

## 2019 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



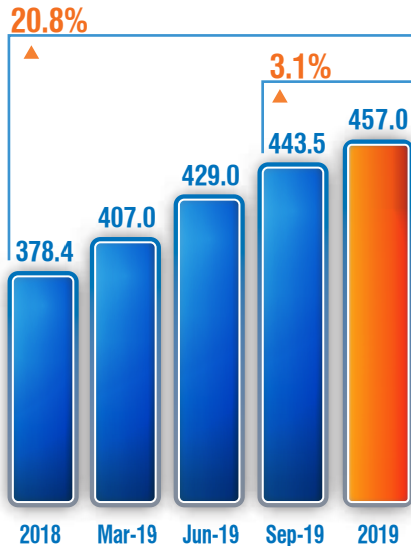
## Gradual asset growth with well-diversified structure

FX LCR is at 362%, well above regulatory limit of 80%.

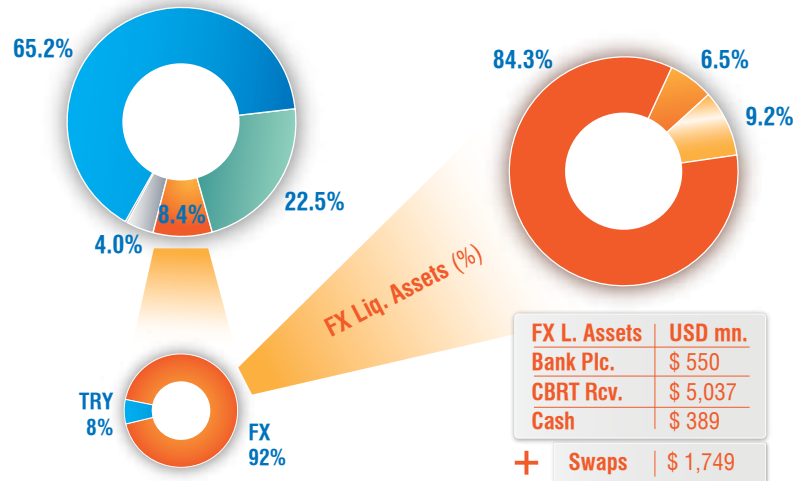
### Asset Growth

YoY **20.8%** QoQ **3.1%**

#### Total Asset Growth (TRY billion)



#### Asset Mix (%)



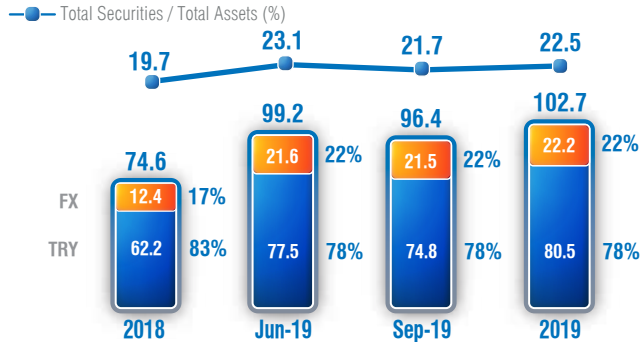
FX L. Assets	USD mn.
Bank Plc.	\$ 550
CBRT Rcv.	\$ 5,037
Cash	\$ 389

+ Swaps | \$ 1,749

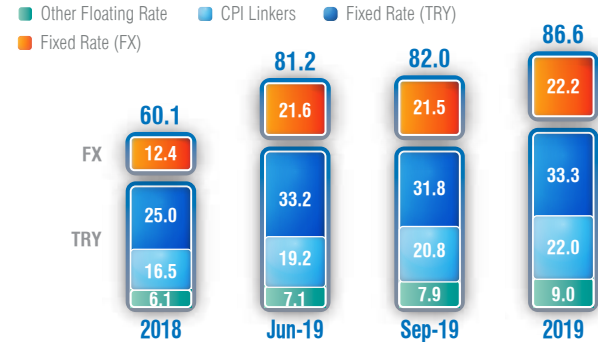
FX wholesale funding excluding bank deposits due in 12 months = \$1.7 bn.

## TL heavy portfolio dominated by fixed rate securities

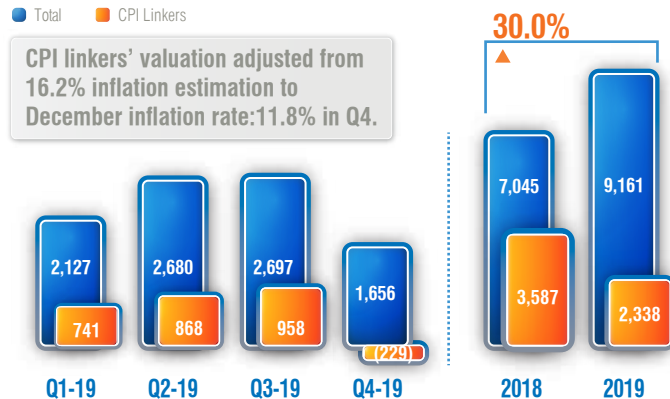
### Total Securities Portfolio (TRY billion)



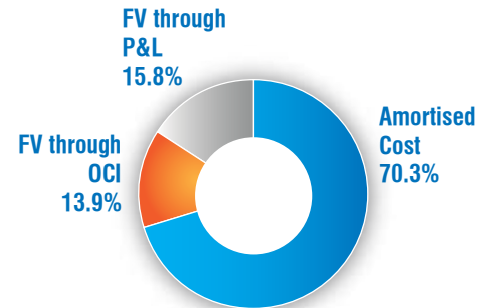
### Securities Classification (TRY billion)(\*)



