

Q1 2010 Earnings Presentation

BRSA Bank Only



Macro Outlook

- > After steep declines in the first two quarters of 2009, GDP turned around remarkably with 6% growth in the fourth quarter. Annual GDP contracted 4.7% in 2009. Markets revise assumptions and forecasts upwards for 2010 GDP growth.
- > Policy rate remain unchanged at 6.5% in 1Q10.
- > CBRT released its exit strategy both for FX and TRY liquidity. Technical rate adjustment has been announced and the excessive TL funding will be lowered gradually. This announcement implies that rate hikes will likely be postponed to the fourth quarter.
- > Inflation is slightly better than expectations with 0.6% MoM but still pulling annual inflation to double-digit range (10.2%) in April. There is no significant rise in core inflation, which is important for CBRT's rate hikes.
- > Industrial production growth of 18.1% YoY beats market consensus and is a positive sign for GDP. Rapid growth in Capacity Utilization (reported as 72.2%) and increase in Consumer Confidence Index (84.7%) are supportive indicators of positive sentiment.
- > Treasury debt roll-over ratio is roughly 95% YtD. Additional external inflow and privatization revenues may pull down the roll-over ratio to 95% from the initial target of 99.5%.
- > CAD reported as USD 14.0 bn while CAD/GDP ratio receded to 2.3% as of 2009. Annualized February CAD figure is USD 18.8 bn with the rise resulting from low base effect.
- > Public sector gross debt stock rose to TRY 453.8 bn in 1Q10, approximately 45.8% of GDP. (46.3% at end-2009.)
- > Budget deficit reported as TRY 5.9 bn, down by 32.2% in March thanks to the increase in tax revenues and to decline in interest payments. 1Q10 budget deficit of TRY 11.3 bn figure makes TRY 50 bn budget deficit target achievable.

Banking Sector Outlook

- > In terms of banking activities, 1Q10 has been a strong quarter thanks to the improvement in the operating environment. A higher figure in collections and relief in specific provisions supported bottom lines.
- > NIM contraction still continues.
- > Mortgage lending speeding up as a result of easing cycle.
- > Corporate and commercial segment contributing a big portion of loan growth.
- > SME lending expected to support loan expansion with higher yields.
- > NPL ratio decreased 35 bps and gross NPLs declined 1.2% QoQ thanks to collections, sell offs and slowdown in NPL generation.
- > Cost of risk continues to fall.
- > CAR is still robust at 20% level.

Q1 2010 Highlights

High profitability ratios with strong asset quality and efficiency

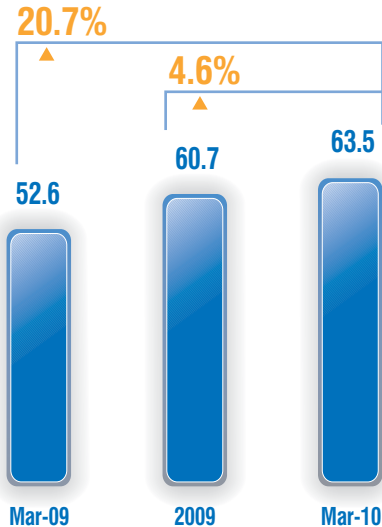
- > Generating TRY 515 mn profit, up **41.3%** compared with the same period of last year.
- > Continued stellar ROE performance at **34.7%**.
- > ROA of **3.4%** is a strong indicator of profitability.
- > Net interest income surged **23.7%** YoY yielding a 5.8% NIM.
- > Net fees and commissions up **31.3%** YoY in line with the increase in foreign trade activities and loan expansion.
- > Total operating revenues and net operating income increased **30.3%** and **33.6%** YoY respectively.
- > **29.7%** cost/income ratio is the main indicator of efficiency.
- > Total Assets increased TRY 2.8 bn and reached TRY 63.5 bn in the first quarter (20.7% increase YoY)
- > Strong loan growth is mainly driven by retail and corporate segments, up 14.0% in FX and 5.1% in TRY YtD bringing total loans to TRY 34.9 bn.
- > NPL ratio fell 25 bps in the first quarter, outperforming the sector and with no write-offs or sell-offs.
- > Total deposits increased 6.6% YtD in line with loan growth and reached TRY 46.8 bn.
- > Shareholder equity up 9.2% YtD thanks to high profitability.
- > 15.4% CAR well above the 12% threshold.

Asset growth is driven by loan expansion

ASSET GROWTH

YoY **20.7%** QoQ **4.6%**

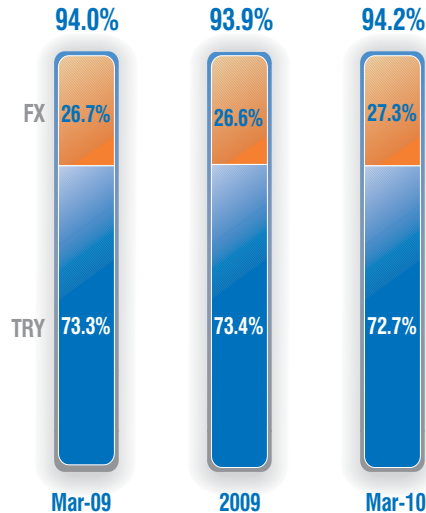
Total Asset Growth (TRY billion)



IEA

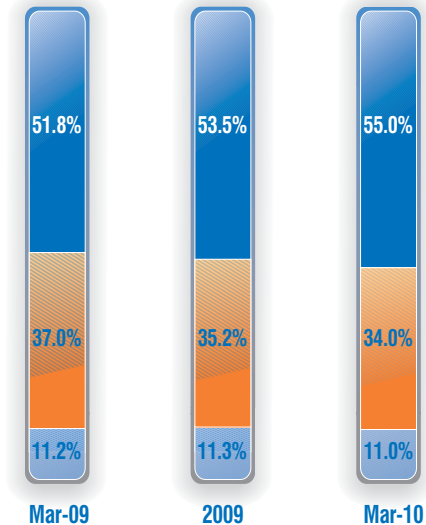
94.2%

Composition of IEAs ^(a)



