

# 9M 2020 Earnings Presentation

DISTINGUIS H ED  
PROFIT A BLE  
RESI L IENT  
RIS K CONSCIOUS  
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SUST A INABLE  
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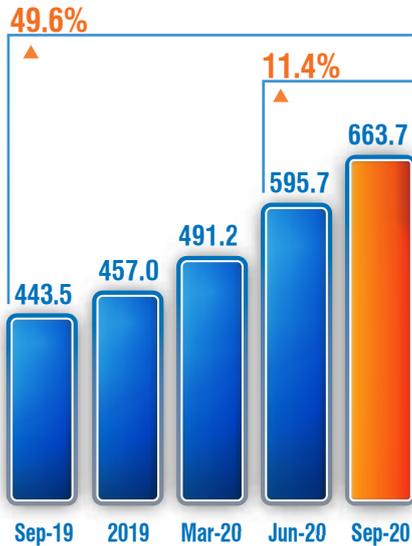


# Strong asset growth backed by securities and liquid assets

## Asset Growth

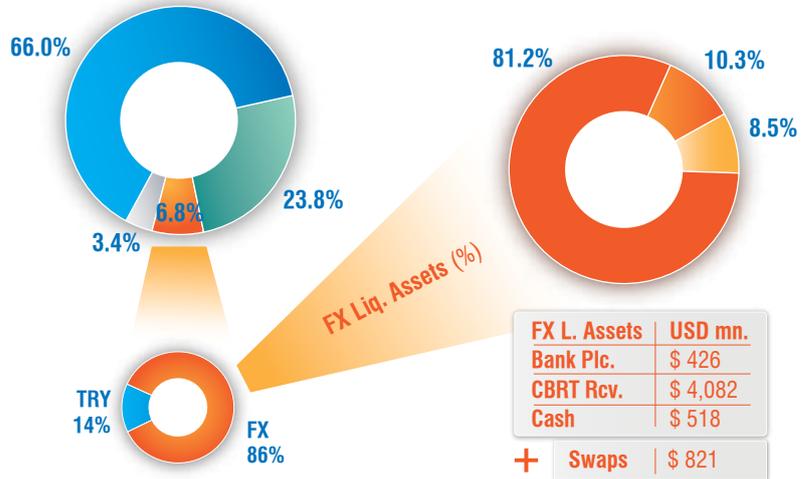
YoY **49.6%** QoQ **11.4%**

**Total Asset Growth** (TRY billion)



**Asset Mix (%)**

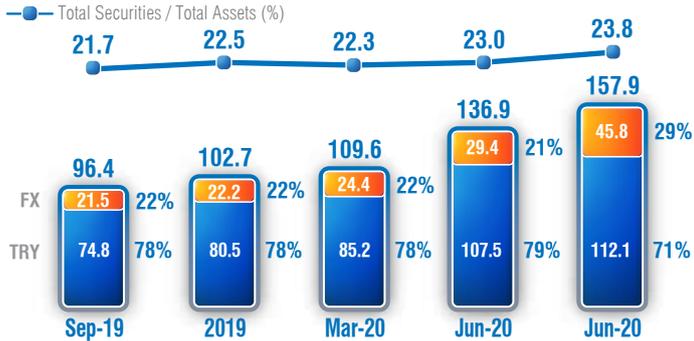
- Loans
- Securities
- Bank Placements
- CBRT Receivables
- Cash
- Liq. Assets
- Other Assets



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

## Efficient increase in the share of securities portfolio

### Total Securities Portfolio (TRY billion)



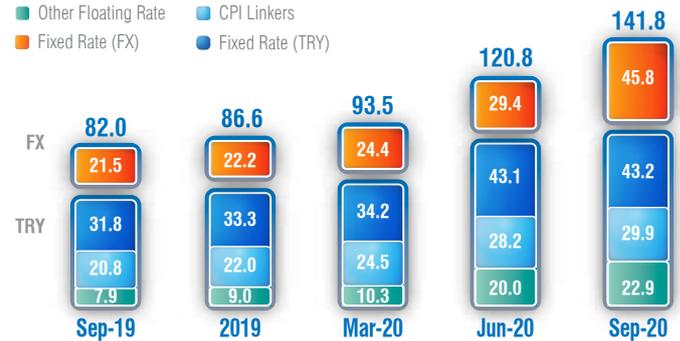
### Interest Income on Securities (TRY million)

■ Total ■ CPI Linkers

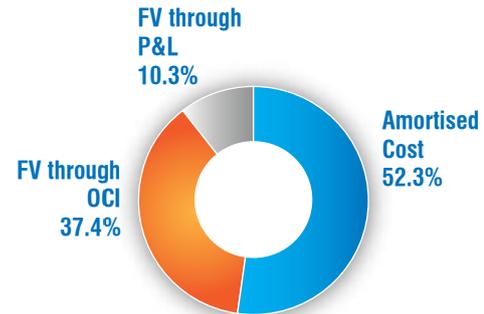
CPI linkers' valuation is based on the year-end inflation rate assumption of 8.5%.



