

# 9M 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

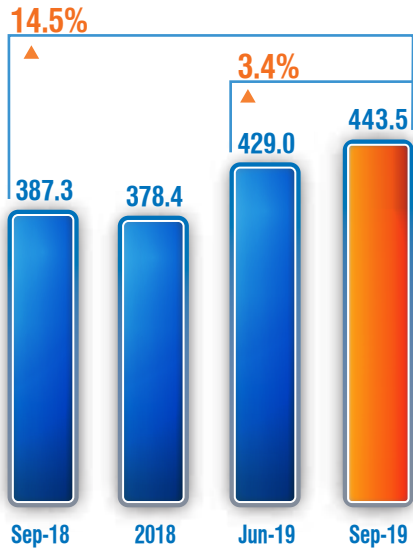


# Highly liquid balance sheet structure

FX LCR is at 375%, well above regulatory limit of 80%.

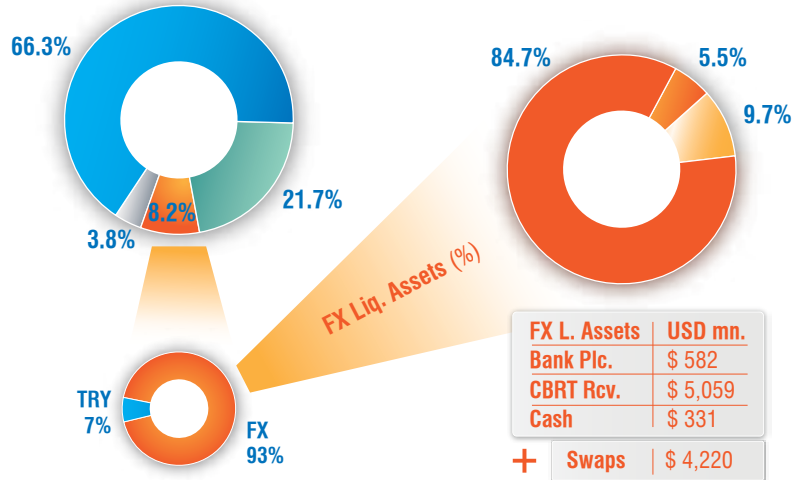
**Asset Growth**  
 YoY **14.5%** QoQ **3.4%**

Total Asset Growth (TRY billion)



## Asset Mix (%)

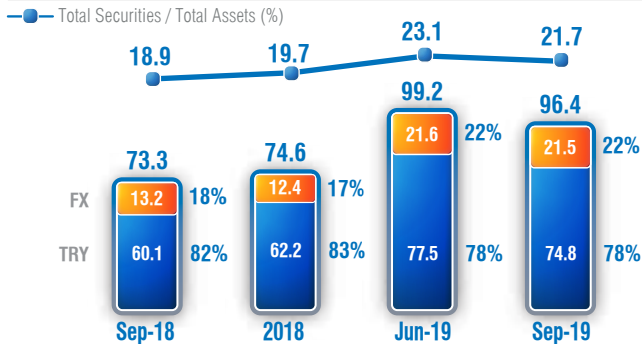
- Loans
- Securities
- Bank Placements
- CBRT Receivables
- Cash
- Liq. Assets
- Other Assets



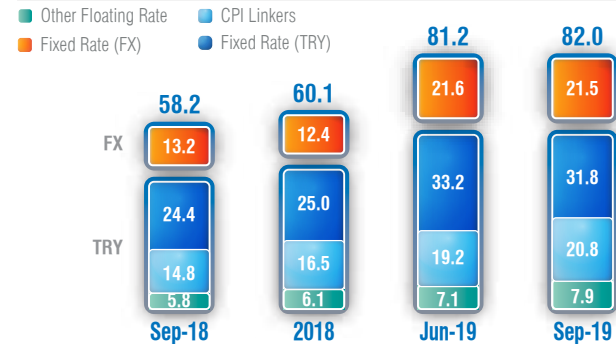
FX wholesale funding excluding bank deposits due in 12 months = \$1.9 bn.

## Local currency and fixed rate dominant securities portfolio

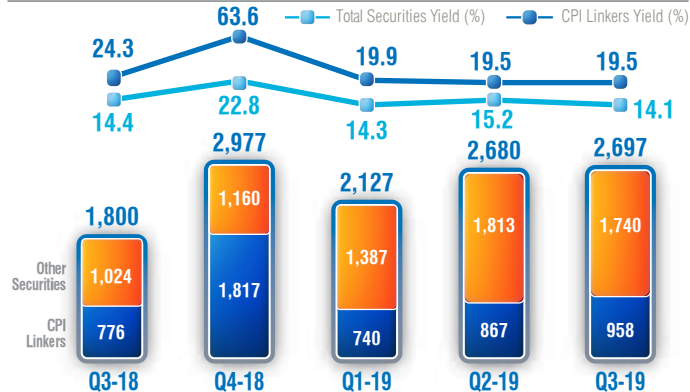
### Total Securities Portfolio (TRY billion)



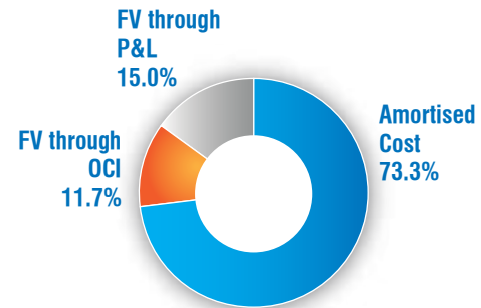
### Securities Classification (TRY billion)(\*)