Asset Mix (%)

- Loans
- Securities
- Other Assets

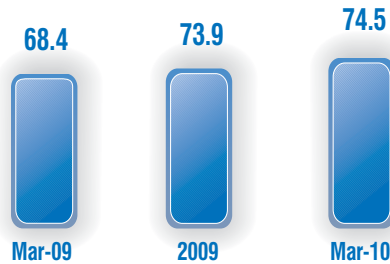


(a) Including interest accruals and excluding fund loans

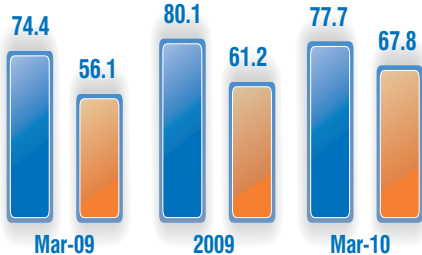
The asset growth was primarily funded by deposits - Comfortable L/D ratio

Loan to Deposit (%)

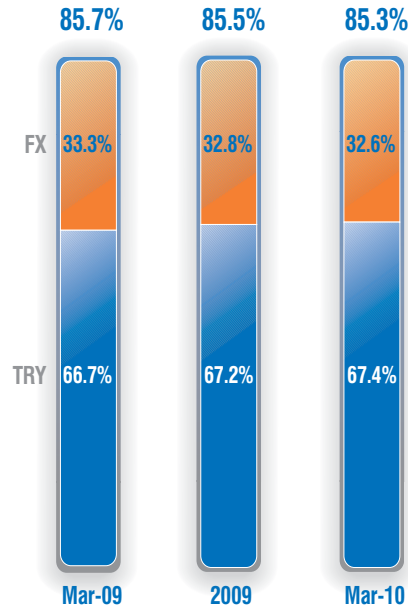
● Total L/D



● TRY L/D ● FX L/D

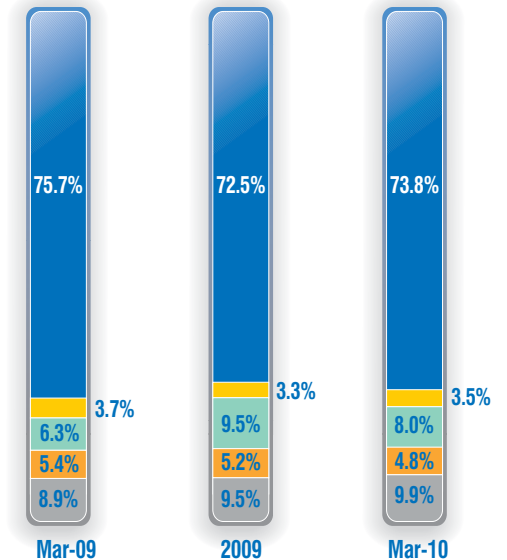


Composition of IBLs (a)



Liabilities Mix (%)

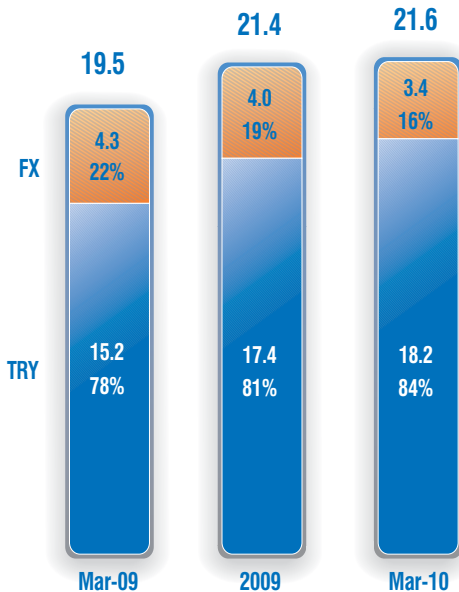
● Deposits ● Funds Borrowed ● Interbank Money Market ● Other Liabilities ● Shareholder's Equity



(a) Including interest accruals and excluding funds, excluding demand deposit, the share of IBL is 77% in Mar-10

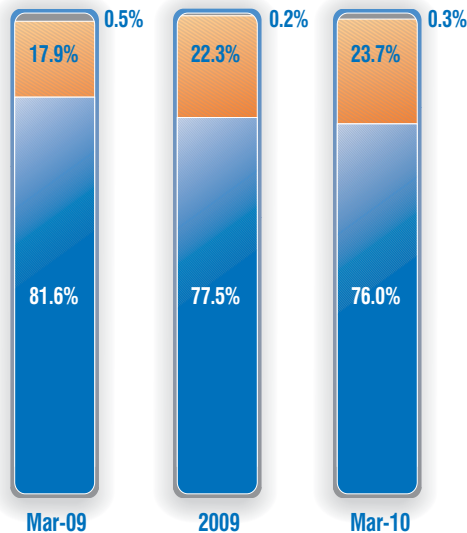
Securities portfolio remained flat

Total Securities Portfolio ^(a) (TRY billion)



Total Securities Composition

● HTM ● AFS ● Trading

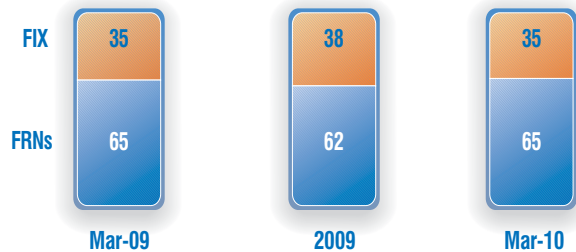


For the rest of the year, TRY 4.9 bn redemptions expected.

