

Halkbank enters the last quarter with record growth and efficiency

With a strategy oriented towards sustainable profitability and efficiency, Halkbank has reported 1.85 billion Turkish lira in net profits over the first three quarters of the year. Having aimed for an 18 percent increase in loans in 2012, Halkbank managed to increase its total loans to 82 billion Turkish lira by the end of the third quarter, allowing it to achieve its target to a great extent. Maintaining a high return on equity of 25.1 percent, Halkbank has increased its total deposits to 76 billion Turkish lira and maintained steady growth.

Halkbank achieved this strong growth trend in the first nine months of 2012 by retaining its high return on equity. Having nearly achieved its 18 percent loan growth target in 2012, Halkbank managed to increase its total loans to 82 billion Turkish lira by the end of September. This amounts to a total of an 11 percent increase in loans compared to year end 2011 and a 15 percent increase compared to the same period last year. Halkbank's cash loans also increased by 12 percent compared to year end 2011, totalling 63 billion Turkish lira. The bank's total assets, which stood at 91.1 billion Turkish lira at the end of 2011, increased to **102 billion** Turkish lira by the end of September 2012. Based on these figures, Halkbank has managed to increase its net profits to **1.85 billion** Turkish lira during the first nine months of the year.

Commenting on the fact that Halkbank has outperformed the targets it set for itself earlier this year, Halkbank's General Manager, **Süleyman Aslan**, said that the net profits and return on equity realized by the bank during this period are testaments to its strong performance. Emphasizing that they will maintain this strong performance in the last quarter of 2012, **Aslan** continued:

"We are witnessing that those at the helm of the country's economy, people who base their strategies on accurate interpretations of developments in the global markets and domestic indicators, are increasingly gravitating towards devising policies that lead to considerable reductions in public debt stock and the foreign trade deficit. We at Halkbank have focused on increasing the volume of our deposits in order to encourage our country's saving trend. At the same time, we remain highly efficient without compromising our support of the real sector. Moreover, we have outperformed all our competitors in Turkey in terms of loan growth over the last five years. Sustaining our performance as one of the most profitable banks in Turkey and in the world, our bank will continue to grow sustainably during the last quarter of the year and throughout 2013."

"Our high performance is a clear indicator of our bank's readiness for the second IPO."

Discussing Halkbank's second IPO, **Süleyman Aslan** said that Halkbank, which had a very successful IPO in 2007 that attracted strong demand (17.3 billion Turkish lira), has become one of the most efficient banks in Turkey since 2007 after making considerable gains in terms of market share, loan volume, and profitability. **Aslan** continued:

"I am proud to say that our bank continues on its trajectory of sustainable growth. In the coming period, we will continue to maximize our contributions to the development of the sector and the country's economy. We are taking advantage of our sterling reputation abroad by differentiating the products and services we offer to conform to the real economy and by making them more accessible. I believe that our strong credibility will lead to the strong demand for Halkbank's shares, which we will see during the second IPO."

No compromise on its SME banking mission

Emphasizing the fact that Halkbank has not given up on its SME banking mission and that the bank's support of the real sector has only increased following the 2007 IPO, **Süleyman Aslan** said, **"We have seen that our commercial loans, which totalled 14 billion Turkish lira during the same period in 2007, have today reached 46 billion Turkish lira. Halkbank has grown in size, expanded its operations and, in turn, helped the growth of SMEs in Turkey. We have thus made important contributions to the development of the country's economy. We have no doubt that this positive momentum will continue in the coming period."**

In the first nine months of 2012, Halkbank increased its commercial loans, including SME loans, by 14 percent compared to the same period in 2011 and by 12 percent compared to the end of last year. With this increase, Halkbank's share of total commercial loans in total cash loans, including SME loans, climbed to 73 percent. The non-performing loans ratio during the first nine months of the year was 2.9 percent.

