

Halkbank General Manager Ali Fuat Taşkesenlioğlu announces the bank's five-year vision:

“We aim to rank among the largest 150 banks in the world”

*With the goal of increasing its balance sheet to over \$100 billion, Halkbank is set to make a capital investment as part of its five-year vision. Halkbank General Manager **Ali Fuat Taşkesenlioğlu** reported the bank's objective as becoming a major player in the participation banking as they debut in the industry with 1 billion Turkish lira capital.*

“Halkbank, pride of Turkey, is a deep-rooted organization and the envisaged capital market increase will allow us to enter into new markets such as Islamic banking, reinforcing our roots. We are going to share the fruits of all the work, plans and targets with our stakeholders, business partners and customers,” said Taşkesenlioğlu.

Halkbank revised growth targets for 2015-2020. As part of its five-year vision, the bank resolved to increase its capital and revised its balance sheet target as \$100 billion.

Halkbank is to raise its paid-in capital by 1 billion Turkish lira, delivering on the capital commitment for the participation bank it will establish. While the bank's paid-in capital climbs to 2.25 billion Turkish lira, a 1-billion Turkish lira capital will be brought in through fresh cash injection for the bank that will be created. The new participation bank will operate as a wholly-owned subsidiary of Halkbank.

Ali Fuat Taşkesenlioğlu said the bank favored using capital increase through a rights issue so as to obtain the capital for the participation bank. In this way, achieving the sound capital structure required to reach Halkbank's growth targets in the coming five-year period and procuring the participation bank capital through funds other than those of the bank's current funds. Halkbank will focus on growth in the coming period through the capital increase which will be carried out by the bank's stakeholders, particularly with the Treasury. Taşkesenlioğlu pointed out to the participation bank's role as an impetus in reaching this objective, adding their intent to expand the participation bank to 150 branches throughout all the cities in the country. **“The new bank that complies with all the requirements of interest-free banking will be at the service of the public, which has long been expecting the news,”** said Taşkesenlioğlu, while not providing any details regarding the name of the bank, which is expected to begin operations in 2015 according to the timeline of the work program.

He went on to say, “Halkbank adds value to and grows together with Turkey. Up until now, we have made great contributions to the country's economy, accomplishing great feats

for the Halkbank brand at home and abroad. Nevertheless, we believe it is time to intensify our efforts and pull off significant breakthroughs for our bank in 2015. Consequently, we have revised our plan for the next five years. Capital increase is of vital importance as it is the first of the steps we will be taking according to this plan. Our actions will strengthen the balance sheet even more and provide further boost to the bank's already high reputation. We are determined to achieve great success with our sound balance sheet in the next five years and maintain a resolute attitude in becoming the most productive bank in Turkey."

1 billion TL capital for participation bank

In a disclosure to the Public Disclosure Platform (PDP), Halkbank announced its decision to increase its capital by 1 billion Turkish lira to 2.25 billion Turkish lira, up from 1.25 billion Turkish lira. The bank will use the fund obtained from capital increase as capital for the participation bank, which is planned to be established as an Halkbank subsidiary. Work has been accelerated as the bank aims to begin participation banking operations in 2015.

Suitable funding for participation banking

Halkbank will enter the market with a 1-billion Turkish lira capital with plans to obtain the capital set out for the participation bank according to the requirements of participation banking.

Taşkesenlioğlu expressed the bank's desire to embrace Turkey as a whole and continued his words by saying:

"We are delighted to enter into a new field of banking, with 76 years of experience. The leap forward we are making in participation banking will not only help the industry grow, but it will also contribute to employment. Our participation bank will create over 1,000 new jobs in 150 branches."

Aiming to rank among the largest 150 banks in the world

Taşkesenlioğlu said they have set out to increase Halkbank's brand and market value. **"Halkbank has completed the preparations necessary to become stronger, more agile and more profitable in the new period of Turkey. We will confidently make progress in this new era with the strength we gain from the capital increase. As Turkey's most profitable bank, we have set Halkbank's objective to reach a balance sheet of over \$100 billion, and we will make sure that it remains the most robust bank in the industry in the next five years, as it has been the case for the past decade. We will grow our bank at home and abroad in collaboration with our stakeholders, business partners, customers and employees. We will pursue opportunities in this regard with an aim to rank Halkbank among the largest 150 banks in the world,"** he stated.

"The Turkish banking industry is performing better than those of many countries, thanks to a sound structure and level of sophistication. As one of the most well-established banks in Turkey, we are making a significant contribution to the industry. We believe that within the

framework of our business plan, we will make a greater impact on the industry and ensure that country's banking industry enjoys a better reputation internationally. Among our priorities is to make Halkbank a bank that regularly pays dividend and create value for its shareholders. We are confident about taking important steps with an effort to improve Halkbank's market and brand value."

Insurance collaboration with global brands

Taşkesenlioğlu expressed the bank's desire to advance activities in the insurance field. He said they expect the insurance industry to provide substantial opportunities in the future and they are looking for a foreign business partner for collaboration in this field. **"We plan to take a bigger share of the market by positioning our current insurance companies to establish a long-term business partnership through the privatization administration. Numerous global companies wish to become business partners with Halkbank, and we want to take advantage of their knowledge in this field. We will soon make an announcement about the official discussions and bidding process with the global candidates that contemplate a new business partnership with us,"** he added.

SME loan volume expected to rise

Halkbank undertakes a critical mission in helping Turkey to accomplish its economic goals and in supporting the real economy, while carrying out SME banking activities, a field it leads. He said important developments will take place, especially in commercial loans due to the role banking industry plays in financing the investments made in production and exports in Turkey. **"In the third quarter of 2014, we raised our commercial loans, including SME loans, by 16.7 percent to 71.9 billion Turkish lira. There will be important developments taking place, especially in commercial loans, due to the role banking industry plays in financing the investments made in production and exports in Turkey. With an experience spanning 76 years in this field, we will analyze the industry's needs accurately and preserve our position as the first bank to come to mind for SMEs,"** said Taşkesenlioğlu.

Halkbank is growing in every area of banking

Halkbank strives to develop products and services to make a difference in every area of banking. It carries out considerable work not only in SME banking, but also in retail banking and Alternative Distribution Channels. Following its introduction to consumers as an important breakthrough in retail banking, Paraf reached 3.4 million cards by the end of two years. Paraf has set itself apart from the competition with a number of distinguishing campaigns and features such as Kathı ParafPara, ParafGünüm and Saturday discount at restaurants.

With mobile applications and Internet banking services provided for its customers, Halkbank has delivered on its promise to offer "Banking services on every kind of device from anywhere." With the goal of combining the Internet banking channel, which has been growing fast since 2004, and the mobile banking channel, the bank has embarked on a digital transformation process, increasing the number of active Internet banking customers by 16 percent to 1 million people. **General Manager Taşkesenlioğlu** stated that this area would gradually gain more

importance with advancing technology and rising investments, playing a major role in the success of banks.