

HALKBANK & SMEs FINANCE

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AGENDA

- **About Halkbank**
- **SME Financing**

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ABOUT HALKBANK

- Established in 1938



Halk Bankası ve Ankara Halk Sandığı'nın faaliyete başladığı bina.

ABOUT HALKBANK

- The first institution in the Turkish banking industry to focus on the needs of tradesmen and artisans and of the small businesses
- Established in 1933 and became operational in 1938.

Recent History

24 Töbank branches
taken-over

Etibank taken-over

Pamukbank merger

1992

1996

2004



1993

2001

2007

Sümerbank taken-over

Kick-off of restructuring process
Emlak Bankası personnel and 96
branches taken-over

IPO

ABOUT HALKBANK

Halkbank at a glance

- > Turkey's first and leading SME bank
- > 6th largest bank in terms of assets
- > 5th largest bank in terms of total deposits
- > 766 domestic branches, 6th largest branch network of Turkey with a nationwide presence
- > 13.643 employees
- > ~ 8 million customers
- > Solid financial performance
- > Financial subsidiaries and affiliates covering insurance, leasing, brokerage services



Halkbank has two head office locations;

Ankara and Istanbul

Branch Network – Human Resources



Opened Number of Branches by Province in 2011



- > Branch network has been strengthened with 61 new branches opened in 2011. The total figure climbs up to 766.
- > With 412 new ATMs in a year, total ATM number increased up to 2,157.

Total Branches^(a)



(a) Including domestic branches and special transaction centers.

Headcount



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SME FINANCING

SME DEFINITION

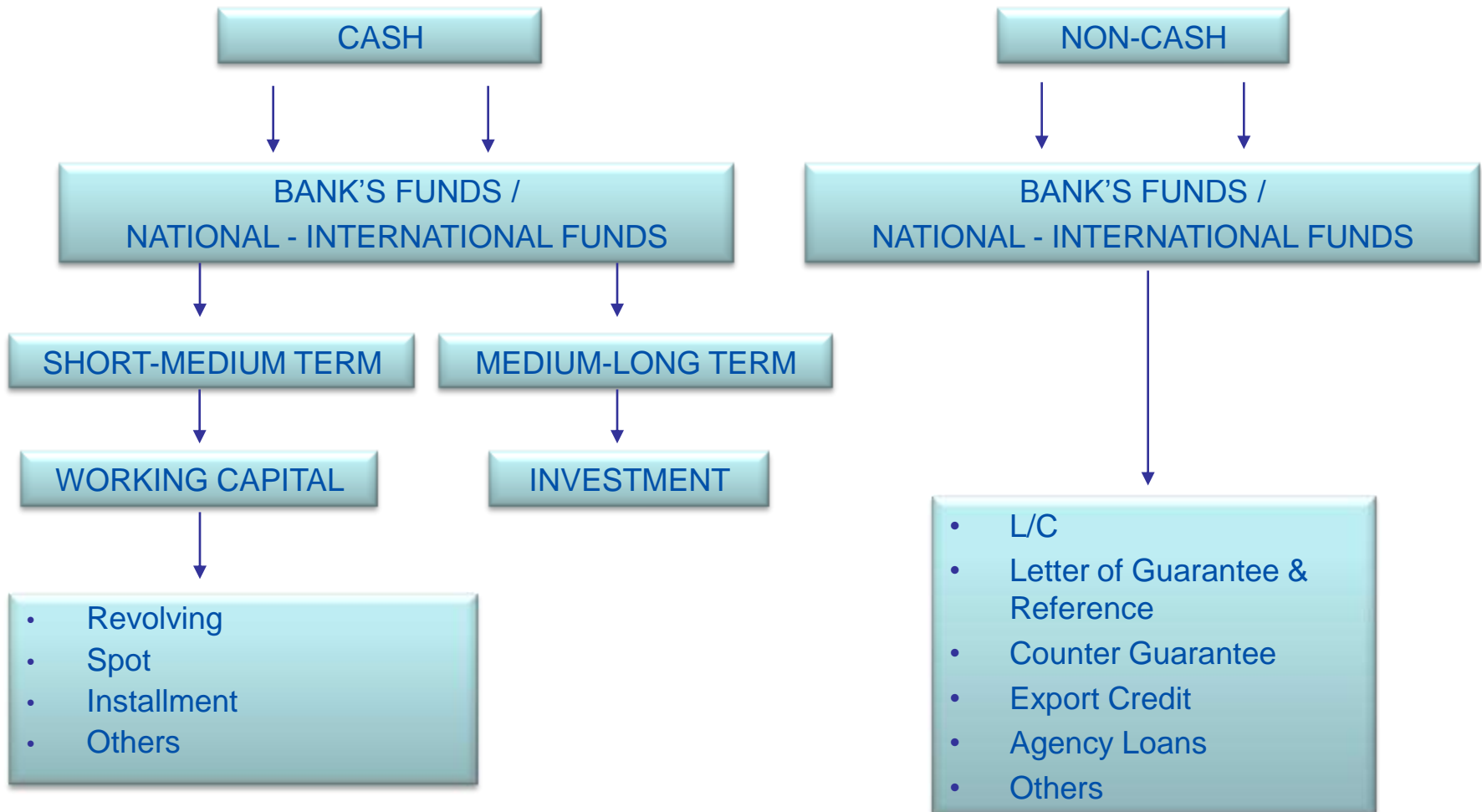
Type of Company	No of Employee	Annual Turnover
Micro Company	<10	< TRY 1 million
Small Size Enterprise	< 50	< TRY 5 million
Medium Size Enterprise	< 250	< TRY 25 million