### Interest Income on Securities (TRY million)



### Securities Composition (%)

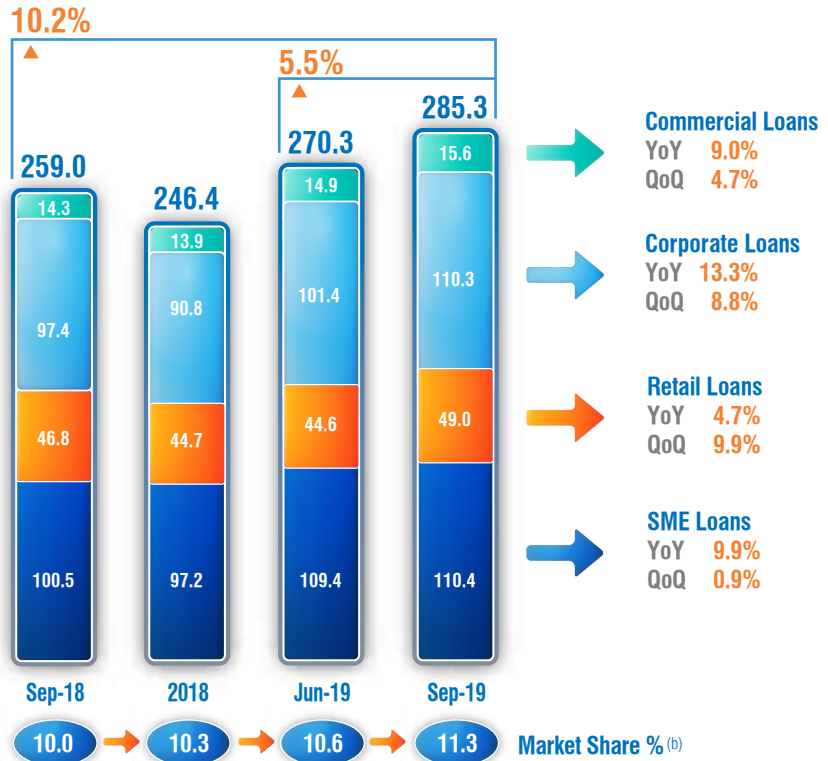
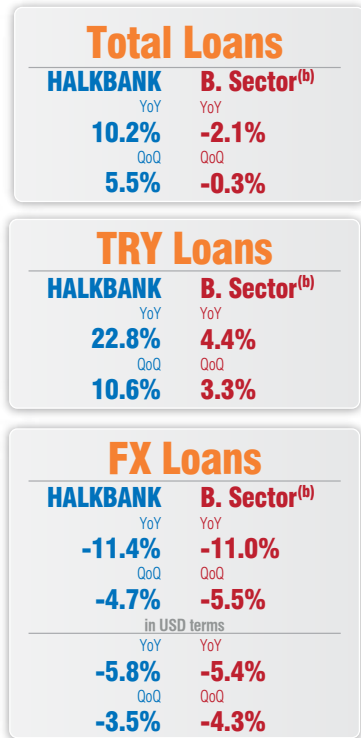


(\*) Excluding borrowed securities

# Growing market share in a less competitive environment

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

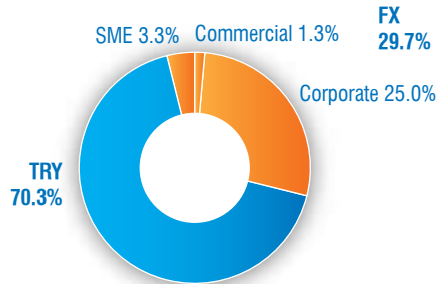
CGF Utilization (TRY Bn)	Jun-19	Sep-19
Current loan amount	24.6	23.6



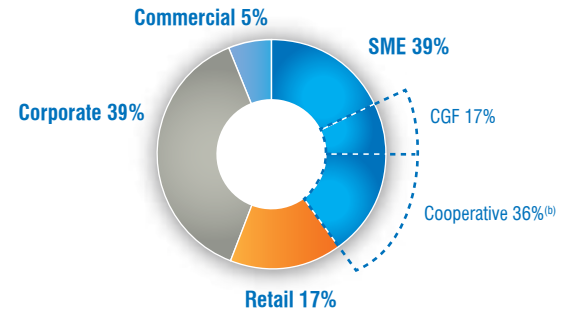
(a) Excluding interest accruals (b) BRSA monthly data as of Sep-19.

# Well-diversified & well-collateralized loan portfolio

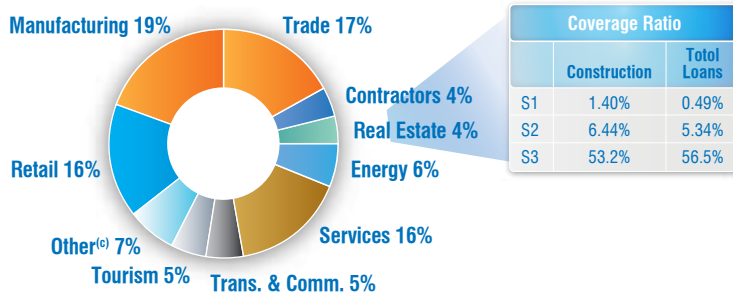
Loans by Currency (%)<sup>(a)</sup>



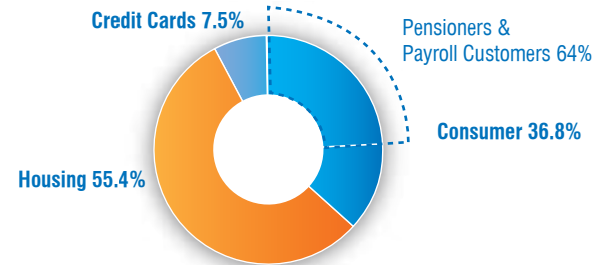
Loans by Customer Segmentation (%)<sup>(a)</sup>



Sectoral Breakdown of Loans (%)



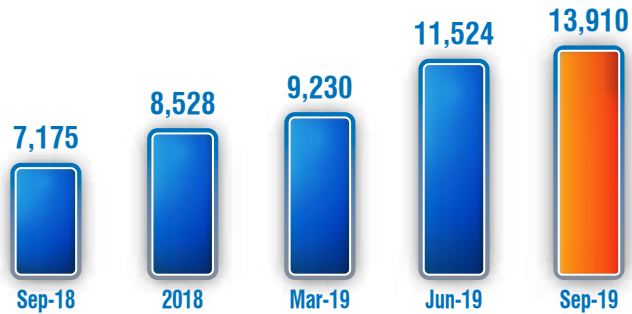
Retail Loans by Types (%)<sup>(a)</sup>



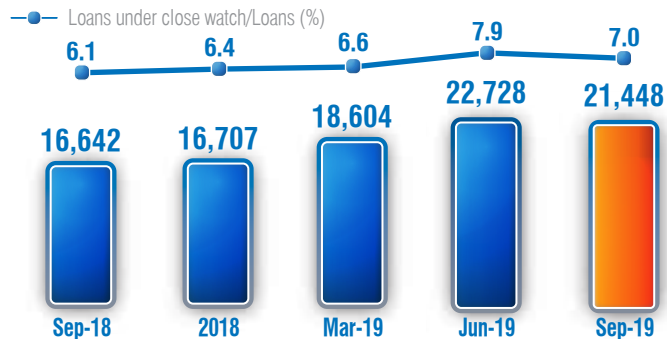
(a) Excluding interest accruals (b) Micro SMEs (c) Includes sectors below 3%.

