

# Q3 2009 Earnings Presentation

BRSA Bank Only



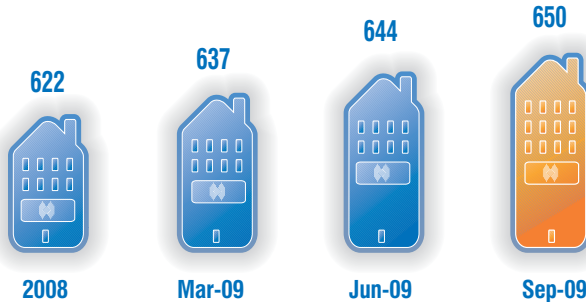
## Nationwide coverage



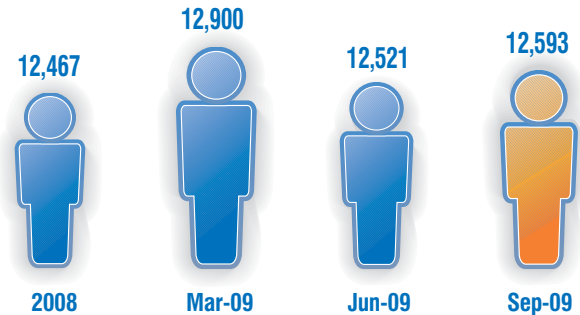
Halkbank continues to expand its extensive branch network with 28 new branch openings since the end of 2008. The total number of branches has reached 650.

Halkbank's 12,593 employees have high levels of professional knowledge and skills.

### Total Branches (a)



### Human Resources



(a) Including domestic branches and special transaction center

## On the way to recovery

- > The Turkish economy contracted 7% in Q2 09. Q3 09 is likely to be the last of four consecutive quarters of contraction. We expect resumed growth in Q4 09 that will bring the net 12-month contraction in 2009 to 5%.
- > 12-month trailing CPI reported as 5.27% in September 09; is expected to be around 5.5% by year-end.
- > CBRT has trimmed interest rates down to 6.75%: total cut since H1 09 is 200 bps.
- > 8-month CAD declined 81.2% YoY to USD 6.6 bn. USD 11 bn deficit anticipated in 2009.
- > 12.8% unemployment in July is down from year's peak of 16.1%.
- > Modest increase in capacity utilization rates and consumer confidence.

## Q4 09 outlook

- > Given lower external demand and slower improvement in local market conditions, CPI will remain subdued.
- > Not much room left for further easing in CBRT rates: Consensus expectation is no more than 50 bps more in cuts.
- > No grounds for pre-mature interest rate hikes.
- > Banks will continue to enjoy lower deposit costs with CBRT providing liquidity.
- > Banks look ready to kick off loan volumes.
- > Existing stock of NPL set to climb further; NPL ratio expected to peak in Q4.
- > NIMs will contract slightly but lending volumes should render NII more resilient.
- > Strong earnings announcements and probable sovereign rating upgrade may keep market sentiments positive.

## September 2009 Highlights

### Superior growth in line with sustainable profitability

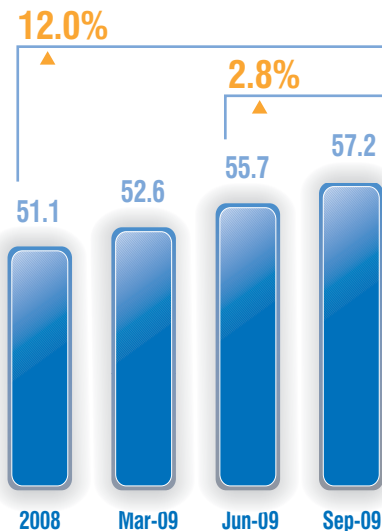
- > Assets up 12% YtD with a remarkable ROE of 33.4%.
- > Net profit of TRY 1,208 mn implies 32.7% YoY growth.
- > Cash loans up 18.1% YtD reaching TRY 30.5 bn.
- > Total deposits up 9% YoY reaching TRY 40,972 mn.
- > Loan/deposit ratio at 74.5% level.
- > With 10 bps decrease, NPL ratio down to 5%—below the sector average.
- > NII up 41.0% YoY to TRY 2,231 mn—corresponding to NIM of 5.9%.
- > Net fees and commissions income up 16.2% YoY to TRY 327 mn.
- > Despite increase in risk-weighted assets, 40 bps rise in CAR (15.1%) is supported by continued profitability.
- > At 31.2%, one of the lowest cost/income ratio in the sector.

## Asset growth up 12% YtD and 20% YoY

### ASSET GROWTH

**YTD 12.0% QoQ 2.8%**

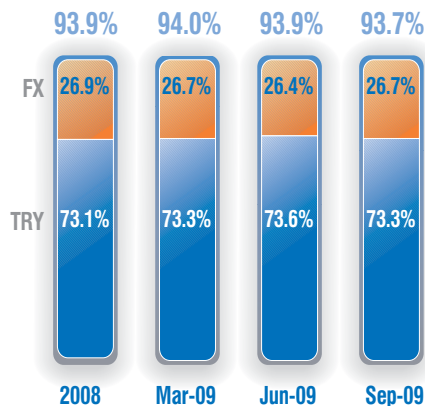
Total Asset Growth (TRY billion)



