

**TÜRKİYE HALK BANKASI A.Ş.**  
**BOARD OF DIRECTORS REPORT**

In 2015, global economic growth has generally continued its stagnation. While the U.S. economy has shown a tendency to recover, the Eurozone has shown a negative course by continuing its fragility with regard to economic outlook. As for Turkish economy, the economic growth has continued in 2015 despite the global economic fluctuations and geopolitical tension experienced in the region. Banking sector has maintained its solid composition of recent years.

Halkbank (“**Bank**”) has continued to provide quality product and service to its clients in 2015 as well. While increasing the service variety in the private banking sector with the credit card brand Paraf, Halkbank has also continued to contribute to the national economy especially by continuing to support the SMEs (Small and Medium Sized Enterprises) with the help of the resources procured from abroad owing to the international reliability of the Bank.

Halkbank has signed a new syndication loan protocol amounting to 649 million Euros and 179 million American Dollars with the participation of 37 Banks from 18 Countries including the European and American banks as well as Middle Eastern banks and has, carried out the fourth bond (Eurobond) issuance abroad amounting to the nominal value of 500 million American Dollars. In addition, the Bank domestically issued bonds amounting to the nominal value of TRY 3.5 billion.

Halkbank, in line with its regional expansion objectives has expanded its field of activity in the Balkan Region with the name of Halkbank A.D. Beograd, by acquiring in 2015 the 76.76 % of the shares of Cacanska Banka A.D. Cacak which operates in Serbia.

Halkbank has raised its assets from TRY 155.4 billion to TRY 187.7 billion, increasing in the ratio of 20.8 % compared to the previous year.

The Bank has redirected a considerable part of its resources to loans by the end of 2015 and the share of its loans in the balance sheet has reached to the level of 67.5 %. Commercial loans including the SME loans have increased to TRY 99.7 billion and retail loans have increased to TRY 27 billion. Cash and non-cash loan volume has increased from TRY 134.5 billion to TRY 166.5 billion increasing in the ratio of 23.8 % compared to the previous year.

In 2015 stock securities portfolio has increased in the ratio of 4.9% compared to the previous year and reached to TRY 28.2 billion. The contribution of the portfolio to the balance sheet is at 15%.

Total deposit volume of the Bank has risen from TRY 103.7 billion to TRY 122.1 billion by increasing in the ratio of 17.8% compared to the previous year. In 2015 the demand deposit amount has realized as TRY 20.5 billion.

In 2015, the Bank’s capital adequacy ratio has realized as 13.8%, average return on equity as 12.9 % and average return on assets as 1.3%.

Halkbank has increased its year-end profits in the ratio of 5% compared to the previous year to TRY 2.3 billion and thus, has maintained its sustainable profitability.

Halkbank has increased its number of domestic branches to 944 by opening 49 new branches in 2015 and ended the year with 17,104 employees.

Halkbank, with its 77 years of accretion has continued its growth in 2015 as well by having a lucrative and productive operating period. We thank our employees who helped the Bank achieve these results, for their devoted work and, we present the Board of Directors and Auditor Reports along with financial reports to the consideration of our esteemed shareholder' and their representatives' consideration.

With regards,

Ali Fuat TAŐKESENLIOĐLU  
Board of Directors Member  
General Manager

R.Süleyman ÖZDİL  
Board of Directors Chairman