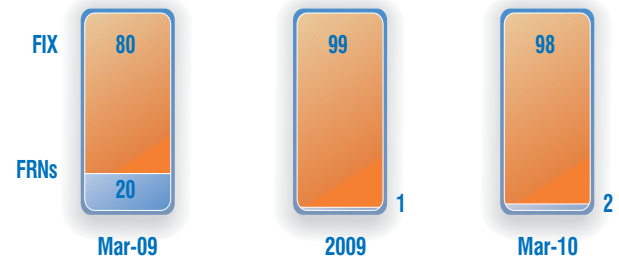
(a) FX indexed securities are booked as foreign currency

FRN dominated TRY securities portfolio helps margins remain high

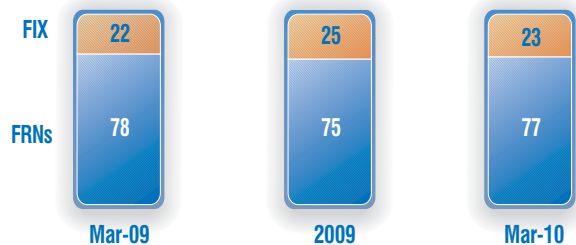
Total Securities Portfolio ^(a) (%)



FX Securities Portfolio ^(a) (%)



TRY Securities Portfolio ^(a) (%)



CPI-linkers constitute 15% of TRY denominated securities.

(a) Excluding interest accruals

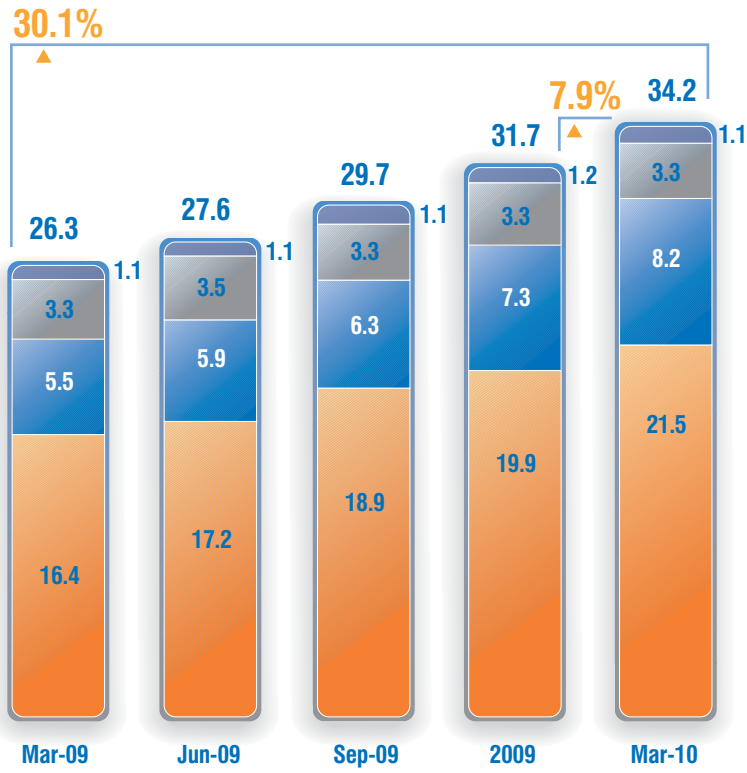
Brilliant increase in lending activity driven by commercial and retail segments

(TRY billion) ^(a)

TOTAL LOANS
HALKBANK B. SECTOR ^(b)
 YTD **7.9%** YTD **6.1%**

TRY LOANS
HALKBANK B. SECTOR ^(b)
 YTD **5.5%** YTD **5.5%**

FX LOANS
HALKBANK B. SECTOR ^(b)
 YTD **14.1%** YTD **7.9%**
 in USD terms
 YTD **12.6%** YTD **6.5%**



- YTD Change (%)**
- ➔ Fund Loans down -0.5%
 - ➔ Cooperative Loans up 0.7%
 - ➔ Retail Loans up 12.1%
 - ➔ Commercial Loans up 8.1%



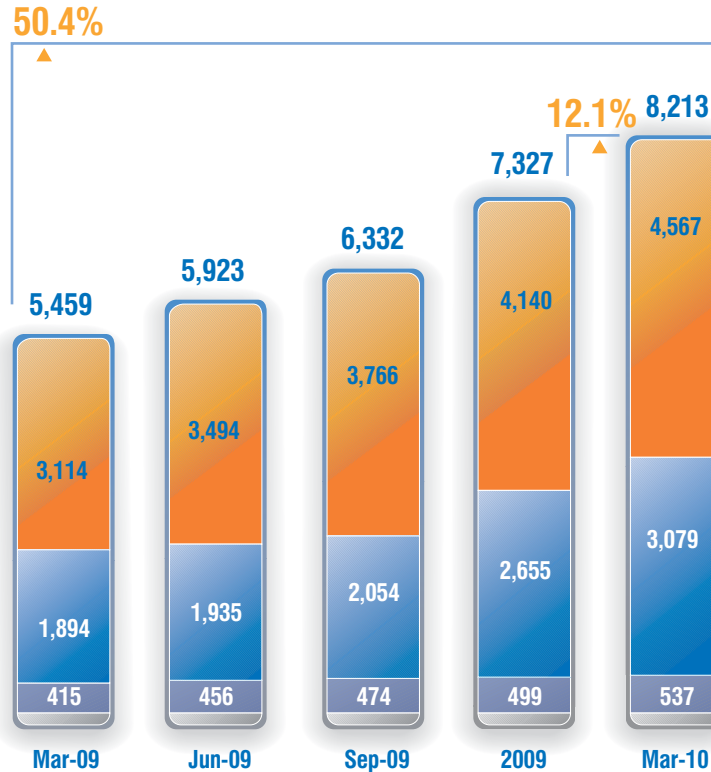
(a) Excluding interest accruals
 (b) BRSA data as of 31.03.2010.