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



### Securities Composition (%)



(\*) Excluding borrowed securities

# Moderate loan growth along with normalisation period

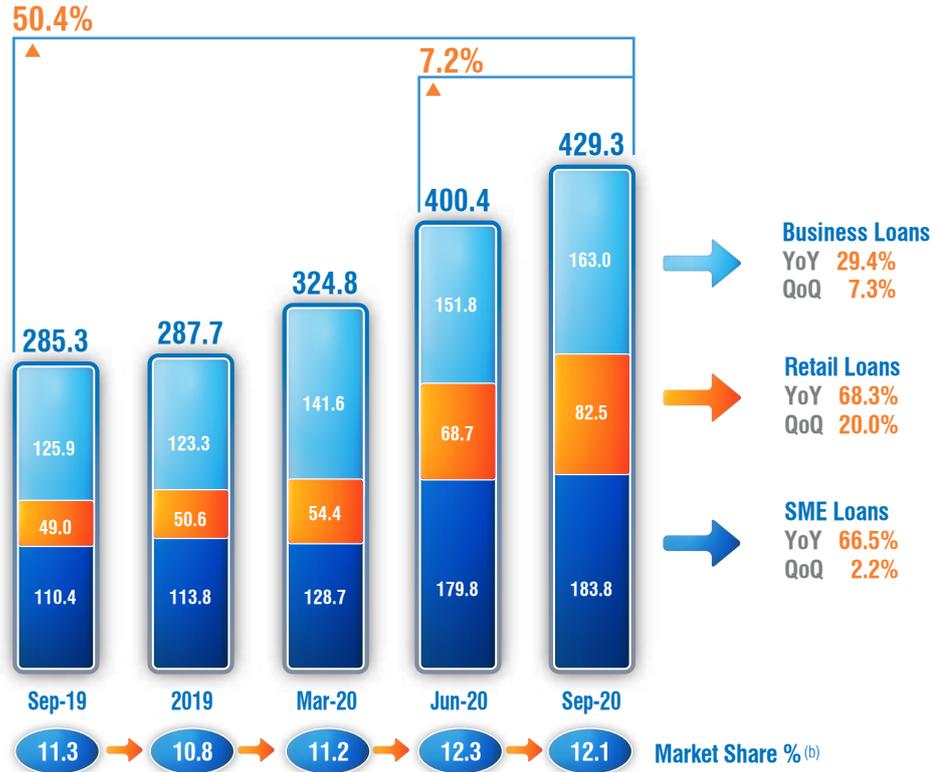
 (TRY billion)<sup>(a)</sup>

CGF Utilization (TRY bn)	Jun-20	Sep-20
Current loan amount	64.9	64.9

Total Loans	
<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YoY	YoY
<b>50.4%</b>	<b>40.4%</b>
QoQ	QoQ
<b>7.2%</b>	<b>9.1%</b>

TRY Loans	
<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YoY	YoY
<b>65.3%</b>	<b>46.5%</b>
QoQ	QoQ
<b>6.0%</b>	<b>8.0%</b>

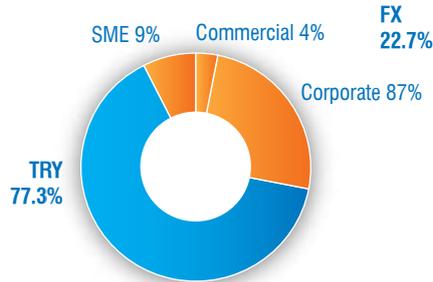
FX Loans	
<b>HALKBANK</b>	<b>B. Sector<sup>(b)</sup></b>
YoY	YoY
<b>15.2%</b>	<b>30.8%</b>
QoQ	QoQ
<b>11.7%</b>	<b>11.3%</b>
in USD terms	
YoY	YoY
<b>-15.8%</b>	<b>-4.4%</b>
QoQ	QoQ
<b>-1.5%</b>	<b>-1.8%</b>



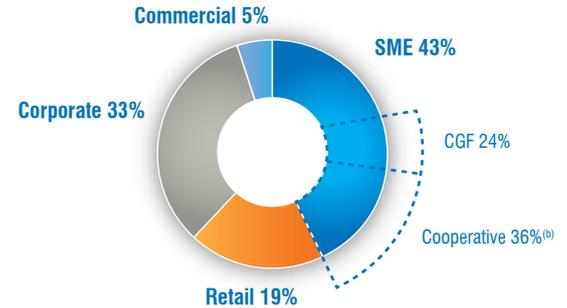
(a) Excluding interest accruals (b) BRSA monthly data as of Sep-20.

## Well diversified loan book with strong and secured products

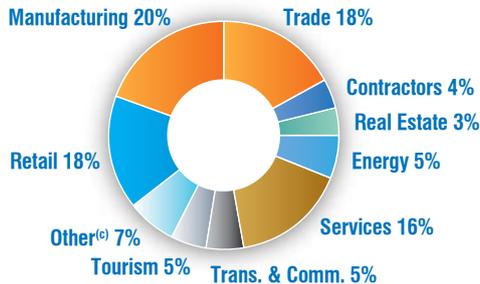
Loans by Currency (%)<sup>(a)</sup>



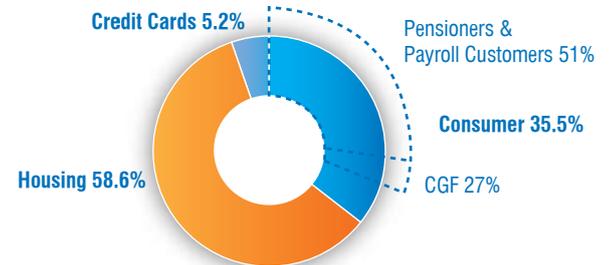
Loans by Customer Segmentation (%)<sup>(a)</sup>



Sectoral Breakdown of Loans (%)



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



(Vehicle Loans make up 0.7% of Retail Loans.)