### Interest Income on Securities (TRY million)



### Securities Composition (%)



(\*) Excluding borrowed securities

## Prudent loan growth with robust market share

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

CGF Utilization (TRY Bn)	Sep-19	Dec-19
Current loan amount	24.6	21.8

### Total Loans

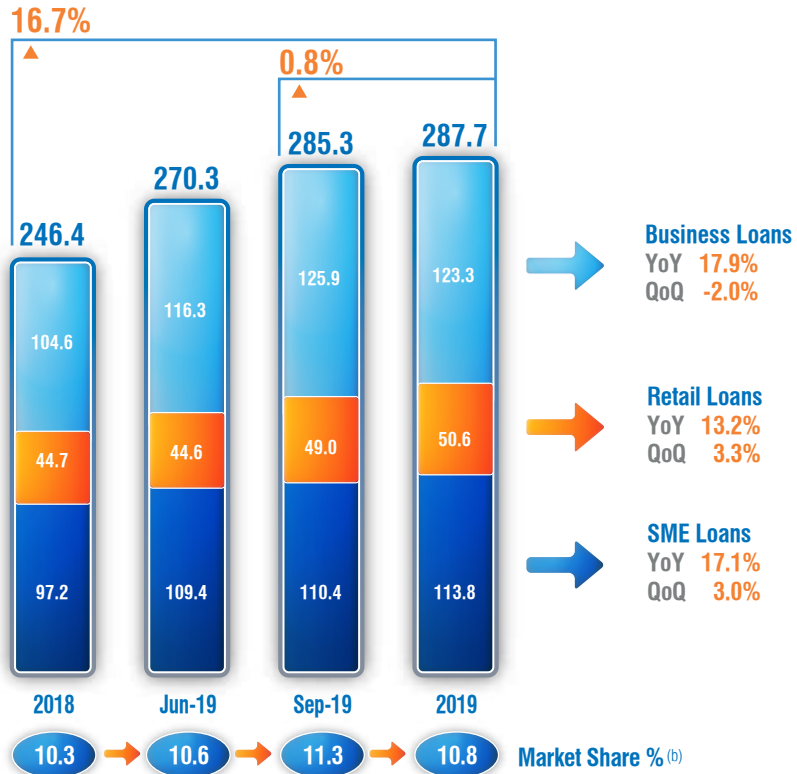
HALKBANK	B. Sector <sup>(b)</sup>
YoY	YoY
<b>16.7%</b>	<b>11.0%</b>
QoQ	QoQ
<b>0.8%</b>	<b>4.9%</b>

### TRY Loans

HALKBANK	B. Sector <sup>(b)</sup>
YoY	YoY
<b>25.2%</b>	<b>14.1%</b>
QoQ	QoQ
<b>1.7%</b>	<b>5.5%</b>

### FX Loans

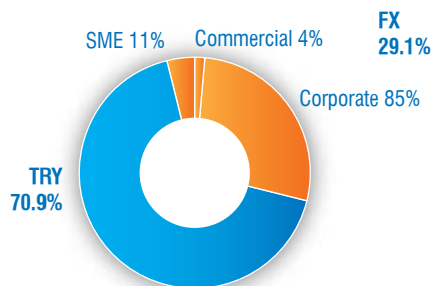
HALKBANK	B. Sector <sup>(b)</sup>
YoY	YoY
<b>0.2%</b>	<b>6.2%</b>
QoQ	QoQ
<b>-1.1%</b>	<b>4.1%</b>
in USD terms	
YoY	YoY
<b>-10.5%</b>	<b>-5.2%</b>
QoQ	QoQ
<b>-5.4%</b>	<b>-0.4%</b>



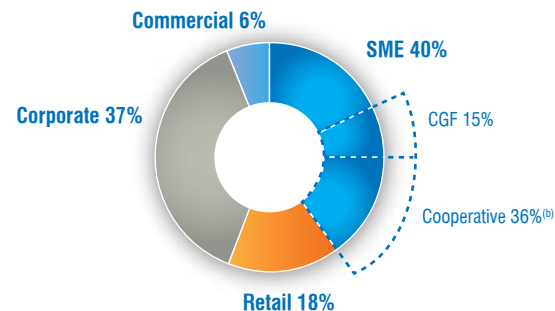
(a) Excluding interest accruals (b) BRSA monthly data as of Dec-19.

## Solid loan portfolio with well diversified segmentation

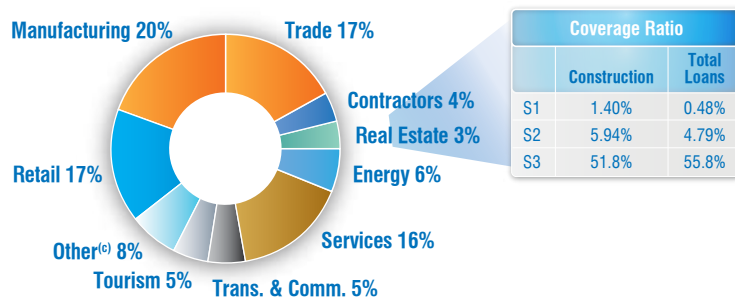
**Loans by Currency (%)<sup>(a)</sup>**



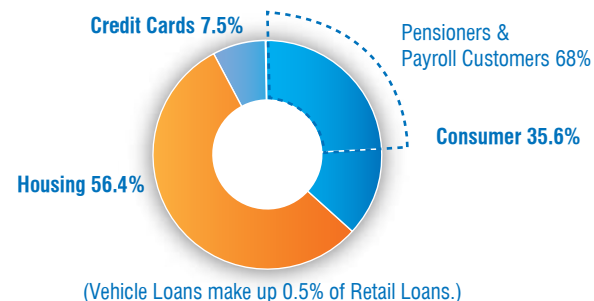
**Loans by Customer Segmentation (%)<sup>(a)</sup>**



**Sectoral Breakdown of Loans (%)**



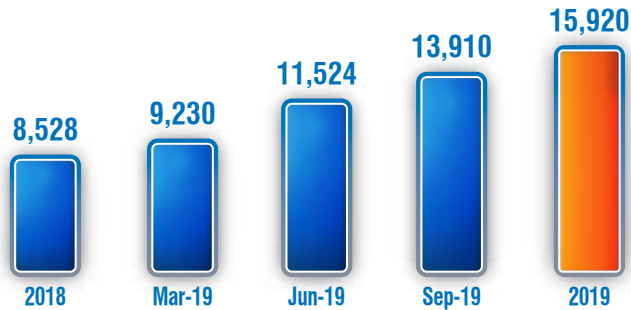
**Retail Loans by Types (%)<sup>(a)</sup>**



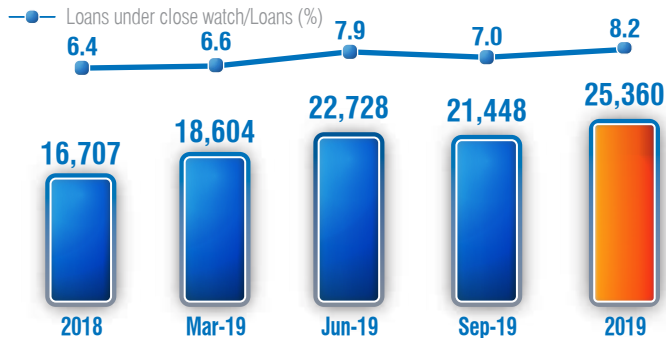
(a) Excluding interest accruals (b) Micro SMEs (c) Includes sectors below 3%.

