

Halkbank's profits soar to 1.76 billion Turkish lira as of end Q3

*Halkbank increased its including SMEs loans total loans to 126.1 billion Turkish lira (up 12.7 percent) and commercial loans to 71.9 billion Turkish lira (up 16.7 percent) in the third quarter of the year. The bank posted a net profit of 1.76 billion Turkish lira with total assets of 149.8 billion Turkish lira as of the end of the third quarter of 2014. Halkbank General Manager **Ali Fuat Taşkesenlioğlu** expressed the bank's pleasure at providing support to the country's economy through its activities and said, "Halkbank is confident about closing 2014 with results in keeping with our objectives."*

With a focus on productivity in its operations, Halkbank improved its assets by 7 percent year-on-year to 149.8 billion Turkish lira in the third quarter of 2014. In the same period, the bank reported total loans of 126.1 billion Turkish lira (up 12.7 percent), cash loans of 96.1 billion Turkish lira, and total deposits of 101.4 billion Turkish lira. Halkbank closed the third quarter of the year with a net profit of 1.76 billion Turkish lira.

Halkbank General Manager **Ali Fuat Taşkesenlioğlu** noted that the Turkish economy remained on a path of growth despite slowing global economic growth, and explained that stable economic policies as well as a sound finance industry played a significant role in this success.

"Turkey surpassed many European Union countries with the growth rates it achieved in the first half of the year. Concerns over the U.S. Fed's move to end asset purchases have been lessened to some degree with the European Central Bank's recent decisions to boost liquidity. This is bound to have a positive effect on the finance industry and on the bank's profitability rates. We believe that the industry will maintain a strong financial structure, capital adequacy, and profitability in the coming months. Halkbank continues to work on reaching its objectives for the close of 2014," he added.

Taşkesenlioğlu pointed out the importance of savings to attain Turkey's economic objectives and said that Halkbank offered a diverse investment products to help promote savings. **"In September, following a huge interest in the bond issuance with a 175-day maturity, we increased the amount to 750 million Turkish lira from 500 million Turkish lira. This made us very happy as it is the outcome of the bank's successful balance sheet figures. As a trusted institution, we are proud to be supporting the country's economy in every field,"** he said.

Uninterrupted support for production from Halkbank

Halkbank was established to promote the involvement of tradespeople and artisans in production. As has been the case for the past 76 years, the bank maintained its operations in the third quarter of 2014 in line with this mission. Halkbank offered new financial and non-financial products for the use of the real industry, and increased the value of commercial loans, including SME loans,

by 16.7 percent in the same period. Indeed, the bank's commercial loans rose to 71.9 billion Turkish lira in Q3.

Taşkesenlioğlu said that Halkbank develops new products and services by keeping up with the needs and expectations of SMEs. He continued to explain that Halkbank utilizes its expertise in SME banking to understand the industry's needs and provide solutions accordingly. **Taşkesenlioğlu** stressed the importance of boosting production in order to advance growth and employment. "In this respect, we stand by SMEs with our lending activities and consulting services. We are delighted to be growing along with Turkey in line with the 2023 objectives," he stated.

Paraf on the rise

Halkbank made a breakthrough in retail banking, launching Paraf on the market for its customers. The number of Paraf cards reached 3.4 million as of the end of September. Paraf maintained the expansion of the merchant network in the first nine months of the year, during which the number of Paraf merchants and POS machines rose to 217,000 and 256,000, respectively. **Taşkesenlioğlu** described Paraf as a reflection of Halkbank's dynamic structure. **"Paraf is gaining strength with new products, campaigns, and features. Successful results since it launch leads us to believe that we will be achieving our target of 6 percent market share,"** he asserted.

In addition to Paraf, Halkbank offers great opportunities through loans for retail customers. The bank's retail loans rose by 4.1 percent to 24.2 billion Turkish lira as of end-September compared to year-end 2013.

Halkbank operates as a corporate citizen

Halkbank supports the country's economy with cultural, art, and education activities. As part of its focus on education, the bank contributed to the construction of the Secondary School of the Atatürk University Foundation and also sponsored the Sultan Abdulhamid II - 25th Accession Gifts Exhibition as part of efforts to promote Turkey's cultural assets.

As one of the biggest banks in Turkey, Halkbank is ready to support the country's growth in every field, as **Taşkesenlioğlu** explained:

"The support we give for projects in education, culture, and the arts are just some of the steps the bank takes as part of its corporate citizenship. We believe that growth and development can be achieved through efforts in diverse fields, and as such we maintain our support for the economy in a variety of areas."

Halkbank growing with new additions

The bank expanded its service network in the first nine months of the year, increasing the number of branches to 886. **Taşkesenlioğlu** heralded the announcement of the results of the exam that was held to select the 2,000 new members to join the Halkbank family. "In this way, we will not only be able to reach more customers, but we will also make a contribution to employment," he said.

3rd QUARTER RESULTS (SEPTEMBER 2014)

TRY Million

	Sep.2013	2013	Sep.2014	Difference from 2013	% Difference from 2013
Cash Loans	80.116	84.848	96.111	11.263	13,3
Commercial Loans	57.493	61.602	71.904	10.302	16,7
Retail Loans	22.624	23.247	24.208	961	4,1
Non-Cash Loans	24.575	27.038	30.018	2.980	11,0
Total Loans	104.691	111.886	126.129	14.243	12,7
Cash Loans Market Share	7,96%	7,96%	7,86%	- 10 bps	
Securities	24.498	28.559	27.728	(831)	(2,9)
Deposits	90.486	100.756	101.462	706	0,7
Shareholders' Equity	13.162	14.146	15.648	1.502	10,6
Total Assets	128.480	139.944	149.809	9.865	7,0

	Sep.2013	2013	Sep.2014	Difference from 2013	% Difference from 2013
Net Profit	2.010	2.751	1.764	(246)	(12,2)

	Sep.2013	2013	Sep.2014
Loans / Deposits	88,5%	84,2%	94,7%
Loans / Assets	62,4%	60,6%	64,2%
Non-Performing Loans / Total Loans	2,61%	2,59%	3,73%

Including interest accruals.