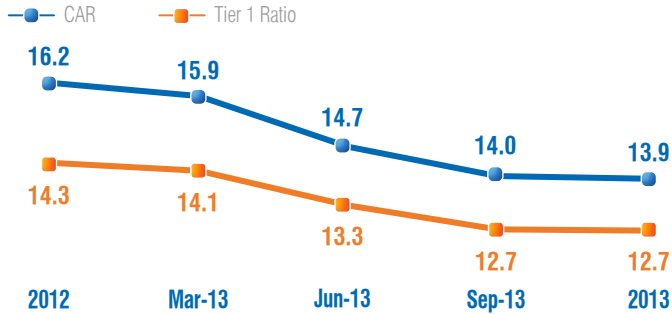
(b) Including expenses of advertisement campaign.

Breakdown of Operating Expenses (%)

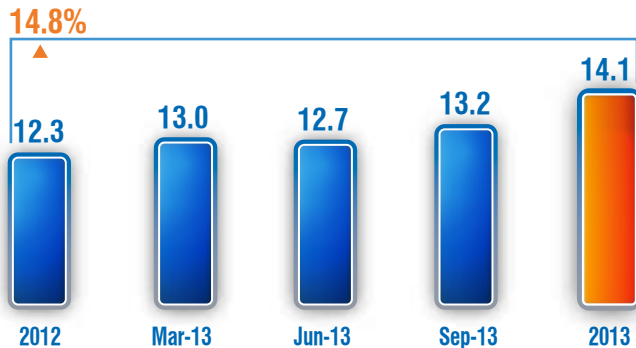


Solvency Ratios

Capital Ratios (%)



SHE (TRY billion)



Details on Capital Ratio

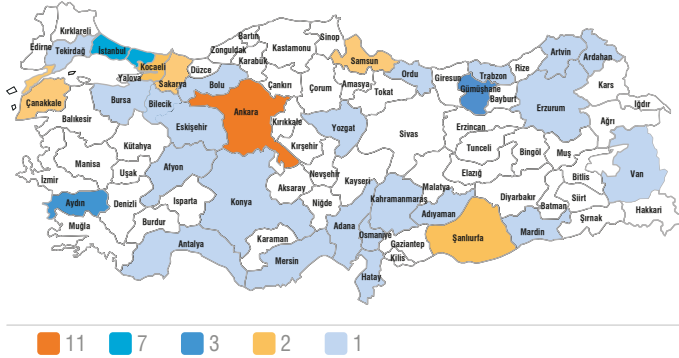
(TRY mn)	Basel II 2013
Credit Risk Base Amount (CRBA)	93,479
Market Risk Base Amount (MRBA)	3,039
Operational Risk Base Amount (ORBA)	8,912
Total Risk Weighted Assets (RWAs)	105,431
Shareholders' Equity	14,664
CAR (%)	13.9

> Basel III effective on Jan-14,
impact expected to be positive

Branch Network - Human Resources

- > 56 new branches opened in 2013.
- > Total branch number reached 872.

Number of New Branches in 2013

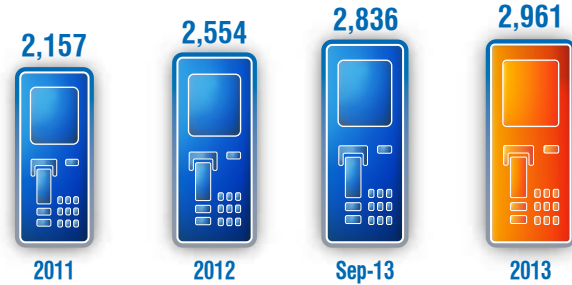


Branches^(a)



(a) Including domestic branches and special transaction centers.