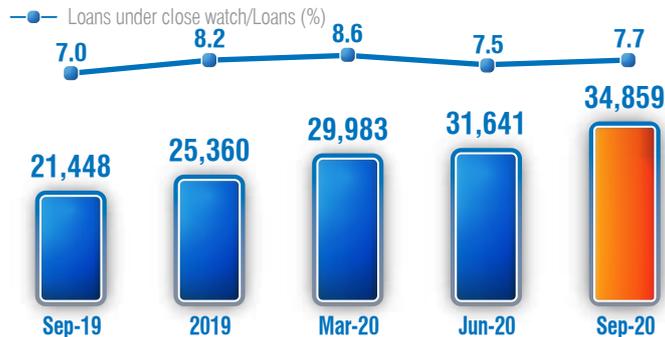
(a) Excluding interest accruals (b) Micro SMEs (c) Includes sectors below 3%.

## NPL coverage continues to increase

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

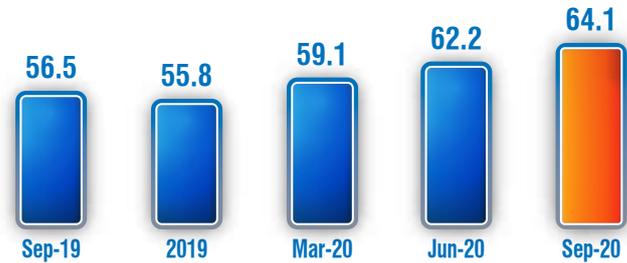


### Loans under Close Watch (TRY million)

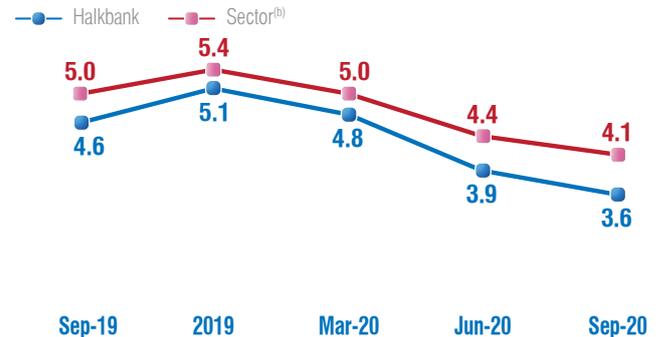


(a) Including interest accruals (b) BRSA monthly data as of Sep-20.

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

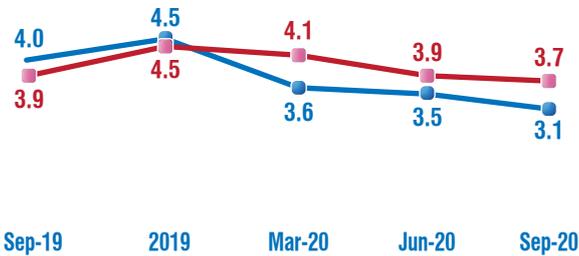


### NPL/Total Loans (%)<sup>(a)</sup>



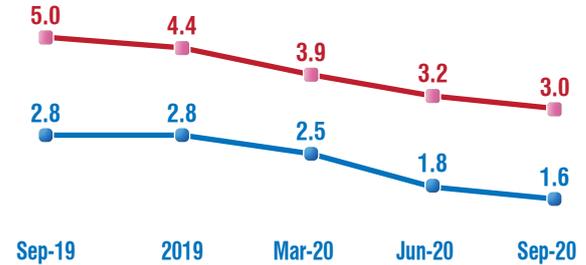
# NPL ratio by segments

## Corporate - Commercial (%)

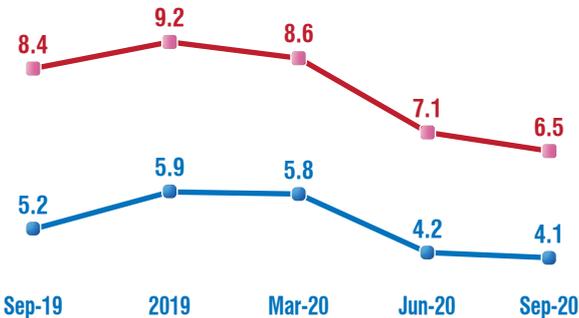


## Consumer Loans (%)

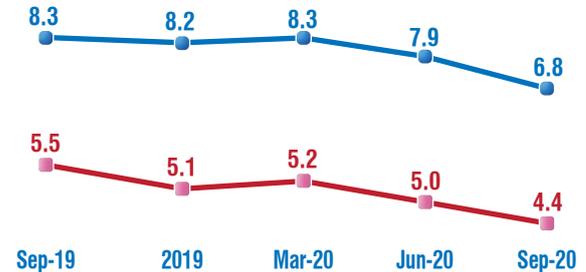
● Halkbank NPL    ■ Sector NPL<sup>(a)</sup>



## SME Loans (%)



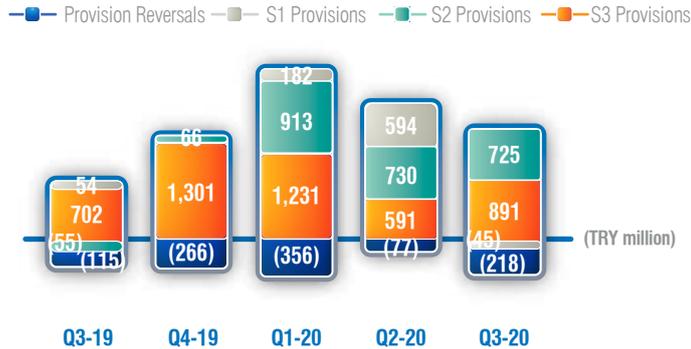
## Credit Cards (%)



BRSA monthly data as of Sep-20.

