

1Q 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

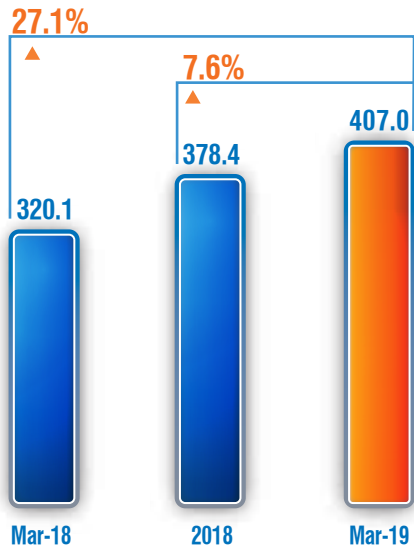
Comfortable and well-diversified FX liquidity

	Limit	30.03.2019
FX LCR	80%	176%

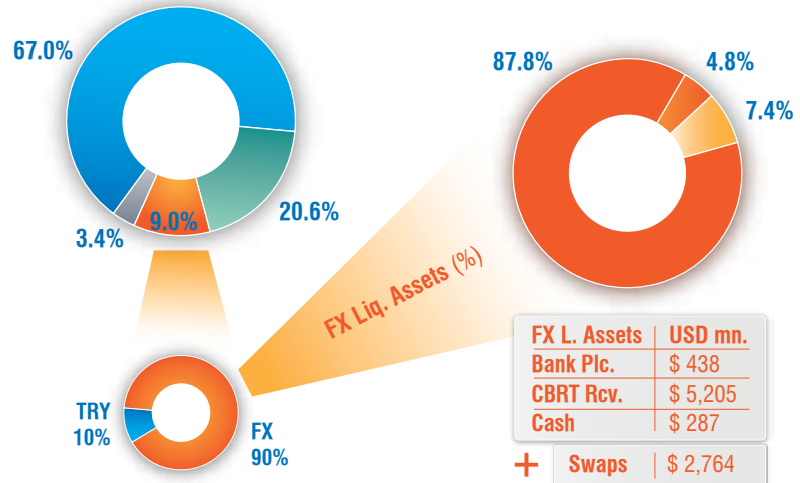
Asset Growth

YoY 27.1% QoQ 7.6%

Total Asset Growth (TRY billion)



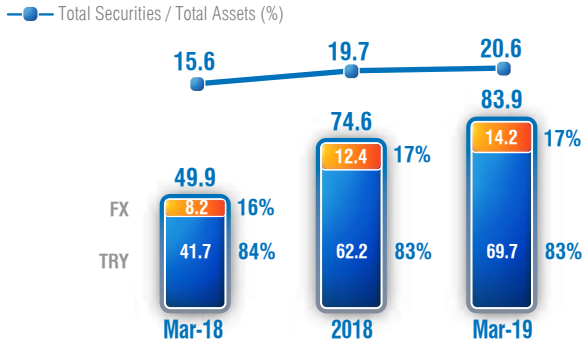
Asset Mix (%)



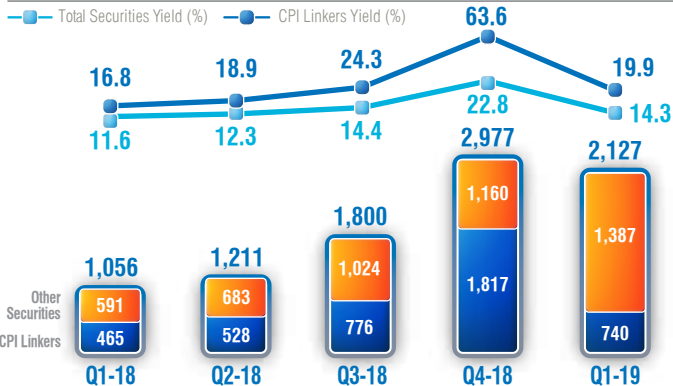
(a) Including TRY 15 bn. Securities Borrowed.

Interest income backed up by other securities despite declining CPI linkers' gain

Total Securities Portfolio (TRY billion)^(a)

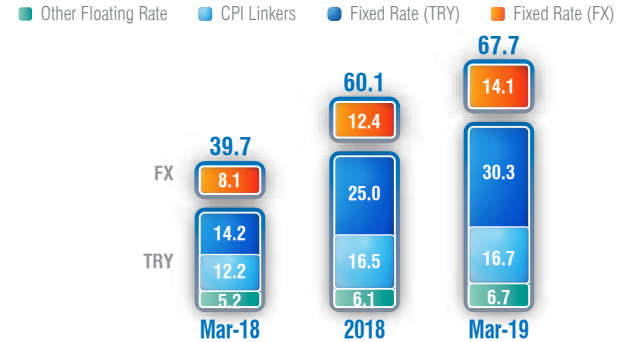


Interest Income on Securities (TRY million)

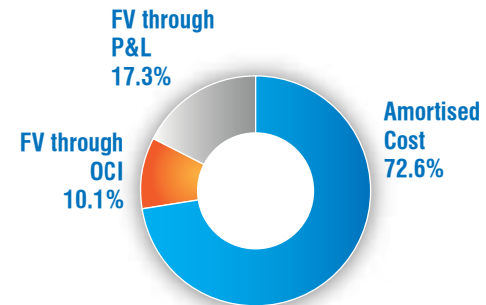


(a) Including TRY 15 bn. Securities Borrowed.

