

## 9M 2018 Earnings Presentation

DISTINGUIS H ED  
PROFIT A BLE  
RESI L IENT  
RIS K CONSCIOUS  
RELIA B LE  
SUST A INABLE  
NATIO N WIDE  
MAR K ETMAKER

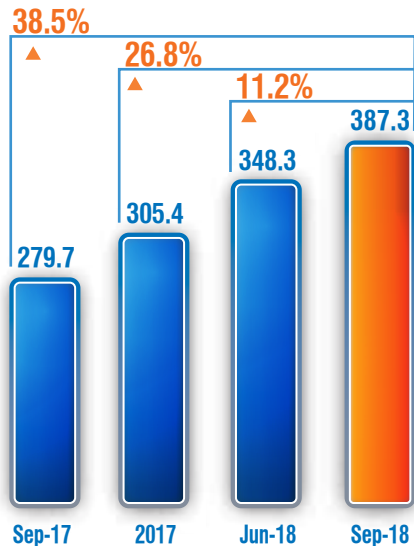


## Comfortable FX liquidity

### Asset Growth

YoY **38.5%** QoQ **11.2%**

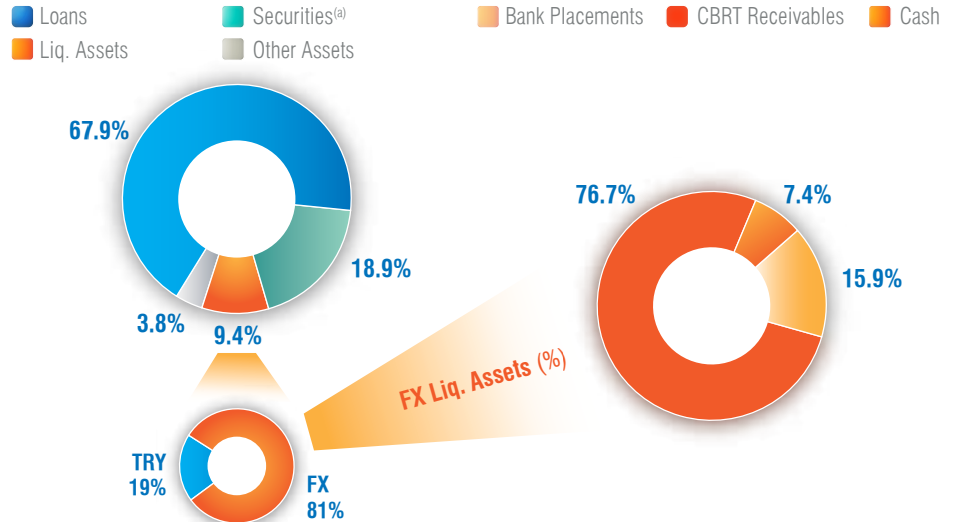
#### Total Asset Growth (TRY billion)



(a) Including TRY 15 bn. Securities Borrowed.

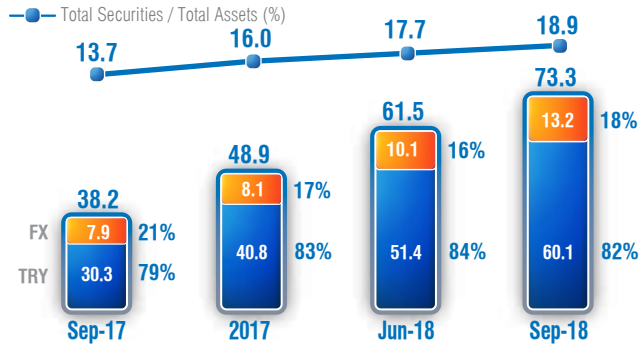
The total amount of Securities Borrowed increased to TRY 15 bn. by the end of H1-18. Despite being booked under trading securities, this portfolio generates neither interest income nor gain/loss from MtM revaluation into the P&L.

#### Asset Mix (%)

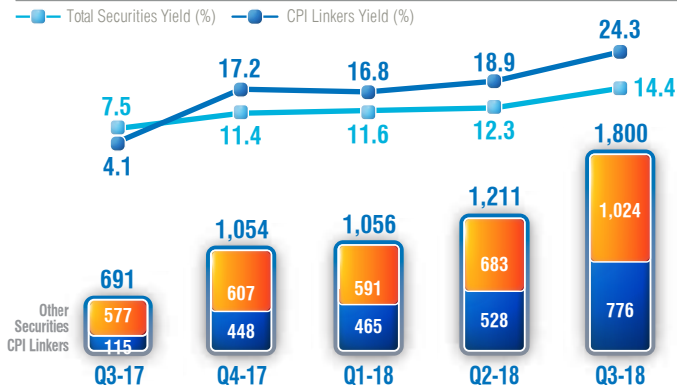


## Interest income backed by FRNs

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

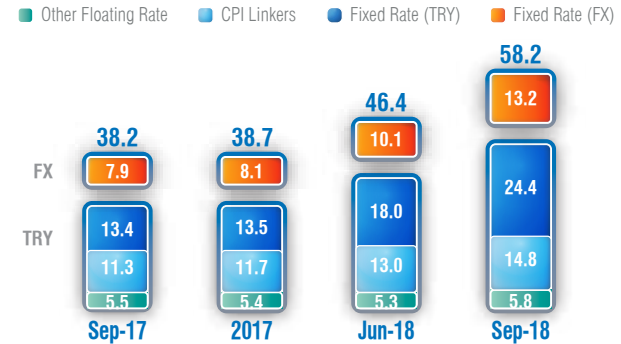


### Interest Income on Securities (TRY million)

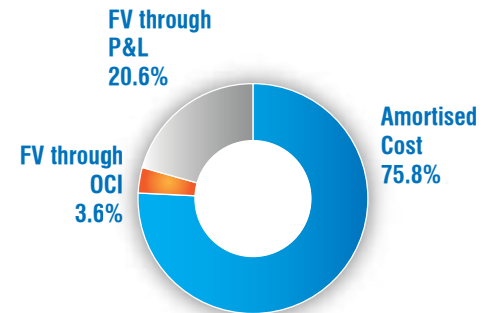


(a) Including TRY 15 bn. Securities Borrowed.

