

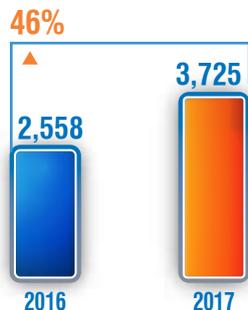
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PROFIT A BLE
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2017 Highlights

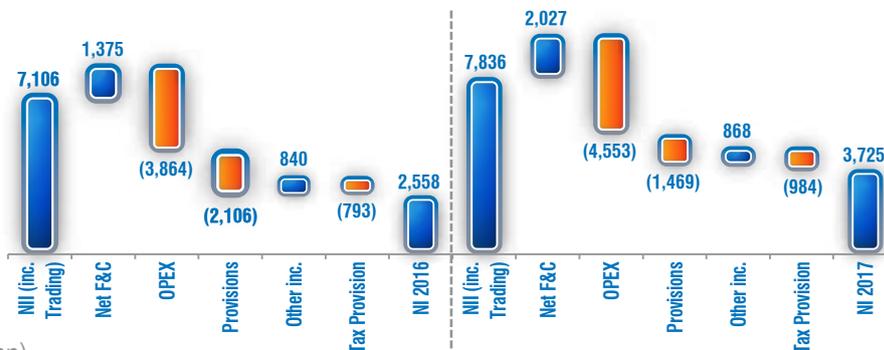
Solid Financial Results

Net Income Growth
46%
& RoE
16%
& CoR^(a)
62 bps
& LDR^(b)
105%
& OpEx/Avg. Assets
1.7%

Net Income (TRY mn)



Net Income Evolution 2016 - 2017 (TRY mn)



Non-Recurring P&L Items in Detail (TRY mn)

	Q1-15	Q2-15	Q3-15	Q4-15	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Q1-17	Q2-17	Q3-17	Q4-17	2017
Provision Reversal	48	430	110	39	627	124	-	-	-	124	-	-	-	-	-
Gains on Visa Sale	-	-	-	-	-	-	100	-	-	100	-	-	-	-	-
Add. and Other Provisions	-	(622)	-	-	(622)	-	-	(445)	(437)	(882)	-	-	(30)	-	(30)
Fee Rebates	(56)	(61)	(57)	(41)	(214)	(39)	(27)	(15)	(9)	(89)	(6)	(6)	(4)	(3)	(20)
Total Impact	(8)	(253)	53	(2)	(210)	85	73	(460)	(446)	(748)	(6)	(6)	(34)	(3)	(50)

(a) Gross and Specific (b) Loan to Deposit Ratio, blended

2017 Highlights

Main Pillars of Net Income Growth

1 Strong Topline

YoY NII Growth **+12%**

Interest income on Loans **+33%**

Interest income on Securities **+46%**

Total Interest Income **+36%**

2 Fees & Commissions Generation Capacity

As of Dec-17

+47% YoY



Sector*

+20% YoY

3 Sustained Asset Quality, Low CoR

NPL



CoR **+62 bps**



Sector* **+103 bps**

4 Brilliant Efficiency

OPEX / Avg Assets

1.7%



Sector*

1.9%

5 Collection Performance

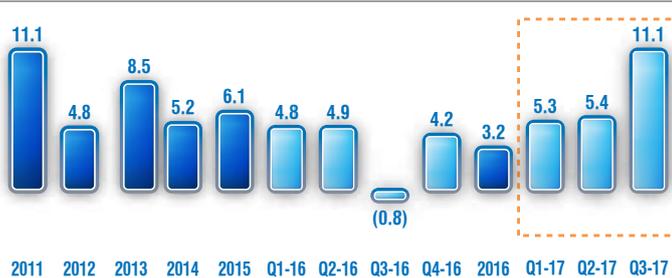
Reversal from LLP
TRY 306 million

*as of Dec-17

Macro & Banking Sector Snapshot

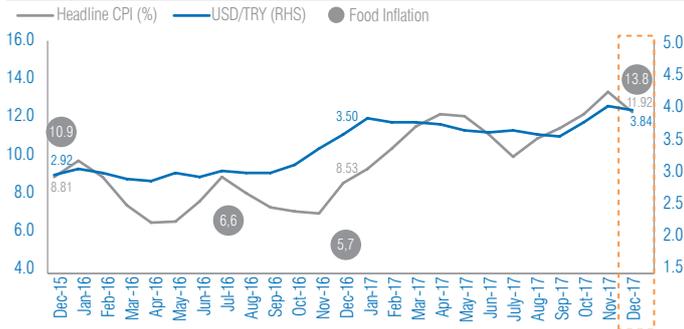
Domestic Macro Environment

Real GDP Growth (%)



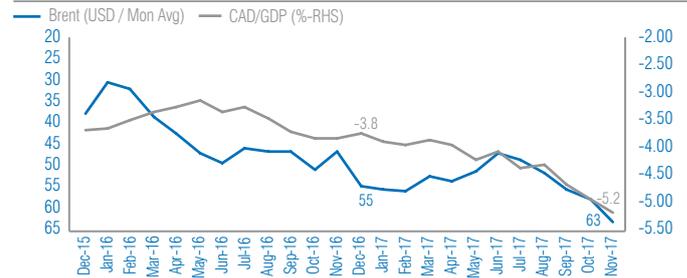
Turkish economy grew 11.1% in Q3-17, beating expectations while touching the fastest pace since 2011.

Inflation (%)



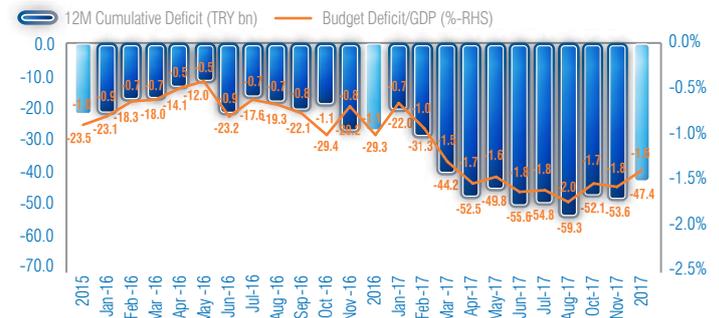
Headline CPI ended 2017 at 11.92% mainly driven by food and transportation inflation.

CAD / GDP (%)



Current account deficit is closely correlated to external factors such as global energy prices. CAD / GDP is expected to end 2017 at -4.6% level. Full year GDP of 2017 is aligned with the projection in the MTP 2018-2020.

