

*Halkbank posted 2.75 billion TL net profit for 2013*

## **Halkbank closed the year once again as the industry leader in return on equity**

*Halkbank posted 2.75 billion Turkish lira net profit and a 21 percent return on equity in 2013. Total deposits rose by 26 percent YoY and total loans reached 112 billion Turkish lira. Noting that Halkbank has been among the top banks in the country for years and that it has been the industry leader in terms of return on equity for the past three years, Halkbank's General Manager **Ali Fuat Taşkesenlioğlu** said that Halkbank has been ranked among the institutions which utilize their shareholder's equities most efficient.*

Halkbank increased its total loans by 30.7 percent YoY to 112 billion Turkish lira in 2013. Total deposits reached 101 billion Turkish lira and Halkbank maintained its position as Turkey's most efficient bank by posting a 21 percent return on equity and 2.75 billion Turkish lira net profit.

General Manager **Ali Fuat Taşkesenlioğlu** noted that Halkbank has been the leader among the large-cap banks in the industry in terms of return on equity for the past three years and said:

**"The fact that our bank leads the industry in terms of return on equity is the strongest evidence of the soundness of its strategies and is directly attributable to its robust balance sheet structure and efficiency-focused management approach. Halkbank has been continuing to support our country's economy for 75 years and it is one of the institutions that make the most efficient use of their shareholders' equities. The profitability ratios of the bank have been boosting its reputation across international markets and making Halkbank a go-to bank for foreign investors."**

Noting that they are observing, with dismay, the efforts of some media outlets to cast a shadow on their bank's profitability by publishing misleading news reports, **Taşkesenlioğlu emphasized, "By releasing these financials, we are once again affirming to the public that the bank is being managed both profitably and efficiently."**

### **Halkbank's deposits surpass 100 billion TL**

Halkbank significantly increased its total deposits to 101 billion Turkish lira in 2013. Turkish Lira deposits reached 65 billion and the banks market share in Turkish lira deposits rose to 11 percent. As a result, Halkbank climbed to third position in the industry.

**Taşkesenlioğlu** expressed that they are satisfied with the rise in Halkbank's deposits and said:

**"Halkbank has increased its deposits significantly thanks to the support and trust of its customers. Today, 1.2 million active workers receive their salaries and nearly 2 million pensioners receive their pensions through Halkbank. Customer satisfaction focused approach makes Halkbank chosen by deposit account customers."**

Halkbank is also actively engaged in securing funds other than deposits. The bank increased the amount of bonds issued in December from 750 million Turkish lira to 1 billion after receiving high investor demand; a testament to Halkbank's success and the trust placed in it.

## **Bank's total loans reached 112 billion TL**

Halkbank continued its lending activities unabated in 2013 and increased its total loans and cash loans to 112 billion Turkish lira and 85 billion Turkish lira, respectively. Commercial loans, including those to SMEs, rose by 27.8 percent to 62 billion Turkish lira and the number of artisans and craftsmen who has been granted loans from Halkbank, their biggest supporter, reached 286,000. Halkbank has continued to support the activities of artisans and craftsmen with its experience and knowledge and sustained this mission seamlessly since its inception..

Halkbank also continued to create borrowing opportunities for SMEs by protocols signed with international finance institutions. The bank signed a \$67 million protocol with the World Bank, which aims to provide SMEs with additional funds to help them become more energy-efficient.

Stating that Halkbank, in accordance with Turkey's 2023 goals, prioritizes supporting the foreign trade efforts of SMEs **Taşkesenlioğlu continued, "Halkbank offers a wide variety of products to support the foreign trade efforts of SMEs and promotes trading activities with parts of the world that are not on common trade routes, such as Africa, the Middle East, and the Far East."**

In addition to offering solutions tailored to SMEs, Halkbank has become a major player in the retail loans segment and increased its loan volume by 31.3 percent to 23 billion Turkish lira in 2013. Along with expanding its market share in retail loans, Halkbank has been among the most preferred banks especially in housing loans. While the housing loans expanded by 38 percent, the market share increased to nine percent.

