

Halkbank's loans surpass the industry's in the first quarter

Halkbank increased total loans 115 billion TL

Halkbank increased its total loans to 115 billion Turkish lira with a 3.3 percent increase in the first quarter of 2014. The Bank's cash loans rose by 4.8 percent to reach 89 billion Turkish lira and non-cash loans to 27 billion Turkish lira. Halkbank advanced its total Turkish lira loans to 66 billion Turkish lira with a 6.5 percent hike while achieving growth over the industry average in Turkish lira loans.

Halkbank's total assets surged by 4 percent to 146 billion Turkish lira, thanks to the progress made in loans, while net profit reached 530 million Turkish lira. **Ali Fuat Taşkesenlioğlu**, Halkbank General Manager, stated that the bank continued lending activities in the first quarter **“despite of the modest, and even downward, projections regarding the economy in the first period of the year, lack of leading indicators to confirm the shrinkage helped the Bank preserve its positive projections,”** he said.

Taşkesenlioğlu asserted that they continue to uphold the faith they have in Turkey's potential. **“In this period, we did strive to meet the demands of our customers for investment and working capital. We have improved loan opportunities and resources, especially for small businesses, tradesmen and craftsmen. Loans to tradesmen and craftsmen in the first quarter increased by 8.5 percent and loaned amount was over 2 billion Turkish lira. The number of craftsmen who use credit from Halkbank reached 300,000”** he said.

Ali Fuat Taşkesenlioğlu, Halkbank General Manager, expressed that rising interest rates had an adverse effect on the banking industry's profitability rates in the first quarter of the year when compared to the same period in the previous year.

“Even though interest rates were projected to go back down to reasonable levels following the local elections, developments at home and abroad in the first days of the year created pressure on interest rates and, thus, caused the costs to go up for the real sector and financial institutions alike. We project the pressure to lessen gradually over the rest of the year and the profit margins to improve each quarter compared to the previous period. Our expectation is supported by comments from international credit rating agencies, reiterating the resilience of the Turkish financial system and of most of the banks, they have against financial pressures.”

Taşkesenlioğlu said Halkbank was inevitably affected by the shrinkage in spreads as well. **“Unfavorable pricing dynamics develop against the banks in the periods with a rising trend in interest rates due to the balance sheet structure of the banking industry. This situation is a reflection of the maturity mismatch and the savings gap, and we project it to go back to normal in the coming days. We are confident that we will accomplish our targets for the rest of the year by continuing to place emphasis on savings and by aspiring to work without compromising from the efficiency-based management approach we have in place,”** he added.

Support for companies that increase production and provide competitive advantage

Halkbank continued lending activities unabated in 2014 and achieved growth over the industry average in this area as of the end of March. The Bank improved commercial loans, including SME loans by 6.5 percent to 66 billion Turkish lira. Halkbank maintained its support to SMEs by offering products that help increase their competitiveness, as well as by developing new financial products aimed to meet their needs.

Taşkesenlioğlu asserted that they support SMEs to open up to foreign markets with the “SME

HALKBANK DATA FOR 1st QUARTER (MARCH 2014)

Export Initiative Package” they have developed for SMEs with export **“It is crucial to strengthen production and exports. For that reason, we place great emphasis on supporting our SMEs in this area and thereby supporting the country’s economy,”** he said.

Halkbank sustained its support for the real sector and continues to perform well in retail loans, which rose to 23 billion Turkish lira as of the end of March.

The number of Paraf cards reached 3.3 million

Taskesenlioğlu tied the slowing growth rate, especially in retail loans, to the regulations introduced in this area and added, **“We put our focus on answering the demands of retail customers in regards to home purchases in the first period of the year. We projected customer demand to reduce somewhat due to the newly introduced regulations on credit cards and consumer loans, and due to increasing interest rates. We believe the effect on demand is temporary. Accordingly, we will continue to grow in both areas with a business strategy that is compliant with the regulations.”**

Paraf continued to grow strong with the number of cards reaching 3.3 million as of the end of March. In the same period, the number of Paraf member businesses and POS devices rose to 206,000 and 240,000 respectively. **Taşkesenlioğlu** stated that the Paraf family would continue to grow with new products.

“Paraf has drawn great interest from consumers since its launch. As you know, we accomplished our year-end targets for the previous year earlier than planned. I believe that we will also achieve our objective of taking six-percent of the market earlier than planned if we maintain this performance.”

Halkbank will continue to grow in 2014

Halkbank also keeps growing abroad and it attaches great importance to the growth of its affiliates. Stating that following the completion of establishment procedures, London Representative Office became operational, Taşkesenlioğlu said **“we have made progress in the talks with the officials in Serbia to acquire a bank. Pre-approval for review has been obtained from the National Bank of Serbia. We expect the necessary procedures to be completed for the review in May.”**

Halkbank provides service to its customers with a workforce of 14,500. The Bank will continue to grow in 2014 with the projected addition of 2,000 new employees

Million TRY

	Mar 13	2013	Mar 14	Difference from the end of 2013	% Difference from the end of 2013
Cash Loans	68,983	84,848	88,921	4,073	4.8
Commercial Loans	49,543	61,602	65,610	4,009	6.5
Retail Loans	19,439	23,247	23,311	64	0.3
Non-Cash Loans	20,379	27,038	26,658	(380)	(1.4)
Total Loans	89,362	111,886	115,579	3,693	3.3
Cash Loans Market Share	8.14%	7.96%	8.05%	9 bp	
Securities	23,090	28,559	29,928	1,369	4.8
Deposits	80,415	100,756	100,159	(597)	(0.6)
Shareholders' Equity	12,968	14,146	14,527	382	2.7
Total Assets	111,347	139,944	145,524	5,580	4.0

	Mar 13	2013	Mar 14	Difference from March 2013	% Difference from March 2013
Net Profit	713	2,751	530	(183)	(25.7)

	Mar 13	2013	Mar 14
Loans / Deposits	85.8%	84.2%	88.8%
Loans / Assets	62.0%	60.6%	61.1%
Non-Performing Loans / Total Loans	2.84%	2.59%	2.67%

Accruals included