## Below sector NPL ratio maintained

### NPL Portfolio (TRY million)

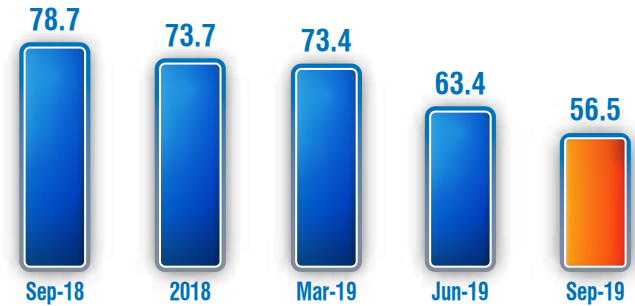


### Loans under Close Watch (TRY million)

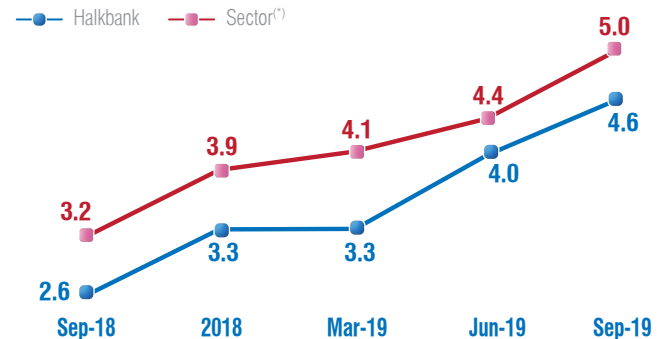


(\*) BRSA monthly data as of Sep-19.

### NPL Coverage (%)

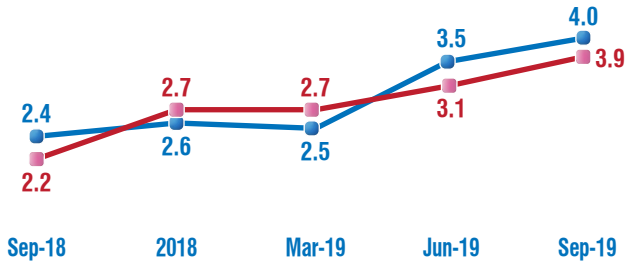


### NPL/Total Loans (%)

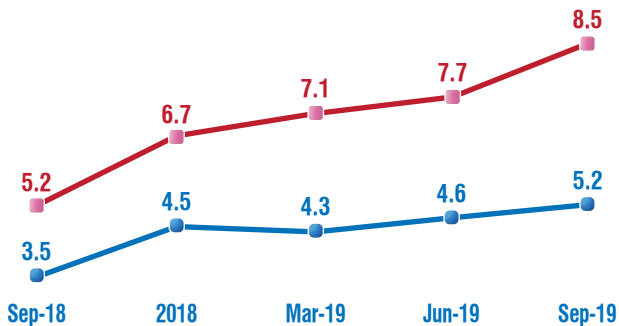


# NPL ratio by segments

## Corporate - Commercial (%)

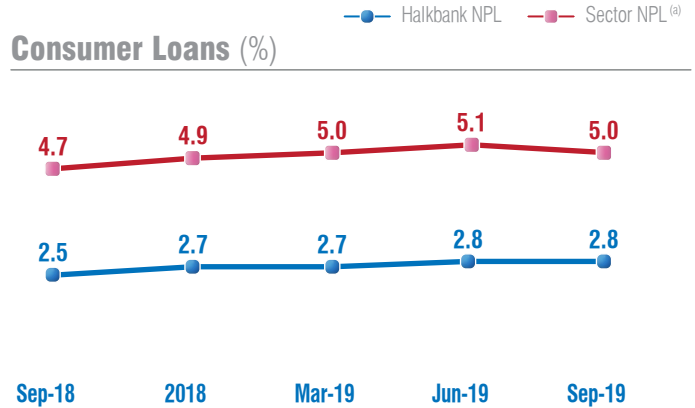


## SME Loans (%)

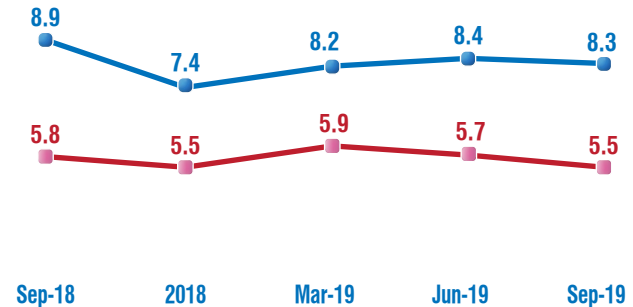


(a) BRSA monthly data as of Sep-19.

## Consumer Loans (%)



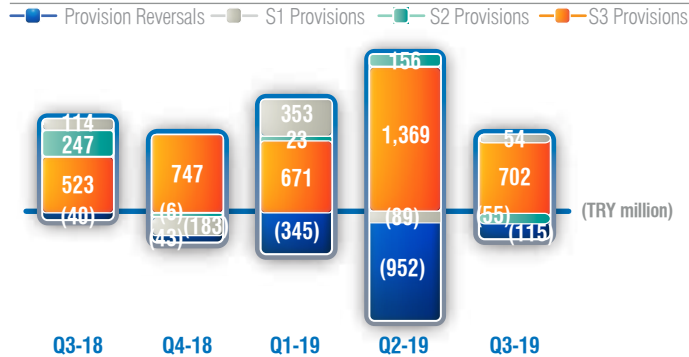
## Credit Cards (%)



