

February 13, 2013

Halkbank posted 85.6 billion Turkish lira in total loans and 2.6 billion Turkish lira in net profit for 2012

In line with its profit and efficiency-oriented growth strategy, Halkbank continued to offer solid support to the real sector in 2012. Halkbank increased its total loans to 85.6 billion Turkish lira in 2012, an increase of 15.6 percent compared to the previous year. The bank also posted 2.595 million Turkish lira net profit for 2012.

In line with its profit and efficiency-oriented growth strategy and its mission of supporting economic development, Halkbank continued to focus on providing loans in 2012. Halkbank raised its total loans to 85.6 billion Turkish lira by the end of 2012. The bank's cash loans increased to 65.9 billion Turkish lira. Total assets of the bank climbed to 108.3 billion Turkish lira by the end of 2012, from 91.1 billion Turkish lira at the end of 2011. Based on these figures, Halkbank closed the year with a net profit of 2.595 million Turkish lira. With a 42.6 percent increase in equity compared to the previous year, the bank achieved a return on equity of 24.8 percent and increased the size of its shareholder's equity to 12.3 billion Turkish lira, also maintaining its position as one of the industry's most profitable banks.

Evaluating the financial results of the bank for 2012, Halkbank's General Manager **Süleyman Aslan** also shared their goals for 2013:

"Turkey's attractiveness and credibility are rising globally. Our bank's successes in the international markets proofed this fact once again. As Halkbank's financial results for 2012 indicate, we left another year behind during which we created value-added for the country's economy at all levels. With the secondary public offering that took place in the last quarter of 2012, we successfully completed the largest SPO in the history of the Istanbul Stock Exchange (ISE) and the third largest to ever be held in Europe. What's more, this secondary public offering made history as the largest share sale with the lowest rate of discount in the history of the republic. We feel proud to have enabled the inflow of a significant amount of funds from overseas into our country.

We are also happy to have contributed 15 billion Turkish lira to the government budget through share sales, dividend payments and corporate taxes during the last 10 years. This is the best testament to the enormous progress made by Halkbank and to its big contribution to the Turkish economy. We have once again proved our creditworthiness as a bank in the eyes of international investors by the issuance of Eurobonds in 2012, a first in our bank's history. As a bank celebrating its 75th anniversary in 2013, we are going to maintain our profitability and support for the country's economy through our vast experience, outstanding quality of our loans and effective cost management measures."

Halkbank maintains its leadership position in the SME banking segment

Halkbank's commercial loans, which also include SME loans, increased by 16.9 percent compared to the end of 2011. With this increase, the bank's share of SME loans in total cash loans climbed to

37 percent. The funding secured by Halkbank from international financial institutions, to be granted to SMEs, reached approximately 2 billion dollars by the end of 2012.

Aslan emphasized that Halkbank continues to be the "bank of productive Turkey" with a 12.7 percent share in SME loans market and added:

"We continued to create solutions for the real sector through our loan facilities in 2012. We also enhanced our financial solutions by expanding our partnership with professional organizations while maintaining our leadership position in the industry. We have also both increased and differentiated the financial facilities we offered by signing new loan agreements with the European Investment Bank and Council of Europe Development Bank, two important international financial institutions, and by renewing a syndicated loan protocol with a consortium of 46 banks. We will maintain our march forward together with SMEs in 2013 as well."

Halkbank also maintained its strong growth in retail loans, with an increase of 18 percent compared to the previous year. The share of retail loans in Halkbank's cash loan portfolio stood at 27 percent. Consumer and housing loans were in the forefront of this rise in retail loans, with increases of 12.5 percent and 22.4 percent, respectively. Halkbank's share in the retail loans market stood at 6.9 percent by the end of 2012.

Paraf aims for 6 percent market share

Halkbank focused its retail banking efforts on Paraf, the bank's new credit card brand, in the last quarter of 2012. Launched with the slogan, "Paraf with Exclusive Privileges," the new credit card has been designed to meet the individual preferences and needs of the bank's customers and provide them with exclusive offers. Stating that Paraf has become the symbol of Halkbank's dynamism, **Aslan** said that they want to increase their share in the credit card market from five to six percent within five years.