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

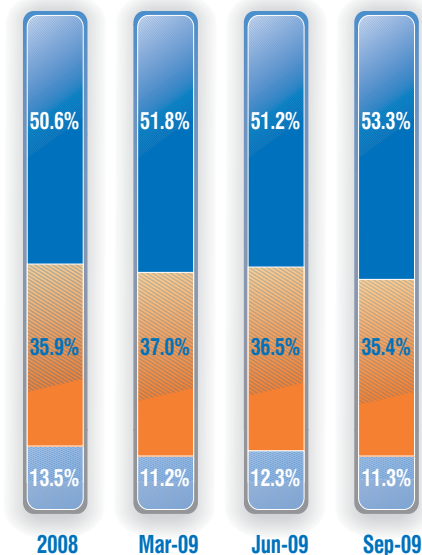
**93.7%**

Composition of IEAs



### Asset Mix (%)

- Loans
- Securities
- Other Assets

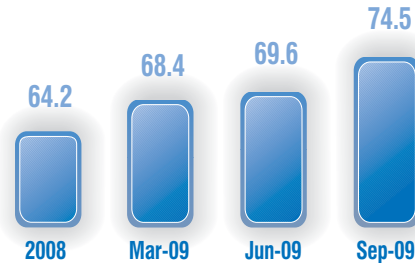


(a) Including interest accruals and excluding fund loans

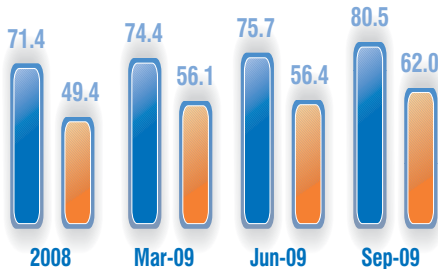
## Diversified sources help reduce overall funding costs: L/D still at comfortable level

### Loan to Deposit (%)

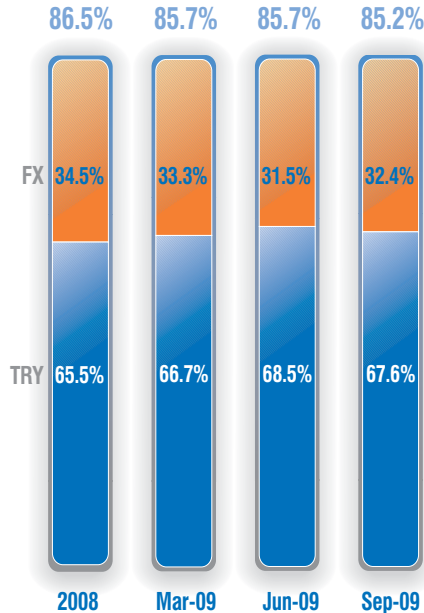
■ Total L/D



■ TRY L/D ■ FX L/D

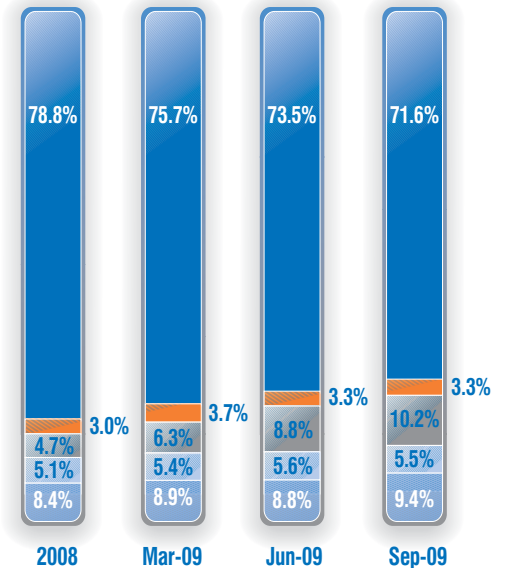


### Composition of IBLs (a)



### Liabilities Mix (%)

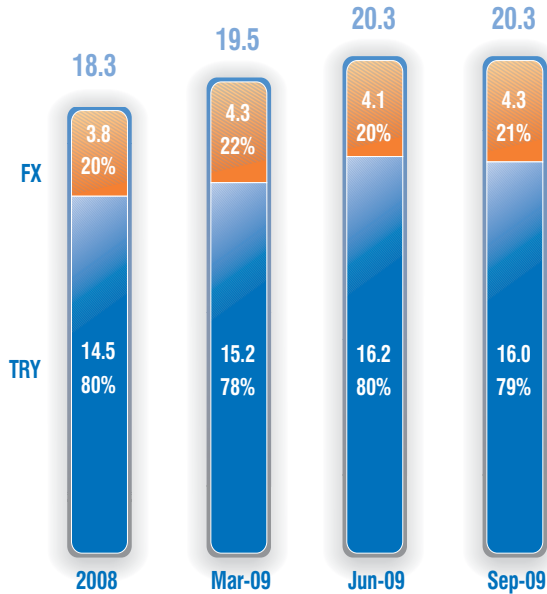
■ Deposits  
■ Funds Borrowed  
■ Interbank Money Market  
■ Other Liabilities  
■ Shareholder's Equity



(a) Including interest accruals and excluding funds

## Securities portfolio remains flat

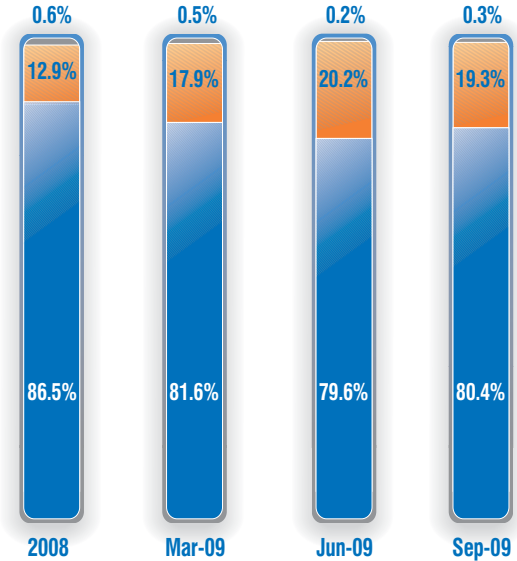
Total Securities Portfolio <sup>(a)</sup> (TRY billion)



