

## Halkbank's cash loans rise by 27 percent in 2011 and net income reaches TL 2,045 million.

*Halkbank has continued to maintain stable growth with its strategy oriented towards sustainable profitability and efficiency. The bank's net income for 2011 reached 2,045 million Turkish lira and cash loans increased to 56 billion Turkish lira.*

A firm supporter of the real sector, Halkbank has met its loan growth target for 2011 following the bank's stable growth strategy. Having increased its cash loans by 27 percent to 56 billion Turkish lira, Halkbank's total loans and total assets reached 74 billion Turkish lira, a growth of 30 percent, and 91 billion Turkish lira, growth of 25 percent, respectively. Based on these figures, Halkbank has closed the year with a net income of 2,045 million Turkish lira.

Halkbank's cash loans to total assets and loans to deposits ratios stood at 61.7 percent and 84.9 percent respectively in 2011 year-end.

We are moving in step with the country's economy

Commenting on the bank's financial results for 2011, Halkbank's General Manager Süleyman Aslan shared Halkbank's targets and strategies for 2012:

"In spite of the contraction across global markets, we have played a crucial role in the stellar performance of the Turkish economy and are revising our strategy and targets in parallel with recent developments in an effort to increase our contribution to the country's economic growth. We are all aware of the high standard of performance expected of us in 2012. With the outstanding quality of our loans and effective cost management measures, our consistent support to the real sector will continue also in 2012."

In 2011, Halkbank outperformed the banking sector average of 21 percent by achieving an asset growth rate of 25 percent. Stating that they did not have any difficulty in obtaining the funds necessary to finance the bank's growth, due to the position of high creditworthiness the bank enjoys across the global borrowing market, Aslan said, "We believe that we will be able to obtain funds of \$2 billion this year through bilateral agreements and the issuing of Eurobonds. In 2012, our twin targets are to increase the bank's total assets and net income by 15 percent and 10 percent respectively."

Achieving sustainable growth on the loans front

Halkbank's General Manager Süleyman Aslan stated that they are aware of the results caused by unchecked loan growth and that they managed their balance sheets based on the strategies and targets they determined in parallel with relevant developments in the sector. In parallel with loan growth in the sector, Halkbank's retail loans and commercial loans,

including SME loans, have increased by 31.5 percent and 25.3 percent respectively. With this increase, the Bank's share of commercial loans in total cash loans climbed to 73.2 percent. Adding that they were happy with the level of competition in the SME banking sector, Aslan said that they would continue to provide financing support and offer consultancy services to SMEs in 2012.

Stating that the Halkbank had continuously improved its competitiveness in extending retail loans, Aslan added that the Bank had increased its market share in parallel with the growth in retail loans. Halkbank expanded the volume of its consumer loans by 30.4 percent, its housing loans by 33.4 percent, and increased its retail loans market share to 6.9 percent.

Aslan said that they expected the Turkish economy to grow by more than 4 percent in 2012 and that as a result they would be aiming for 18 percent loan growth in 2012.

#### Halkbank expanding the scope of non-banking financial services

Halkbank's General Manager Süleyman Aslan stated that they had applied to the Banking Regulation and Supervision Agency (BRSA) following the resolution of the Board of Directors for the establishment of Halk Faktoring in January 2010. He said the bank had also strengthened their presence in the financial sector and taken steps to provide their customers with non-banking financial products and services. Aslan added that Halk Emeklilik, a Halkbank subsidiary, would begin operations in the private pension sector and that they planned to float shares of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. in 2012.

#### Halkbank to expand its overseas operations

Stating that they were taking decisions which they could stand behind and that they were moving forward accordingly, Süleyman Aslan added that they wanted to expand their presence in the Balkans through the acquisition of Ziraat Bank AD Skopje, that they developed plans to intensify their relations with a number of countries expected to play crucial roles in the global economy and that they could obtain funds from these countries without opening any representative offices or branches through entering into bilateral agreements with potential business partners.

Halkbank has made a resolution to acquire Ziraat Bank AD Skopje in 2012 to expand its operations in Macedonia. Under the title of "Halkbank AD Skopje", the merger is expected to be completed in the second half of 2012.

#### The leader in return on equity (ROE)

Stating that Halkbank is the leader among its competitors in terms of return on equity (ROE), Aslan added that they were taking quick steps to increase operational efficiency, opening new branches and creating employment opportunities, having opened 61 new branches throughout 2011 and reached an employee base of 13,643 people.

