

May 3, 2011

Halkbank continued to grow in the first quarter while contributing to economic stability

The Bank's cash loans increased to 47.6 billion TL while maintaining steady growth in the first quarter of 2011; commercial loans, including SMEs, comprised the lion's share of Halkbank's cash loan portfolio, accounting for 73.4 percent of the total.

The Bank started the year with the objective to increase loans by 25 percent, in line with its profit and efficiency-oriented growth strategy and its mission of supporting economic development. Halkbank's total loans, including non-cash loans, in the first three months of 2011 reached **60.8 billion** Turkish lira. Halkbank's total assets, which amounted to 72.9 billion Turkish lira at the end of 2010, swelled to **78 billion** Turkish lira by the end of March 2011. With this performance, Halkbank generated net profit of **525 million** Turkish lira within the first three months of the year.

The share of cash loans in total assets rose slightly in the first quarter, to 61 percent, up from 60.7 percent at the end of 2010. Halkbank's loan to deposit ratio climbed to **84.4** percent as of the end of March 2011, compared to 80.9 percent at the end of 2010. Halkbank reduced the ratio of non-performing loans in total loans while maintaining the quality of its assets and growing steadily. The Bank's non-performing loan ratio dropped to **3.5 percent** as of the end of March 2011, down from 3.8 percent at the of 2010.

2011 will be the year of operational efficiency

In his assessment of the financial results for the first three months of 2011, Halkbank General Manager **Hüseyin Aydın** described the Bank's objectives for 2011:

"Rather than focusing solely on profitability, we prefer acting as an institution which pursues stability in the banking industry and that contributes to the country's economy in line with the industry. The nature of commerce does not allow us to ignore the competition; however, by managing the competition properly Halkbank can also nurture the overall system. Lending growth within the first three months is in tandem with the 25 percent loan growth target for the whole year. At the same time, we strive to offer more services to the real economy by boosting our share of foreign trade. Our efforts in this field have been rewarded with the Bank's 8.8 percent increase in foreign trade market share."

Mr. Aydın said that in addition to the improvements in lending, the Bank's priorities include rational management of cost of liabilities, keeping operational costs at optimum levels, maintaining the quality of assets along with improving the management of fixed assets and receivables.

Halkbank aims to rank among the first three in Macedonia

Starting off from Macedonia with the objectives of expanding abroad and becoming a strong regional bank within the nearby region, Halkbank completed the process of purchasing shares in IK Bank. Announcing the approval of the Banking Regulation and Supervision Agency (BRSA), and of the relevant authorities in Macedonia, Mr. Aydın stated, **"Our objective is to become one of the top three banks in Macedonia. We want to achieve this goal under Halkbank's name. After completing the necessary requirements, IK Bank will start operating with Halkbank's name. Halkbank will be recognized as a reputable and valuable brand name abroad as well."**

SME loans rose by 8.4 percent in three months

Halkbank's commercial loans, including SME loans, soared to **34.9 billion** Turkish lira in the first quarter of 2011. With this increase, the Bank's share of commercial loans in total cash loans climbed to **73.4 percent**.

Halkbank has remained a promoter of the real economy in keeping with the conjuncture in the first three months of 2011. The agreement signed with the Machinery and Accessories Exporters Union to raise the share of exports by machine producers was an important step in encouraging the production and consumption of domestic machinery. The contract with the Turkish Exporters Assembly ensured that Assembly-member exporters are protected from fluctuations in foreign exchange rates. Other agreements signed with various manufacturers' associations and regional development agencies also meant that Halkbank continued to be an advocate of the real economy.

As a result of its collaboration with international finance organizations, Halkbank secured new resources for SMEs worth over €100 million to be used for renewable energy and investments in energy productivity. The Bank's long-term liabilities secured from foreign institutions, mainly to endorse long-term investments, surpassed \$2 billion.

HALKBANK Q1 (MARCH 2011) FIGURES

Million TL

	March 2010	2010	March 2010	Ytd Difference	Ytd Difference %
Cash Loans	34.912	44.296	47.567	3.270	7,4
Non_Cash Loans	10.117	12.726	13.270	543	4,3
Total Loans	45.030	57.023	60.836	3.813	6,7
Market Share in Cash Loans	8,2%	8,3%	8,3%	-	-
Securities	21.573	20.207	20.873	667	3,3
Deposits	46.840	54.782	56.360	1.578	2,9
Shareholders' Equity	6.290	7.445	7.805	360	4,8
Net Assets	63.459	72.942	77.978	5.036	6,9

	March 2010	2010	March 2011	Ytd Difference	Ytd Difference %
Profit	515	2.010	525	9	1,8

	March 2010	2010	March 2010
Loans/Deposits	74,5%	80,9%	84,4%
Loans/ Assets	55,0%	60,7%	61,0%
Non-performing Loans/Total Loans	4,7%	3,8%	3,5%

Including interest accruals.