Budget

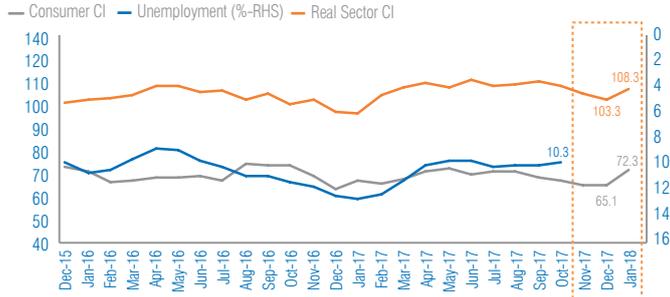


Cumulative budget deficit came in at TRY 47 bn in 2017, Deficit / GDP ratio at 1.5%. Full year GDP of 2017 is aligned with the projection in the MTP 2018-2020.

Macro & Banking Sector Snapshot

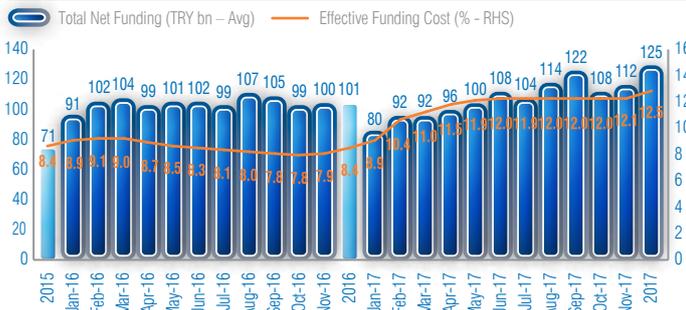
Domestic Macro Environment

Unemployment & Confidence Indices



Unemployment rate further improved to 10.7% as of Oct-17.

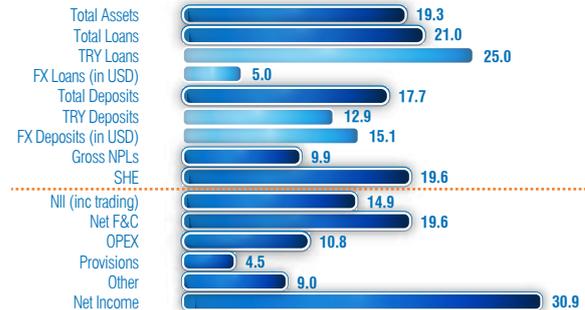
CBRT Funding (%)



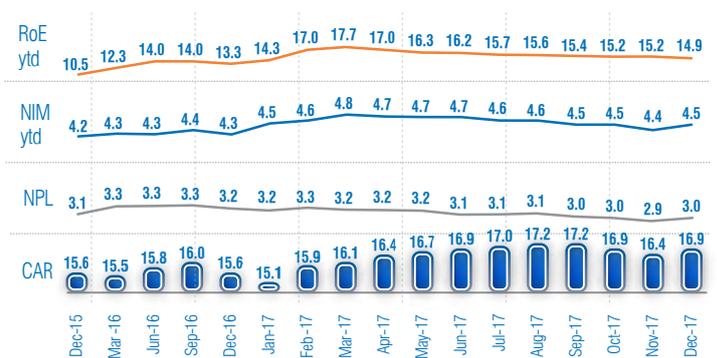
Effective funding cost of CBRT has reached 12.0% following changes in the funding composition and rate hikes

Turkish Banking Sector

2017 vs 2016 in Terms of Selected Items (%)

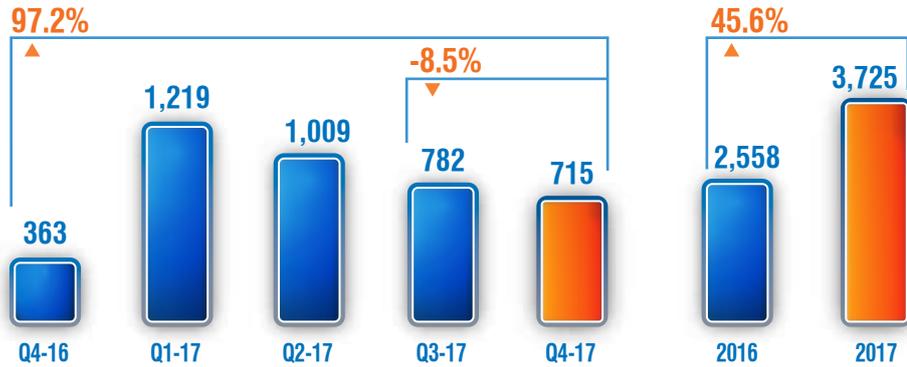


Selected Ratios (%)



Cumulative net income soared by 46% YoY, yielding into 16% RoE

Net Income (TRY million)



YoY Change (%)

- 12.1% Net Interest Income
- 47.4% Net Fees & Commissions
- 15.6% Total Operating Income
- 45.6% Net Income

RoE (%)



RoA (%)



Strong growth in total assets by 32%

TRY 10 bn. worth of securities have been borrowed pursuant to a reciprocal agreement. Despite being booked under trading securities, this portfolio generates neither interest income nor gain/loss from MtM revaluation into the P&L.

Asset Growth

YoY **31.9%** QoQ **9.2%**

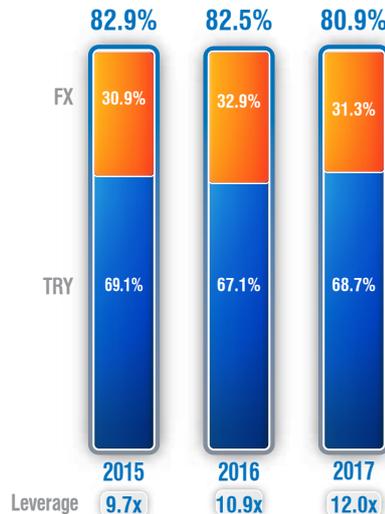
Total Asset Growth (TRY billion)



IEA

80.9%

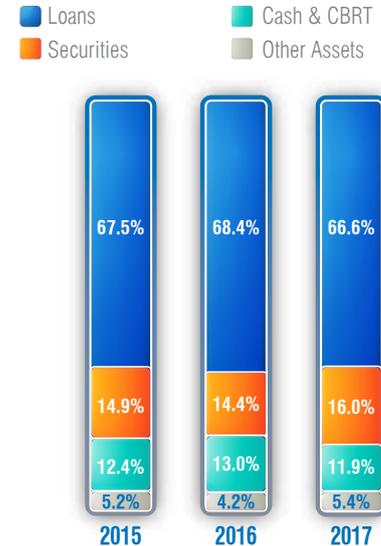
Composition of IEAs^(a)



