

# 1Q 2020 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

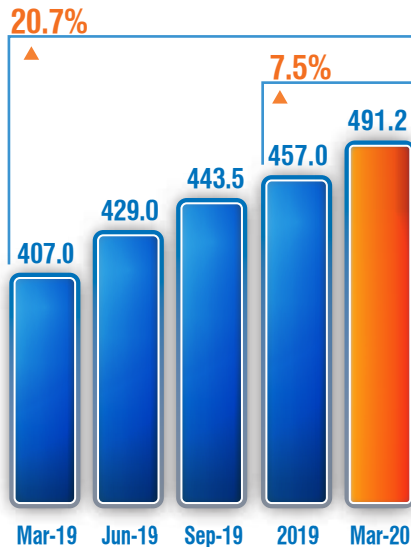


## Strong asset growth with well-diversified structure

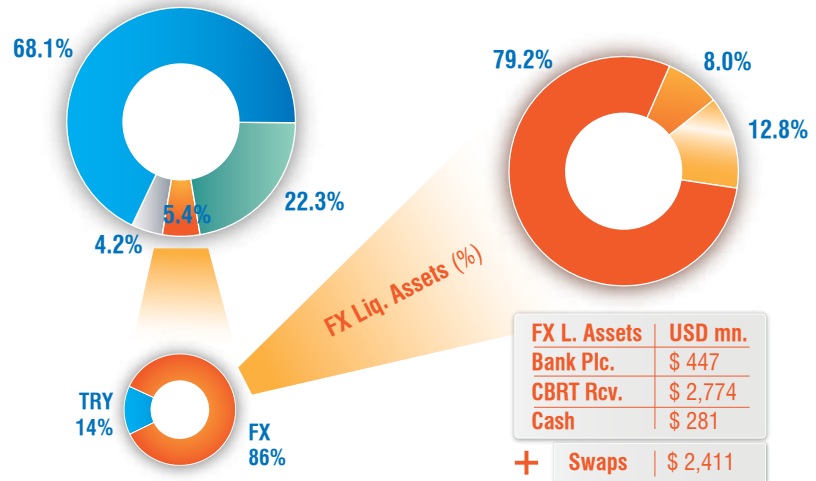
### Asset Growth

YoY **20.7%** QoQ **7.5%**

### Total Asset Growth (TRY billion)



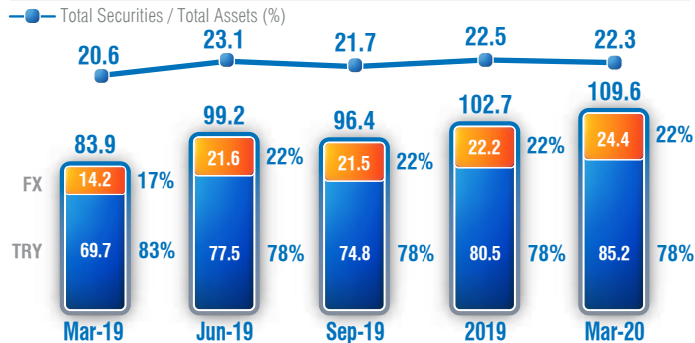
### Asset Mix (%)



> FX wholesale funding excluding bank deposits due in 12 months= \$965 mn.

## Fixed rate heavy securities portfolio yielding higher income

### Total Securities Portfolio (TRY billion)



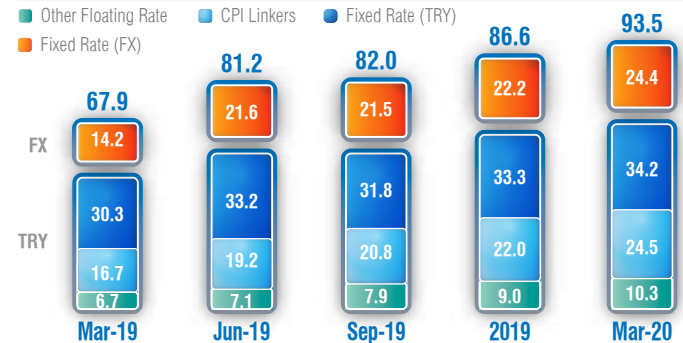
### Interest Income on Securities (TRY million)

■ Total ■ CPI Linkers

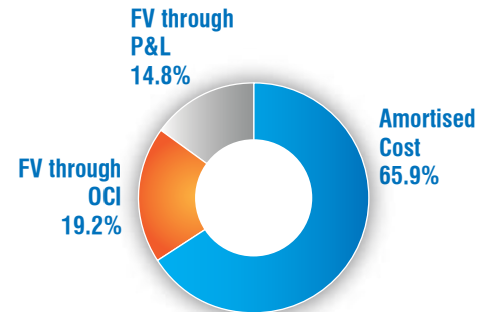
CPI linkers' valuation adjusted from 16.2% inflation estimation to December inflation rate:11.8% in Q4-19. For 2020, our valuation based on the year-end inflation assumption of 8.5%.