Securities Classification (TRY billion)



Securities Composition (%)^(a)



SME-driven loan growth results in 10.6% total market share

(TRY billion)^(a)
CGF Utilization (TRY Bn)
Dec-18
Mar-19

Living Loan Amount

22.2

23.3

Total Loans

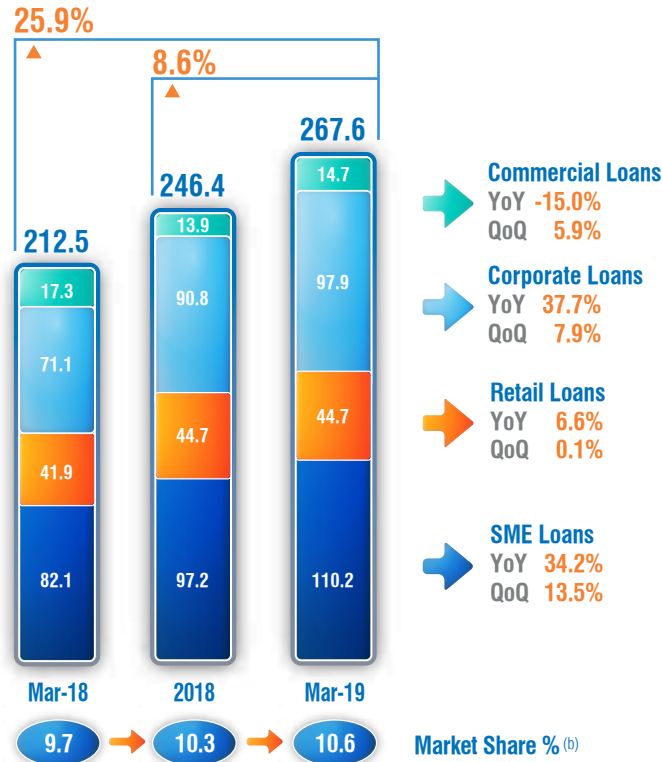
HALKBANK	B. Sector ^(b)
YoY	YoY
25.9%	14.6%
QoQ	QoQ
8.6%	5.2%

TRY Loans

HALKBANK	B. Sector ^(b)
YoY	YoY
10.7%	3.0%
QoQ	QoQ
23.0%	4.9%

FX Loans

HALKBANK	B. Sector ^(b)
YoY	YoY
4.5%	37.9%
QoQ	QoQ
32.5%	5.6%
in USD terms	
YoY	YoY
-1.2%	-2.4%
QoQ	QoQ
-6.1%	-0.1%

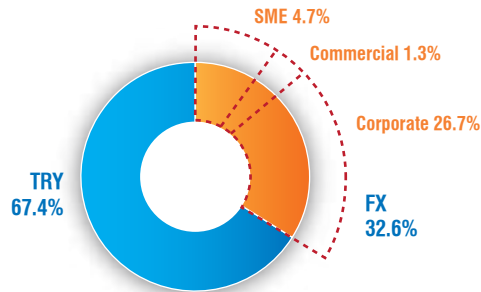


The definition of SMEs has been changed by cabinet decree dated Apr. 30, 2018, increasing the upper limit of annual net sales or balance sheet size to TRY 125 million annually from TRY 40 million.

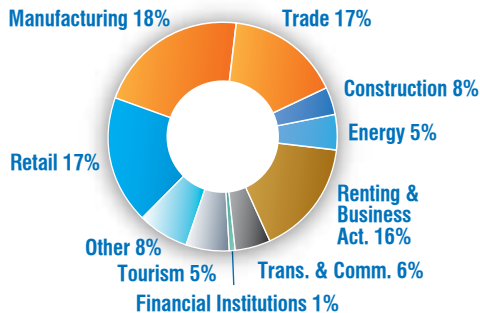
(a) Excluding interest accruals (b) BRSA monthly data as of Mar-19.

TRY and SME dominated loan book

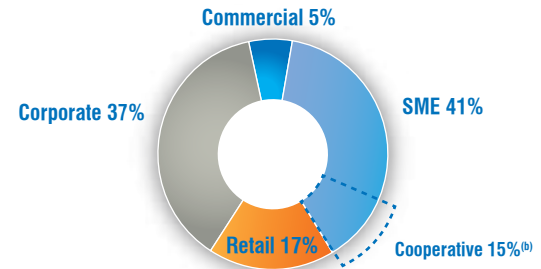
Loans by Currency (%)^(a)



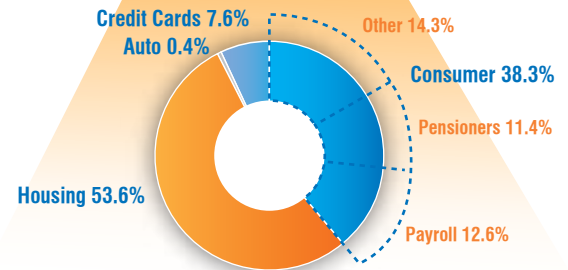
Sectoral Breakdown of Loans (%)^(a)



Loans by Customer Segmentation (%)^(a)



Retail Loans by Types (%)^(a)

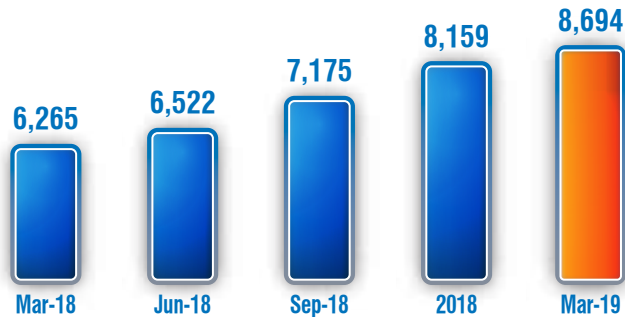


(a) Excluding interest accruals (b) Micro SMEs

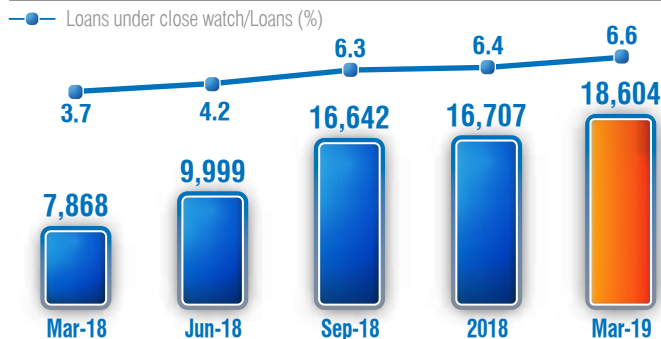
NPL ratio improved further, NPL coverage up