## Below sector NPL ratio without any sale or write-off

**NPL Portfolio** (TRY million)<sup>(a)</sup>

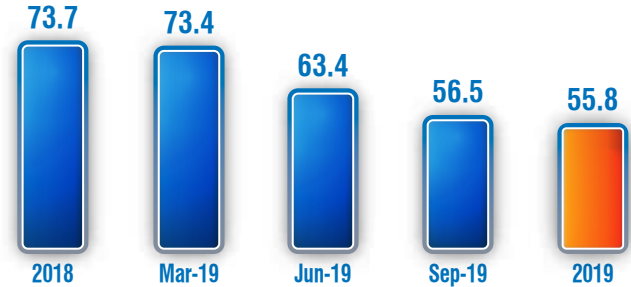


**Loans under Close Watch** (TRY million)

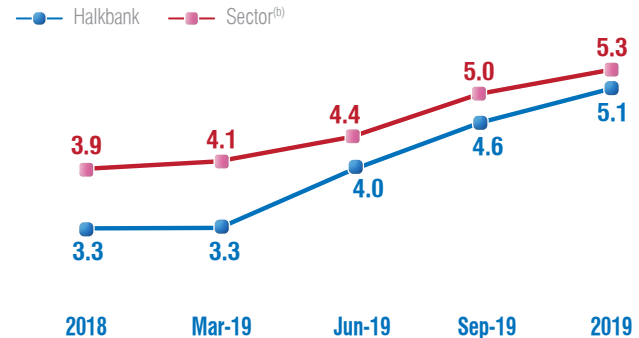


(a) Including interest accruals (b) BRSA monthly data as of Dec-19.

**NPL Coverage** (%)<sup>(a)</sup>

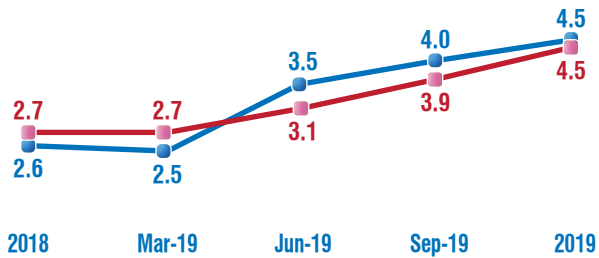


**NPL/Total Loans** (%)<sup>(a)</sup>

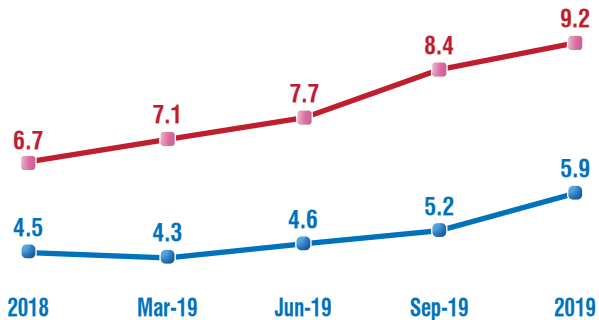


## NPL ratio by segments

### Corporate - Commercial (%)

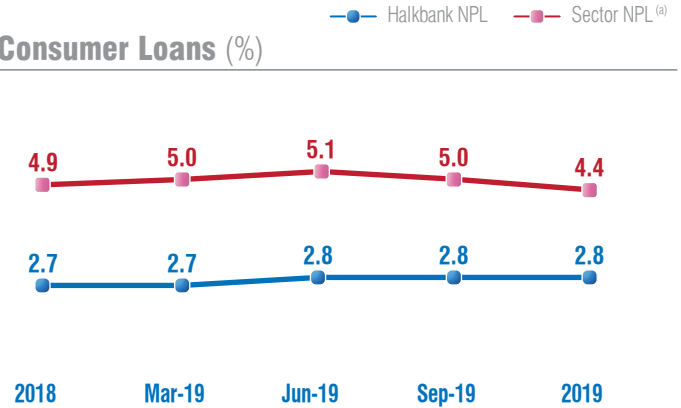


### SME Loans (%)

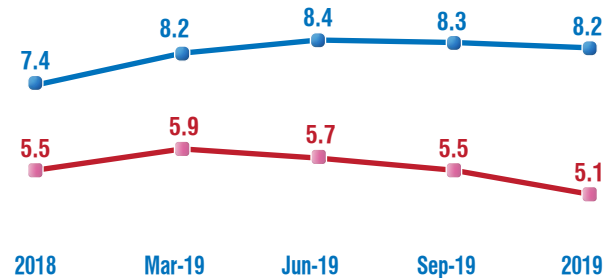


(a) BRSA monthly data as of Dec-19.