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



### Securities Composition (%)

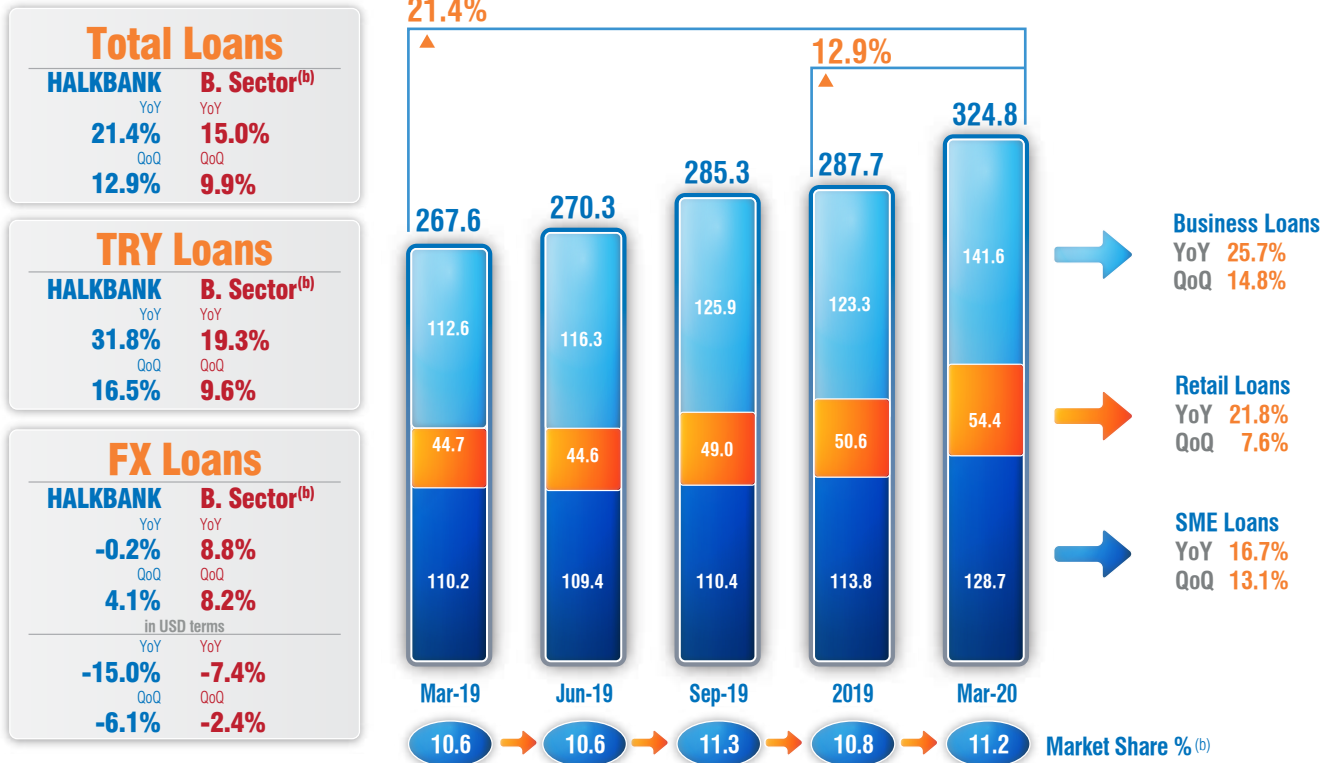


(\*) Excluding borrowed securities

# Strong loan growth with maintained market share

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

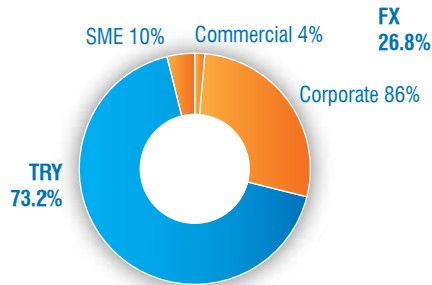
CGF Utilization (TRY Bn)	Dec-19	Mar-20
Current loan amount	21.8	19.1



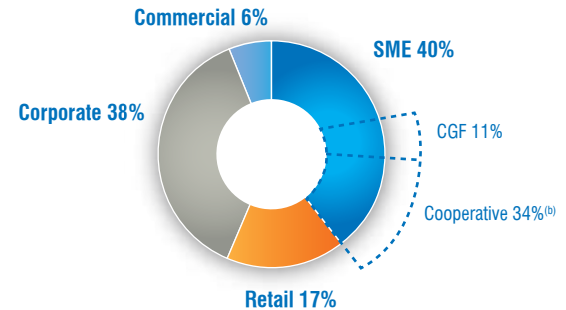
(a) Excluding interest accruals ((b) BRSA monthly data as of Mar-20.

## TRY dominated loan book with a structural safety

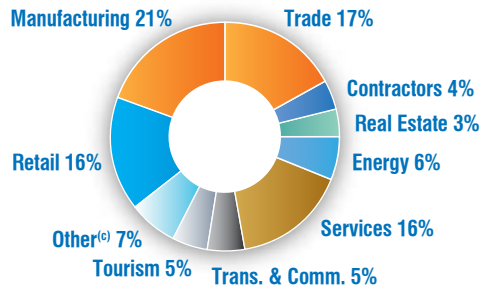
### Loans by Currency (%)<sup>(a)</sup>



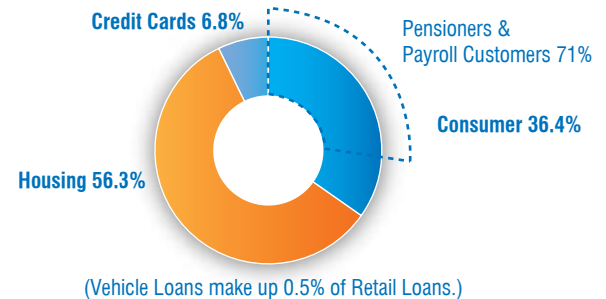
### Loans by Customer Segmentation (%)<sup>(a)</sup>



### Sectoral Breakdown of Loans (%)



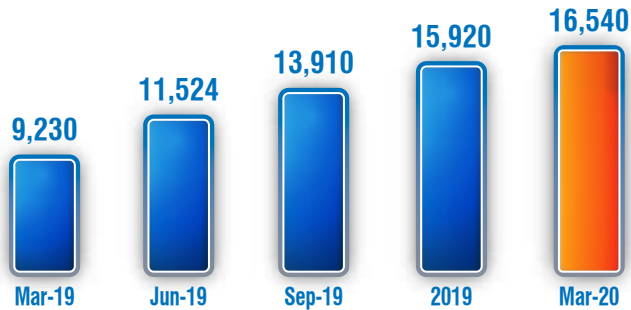
### Retail Loans by Types (%)<sup>(a)</sup>



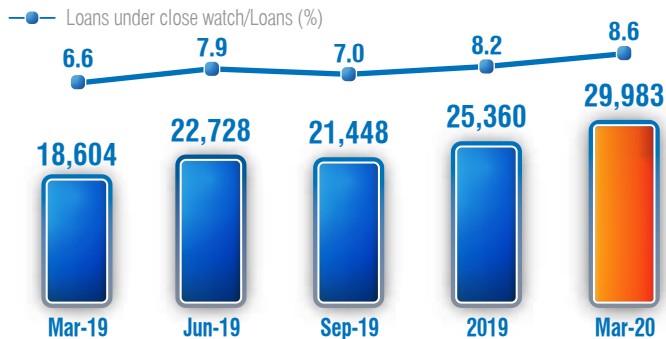
(a) Excluding interest accruals (b) Micro SMEs (c) Includes sectors below 3%.