Securities Portion

16.0%^(b)

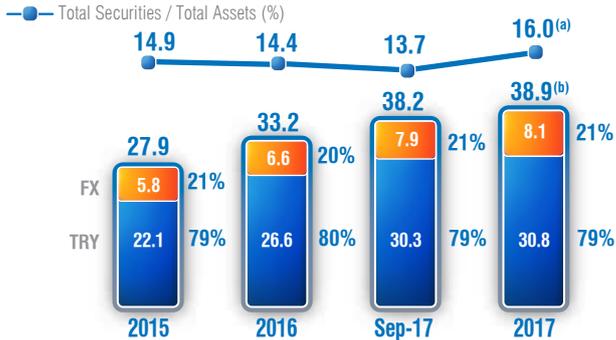
Asset Mix (%)



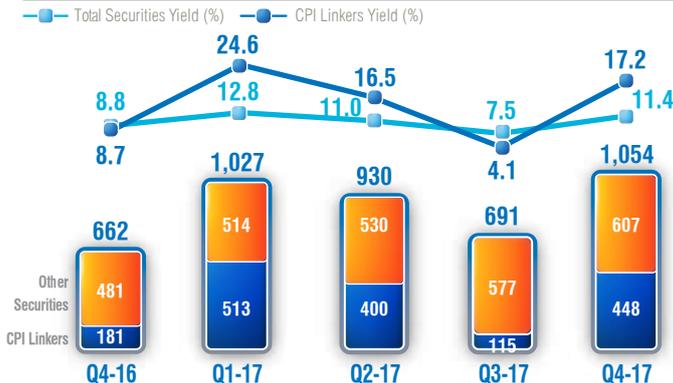
(a) Including Interest accruals and excluding fund loans (b) Including TRY 10 bn. Securities borrowed.

Solid contribution from CPI-linkers

Total Securities Portfolio (TRY billion)

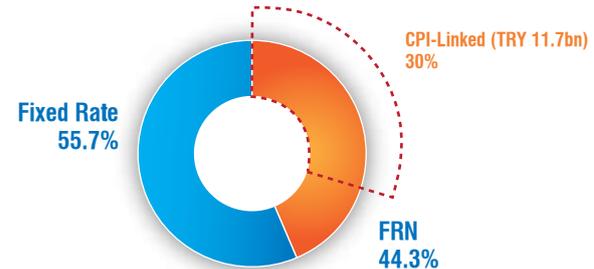


Interest Income on Securities (TRY million)

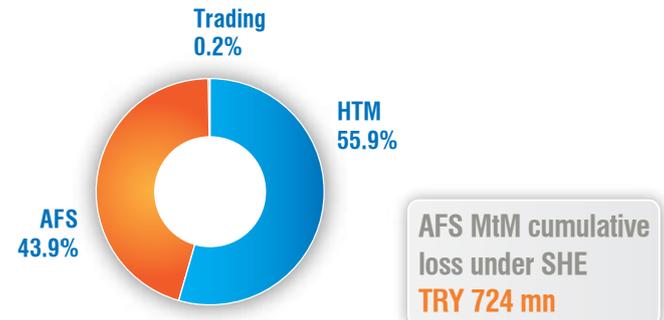


(a) Including TRY 10 bn. Securities Borrowed. (b) Including TRY 10 bn. Securities Borrowed into total securities portfolio, TRY securities and total securities rise TRY 40,8 bn and TRY 48,9 bn respectively.

Interest Structure (%)



Securities Composition (%)



SME and retail driven loan growth, 29%

(TRY billion)^(a)

CGF Utilization (TRY Bn)	Jun-17	Sep-17	Dec-17
Total Limit	16.6	22.3	22.3
Loan Origination	12.5	20.9	21.6

Total Loans

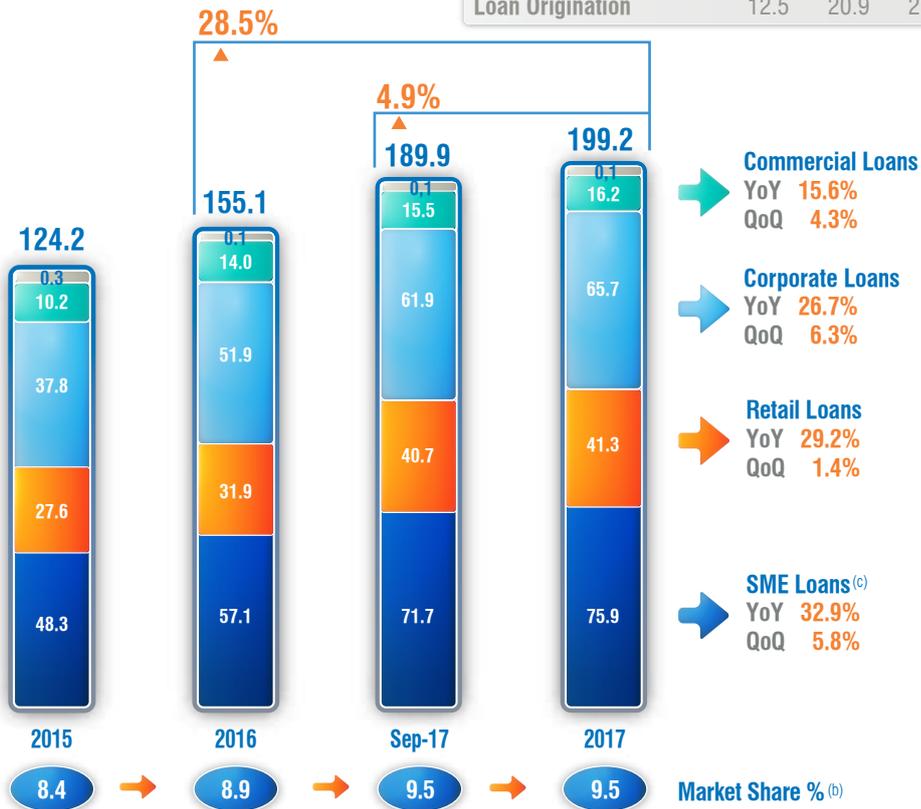
HALKBANK	B. Sector ^(b)
YoY	YoY
28.5%	21.0%
QoQ	QoQ
4.9%	5.2%