Announcing that Halkbank is soon to implement a portal project created solely for SMEs, **Süleyman Aslan** added that — as the first port of call for artisans, craftsmen, and SME since 1938 — Halkbank is going to provide SMEs with exclusive financial and non-financial services through this soon-to-be commissioned SME portal. **Aslan** also said that, thanks to this new SME portal, SMEs will be able to receive expert opinions, exchange ideas and hear from fellow SMEs, engage in e-commerce, and get detailed information about products and services offered exclusively to SMEs.

Halkbank's credit card push

Halkbank retained its determined focus on retail loans and performance success during the first nine months of 2012. Having increased the volume of its retail loans by 13 percent at the end of September 2012 compared to the end of the previous year, Halkbank has increased the share of its retail loans in its cash loan portfolio to 27 percent. During the same period, Halkbank expanded its consumer loans by 9 percent and its housing loans by 16 percent.

Stating that Halkbank will discontinue its cooperation with the existing brand, **Süleyman Aslan** proudly announced that the bank will operate in the market with its own credit card brand. He explained this decision by saying that Halkbank wants to provide its customers with higher quality services based on more favourable terms and exclusive offers. **Süleyman**



Aslan also said that they want to increase their market share to 6 percent over the next five years. **Aslan** added that other banks can take advantage of the credit card program that Halkbank is planning to launch.

Halkbank continues to grow across the country

Noting that they are one of the few banks to have branches in all the provinces of the country, that they enjoy a strong presence particularly in areas with few banking services, and that they have achieved success in customer satisfaction thanks to breakthroughs in their distribution channels, **Süleyman Aslan** said that they opened 36 new branches during the first nine months of the year and that they plan to increase their total number of branches to 820 by opening 18 new branches before the year is out. **Aslan** emphasized that all Turkish citizens, regardless of where they live in Turkey, have the right to reach the same banking services and service quality and that therefore Halkbank wants to grow in Turkey by offering customized banking services tailored to address different regional requirements.

Touching upon the fact that Halkbank has expanded the scope of its wide-ranging support to the production of Turkey through the various projects it has implemented, **Süleyman Aslan** said that the latest step they have taken is the '**Applied Entrepreneurship Training Program**' that they launched in cooperation with KOSGEB. Stating that they will reach 1,000 young entrepreneurs in 20 different provinces through these training sessions that are to be offered jointly by the two organizations and grace period under the support package, **Aslan** concluded by saying:

"We believe that this project, the first training session of which we started in Erzurum last month, will prove critical for the development and proliferation of the culture of entrepreneurship across Turkey. We also hope that the project will help the educated and dynamic human resources of our country realize their potential, increasing Turkey's value in the economic field."

HALKBANK (SEPTEMBER 2012) FIGURES

(Million TL)	Sep. 2011	2011	Sep. 2012	YoY Difference	YoY Difference (%)
Cash Loans	55,035	56,216	63,023	6,807	12.1
Commercial Loans	40,334	41,127	45,954	4,828	11.7
Retail Loans	14,701	15,090	17,069	1,979	13.1
Non-Cash Loans	16,585	17,846	19,101	1,254	7.0
Total Loans	71,619	74,063	82,124	8,061	10.9
Cash Loans Market Share	8.2%	8.1%	8.2%	12 bps	
Securities	22,469	23,346	22,952	(394)	(1.7)
Deposits	62,314	66,247	76,429	10,182	15.4
Shareholders' Equity	8,299	8,640	11,091	2,451	28.4
Total Assets	90,714	91,124	102,059	10,935	12.0

	Sep. 2011	2011	Sep. 2012	YoY Difference	YoY Difference (%)
Net Profits	1,541	2,045	1,853	312	20.3

	Sep. 2010	2011	Sep. 2012
Loan/Deposit	88.3%	84.9%	82.5%
Loan/Asset	60.7%	61.7%	61.8%
Non-Performing Loans/Total Loans	2.90%	2.90%	2.89%

*Including interest accruals.