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## **Halkbank posted a net profit of TRY 1.42 billion for the first half of the year, with loans reaching TRY 95.5 billion.**

*As Turkey's fastest growing bank for the past five years, Halkbank's total loan amounts increased to TRY 95.5 billion in the first half of 2013. Total deposits of the Bank rose to TRY 82.2 billion, a 2.8 percent increase compared to the last half of the previous year, and the bank posted a net profit of TRY 1.42 billion. "The Bank has been growing at a rate of nearly 20 percent each year for the past five years, and we are delighted to have enhanced our value in the international markets," stated Süleyman Aslan, Halkbank CEO, adding they were among the most productive banks in Turkey as a result of the high return on equity and sustainable growth rates. Aslan also revealed their plans to open a Representation Office in London.*

Halkbank continued its operations in line with its mission of providing constant support to the real economy and the strategy of focusing on productivity in the first half of 2013. The Bank increased total loans to TRY 95.5 billion as of the end of June, up 11.6 percent year-on-year. Cash loans rose to TRY 73.8 billion in the first six months of the year. Total deposits rose to TRY 82.2 billion, with net profit for the first half of the year reaching TRY 1.42 billion.

**Süleyman Aslan**, Halkbank CEO, stated that the Turkish economy succeeded in achieving planned growth rates despite the stagnation and fluctuation experienced in the economies of developed countries.

**"We believe our economy will continue with its successful trend in growth and development in the face of economic and financial stagnation on a global scale. We continue to closely follow developments within the Bank and the banking industry, as well as regularly reviewing our operations and strategies. There will be no deviation in the Bank's objectives because of rising interest rates due to expectations regarding global liquidity. Financial results in the first six months of the year realized as we expected and projected. Halkbank possesses the ability to quickly adapt to changing circumstances with its sound balance sheet structure,"** he explained.

### **Halkbank becomes the most steadily growing bank for the past five years**

Aslan said they are elated to be at the top spot in assessments performed in terms of asset size, growth in loans and deposits, changes in equity, and the rise in the number of branches and personnel. **"The Bank is moving forward with its objectives through a sustainable and steady performance. We are delighted to have elevated the value of the Bank in the international markets as a result of operations that have increased nearly 20 percent each year for the past five years,"** he added.

Halkbank's successful performance also attracted attention from local and international media, as well as helped the bank to earn a top spot in the rankings of Banker Magazine's Top 1000 list, which selects the "Best 1000 Banks in the World." According to the assessment of the biggest 1,000 banks, Halkbank took the number three spot among Western European banks in return on assets and return on capital. The Bank came number one in Turkey in return on equity and return on assets.

**Aslan** stated Halkbank remained immune to financial fluctuations thanks to its sound equity structure. The Bank accomplished a 23percent return on equity in the first half of 2013, he added.

With the boost in its international operations in the first six months of the year, Halkbank renewed its syndicated loan by increasing it with a consortium of 41 banks in 19 countries and obtained funds worth \$1 billion. Aslan said they would continue to utilize the loans mainly to finance foreign trade operations of the real sector. He indicated that the syndicated loan was successfully renewed once again as a result of the long-standing sustainable collaboration with the corresponding banks:

**“We took the first steps to open a Representation Office in London with the objective of improving our relationship with international corporate investors and corresponding banks. Following this initiative, we are also looking into new opportunities in the Gulf Region and the Far East. Through the foreign offices, we aim to strengthen the Bank’s growing reputation in the international markets even more,”** Aslan revealed.

### **Halkbank ranks among the best banks in the industry with its asset quality**

Halkbank not only continued to grow steadily, but it also achieved historic accomplishments in asset quality during the past five years. The Bank regularly reduced its non-performing loans ratio since 2001, reaching the lowest non-performing loan ratio of the past 10 years, with 2.7 percent, in the first half of 2013. During the 10-year period, the increase in non-performing loans at Halkbank realized much lower than the industry average. As for the first six months of 2013, the increase in non-performing loans of the banking industry was 12.8 percent year-to-date, whereas in Halkbank case, the increase was only 5.6 percent.