TRY Loans

HALKBANK	B. Sector ^(b)
YoY	YoY
35.2%	25.0%
QoQ	QoQ
3.6%	4.3%

FX Loans

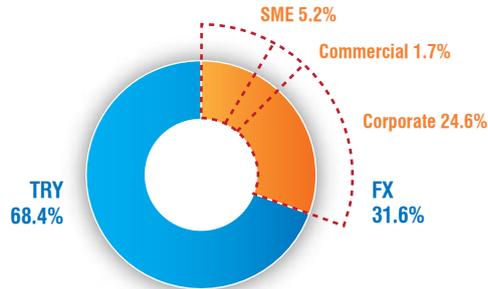
HALKBANK	B. Sector ^(b)
YoY	YoY
16.0%	13.4%
QoQ	QoQ
7.7%	7.2%
in USD terms	
YoY	YoY
7.4%	5.0%
QoQ	QoQ
0.1%	-0.4%



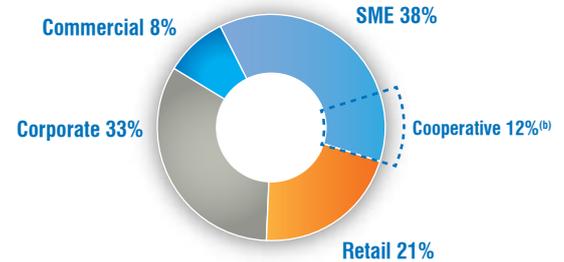
(a) Excluding interest accruals (b) BRSA monthly data as of Dec-17 (c) According to the BRSA definition

SME focused, TRY heavy loan book

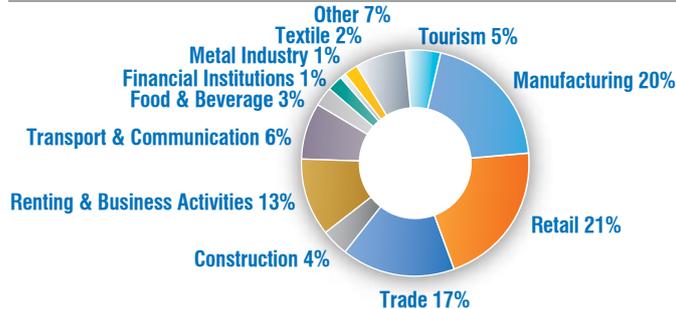
Loans by Currency (%)^(a)



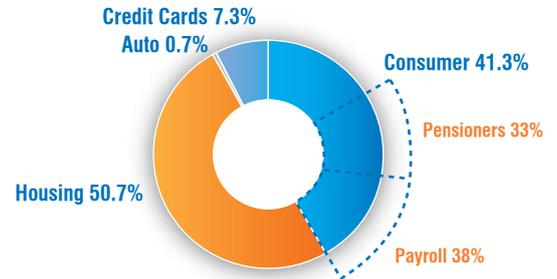
Loans by Customer Segmentation (%)^(a)



Sectoral Breakdown of Loans (%)^(a)



Retail Loans by Types (%)^(a)



^(a) Excluding interest accruals ^(b) Micro SMEs

Increased market share across all segments within retail lending YoY

(TRY billion)^(a)

HALKBANK

YoY
29.2%

QoQ
1.4%

B. Sector^(b)

YoY
16.3%

QoQ
3.1%



- ➔
Consumer Loans
 YoY **23.7%**
 QoQ **0.2%**
 Share in total 41.3%
- ➔
Housing Loans
 YoY **36.8%**
 QoQ **2.4%**
 Share in total 50.7%
- ➔
Credit Cards
 YoY **13.2%**
 QoQ **0.3%**
 Share in total 7.3%

Retail Loans Market Share %	6.9	➔	7.6	➔	8.6	➔	8.5
Consumer Loans Market Share %	7.8	➔	8.3	➔	8.9	➔	8.6
Housing Loans Market Share %	8.5	➔	9.3	➔	11.0	➔	10.9
Credit Card Loans Market Share %	3.2	➔	3.2	➔	3.4	➔	3.3

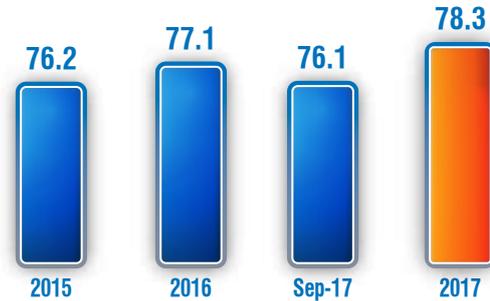
(a) Excluding interest accruals
 (b) BRSA monthly data as of Dec-17

NPL ratio continues to decrease, NPL coverage up

NPL Portfolio (TRY million)

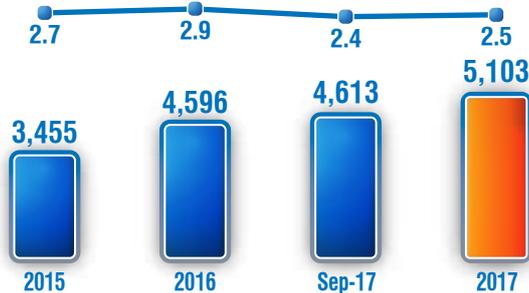


NPL Coverage (%)



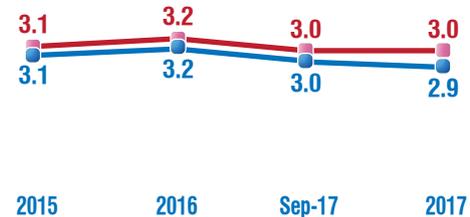
Loans under Close Watch (TRY million)

—●— Loans under Close Watch/Net Loans (%)



NPL/Total Loans (%)

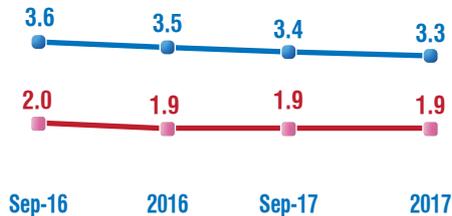
—●— Halkbank —●— Sector^(a)