### Securities Classification (TRY billion)



### Securities Composition (%)<sup>(a)</sup>



## SME heavy granular loan portfolio

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

CGF Utilization (TRY Bn)	Jun-18	Sep-18
Total Limit	28.1	29.3
Living Loan Amount	24.6	24.4

### Total Loans

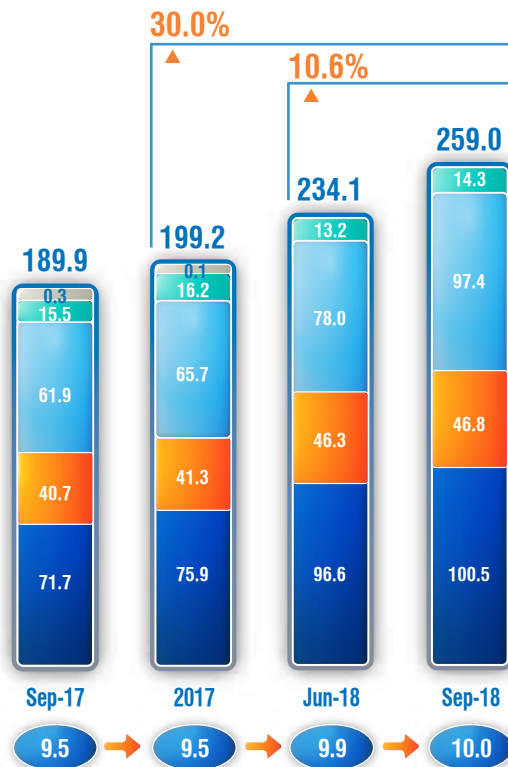
HALKBANK	B. Sector <sup>(b)</sup>
YtD	YtD
<b>30.0%</b>	<b>23.3%</b>
QoQ	QoQ
<b>10.6%</b>	<b>10.0%</b>

### TRY Loans

HALKBANK	B. Sector <sup>(b)</sup>
YtD	YtD
<b>19.9%</b>	<b>5.5%</b>
QoQ	QoQ
<b>1.8%</b>	<b>-1.4%</b>

### FX Loans

HALKBANK	B. Sector <sup>(b)</sup>
YtD	YtD
<b>51.9%</b>	<b>60.2%</b>
QoQ	QoQ
<b>30.1%</b>	<b>30.4%</b>
in USD terms	
YtD	YtD
<b>-4.0%</b>	<b>1.2%</b>
QoQ	QoQ
<b>-1.4%</b>	<b>-1.1%</b>



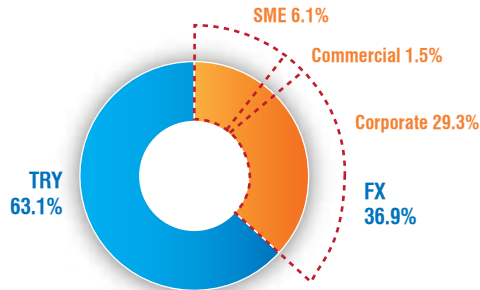
- Commercial Loans**  
YtD **-11.6%**  
QoQ **8.8%**
- Corporate Loans**  
YtD **48.1%**  
QoQ **24.8%**
- Retail Loans**  
YtD **13.4%**  
QoQ **1.1%**
- SME Loans**  
YtD **32.3%**  
QoQ **4.0%**

The definition of SMEs has been changed by cabinet decree dated Apr. 30, 2018, increasing the upper limit of annual net sales or balance sheet size to TRY 125 million annually from TRY 40 million.

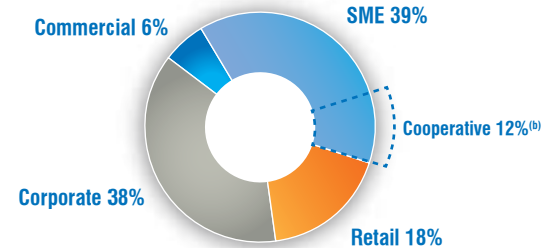
(a) Excluding interest accruals (b) BRSA monthly data as of Sep-18

## Low risk profile within loan portfolio

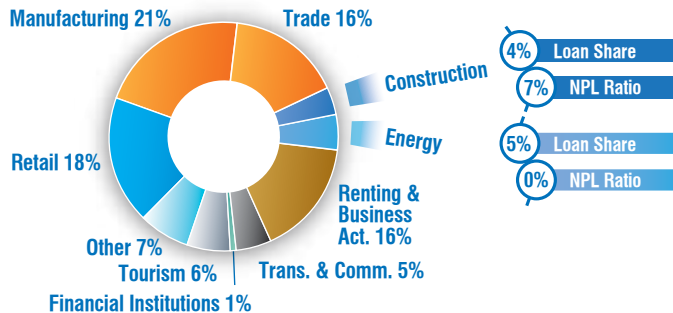
Loans by Currency (%)<sup>(a)</sup>



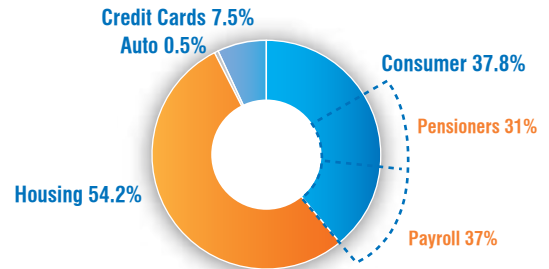
Loans by Customer Segmentation (%)<sup>(a)</sup>



Sectoral Breakdown of Loans (%)<sup>(a)</sup>



Retail Loans by Types (%)<sup>(a)</sup>

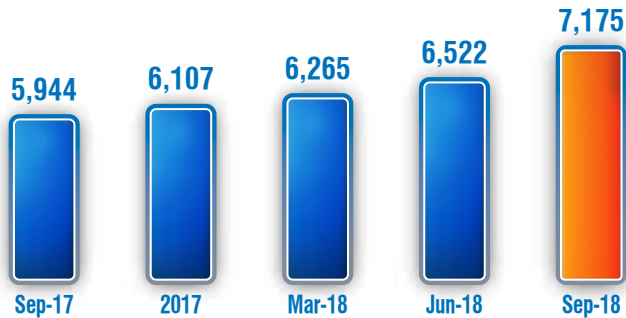


(a) Excluding interest accruals (b) Micro SMEs

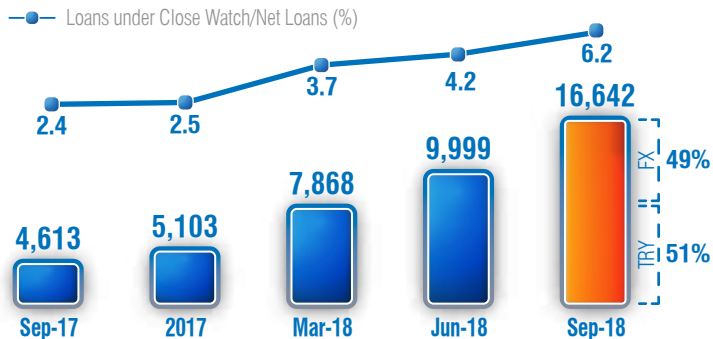
## Problematic loans below sector average