## Prudent approach on provisioning maintained

### Provisions and Reversals (TRY million)



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

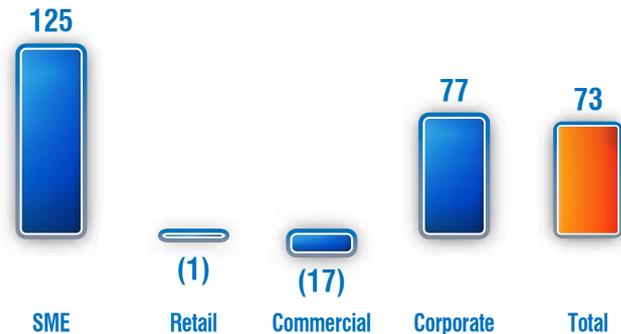


(a) (Total Provisions - Reversals)/Average Gross Loans (b) (S3 Provisions - NPL Reversals)/Average Gross Loans

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

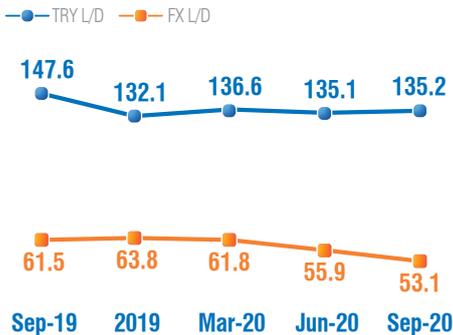
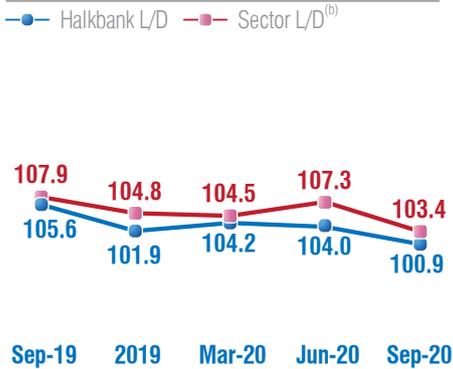


### Net Specific Cost of Risk by Segments (bps)

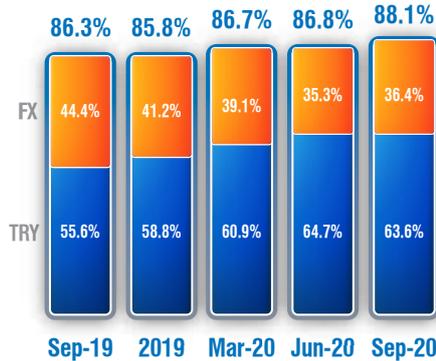


# LDR continues to improve with flat TRY LDR

## Loan to Deposit (%)

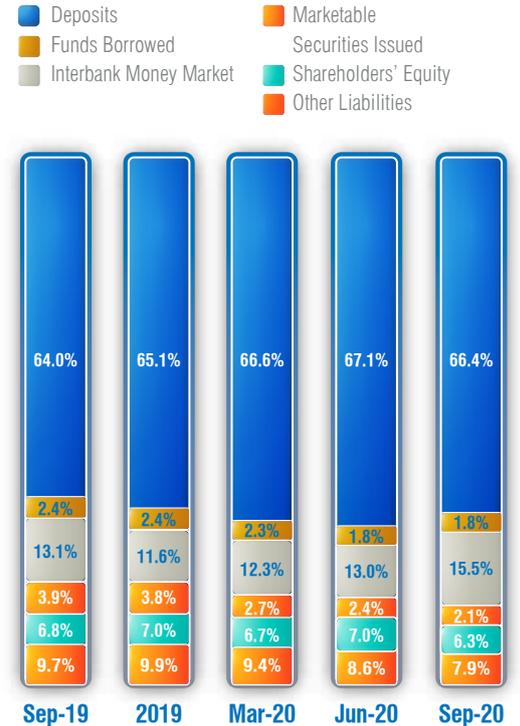


## Composition of IBLs<sup>(a)</sup>



> FX wholesale funding makes up 4.6% of total liabilities vs sector average<sup>(b)</sup> of 19.5%

## Liabilities Mix (%)



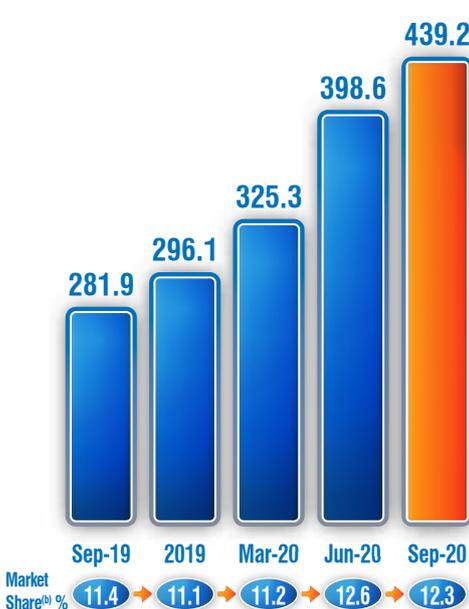
(a) Including interest accruals and excluding funds. Excluding demand deposits, the share of IBL is 74.8% in Sep-20.