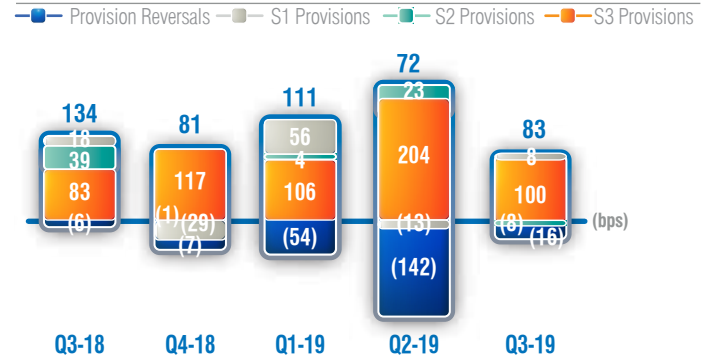


# YtD cost of risk at 148 bps

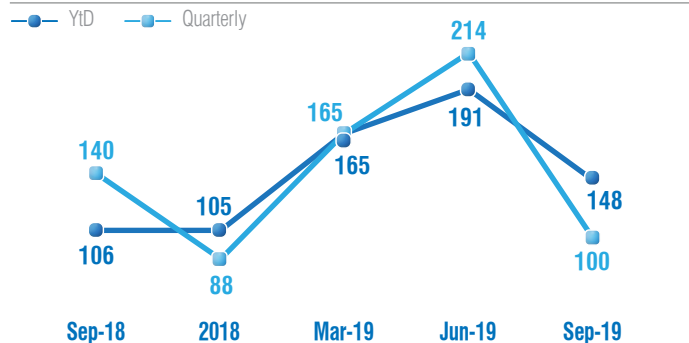
## Provisions and Reversals (TRY million)



## Net Cost of Risk (bps)



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



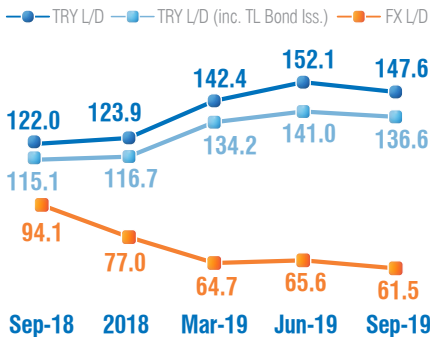
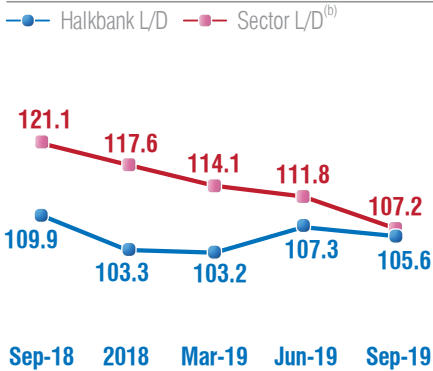
## S3 Cost of Risk by Segments (bps)<sup>(b)</sup>



(a) S1+S2+S3 Provisions/Average Net Loans (b) S3 Provisions/Average Net Loans

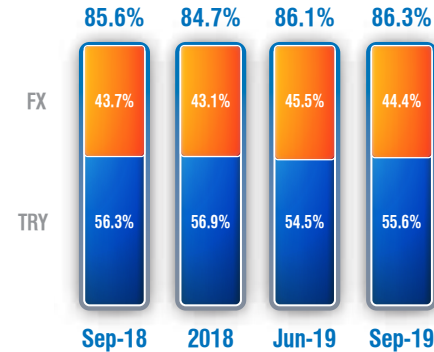
## Improving LDR trends

### Loan to Deposit (%)



(a) Including interest accruals and excluding funds. Excluding demand deposit, the share of IBL is 75.1% in Sep-19.

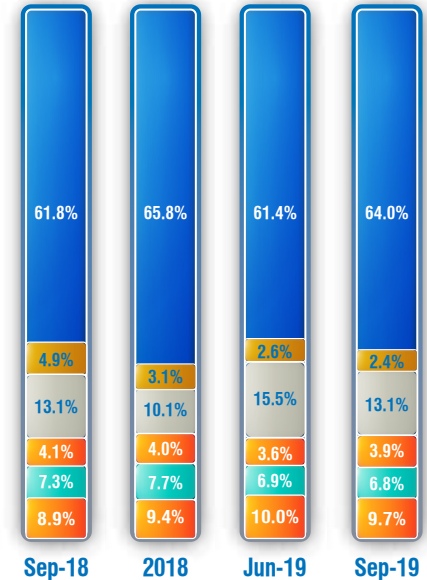
### Composition of IBLs<sup>(a)</sup>



> FX wholesale funding makes up 7.5% of total liabilities vs sector average<sup>(b)</sup> of 21.2%

### Liabilities Mix (%)

- Deposits
- Funds Borrowed
- Interbank Money Market
- Marketable Securities Issued
- Shareholders' Equity
- Other Liabilities

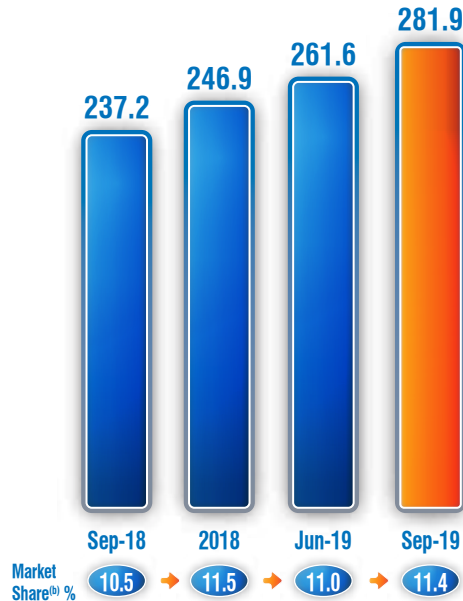


(b) BRSA monthly data as of Sep-19.

## Expanding deposit base with declining costs

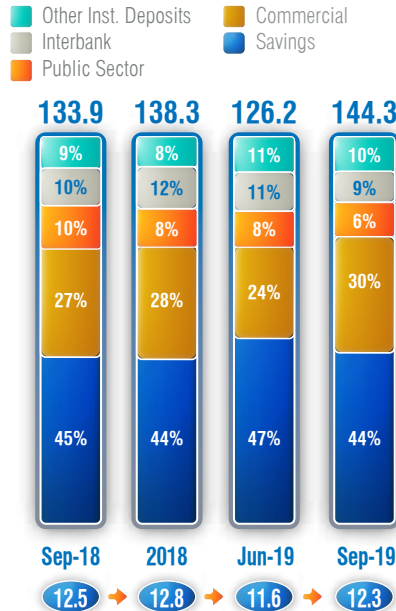
	HALKBANK	B. Sector <sup>(b)</sup>
YoY	18.8%	9.1%
QoQ	7.7%	3.5%