Total NPL Coverage is ~113%.<sup>(a)</sup>

### NPL Portfolio (TRY million)

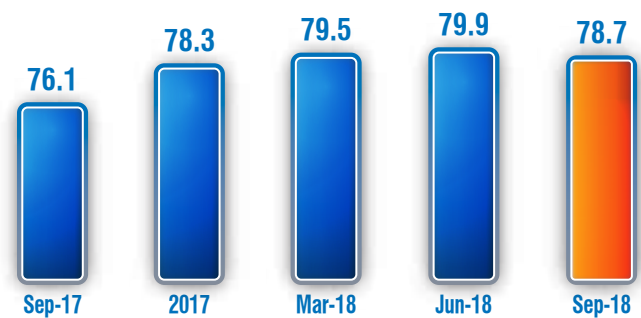


### Loans under Close Watch (TRY million)

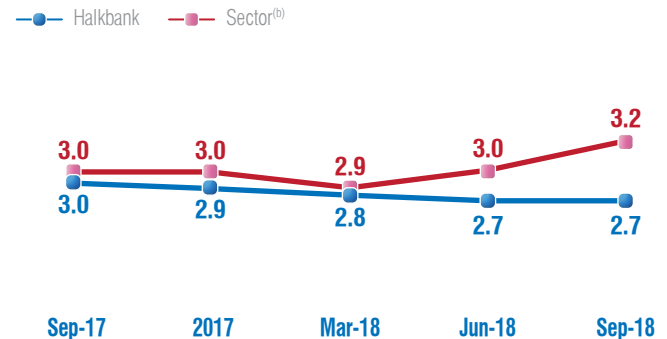


(a) Total NPL Coverage = (S1 + S2 + S3 + Free Provisions) / NPLs (b) BRSA monthly data as of Sep-18.

### NPL Coverage (%)

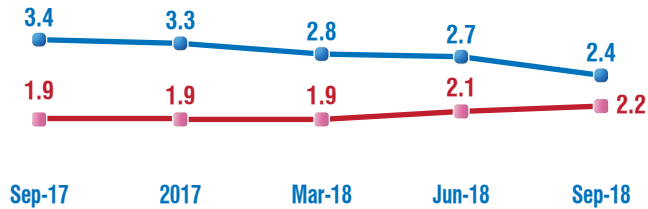


### NPL/Total Loans (%)

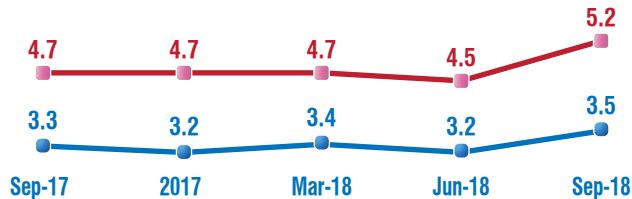


## NPL ratio by segments

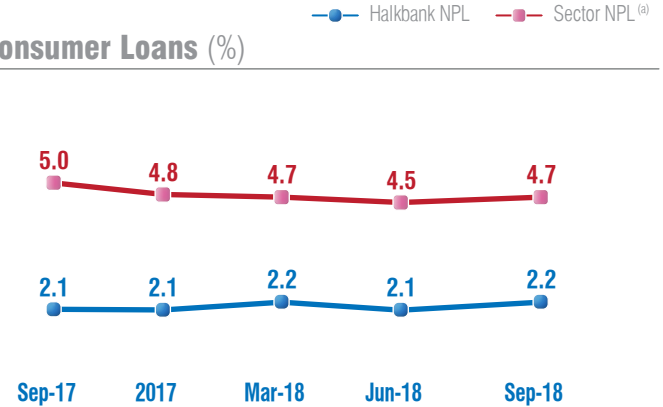
### Corporate - Commercial (%)



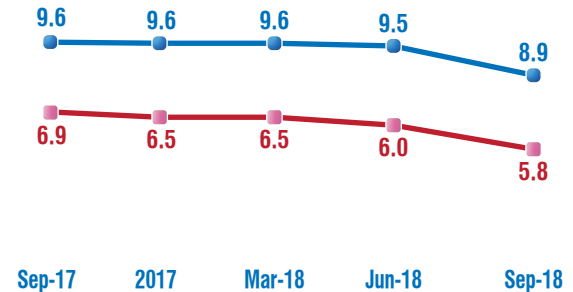
### SME Loans (%)



