

**TÜRKİYE HALK BANKASI A.Ş.**  
**2022 BOARD OF SUPERVISORY' REPORT**

The Bank's activities during 2022 have been reviewed and below statements were concluded.

- By the end of 2022, compared to the previous year, the banking sector's total assets increased by 55.7 percent and soared to 14,344,402 million Turkish lira. The total portfolio of securities rose by 60.5 percent to 2,370,022 million Turkish lira. Total deposits increased by 67.4 percent and rose to 9,255,952 million Turkish lira. While non-cash loans increased by 50.7 percent to 2,521,957 million Turkish lira, cash loans rose to 7,580,668 million Turkish lira, an increase of 54.7 percent. The ratio of non-performing loans/total cash loans amounted to 2.11 percent.
- With such sector developments in the backdrop, by the end of 2022, the Bank's total assets soared to 1,392,140 million Turkish lira, an increase of 54.5 percent year-on-year. Non-cash loans rose by 65.1 percent, growing from 190,941 million Turkish lira to 315,186 million Turkish lira. Cash loans rose by 57.7 percent, growing from 514,624 million Turkish lira to 811,639 million Turkish lira. The Bank's SME loans, aimed at financing the driving force behind our country's growth, rose from 209,286 million Turkish lira to 371,281 million Turkish lira, up 77.4 percent year-on-year. The Bank also sustained the lead in the sector with a 19-percent market share in SME loans in 2022. Artisan loan balance increased by 59 percent year-on-year from 77,524 million Turkish lira to 123,240 million Turkish lira. The total portfolio of securities grew by 52.2 percent from 186,145 million Turkish lira to 283,364 million Turkish lira. Additionally, total deposits increased by 69 percent from 623,531 million Turkish lira to 1,053,841 million Turkish lira. The Bank's ratio of non-performing loans/total cash loans amounted to 2.03 percent.
- In 2022, the Bank issued commercial papers/bonds with a total nominal value of 19.9 billion Turkish lira.
- As a historical mission, the Bank grants loans to small- and medium-sized enterprises, artisans and tradespeople, as well as corporate, commercial and retail customers. Accordingly, as of year-end 2022, the ratio of cash loans/total assets, an indicator of asset quality, amounted to 58.3 percent (sector average: 52.8 percent), while the loan-to-deposit ratio reached 77 percent (sector average: 81.9 percent).
- The Bank's authorized capital is 10,000 million Turkish lira, while its paid-in capital is 4,969 million Turkish lira. Furthermore, the Bank's shareholder's equity rose by 106.5 percent year-on-year to 89,844 million Turkish lira from 43,500 million Turkish lira.
- The Bank's net profit for the period amounted to 14,754 million Turkish lira at the end of 2022.
- The total number of credit cards issued increased to 6.3 million, the total number of POS devices installed increased to 493 thousand, and the number of member merchants who signed on grew to 333 thousand.
- The Bank's bookkeeping order in the January 1–December 31, 2022 fiscal year complied with the Turkish Commercial Code, the Banking Regulation and Supervision Agency, the provisions of the Bank's Articles of Association on accounting and financial

reporting, and other relevant legislation. All books and records that the Bank is obligated to retain were kept according to the legal requirements, with records and documents that serve as evidence kept suitably, and the financing and reporting systems managed efficiently and in due form.

- The Board of Directors' resolutions with respect to the management of the Bank are duly recorded in the Board of Directors' minute book and are duly maintained.
- The Bank's internal control, risk management, and internal auditing systems are managed duly and effectively in accordance with the findings of audits performed both at the head office and on site.
- The Bank's growth continued thanks to the opening of 14 new branches in 2022, increasing the total number of branches to 1,038. It currently operates with 1,032 domestic branches and six foreign branches: four in the Turkish Republic of Northern Cyprus and one in Bahrain. Furthermore, the Bank has representative offices in Tehran and London.
- In 2022, 656 employees left the Bank to retire or for other reasons. The Bank recruited 1,098 new employees to meet its personnel needs, increasing the total number of employees to 20,781. The share of personnel expenses in total revenues decreased to 11 percent in 2022, down from 18,7 percent in 2021.
- In 2022, university/college graduates accounted for 87.8 percent of the total headcount, up 30 basis-points year-on-year.
- The Bank continued to provide service training in line with the objective of developing bank employees, and reported the average training hour per employee as 45.63 in 2022. This included instructor-led, on-the-job, and e-learning training programs

In conclusion, we respectfully submit to the General Assembly the Board of Auditors' Report, prepared pursuant to Article 31 of the Articles of Association of the Bank.

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Member of the Supervisory Board

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Member of the Supervisory Board

\* Figures excluding rediscount.