

TÜRKİYE HALK BANKASI A.Ş. BOARD OF AUDITORS REPORT ON
THE 2012 OPERATING AND FISCAL YEAR.

Our Board of Auditors has examined the bank's activities between January 1, 2012 and December 31, 2012 according to legislation provisions and customs in effect and determined the following:

- The bank's paid-in capital is 1,250 million TL, while its shareholders equity reached 12,323 million TL at the end of 2012, up 42.6 % from 8,640 million TL at the end of 2011. The bank raised its level of free float rate from 24.98% to 48.9% via its second public offering in 2012, which includes 23.92% of its shares. As a result of the public offering, the bank made sales worth 4.5 billion TL, with 80% of its shares sold to foreign investors, 10% to domestic corporate investors and another 10% sold to domestic private investors.

- In 2012, the Bank renewed its syndicated loan of 558 million EUR and 207.5 million USD with the participation of 46 banks from 23 countries. In July 2012, the bank issued a fixed-rate Eurobond with a five-year maturity worth 750 million USD, additionally rolled over its total TL bank bonds in January and July 2012 with a total amount of 1.5 billion TL.

- The Bank continued its growth in 2012 by opening new branches, bringing its total number of service units to 822. The Bank also hired 2093 new personnel, both to fill positions left vacant by retired personnel and to meet its human resources needs due to newly-opened branches, which brought its total number of employees up to 14,971. The percentage of employees who are university graduates also increased as compared to last year, reaching 78.7%.

- In 2012, the Bank made the decision to release its own credit card to increase its market shares and entered the market by creating the new credit card brand "Paraf."

- The banking sector's assets, which totaled 1,217,695 million TL at the end of 2011, grew by 12.6 % to reach 1,370,642 million TL at the end of 2012. Total credit volume, 682,893 million TL at the end of 2011, grew by 16.4 % to reach 794,756 million TL at the end of 2012. Total deposits, 695,496 million TL at the end of 2011, grew by 11 % to reach 771,884 million TL at the end of 2012. Meanwhile, the rate of non-performing loans/total loans grew by 20 base points as compared to 2011, from 2.7 to 2.9 %.

- As of the end of 2012, the Bank increased the size of its assets by 18.8 % as compared to the previous year, reaching 108,282 million TL as well as increased its loans by 17.3 % to reach 64,791 million TL. Meanwhile, the Bank's total securities decreased by 5.4 % to reach 21,192 million TL; its total deposits increased by 20.7 % to reach 79,656 million TL, and its rate of nonperforming loans/total loans was 2.9 %.

- As of December 31, 2012 and the second term of maturity, the total liquidity adequacy rate, which needs to be at least 100 %, is 136.84 %, while the FC liquidity adequacy rate, which needs to be at least 80 %, is 132.01 %. The Bank does not have any issues regarding its liquidity and legal liquidity levels.

- The Bank's capital adequacy ratio, 16.17 % in 2012, is above the legal limit determined by the BRSA, while the sector's capital adequacy ratio is 17.89 % as of the end of 2012. The rate of

return on equity was 24.8 % in 2012, above the sector average (15.77 % as of the end of 2012). The Bank's net income for the year as of the end of 2011, 2,045 million TL, increased by 26.9 % to reach 2,595 million TL at the end of 2012, continuing the Bank's increasing profitability performance.

- One of the elements that determine the quality of assets, the ratio of total loans/total assets, is 59.8 % as of the end of 2012 (the sector average as of the end of 2012 is 58 %). The Bank continues to support the reel sector. In 2012, the loan to deposit ratio was at 81.3 % (the sector average was 103 % as of the end of 2012).

- In accordance with all pertaining legislation provisions, all notebooks and records that the Bank is obligated to keep are kept according to the legal requirements, with records and documents that serve as evidence kept suitably, and the financing and reporting systems managed efficiently and in due form.

- Decisions regarding the Bank's administration are recorded in the executive board's decision notebook, which is kept in accordance with procedure.

- The Bank's internal control, risk management and internal auditing systems are managed effectively and in due form, both at the headquarters and in audits performed on-site.

- In terms of Bank personnel's participation in in-service and extra-service trainings, the rate of total people per day has increased in 2012 as compared to the previous year (10.31) to reach 12.47.

As a result, within the framework of the Board of Auditors' Report we have set forth in keeping with the 354th provision of Law no. 6762 of the Turkish Commercial Code; we present the Bank's financial statement, table of revenue/expenses and other related financial tables, also approved by an independent auditing firm, for approval and request that the General Assembly declare that the Board of Directors' 2012 activities are in accordance with the law.

Ankara,

Yours Sincerely,

Ali ARSLAN Faruk ÖZÇELİK
Member of Board of Auditors Member of Board of

Auditors

* Figures excluding rediscount.