(a) FX indexed securities are booked as foreign currency

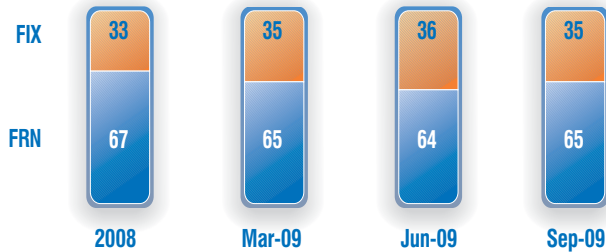
Total Securities Composition

● HTM ● AFS ● Trading

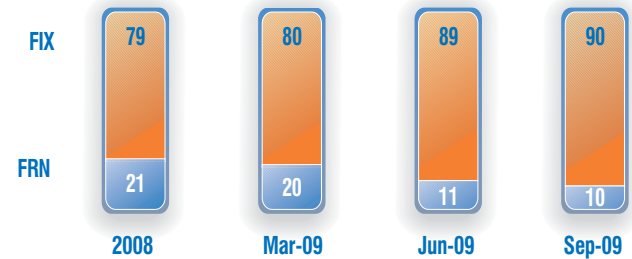


## FRN-heavy portfolio shields against interest rate risks

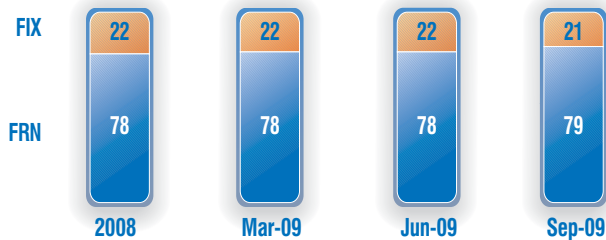
Total Securities Portfolio <sup>(a)</sup> (%)



FX Securities Portfolio <sup>(a)</sup> (%)



TRY Securities Portfolio <sup>(a)</sup> (%)