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

## Steady increase in TRY deposits is accompanied by remarkable rise in public sector deposits

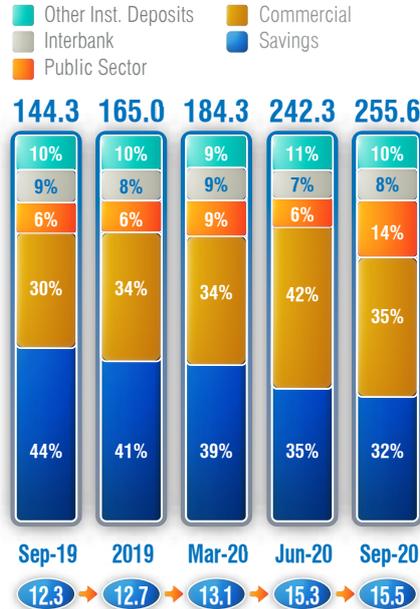
	HALKBANK	B. Sector <sup>(b)</sup>
YoY	55.8%	45.1%
QoQ	10.2%	12.9%

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



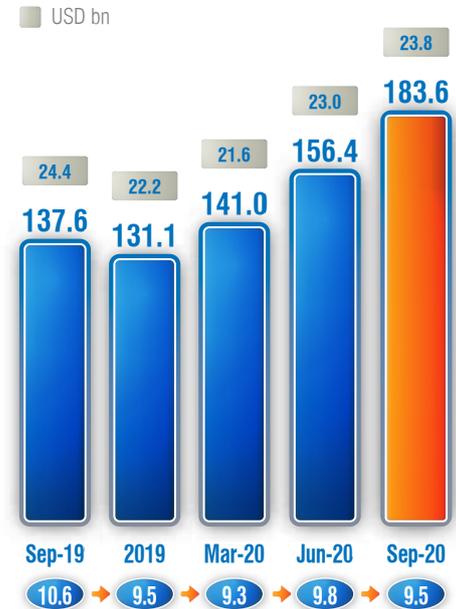
	HALKBANK	B. Sector <sup>(b)</sup>
YoY	77.2%	40.2%
QoQ	5.5%	4.2%

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



	HALKBANK	B. Sector <sup>(b)</sup>
YoY	33.4%	49.4%
QoQ	17.4%	21.4%
in USD		
YoY	-2.5%	9.3%
QoQ	3.6%	7.1%

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



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

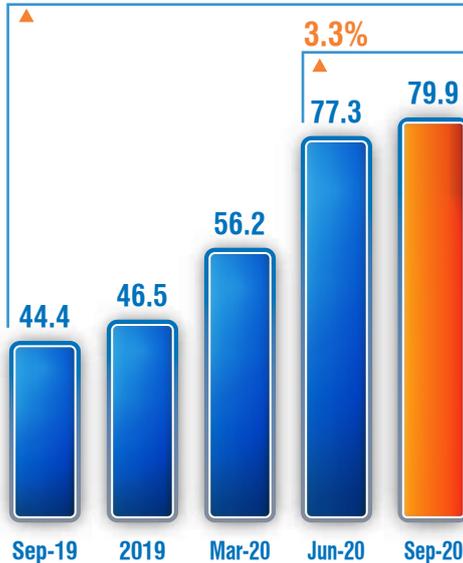
# Modest cost of TRY deposits despite incremental interest rates

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

—●— Demand Deposits/Total Deposits (%)



79.9%



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

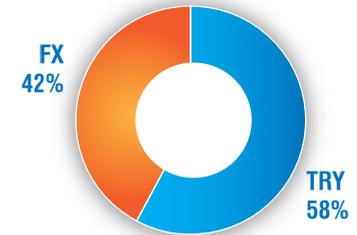
—●— Time Deposits/Total Deposits (%)



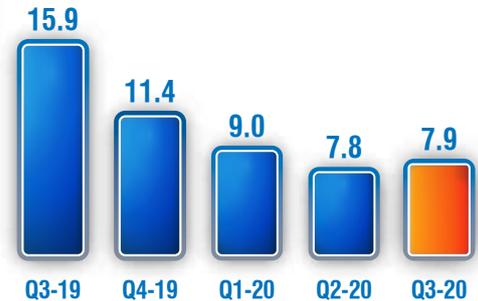
51.8%



## Deposits by Currency (%)<sup>(b)</sup>



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



(a) Excluding interest accruals and interbank. (b) Excluding interest accruals. (c) Time & demand blended.

# FX core spread offsetting the pressure on TRY yields

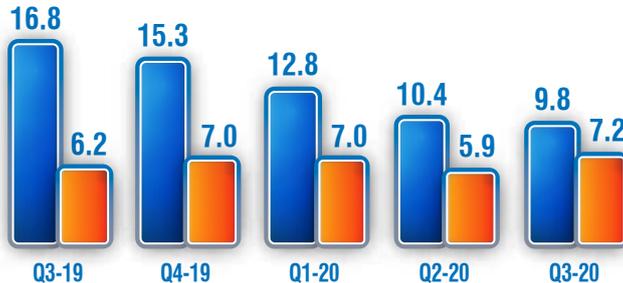
## Cost - Yield - Spread (%)

■ Yield on Loans<sup>(a)</sup>
■ Cost of Deposits<sup>(b)</sup>
■ Spread



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

■ TRY
 ■ FX



(a) Excluding fund loans. (b) Time & demand blended.