Aslan also stated that they want to increase the number of Paraf holders to over three million by the end of 2013 and shared the following remarks concerning the performance of Paraf to date, which was launched in December 2012:

"The number of our credit cards, which stood at 2.2 million before the launching of Paraf, has increased to 2.5 million within a period of just two months. We have received 650,000 applications within this period and allocated their Parafs. What makes us the most proud is the fact that our customers have already begun to use Paraf frequently. We increased our credit card turnover by 15 percent within two months. We also expanded our contracted merchant network significantly in 2012. The number of our contracted merchants increased from 62,000 to 89,000 and POS devices from 66,000 to 96,000 by the end of 2012. Boosted by Paraf, we are continuing our rapid growth during these early months of 2013."

A focus on efficiency instead of economies of scale

Stating that Halkbank maintained efficient growth by investing in its subsidiaries, **Aslan** said:

"Inspired by the vision of becoming a corporate financial supermarket, we had significant accomplishments at Halk Sigorta, Halk Emeklilik, Halk Portföy, Halk Leasing and Halk

Factoring. While Halk Sigorta shares began to be traded on the ISE, Halk Emeklilik expanded its activities to include the private pension system. Halk Portföy, which commenced operations in 2011, has begun to manage the pension funds founded by Halk Emeklilik as of April 2012. Halk Leasing carried a very successful bond issuance, and Halk Faktoring became the youngest member of our family in 2012. Thus, we not only bolstered our position in the financial services segment, but also made significant steps in providing our customers with different financial products and services."

Aslan also mentioned that they are implementing a regional growth strategy with Halk Bank A.D. at the center and added, "We continued our expansion in Macedonia by acquiring Ziraat Banka A.D. Skopje in 2012. Our network in this country has grown to 27 branches. We commenced operations in our representative office in Belgrade, through which we want to play a more active role across the region. Our next goal is to be one of the top three banks in Macedonia by leveraging our know-how in banking."

Saying that they prefer growing by focusing on efficiency instead of economies of scale, **Aslan** stated, "We have witnessed once again how well that decision paid off when we achieved a return on equity of 24.8 percent. The quality of our asset structure and strategies aligned with profitability objectives make us stand out from the crowd."

40 new branches and creating 750 new employment opportunities in 2013

Emphasizing that they made a great leap forward through innovative practices by increasing operational efficiency, opening new branches and creating new employment opportunities in 2012, **Aslan** stated that they increased the number of their branches to 816 by opening 50 new ones and increased their employment base to 14,971. **Aslan** added that in 2013 they are going to open at least 40 new branches and expand their employment base by 750 new employees.

In mentioning that they are improving and diversifying their branch model, **Aslan** said:

"In order to increase the number of channels through which we interact with our customers, we have not only expanded our branch network, but also have taken our bank to the four corners of our country with our mobile ATMs we launched this year. We increased the number of our "Accessible ATMs," which allow the disabled to carry out their banking transactions comfortably, to 125. We also offered employment opportunities to 258 disabled citizens, from the beginning of 2012 to date."

Halkbank becomes a sponsor for the FIFA U-20 World Cup

Halkbank has become a local sponsor for FIFA U-20 World Cup, the second-largest tournament organized by FIFA after the FIFA World Cup. By sponsoring the event, Halkbank aims at contributing to the development of Turkish football and to helping young talents eventually become internationally successful. Also in 2013, Halkbank is continuing to support the Ankara International Film Festival as a main sponsor. The bank, which will be celebrating its 75th year in 2013, will continue to support various projects in the areas of art and sports.

HALKBANK 2012 FIGURES

Million TL

	2011	2012	YoY Change	YoY Change (%)
Cash Loans	56,216	65,894	9,677	17.2
Commercial Loans	41,127	48,081	6,955	16.9
Retail Loans	15,090	17,813	2,723	18.0
Non-Cash Loans	17,846	19,734	1,888	10.6
Total Loans	74,063	85,628	11,565	15.6
Cash Loans Market Share	8.1%	8.2%	6 bp	
Securities	23,346	22,954	(392)	(1.7)
Deposits	66,247	79,974	13,727	20.7
Shareholders' Equity	8,640	12,323	3,683	42.6
Total Assets	91,124	108,282	17,158	18.8
Net Income	2,045	2,595	550	26.9

(%)	2011	2012
Loans / Deposits	84.9%	82.4%
Loans / Assets	61.7%	60.9%
Non-Performing Loans / Total Loans	2.90%	2.90%

(Including interest accruals)