

Halkbank posts TL 1.16 billion net income in the first half of the year

*Thanks to its average 20 percent growth rate in the last 5 years, Turkey's fastest growing bank Halkbank increased its total loans by 7.7 percent to 120.5 billion Turkish lira in the first half of 2014. With total deposits of 93.9 billion Turkish lira, the bank increased its quarterly earnings by 19.3 percent closing the first half of the year with 1.16 billion Turkish lira in net income. Stressing the fact that Halkbank's reputation is growing fast in the international markets, Halkbank CEO **Ali Fuat Taşkesenlioğlu** said, "I am happy to see that our bank has become a trusted brand both at home and abroad." **Taskesenlioglu** added that the bank will apply to set up a representative office in Singapore*

Empowered by its efficiency-focused strategy and operating on a non-stop basis not compromising on its mission of providing continual support to the Productive Turkey, Halkbank turned out favorable results in line with its targets in the first half of 2014. With its total assets reaching 143.8 billion Turkish lira, up 2.7 percent compared to 2013 year-end. Halkbank's total loans in the same period increased to 120.5 billion Turkish lira, up 7.7 percent. The bank's total deposits amounted to 93.9 billion Turkish lira. Halkbank increased its profits to 632 million Turkish lira in the second quarter of the year, up 19.3 percent compared to the first quarter, and its total profits reached 1.16 billion Turkish lira in the first half of the year.

Admitting that the recovery signs of the world economy had favorably affected the Turkish economy, which nevertheless had been outperforming, Halkbank CEO **Ali Fuat Taşkesenlioğlu** stated that Turkey's growth numbers were but a mere manifestation of that and added:

"Turkey's growth figures have exceeded the expectations in the first quarter of the year. This performance is expected to continue through the year. This naturally affects all economic developments in general and the banking industry in particular. Prompted by the improved liquidity conditions, the Central Bank has cut down the short term interest rates. We expect this trend to continue in the periods ahead and this way believe that the industry's profit margins will improve as a result. As Halkbank, we shall continue to perform in line with our targets for the rest of the year."

Pointing out that they have not compromised on their balance sheet gains despite fluctuations in the global economy, **Taşkesenlioğlu** said, **"We have been the fastest growing bank in Turkey thanks to the average 20 percent annual growth rate we have attained in the last 5 years. We are happy to continue our successful performance this year as well."**

Halkbank attracts great interest from international investors

Halkbank's bond issuance in May attracted great interest from international investors across the Middle East and Asia as well as the investors based in the US and Europe. Pointing out that this interest is an indication that foreign investors watch Halkbank closely, **Taşkesenlioğlu** said, **"The recovery in the European economy is fragile and feeble while returns are low. This prompts investors to prefer developing countries. As Halkbank, we continue to attract**

attention of such investors given our reputation in the international markets. We are proud of proving once again that we are a popular trusted brand, sought abroad as much as at home, owing to the issue process we have successfully concluded."

The great interest investors have shown in the bond issuance, which turned out to be one of the lowest funding raised within the first 5 months of the year, has helped create a demand that was nine times the issue amount.

Sustaining a continual international effort on its cooperation relations during this period, Halkbank managed to revolve its syndicated loan in June through a consortium in which 34 banks from 17 countries participated. The bank obtained EUR 511.5 million and USD 112 million funding for the foreign trade financing needs of real sector industries in particular through a protocol signed. Stressing the fact that they have been present in the Syndications markets for 5 years, **Taşkesenlioğlu said, "We put great emphasis on cementing our relationships with the correspondent banks. In this context, we will soon apply for opening a new representative office in Singapore to develop our ties in Asia."**

Halkbank supports manufacturers and exporters

Halkbank, which continued to provide constant support to the real economy in the first half of 2014, increased its commercial loans, including SME loans, to 68.5 billion Turkish lira by the end of June, up by 11.2 percent. Continuing to show its support for the manufacturing and exporting SMEs through various protocols signed, Halkbank continued to provide solutions aimed at the needs of real sector industries.

Halkbank has signed a Protocol of Cooperation with the Credit Guarantee Fund (CGF) and the Turkish Exporters' Assembly (TEA) for the SME Export Mobilization efforts, aiming to meet the cash and non-cash requirements of exporting SMEs. Stressing their commitment to export growth within the framework of 2023 targets, **Taşkesenlioğlu said, "As Halkbank, we support export-driven growth models while providing counseling and training services to SMEs in addition to offering a range of affordable financial resources."**

The bank is committed to contributing to efforts aimed at reviving the commercial life through new products like the Certified SME Payment System and services delivered through its website www.halkbankkobi.com.tr directed at the SMEs.

Paraf continued its growth in 2014

Presented to the consumer with the motto: "Privileges are in this Paraf," Paraf reached 3.3 million cards as of end-June. During the first half of the year, the number of member merchants rose to 212,000 while the number of POS devices reached 248,000. **Taşkesenlioğlu said, "We will reach more people within the year, expanding our world of privileges through new products to join our Paraf family. We reckon we will get a 6 percent market share this way in a short time."**

2,000 new members join the Halkbank family

Halkbank, which places great importance on its customers' satisfaction, will hire 2,000 new employees in the second half of the year to provide faster and more effective services delivery. "We aim to help with employment while achieving wider customer reach, " said Taşkesenlioğlu and added, "We are happy to continue supporting employment, similar to what we do for the economy since our foundation."

Continually expanding its services network through new branches, Halkbank served its customers through 880 branches by the end of June.

HALKBANK Q2 FINANCIAL RESULTS (JUNE 2014)

TRY Million

	June 2013	2013	June 2014	Ytd Difference (%)	Ytd Difference (%)
Cash Loans	73.763	84.848	92.187	7.339	8,6
Commercial Loans	52.618	61.602	68.523	6.921	11,2
Retail Loans	21.144	23.247	23.664	417	1,8
Non-cash Loans	21.777	27.038	28.276	1.238	4,6
Total Loans	95.539	111.886	120.463	8.577	7,7
Cash Loans Market Share	7,88%	7,96%	8,04%	8 bp	
Securities	21.035	28.559	27.901	(658)	(2,3)
Deposits	82.193	100.756	93.892	(6.864)	(6,8)
Shareholders' Equity	12.650	14.146	15.275	1.129	8,0
Total Assets	116.372	139.944	143.767	3.823	2,7

	June 2013	2013	June 2014	Difference from June 2013	Difference from June 2013 (%)
Net Profit	1.428	2.751	1.163	(266)	(18,6)

	June 2013	2013	June 2014
Loans / Deposits	89,7%	84,2%	98,2%
Loans / Assets	63,4%	60,6%	64,1%
Non-Performing Loans / Total Loans	2,74%	2,59%	2,65%

Including Interest Accruals