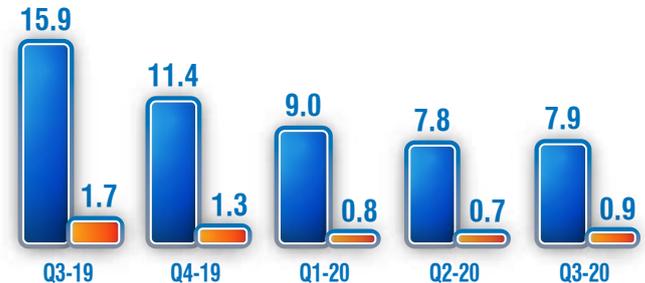
## Spreads (%)

— TRY Core
 — FX Core
 — Blended Core



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

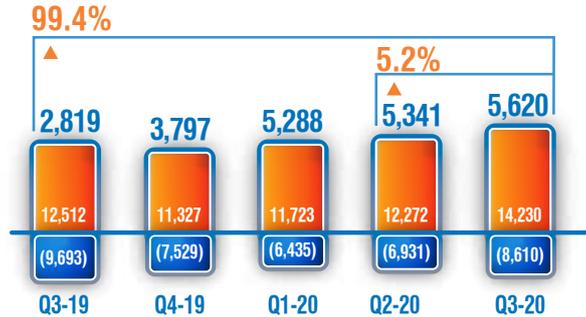
■ TRY
 ■ FX



## Increased NII, normalised NFC

### Net Interest Income (TRY million)

Interest Income Interest Expenses



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

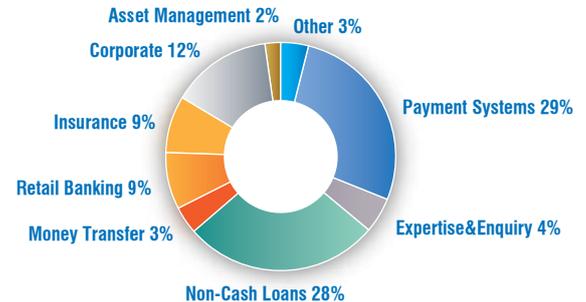


### NIM (%)

Ytd Quarterly Swap adj. (Ytd) Swap adj. (QoQ)

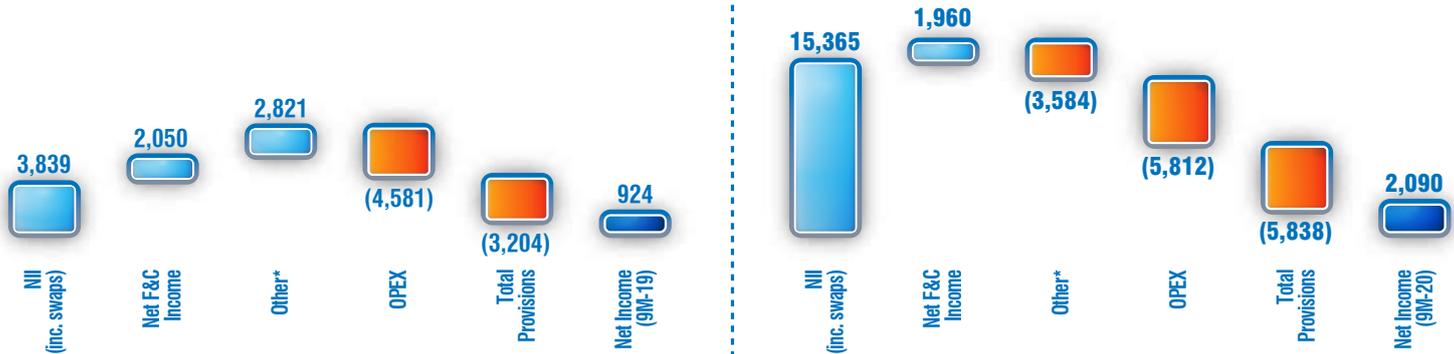


### Breakdown of Fees & Commissions (%)

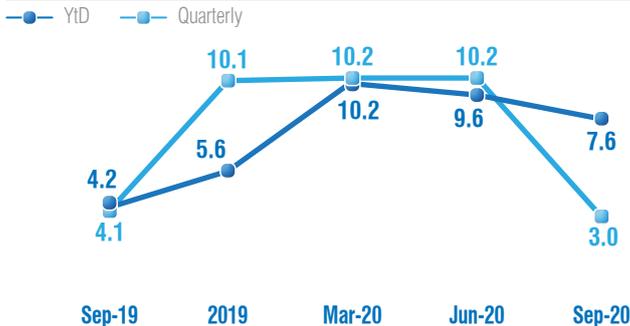


# Improved NII compensating higher expenses

## 9M – 19 / 9M – 20 Revenue Walk (TRY million)



## RoE (%)



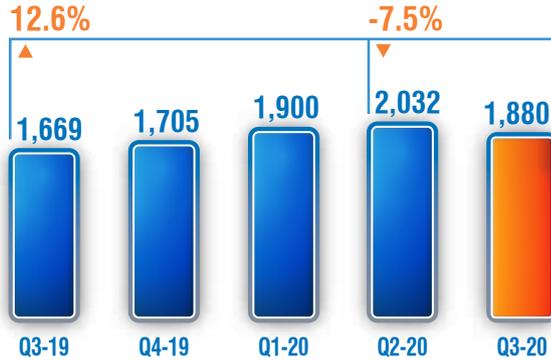
## RoA (%)



(\*) Sum of Net Trading (exc. swaps), Reversal, Tax, Dividend and Other gains and losses

## OPEX drops in the absence of pandemic-related one-offs

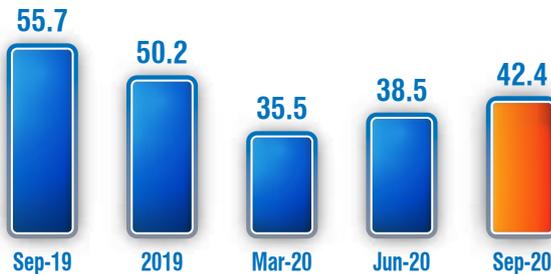
Operating Expenses (TRY million)