Total NPL Coverage is ~105%.^(a)

NPL Portfolio^(*) (TRY million)

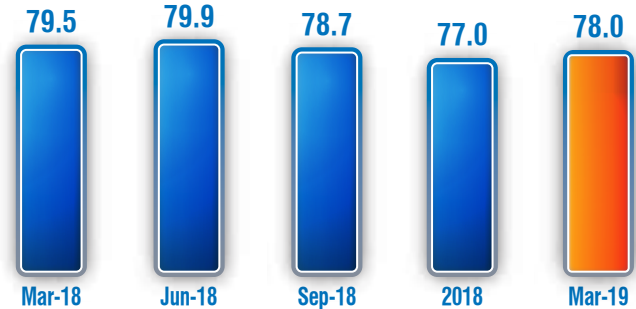


Loans under Close Watch (TRY million)

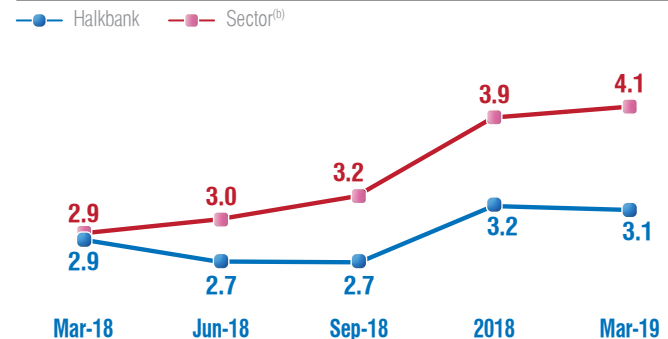


(a) Total NPL Coverage = (S1 + S2 + S3 Provisions) / NPLs (b) BRSA monthly data as of Mar-19.

NPL Coverage^(*) (%)



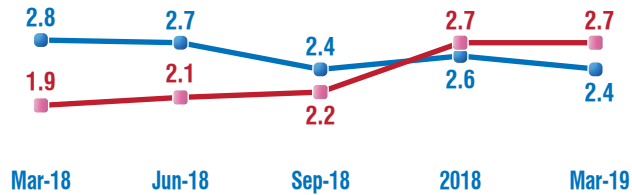
NPL/Total Loans^(*) (%)



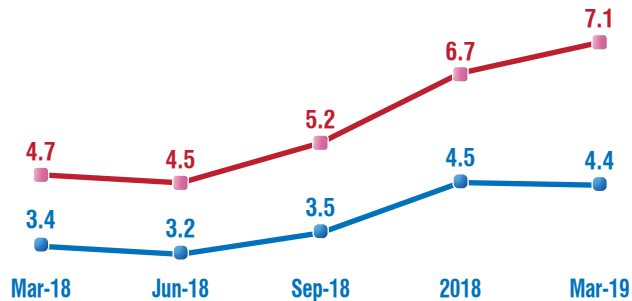
(*) Excluding interest accruals

NPL ratio by segments

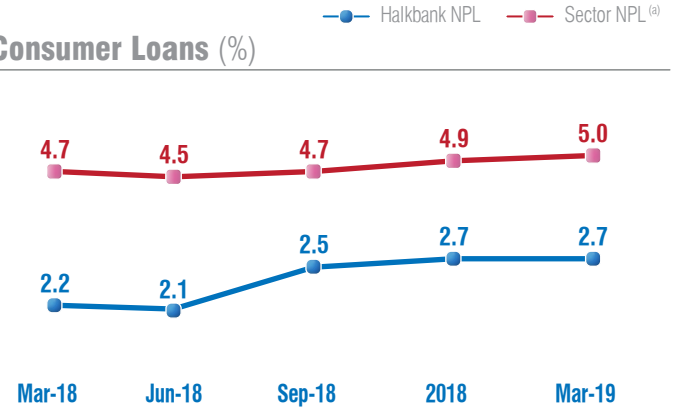
Corporate - Commercial (%)



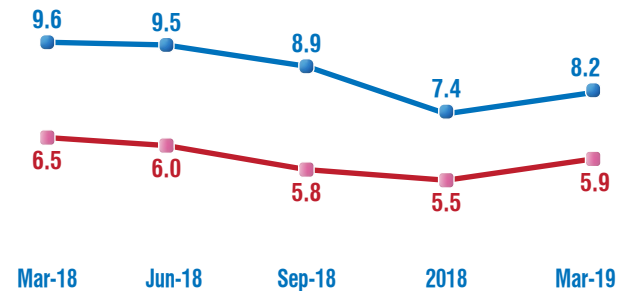
SME Loans (%)



Consumer Loans (%)



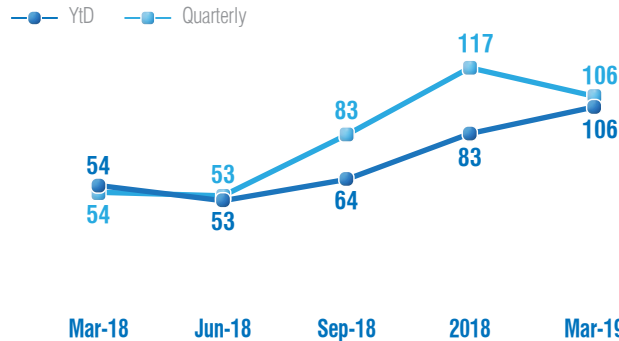
Credit Cards (%)



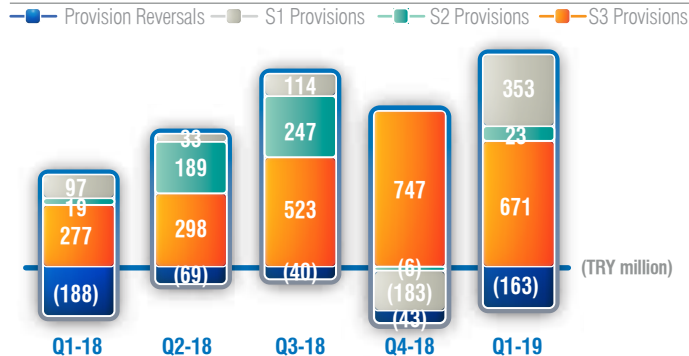
(a) BRSA monthly data as of Mar-19.