## Improved NPL ratio with increasing coverage

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

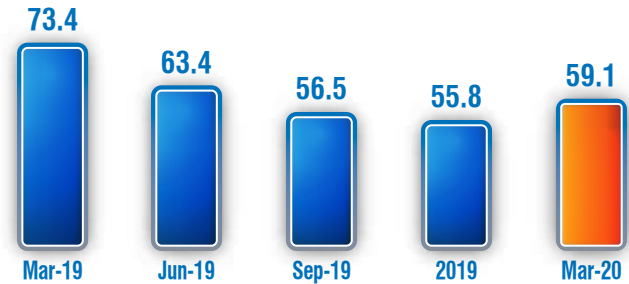


**Loans under Close Watch** (TRY million)

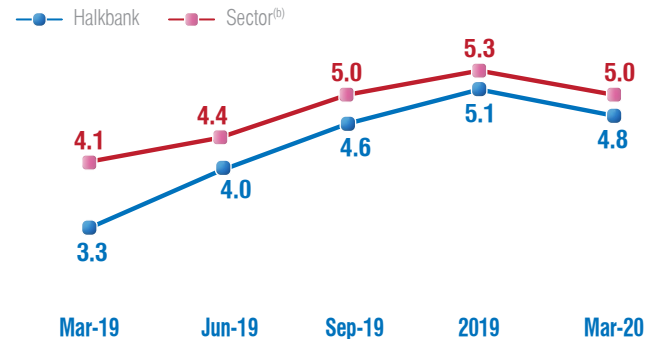


(a) Including interest accruals (b) BRSA monthly data as of Mar-20.

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

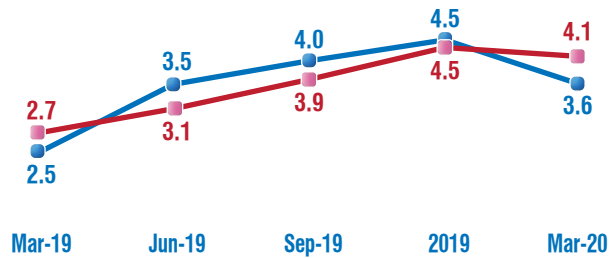


**NPL/Total Loans** (%)<sup>(a)</sup>

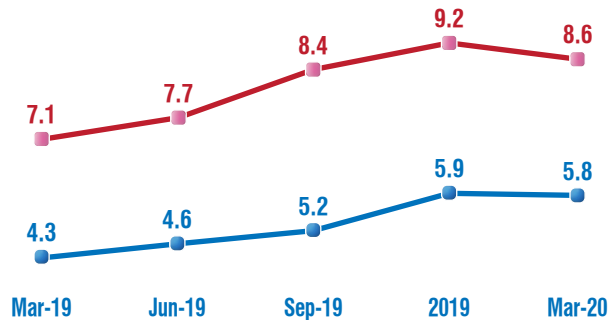


## NPL ratio by segments

### Corporate - Commercial (%)

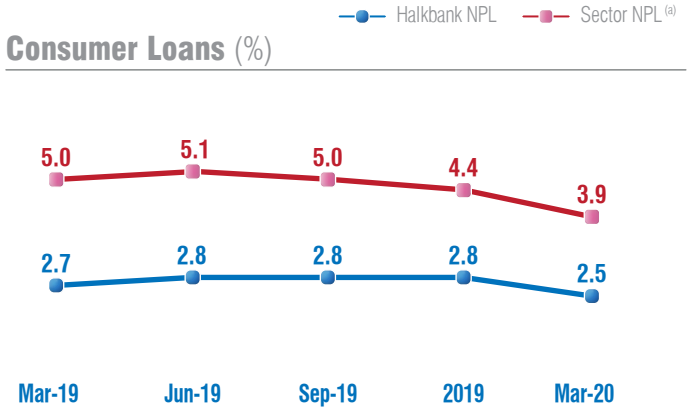


### SME Loans (%)

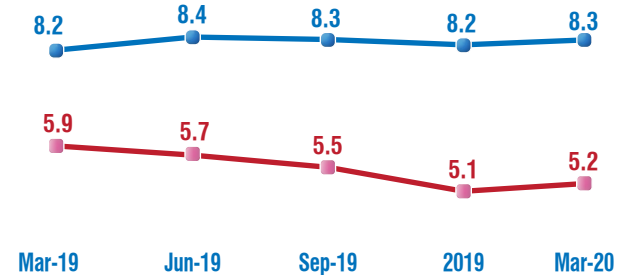


BRSa monthly data as of Mar-20.

### Consumer Loans (%)



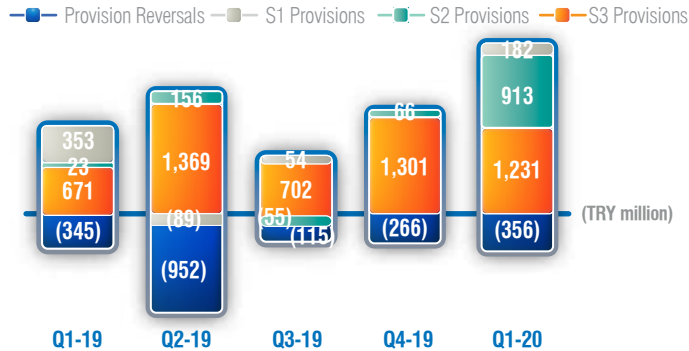
### Credit Cards (%)