SMEs IN TURKEY

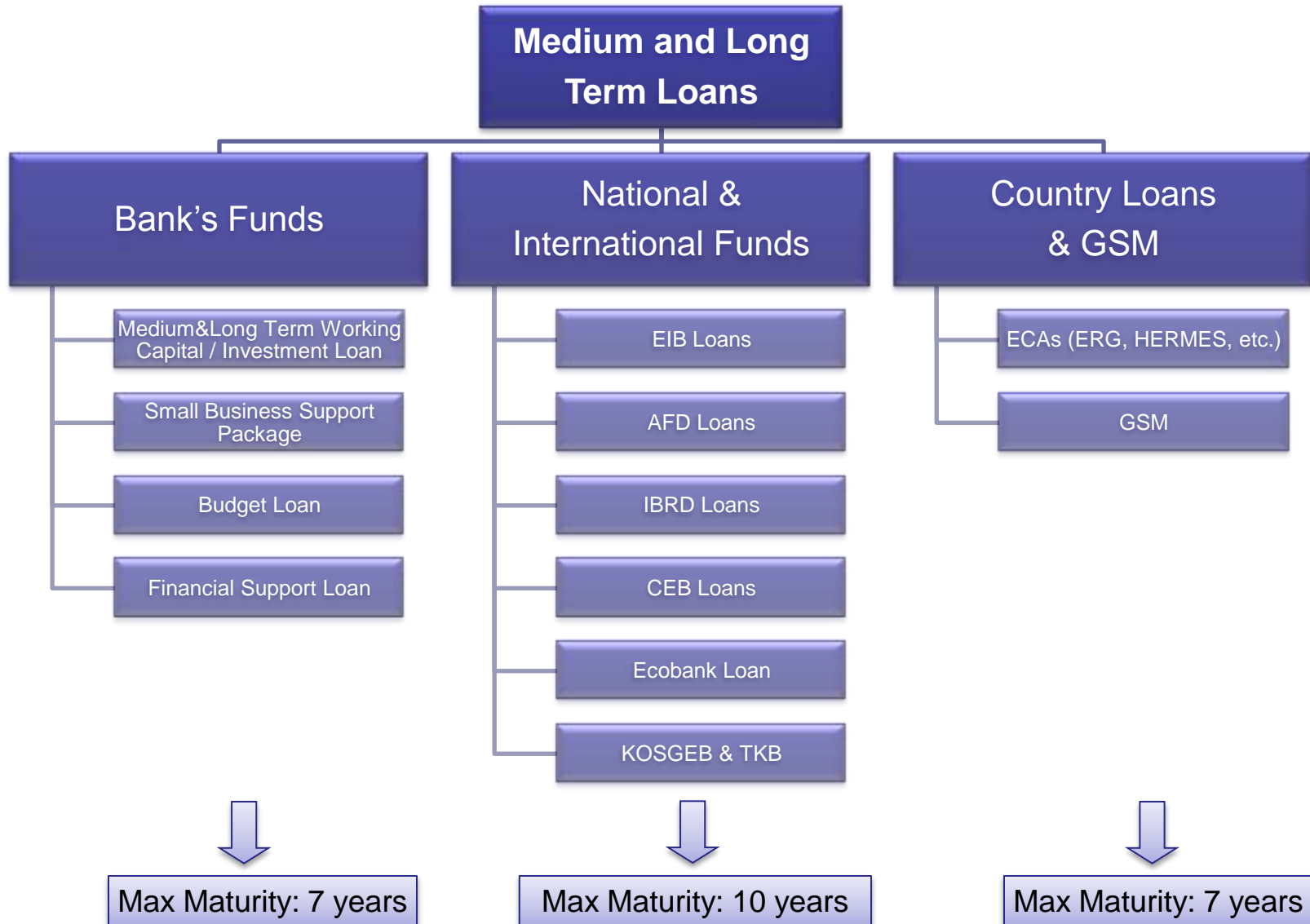
- 99% of all companies are SMEs
- 38% of production, 77% of employment, 56.5% of investments and 17% export are belong to SMEs