Remarkable growth in retail lending up 50.4% YoY

(TRY million) ^(a)

HALKBANK
YTD **12.1%**

B. SECTOR
YTD **4.2%** ^(b)



- ➔ **YTD Change (%)**
➔ **Consumer Loans up 10.3%**
 Share in total 55.6%
- ➔ **Housing Loans up 16.0%**
 Share in total 37.5%
- ➔ **Credit Cards up 7.6%**
 Share in total 6.5%

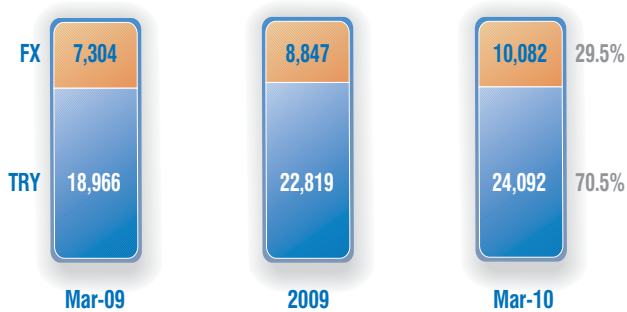
Market Share (%)



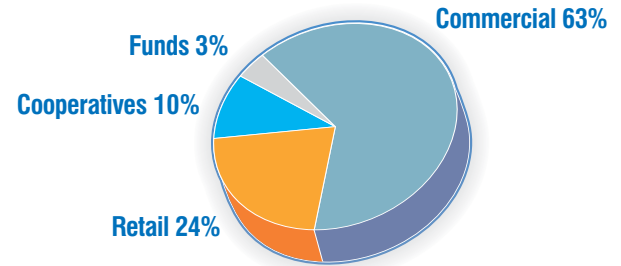
(a) Excluding interest accruals
(b) CBRT data as of 26.03.2010.

Increased momentum in FX lending by 14.0% YtD

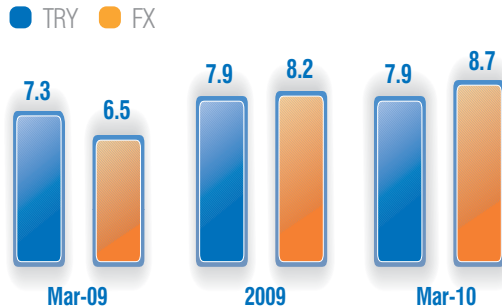
Loans by Currency ^(a) (TRY million)



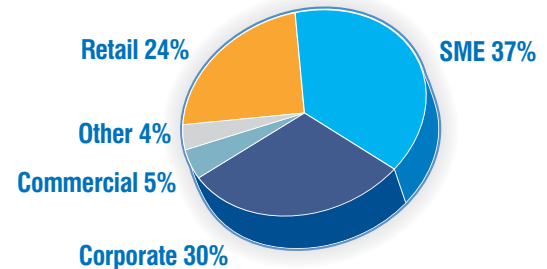
Loans By Types (%)



Market Share in Loans by Currency (%)



Loans By Customer Segmentation (%)

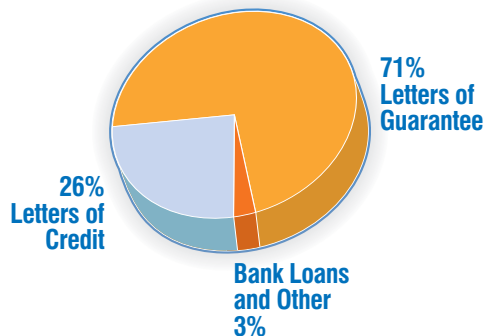


(a) Excluding interest accruals

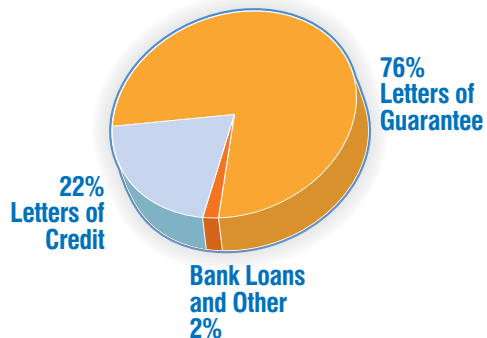
Non-cash loans increased 50% in TRY, 64% in USD terms over the same period last year

Breakdown of Non-cash Loans (a)

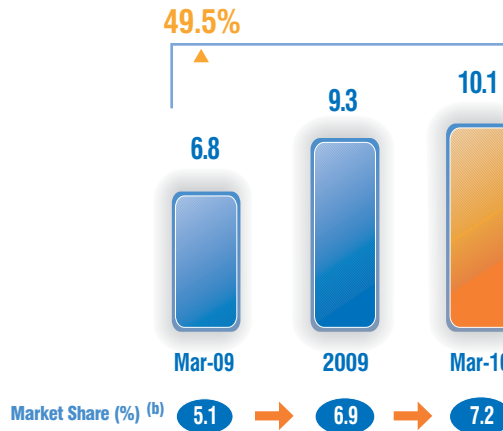
(Mar-10)



(Mar-09)



Non-cash Loans (a) (TRY billion)

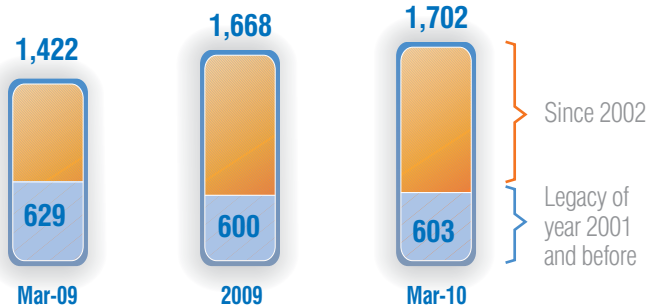


In line with the priorities, the Bank obtained substantial market share gains especially in the last 2 years by consistently increasing the foreign trade volume.