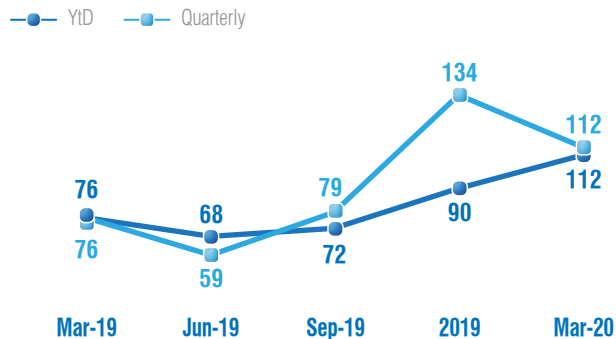


## Prudent approach in provisioning

### Provisions and Reversals (TRY million)

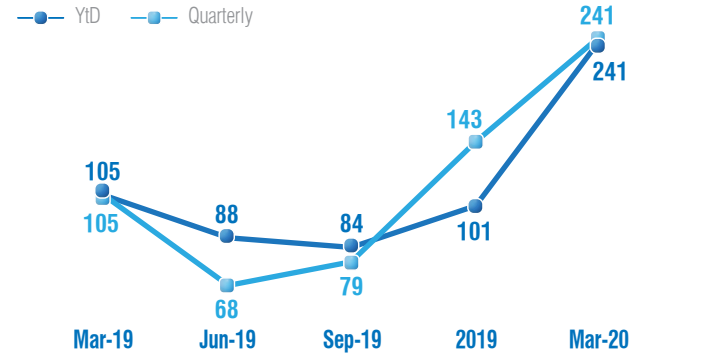


### Net Specific Cost of Risk (bps)<sup>(b)</sup>

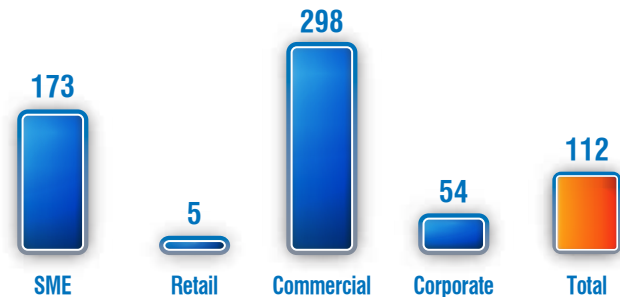


(a) (Total Provisions - Reversals)/Average Gross Loans (b) (S3 Provisions - NPL Reversals)/Average Gross Loans

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

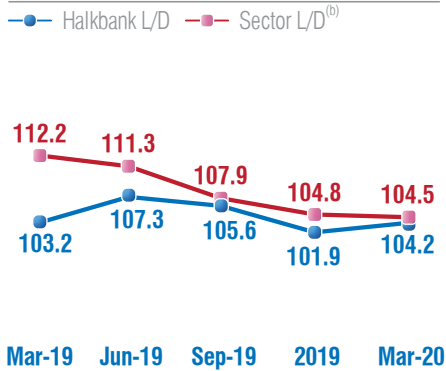


### Net Specific Cost of Risk by Segments (bps)

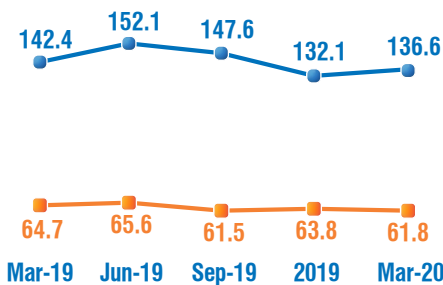


## Growing share of deposits

### Loan to Deposit (%)

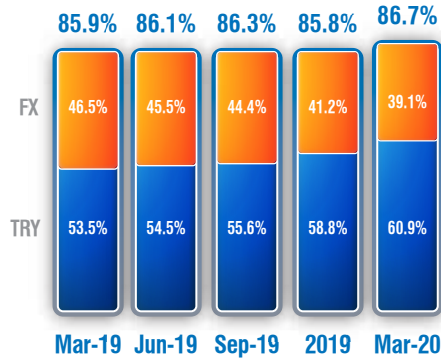


—●— TRY L/D —■— FX L/D



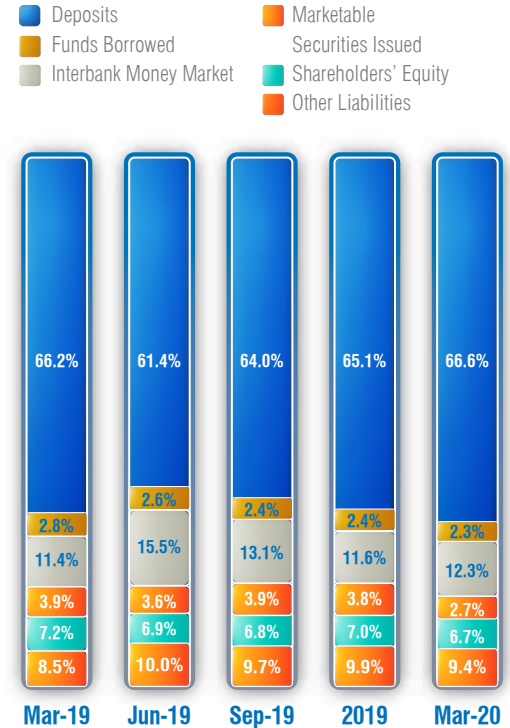
(a) Including interest accruals and excluding funds. Excluding demand deposit, the share of IBL is 73.6% in Mar-20.

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



> FX wholesale funding makes up 5.4% of total liabilities vs sector average<sup>(b)</sup> of 20.2%

### Liabilities Mix (%)

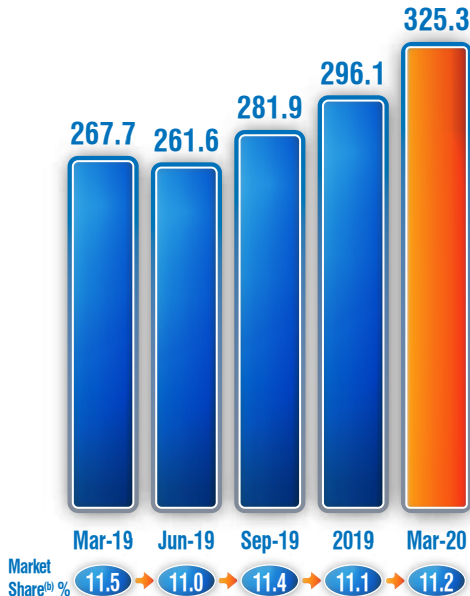


(b) BRSA monthly data as of Mar-20, gross loans and including interbank deposits.