### Consumer Loans (%)



### Credit Cards (%)

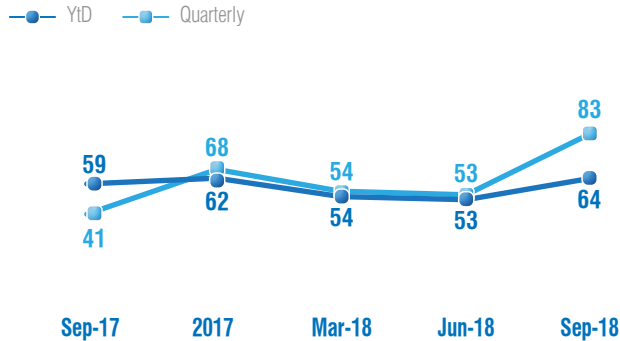


(a) BRSA monthly data as of Sep-18

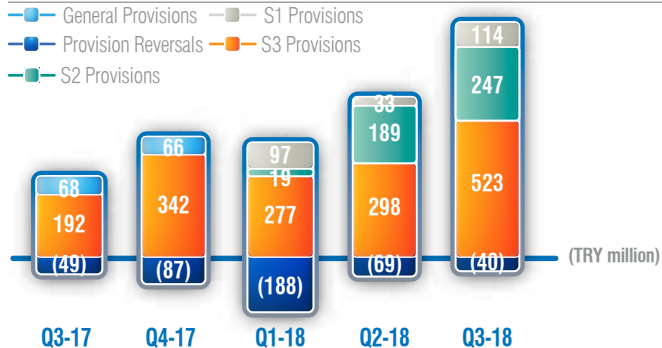


## Cost of Risk below guidance

### Cost of Risk (bps)<sup>(a)</sup>

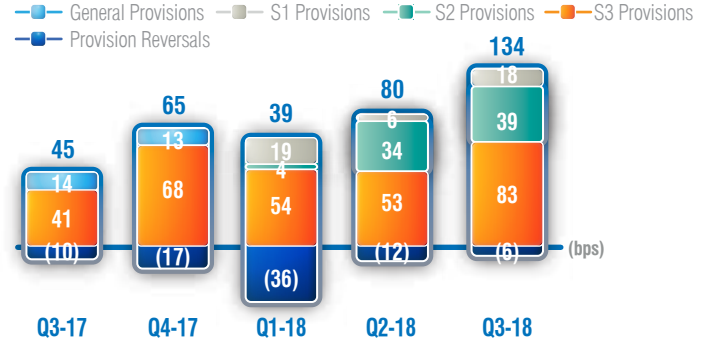


### Provisions and Reversals (TRY million)



(a) S3 Provisions/Average Net Loans

### Net Cost of Risk (bps)

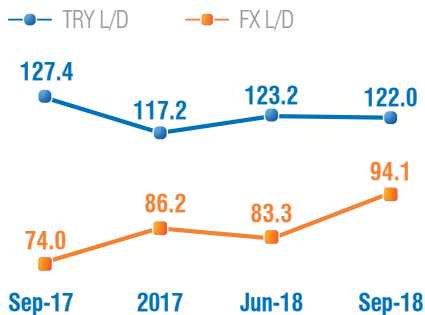
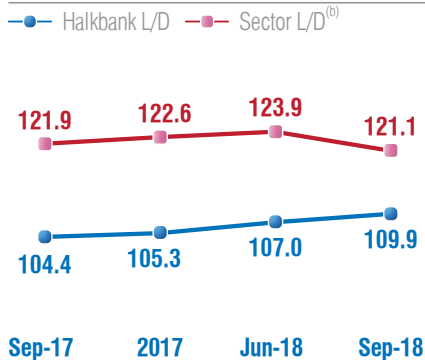


### Cost of Risk by Segments (bps)<sup>(a)</sup>

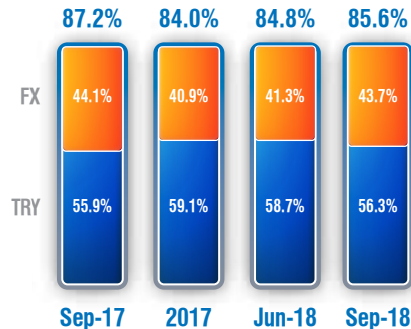


## Lesser reliance on FX wholesale funding & Comfortably low level of LDR

### Loan to Deposit (%)

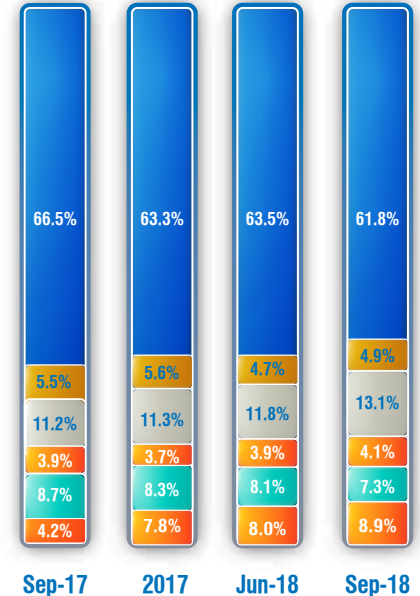


### Composition of IBLs<sup>(a)</sup>



> FX wholesale funding makes up 11.2% of total liabilities vs sector average<sup>(b)</sup> of 25.1%

### Liabilities Mix (%)



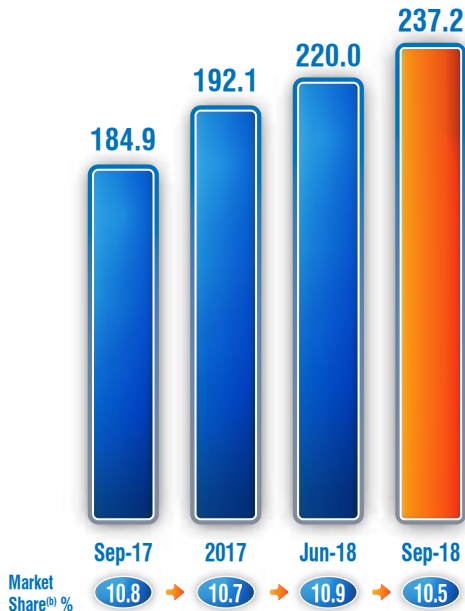
(a) Including interest accruals and excluding funds. (b) Excluding demand deposit, the share of IBL is 76.9% in Sep-18.

(b) BRSA monthly data as of Sep-18.

## Solid deposit franchise

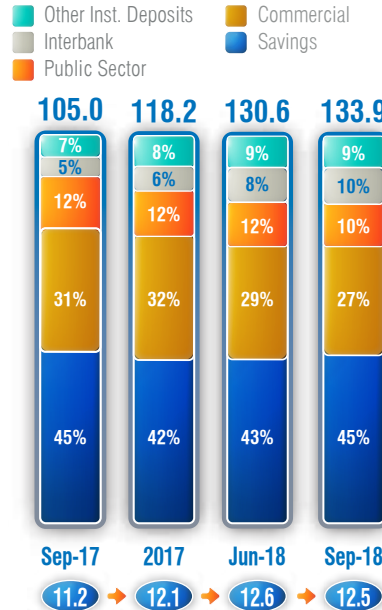
	<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YtD	<b>23.5%</b>	<b>26.1%</b>
QoQ	<b>7.8%</b>	<b>12.6%</b>

### Total Deposits

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


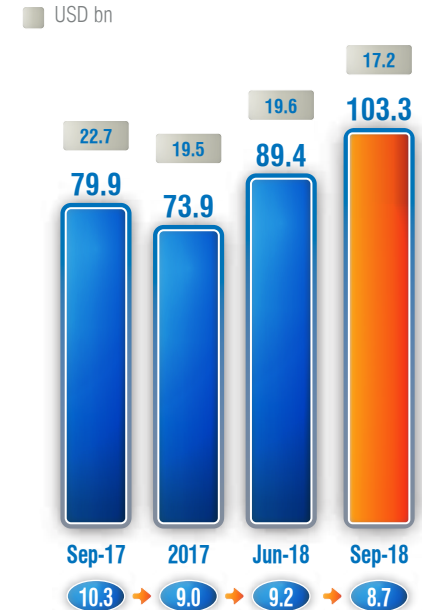
	<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YtD	<b>13.2%</b>	<b>9.8%</b>
QoQ	<b>2.5%</b>	<b>3.3%</b>