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



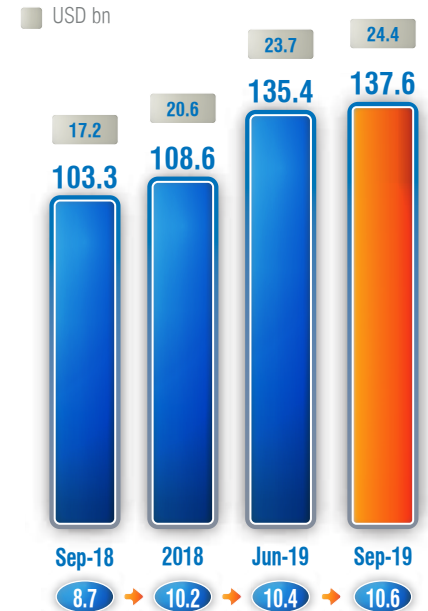
	HALKBANK	B. Sector <sup>(b)</sup>
YoY	7.8%	9.3%
QoQ	14.3%	8.4%

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



	HALKBANK	B. Sector <sup>(b)</sup>	
YoY	33.2%	8.9%	
QoQ	1.6%	-0.5%	
in USD			
YoY	41.6%	15.8%	
terms	QoQ	2.9%	0.8%

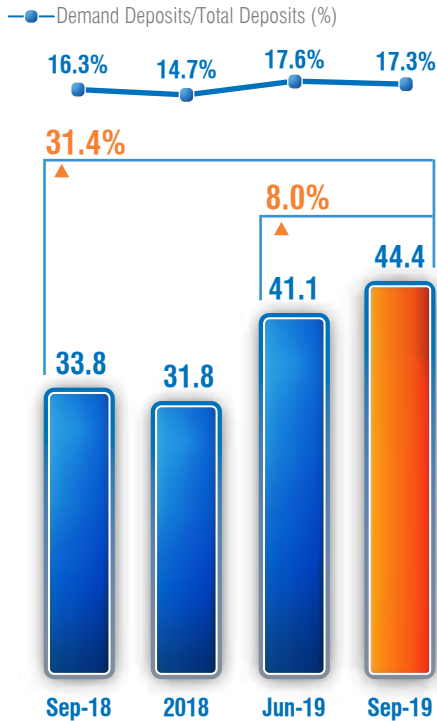
### FX Deposits (TRY billion)<sup>(a)</sup>



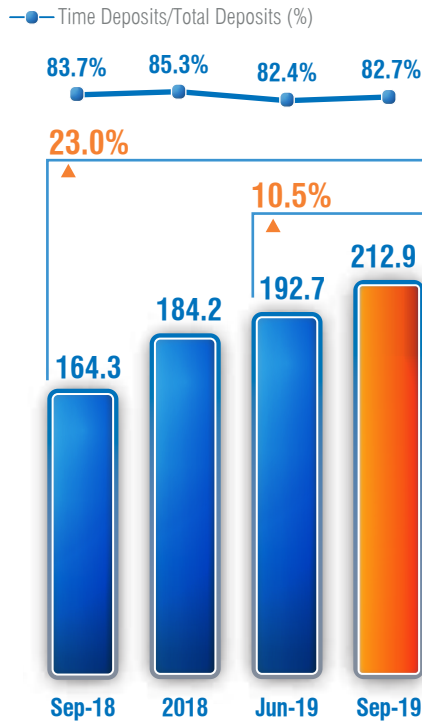
(a) Excluding interest accruals. (b) BRSA monthly data as of Sep-19, including interbank deposits.

# Demand deposits gaining further ground, up 31% YoY

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



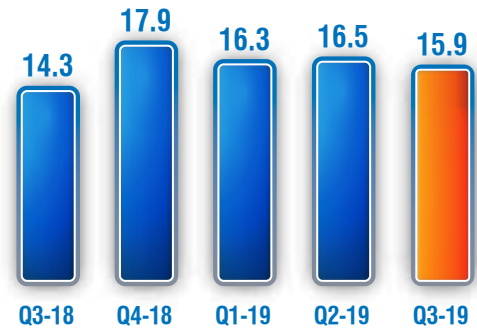
## Time Deposits (TRY billion)<sup>(a)</sup>



## Deposits by Currency (%)



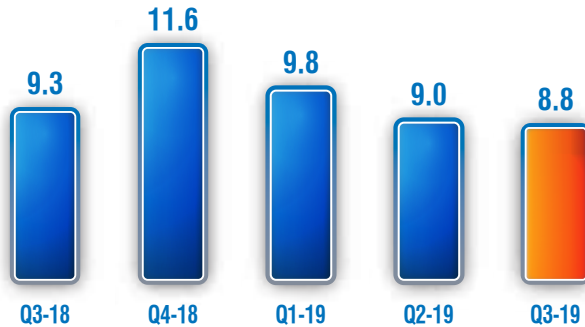
## Cost of TRY Deposits (%)<sup>(b)</sup>



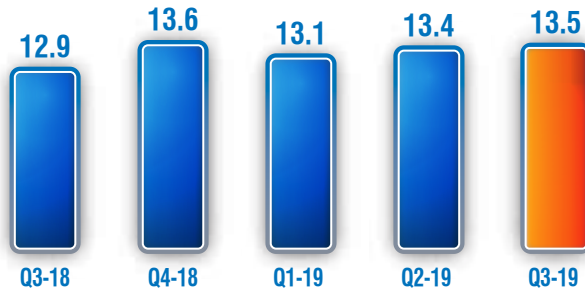
(a) Excluding interest accruals and interbank. (b) Time & Demand Blended.