## TL deposit growth higher than sector average

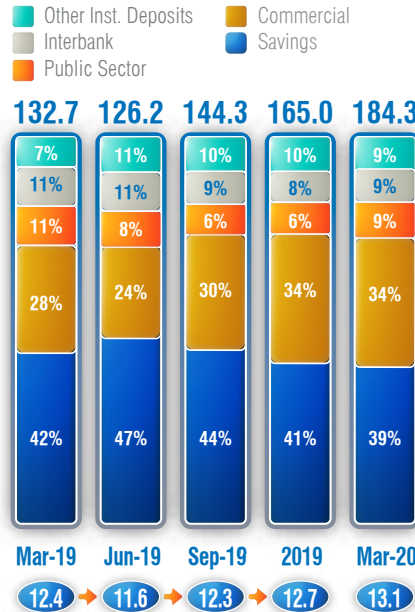
	HALKBANK	B. Sector <sup>(b)</sup>
YoY	21.5%	24.6%
QoQ	9.9%	8.9%

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



	HALKBANK	B. Sector <sup>(b)</sup>
YoY	38.9%	31.5%
QoQ	11.7%	7.5%

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



	HALKBANK	B. Sector <sup>(b)</sup>
YoY	4.5%	18.9%
QoQ	7.6%	10.1%
in USD terms	YoY -11.0%	1.2%
	QoQ -3.0%	-0.6%

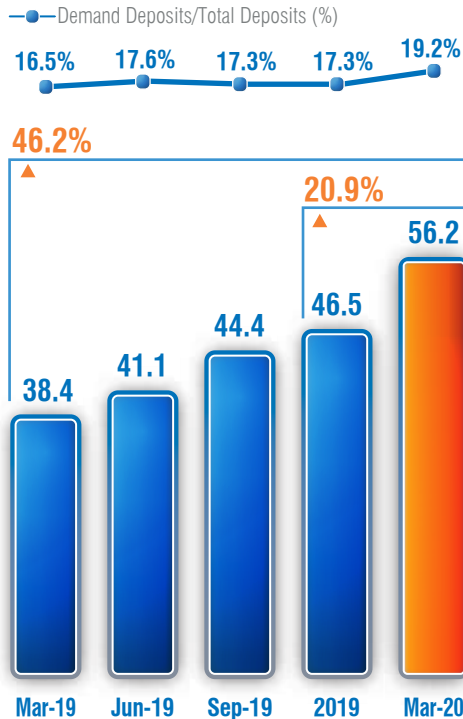
### FX Deposits (TRY billion)<sup>(a)</sup>



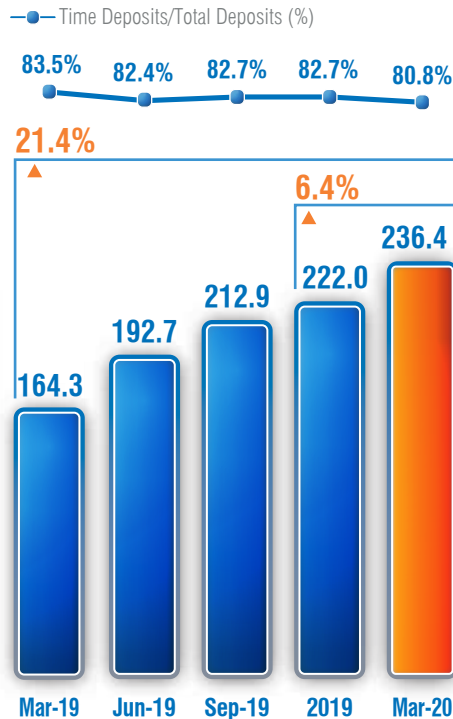
(a) Excluding interest accruals. (b) BRSA monthly data as of Mar-20, including interbank deposits.

## Steadily decreasing cost of TRY deposits, demand deposits gaining ground

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



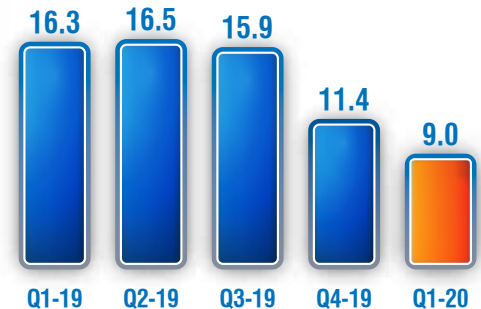
### Time Deposits (TRY billion)<sup>(a)</sup>



### Deposits by Currency (%)



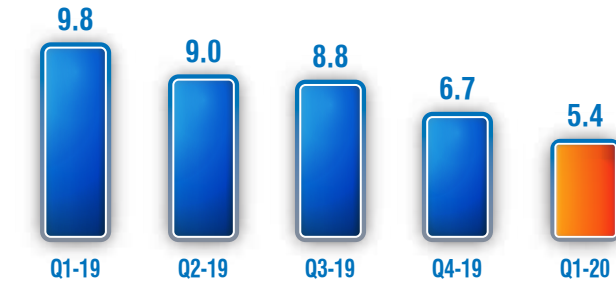
### Cost of TRY Deposits (%)<sup>(b)</sup>



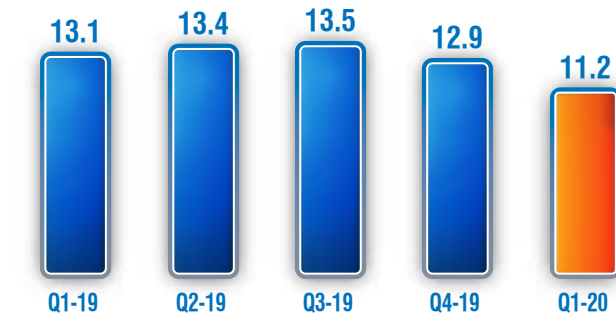
(a) Excluding interest accruals and interbank. (b) Time & Demand Blended.