CoR performance mirrors stellar asset quality

Cost of Risk (bps)^(a)

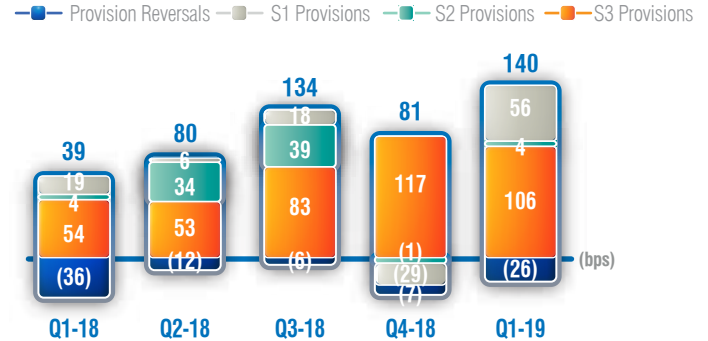


Provisions and Reversals (TRY million)



(a) S3 Provisions/Average Net Loans

Net Cost of Risk (bps)

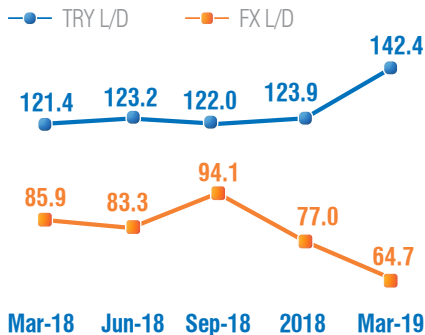
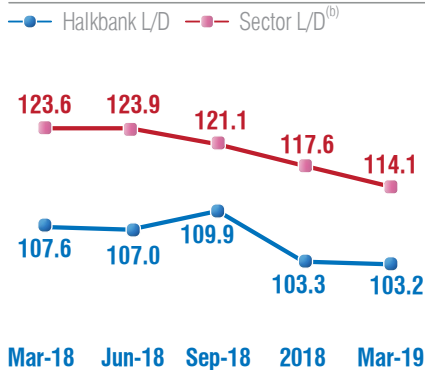


Cost of Risk by Segments (bps)^(a)

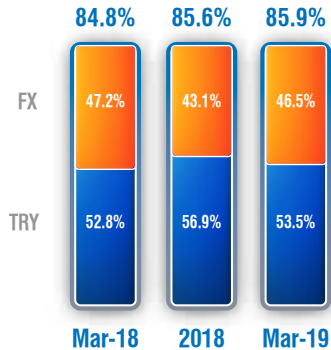


Growing share of deposits, low reliance on FX wholesale funding

Loan to Deposit (%)



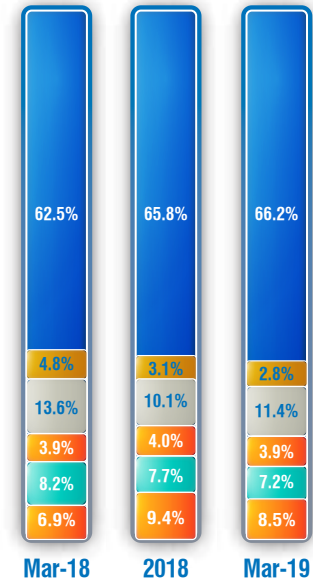
Composition of IBLs^(a)



> FX wholesale funding makes up 7.1% of total liabilities vs sector average^(b) of 22.7%

> FX wholesale debt including bank deposits due in 12 months: \$5.7 bn.

Liabilities Mix (%)



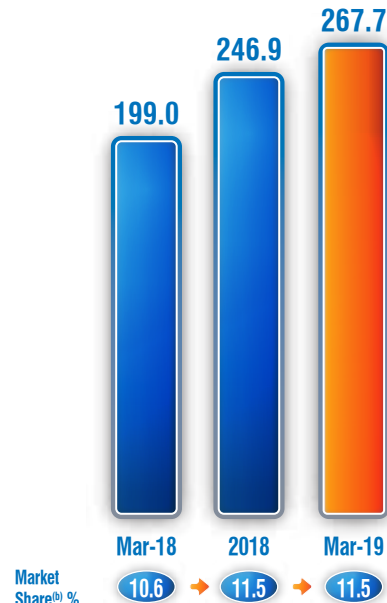
(a) Including interest accruals and excluding funds. Excluding demand deposit, the share of IBL is 72.8% in Mar-19.