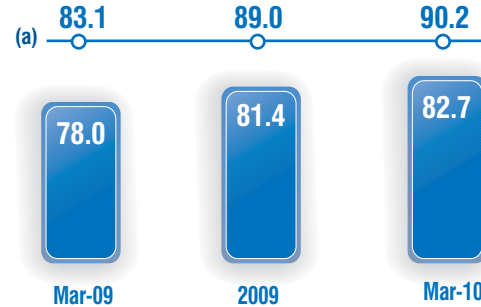
(a) Guarantees, Warranties (b) BRS data as of 31.03.2010

Despite the rise in coverage ratio, CoR is down 25 bps

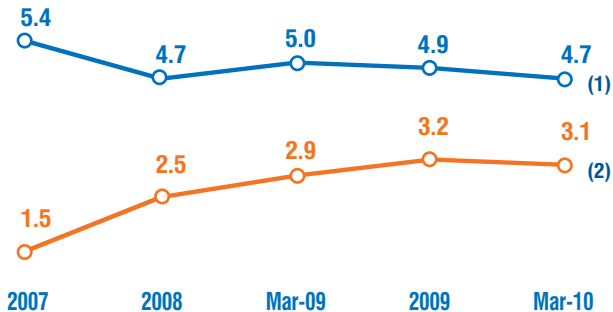
NPL Portfolio (TRY million)



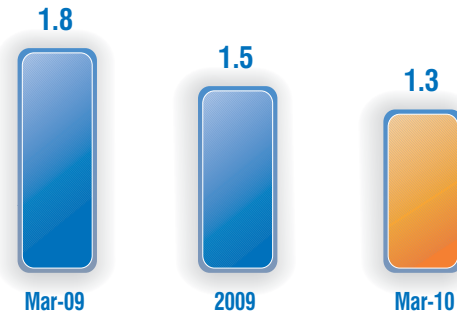
NPL Coverage (%)



NPL/Total Loans (%)



Loan Loss Provisions/Average Net Loans (%)

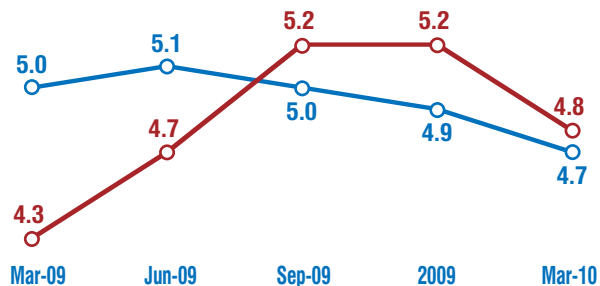


(1) Total NPL ratio (2) Excluding effect of legacy of year 2001 and before NPL's

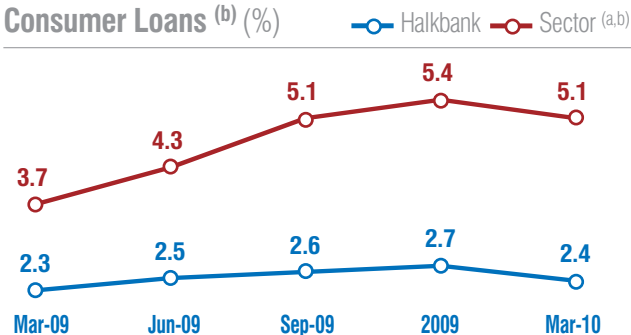
(a) Including discretionary provisions

NPL ratio still stands below banking sector average with no sell-offs

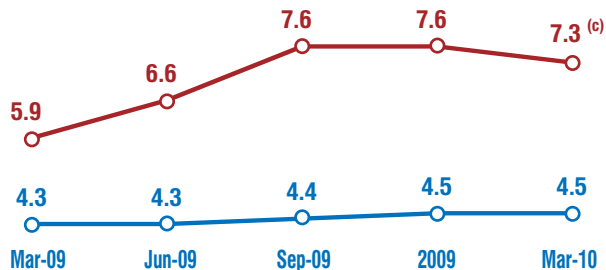
NPL/Total Loans ^(a) (%)



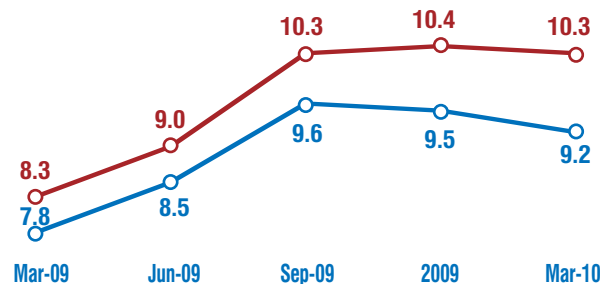
Consumer Loans ^(b) (%)



SME Loans ^(a) (%)



Credit Cards ^(b) (%)

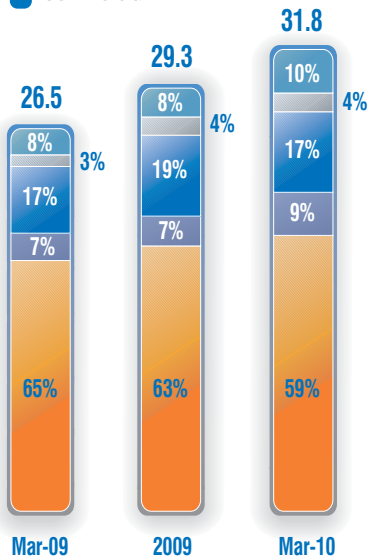


(a) BRSA data as of March 2010. (b) CBRT data as of 26.03.2009. (c) BRSA data as of February 2010.