## Flattish core spread coupled with expanded spread on securities

### Cost of Deposits (%)

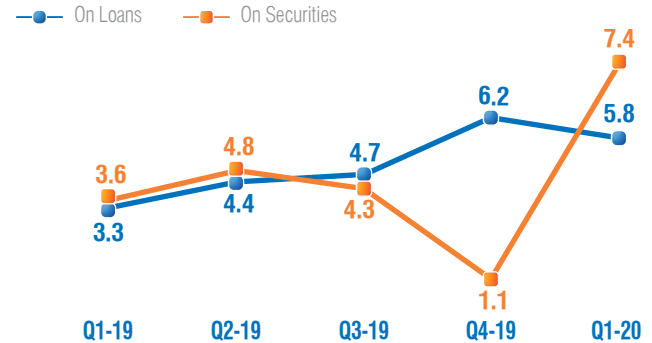


### Yield on Loans (%)<sup>(a)</sup>



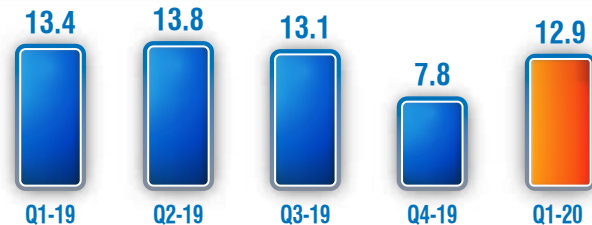
(a) Excluding fund loans

### Spreads (%)



### Yield on Securities (%)

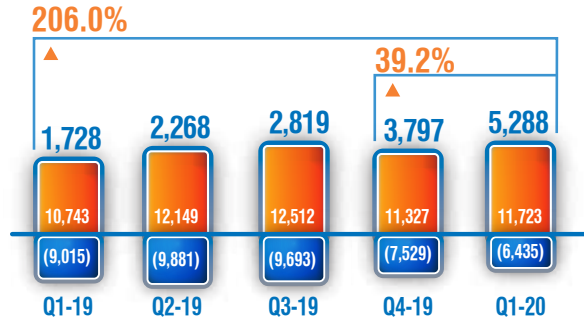
CPI linkers' valuation adjusted from 16.2% inflation estimation to December inflation rate: 11.8% in Q4-19. For 2020, our valuation based on the year-end inflation assumption of 8.5%.



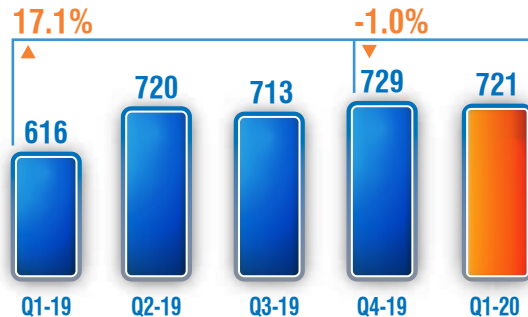
## Significant increase in net interest income

### Net Interest Income (TRY million)

Interest Income Interest Expenses



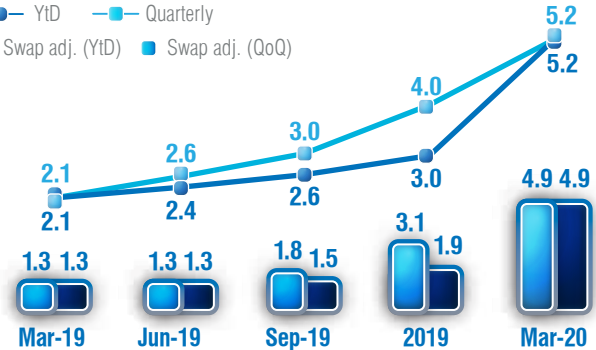
### Net Fees & Commissions Income (TRY million)



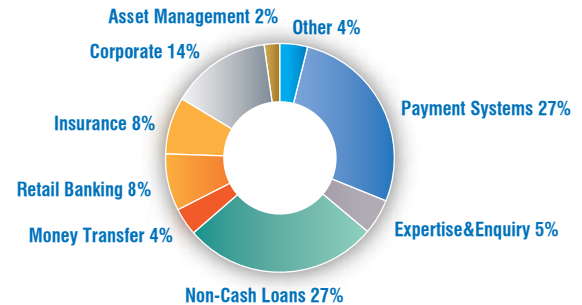
### NIM (%)

YtD Quarterly

Swap adj. (YtD) Swap adj. (QoQ)