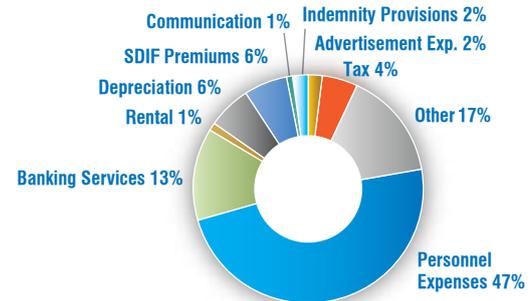
Operating Expenses / Average Assets (%)



Cost/Income (%)



Breakdown of Operating Expenses (%)



## Solvency Ratios

### CAR (%)

● Tier-I ● CAR



Basel III Capital Requirements	Minimum	Capital Conservation Buffer	Counter Cyclical Buffer*	Regulatory Requirements**
Car (%)	8.00	2.50	0.02	10.52
Tier-I (%)	6.00	2.50	0.02	8.52
CET-I (%)	4.50	2.50	0.02	7.02

(\*) Countercyclical Capital Buffer is 0.05% on a consolidated basis

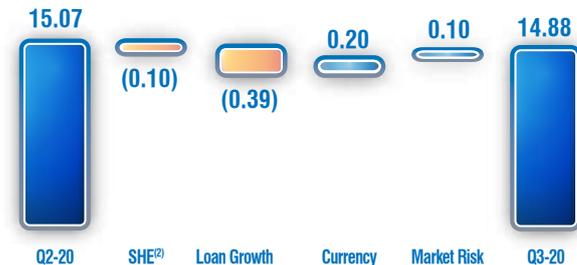
(\*\*) SIFI Buffer (1.00%) is factored within the regulatory requirements on a consolidated basis.

### Details on Capital Ratio

#### Details on Capital Ratio (TRY mn)

	Cons. Basel III Sep-20	Uncons. Basel III Sep-20
Credit Risk Base Amount (CRBA)	353,809	343,586
Market Risk Base Amount (MRBA)	24,002	22,164
Operational Risk Base Amount (ORBA)	22,443	19,789
Total Risk Weighted Assets (RWAs)	400,254	385,539
Regulatory Capital	59,541	59,442
<b>CAR (%)</b>	<b>14.88</b>	<b>15.42</b>
<b>Tier-I (%)</b>	<b>12.29</b>	<b>12.77</b>
<b>Common Equity Tier-I (%)</b>	<b>10.26</b>	<b>10.65</b>

### Evolution of Consolidated CAR (%)<sup>(1)</sup>

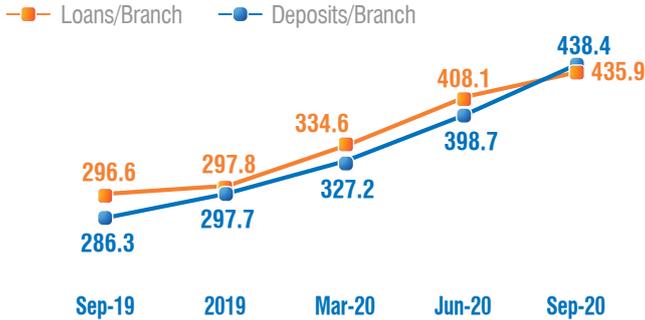


(1) The reported Consolidated CAR is calculated by taking into account the Board Decisions of the BRSA on March 23<sup>rd</sup> and April 16<sup>th</sup>, 2020.

(2) The impact of AT1 increase due to exchange rates is not included. Its effect on CAR is included in the Currency line.

## Branch Network – Human Resources

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

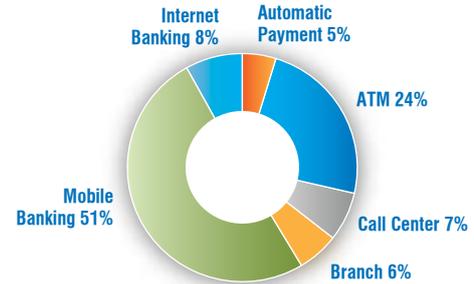


### Branches<sup>(\*)</sup>

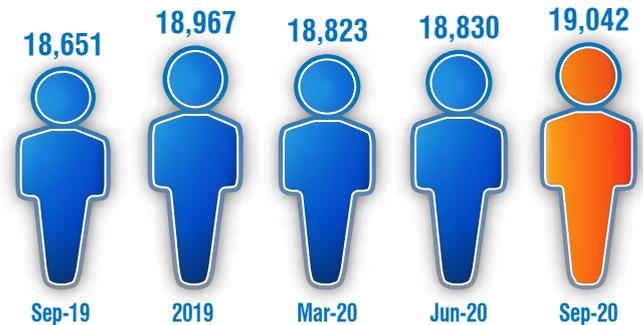


(\*) Domestic branches

### Breakdown of Banking Transactions (%)



### Headcount



## Annex

Halkbank	TRY Million	Market Share (%)
Total Assets	663,675	11.1
Loans <sup>(a)</sup>	429,255	12.1
TRY Loans	331,727	14.5
FC Loans	97,527	7.6
SME Loans	183,841	21.7
Corp. + Comml. L.	162,957	8.5
Retail Loans	82,453	10.3
Housing	48,357	17.4
GPLs	29,244	7.8
Credit Cards	4,298	3.2

Banking Sector Metrics <sup>(b)</sup>	9M-19	9M-20
Loan Growth (YtD, %)	5.7	33.9
Deposit Growth <sup>(c)</sup> (YtD, %)	15.0	33.8
LDR (%)	107.9	103.4
NPL (%)	5.0	4.1
CoR <sup>(d)</sup> (bps)	191	121
<b>Macroeconomic Indicators</b>	<b>9M-19</b>	<b>Current</b>
GDP Growth (%)	1.0	-9.9 <sup>(e)</sup>
CPI (%)	9.3	11.9 <sup>(f)</sup>
Unemployment (%)	13.8	13.2 <sup>(g)</sup>
CBT Policy Interest Rate (%)	16.50	10.25

(b) BRSA monthly data as of Dec-19 and Sep-20.