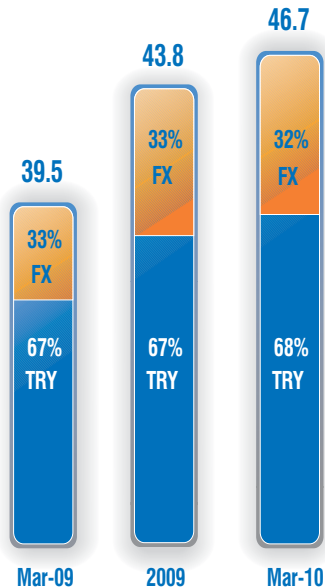
Deposits expanded by customer acquisition

TRY Deposits by Types (a)
(TRY billion)

- Other Institutions
- Public Sector
- Interbank
- Savings
- Commercial

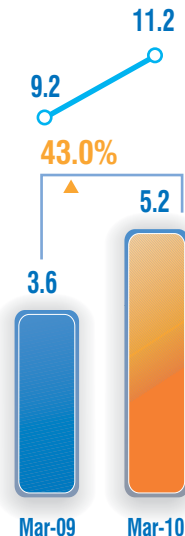


Total Deposits by Currency (a)
(TRY billion)



Demand Deposits
(TRY billion)

- Demand Deposits/ Total Deposits (%)



TOTAL DEPOSITS

HALKBANK B.SECTOR (b)
YTD **6.5%** YTD **4.2%**

TRY DEPOSITS

HALKBANK B.SECTOR (b)
YTD **8.4%** YTD **6.5%**

FX DEPOSITS

HALKBANK B.SECTOR (b)
YTD **2.8%** YTD **-0.1%**

in USD terms

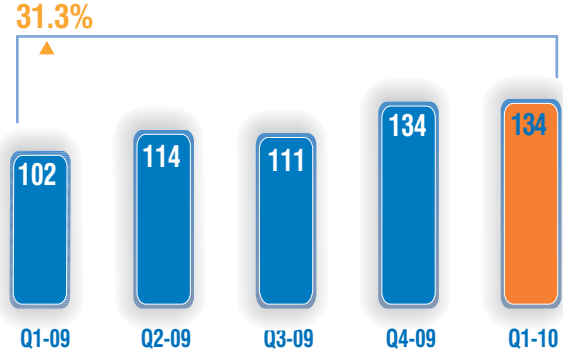
YTD **1.4%** YTD **-1.4%**



(a) Excluding Interest Accruals (b) BRSA data as of 31.03.2010

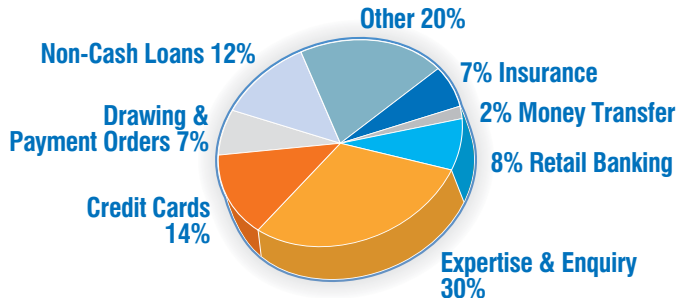
Constantly increasing figure of fee income; 31.3% YoY

Net Fees & Commissions Income (TRY million)

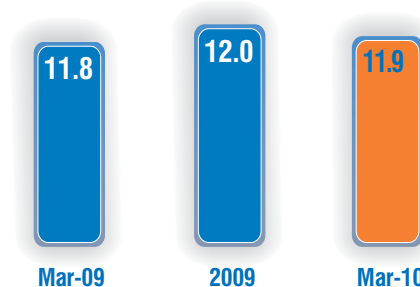


Though net fees and commissions income has increased incessantly, due to the rapid rise in total income, the share of net fees and commissions income in total operating income remains flat.

Breakdown of Fees & Commissions Income

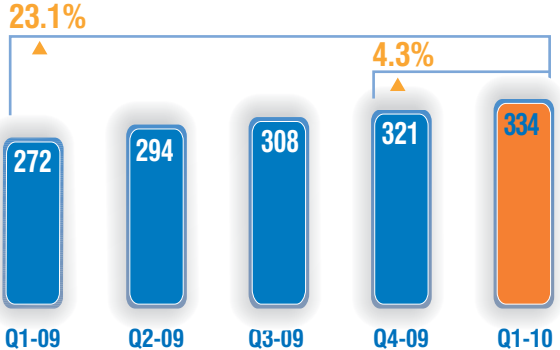


Net Fees & Commissions Income/Total Operating Revenues (%)

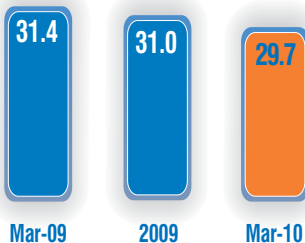


C/I ratio of 29.7% proves high efficiency

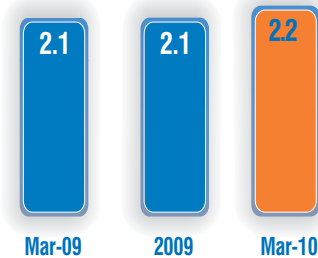
Operating Expenses (TRY million)