### TRY Deposits

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


	<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YtD	<b>39.8%</b>	<b>45.5%</b>
QoQ	<b>15.6%</b>	<b>22.7%</b>
in USD		
YtD	<b>-11.7%</b>	<b>-8.1%</b>
terms QoQ	<b>-12.3%</b>	<b>-7.0%</b>

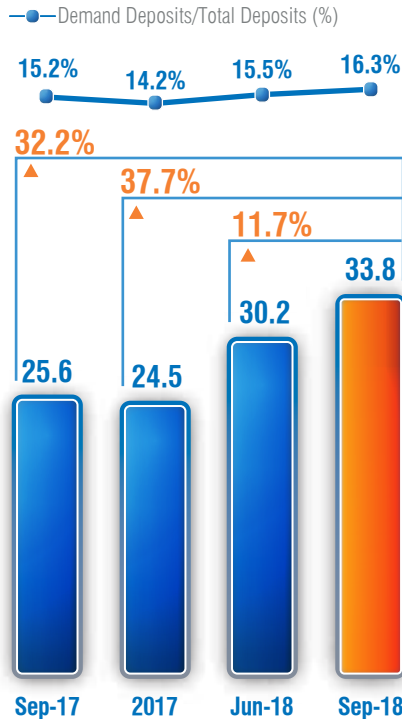
### FX Deposits

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


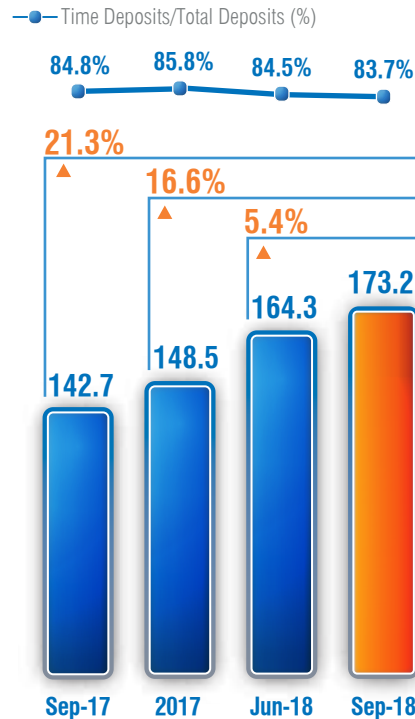
(a) Excluding interest accruals. (b) BRSA monthly data as of Sep-18, including interbank deposits.

## Continuously increasing demand deposits

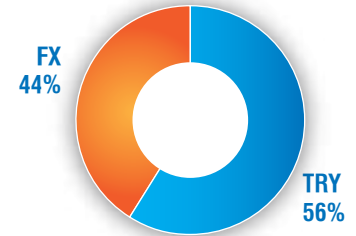
### Demand Deposits (TRY billion)<sup>(a)</sup>



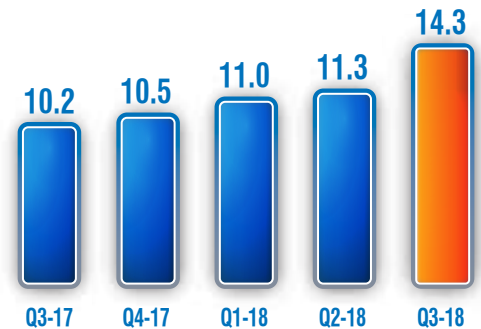
### Time Deposits (TRY billion)<sup>(a)</sup>



### Deposits by Currency (%)



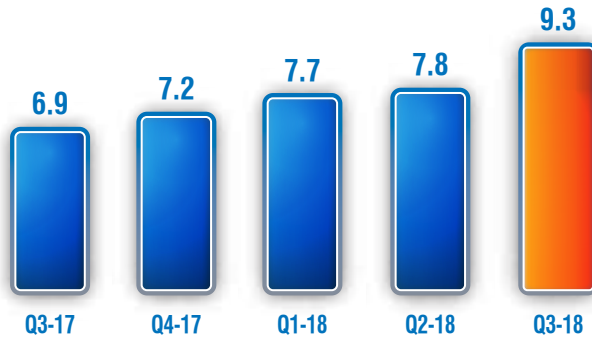
### Cost of TRY Deposits (%)<sup>(b)</sup>



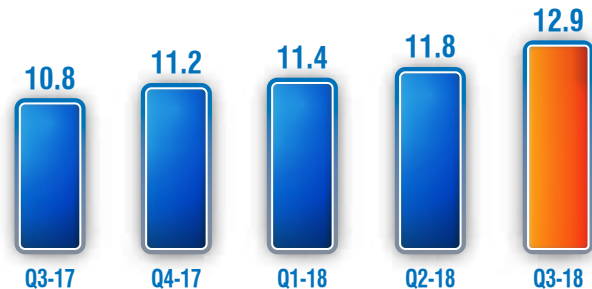
(a) Excluding interest accruals and interbank. (b) Time & Demand Blended.

## Cost – Yield – Spread (a)

### Cost of Deposits (%)

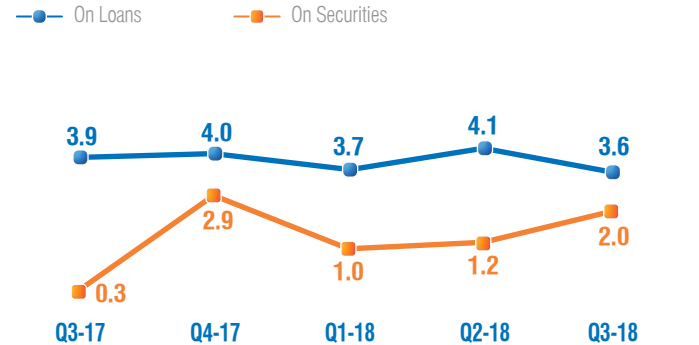


### Yield on Loans (%)<sup>(b)</sup>

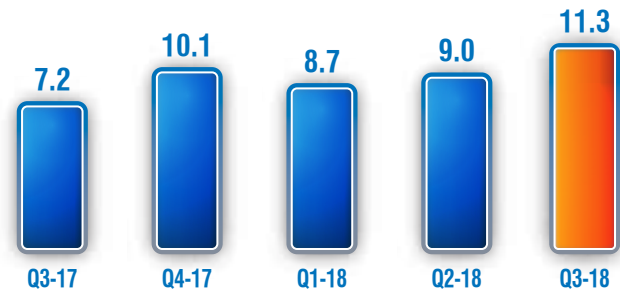


(a) TRY-FX blended (b) Excluding fund loans.