Stating that they would open around 60 new branches and employ an additional workforce of 1,000 people in 2012, Halkbank's General Manager Süleyman Aslan said, "We have become one of the most successful banks in the sector by realizing a return on equity of 25.4 percent and witnessed with our colleagues the effectiveness of our strategy to focus on efficiency instead of economies of scale. We have used the income generated from our operations to strengthen our Bank as well as the Turkish economy through the real sector. Since 2011, we have not sold any of our non-performing loans and instead opted for collecting on them in time. Today, our non-performing loan ratio stands at 2.9 percent, attesting to the quality of Halkbank's asset structure. And when we exclude the non-performing loans carried over from before 2011, the ratio is around 2 percent."

#### Halkbank's relocation of its head office to Istanbul still in progress

Stating that Halkbank's Head Office units were still spread across Ankara and Istanbul, Aslan said their priority was to bring Head Office units operating at different locations across Istanbul under a single roof shortly. Commenting on the relocation of the Head Office to Istanbul, Aslan said, "We think that the planned Finance Center will transform Istanbul into one of the most important financial hubs in the world. Therefore, relocating our Head Office to the newly-planned Finance Center is a top priority for us. We are still at the early stages of project development. As Halkbank, we are laying the groundwork for this project based on a plan compatible with our targets and strategies."

#### Halkbank working for all

With its "Accessible ATMs," Halkbank is offering services to the visually-impaired and physically-disabled at 18 and 12 locations respectively in order to help them carry out their banking transactions comfortably.

Stating that they planned to increase the number of Accessible ATMS to 120 in 2012, Aslan added that they had received positive feedbacks from customers. He said also, "With the "Taxi Stand" project, designed by our bank and launched two years ago, we are not only providing an enjoyable working environment to our taxi drivers, but also contribute to the aesthetic appeal of our City. We have since implemented a total of 48 taxi stand projects in Antalya, Çorum, Aksaray, Tokat, Istanbul, Diyarbakır and Karabük provinces. We will continue with the project in 2012. We are aware of the great contributions being made by our citizens to the country's economy and are working to provide solutions to meet all of our customers' needs."

#### Support for culture and arts to continue

Stating that culture and arts must not be ignored in the midst of economic progress, Süleyman Aslan added, "As Halkbank, we not only believe in the importance of contributing to the economic development of our country, but also to the conservation of our country's

cultural treasures and continuing that heritage into the present. As you know, 2011 was declared by UNESCO as the Year of Evliya Çelebi to mark the 400th anniversary of the birth of the world-renowned Ottoman traveler. Accordingly, we have launched a new book project that will celebrate the magical travels of Evliya Çelebi. We take enormous pride in being able to present this book to Turkish readers."

### HALKBANK 2011 FIGURES

Million TL

|                            | 2010          | 2011          | YoY<br>Change | YoY<br>Change (%) |
|----------------------------|---------------|---------------|---------------|-------------------|
| Cash Loans                 | 44,296        | 56,216        | 11,920        | 26.9              |
| Commercial Loans           | 32,818        | 41,127        | 8,309         | 25.3              |
| Retail Loans               | 11,479        | 15,090        | 3,611         | 31.5              |
| Non-Cash Loans             | 12,726        | 17,846        | 5,120         | 40.2              |
| <b>Total Loans</b>         | <b>57,023</b> | <b>74,063</b> | <b>17,040</b> | <b>29.9</b>       |
| Market Share in Cash Loans | 8.3           | 8.1           | -19 bps       |                   |
| Securities                 | 20,207        | 23,346        | 3,140         | 15.5              |
|                            |               |               |               |                   |
| Deposits                   | 54,782        | 66,247        | 11,465        | 20.9              |
| Shareholders' Equity       | 7,445         | 8,640         | 1,195         | 16.1              |
| Net Income                 | 2,010         | 2,045         | 35            | 1.7               |
| <b>Total Assets</b>        | <b>72,942</b> | <b>91,124</b> | <b>18,181</b> | <b>24.9</b>       |

| (%)                              | 2010 | 2011 |
|----------------------------------|------|------|
| Loans/Deposits                   | 80.9 | 84.9 |
| Loans/Assets                     | 60.7 | 61.7 |
| Non-Performing Loans/Total Loans | 3.8  | 2.9  |

(Including Interest Accruals)