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

Opportunistic shift in deposit strategy, increasing share of public sector deposits

	HALKBANK	B. Sector^(b)
YoY	34.5%	25.0%
QoQ	8.4%	8.9%

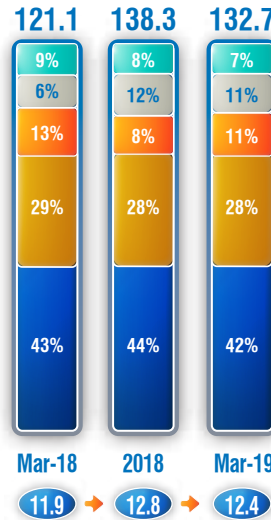
Total Deposits (TRY billion)^(a)



	HALKBANK	B. Sector^(b)
YoY	9.6%	5.2%
QoQ	-4.1%	-1.4%

TRY Deposits (TRY billion)^(a)

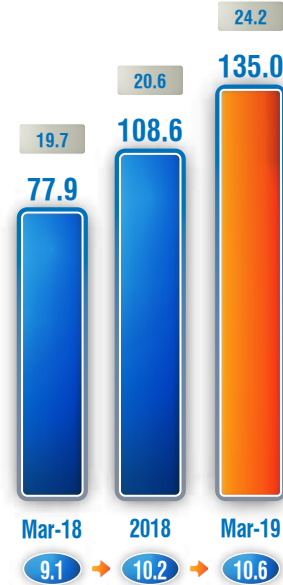
■ Other Inst. Deposits ■ Commercial
■ Interbank ■ Savings
■ Public Sector



	HALKBANK	B. Sector^(b)
YoY	73.3%	48.4%
QoQ	24.4%	19.3%
in USD		
YoY	22.8%	5.1%
terms QoQ	17.7%	12.8%

FX Deposits (TRY billion)^(a)

■ USD bn

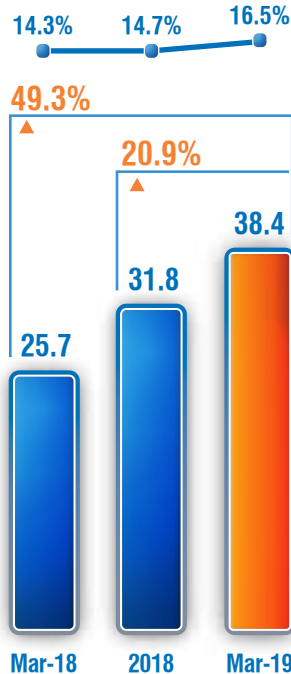


(a) Excluding interest accruals. (b) BRSA monthly data as of Mar-19, including interbank deposits.

Notable drop in cost of TRY deposits coupled with increasing share of demand deposits

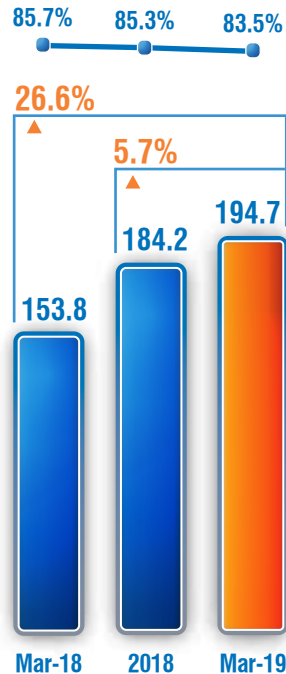
Demand Deposits (TRY billion)^(a)

—●— Demand Deposits/Total Deposits (%)

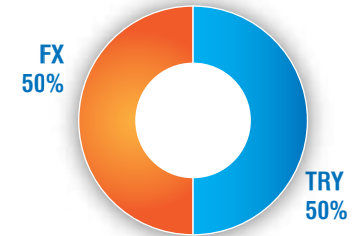


Time Deposits (TRY billion)^(a)

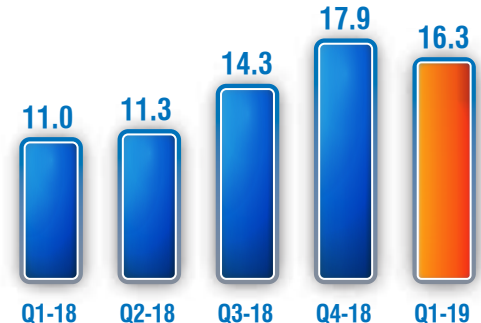
—●— Time Deposits/Total Deposits (%)



Deposits by Currency (%)



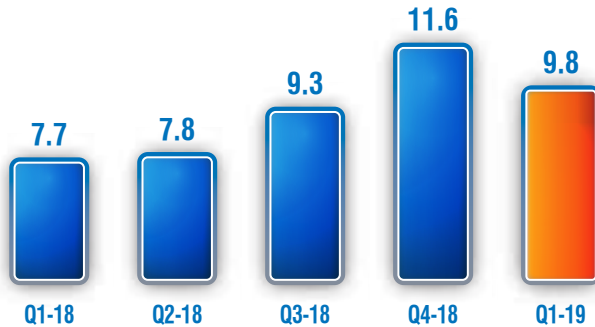
Cost of TRY Deposits (%)^(b)



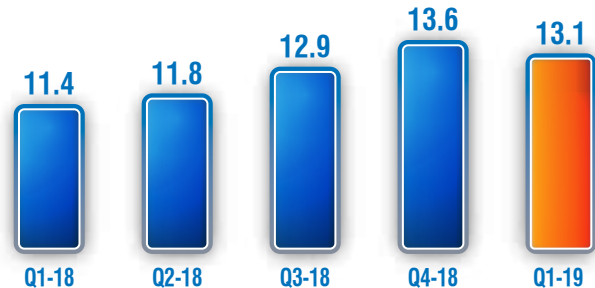
(a) Excluding interest accruals and interbank. (b) Time & Demand Blended.