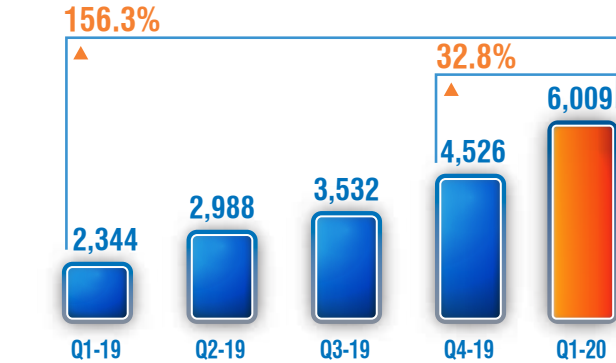


### Breakdown of Fees & Commissions (%)

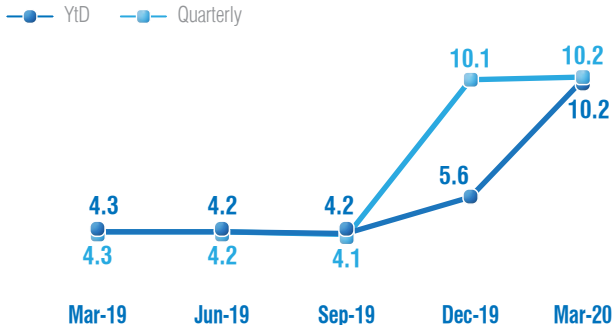


## Eye-catching performance in core business yielding double digit RoE

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

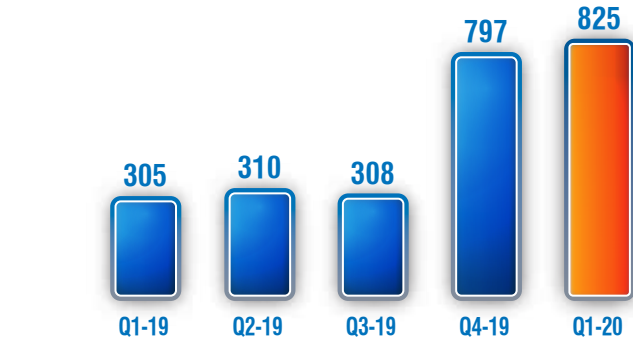


**RoE (%)**

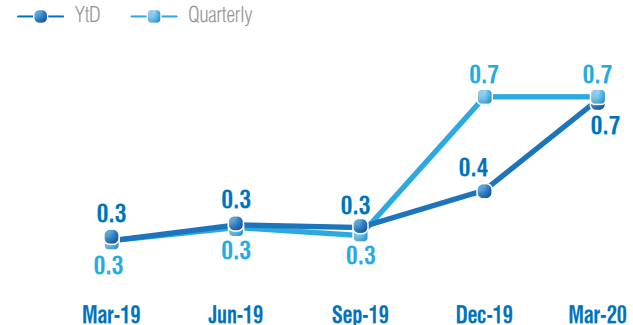


(a) Net Interest Income + Net Fees & Commissions

**Net Income** (TRY million)

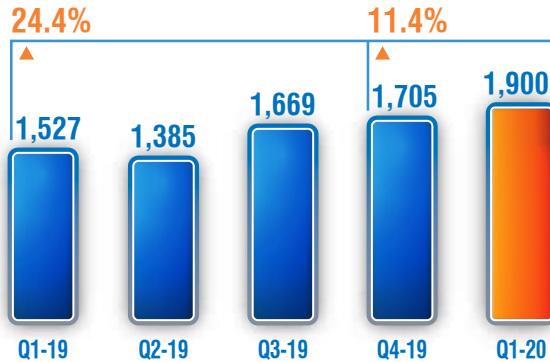


**RoA (%)**

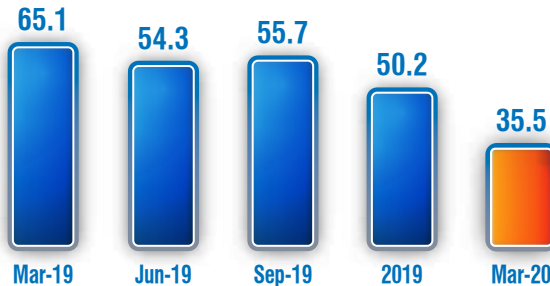


## Efficient cost management

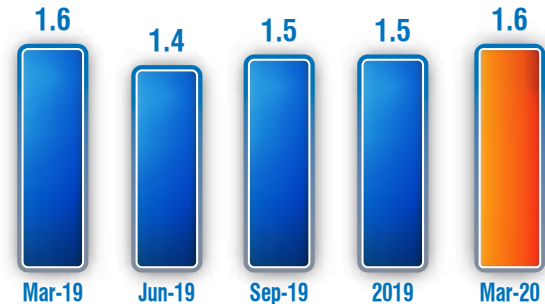
### Operating Expenses (TRY million)



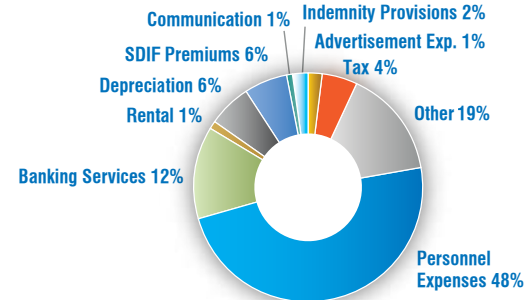
### Cost/Income (%)



### Operating Expenses / Average Assets (%)



### Breakdown of Operating Expenses (%)

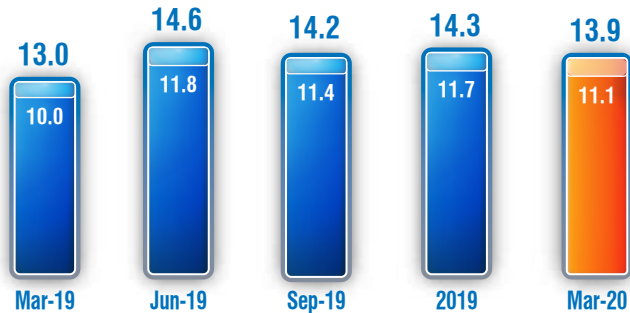




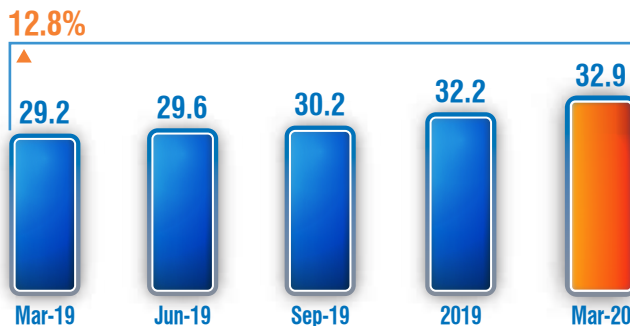
## Solvency Ratios

### CAR (%)

■ Tier-I ■ CAR



### SHE (TRY billion)



### Details on Capital Ratio

#### (TRY mn)

Credit Risk Base Amount (CRBA)	320,573
Market Risk Base Amount (MRBA)	12,083
Operational Risk Base Amount (ORBA)	19,789
Total Risk Weighted Assets (RWAs)	352,445
Shareholders' Equity	48,858

<b>CAR (%)</b>	<b>13.86</b>
<b>Tier-I (%)</b>	<b>11.11</b>
<b>Common Equity Tier-I (%)</b>	<b>9.28</b>

#### Basel III

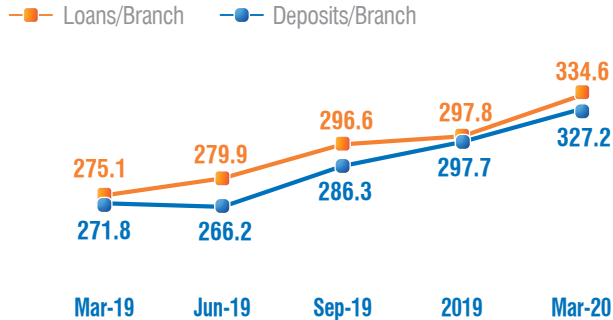
#### Mar-20

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

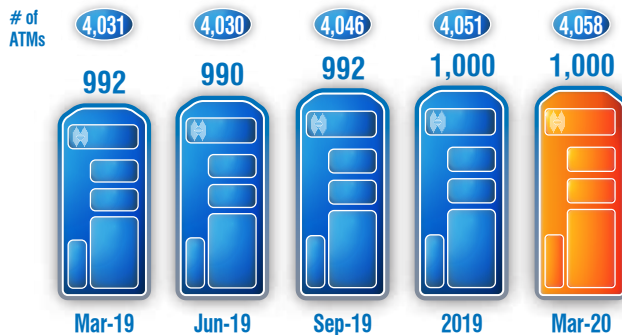
\* SIFI Buffer (1.00%) is factored within the regulatory requirements on a consolidated basis.