## Steady enhancement in core spread

### Cost of Deposits (%)

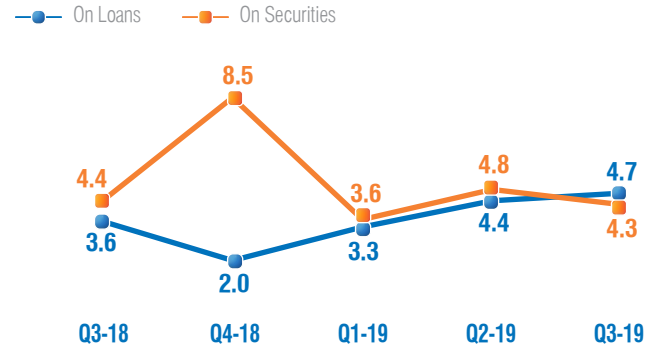


### Yield on Loans (%)<sup>(a)</sup>

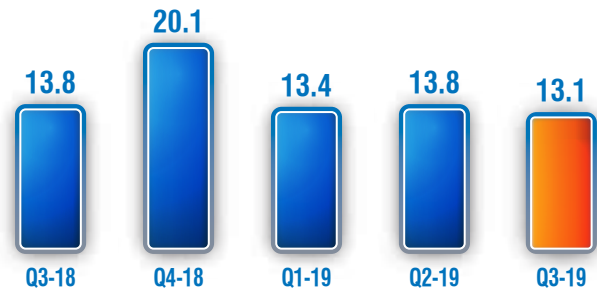


(a) Excluding fund loans

### Spreads (%)

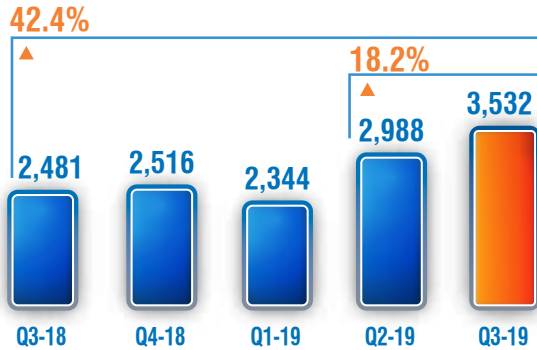


### Yield on Securities (%)

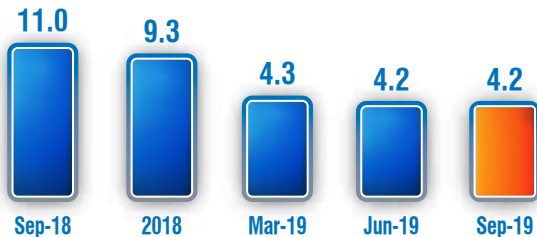


## Details on profitability metrics

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

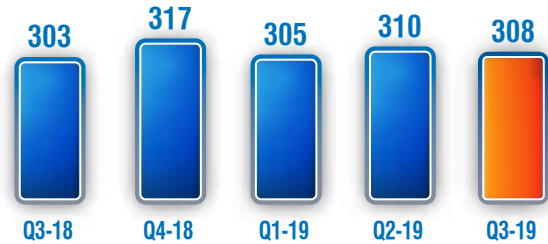


**RoE (%)**

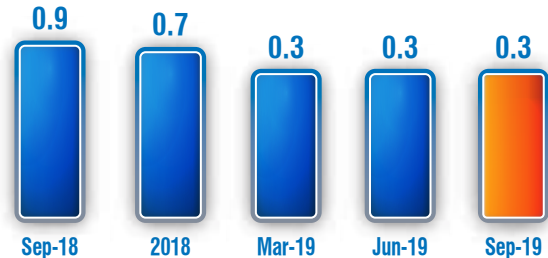


(a) Net Interest Income + Net Fees & Commissions

**Net Income** (TRY million)



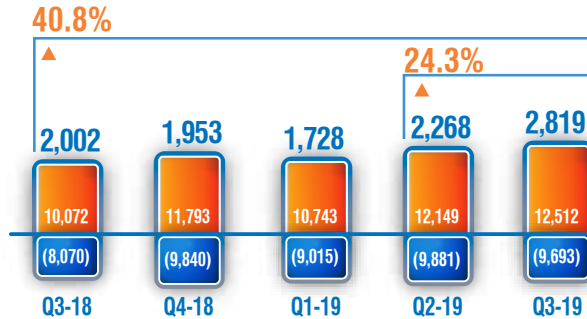
**RoA (%)**



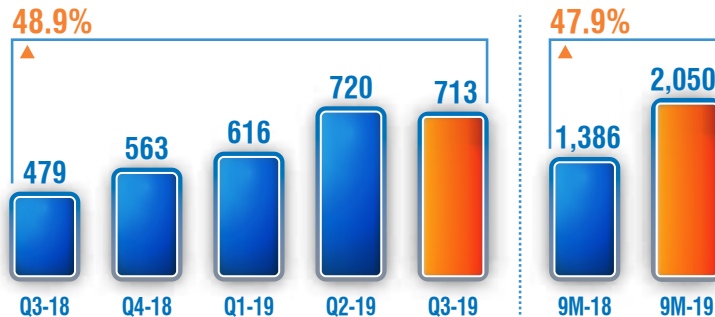
## Boosted core revenues

### Net Interest Income (TRY million)

■ Interest Income ■ Interest Expenses

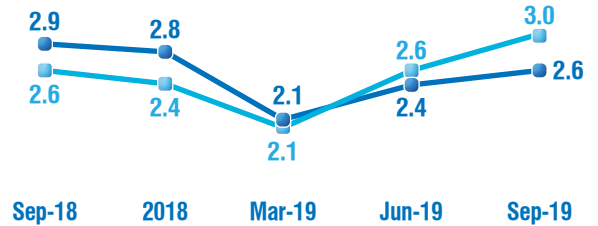


### Net Fees & Commissions Income (TRY million)

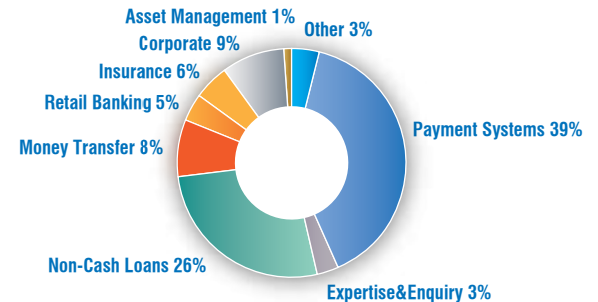


### NIM (%)

● YTD ■ Quarterly

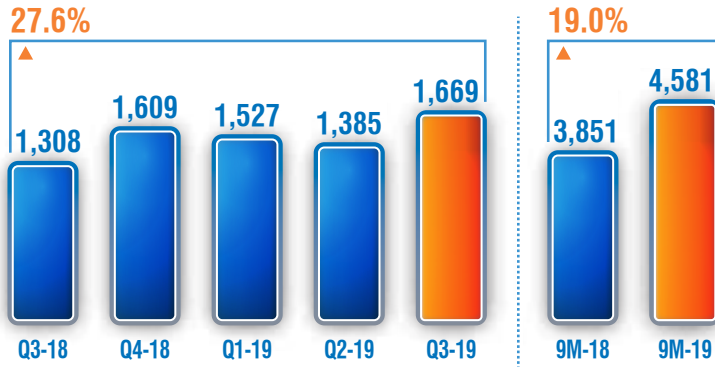


### Breakdown of Fees & Commissions (%)

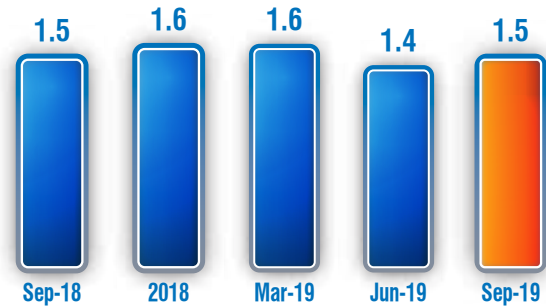


## OPEX rose on base effect, disciplined approach mirrored in low OPEX/Assets

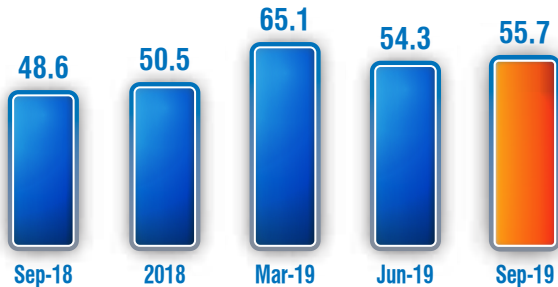
Operating Expenses (TRY million)



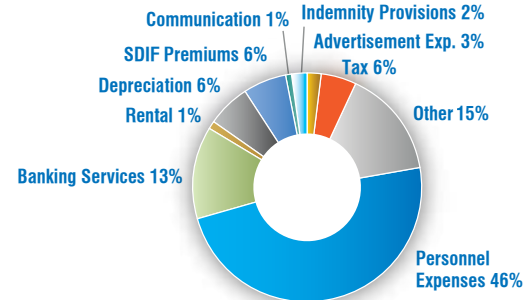
Operating Expenses / Average Assets (%)