** Definition of SME for Halkbank: Economic entities, which employ less than 250 persons and which have an annual turnover or an annual balance sheet not exceeding TRY 25 million.*

ESSENTIAL SME LOANS IN HALKBANK



MEDIUM AND LONG TERM LOANS



SME FINANCING

COOPERATIVE LOANS

The tradesman-artisan applies to cooperative for loan demand after becoming member of the cooperative.



The demand is evaluated at cooperative and the appropriate demands and their evaluation reports are sent to Halkbank branch.



The client's creditworthiness is measured with cooperative loans evaluation module at branch.



The amount, collateral, term of the credit are defined by the Bank within the regulations and the loan is extended to creditworthy tradesman-artisan.



Government provides 50% interest subsidy in favor of cooperative members (only via Halkbank)

HALKBANK and IFIs

CREDIT AGREEMENTS



European Investment Bank



World Bank



French Development Agency



Council of European Development Bank

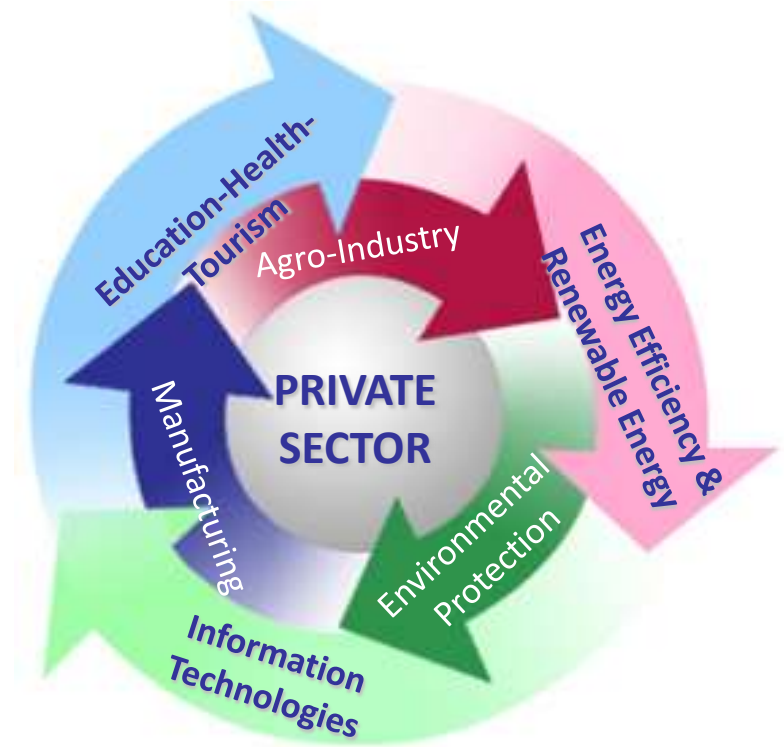


Eco Trade and Development Bank

TOTAL: EUR 1.5 billion



KfW A new program will be launched in 2012



Investment Loans:

7-10 years maturity with 2-year grace period

Working Capital Loans:

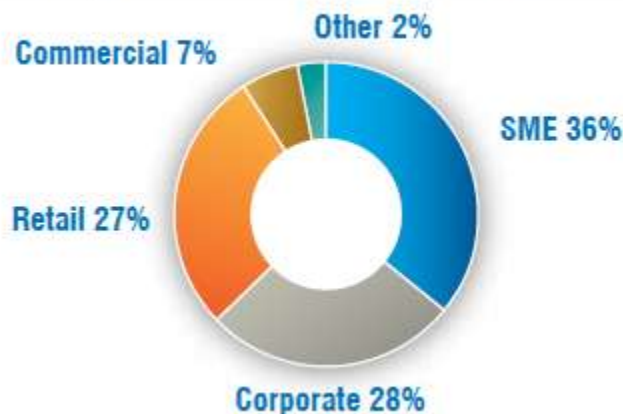
4 years maturity with 1-year grace period