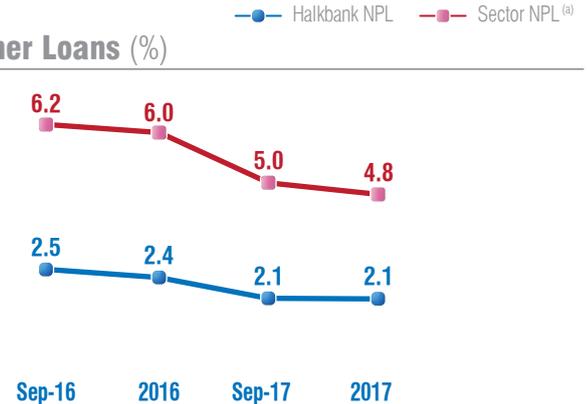
(a) BRSA monthly data as of Dec-17

NPL ratio by segments

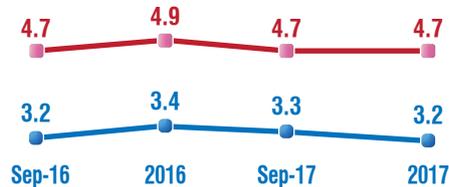
Corporate - Commercial (%)



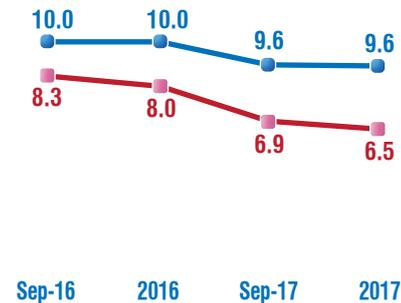
Consumer Loans (%)



SME Loans (%)



Credit Cards (%)



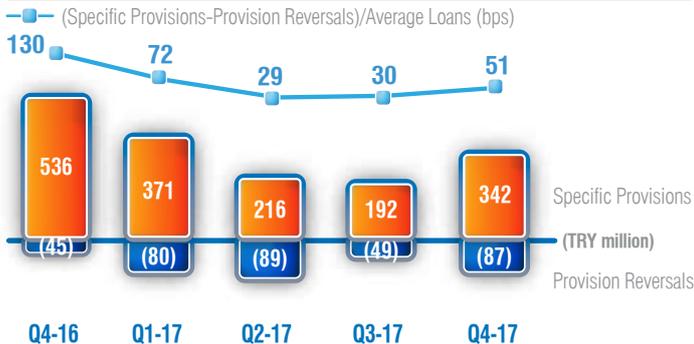
(a) BRSA monthly data as of Dec-17

CoR resistant at 62 bps

Cost of Risk (bps)^(a)



Net Cost of Risk

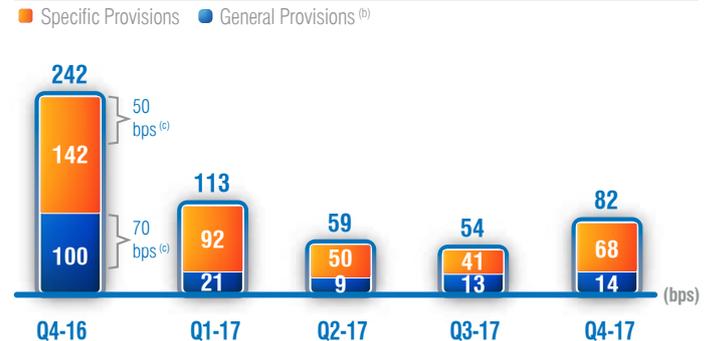


(a) Specific provisions/Average Net Loans (b) General Provisions of Cash Loans/Average Cash Loans (c) Additional Provisions

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



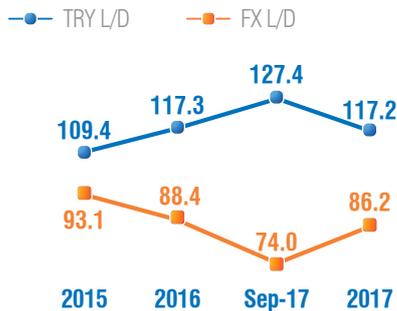
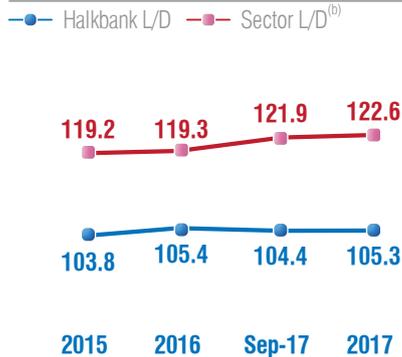
Gross Cost of Risk (bps)



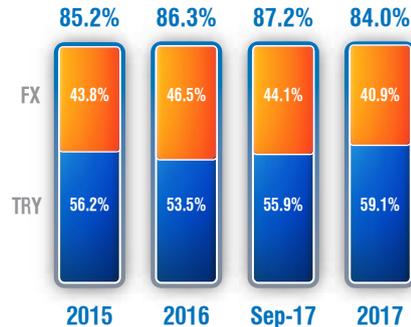
Comfortably low share of non-deposit ST FX vs. sector average

IBL 84.0%^(a)

Loan to Deposit (%)



Composition of IBLs^(a)



> FX wholesale funding makes up 10.9% of total liabilities vs sector average^(b) of 24.6%

Liabilities Mix (%)



(a) Including interest accruals and excluding funds. Excluding demand deposit, the share of IBL is 75.9% in Dec-17.

(b) BRSA monthly data as of Dec-17.

Further strengthening of deposit base

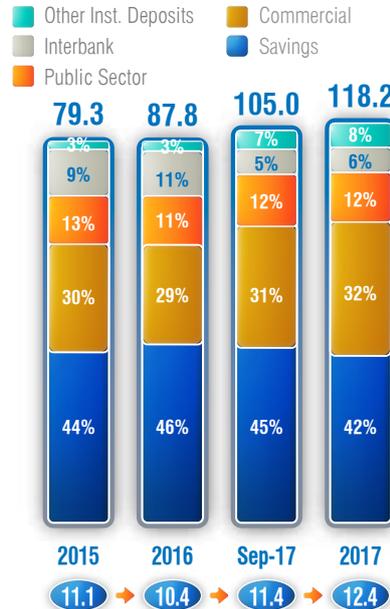
	HALKBANK	B. Sector ^(b)
YoY	28.4%	17.7%
QoQ	3.9%	4.6%

Total Deposits (TRY billion)^(a)



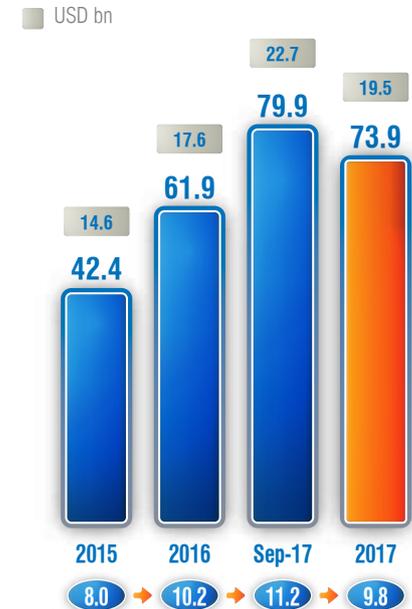
	HALKBANK	B. Sector ^(b)
YoY	34.7%	12.9%
QoQ	12.7%	3.9%