### Consumer Loans (%)

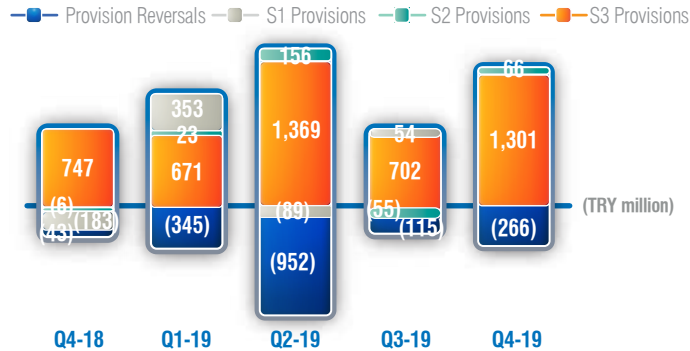


### Credit Cards (%)

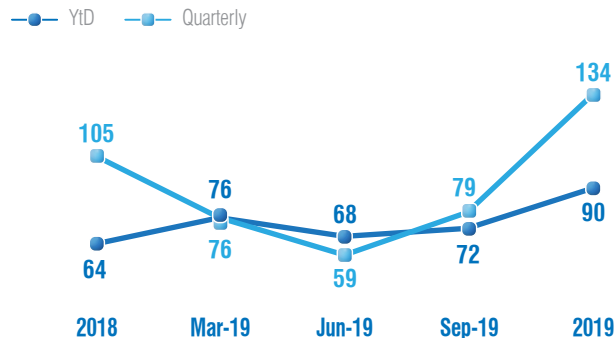


## Asset quality dynamics on quarterly basis

### Provisions and Reversals (TRY million)

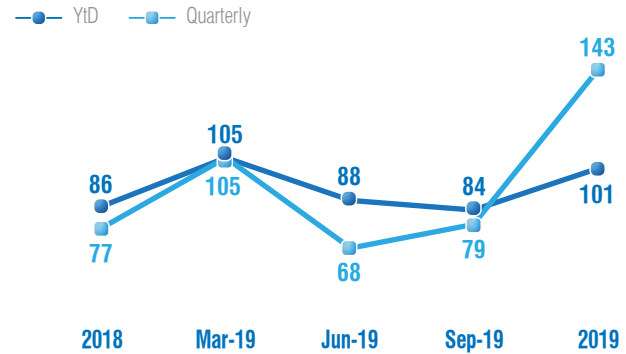


### Net Specific Cost of Risk (bps)<sup>(b)</sup>



(a) (Total Provisions - Reversals)/Average Gross Loans (b) (S3 Provisions - NPL Reversals)/Average Gross Loans

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

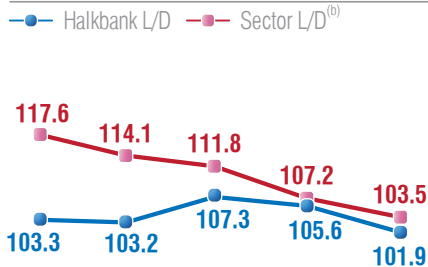


### Net Specific Cost of Risk by Segments (bps)



## TL LDR improvement gains momentum

### Loan to Deposit (%)



2018 Mar-19 Jun-19 Sep-19 2019

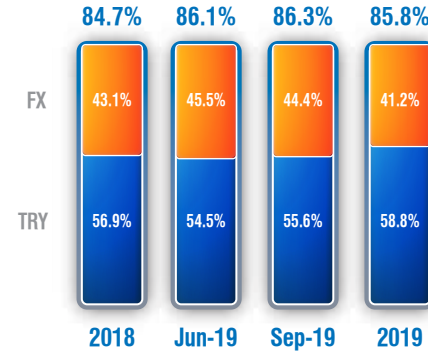
—●— TRY L/D —■— FX L/D



2018 Mar-19 Jun-19 Sep-19 2019

(a) Including interest accruals and excluding funds. Excluding demand deposit, the share of IBL is 74.3% in Dec-19.

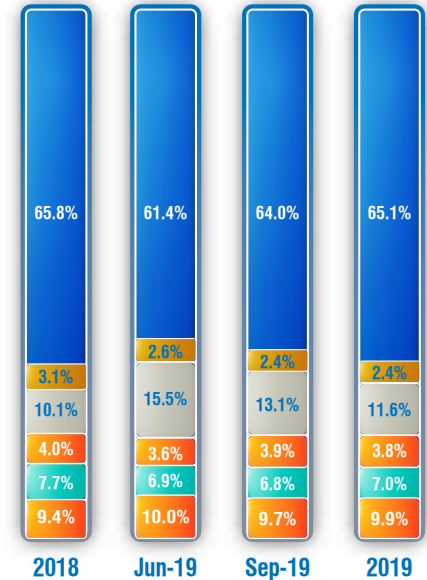
### Composition of IBLs<sup>(a)</sup>



> FX wholesale funding makes up 7.1% of total liabilities vs sector average<sup>(b)</sup> of 20.4%

### Liabilities Mix (%)

Deposits (blue)  
 Funds Borrowed (yellow)  
 Interbank Money Market (grey)  
 Marketable Securities Issued (orange)  
 Shareholders' Equity (teal)  
 Other Liabilities (red)



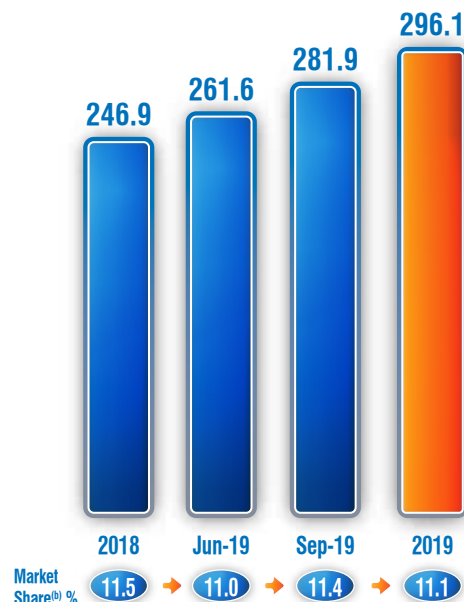
2018 Jun-19 Sep-19 2019

(b) BRSA monthly data as of Dec-19.

## TL driven deposit growth

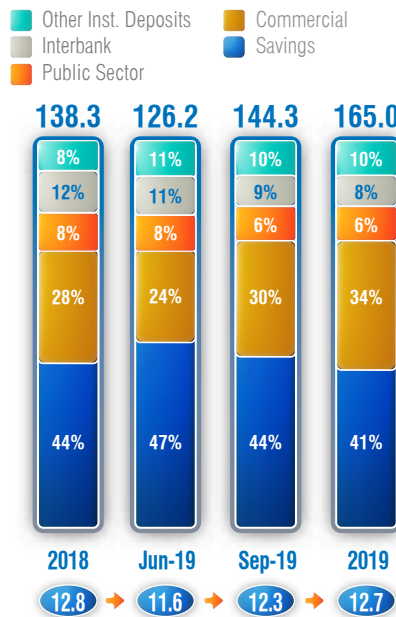
	<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YoY	<b>19.9%</b>	<b>24.7%</b>
QoQ	<b>5.0%</b>	<b>8.4%</b>

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



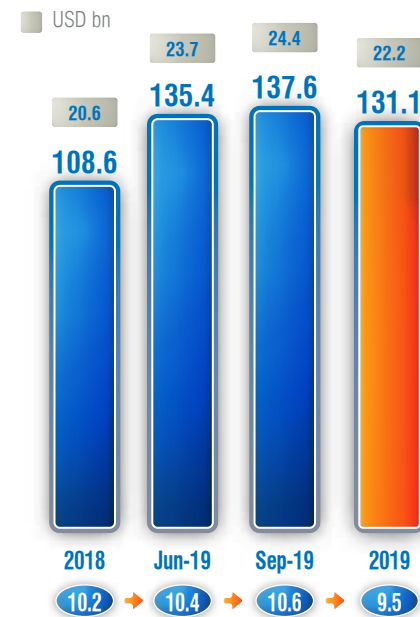
	<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YoY	<b>19.3%</b>	<b>20.6%</b>
QoQ	<b>14.3%</b>	<b>11.0%</b>

