

Halkbank's assets exceed 200 billion TL

Halkbank, by ensuring the capital and strategic support that needs the real sector, has proved to be one of the main drivers of the Turkish economy as the country has maintained its economic stability by thwarting all attempts of intervention from both within and without. Halkbank's total assets for the first half of the year rose to 200.4 billion Turkish lira and total deposits, to 130.5 billion Turkish lira. The bank's total loans, on the other hand, in the first half of 2016, rose to 183.4 billion Turkish lira, while net profit increased to 1.56 billion Turkish lira.

Halkbank General Manager Ali Fuat Taşkesenlioğlu stated that they continue to work in line with the targets they have set for 2016; *“While we take measures to maintain our strong fiscal stance against the coup attempt targeting our country's democratic system, we should make an extra effort to make sure that our investors and business partners abroad realize the robustness of our country's financial system, its healthy macroeconomic indicators and the value of our bank”* he said.

Halkbank, increasing its brand value by successfully carrying out banking activities home and abroad, maintained its strong position in the industry and has achieved results that are consistent with its target also at the end of the second quarter. While Halkbank has realized a net profit of 1.56 billion Turkish lira in the first half of 2016 its return on equity rose by 17.2 percent thanks to profit of 886 million Turkish lira acquired in the 2nd quarter. By the end of 2015 its total assets increased by 6.7 percent reaching to 200.4 billion Turkish lira, while total loans increased by 10.2 percent to 183.4 billion Turkish lira in the same period. The bank's total deposits stood at 130.5 billion Turkish lira. Halkbank continued to be the supporter of the Productive Turkey by increasing total commercial loans included SME loans by 10.7 percent compared to the end of 2015 to 110.4 billion Turkish lira.

\$1.2 billion loan facility from abroad

Boosted by a strong capital structure, Halkbank has extended \$1.20 billion in funds through Eurobonds and syndicated loans in order to increase the liquidity and secure funding from abroad, during the past month. Despite the uncertainty that has plagued the market following Brexit, the demand from abroad for both operations was significant, attesting to the confidence of investors in Halkbank and the country's economy. **Taşkesenlioğlu** stressed that they continue to meet Halkbank brand not only in Turkey but also across the world with different stakeholders and added, **“The launching of our representative office in Singapore, the registration procedures of which have already been completed, was an important development in terms of expanding our banking vision in overseas. We believe that we will further develop our relationship with institutional investors abroad**

and correspondent banks especially in the Asia-Pacific region through our representative office in Singapore. We have no doubt that our representative office will help us achieve our goal of becoming a global bank.”

Operational efficiency set to rise, saving is our priority

Taşkesenlioğlu said that the downward trend in deposit costs continues and they advance strategies to increase operational efficiency and savings. Stating that they had cut operating expenses by 3.2 percent compared to the previous quarter and that the cost income ratio also showed improvement in a positive way; Taşkesenlioğlu added, **“Keeping the savings and expenditures under control are among our top priorities. We are working on new projects and business plans with the committee that we created for this purpose to reduce costs and increase efficiency. In the coming period, giving momentum to technological investments will also boost our effectiveness in alternative distribution channels with new mobile applications.”**

Halkbank continues to expand its market share in loans

Taşkesenlioğlu said they are pleased with the second quarter figures; **“In line with our annual target, the credit growth remains strong. Halkbank has realized the half of the increase in the loans granted in the first five months of the year to the SMEs, the main drivers of our economy and the strongest assurance of the stability thanks to their investment. We continue to increase our market share in loans for SMEs”** he affirmed.

The SME cash loan balance of the industry increased approximately by 10.6 billion Turkish lira in the first five months of 2016 to 399.3 billion Turkish lira. Halkbank extended 5.2 billion Turkish lira in loans to SMEs during the same period. This figure achieved by Halkbank account for half of the industry growth, boosting the bank’s cash loans to 53.5 billion Turkish lira. Halkbank outperformed the industry in SME loans, increasing its market share to 13.4 percent as of May 2016, which stood at 11.7 percent at 2014 year-end and 12.4 percent at 2015 year-end, and again took first place in the industry.