### Spreads (%)

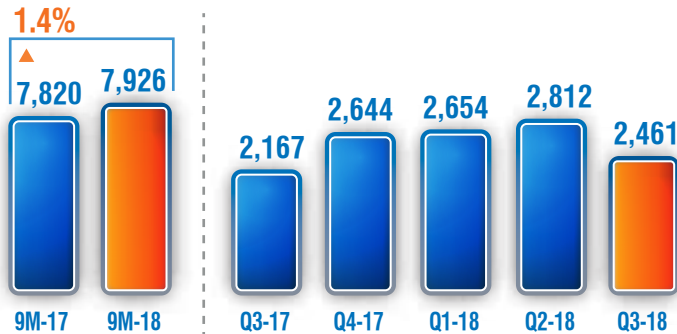


### Yield on Securities (%)

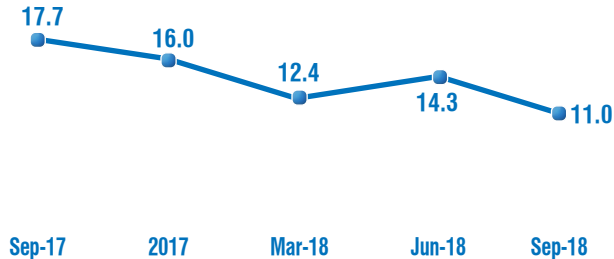


## 9-month net income ₺2.2 billion

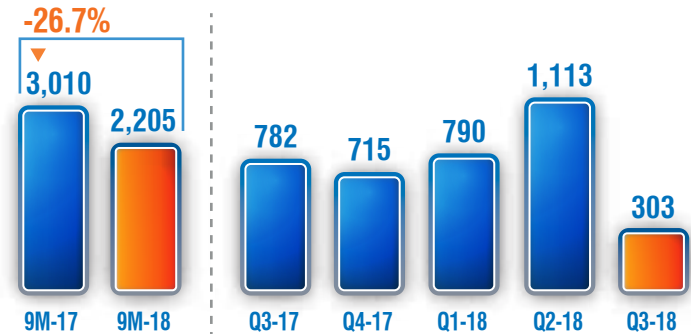
**Total Operating Revenues** (TRY million)