Aslan emphasized the experience and know-how Halkbank possesses in loan assessment processes and added, **“As a bank that has been operating without resorting to asset sales or write-offs to date, a distinctly better asset quality than that of the industry’s is a major indication that our loan processes are effective. We maintain constant growth without compromising our asset quality.”**

### **Paraf achieved its year-end goal in six months**

**Aslan** called attention to the fast increase in market share achieved by the new credit card brand Paraf, which has become the symbol of Halkbank’s dynamism.

**“Paraf surpassed our targets since it was launched. It took us only six months to accomplish the 3-million card objective, which we had originally intended to reach by the end of the year. In addition to a 56 percent rise in credit card turnover, we also attained a significant upsurge in the number of merchants and POS devices, reaching figures of 122,000 and 138,000, respectively,”** Aslan announced.

Aslan revealed their medium term objective is to be among the first four in the industry in the retail banking and credit cards market.

**“We project our share in the credit card market to rise to six percent in the medium term. Paraf has already found a place for itself among the most preferred cards thanks to the world of privileges it offers to our customers. We do not collect a credit card fee so as to ensure that more card users can enjoy Paraf. We have positioned ourselves as a bank with the lowest interest rates in credit cards in the industry. The community of Paraf card users is growing each day. The latest service we initiated is the Parafly card for travel expenses. Halkbank ceaselessly strives to meet the expectations of our customers,”** said Aslan.

Halkbank also places emphasis on loan operations in the retail banking field; as such, the share of retail loans in the cash loans portfolio increased to 28.9 percent. The Bank maintained its high growth rate in retail loans in the first half of the year and achieved a 19.6-percent upswing in this area as of the end of June.

### Uninterrupted support from Halkbank to SMEs

Aslan said Halkbank's commercial loans, including SME loans, surged to TRY 52.5 billion by the end of June: **“Total commercial loan volume reached TRY 52.5 billion with a 9.1 percent rise as of the end of June. Cooperative loans provided to artisans and craftsmen soared to TRY 8.3 billion, an increase of 20.5 percent, as the number of customers of this loan segment grew to 270,000. While the amount of loans extended in the first half of the year hit TRY 3.4 billion, the number of new Halkbank customers consisting of artisans reached 27,000. Accordingly, the ratio of SME loans, including cooperative loans, in the total cash loans portfolio rose to 37 percent,”** he stated.

A pioneer in SME banking, Halkbank signed the World Bank Energy Efficiency Protocol in the first half of the year with the purpose of diversifying the financial support it provides to the real economy. **Aslan** expressed their desire to safeguard the future of the world and Turkey, and to improve SME's competitiveness in the global economy by supporting the consumption of environmentally-friendly energy through energy efficiency loans.

### Halkbank launches 45 new branches in six months

Halkbank increased the total number of branches to 861 with the launch of 45 new branches in the first six months of the year. In addition to expanding its branch network, it has also created new employment. As of the end of June, the number of employees working at Halkbank rose to 14,609 and the Bank aims to add another 750 new employees to its family by the end of the year.

#### HALKBANK (JUNE 2013) FIGURES

(TRY Million)

	Jun. 2012	2012	Jun. 2013	YtD Difference	YtD Difference(%)
Cash Loans	60,471	65,894	73,763	7,869	11.9
Commercial Loans	43,900	48,081	52,456	4,374	9.1
Retail Loans	16,571	17,813	21,307	3,494	19.6
Non-Cash Loans	18,928	19,734	21,777	2,043	10.4
<b>Total Loans</b>	<b>79,399</b>	<b>85,628</b>	<b>95,539</b>	<b>9,911</b>	<b>11.6</b>
Cash Loans Market Share	8.1%	8.2%	7.9%	-27 bps	
Securities	24,440	22,954	21,035	(1,919)	(8.4)

Deposits	78,196	79,974	82,193	2,219	2.8
Shareholders' Equity	10,307	12,323	12,650	327	2.7
Total Assets	100,965	108,282	116,372	8,091	7.5

	Jun. 2012	2012	Jun. 2013	YoY Difference	YoY Difference (%)
Net Profits	1,253	2,595	1,428	175	14.0

	Jun. 2012	2012	Jun. 2013
Loan/Deposit	77.3%	82.4%	89.7%
Loan/Asset	59.9%	60.9%	63.4%
Non-Performing Loans/Total Loans	2.8%	2.9%	2.7%

\*Including interest accruals.