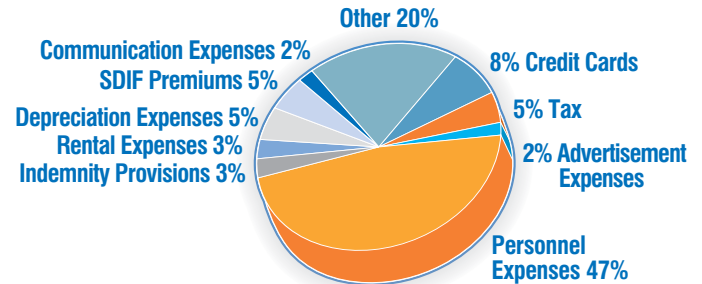
Cost/Income (%)



Operating Expenses/Average Assets (%)

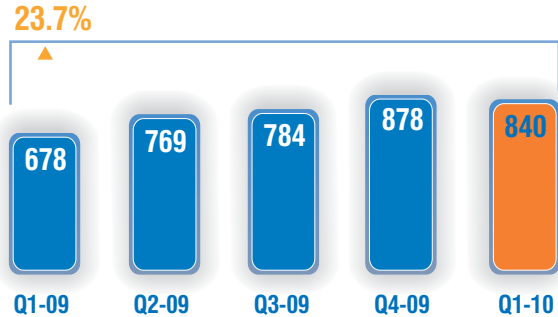


Breakdown of Operating Expenses

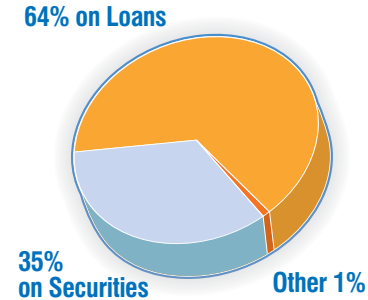


Net Interest Income surged by 23.7% YoY

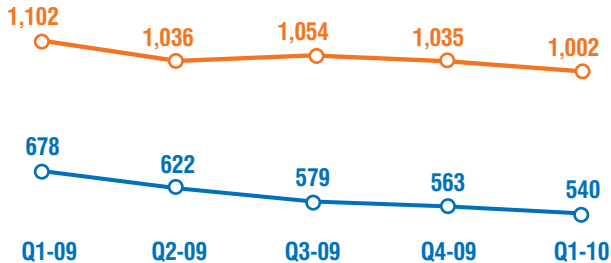
Net Interest Income (TRY million)



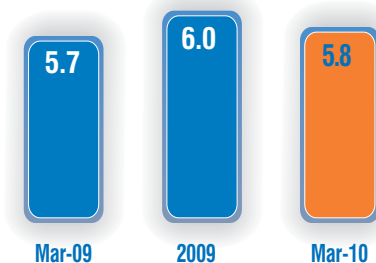
Breakdown of Interest Income



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

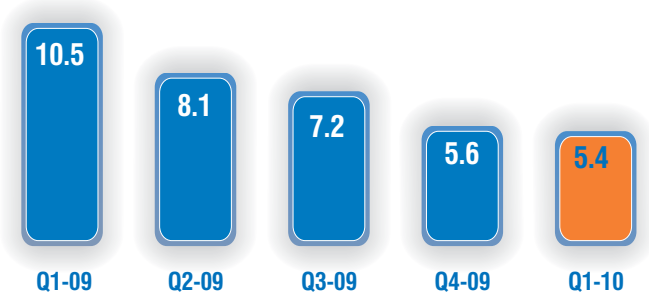


NIM (%)

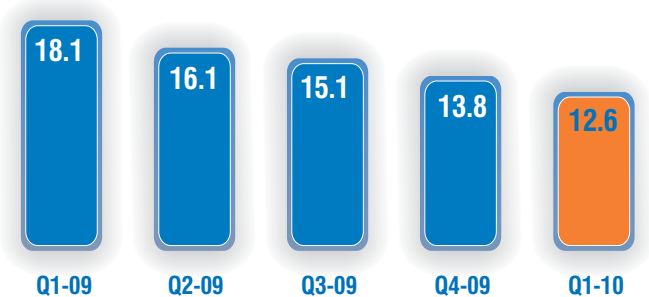


Cost-Yield-Spread (a)

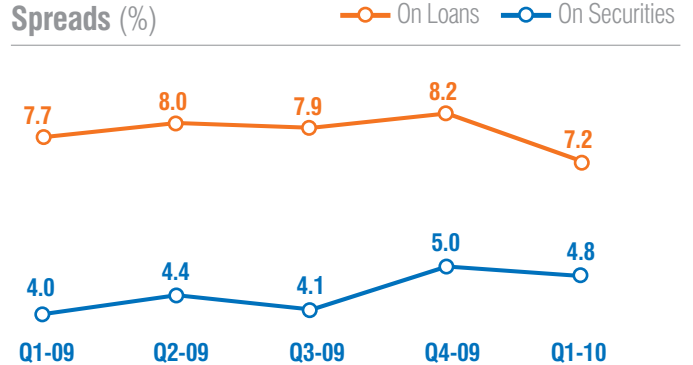
Cost of Deposits (%)



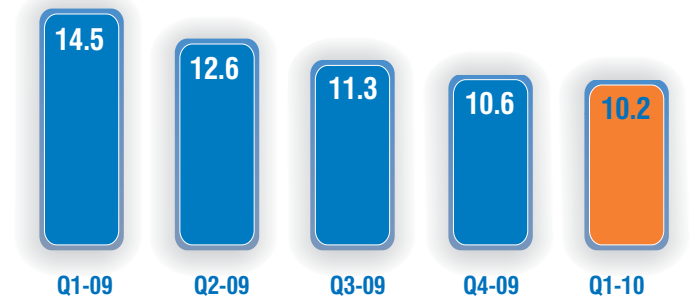
Yield on Loans (b) (%)