Cost – Yield – Spread ^(a)

Cost of Deposits (%)

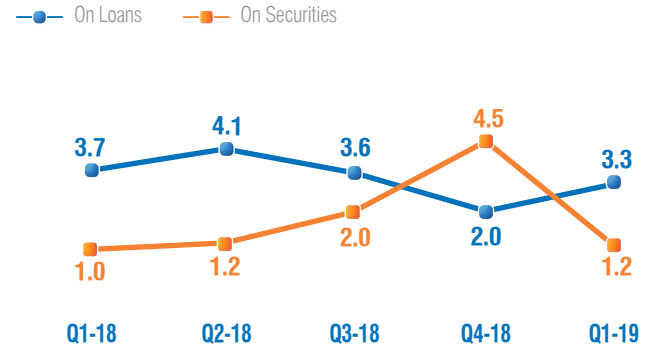


Yield on Loans (%)^(b)

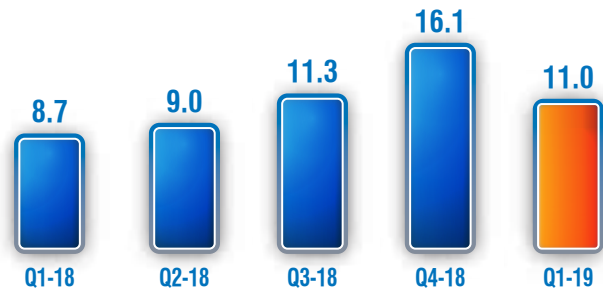


(a) TRY-FX blended (b) Excluding fund loans.

Spreads (%)

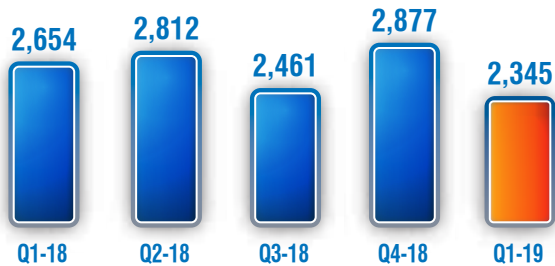


Yield on Securities (%)

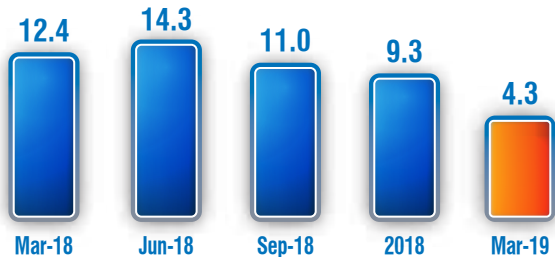


Details on profitability metrics

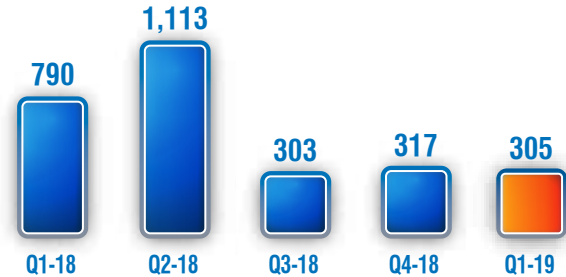
Total Operating Revenues (TRY million)



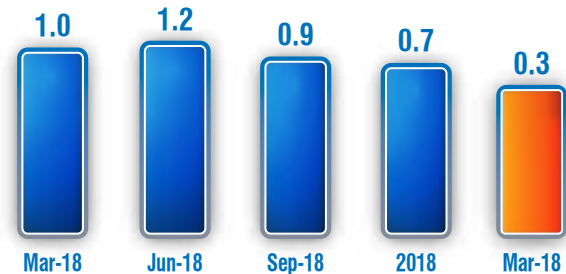
RoE (%)



Net Income (TRY million)



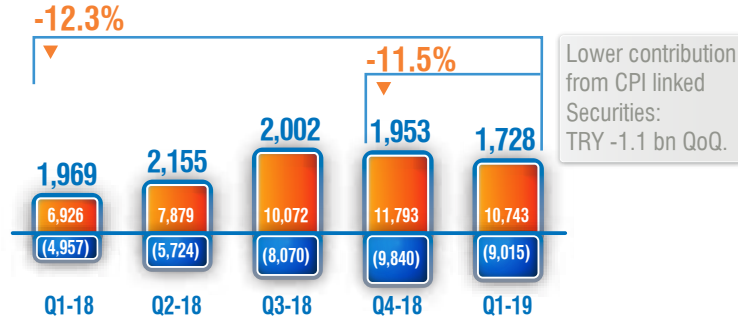
RoA (%)



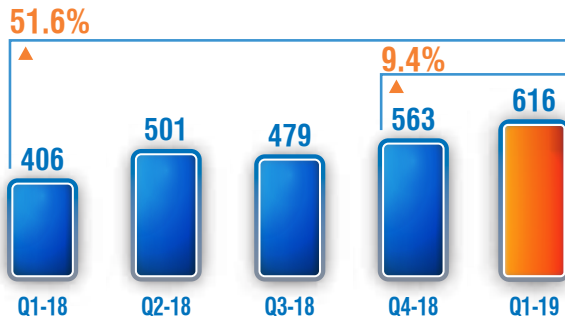
Eye-catching performance from F&C, NIM successfully absorbs declining CPI linkers' gain

Net Interest Income (TRY million)

Interest Income Interest Expenses

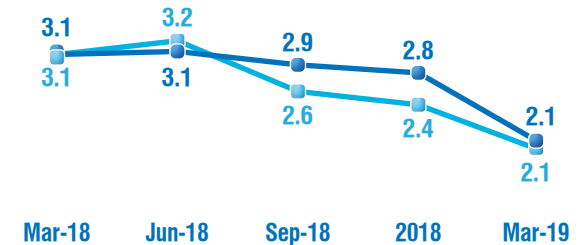


Net Fees & Commissions Income (TRY million)

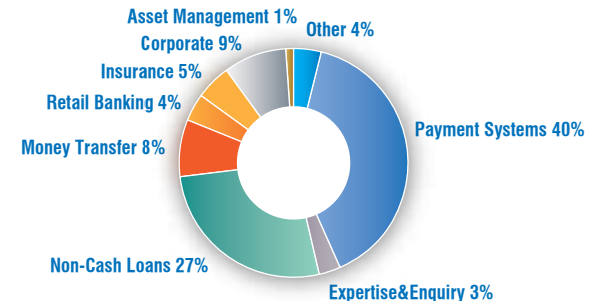


NIM (%)

