

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 2021, continued to offer high-quality products and services to its customers by drawing upon its 83 years of experience, risk management activities and quick responses to market conditions. In this context, the Bank helped contribute to the country's economy through sustained support for Tradespeople, SMEs and Women Entrepreneurs in particular with funds obtained from capital market instruments it has issued and its widespread deposit base.

In 2021, Halkbank increased its assets from 680 billion Turkish lira to 901.2 billion Turkish lira with a year-on-year increase of 32.5 percent. It also ranked fourth in assets within the sector.

The share of loans within the balance sheet in 2021 end-of-year was 59.9 percent. Its commercial loans, including the SME loans, rose to 456.8 billion Turkish lira and its retail loans to 82.8 billion Turkish lira. The Bank ranked third in cash loans within the sector. In 2021, cash and non-cash loan volumes increased from 564.3 billion Turkish lira to 730.5 billion Turkish lira, up 29.5 percent year-on-year. Loan disbursement for artisan loans was recorded at 33.2 billion Turkish lira in 2021, as the artisan loan balance increased by 16.5 percent year-on-year to 79.9 billion Turkish lira.

The size of the securities portfolio also increased to 223.3 billion Turkish lira in 2021, up 40.3 percent year-on-year. The portfolio's share in the balance sheet amounted to 24,8 percent.

In 2021, Halkbank issued commercial papers and bonds to qualified investors without making any public offering with a par value of 16.7 billion Turkish lira.

Halkbank's total deposit base grew by 36.9 percent to 625.9 billion Turkish lira, up from 457.3 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 168.1 billion Turkish lira in 2021.

The Bank posted a 1.5 billion Turkish lira year-end profit and maintained its sustainable profitability in 2021. In 2021, the Bank's capital adequacy ratio was 14.47 percent.

With 13 new branches opening in 2021, Halkbank expanded its branch network to 1,018 domestic branches and ended the year with 20,339 employees.

We would like to thank our employees. Their efforts and contributions have enabled Halkbank to maintain its sustained growth in 2021 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 2021, to our esteemed shareholders and their representatives for their consideration.

Respectfully,

Osman ARSLAN
Board Member
General Manager

R. Süleyman ÖZDİL
Chairman