ATMs



Headcount



Balance Sheet

In TRY million	2012	Sep-13	2013	QoQ Change%	YoY Change%
Cash and Balances Held with the Central Bank(a)	12,488	17,333	19,976	15.2	60.0
Banks & Money Market (b)	2,632	1,893	1,849	(2.3)	(29.8)
Securities (b)	22,954	24,498	28,559	16.6	24.4
Net Loans (b)	65,894	80,116	84,848	5.9	28.8
Gross NPL	1,960	2,134	2,245	5.2	14.6
NPL Net	343	396	435	9.8	26.8
Property and Equipment	1,160	1,102	1,113	1.0	(4.1)
Other Assets	3,154	3,538	3,599	1.7	14.1
Total Assets	108,282	128,480	139,944	8.9	29.2
Deposits (b)	79,974	90,486	100,756	11.3	26.0
Funds Borrowed (b)	7,303	12,286	13,615	10.8	86.4
Interbank Money Market (b)	381	1,857	771	(58.4)	102.3
Marketable Securities Issued	2,038	3,690	4,165	12.9	104.3
Funds	1,408	1,432	1,489	3.9	5.7
Other Liabilities	3,027	3,470	3,102	(10.6)	2.5
Provisions	1,827	2,097	1,900	(9.4)	4.0
Shareholders' Equity	12,323	13,162	14,146	7.5	14.8
Total Liabilities	108,282	128,480	139,944	8.9	29.2

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

(b) Including interest accruals,

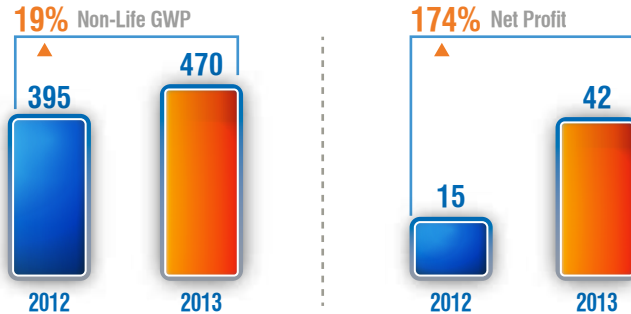
Income Statement

In TRY million

	2012	2013	YoY %	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	QoQ %	YoY %
Interest Income	8,991	9,205	2.4	2,393	2,254	2,138	2,261	2,552	12.9	6.6
On Loans	6,731	7,134	6.0	1,771	1,728	1,721	1,783	1,903	6.7	7.4
On Securities	2,239	2,053	(8.3)	613	520	415	474	645	35.9	5.1
Interest Expense	4,515	4,376	(3.1)	1,099	1,009	935	1,108	1,323	19.4	20.3
On Deposits	4,084	3,839	(6.0)	1,009	909	818	937	1,176	25.5	16.5
Net Interest Income	4,476	4,829	7.9	1,293	1,245	1,203	1,153	1,229	6.6	(5.0)
Net Fees and Commissions	858	930	8.3	218	218	229	238	245	2.7	12.4
Net Trading Income	555	244	-	310	181	133	10	(80)	-	-
Other Operating Income	360	768	113.1	94	110	98	205	355	73.6	-
Reversal of Loan Loss Provisions	173	248	43.5	36	64	74	50	60	21.1	69.4
Total Operating Revenues	6,249	6,771	8.3	1,915	1,753	1,664	1,606	1,749	8.9	(8.7)
Operating Expenses	2,098	2,655	26.6	610	647	673	638	697	9.2	14.2
Net Operating Income	4,152	4,116	(0.9)	1,305	1,106	991	968	1,052	8.7	(19.4)
Provision for Loan Losses and Other Receivables	887	849	(4.3)	328	190	224	252	183	(27.2)	(44.0)
Loan Loss Provisions for Cash Loans	383	436	13.9	108	94	115	95	132	39.7	22.2
Profit/(Losses) from Associates	64	97	52.2	0	0	82	7	9	-	-
Income Before Taxes	3,329	3,365	1.1	977	916	848	722	878	21.5	(10.2)
Provision for Tax	734	614	(16.3)	235	203	133	140	137	(2.4)	(41.7)
Net Income	2,595	2,751	6.0	742	713	715	582	741	27.3	(0.2)

