

## Halkbank posted over 100 billion Turkish lira in total loans

Halkbank increased its total loans to 105 billion Turkish lira by continuing its support of the real economy in the third quarter of 2013. Increasing its deposits to 90 billion Turkish lira by the end of September, Halkbank achieved a significant growth during this period. In line with its profit and efficiency-oriented growth strategy, Halkbank posted 2.01 billion Turkish lira in net income as of Sep 30, 2013. Süleyman Aslan, General Manager of Halkbank, stated, "As one of the most important banks of our country, we are continuing with our growth by maintaining our efficiency in accordance with our strategies that favor production and employment strategies".

Halkbank's total loans increased by 22 percent during the first nine months of 2013, compared to the end of 2012, reaching a total of 105 billion Turkish lira. The bank's cash loans increased to 80 billion Turkish lira during the same period, and deposits rose to 90 billion Turkish lira, a 13 percent growth as compared to the end of 2012.

Halkbank's General Manager, Süleyman Aslan, stated that the Turkish economy continued its growth despite global fluctuations and added,

**"Discussions for or against adopting different economic policies raise questions concerning, especially global liquidity and opportunities of emerging economies in accessing financial resources and lead to downward revisions of global growth expectations. In order to help our country avoid cyclical fluctuations and move towards achieving its set targets, Halkbank continues with its growth in accordance with its strategies that will reduce our macroeconomic vulnerabilities, favor production and employment strategies."**

Remarking that assessments, that are priced early by the market, regarding gradual tightening in liquidity and financial resources causes an increase in the general level of interest rates and that increased cost of funding leads to a narrowing of interest margins, Aslan said that, in the medium term, adaptation to market conditions would be inevitable and that Halkbank was ready to face all sorts of challenges. Aslan continued:

**"We are a bank that is flexible and that adapts skillfully to fluctuating interest rates. Halkbank's balance sheet structure and its positioning are designed in accordance with changing interest rates and competitive environment and its strategies are developed accordingly."**

Aslan said that, despite fluctuating interest rates, the financial results achieved by the bank during the first nine months of the year were in line with their expectations and added, "We think that we will achieve the targets we set for the year and the results we have achieved so far indicate we are extremely likely to achieve those targets."

Halkbank posted 2.01 billion Turkish lira in total net income and a return on equity (ROE) of 21.1 percent for the first nine months of 2013.

**SMEs received the lion's share of Halkbank's loans**

Aslan said that it was vital to support economic stability and increase domestic savings to sustain development and remarked that regulation enacted in this context confirm the importance of loans that promote production and exports. Aslan also evaluated Halkbank's loan performance and said:

**"The share of commercial loans, including SME and Micro SME loans, in our total cash loans stood at 36 percent in the third quarter of 2013. Halkbank, a pioneer of SME banking in Turkey, is one of the banks that benefited from the latest regulations on loan provisioning. This shows, once again, how relevant our bank's long-established and pro-real sector loan extension policies have been. We are proud and happy to have contributed to promoting production and exports through our loans.**

Halkbank continued to widen the scope of financial support it offered to SMEs by signing protocols with international financial institutions and signed an Innovative Company Investment Loan protocol with the European Investment Bank (EIB), which will provide a EUR 100 million facility to support Turkish SMEs' efforts towards innovation and R&D. With this protocol, the total amount of facilities secured from the EIB by Halkbank has risen to EUR 900 million and Halkbank broke new ground by becoming the first non-EU bank to have signed this protocol.