(c) Including interbank deposits.

(d) S3 provisions/Av. Gross Loans

(e) Turkish Statistical Institute (TSI), 2020/2.

(f) TSI, Oct-20.

(g) TSI, Aug-20.

(a) Excluding interest accruals and including TRY 3.2 million amount of other loans.

## Balance Sheet

In TRY million	Sep-19	2019	Jun-20	Sep-20	QoQ Change%	YtD Change%	YoY Change%
Cash and Balances Held with the Central Bank <sup>(a)</sup>	32,642	34,489	27,153	41,374	52.4	20.0	26.7
Banks & Money Market <sup>(b)</sup>	3,646	3,750	2,219	3,567	60.8	(4.9)	(2.2)
Securities <sup>(b)</sup>	96,383	102,734	136,944	157,898	15.3	53.7	63.8
Net Loans <sup>(b)</sup>	294,182	297,806	409,371	438,052	7.0	47.1	48.9
Gross NPL	13,910	15,920	16,537	16,189	(2.1)	1.7	16.4
NPL Net	4,492	5,053	3,976	3,592	(9.7)	(28.9)	(20.0)
Property and Equipment	6,226	7,699	7,524	8,211	9.1	6.6	31.9
Other Assets	10,420	10,567	12,506	14,573	16.5	37.9	39.9
<b>Total Assets</b>	<b>443,499</b>	<b>457,045</b>	<b>595,717</b>	<b>663,675</b>	<b>11.4</b>	<b>45.2</b>	<b>49.6</b>
Deposits <sup>(b)</sup>	284,030	297,734	399,932	440,615	10.2	48.0	55.1
Funds Borrowed <sup>(b)</sup>	10,814	11,017	10,973	11,685	6.5	6.1	8.1
Interbank Money Market <sup>(b)</sup>	57,940	53,201	77,572	102,844	32.6	93.3	77.5
Marketable Securities Issued	17,421	17,591	14,412	14,173	(1.7)	(19.4)	(18.6)
Funds	2,942	3,209	3,126	3,259	4.3	1.6	10.8
Other Liabilities	38,806	40,433	45,987	47,578	3.5	17.7	22.6
Provisions	1,343	1,663	1,921	1,847	(3.8)	11.1	37.5
Shareholders' Equity	30,203	32,197	41,794	41,674	(0.3)	29.4	38.0
<b>Total Liabilities</b>	<b>443,499</b>	<b>457,045</b>	<b>595,717</b>	<b>663,675</b>	<b>11.4</b>	<b>45.2</b>	<b>49.6</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	Sep-19	Sep-20	YoY Change%	Q3-19	Q2-20	Q3-20	QoQ Change%	YoY Change%
Interest Income	35,403	38,225	8.0	12,512	12,272	14,230	16.0	13,7
On Loans	27,438	27,826	1.4	9,701	8,962	10,076	12.4	3,9
On Securities	7,505	10,206	36.0	2,697	3,273	4,066	24.2	50,7
Interest Expense	28,589	21,976	(23.1)	9,693	6,931	8,610	24.2	(11,2)
On Deposits	18,605	14,341	(22.9)	6,205	4,621	5,455	18.0	(12,1)
<b>Net Interest Income</b>	<b>6,815</b>	<b>16,249</b>	<b>138.4</b>	<b>2,819</b>	<b>5,341</b>	<b>5,620</b>	<b>5.2</b>	<b>99,4</b>
Net Fees and Commissions	2,050	1,960	(4.4)	713	543	695	28.0	(2,5)
Net Trading Income	(2,691)	(5,632)	109.3	(846)	(1,168)	(3,198)	173.7	278.1
Swap Cost	(2,976)	(884)	(70.3)	(1,153)	(401)	(184)	(54.1)	84.0
Other Operating Income	2,046	1,118	(45)	174	141	364	158.5	109
Reversal of Loan Loss Provisions	1,230	614	(50)	115	77	218	184.9	90
<b>Total Operating Revenues</b>	<b>8,219</b>	<b>13,694</b>	<b>66.6</b>	<b>2,861</b>	<b>4,856</b>	<b>3,481</b>	<b>(28.3)</b>	<b>21,7</b>
Operating Expenses	4,581	5,812	26.9	1,669	2,032	1,880	(7.5)	12,6
<b>Net Operating Income</b>	<b>3,638</b>	<b>7,882</b>	<b>116.7</b>	<b>1,192</b>	<b>2,824</b>	<b>1,602</b>	<b>(43.3)</b>	<b>34,4</b>
Provision for Loan Losses and Other Receivables	3,204	5,838	82.2	721	2,005	1,365	(31.9)	89,3
Loan Loss Provisions for Cash Loans	2,742	2,713	(1.0)	702	591	891	50.7	26,9
Profit/(Losses) from Associates	422	511	21.1	0	507	4	(99.3)	N/A
<b>Income Before Taxes</b>	<b>855</b>	<b>2,555</b>	<b>198.8</b>	<b>471</b>	<b>1,325</b>	<b>240</b>	<b>(81.9)</b>	<b>(49.0)</b>
Provision for Tax	(69)	465	(N/A)	163	375	(75)	N/A	N/A
<b>Net Income</b>	<b>924</b>	<b>2,090</b>	<b>126.3</b>	<b>308</b>	<b>950</b>	<b>315</b>	<b>(66.8)</b>	<b>2,2</b>





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