TRY Deposits (TRY billion)^(a)



	HALKBANK	B. Sector ^(b)
YoY	19.3%	24.3%
QoQ	-7.6%	5.5%
in USD		
YoY	10.5%	15.1%
QoQ	-14.2%	-2.0%

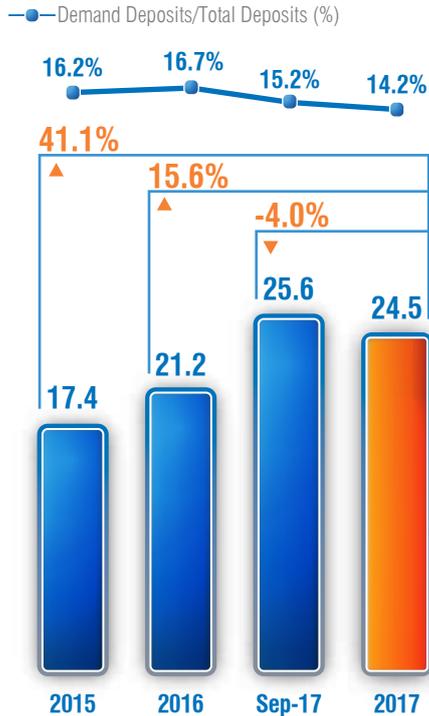
FX Deposits (TRY billion)^(a)



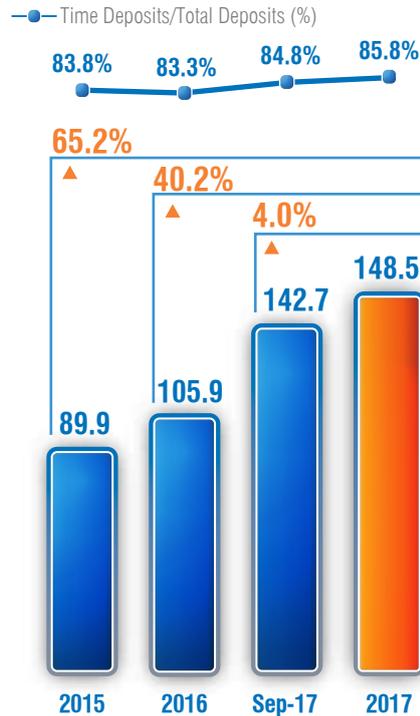
(a) Excluding interest accruals. (b) BRSA monthly data as of Dec-17

Cost of TRY deposits rising but losing momentum

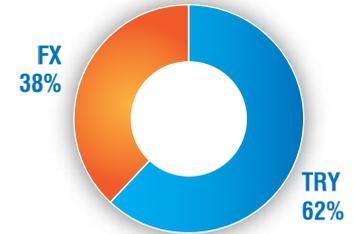
Demand Deposits (TRY billion)^(a)



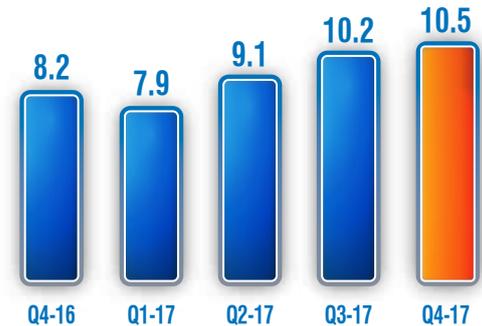
Time Deposits (TRY billion)^(a)



Deposits by Currency (%)



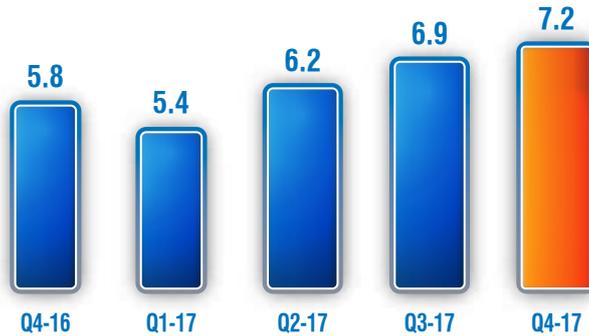
Cost of TRY Deposits (%)^(b)



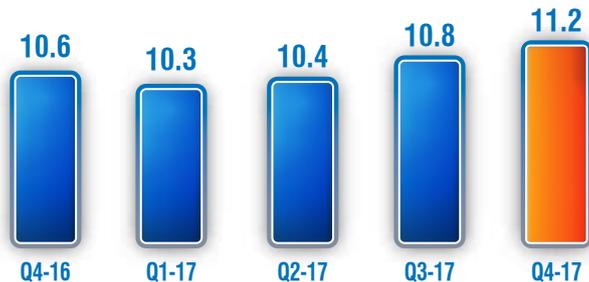
(a) Excluding interest accruals and interbank. (b) Time & Demand Blended.

Cost – Yield – Spread (a)

Cost of Deposits (%)



Yield on Loans (%)^(b)

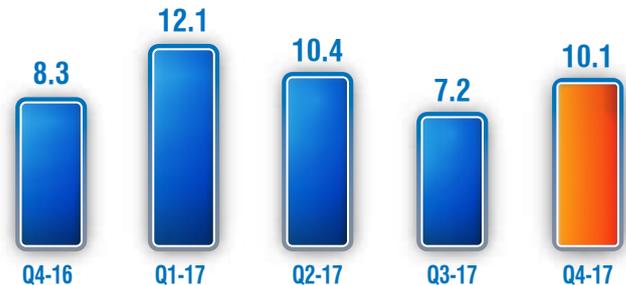


(a) TRY-FX blended (b) Excluding fund loans.

