

Halkbank's support for world's fastest growing economy

*Halkbank's total loan amount for the first half of 2011 has reached 67 billion TL, a 16.8% increase compared to the year end 2010. The bank aims for an annual loan growth of 25%, having increased its **non-cash loan** amount to 15 billion Turkish lira for the first half of the year. Halkbank, ranked in the The Bankers "Top 1000 World Banks" list as the world's sixth most profitable bank based on its profit/capital ratio, has increased its net profit for the first half of the year to 1 billion 37 million TL.*

Halkbank keeping in step with the market in loan growth continued to increase its profit during the first half of 2011 . In its bid to support economic development and in line with its profit and efficiency-oriented growth strategy, Halkbank focused on lending activities in 2011, increasing the total loan portfolio to **67 billion** Turkish lira during the first 6 months of 2011. The bank's total assets were 85.6 billion Turkish lira the end of June 2011, up from 72.9 billion Turkish lira at the end of 2010. With this performance, Halkbank increased its net profit to 1 billion 37 million Turkish lira for the first half of the year.

Halkbank's General Manager **Süleyman Aslan** emphasized the Turkish banking industry's need to diversify its resources and to maintain productivity. **Aslan** stated that Halkbank, like other banks before, has recently issued a public offering for Turkish lira bonds. He added that the rising costs of resources and increasing competition necessitated seeking out alternative sources of finance. Despite fluctuations in the global markets, he stated, capital market instruments would continue to play an important role for the markets. **Aslan** went on to say:

The demand for Halkbank bank bonds issued on July 27 to 29, 2011 exceeded the total sale amount by 69 percent. This is an important indicator for the strong confidence put in our bank and our customers' ongoing interest for our newly launched products.

Halkbank's service quality provides competitive edge

Aslan said that through its widespread growth in loans extended in the first six months, the bank was able to maintain its sustained support for the country's economic development and the real sector while maintaining a profit oriented growth. **Aslan** also commented on Halkbank's and the industry's situation:

"The first half of 2011 was quite busy in regard to lending activities. We have achieved a significant part of our annual goals. Considering the current growth rate, we expect a slowdown for this year's remaining months, which is acceptable for a sustainable and healthy industry growth. We have set ourselves a goal of increasing our financial services for our customers without sacrificing efficiency and profitability. We expect to be the most profitable bank based on equity driven by our successful performance of the last six months. Our priority is to achieve further success with the continuing support of our longstanding customers and business partners. Our service priorities and products will help us maintain the lead in the ever-competitive banking industry. Our widespread network was further strengthened by 47 branch additions, contributing to our relentless support for a productive Turkey and distinguishing us in the competition."

Our successful financial figures for the first half of the year in addition to the quality of our asset structure enabled our shares to become one of the most sought-after by foreign investors. This year we were also ranked in the *The Bankers* “Top 1000 World Banks” list as the world’s third most profitable bank based on its profit/capital.

Halkbank A.D. starts providing services for a Productive Macedonia

Halkbank started to provide services in Macedonia, after acquiring SME and export bank IK Banka and rebranding it to Halkbank A.D. **Aslan** pointed out that Macedonia has been chosen as a stepping-stone for becoming a strong regional player. He further stated “**First, we plan to become Macedonia’s third biggest bank with Halkbank A.D. We will contribute immensely to both Macedonia’s and the region’s economy with our financial strength, vast banking knowledge, and experience. Productive Turkey’s bank will become one of Macedonia’s biggest financial contributors and intermediary service providers.**”

SME loans grow 14% in 6 months

In first half of 2011, Halkbank’s commercial loans, including SME loans, increased by 14 percent compared to year-end 2010, and by 30 percent compared to the same period in 2010. As a result, commercial loans (including SME loans) now make up 73 percent of Halkbank’s cash-loans.

Halkbank has succeeded in raising the amount of its syndicated loan facility from the international markets by 80 percent from \$570 million in 2010 to \$1 billion in 2011 while lowering overall costs by 40 basis points by signing a new protocol.

Halkbank’s 22% retail growth

Halkbank maintained its performance in retail loans during the first six months in 2011, increasing its retail loan volume by 49.5 percent compared to the same period last year, and by 22 percent compared to last year’s end. Halkbank expanded the volume of its consumer loans by **23.4 percent**, its housing loans by **21.3 percent**, and increased its market share up to **7 percent**.

HALKBANK (JUNE 2011) FIGURES

Million TL

	June, 2010	2010	June, 2011	YtD Difference	YtD Difference %
Cash-Loans	38,258	44,296	51,562	7,265	16.4
Commercial Loans	28,859	32,818	37,514	4,696	14.3
Retail Loans	9,399	11,479	14,048	2,569	22.4
Non-Cash Loans	11,019	12,726	15,025	2,299	18.1
Total Loans	49,277	57,023	66,587	9,564	16.8
Cash-Loans Market Share	8.2%	8.3%	8.1%	(19) bp	
Securities	21,770	20,207	21,390	1,184	5.9
Savings	51,241	54,782	58,256	3,474	6.3
Equities	6,432	7,445	7,826	381	5.1
Total Assets	68,080	72,942	85,562	12,619	17.3

	June, 2010	2010	June, 2011	YoY Difference	YoY Difference %
Net Profit	1,035	2,010	1,037	2	0.2

	June, 2010	2010	June, 2011
Loans/Deposits:	74.7%	80.9%	88.5%
Loans/Assets	56.2%	60.7%	60.3%
Non-Performing Loans/Total Loans	4.3%	3.8%	3.1%

Including interest accruals.