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



	<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YoY	<b>20.8%</b>	<b>28.7%</b>
QoQ	<b>-4.7%</b>	<b>6.0%</b>
in USD		
YoY	<b>7.9%</b>	<b>15.0%</b>
terms QoQ	<b>-8.8%</b>	<b>1.4%</b>

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

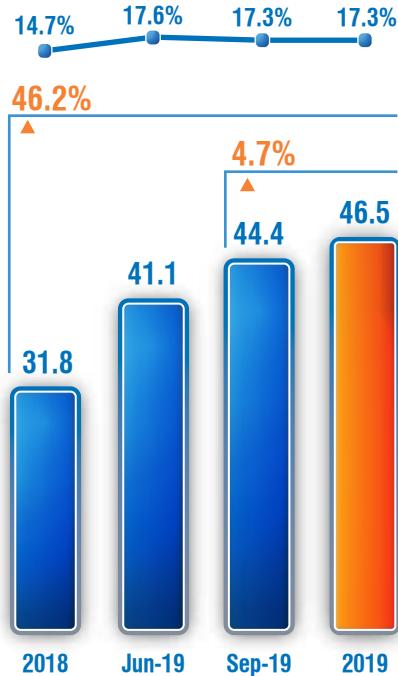


(a) Excluding interest accruals. (b) BRSA monthly data as of Dec-19, including interbank deposits.

## Cost of TL deposits declined significantly

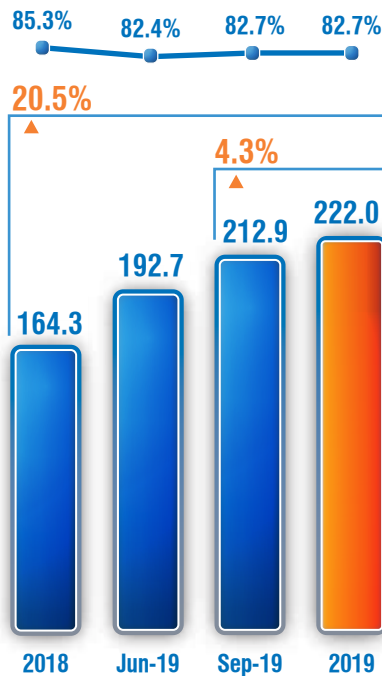
### Demand Deposits (TRY billion)<sup>(a)</sup>

—●— Demand Deposits/Total Deposits (%)



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

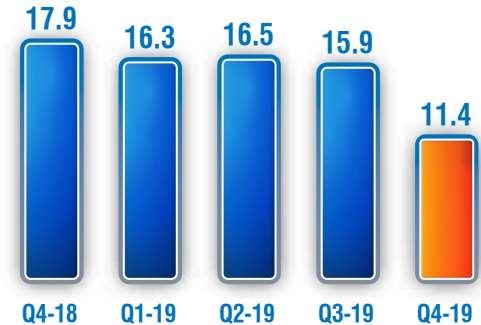
—●— Time Deposits/Total Deposits (%)



### Deposits by Currency (%)



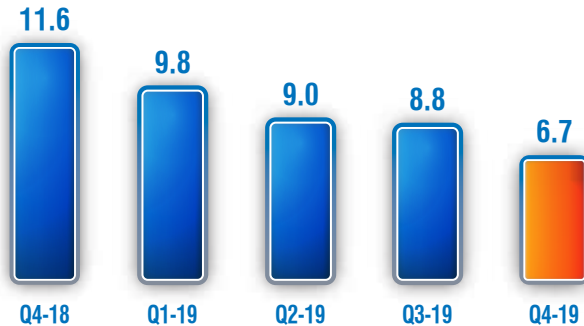
### Cost of TRY Deposits (%)<sup>(b)</sup>



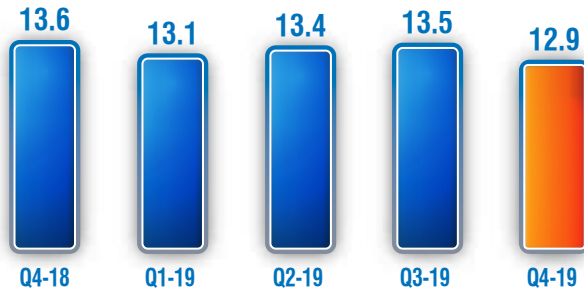
(a) Excluding interest accruals and interbank. (b) Time & Demand Blended.

## CPI adjustment more than compensated by core spread boost

### Cost of Deposits (%)

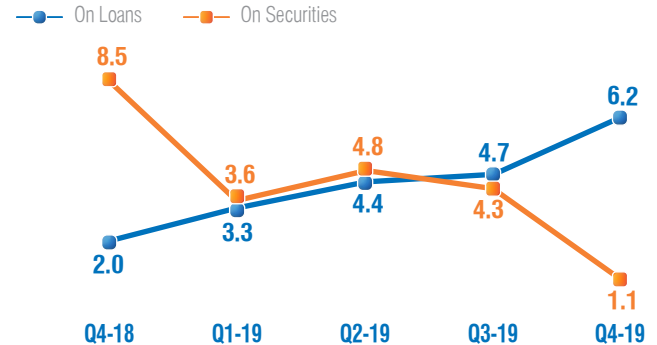


### Yield on Loans (%)<sup>(a)</sup>

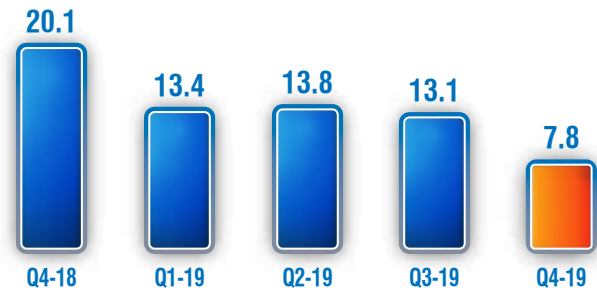


(a) Excluding fund loans

### Spreads (%)



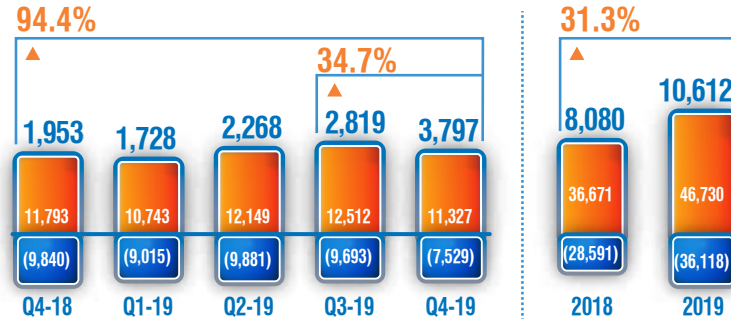
### Yield on Securities (%)



