

## **TÜRKİYE HALK BANKASI A.Ş. BOARD OF DIRECTORS' REPORT**

As a long-established bank in the sector, Halkbank has provided full support to the real economy and, in 2020, continued to offer high-quality products and services to its customers by drawing upon its 82 years of experience, risk management activities and quick responses to market conditions. In this context, the Bank continued to contribute to the national economy by actively supporting SMEs and tradespeople in 2020, particularly during the pandemic, with funds obtained from the capital market instruments it has issued and its widespread deposit base.

In 2020, Halkbank increased its assets from 457 billion Turkish lira to 680 billion Turkish lira with a year-on-year increase of 48.8 percent. It also ranked third in assets within the sector.

During the pandemic and normalization periods, a total support of 140 billion Turkish lira was provided to 3.1 million customers. In this context, 2.1 million customers were granted a loan of 79 billion Turkish lira during the pandemic, and more than 100 thousand customers were granted a loan of 20.9 billion Turkish lira during the normalization period to support economic recovery. Additionally, the loan repayments of 850 thousand customers worth 40.1 billion Turkish lira were either postponed or restructured. Finally, for the first time ever, the Bank granted a working capital loan of 18.7 billion Turkish lira to 755 thousand artisans and tradespeople. With 10.5 billion Turkish lira of the Paraf Esnaf Card limit granted to 556 thousand artisans and tradespeople, 29.2 billion Turkish lira was added to each of the aforementioned support channels.

As of year-end 2020, the Bank directed a large part of its funding sources to loans, with loans accounting for 66.1 percent of its balance sheet. Its commercial loans, including the SME loans, rose to 367.1 billion Turkish lira and its retail loans to 82.7 billion Turkish lira. The Bank ranked second in cash loans within the sector. In 2020, cash and non-cash loan volumes increased from 399.1 billion Turkish lira to 564.3 billion Turkish lira, up 41.4 percent year-on-year. Loan disbursement for artisan loans was recorded at 42.7 billion Turkish lira in 2020, as the artisan loan balance increased by 65 percent year-on-year to 67.5 billion Turkish lira.

The size of the securities portfolio also increased to 159.2 billion Turkish lira in 2020, up 55 percent year-on-year. The portfolio's share in the balance sheet amounted to 23.4 percent.

In 2020, Halkbank issued bills and bonds to qualified investors without making any public offering with a par value of 15.2 billion Turkish lira.

Halkbank's total deposit base grew by 53.6 percent to 457.3 billion Turkish lira, up from 297.7 billion Turkish lira year-on-year, in turn lifting the Bank to the second-highest position in the sector. In addition, demand deposit volume amounted to 88 billion Turkish lira in 2020.

The Bank posted a 2.6 billion Turkish lira year-end profit and maintained its sustainable profitability in 2020. In 2020, the Bank's capital adequacy ratio was 15.2 percent.

With 8 new branches opening in 2020, Halkbank expanded its branch network to 1,007 domestic branches and ended the year with 20,171 employees.

We would like to thank our employees. Their efforts and contributions have enabled Halkbank to maintain its sustained growth in 2020 and contributed to our profitable and productive year. We hereby submit the Reports of the Board of Directors' and Auditors', as well as financial statements for the year 2020, to our esteemed shareholders and their representatives for their consideration.

Respectfully,

Osman ARSLAN  
Board Member  
General Manager

R. Süleyman ÖZDİL  
Chairman