YTD Quarterly

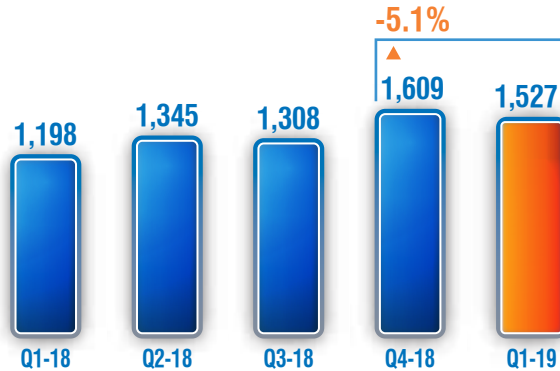


Breakdown of Fees & Commissions (%)

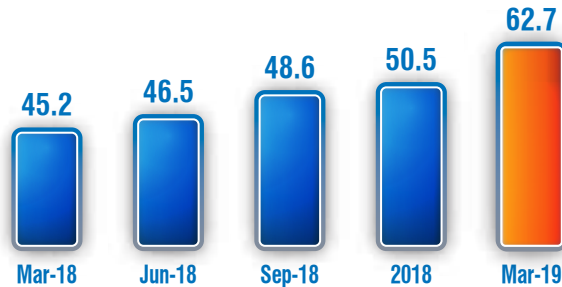


Disciplined OPEX management, down 5.1% QoQ

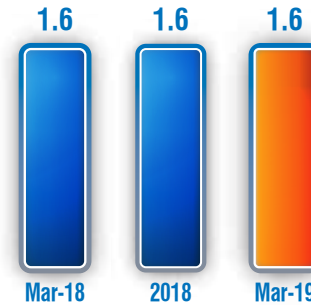
Operating Expenses (TRY million)



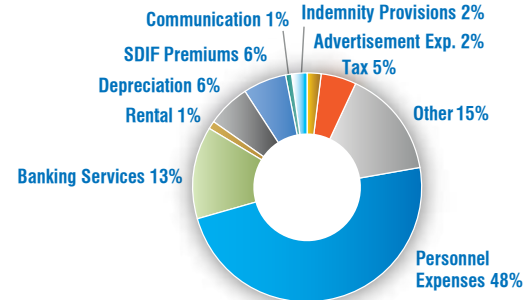
Cost/Income (%)



Operating Expenses / Average Assets (%)



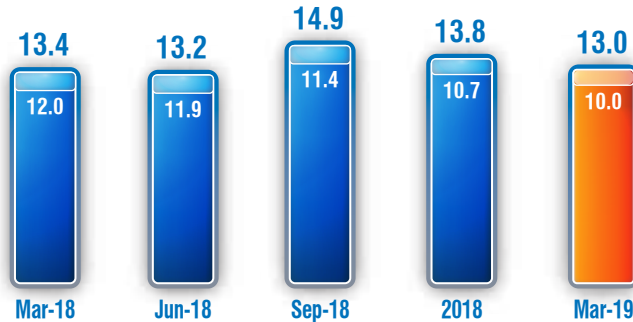
Breakdown of Operating Expenses (%)



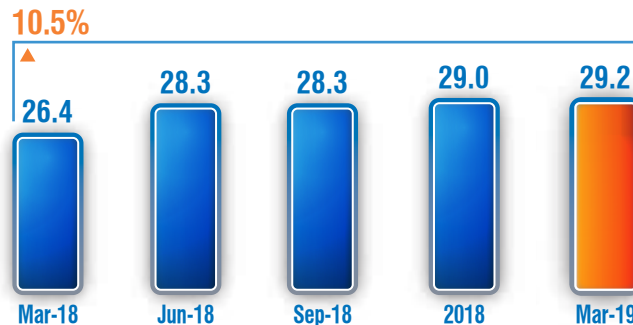
Solvency Ratios

CAR (%)

■ Tier-I ■ CAR



SHE (TRY billion)



Details on Capital Ratio

(TRY mn)

Credit Risk Base Amount (CRBA)	260,135
Market Risk Base Amount (MRBA)	9,858
Operational Risk Base Amount (ORBA)	18,626
Total Risk Weighted Assets (RWAs)	288,618
Shareholders' Equity	37,460

CAR (%) **12.98**

Tier-I (%) **10.0**

Common Equity Tier-I (%) **10.0**

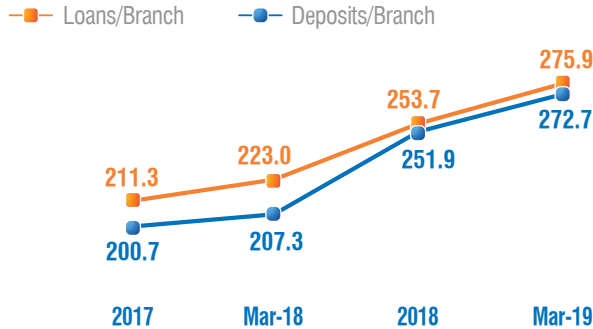
Basel III

Mar-19

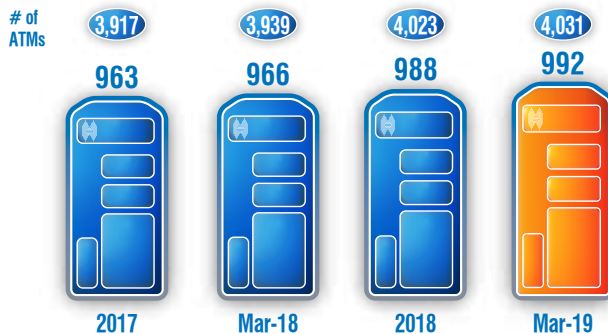
- > Basel III compliant Additional Tier I issuance amounting EUR 900 million was completed in April 2019.
- > 188 bps/181 bps positive impact on Solo/Consolidated Tier-I Ratio.
- > 185 bps/178 bps positive impact on Solo/Consolidated CAR.