SME FINANCING

SECTOR-SPECIFIC SUPPORT PACKAGES

- Export Support Package
 - Industrial Areas Support Package
 - Entrepreneur Support Package
 - Trade Support Package
 - Services Sector Support Package
 - Tourism Sector Support Package
 - Transportation Sector Support Package
 - Craftsmen Support Package

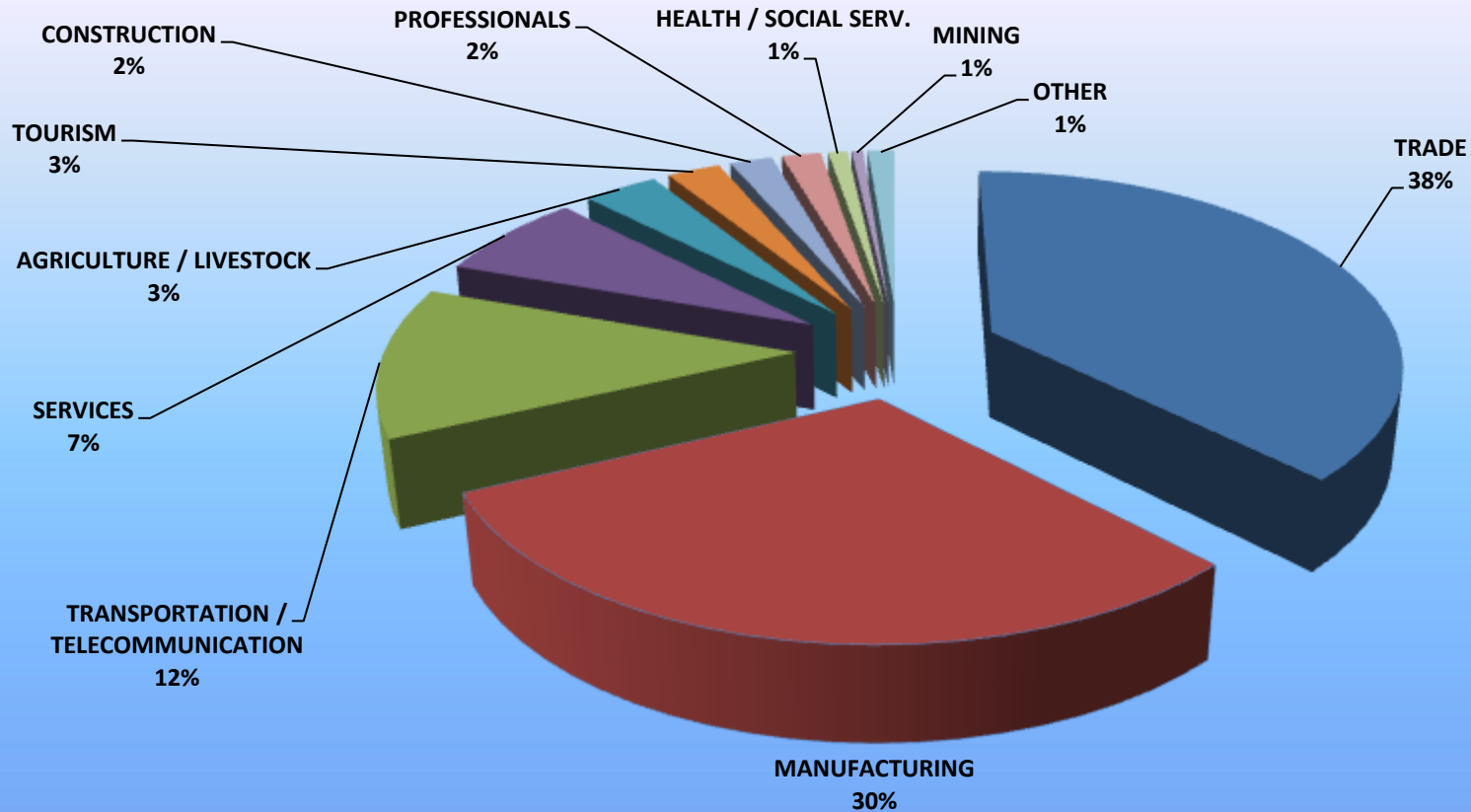
Loans by Customer Segmentation



SME FINANCING

SME LOANS by SECTORAL BREAKDOWN (Year-end 2011)