Aslan emphasized that they not only offer financial support to SMEs, but also implement projects such as SME websites, Productive Turkey Meetings, etc., which will provide their customers' with guidance and help widen their visions, and continued,

**"Halkbank has lead the way in SME banking since its establishment . Our website, which offers comprehensive consultancy services exclusively to SMEs, who know that Halkbank will stand by them whenever they need and wherever they are, has gone live. Through our Halkbank SME platform, we are implementing a program titled "Road Map for Growth-oriented SMEs" and providing SMEs with various services, ranging from investment feasibility and energy efficiency studies to tax and legal issues and incentive opportunities. We are also holding Productive Turkey Meetings, which is another service we offer. We consider these meetings as important opportunities that our bank take advantage of to come together with SMEs, explain itself and listen to their concerns and demands. These meetings allow us to better understand the needs and expectations of SMEs and develop our products and services accordingly.**

Halkbank has relaunched its traditional and SME-focused Productive Turkey Meetings by giving them a new twist in line with the bank's 75th anniversary. Before the event, Halkbank handed the microphone to SMEs and listened to their needs and expectations. During the meeting, which was held in panel format with experts , Halkbank reviewed the global and the Turkish economy; discussed the needs of SMEs, and gave information about the opportunities offered by the bank. The first Productive Turkey Meeting in the new design concept was held in Konya. Halkbank plans to hold the second meeting in Gebze, Kocaeli.

## **Paraf exceeded expectations**

Halkbank's credit card brand Paraf, which was launched with the catch phrase , "Paraf with Exclusive Privileges," has exceeded expectations by reaching a membership of 3.2 million customers in less than a year. Stating that ever expanding privileges offered by Paraf has had a large role in the credit card's success, Aslan said,

**"We increased our credit card turnover by 62.12 percent and the number of our contracted merchants has increased to 131,000 and our POS devices to 143,000 since the launching of Paraf. What's more, we are offering the lowest interest rates in the industry to our individual**



**credit card holders. Riding on the success we have achieved through Paraf, we are aiming to expand our market share in the credit card segment to 6 percent. We are continuing our efforts to achieve our targets by launching new products such as our frequent flier credit card, Parafly, which recently joined the Paraf credit card family."**

Halkbank also continued its growth in the retail banking segment and posted a 28 percent increase in retail loans compared to the end of 2012. The share of retail loans in cash loans stood at around 28 percent and the bank's market share in retail loans stood at 7.4 percent.

### **Number of branches increased to 867 and alternative distribution channel (ADC) usage rate climbed to 85 percent**

Halkbank opened 51 new branches during the first nine months of 2013, increasing the size of its branch network to 867. The bank is also expanding its service portfolio by investing in alternative distribution channels. Aslan stated that 85 percent of banking transactions were being carried out through ADCs and added that they were planning to make sure that their customers could access the services offered by Halkbank anytime they like by making new investments in this area.

**HALKBANK SEPTEMBER 2013 FIGURES**

Million TL

	Sept. 2012	2012	Sept. 2013	YoY Change	YoY Change (%)
Cash Loans	63,023	65,894	80,116	14,223	21.6
Commercial Loans	45,954	48,081	57,299	9,218	19.2
Retail Loans	17,069	17,813	22,817	5,005	28.1
Non-Cash Loans	19,101	19,734	24,575	4,841	24.5
<b>Total Loans</b>	<b>82,124</b>	<b>85,628</b>	<b>104,691</b>	<b>19,063</b>	<b>22.3</b>
Cash Loans Market Share	8.2%	8.2%	8.0%	-19 bps	
Securities	22,952	22,954	24,498	1,544	6.7
Deposits	76,429	79,974	90,486	10,513	13.1
Shareholders' Equity	11,091	12,323	13,162	839	6.8
<b>Total Assets</b>	<b>102,059</b>	<b>108,292</b>	<b>128,480</b>	<b>20,198</b>	<b>18.7</b>

	Sept. 2012	2012	Sept. 2013	YoY Change	YoY Change (%)
Net Income	1,853	2,595	2,010	157	8.5

%	Sept. 2012	2012	Sept. 2013
Loans/Deposits	82.5%	82.4%	88.5%
Loans/Assets	61.8%	60.9%	62.4%
Non-Performing Loans/Total Loans	2.9%	2.9%	2.6%

(Including interest accruals)