**FRNs constitute 65% of total, 79% of TRY, and 10% of FX securities**

(a) Excluding interest accruals

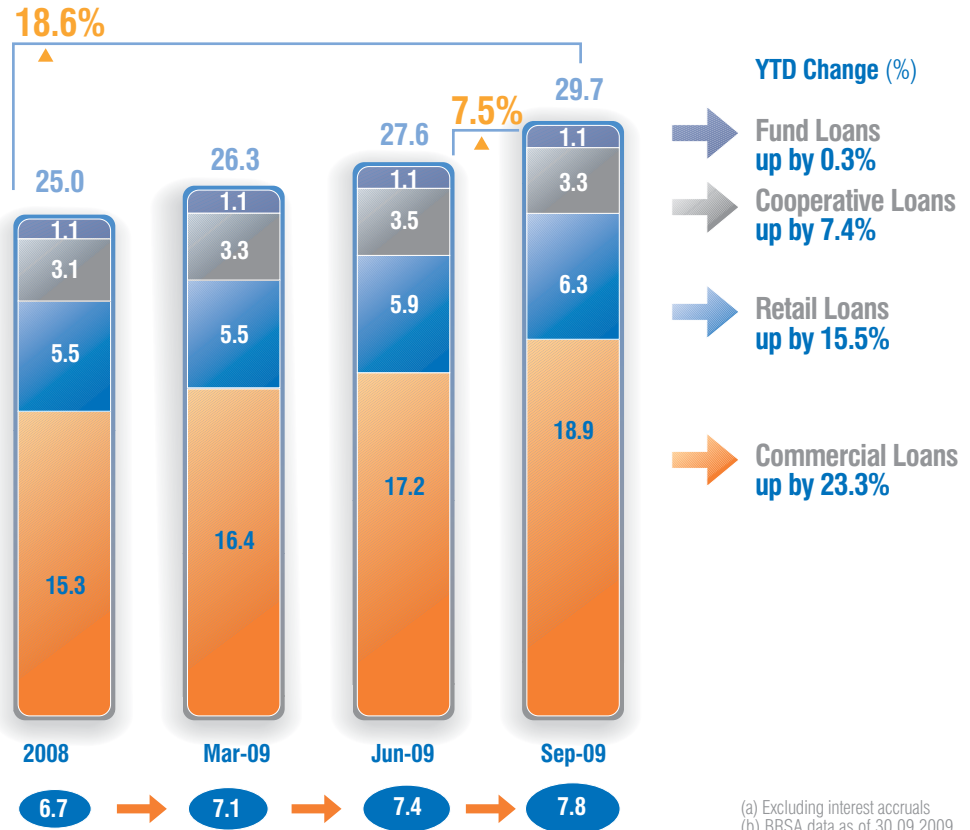


## Strong, unmatched loan growth (TRY billion) <sup>(a)</sup>

**TOTAL LOANS**  
**HALKBANK SECTOR** <sup>(b)</sup>  
 YTD **18.6%** YTD **2.1%**

**TRY LOANS**  
**HALKBANK SECTOR** <sup>(b)</sup>  
 YTD **15.5%** YTD **5.0%**

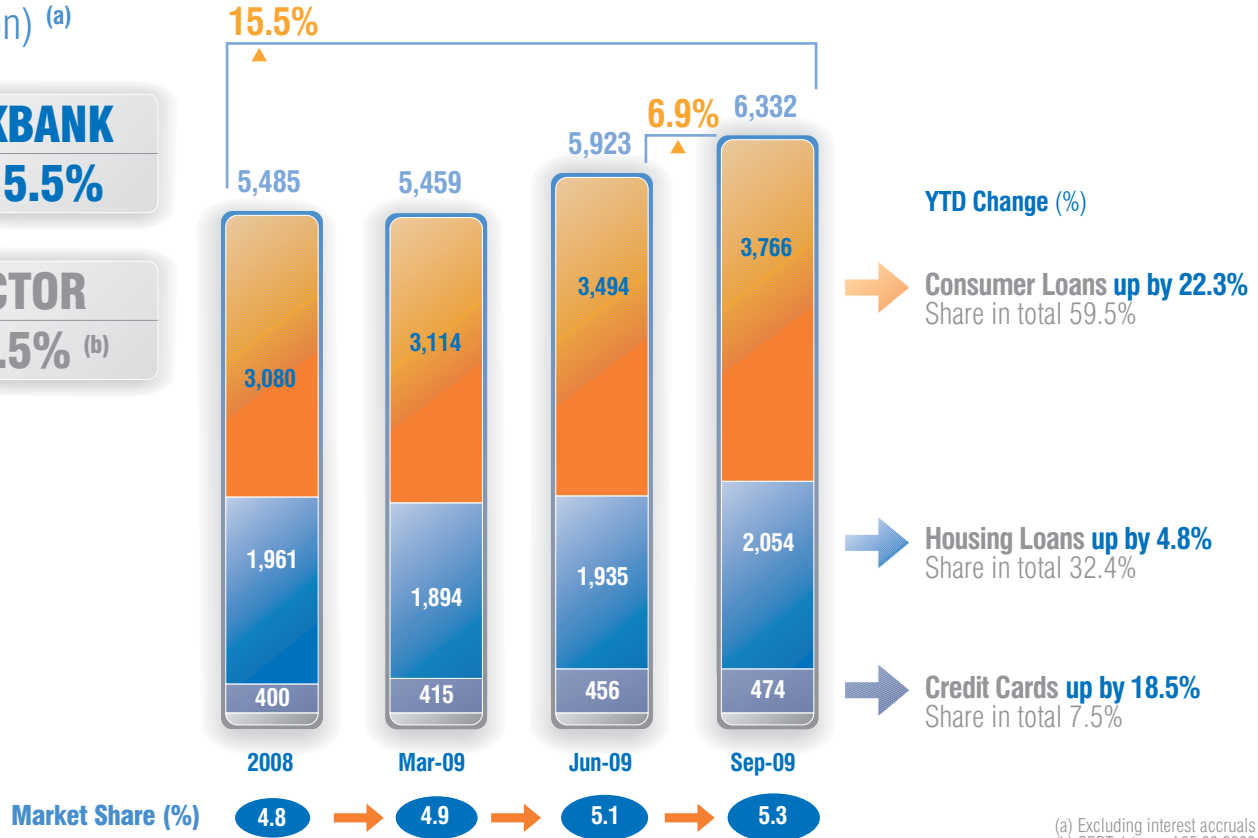
**FX LOANS**  
**HALKBANK SECTOR** <sup>(b)</sup>  
 YTD **27.6%** YTD **-4.8%**  
 in USD terms  
 YTD **30.6%** YTD **-2.5%**



(a) Excluding interest accruals  
 (b) BRSA data as of 30.09.2009

## Retail loans outpacing sector growth are driven by consumer lending

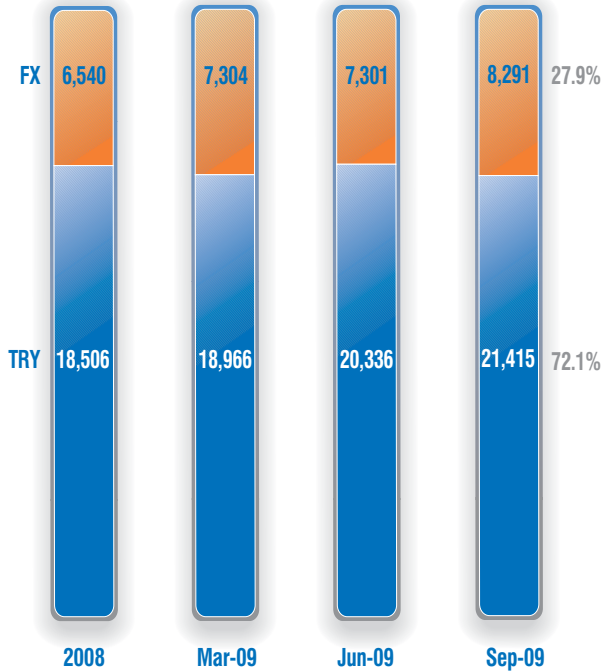
(TRY million) <sup>(a)</sup>

**HALKBANK**
**YTD 15.5%**
**SECTOR**
**YTD 4.5% <sup>(b)</sup>**


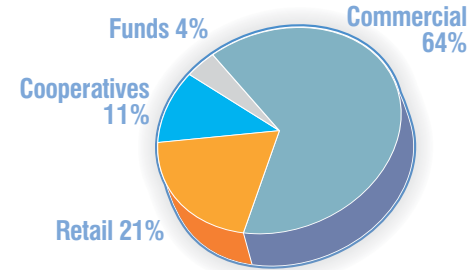
(a) Excluding interest accruals  
(b) CBRT data as of 25.09.2009

## TRY-dominated, SME-heavy loan portfolio

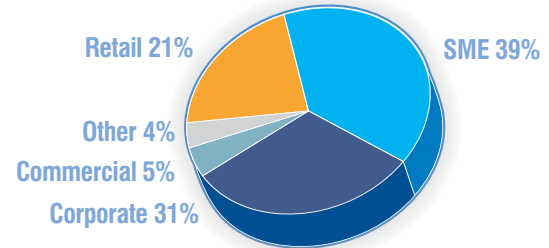
Loans by Currency <sup>(a)</sup> (TRY million)



Loans By Types (%) (Sep-09)



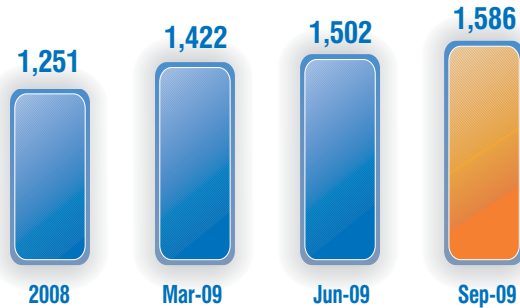
Loans By Customer Segmentation (%) (Sep-09)



(a) Excluding interest accruals

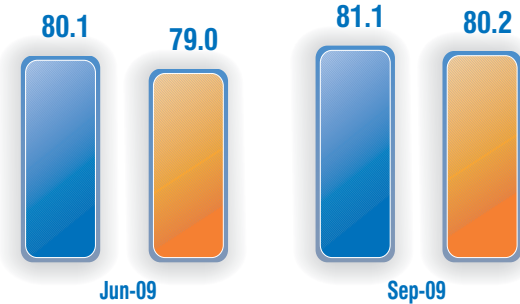
## Well-retained asset quality combined with loan growth results in NPL ratio stabilization