Cost/Income (%)



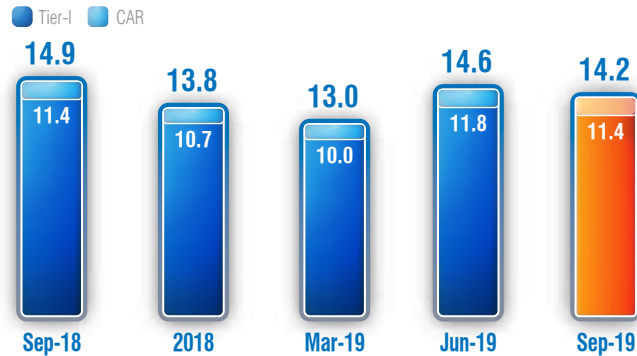
Breakdown of Operating Expenses (%)



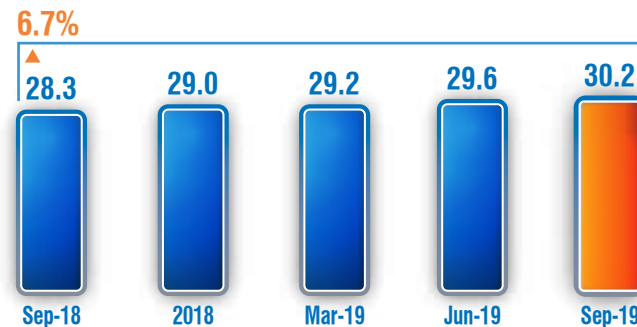


## Solvency Ratios

### CAR (%)



### SHE (TRY billion)



### Details on Capital Ratio

#### (TRY mn)

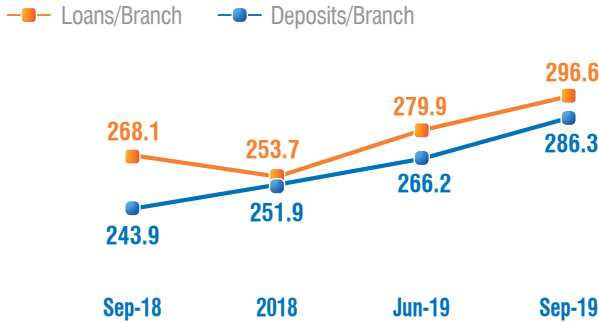
	Basel III Sep-19
Credit Risk Base Amount (CRBA)	287,100
Market Risk Base Amount (MRBA)	5,080
Operational Risk Base Amount (ORBA)	18,626
Total Risk Weighted Assets (RWAs)	310,805
Shareholders' Equity	44,103
<b>CAR (%)</b>	<b>14.19</b>
<b>Tier-I (%)</b>	<b>11.44</b>
<b>Common Equity Tier-I (%)</b>	<b>9.65</b>

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

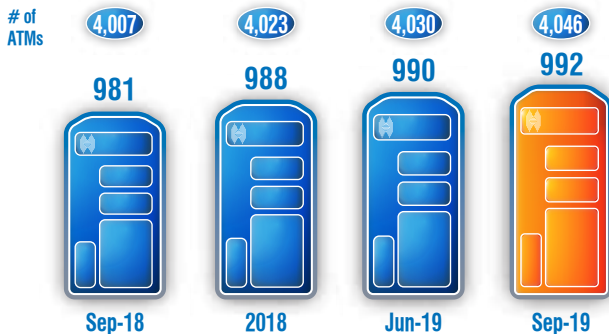
\* SIFI Buffer (1.00%) is factored into the regulatory requirements on consolidated basis.

## Branch Network – Human Resources

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

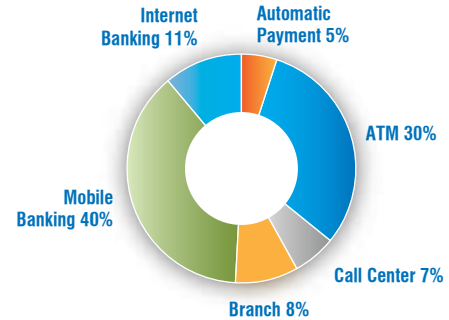


### Branches<sup>(a)</sup>

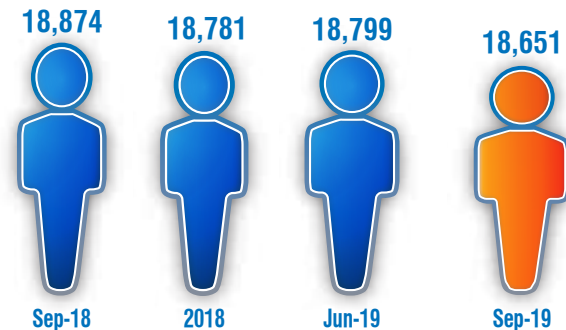


(a) Domestic branches

### Breakdown of Banking Transactions (%)



### Headcount



## Annex

Halkbank	TRY Million	Market Share (%)
Total Assets	443,499	10.4
Loans <sup>(a)</sup>	285,323	11.3
TRY Loans	200,667	12.9
FC Loans	84,655	8.7
SME Loans	110,427	18.2
Corp. + Comml. L.	125,893	9.1
Retail Loans	49,002	9.1
Housing	27,154	14.5
GPLs	18,011	7.8
Credit Cards	3,686	3.2