Subsidiaries

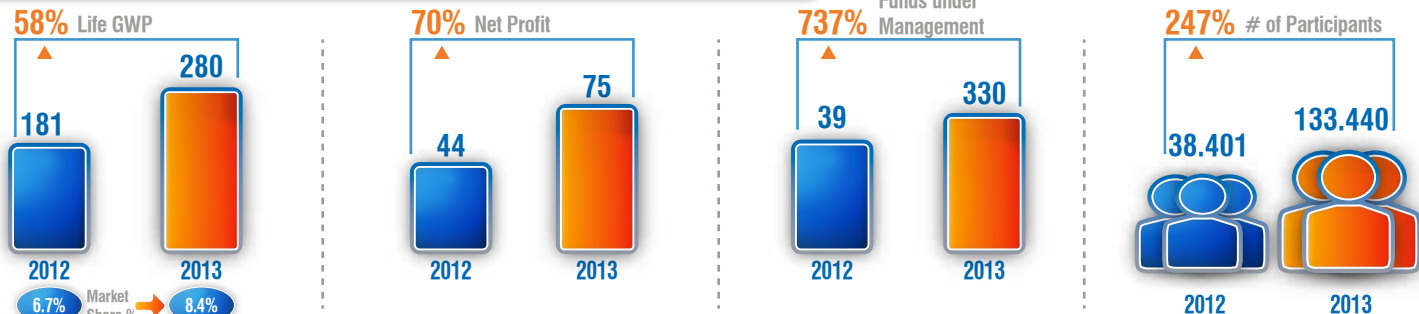
Halk Insurance (TRY million)



- One of the most profitable non-life insurer in the industry
- RoE of 25.8% as of 2013
- RoA 8.4% as of 2013

Halk Life and Pension (TRY million)

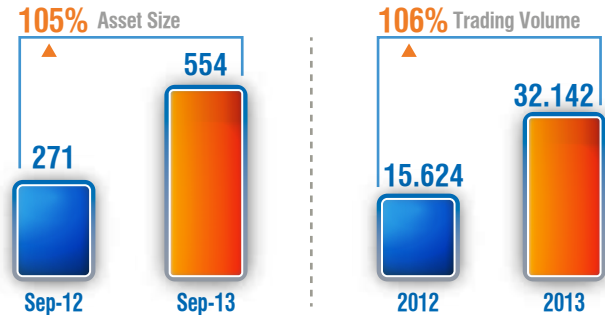
One of the best in increasing funds under management in 2013, by 737% YoY



Subsidiaries

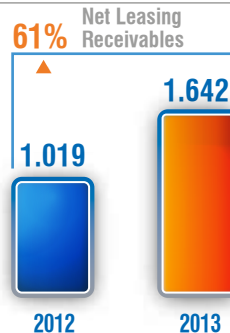
Halk Invest (TRY million)

- #1 in public offerings with a market share of 76.8% in equity issuances as of YE13
- #1 in public offerings with a market share of 27.8% in domestic sales as of YE13
- Consortium Leader in Halk REIT IPO - "Highest Domestic Retail Demand achieved by a single investment banking company in Turkey"
- Domestic Coordinator and Domestic Lead Bookrunner in Emlak REIT SPO
 - "Highest Domestic Institutional Demand in Turkey"
 - "Highest Domestic Institutional Demand achieved by a single investment banking company in Turkey"
 - "Highest Domestic Demand achieved by a single investment banking company in Turkey"



Halk Leasing (TRY million)

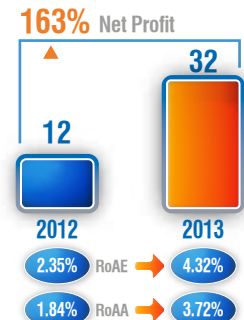
- #6 in total assets as of Sep-13 from #8 in YE12
- #6 in net leasing receivables as of Sep-13 from #7 in YE12
- Net leasing receivables up by 61% YoY as of YE13
- Total assets up by 72% YoY as of YE13
- # 4 in terms of activated contracts as of Sep-13 from #8 in YE12



Halk REIT (TRY million)

Successfully completed IPO in February 2013, 28% traded on BIST, ticker code -HLGYO-

#6 in market cap



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.