Spreads (%)



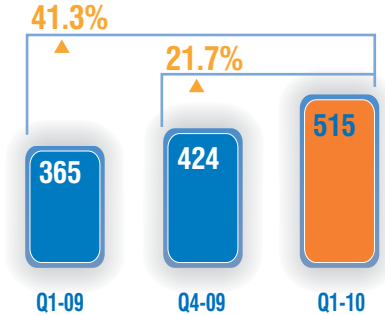
Yield on Securities (%)



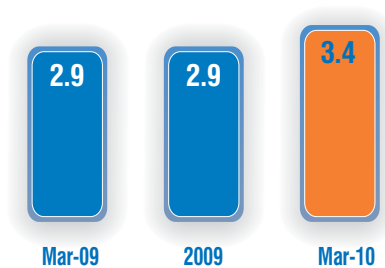
(a) TRY-FX blended (b) Excluding fund loans

Net Income - Key Ratios

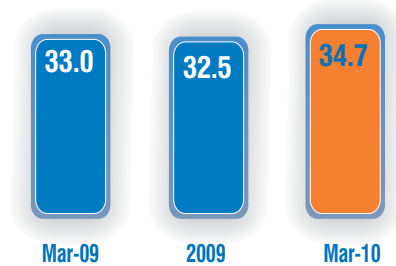
Net Income (TRY million)



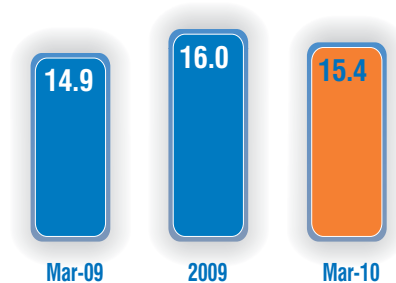
ROA (%)



ROE (%)



CAR (%)

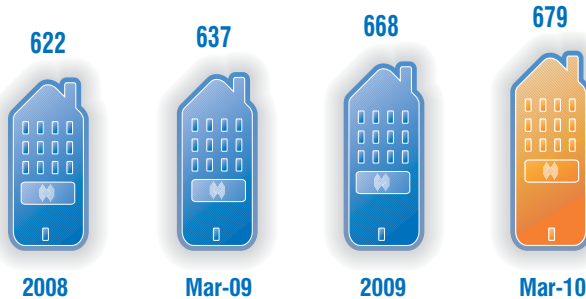


Branch Network – Human Resources

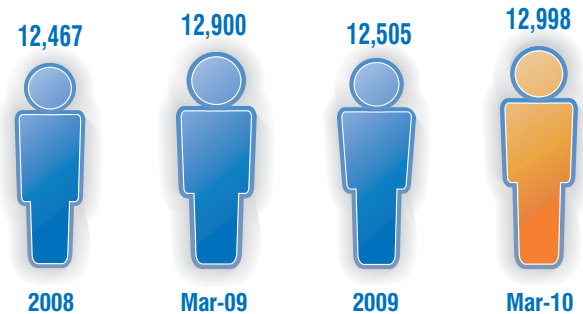


- Branch network has been strengthened with 11 new branches opened in the 1Q 2010. The total figure climbs up to 679.
- 711 new employees have been recruited in the 1Q 2010.

Total Branches (a)



Human Resources



(a) Including domestic branches and special transaction centers

Balance Sheet

In TRY million	Q1-09	2009	Q1-10	YTD Change (%)	YoY Change (%)
Cash and Balances Held with the Central Bank ^(a)	2,990	3,416	3,049	(11)	2
Banks & Money Market ^(b)	1,050	1,136	1,586	40	51
Securities ^(b)	19,451	21,373	21,573	1	11
Net Loans ^(b)	27,205	32,458	34,912	8	28
Gross NPL	1,422	1,668	1,702	2	20
NPL Net	313	309	295	(5)	(6)
Property and Equipment	966	1,150	1,142	(1)	18
Other Assets	903	1,118	1,197	7	33
Total Assets	52,564	60,650	63,459	5	21
Deposits ^(b)	39,783	43,950	46,840	7	18
Funds Borrowed ^(b)	1,956	2,032	2,226	10	14
Interbank Money Market ^(b)	3,309	5,762	5,046	(12)	52
Funds	1,377	1,316	1,218	(7)	(12)
Other Liabilities	845	1,101	1,064	(3)	26
Provisions	620	731	774	6	25
Shareholders' Equity	4,674	5,760	6,290	9	35
Total Liabilities	52,564	60,650	63,459	5	21

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

Income Statement

In TRY million	Q1-09	Q4-09	Q1-10	QoQ Change (%)	YoY Change (%)
Interest Income	1,830	1,626	1,565	(4)	(14)
On Loans	1,102	1,035	1,002	(3)	(9)
On Securities	678	563	540	(4)	(20)
Interest Expense	1,151	748	725	(3)	(37)
On Deposits	1,043	601	616	3	(41)
Net Interest Income	678	878	840	(4)	24
Net Fees and Commissions	102	134	134	0	31
Net Trading Income	(6)	(16)	61	-	-
Other Operating Income	91	51	93	83	3
Reversal of Loan Loss Provisions	50	29	64	123	30
Total Operating Revenues	865	1,046	1,128	8	30
Operating Expenses	272	321	334	4	23
Net Operating Income	594	726	793	9	34
Provision for Loan Losses and Other Receivables	147	199	149	(25)	1
Loan Loss Provisions for Cash Loans	119	103	111	8	(7)
Profit/(Losses) from Associates	4	0	5	-	21
Income Before Taxes	450	527	649	23	44
Provision for Tax	86	103	134	30	56
Net Income	365	424	515	22	41

For further information please contact
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