Breakdown by Sectors

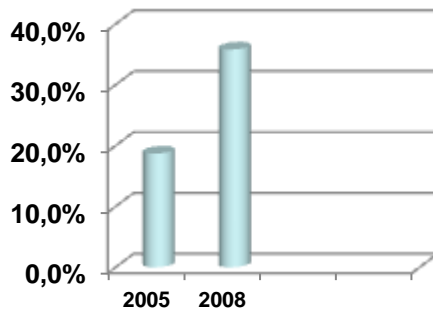


Strategic Business Pillars

SMEs

- > Having introduced SME banking in Turkey, Halkbank is the leading bank in that field
- > Halkbank's product range covers approx. 50 products specifically designed for SMEs
- > Halkbank is the sole bank in Turkey granting exemption from the 5% banking insurance transaction tax (BITT) to SME customers
- > Halkbank extends loans to members of the tradesmen and artisans credit and security cooperatives. These loans are provided only by Halkbank at special rates under the guarantee of the tradesmen and artisans Credit and Security Cooperative. The loans exempted from BITT
- > Halkbank collaborates with the Credit Guarantee Fund and provides convenient means in extending loans to SMEs that have difficulties in collateralisation
- > Halkbank stands by SMEs, offering affordable interest rates, long-term working capital/investment loans and products designed to accommodate to different needs

Access to Finance



✓ the ratio of using bank finance for investment has increased from 18.7% in 2005 to 35.8% in 2008

✓ Credit guarantee system (KGF-Kredi Garanti Fonu)

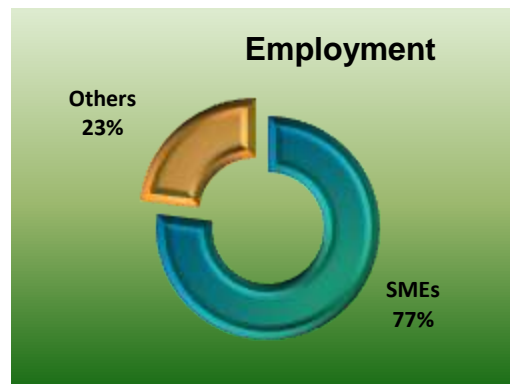
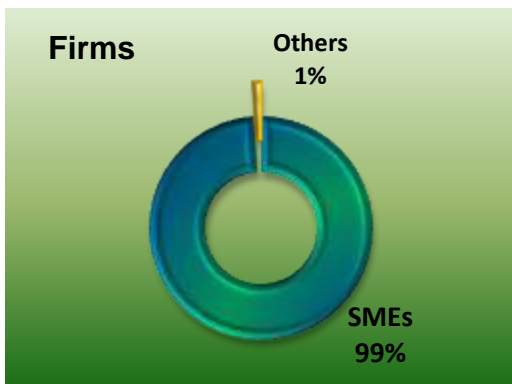
✓ SME Strategy and Action Plan

- KOSGEB
- TOBB
- Undersecretariat of Treasury
- Ministry of Science, Industry and Technology

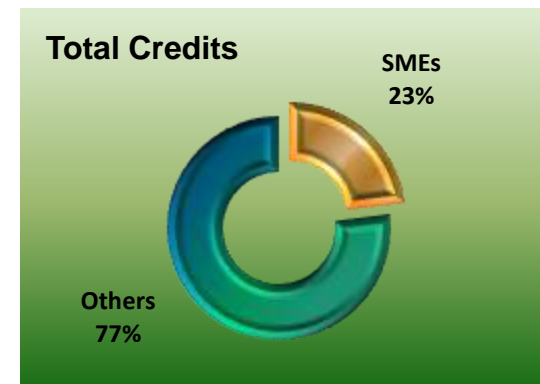
✓ International Financial Institutions

- European Investment Bank
- World Bank
- French Development Agency
- Council of European Development Bank

✓ Availability of more financial firms other than banks such as leasing and factoring firms



TÜİK, 2002



BDDK March 2012

Financing SMEs

Difficulties for Banks

Inadequate own capital

Inadequate financial statements

Inadequate collateral

Unregistered sales

THANK YOU