Ali Fuat Taşkesenlioğlu stated that as Halkbank they have launched an economic mobilization in order to thwart any terrorist attempt and that they are pleased with the second quarter figures achieved in such a delicate period. Taşkesenlioğlu said; **“The commercial loans remain relatively strong thanks to the macro-prudential measures taken in line with our annual target. We see that the annual credit growth due to tight monetary and financial conditions worldwide remained at a reasonable level. The size of loans extended is worth 5.8 times of the equity of the entire Turkish banking sector is a significant indicator that the industry this year is able to use the leverage benefits in a positive way for the first time since 2009. In all our operations, we will continue to fulfil an important role in contributing to the stability in Turkey and vision for the future by offering customer-oriented solutions for different customer demands in corporate, SME and retail segments.”**

Halkbank's agenda to prepare SMEs for export

Halkbank, in collaboration with Turkey Exporters' Assembly (TIM), has continued his sponsorship with Global Connection Target Market Days meetings. The two events organized by matching 10 provinces with the highest rate of export and 10 most important countries in order to increase the sales to those markets were held respectively in Adana and Gaziantep. The non-governmental organizations, managers, and the exporting companies to the target countries shared their knowledge and experience in the meetings where the opportunities and risks for the target markets were discussed under the business perspective.

Halkbank has continued to support also in this period the Shared Wisdom Meetings, which were held in collaboration with TIM. The industry strategies were discussed in the meetings where have met the leading companies from different industries to share their experiences and achievements. The Shared Wisdom Meetings were held with the participation of the executives of Machinery and Accessories, Clothing and Apparel, Information and Communication industries and discussed the vision, "Bringing the manufacturer identity of Turkey forward as a brand in the world market.

Stating that Halkbank's agenda is to prepare SMEs for export, Taşkesenlioğlu said **"We are identifying the practices that will help us increase our market share in our target markets with high growth potential, which will enable Turkish companies to become more competitive and enjoy more say in a globalized world."**

Halkbank enjoys one of the lowest risk-to-cost ratio in industry

Taşkesenlioğlu, underlining that the Turkish banking industry is resistant in terms of asset quality despite global volatility **"As Halkbank, asset quality is one of our top priorities. Although we didn't sell our NPLs and delete them from our balance sheets, thanks to our 3.04-percent non-performing loan ratio, we outperform the industry average."**

Ali Fuat Taşkesenlioğlu pointed out that the most realistic indicator of a bank's asset quality is the cost of risk and commented Bank's risk cost is 58 basis points as of June 30 which is one of the best ratios among the industry players.

Halkbank's success will never be overshadowed by negative and deliberately false news

Stating that certain news outlets target Halkbank by disseminating negative and deliberately false news since the end of 2013, Taşkesenlioğlu said, **"With the unmasking of the organizations that target our country and our bank, our people has true nature of these news. No one should have any worries about the financial structure, growth potential, profitability, and efficiency enjoyed by our bank. We will continue to support every effort that would help with our country's sustainable development."**

“The Halkbank Family through the eyes of the Halkbank Children”

Halkbank held a Children’s Painting Competition, with the cooperation of Baksı Museum which is celebrating its 10th anniversary this year, for the children of the employees of the bank and of all subsidiaries. The primary and secondary school- age children took part in the competition held for the first time this year. The subject of the competition was “The Halkbank Family through the eyes of the Halkbank Children.” Many children from all over Turkey and also from subsidiaries in Serbia and Macedonia applied to participate in the competition. The jury have nominated 21 contestants, who later attended painting workshops in Baksı Museum, Bayburt. **Taşkesenlioğlu** said, **“This project that we are happy to support aims to establish closer ties between children and the arts, to showcase their artistic talents, having fun and learning. With this initiation we would like help them become socially adept individuals.”**

HALKBANK Q2 (JUNE 2016) RESULTS

Million TL

	June 2015	2015	June 2016	Change from year-end 2015	% Change from year-end 2015
Cash Loans	117.460	126.745	138.917	12.172	9,6
Commercial Loans	91.136	99.725	110.417	10.692	10,7
Retail Loans	26.325	27.020	28.500	1.480	5,5
Non-Cash Loans	37.255	39.781	44.533	4.751	11,9
Total Loans	154.716	166.526	183.450	16.924	10,2
Cash Loans Market Share	8,2%	8,4%	8,7%	32 bps	
Securifies	27.194	27.908	28.433	525	1,9
Deposits	114.989	122.146	130.470	8.324	6,8
Shareholders' Equity	18.005	19.424	20.981	1.557	8,0
Total Assets	175.608	187.729	200.377	12.648	6,7

	June 2015	2015	June 2016	Change from June 2015	% Change from June 2015
Net Profit	1.229	2.315	1.566	336	27,4

	June 2015	2015	June 2016
Loans / Deposits	102,1%	103,8%	106,5%
Loans / Assets	66,9%	67,5%	69,3%
Non-Performing Loans / Total Loans	3,13%	3,06%	3,04%

Accruals included