

Halkbank grows deposit base; balance sheet exceeds 100 billion Turkish lira, and gross profit in the first half of the year exceeds 1.5 billion Turkish lira.

Halkbank continued to make contributions to the real sector by focusing on increasing both domestic and international funds in the first half of 2012. The bank has increased its deposit base to 78 billion Turkish lira, an 18 percent increase over the previous year. Total loan book, meanwhile, rose to 79 billion Turkish lira in the first half of 2012, a 7.2 percent increase over the previous year. The bank, brought its net profit up to 1.253 million Turkish lira in the first half of the year, maintaining its solid position with return on equity ratio of 26.6 percent.

Halkbank continued to provide the real economy with financial support by focusing on the attainment of funds from overseas markets in addition to increasing its deposit base in the first half of 2012. Halkbank, which renewed its syndicated loan, recently managed to obtain a loan with the lowest interest rates in the industry and created additional funds worth \$750 million by issuing 5-year Eurobonds.

Halkbank General Manager **Süleyman Aslan** highlighted the fact that the Turkish economy gained a positive acceleration in the second quarter of the year, saying:

“In an era in which we have had to pull out all the stops in order to eliminate the ongoing challenges of global markets, particularly European markets, Turkey has distinguished itself with economic growth led by exports. We, as Halkbank, are taking advantage of our global reputation and continue to diversify the contributions we make to the economy despite the ongoing instability of global markets. One of the most recent examples of our success is that the demand for our bond issue was at record levels at the meetings we held with investors at international finance centers. This is a great source of pride for our bank as well as for our country.”

Halkbank Achieves One of the Greatest Increases in Brand Value

Halkbank General Manager **Süleyman Aslan** said, “We are currently reaping the benefits of the efforts and strategy that we developed in line with last year’s estimates and targets and we, the Halkbank family, are proud of what our efforts have produced. This year, for the first time, Millward Brown — one of the world’s leading market search and consultancy firms — included Turkish brands in their BrandZ “Top 100 Most Valuable Global Brands” survey. Our bank took the 5th spot. The survey was conducted among public companies in order to create the list entitled “Top 25 Most Valuable Turkish Brands.” In addition, Mr. Aslan highlighted the "500 Banks with the Highest Brand Value" report from *The Banker* magazine, saying: "We shot up 53 spots in the rankings and grew faster than any other company. An increase in our brand value of this magnitude is undeniable proof of the trust that global markets place in the competence and success of Halkbank’s banking activities."

Halkbank continued to grow in the first half of the year without compromising its loan book quality. The bank increased its cash loans 7.6 percent over the previous year and reached a cash loan value of 60 billion Turkish lira. Halkbank's total loans, meanwhile, reached a sum of 79 billion Turkish lira, an increase of 7.2 percent. Commercial loans, including SME loans, was main driver of Halkbank's loan book growth. Total commercial loans, which was 41 billion Turkish lira last year, increased to 44 billion Turkish lira — a 6.7 percent increase — in the first six months of the year.

Halkbank increased its total retail loans to 16.6 billion Turkish lira in the first six months of 2012 — an increase of 9.8 percent — and continued to grow steadily in this field.

In the first half of 2012, Halkbank retained its leading position in terms high return on equity ratio. The bank has obtained a return on equity of 26.6 percent in the first half of 2012, significantly outperforming the industry average of 15.5 percent.

Halkbank Will Visit 27,000 Exporter SMEs

Aslan stated that Halkbank's financial support and consultancy services for SMEs carry on seamlessly, saying that they have diversified the range of opportunities, products, and services they provide to SMEs including the "Exporter SME Campaign" agreement that they signed with the Turkish Exporters Assembly. **Aslan** also said that they would visit 27,000 exporter firms in order to broadcast the advantages of the agreement, adding:

“We believe that exporting is as important as production for Turkey’s development. As Halkbank, we will do our best to help our exporters increase their share of the global market. In line with our country’s 2023 goals, we hold training sessions and contact meetings on ‘Starting Exports, Broadening Target Foreign Markets , and Increasing Competitiveness in Foreign Markets.’ In addition, we continue to support SMEs through our consultancy and know-how.”