**NPL Portfolio** (TRY million)

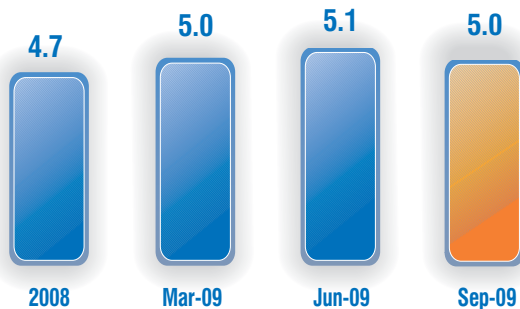


**NPL Coverage** (%)

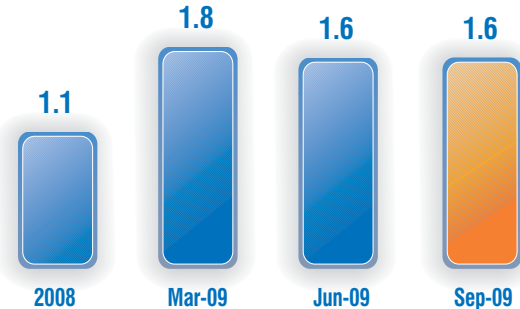
■ Halkbank ■ Sector <sup>(a)</sup>



**NPL/Total Loans** (%)



**Loan Loss Provisions/Average Net Loans** (%)

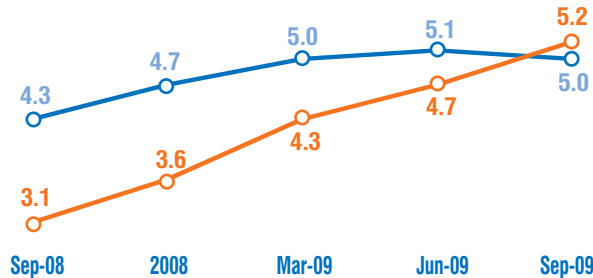


(a) BRSA data as of 30.09.2009

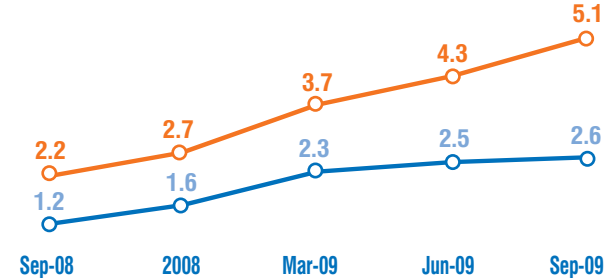
## NPL ratio below the sector average without any write-off or sell-offs

—○— Halkbank  
—○— Sector (a,b)

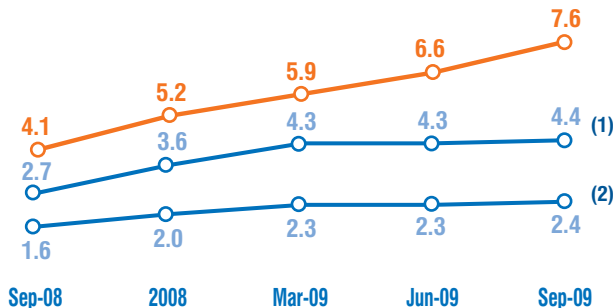
NPL/Total Loans <sup>(a)</sup> (%)



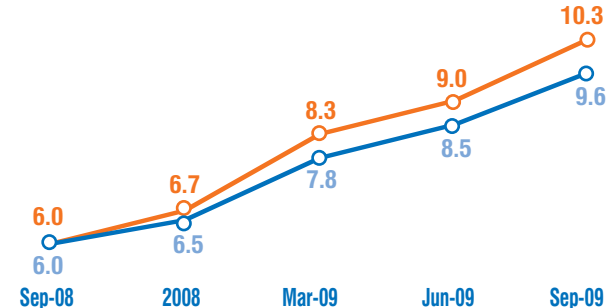
Consumer Loans <sup>(b)</sup> (%)



SME Loans <sup>(a)</sup> (%)



Credit Cards <sup>(b)</sup> (%)

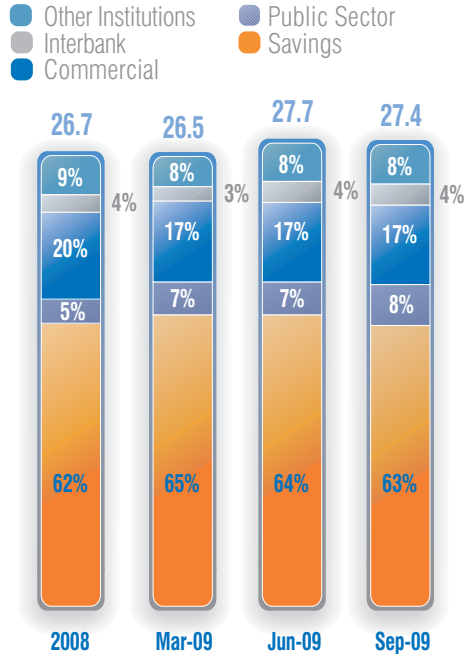


(1) All loans granted to SMEs in terms of customer definition (2) Loans granted to SMEs in terms of loan definition

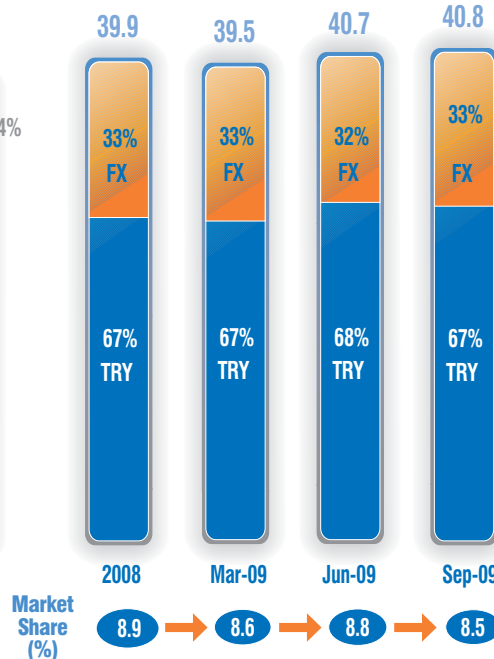
(a) BRSA data as of 30.09.2009 (b) CBRT data as of 25.09.2009