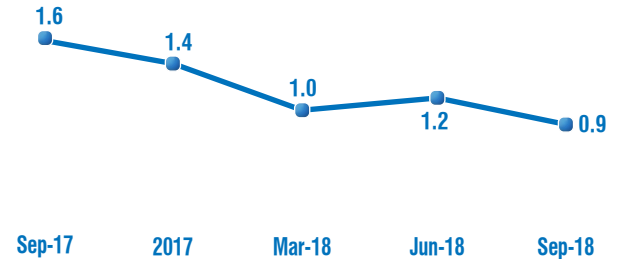
**RoE (%)**



**Net Income** (TRY million)



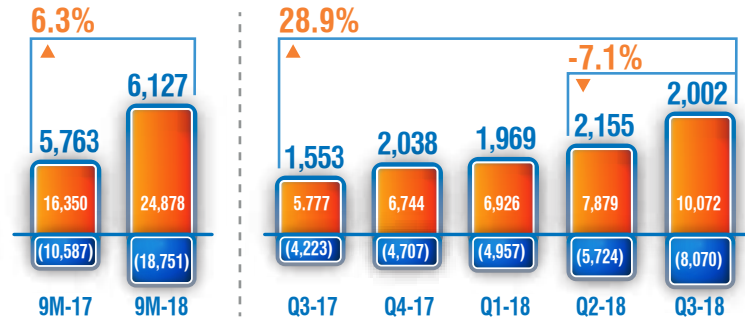
**RoA (%)**



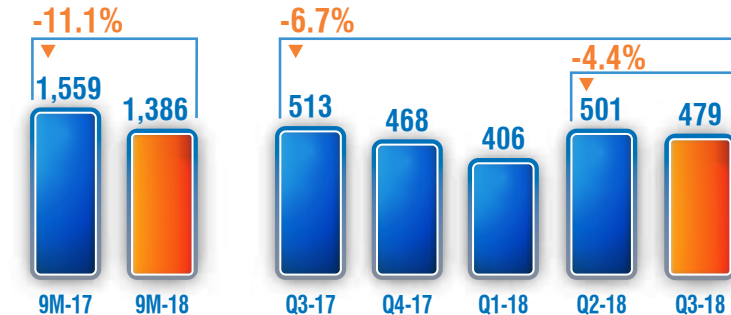
## Details on major revenue items

### Net Interest Income (TRY million)

Interest Income Interest Expenses

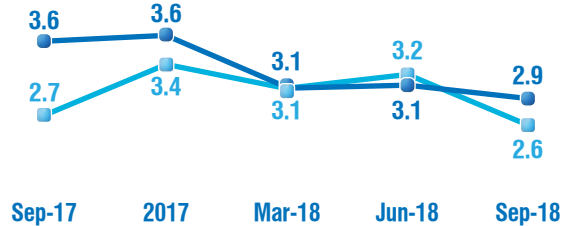


### Net Fees & Commissions Income (TRY million)

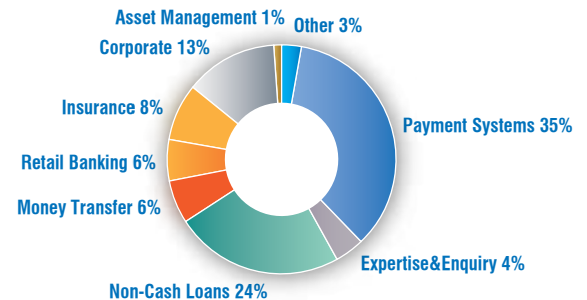


### NIM (%)

YtD Quarterly

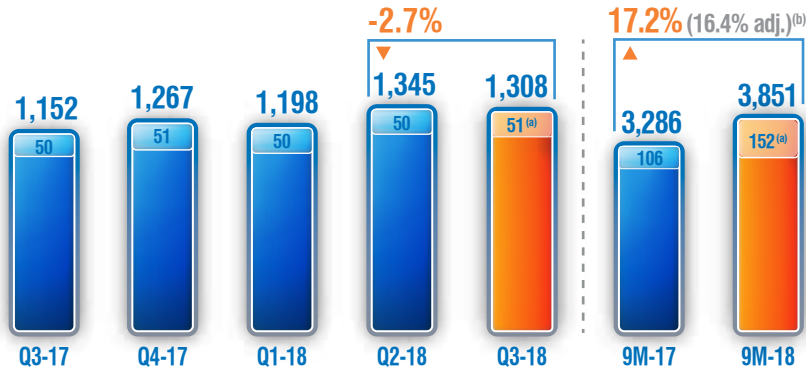


### Breakdown of Fees & Commissions (%)

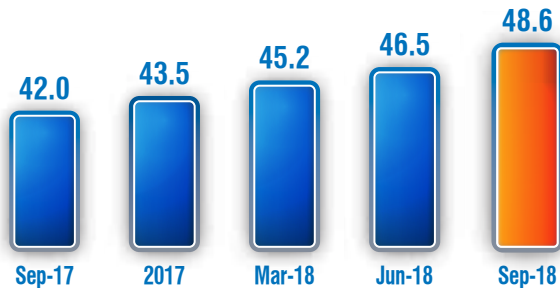


## Disciplined OPEX management, way below CPI

### Operating Expenses (TRY million)

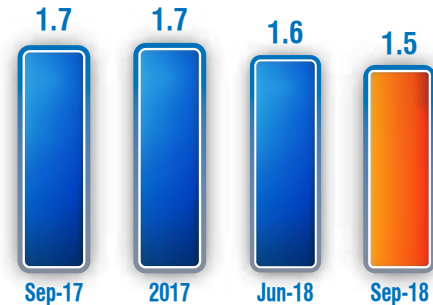


### Cost/Income (%)

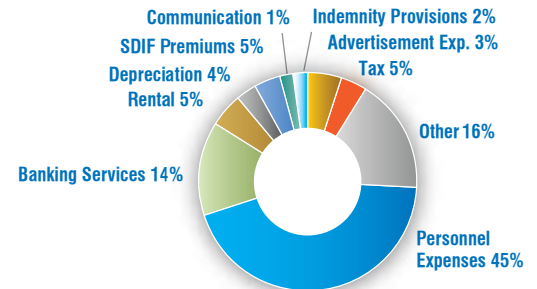


(a) Promotion payment to pensioners (b) Excluding SSI payments

### Operating Expenses / Average Assets (%)



### Breakdown of Operating Expenses (%)

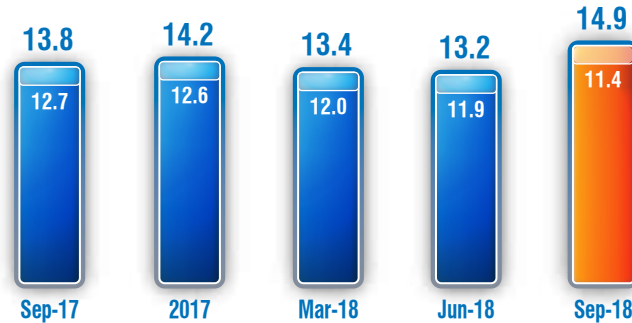




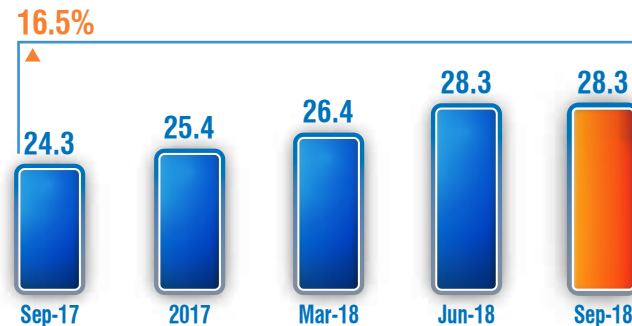
## Solvency Ratios

### CAR (%)

■ Tier-I ■ CAR



### SHE (TRY billion)



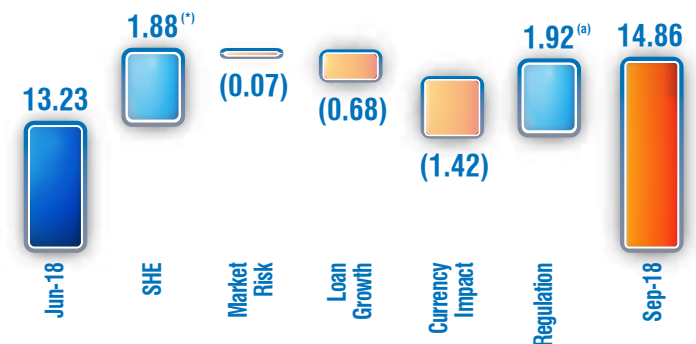
(a) Impact of temporary regulatory forbearance measures.

(\*) LC Subordinated Tier II Issuances; TRY 1.95 bn, Jul-18 } Positive Impact on CAR: 1.74 ppt  
TRY 2.98 bn, Sep-18 }

## Details on Capital Ratio

	Basel III Sep-18
(TRY mn)	
Credit Risk Base Amount (CRBA)	228,643
Market Risk Base Amount (MRBA)	3,448
Operational Risk Base Amount (ORBA)	16,168
Total Risk Weighted Assets (RWAs)	248,259
Shareholders' Equity	36,890
<b>CAR (%)</b>	<b>14.9</b>
<b>Tier-I (%)</b>	<b>11.4</b>
<b>Common Equity Tier-I (%)</b>	<b>11.4</b>

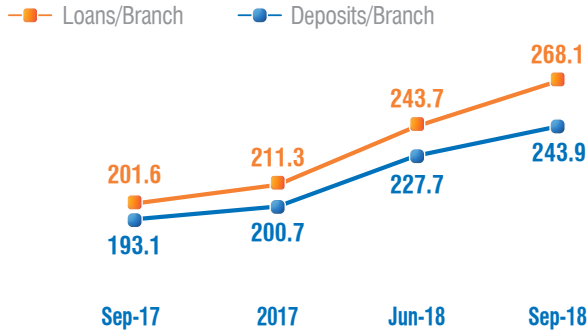
## Evolution of CAR (%)



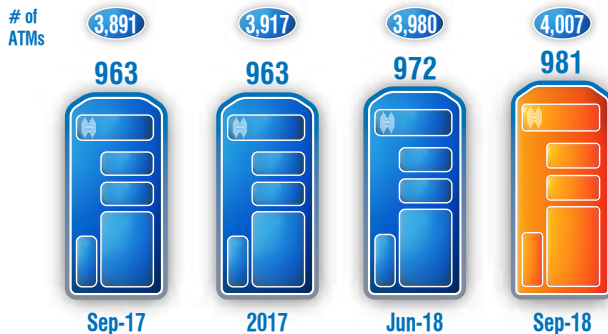
## Branch Network – Human Resources

> **18** new branches opened YtD.  
> Total branch number reached **981**.