## **Halkbank is among the banks with highest asset quality metrics**

Guided by its strategies of sustainable growth and profitability, Halkbank maintains its success consistently on keeping high asset quality. Despite the fact that it did not sell off any of its receivables, the bank posted a non-performing loans ratio of 2.6 percent, beating the industry average of 2.7 percent. **Similarly, the non-performing loans of the bank increased by 14.6 percent compared to the industry average of 26.4 percent in 2013.**

## **Paraf on the rise**

Paraf was launched in 2012 with the slogan, "Paraf invites you to a world full of privileges!" and number of credit cards reached 3.2 million by the end of 2013. While the usage and activation rates are increasing, credit card turnover has increased 70 percent which is 4 times more than the sector average. As leading companies became members of the program, the number of merchant members rose rapidly to 137,000 from 73,000 and turnover increased by 97 percent allowing Halkbank to climb to fifth position in merchant member turnover with a 6.2 percent market share.

**Taşkesenlioğlu** said that Halkbank aims to expand its market share to six percent in the credit card segment and that Paraf plays an instrumental role in helping the bank reach its targets and he continued:

**"Paraf provides holders a world with full of privileges. When we look at the results, we see that card holders are satisfied with becoming members of this world. We launched our frequent flier credit card Parafly in the early summer of 2013 and we are planning to expand Halkbank's share in the credit card segment by offering new products."**

## **Halkbank continues to grow with its subsidiaries support**

**Taşkesenlioğlu** remarked that the bank's subsidiaries made significant contributions to the Halkbank brand through their successful track records in 2013 and that Halkbank is on the fast track to become a good "financial supermarket". He added, "**Halkbank's subsidiaries have achieved great success with their activities. The total assets of subsidiaries rose to 6 billion Turkish lira by the end of 2013 from 378 million at the end of 2005; a very significant improvement. Leveraging the strong momentum it has gained in the insurance segment, Halkbank plans to take new organizational and strategic decisions in 2014 with its subsidiaries and also to expand into new industry segments. Accordingly, we expect to see the efforts made towards breaking into the participation banking segment to mature in 2014.**"

Continuing to grow with the support of its subsidiaries, Halkbank has completed the procedures for the launch of a representation office in London and also launched a representation office in Serbia. Following this, Halkbank has begun to explore new banking opportunities across the region. **Taşkesenlioğlu** said "**We are holding negotiations with Serbian authorities to acquire a bank in their country and we expect to see these negotiations reach a successful conclusion in the coming period.**".

Halkbank exceeded its own target by opening 56 new branches in 2013 instead of the forecasted 40 branches, increasing the total branch number to 872. Similarly, Halkbank family grew by 787 new employees and reached 14,798 in 2013.

HALKBANK SEPTEMBER 2013 FIGURES

Million TL

	2012	2013	YoY Change	YoY Change (%)
Cash Loans	65,894	84,848	18,954	28.8
Commercial Loans	48,193	61,602	13,409	27.8
Retail Loans	17,701	23,247	5,545	31.3
Non-Cash Loans	19,734	27,038	7,304	37.0
<b>Total Loans</b>	<b>85,628</b>	<b>111,886</b>	<b>26,258</b>	<b>30.7</b>
Cash Loans Market Share	8.15%	7.96%	-19 bps	
Securities	22,954	28,559	5,605	24.4
Deposits	79,974	100,756	20,782	26.0
Shareholders' Equity	12,323	14,146	1,823	14.8
<b>Total Assets</b>	<b>108,282</b>	<b>139,944</b>	<b>31,662</b>	<b>29.2</b>

	2012	2013	YoY Change	YoY Change (%)
Net Income	2,595	2,751	156	6.0

	2012	2013
Loans/Deposits	82.4%	84.2%
Loans/Assets	60.9%	60.6%
Non-Performing Loans/Total Loans	2.90%	2.59%

(Including interest accruals)