Banking Sector Metrics <sup>(b)</sup>	9M-18	9M-19
Loan Growth (YtD, %)	23.3	5.8
Deposit Growth <sup>(c)</sup> (YtD, %)	26.1	15.0
LDR (%)	121.1	107.2
NPL (%)	3.2	5.0
CoR <sup>(d)</sup> (bps)	118	196
<b>Macroeconomic Indicators</b>	<b>9M-18</b>	<b>Current</b>
GDP Growth (%)	1.6	-1.5 <sup>(e)</sup>
CPI (%)	24.5	8.6 <sup>(f)</sup>
Unemployment (%)	11.4	13.9 <sup>(g)</sup>

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

(c) Including interbank deposits.

(d) Loan loss provisions/Av. loans

(e) Turkish Statistical Institute (TSI), 2019/2.

(f) TSI, Oct -19.

(g) TSI, Jul-19.

(a) Excluding interest accruals.

## Balance Sheet

In TRY million	Sep-18	2018	Jun-19	Sep-19	QoQ Change %	YiD Change%	YoY Change%
Cash and Balances Held with the Central Bank <sup>(a)</sup>	29,802	34,957	34,212	32,642	(4.6)	(6.6)	9.5
Banks & Money Market <sup>(b)</sup>	7,753	5,141	2,827	3,646	29.0	(29.1)	(53.0)
Securities <sup>(b)</sup>	73,315	74,557	99,194	96,383	(2.8)	29.3	31.5
Net Loans <sup>(b)</sup>	263,002	250,624	277,059	294,182	6.2	17.4	11.9
Gross NPL	7,175	8,528	11,524	13,910	20.7	63.1	93.9
NPL Net	1,530	2,245	3,105	4,492	44.7	100.1	193.6
Property and Equipment	3,131	3,288	6,069	6,226	2.6	89.4	98.9
Other Assets	10,320	9,855	9,613	10,420	8.4	5.7	1.0
<b>Total Assets</b>	<b>387,323</b>	<b>378,422</b>	<b>428,974</b>	<b>443,499</b>	<b>3.4</b>	<b>17.2</b>	<b>14.5</b>
Deposits <sup>(b)</sup>	239,227	248,855	263,580	284,030	7.8	14.1	18.7
Funds Borrowed <sup>(b)</sup>	18,850	11,916	10,988	10,814	(1.6)	(9.3)	(42.6)
Interbank Money Market <sup>(b)</sup>	50,705	38,162	66,471	57,940	(12.8)	51.8	14.3
Marketable Securities Issued	15,770	15,048	15,481	17,421	12.5	15.8	10.5
Funds	2,787	2,874	2,872	2,942	2.4	2.4	5.5
Other Liabilities	30,209	30,692	38,901	38,806	(0.2)	26.4	28.5
Provisions	1,481	1,854	1,106	1,343	21.4	(27.5)	(9.3)
Shareholders' Equity	28,295	29,021	29,575	30,203	2.1	4.1	6.7
<b>Total Liabilities</b>	<b>387,323</b>	<b>378,422</b>	<b>428,974</b>	<b>443,499</b>	<b>3.4</b>	<b>17.2</b>	<b>14.5</b>

(a) Reserve deposits monitored in balance with Central Bank

(b) Including interest accruals

## Income Statement

In TRY million	Sep-18	Sep-19	YoY%	Q3-18	Q2-19	Q3-19	QoQ Change%	YoY Change%
Interest Income	24,878	35,403	42.3	10,072	12,149	12,512	3.0	24.2
On Loans	20,283	27,438	35.3	8,046	9,297	9,701	4.3	20.6
On Securities	4,068	7,505	84.5	1,800	2,680	2,697	0.6	49.8
Interest Expense	18,751	28,589	52.5	8,070	9,881	9,693	(1.9)	20.1
On Deposits	13,605	18,605	36.7	5,645	6,133	6,205	1.2	9.9
<b>Net Interest Income</b>	<b>6,127</b>	<b>6,815</b>	<b>11.2</b>	<b>2,002</b>	<b>2,268</b>	<b>2,819</b>	<b>24.3</b>	<b>40.8</b>
Net Fees and Commissions	1,386	2,050	47.9	479	720	713	(1.0)	48.9
Net Trading Income	(39)	(2,691)	N/A	(99)	(1,415)	(846)	N/A	N/A
Other Operating Income	453	2,046	352.0	78	1,440	174	(87.9)	122
Reversal of Loan Loss Provisions	298	1,230	312.7	40	952	115	(87.9)	185
Total Operating Revenues	7,926	8,219	3.7	2,461	3,013	2,861	(5.1)	16.3
Operating Expenses	3,851	4,581	19.0	1,308	1,385	1,669	20.5	27.6
<b>Net Operating Income</b>	<b>4,075</b>	<b>3,638</b>	<b>(10.7)</b>	<b>1,152</b>	<b>1,628</b>	<b>1,192</b>	<b>(26.8)</b>	<b>3.4</b>
Provision for Loan Losses and Other Receivables	1,959	3,204	63.5	944	1,404	721	(48.6)	(23.6)
Loan Loss Provisions for Cash Loans	1,098	2,742	149.8	523	1,369	702	(48.7)	34.2
Profit/(Losses) from Associates	510	422	(17.4)	136	44	0	(99.3)	(99.8)
<b>Income Before Taxes</b>	<b>2,626</b>	<b>855</b>	<b>(67.4)</b>	<b>344</b>	<b>269</b>	<b>471</b>	<b>75.4</b>	<b>36.8</b>
Provision for Tax	421	(69)	N/A	42	(42)	163	N/A	N/A
<b>Net Income</b>	<b>2,205</b>	<b>924</b>	<b>(58.1)</b>	<b>303</b>	<b>310</b>	<b>308</b>	<b>(0.6)</b>	<b>1.9</b>





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