Spreads (%)



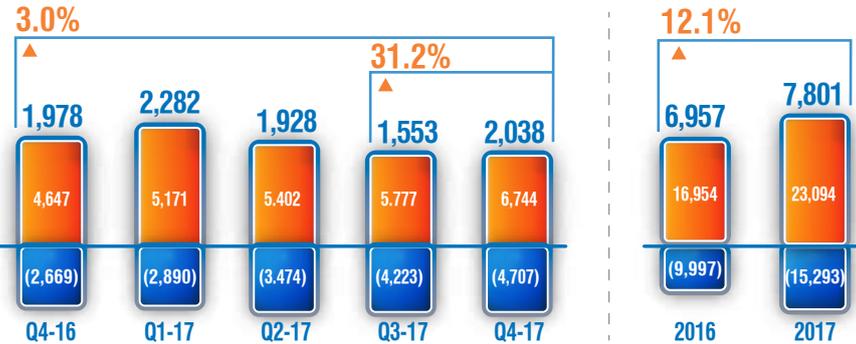
Yield on Securities (%)



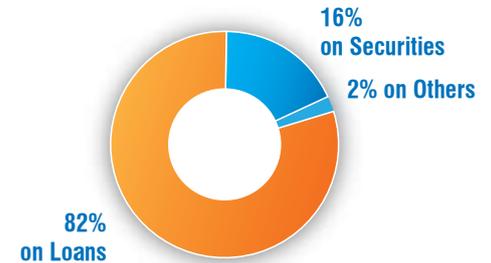
Quarterly NIM improved by ~70 bps

Net Interest Income (TRY million)

Interest Income Interest Expenses



Breakdown of Interest Income (%)



Interest Income (TRY million)

On Loans On Securities



NIM (%)

YtD Quarterly

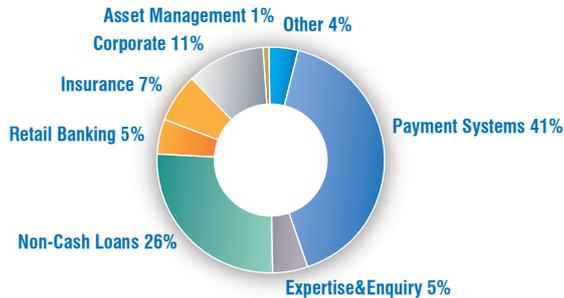


NFCI speaks for itself: 47.4% increase YoY

Net Fees & Commissions Income (TRY million)



Breakdown of Fees & Commissions (%)

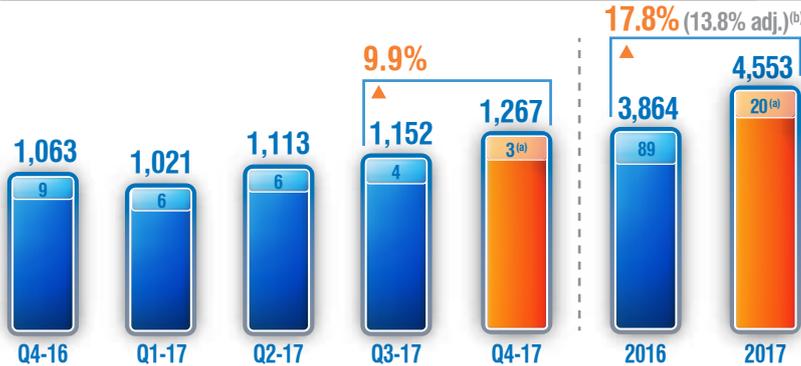


Net Fees & Commissions / Operating Revenues (%)

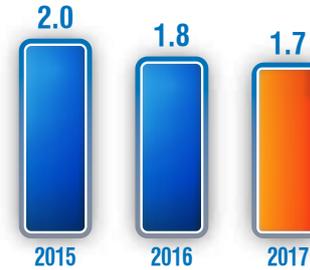


Opex/Average Assets further improved to 1.7%

Operating Expenses (TRY million)



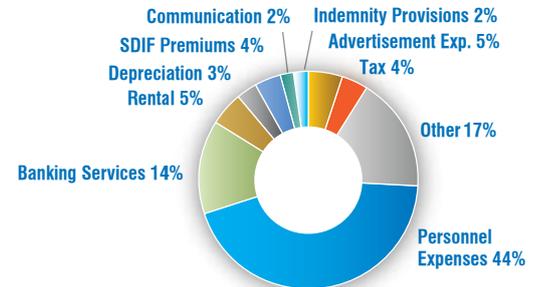
Operating Expenses / Average Assets (%)



Cost/Income (%)



Breakdown of Operating Expenses (%)



(a) Rebates in commissions (b) Excluding TRY 157 mn promotion payment to pensioners.

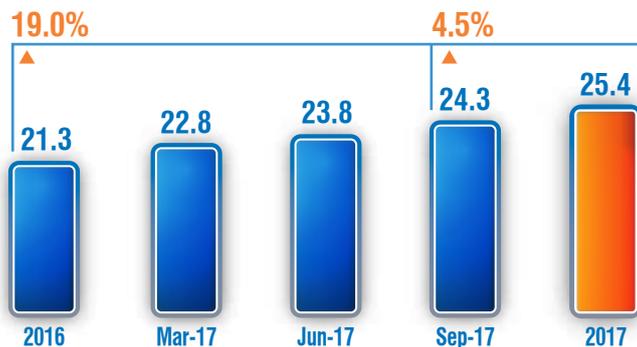
Solvency Ratios

CAR (%)

■ Tier-I ■ CAR



SHE (TRY billion)

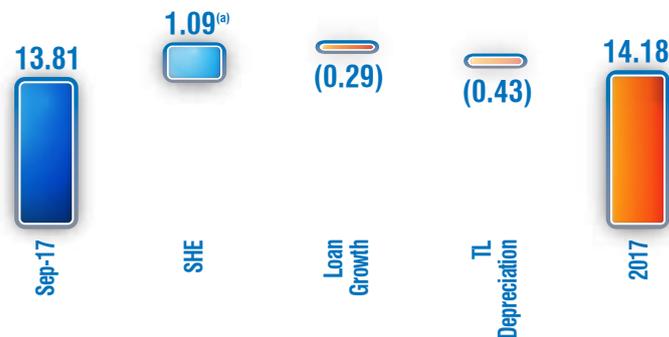


> (a) TRY 1 bn. Local Currency Subordinated Tier II issuance was completed in Oct-17, positive impact on CAR is ~50 bps.