## Cost-conscious strategy and defensive stance keep deposits flat

TRY Deposits by Types <sup>(a)</sup> (TRY billion)



Total Deposits by Currency <sup>(a)</sup> (TRY billion)



### TOTAL DEPOSITS

**HALKBANK** **SECTOR** <sup>(b)</sup>  
YTD **2.1%** YTD **6.7%**

### TRY DEPOSITS

**HALKBANK** **SECTOR** <sup>(b)</sup>  
YTD **2.3%** YTD **7.0%**

### FX DEPOSITS

**HALKBANK** **SECTOR** <sup>(b)</sup>  
YTD **1.9%** YTD **6.2%**

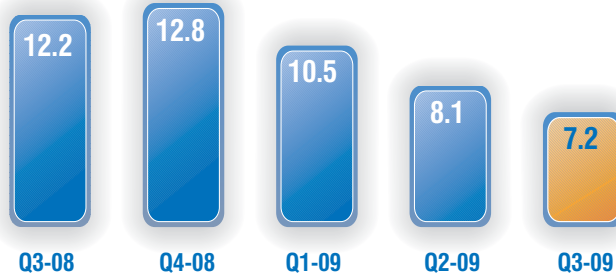
in USD terms

YTD **4.3%** YTD **8.7%**

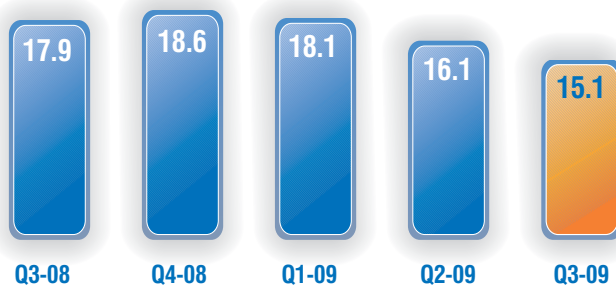
(a) Excluding Interest Accruals (b) BRSA data as of 30.09.2009

## Cost-Yield-Spread <sup>(a)</sup>

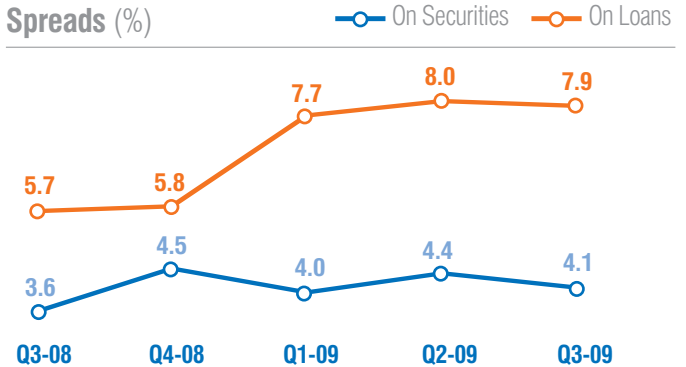
### Cost of Deposits (%)



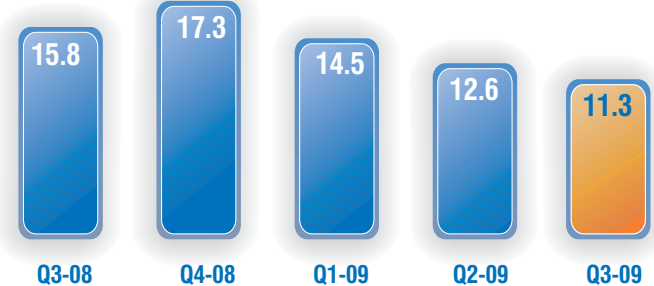
### Yield on Loans <sup>(b)</sup> (%)



### Spreads (%)



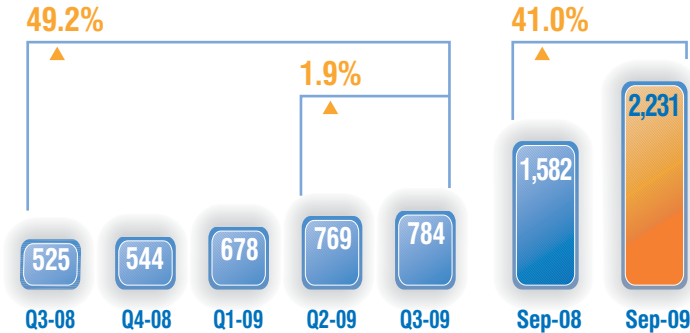
### Yield on Securities (%)



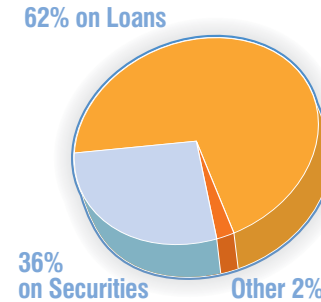
(a) TRY-FX blended (b) Excluding fund loans

## NII up 41.0% YoY and 1.9% QoQ

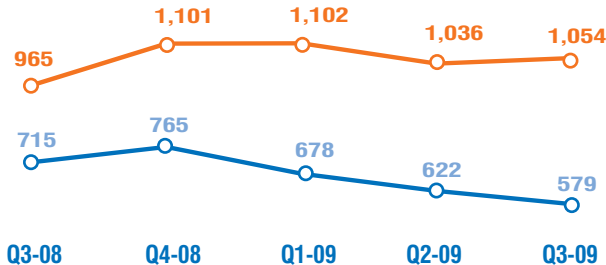
### Net Interest Income (TRY million)



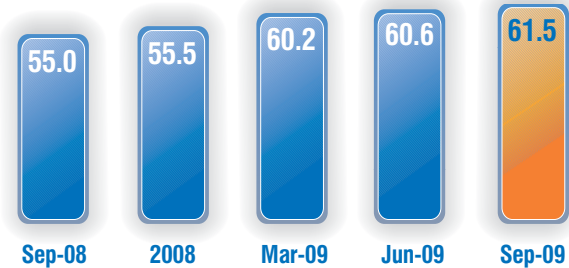
### Breakdown of Interest Income (Sep-09)