## Branch Network – Human Resources

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

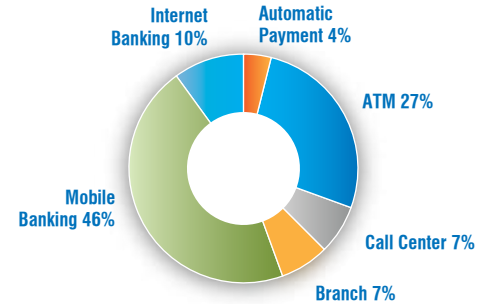


### Branches<sup>(\*)</sup>

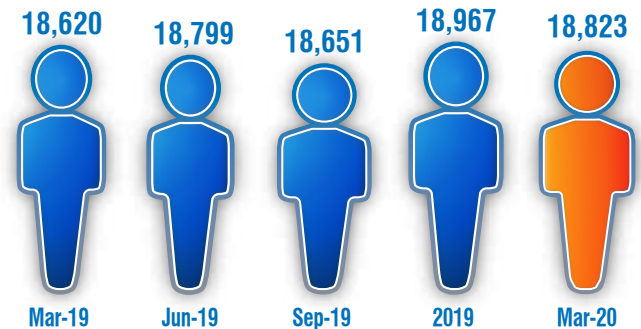


(\*) Domestic branches

### Breakdown of Banking Transactions (%)



### Headcount



## Annex

Halkbank	TRY Million	Market Share (%)
Total Assets	491,214	10.1
Loans <sup>(a)</sup>	324,753	11.2
TRY Loans	237,638	13.2
FC Loans	87,115	7.9
SME Loans	128,714	19.4
Corp. + Comml. L.	141,609	8.8
Retail Loans	54,428	8.7
Housing	30,660	14.5
GPLs	19,796	6.8
Credit Cards	3,684	3.2

Banking Sector Metrics <sup>(b)</sup>	1Q19	1Q20
Loan Growth (YtD, %)	5.1	9.0
Deposit Growth <sup>(c)</sup> (YtD, %)	8.9	8.9
LDR (%)	112.2	104.5
NPL (%)	4.1	5.0
CoR <sup>(d)</sup> (bps)	171	183
<b>Macroeconomic Indicators</b>	<b>1Q19</b>	<b>Current</b>
GDP Growth (%)	-2.3	6.0 <sup>(e)</sup>
CPI (%)	19.7	10.9 <sup>(f)</sup>
Unemployment (%)	14.1	13.6 <sup>(g)</sup>
CBT Policy Interest Rate (%)	24.0	8.75

(b) BRSA monthly data as of Mar-20.

(c) Including interbank deposits.

(d) S3 provisions/Av. Gross Loans

(e) Turkish Statistical Institute (TSI), 2019/4.

(f) TSI, Apr-20.

(g) TSI, Feb-20.

(a) Excluding interest accruals and including TRY 1.0 million amount of other loans.

## Balance Sheet

In TRY million	Mar-19	2019	Mar-20	QoQ Change%	YoY Change%
Cash and Balances Held with the Central Bank <sup>(a)</sup>	34,024	34,489	23,336	(32.3)	(31.4)
Banks & Money Market <sup>(b)</sup>	2,565	3,750	3,235	(13.7)	26.1
Securities <sup>(b)</sup>	83,895	102,734	109,588	6.7	30.6
Net Loans <sup>(b)</sup>	272,880	297,806	334,606	12.4	22.6
Gross NPL	9,230	15,920	16,540	3.9	79.2
NPL Net	1,916	5,053	4,403	(12.9)	129.8
Property and Equipment	3,944	7,699	7,480	(2.8)	89.7
Other Assets	9,726	10,567	12,969	22.7	33.3
<b>Total Assets</b>	<b>407,034</b>	<b>457,045</b>	<b>491,214</b>	<b>7.5</b>	<b>20.7</b>
Deposits <sup>(b)</sup>	269,655	297,734	327,205	9.9	21.3
Funds Borrowed <sup>(b)</sup>	11,335	11,017	11,338	2.9	0.0
Interbank Money Market <sup>(b)</sup>	46,486	53,201	60,310	13.4	29.7
Marketable Securities Issued	15,932	17,591	13,453	(23.5)	(15.6)
Funds	2,853	3,209	3,103	(3.3)	8.8
Other Liabilities	29,594	40,433	40,928	1.2	38.3
Provisions	2,012	1,663	1,968	18.3	(2.2)
Shareholders' Equity	29,168	32,197	32,910	2.2	12.8
<b>Total Liabilities</b>	<b>407,034</b>	<b>457,045</b>	<b>491,214</b>	<b>7.5</b>	<b>20.7</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	Q1-19	Q4-19	Q1-20	QoQ Change %	YoY Change %
Interest Income	10,743	11,327	11,723	3.5	9.1
On Loans	8,440	9,632	8,788	(8.8)	4.1
On Securities	2,127	1,656	2,868	73.2	34.8
Interest Expense	9,015	7,529	6,435	(14.5)	(28.6)
On Deposits	6,268	4,932	4,265	(13.5)	(32.0)
<b>Net Interest Income</b>	<b>1,728</b>	<b>3,797</b>	<b>5,288</b>	<b>39.2</b>	<b>(206.0)</b>
Net Fees and Commissions	616	729	721	(1.0)	17.1
Net Trading Income	(431)	(576)	(1,266)	N.A	N.A
Swap Cost	(689)	(828)	(299)	N.A	N.A
Other Operating Income	432	361	613	69.7	42
Reversal of Loan Loss Provisions	163	266	320	20.2	97
Total Operating Revenues	2,345	4,312	5,356	24.2	128.4
Operating Expenses	1,527	1,705	1,900	11.4	24.4
<b>Net Operating Income</b>	<b>818</b>	<b>2,607</b>	<b>3,456</b>	<b>32.6</b>	<b>322.6</b>
Provision for Loan Losses and Other Receivables	1,079	1,494	2,467	65.2	128.6
Loan Loss Provisions for Cash Loans	671	1,301	1,231	(5.4)	83.5
Profit/(Losses) from Associates	377	0	0	N.A	N.A
<b>Income Before Taxes</b>	<b>116</b>	<b>1,113</b>	<b>989</b>	<b>(11.1)</b>	<b>756.1</b>
Provision for Tax	(190)	317	164	(48.1)	N.A
<b>Net Income</b>	<b>305</b>	<b>797</b>	<b>825</b>	<b>3.6</b>	<b>170.4</b>

## Notes





For further information please contact  
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