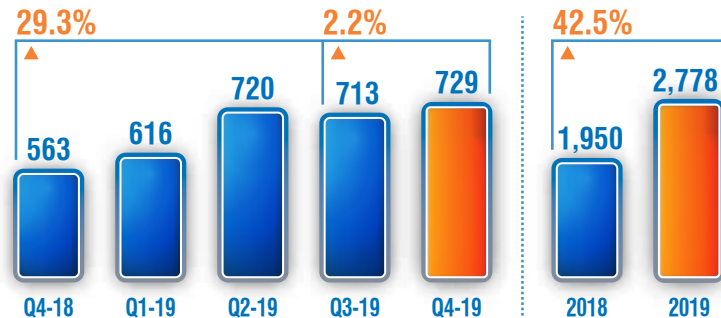
## Tremendous core revenue performance

### Net Interest Income (TRY million)

■ Interest Income ■ Interest Expenses

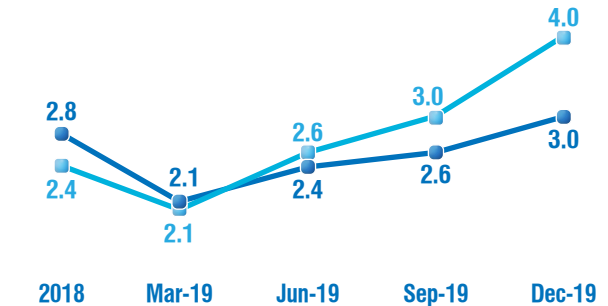


### Net Fees & Commissions Income (TRY million)

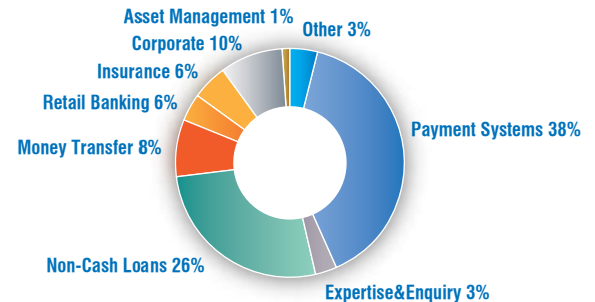


### NIM (%)

—●— YtD —■— Quarterly

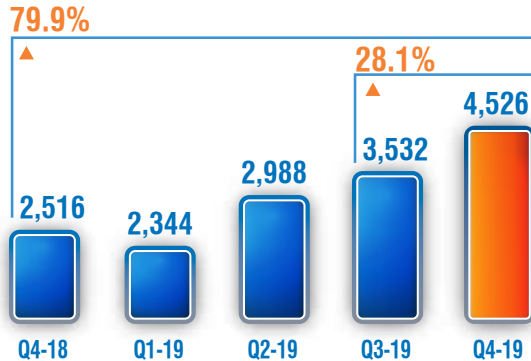


### Breakdown of Fees & Commissions (%)

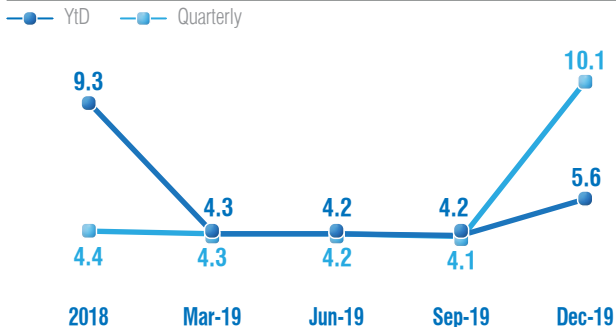


## Return enhancement driven by core business

**Core Operating Revenues** (TRY million)<sup>(a)</sup>

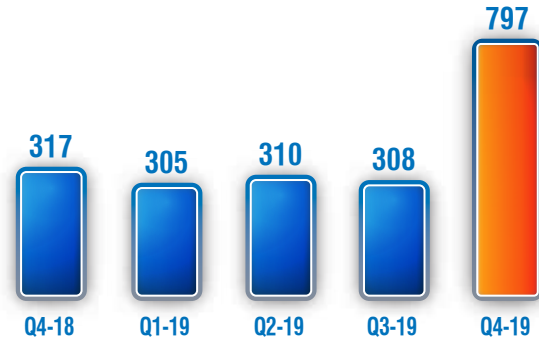


**RoE (%)**

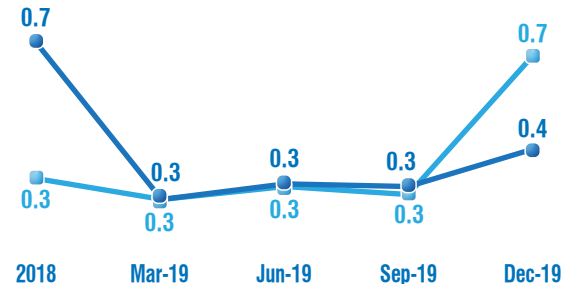


(a) Net Interest Income + Net Fees & Commissions

**Net Income** (TRY million)

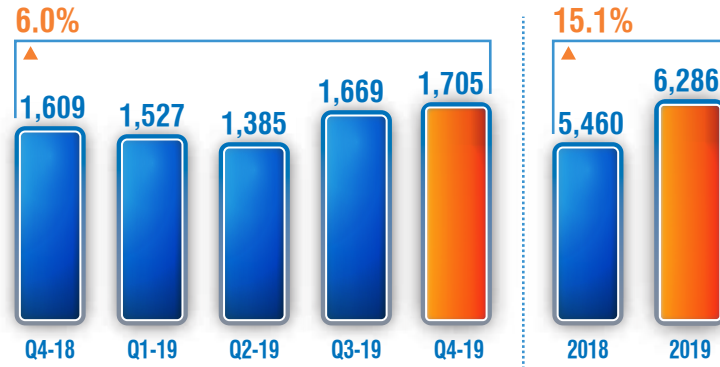


**RoA (%)**

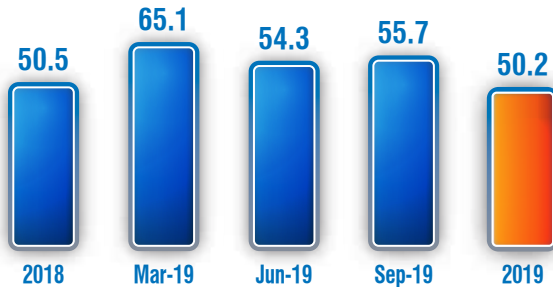


## Disciplined cost management reflected on moderate metrics

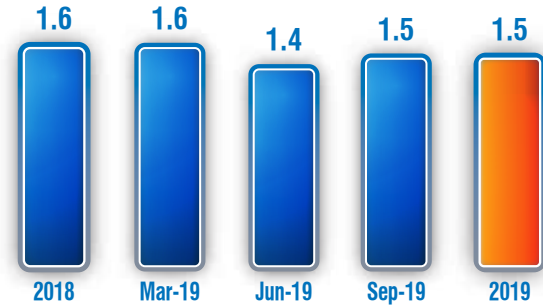
### Operating Expenses (TRY million)



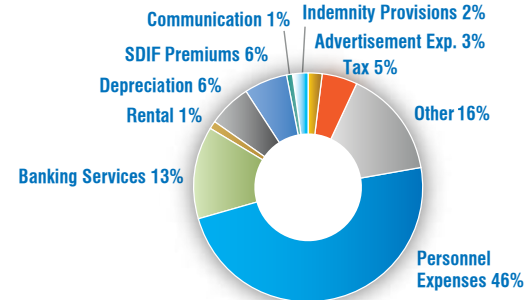