### Interest Income (TRY million) — On Securities — On Loans



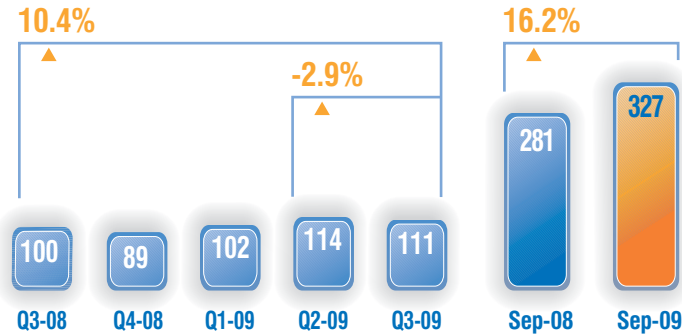
### Interest Income on Loans/Total Interest Income (%)





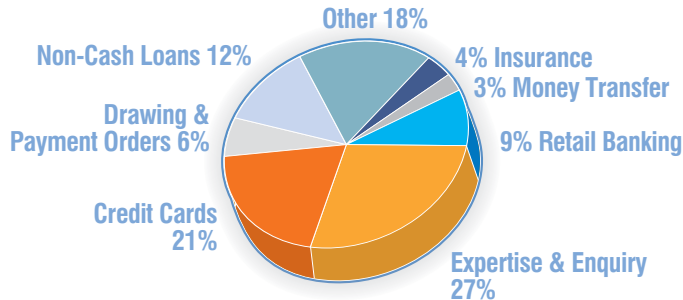
## Net fees & commissions income generation up 16.2% YoY

Net Fees & Commissions Income (TRY million)

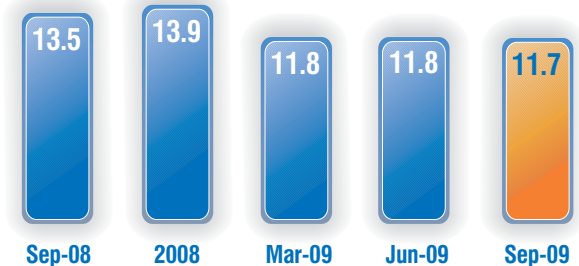


Due to the strong rise in total operating revenues, the share of net fees and commissions income in total income remains almost flat.

### Breakdown of Fees & Commissions Income (Sep-09)

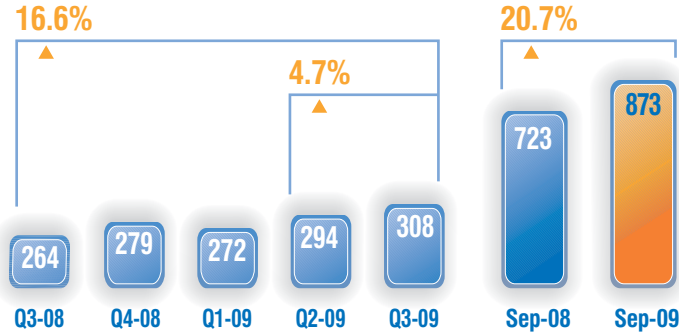


### Net Fees & Commissions Income/ Total Operating Revenues (%)

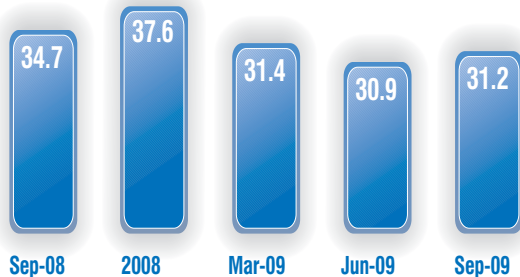


## OPEX figures compatible with organic growth

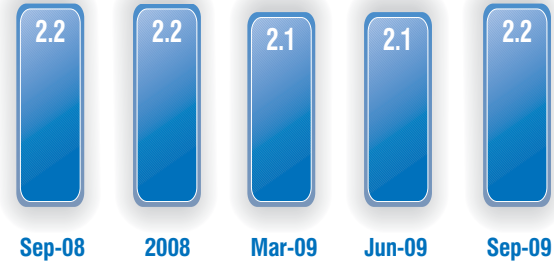
### Operating Expenses (TRY million)



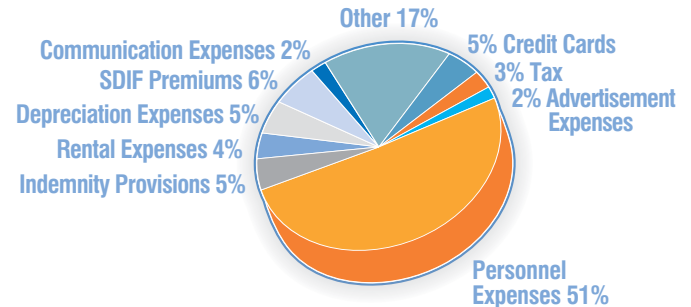
### Cost/Income (%)



### Operating Expenses/Average Assets (%)

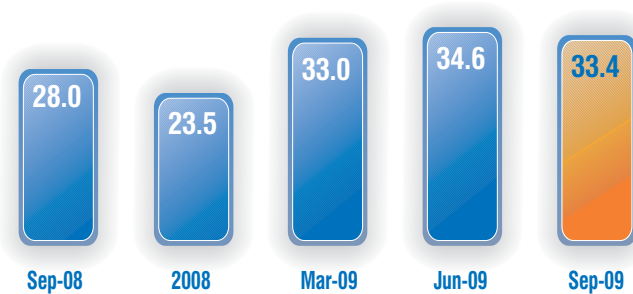


### Breakdown of Operating Expenses (Sep-09)

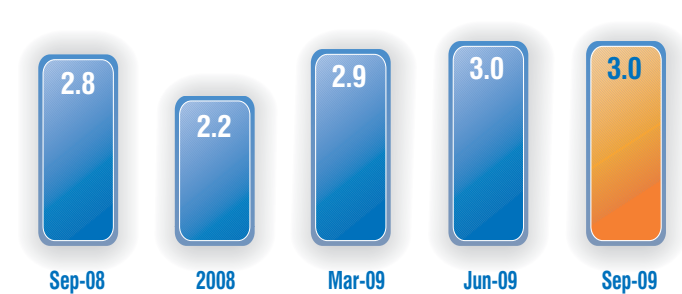


## Key Ratios

ROE <sup>(a)</sup> (%)