Details on Capital Ratio

	Basel III 2017
(TRY mn)	
Credit Risk Base Amount (CRBA)	184,837
Market Risk Base Amount (MRBA)	3,231
Operational Risk Base Amount (ORBA)	12,798
Total Risk Weighted Assets (RWAs)	200,866
Shareholders' Equity	28,482
CAR (%)	14.2
Tier-I (%)	12.6
Common Equity Tier-I (%)	12.6

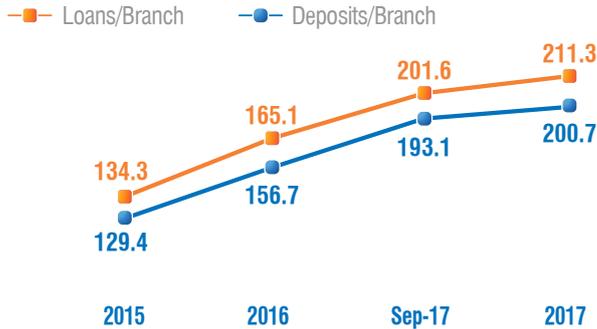
Evolution of CAR (%)



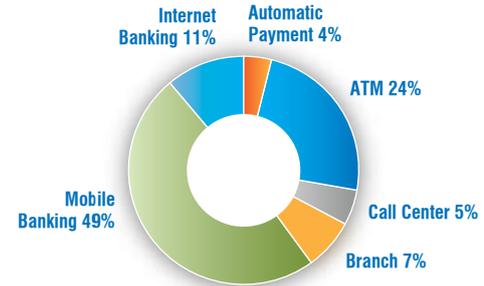
Branch Network – Human Resources

> 4 new branches opened in 2017.
 > Total branch number reached **963**

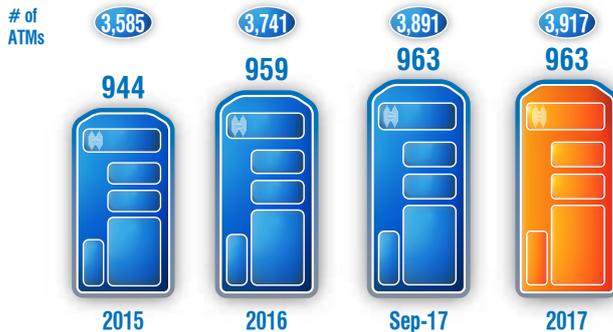
Loans and Deposits per Branch (TRY million)



Breakdown of Banking Transactions (%)



Branches^(a)



(a) Domestic branches

Headcount



Balance Sheet

In TRY million	2016	Sep-17	2017	QoQ Change%	YoY Change%
Cash and Balances Held with the Central Bank ^(a)	29,999	34,559	36,373	5.3	21.2
Banks & Money Market ^(b)	1,661	3,985	7,353	84.5	342.7
Securities ^(b)	33,216	38,195	48,903	28.0	47.2
Net Loans ^(b)	158,354	194,173	203,464	4.8	28.5
Gross NPL	5,140	5,944	6,107	2.7	18.8
NPL Net	1,176	1,419	1,327	(6.5)	12.9
Property and Equipment	2,403	2,431	2,649	9.0	10.3
Other Assets	5,807	6,385	6,608	3.5	13.8
Total Assets	231,441	279,726	305,351	9.2	31.9
Deposits ^(b)	150,263	185,954	193,227	3.9	28.6
Funds Borrowed ^(b)	18,968	15,374	17,018	10.7	(10.3)
Interbank Money Market ^(b)	17,847	31,397	34,608	10.2	93.9
Marketable Securities Issued	12,434	10,977	11,355	3.4	(8.7)
Funds	2,340	2,464	2,725	10.6	16.4
Other Liabilities	5,221	5,971	17,592	194.6	237.0
Provisions	3,052	3,306	3,449	4.3	13.0
Shareholders' Equity	21,317	24,283	25,377	4.5	19.0
Total Liabilities	231,441	279,726	305,351	9.2	31.9

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

Income Statement

In TRY million	2016	2017	YoY %	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	QoQ Change %	YoY Change %
Interest Income	16,954	23,094	36.2	4,647	5,171	5,402	5,777	6,744	16.7	45.1
On Loans	14,256	18,960	33.0	3,937	4,064	4,375	4,984	5,537	11.1	40.6
On Securities	2,539	3,703	45.9	662	1,027	930	691	1,054	52.5	59.2
Interest Expense	9,997	15,293	53.0	2,669	2,890	3,474	4,223	4,707	11.4	76.3
On Deposits	8,181	11,340	38.6	2,154	2,137	2,564	3,139	3,499	11.5	62.4
Net Interest Income	6,957	7,801	12.1	1,978	2,282	1,928	1,553	2,038	31.2	3.0
Net Fees and Commissions	1,375	2,027	47.4	415	537	509	513	468	(8.8)	12.9
Net Trading Income	150	36	(76.0)	51	70	33	(15)	(51)	N/A	N/A
Other Operating Income	573	601	4.8	103	149	145	116	190	63.9	84.6
Reversal of Loan Loss Provisions	196	306	56.0	45	80	89	49	87	78.9	95.0
Total Operating Revenues	9,055	10,464	15.6	2,547	3,038	2,615	2,167	2,644	22.0	3.8
Operating Expenses	3,864	4,553	17.8	1,063	1,021	1,113	1,152	1,267	9.9	19.1
Net Operating Income	5,191	5,912	13.9	1,484	2,017	1,502	1,015	1,378	35.7	(7.1)
Provision for Loan Losses and Other Receivables	2,106	1,469	(30.2)	936	471	260	320	419	31.1	(55.2)
Loan Loss Provisions for Cash Loans	1,133	1,121	(1.1)	536	371	216	192	342	78.0	(36.1)
Profit/(Losses) from Associates	267	267	0.0	0	0	22	240	5	(97.8)	N/A
Income Before Taxes	3,352	4,710	40.5	548	1,546	1,265	935	964	3.1	75.9
Provision for Tax	793	984	24.1	185	327	256	153	248	62.7	34.2
Net Income	2,558	3,725	45.6	363	1,219	1,009	782	715	(8.5)	97.2

Halkbank 2018 Expectations

Growth Expectations (%)

	2018
Assets	16
Loans	17
TRY	22
FX (USD)	3
Corporate	8
SME	29
Retail	11
Deposits	20
NII	15
Net Fee and Com. Inc.	10-12
OpEx*	14

Key Ratios (%)

	2018
RoE	15-16
RoA	~1.3
Loan / Deposit	<103
NIM	Flat
OpEx* / Av. Assets	~1.5
Cost of Risk (bps)	~80
NPL	3.0
Coverage Ratio	79-81
CAR	~14

Macro Expectations (%)

	2018
GDP Growth	~5.5
Headline CPI	~9.0
CAD / GDP	<5
Budget Deficit / GDP	~1.9
Public Debt / GDP	~29

(*) Includes Personnel Expenses

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