### Cost/Income (%)



### Operating Expenses / Average Assets (%)



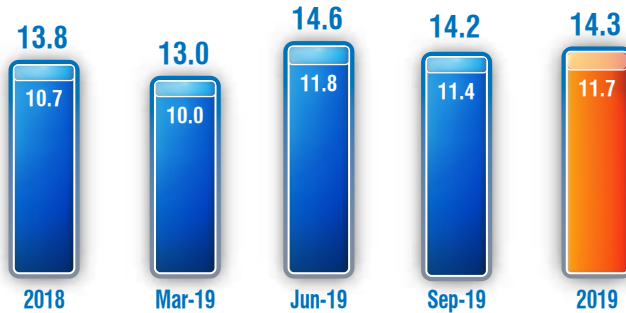
### Breakdown of Operating Expenses (%)



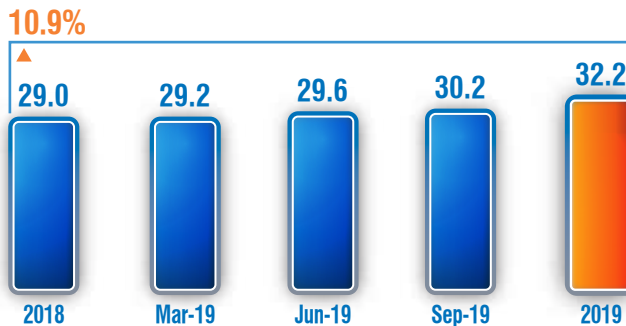
## Solvency Ratios

### CAR (%)

■ Tier-I ■ CAR



### SHE (TRY billion)



### Details on Capital Ratio

#### (TRY mn)

Credit Risk Base Amount (CRBA)	294,639
Market Risk Base Amount (MRBA)	11,483
Operational Risk Base Amount (ORBA)	18,626
Total Risk Weighted Assets (RWAs)	324,748
Shareholders' Equity	46,544

**CAR (%)** **14.33**

**Tier-I (%)** **11.67**

**Common Equity Tier-I (%)** **9.84**

**Basel III**

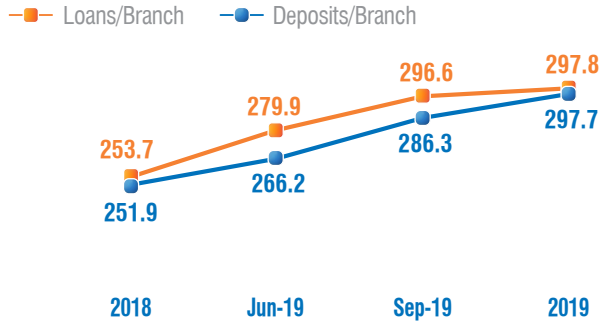
**Dec-19**

Basel III Capital Requirements	Minimum	Capital Conservation Buffer	Counter Cyclical Buffer	Regulatory Requirements*
Car (%)	8.00	2.50	0.03	10.53
Tier-I (%)	6.00	2.50	0.03	8.53
CET-I (%)	4.50	2.50	0.03	7.03

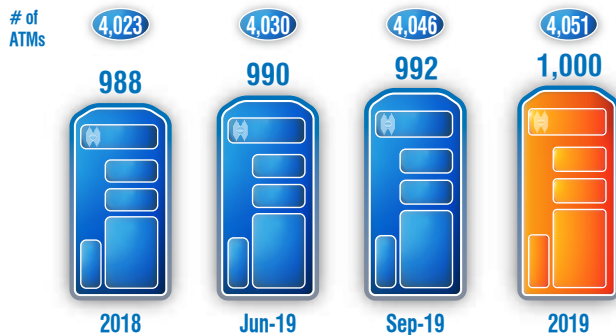
\* SIFI Buffer (1.00%) is factored into the regulatory requirements on consolidated basis.