Branch Network – Human Resources

Loans and Deposits per Branch (TRY million)

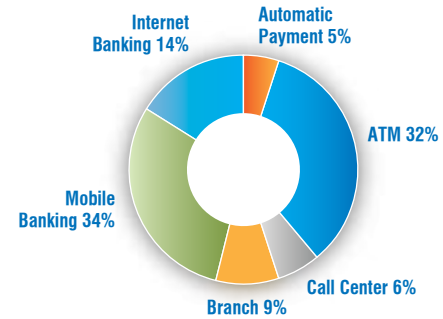


Branches^(a)

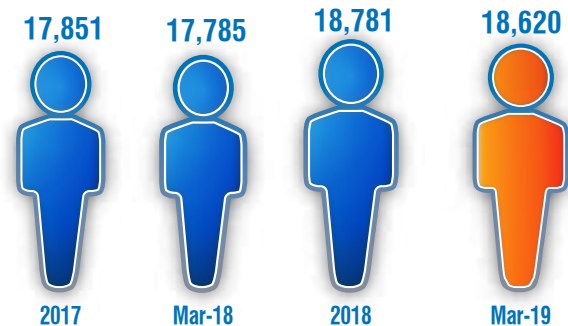


(a) Domestic branches

Breakdown of Banking Transactions (%)



Headcount



Annex

Halkbank	TRY Million	Market Share (%)
Total Assets	407,034	9.8
Loans ^(a)	267,580	10.6
TRY Loans	180,269	12.0
FC Loans	87,311	8.6
SME Loans	110,250	17.3
Corp. + Comml. L.	112,636	8.2
Retail Loans	44,694	11.1
Housing	23,977	13.0
GPLs	17,133	8.1
Credit Cards	3,393	3.3

Banking Sector Metrics ^(b)	1Q-18	1Q-19
Loan Growth (YtD, %)	4.7	5.2
Deposit Growth ^(c) (YtD, %)	4.2	8.9
LDR (%)	123.6	114.1
NPL (%)	2.9	4.1
CoR ^(d) (bps)	115	171
Macroeconomic Indicators	1Q-18	Current
GDP Growth (%)	7.4	2.6 ^(e)
CPI (%)	10.2	19.5 ^(f)
Unemployment (%)	10.1	14.7 ^(g)

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

(c) Including interbank deposits.

(d) Loan loss provisions/Av. loans of the last 5 quarters.

(e) Turkish Statistical Institute (TSI), 2018.

(f) TSI, Apr-19.

(g) TSI, Jan-19.

(a) Excluding interest accruals.

Balance Sheet

In TRY million	Q1-18	2018	Q1-19	QoQ Change %	YoY Change%
Cash and Balances Held with the Central Bank ^(a)	35,384	34,957	34,024	(2.7)	(3.8)
Banks & Money Market ^(b)	9,133	5,141	2,565	(50.1)	(71.9)
Securities ^(b)	49,910	74,557	83,895	12.5	68.1
Net Loans ^(b)	215,378	250,624	272,880	8.9	26.7
Gross NPL	6,265	8,159	8,694	6.5	38.8
NPL Net	1,287	2,245	1,916	(14.6)	48.9
Property and Equipment	3,060	3,288	3,944	19.9	28.9
Other Assets	7,273	9,855	9,726	(1.3)	33.7
Total Assets	320,140	378,422	407,034	7.6	27.1
Deposits ^(b)	200,227	248,855	269,655	8.4	34.7
Funds Borrowed ^(b)	15,402	11,916	11,335	(4.9)	(26.4)
Interbank Money Market ^(b)	43,532	38,162	46,486	21.8	6.8
Marketable Securities Issued	12,348	15,048	15,932	5.9	29.0
Funds	2,673	2,874	2,853	(0.7)	6.7
Other Liabilities	18,149	30,692	29,594	(3.6)	63.1
Provisions	1,411	1,854	2,012	8.5	42.6
Shareholders' Equity	26,398	29,021	29,168	0.5	10.5
Total Liabilities	320,140	378,422	407,034	7.6	27.1

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

Income Statement

In TRY million	Q1-18	Q4-18	Q1-19	QoQ Change%	YoY Change %
Interest Income	6,926	11,793	10,743	(8.9)	55.1
On Loans	5,730	8,529	8,440	(1.0)	47.3
On Securities	1,056	2,977	2,127	(28.5)	101.4
Interest Expense	4,957	9,840	9,015	(8.4)	81.9
On Deposits	3,790	7,114	6,268	(11.9)	65.4
Net Interest Income	1,969	1,953	1,728	(11.5)	(12.3)
Net Fees and Commissions	406	563	616	9.4	51.6
Net Trading Income	30	189	(431)	N/A	N/A
Other Operating Income	248	172	432	151.3	74.2
Reversal of Loan Loss Provisions	188	43	163	274.3	(13.7)
Total Operating Revenues	2,654	2,877	2,345	(18.5)	(11.6)
Operating Expenses	1,198	1,609	1,527	(5.1)	27.4
Net Operating Income	1,455	1,268	818	(35.5)	(43.8)
Provision for Loan Losses and Other Receivables	463	1,176	1,079	8.2	132.9
Loan Loss Provisions for Cash Loans	277	747	671	(10.2)	142.4
Profit/(Losses) from Associates	0	0	377	N/A	N/A
Income Before Taxes	992	92	116	25.4	(88.3)
Provision for Tax	202	(225)	(190)	N/A	N/A
Net Income	790	317	305	(3.7)	(61.4)

Notes



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



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.