Aslan emphasized that Halkbank provides financial support with attractive terms for investments in renewable energy and energy efficiency. He also underlined the fact that the bank signed agreements with organized industrial zones throughout the country in the first half of the year and provided the SMEs operating in these industrial zones with the opportunity to utilize the advantageous credit products the bank has to offer for their investments in renewable energy and energy efficiency.

Halkbank’s Support of New Entrepreneurs

Aslan discussed the social responsibility program that Halkbank started in cooperation with KOSGEB for the purpose of broadening the culture of entrepreneurship in Turkey. He talked about Halkbank’s future plans for the program:

“In 1994, we became the first bank to offer support specifically to Turkey’s young, female, and disabled entrepreneurs. These efforts continue under Halkbank’s Entrepreneurship Workshop. Following the agreement we signed with KOSGEB at the beginning of this month,

we will support "future entrepreneurs" who have completed their Applied Entrepreneurship Training and who wish to start their own businesses. In addition, we are going to sign a new agreement with the Credit Guarantee Fund (KGF) designed to increase the number of female entrepreneurs. Our goal with this is to stand by new female entrepreneurs and help them with issues such as financing, guarantees, and professional training, all under the same roof."

We Care About Organizational Development

Aslan, highlighting the fact that Halkbank is one of the banks that stands out the most in terms of its growth and development in banking industry, said: **"We opened 21 new branches and added 500 people to our payroll in the first half of the year. Investing in the next generation means investing not only in your company, but also investing in the future of your country. Employing new personnel not only builds an internal synergy within our bank, but also helps fighting against national unemployment. Relatedly, we hope to open 40 new branches and employ 1,250 new people on top of the 500 new employees by the end of this year"**.

Grows with Its Affiliates to Transform Itself Into a Financial Powerhouse

Aslan emphasized that providing all customers with the same great quality of banking products and services as well as other financial products and services is of the utmost importance to Halkbank, saying:

"We know that we must support our activities with our affiliates in order to protect our competitiveness in the financial sector. In this regard, our affiliates make up a significant part on our growth strategy for 2012. Our target is to operate as a financial powerhouse. For this purpose we have made large investments in Halk Insurance, the Halk Pension Company, and Halk Leasing. We also established Halk Factoring in the first half of the year."

In the first half of the year, the two affiliates of Halkbank that operate in the field of life insurance — Halk Life and the Pension Company — launched their individual pension products, while shares of Halk Insurance (worth 40 million Turkish lira) began to be traded on the ISE Free Trade Platform. In addition, a new loan worth 50 million Euros that is to be transferred to Halk Leasing has been obtained following an agreement signed between Halkbank and the Council of Europe Development Bank.

HALKBANK (JUNE 2012) FIGURES

(Million TL)	Jun.11	2011	Jun.12	YtD Difference	YtD Difference %
Cash Loans	51,562	56,216	60,471	4,255	7.6
Commercial Loans	37,514	41,127	43,900	2,773	6.7
Retail Loans	14,048	15,090	16,571	1,482	9.8
Non-Cash Loans	15,025	17,846	18,928	1,082	6.1
Total Loans	66,587	74,063	79,399	5,337	7.2
Cash Loans Market Share	8.2%	8.1%	8.1%	-2 bp	
Securities	21,390	23,346	24,440	1,094	4.7
Deposits	58,256	66,247	78,196	11,949	18.0
Shareholders' Equities	7,826	8,640	10,307	1,667	19.3
Total Assets	85,562	91,124	100,965	9,841	10.8

	Jun.11	2011	Jun.12	YtD Difference	YtD Difference %
Net Profit	1,037	2,045	1,253	216	20.8

	Jun.11	2011	Jun.12
Loan / Deposit	88.5%	84.9%	77.3%
Loan / Asset	60.3%	61.7%	59.9%
Non Performing Loans / Total Loans	3.1%	2.9%	2.8%

* Including interest accruals.