### Loans and Deposits per Branch (TRY million)

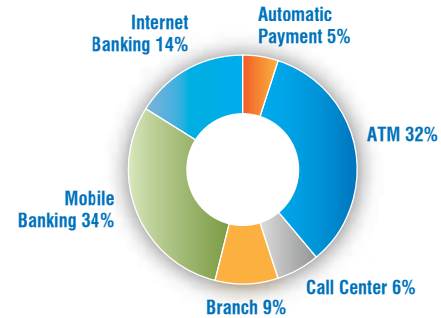


### Branches<sup>(a)</sup>



(a) Domestic branches

### Breakdown of Banking Transactions (%)



### Headcount



## Annex

Halkbank	TRY Million	Market Share (%)
Total Assets	387,323	9.2
Loans <sup>(a)</sup>	258,956	10.0
TRY Loans	163,419	11.0
FC Loans	95,537	8.7
SME Loans	100,460	15.2
Corp. + Comml. L.	111,682	7.9
Retail Loans	46,813	9.1
Housing	25,356	12.9
GPLs	17,707	8.4
Credit Cards	3,509	3.4

(a) Excluding interest accruals

Banking Sector Metrics <sup>(b)</sup>	9M-17	9M-18
Loan Growth (YtD, %)	15.0	23.3
Deposit Growth <sup>(c)</sup> (YtD, %)	11.2	26.1
LDR (%)	121.9	121.1
NPL (%)	3.0	3.2
CoR (bps)	105	118
<b>Macroeconomic Indicators</b>	<b>2017</b>	<b>Current</b>
GDP Growth (%)	7.4	5.2 <sup>(d)</sup>
CPI (%)	11.9	25.2 <sup>(e)</sup>
Unemployment (%)	10.9	10.8 <sup>(f)</sup>

(b) BRSA monthly data as of Sep-18.

(c) Including interbank deposits.

(d) Turkish Statistical Institute (TSI), 2Q-18.

(e) TSI, Oct-18.

(f) TSI, Jul-18.

## Balance Sheet

In TRY million	Sep-17	2017	Jun-18	Sep-18	QoQ Change %	YtD Change%	YoY Change%
Cash and Balances Held with the Central Bank <sup>(a)</sup>	34,559	36,373	33,599	29,802	(11.3)	(18.1)	(13.8)
Banks & Money Market <sup>(b)</sup>	3,985	7,353	4,951	7,753	56.6	5.4	94.5
Securities <sup>(b)</sup>	38,195	48,903	61,504	73,315	19.2	49.9	92.0
Net Loans <sup>(b)</sup>	194,173	203,464	236,903	263,002	11.0	29.3	35.4
Gross NPL	5,944	6,107	6,522	7,175	10.0	17.5	20.7
NPL Net	1,419	1,327	1,314	1,530	16.5	15.2	7.8
Property and Equipment	2,431	2,649	3,078	3,131	1.7	18.2	28.8
Other Assets	6,385	6,608	8,260	10,320	24.9	56.2	61.6
<b>Total Assets</b>	<b>279,726</b>	<b>305,351</b>	<b>348,296</b>	<b>387,323</b>	<b>11.2</b>	<b>26.8</b>	<b>38.5</b>
Deposits <sup>(b)</sup>	185,954	193,227	221,319	239,227	8.1	23.8	28.6
Funds Borrowed <sup>(b)</sup>	15,374	17,018	16,477	18,850	14.4	10.8	22.6
Interbank Money Market <sup>(b)</sup>	31,397	34,608	40,998	50,705	23.7	46.5	61.5
Marketable Securities Issued	10,977	11,355	13,432	15,770	17.4	38.9	43.7
Funds	2,464	2,725	2,769	2,787	0.6	2.3	13.1
Other Liabilities	5,971	17,592	23,513	30,209	28.5	71.7	405.9
Provisions	3,306	3,449	1,530	1,481	(3.2)	(57.1)	(55.2)
Shareholders' Equity	24,283	25,377	28,258	28,295	0.1	11.5	16.5
<b>Total Liabilities</b>	<b>279,726</b>	<b>305,351</b>	<b>348,296</b>	<b>387,323</b>	<b>11.2</b>	<b>26.8</b>	<b>38.5</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	Sep-17	Sep-18	YoY%	Q3-17	Q2-18	Q3-18	QoQ Change%	YoY Change%
Interest Income	16,350	24,878	52.2	5,777	7,879	10,072	27.8	74.4
On Loans	13,423	20,283	51.1	4,984	6,507	8,046	23.7	61.4
On Securities	2,649	4,068	53.6	691	1,211	1,800	48.6	160.4
Interest Expense	10,587	18,751	77.1	4,223	5,724	8,070	41.0	91.1
On Deposits	7,841	13,605	73.5	3,139	4,170	5,645	35.4	79.8
<b>Net Interest Income</b>	<b>5,763</b>	<b>6,127</b>	<b>6.3</b>	<b>1,553</b>	<b>2,155</b>	<b>2,002</b>	<b>(7.1)</b>	<b>28.9</b>
Net Fees and Commissions	1,559	1,386	(11.1)	513	501	479	(4.4)	(6.7)
Net Trading Income	87	(39)	N/A	(15)	30	(99)	N/A	N/A
Other Operating Income	410	453	10.3	116	127	78	(38.0)	(32.4)
Reversal of Loan Loss Provisions	219	298	36.3	49	69	40	(41.7)	(17.3)
Total Operating Revenues	7,820	7,926	1.4	2,167	2,812	2,461	(12.5)	13.5
Operating Expenses	3,286	3,851	17.2	1,152	1,345	1,308	(2.7)	13.5
<b>Net Operating Income</b>	<b>4,534</b>	<b>4,075</b>	<b>(10.1)</b>	<b>1,015</b>	<b>1,468</b>	<b>1,152</b>	<b>(21.5)</b>	<b>13.6</b>
Provision for Loan Losses and Other Receivables	1,050	1,959	86.6	320	553	944	70.8	195.2
Loan Loss Provisions for Cash Loans	779	1,098	41.0	192	298	523	75.6	172.0
Profit/(Losses) from Associates	262	510	94.8	240	374	136	(63.7)	(43.3)
<b>Income Before Taxes</b>	<b>3,746</b>	<b>2,626</b>	<b>(29.9)</b>	<b>935</b>	<b>1,289</b>	<b>344</b>	<b>(73.3)</b>	<b>(63.2)</b>
Provision for Tax	736	421	(42.8)	153	177	42	(76.5)	(72.7)
<b>Net Income</b>	<b>3,010</b>	<b>2,205</b>	<b>(26.7)</b>	<b>782</b>	<b>1,112</b>	<b>303</b>	<b>(72.8)</b>	<b>(61.3)</b>

## Notes





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.