## Branch Network – Human Resources

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

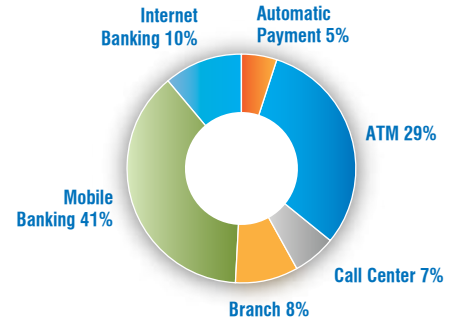


### Branches<sup>(a)</sup>



(a) Domestic branches

### Breakdown of Banking Transactions (%)



### Headcount



## Annex

Halkbank	TRY Million	Market Share (%)
Total Assets	457,045	10.2
Loans <sup>(a)</sup>	287,703	10.8
TRY Loans	203,996	12.4
FC Loans	83,707	8.2
SME Loans	113,757	18.5
Corp. + Comml. L.	123,339	8.5
Retail Loans	50,605	10.8
Housing	28,529	14.3
GPLs	18,015	6.9
Credit Cards	3,786	3.2

Banking Sector Metrics <sup>(b)</sup>	2018	2019
Loan Growth (YoY, %)	14.1	11.0
Deposit Growth <sup>(c)</sup> (YoY, %)	19.6	24.7
LDR (%)	117.6	103.5
NPL (%)	3.9	5.3
CoR <sup>(d)</sup> (bps)	151	212
<b>Macroeconomic Indicators</b>	<b>2018</b>	<b>2019</b>
GDP Growth (%)	2.6	0.9 <sup>(e)</sup>
CPI (%)	20.3	11.8 <sup>(f)</sup>
Unemployment (%)	13.5	13.3 <sup>(g)</sup>

(b) BRSA monthly data as of Dec-19.

(c) Including interbank deposits.

(d) S3 provisions/Av. Gross Loans

(e) Turkish Statistical Institute (TSI), 2019/3.

(f) TSI, Dec -19.

(g) TSI, Nov-19.

(a) Excluding interest accruals and including TRY 1.3 million amount of other loans.

## Balance Sheet

In TRY million	2018	Sep-19	2019	QoQ Change%	YoY Change%
Cash and Balances Held with the Central Bank <sup>(a)</sup>	34,957	32,642	34,489	5.7	(1.3)
Banks & Money Market <sup>(b)</sup>	5,141	3,646	3,750	2.9	(27.0)
Securities <sup>(b)</sup>	74,557	96,383	102,734	6.6	37.8
Net Loans <sup>(b)</sup>	250,624	294,182	297,806	1.2	18.8
Gross NPL	8,528	13,910	15,920	14.5	86.7
NPL Net	2,245	4,492	5,053	12.5	125.1
Property and Equipment	3,288	6,226	7,699	23.7	134.2
Other Assets	9,855	10,420	10,567	1.4	7.2
<b>Total Assets</b>	<b>378,422</b>	<b>443,499</b>	<b>457,045</b>	<b>3.1</b>	<b>20.8</b>
Deposits <sup>(b)</sup>	248,855	284,030	297,734	4.8	19.6
Funds Borrowed <sup>(b)</sup>	11,916	10,814	11,017	1.9	(7.5)
Interbank Money Market <sup>(b)</sup>	38,162	57,940	53,201	(8.2)	39.4
Marketable Securities Issued	15,048	17,421	17,591	1.0	16.9
Funds	2,874	2,942	3,209	9.1	11.7
Other Liabilities	30,692	38,806	40,433	4.2	31.7
Provisions	1,854	1,343	1,663	23.8	(10.3)
Shareholders' Equity	29,021	30,203	32,197	6.6	10.9
<b>Total Liabilities</b>	<b>378,422</b>	<b>443,499</b>	<b>457,045</b>	<b>3.1</b>	<b>20.8</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	2018	2019	YoY%	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	QoQ Change %	YoY Change %
Interest Income	36,671	46,730	27.4	11,793	10,743	12,149	12,512	11,327	(9.5)	(4.0)
On Loans	28,812	37,070	28.7	8,529	8,440	9,297	9,701	9,632	(0.7)	12.9
On Securities	7,045	9,161	30.0	2,977	2,127	2,680	2,697	1,656	(38.6)	(44.4)
Interest Expense	28,591	36,118	26.3	9,840	9,015	9,881	9,693	7,529	(22.3)	(23.5)
On Deposits	20,720	23,537	13.6	7,114	6,268	6,133	6,205	4,932	(20.5)	(30.7)
<b>Net Interest Income</b>	<b>8,080</b>	<b>10,612</b>	<b>31.3</b>	<b>1,953</b>	<b>1,728</b>	<b>2,268</b>	<b>2,819</b>	<b>3,797</b>	<b>34.7</b>	<b>94.4</b>
Net Fees and Commissions	1,950	2,778	42.5	563	616	720	713	729	2.2	29.3
Net Trading Income	149	(3,267)	N/A	189	(431)	(1,415)	(846)	(576)	N/A	N/A
Other Operating Income	624	2,407	285.5	172	432	1,440	174	361	107.1	110
Reversal of Loan Loss Provisions	341	1,495	338.1	43	163	952	115	266	131.0	512
Total Operating Revenues	10,803	12,531	16.0	2,877	2,345	3,013	2,861	4,312	50.7	49.9
Operating Expenses	5,460	6,286	15.1	1,609	1,527	1,385	1,669	1,705	2.1	6.0
<b>Net Operating Income</b>	<b>5,343</b>	<b>6,244</b>	<b>16.9</b>	<b>1,268</b>	<b>818</b>	<b>1,628</b>	<b>1,192</b>	<b>2,607</b>	<b>118.7</b>	<b>105.6</b>
Provision for Loan Losses and Other Receivables	3,135	4,698	49.8	1,176	1,079	1,404	721	1,494	107.2	27.0
Loan Loss Provisions for Cash Loans	1,845	4,043	119.1	747	671	1,369	702	1,301	85.3	74.1
Profit/(Losses) from Associates	510	422	(17.3)	0	377	44	0	0	N/A	N/A
<b>Income Before Taxes</b>	<b>2,718</b>	<b>1,968</b>	<b>(27.6)</b>	<b>92</b>	<b>116</b>	<b>269</b>	<b>471</b>	<b>1,113</b>	<b>136.3</b>	<b>1,107.7</b>
Provision for Tax	196	248	26.5	(225)	(190)	(42)	163	317	94.5	N/A
<b>Net Income</b>	<b>2,522</b>	<b>1,720</b>	<b>(31.8)</b>	<b>317</b>	<b>305</b>	<b>310</b>	<b>308</b>	<b>797</b>	<b>158.4</b>	<b>151.3</b>

## Notes





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