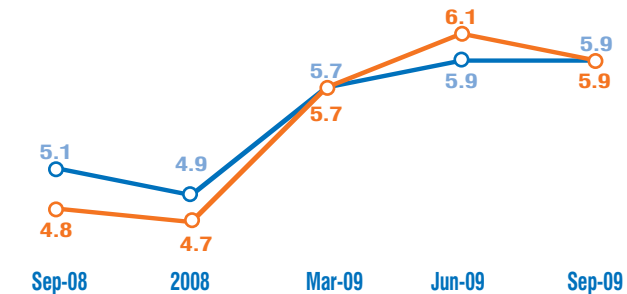


ROA <sup>(a)</sup> (%)

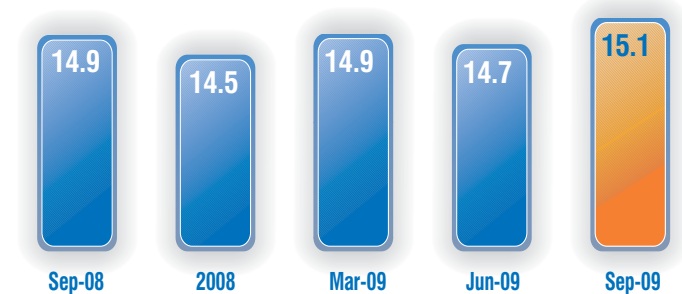


NIM (%)

—○— Annualized —○— Quarterly



CAR (%)



(a) Annualized

# Appendix

## Balance Sheet

In TRY million	Sep-08	2008	Sep-09	YTD Change (%)	YoY Change (%)
Cash and Balances Held with the Central Bank <sup>(a)</sup>	3,008	3,009	3,318	10.3	10.3
Banks & Money Market <sup>(b)</sup>	479	2,119	851	(59.9)	77.5
Securities <sup>(b)</sup>	18,084	18,334	20,280	10.6	12.1
Net Loans <sup>(b)</sup>	24,397	25,836	30,512	18.1	25.1
Gross NPL	1,077	1,251	1,586	26.8	47.2
NPL Net	125	214	300	40.3	139.1
Property and Equipment	919	930	1,039	11.7	13.1
Other Assets	797	867	1,221	40.8	53.2
<b>Total Assets</b>	<b>47,684</b>	<b>51,096</b>	<b>57,220</b>	<b>12.0</b>	<b>20.0</b>
Deposits <sup>(b)</sup>	37,587	40,271	40,972	1.7	9.0
Funds Borrowed <sup>(b)</sup>	1,194	1,522	1,893	24.4	58.5
Interbank Money Market	2,197	2,390	5,843	144.4	166.0
Funds	1,083	1,216	1,366	12.4	26.2
Other Liabilities	791	800	1,104	38.0	39.4
Provisions	516	608	670	10.1	29.8
Shareholders' Equity	4,316	4,289	5,372	25.3	24.5
<b>Total Liabilities</b>	<b>47,684</b>	<b>51,096</b>	<b>57,220</b>	<b>12.0</b>	<b>20.0</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	Sep-08	Sep-09	YoY (%)	Q4-08	Q1-09	Q2-09	Q3-09	QoQ (%)
Interest Income	4,863	5,191	6.7	1,930	1,830	1,697	1,664	(1.9)
On Loans	2,673	3,191	19.4	1,101	1,102	1,036	1,054	1.7
On Securities	2,010	1,880	(6.5)	765	678	622	579	(7.0)
Interest Expense	3,281	2,960	(9.8)	1,386	1,151	928	881	(5.1)
On Deposits	3,070	2,611	(14.9)	1,264	1,043	822	746	(9.3)
<b>Net Interest Income</b>	<b>1,582</b>	<b>2,231</b>	<b>41.0</b>	<b>544</b>	<b>678</b>	<b>769</b>	<b>784</b>	<b>1.9</b>
Net Fees and Commissions	281	327	16.2	89	102	114	111	(2.9)
Net Trading Income	(101)	32	131.4	(93)	(6)	10	28	163.2
Other Operating Income	320	210	(34.3)	43	91	73	46	(36.8)
Reversal of Loan Loss Provisions	206	121	(41.2)	17	50	43	29	(32.4)
Total Operating Revenues	2,083	2,800	34.4	583	865	966	968	0.2
Operating Expenses	723	873	20.7	279	272	294	308	4.7
<b>Net Operating Income</b>	<b>1,359</b>	<b>1,927</b>	<b>41.8</b>	<b>305</b>	<b>594</b>	<b>673</b>	<b>661</b>	<b>(1.8)</b>
Provision for Loan Losses and Other Receivables	240	447	86.5	197	147	146	154	5.8
Loan Loss Provisions for Cash Loans	141	331	134.9	102	119	101	111	10.1
Profit/(Losses) from Associates	28	11	(62.1)	10	4	7	0	-
<b>Income Before Taxes</b>	<b>1,148</b>	<b>1,491</b>	<b>29.9</b>	<b>119</b>	<b>450</b>	<b>534</b>	<b>506</b>	<b>(5.1)</b>
Provision for Tax	238	283	19.0	10	86	111	86	(22.5)
<b>Net Income</b>	<b>910</b>	<b>1,208</b>	<b>32.7</b>	<b>108</b>	<b>365</b>	<b>423</b>	<b>420</b>	<b>(0.5)</b>

For further information please contact  
**halkbank.IR@halkbank.com.tr**



**HALKBANK**

**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.