

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

On February 6, 2023, an earthquake with Kahramanmaraş at its epicenter struck, deeply affecting our community. We mourn the loss of ten active and seven retired Halkbank employees, and we extend our prayers for all the lives lost in the catastrophe. Our Bank acted swiftly following news of the first tremors to deliver basic needs, such as clothing, food, medicine, and containers, to the affected area. We have allocated 9.1 billion Turkish lira in aid, including a 7 billion cash donation to AFAD. Furthermore, our Bank helped the recovery of the area by postponing 56.7 billion Turkish lira of loan payments for 394,000 citizens and providing 28.2 billion Turkish lira worth of loans to 72,000 tradespeople.

Leveraging our 85 years of experience as a pillar in the sector, we at Halkbank steadfastly supported the real economy in 2023 by offering premium products and services, underpinned by our robust risk management and agility in responding to market conditions. We continued to significantly contribute to the national economy through our sustained support for Tradespeople, SMEs, and Women and Young Entrepreneurs. This support was fueled by funds from capital market instruments we issued, a broad deposit base, and an increase in capital.

In 2023, Halkbank's assets grew to 2,195.3 billion Turkish lira from 1,392.9 billion Turkish lira, marking a year-on-year increase of 57.6 percent and ranking us fourth by asset size in the sector.

The share of loans in the balance sheet was 57.9 percent at the year's end. Commercial loans, including the SME loans, rose to 1,104.1 billion Turkish lira and retail loans to 166.4 billion Turkish lira, placing us third by cash loans in the sector. In 2023, cash and non-cash loan volumes increased from 1,157.8 billion Turkish lira to 1,871.3 billion Turkish lira, up 61.6 percent year-on-year. Loan disbursement for artisan loans was recorded at 164 billion Turkish lira, as the artisan loan balance increased by 82.9 percent year-on-year to 235.1 billion Turkish lira.

We provided 54.4 billion Turkish lira in financial support to 214,000 women entrepreneurs by the end of 2023 through the Women Entrepreneurs Loan Package introduced in 2021. We at Halkbank are committed to fostering the growth of the women's entrepreneurship ecosystem through our ongoing initiatives, including the third annual Productive Women Competition, the Productive Women Academy MasterClass Brand Training Sessions, and the Women Leaders and Entrepreneurs Vision Meeting.

We support innovative ideas and projects across all sectors with the aim of strengthening the culture of entrepreneurship in our country. The Jet Luck Project, in which innovative thinkers compete to implement their fresh business ideas, supported young entrepreneurs while the Vision Meeting for Young Entrepreneurs of the Digital Future brought them together. In this context, 24.2 billion Turkish lira was provided to 137,000 entrepreneurs who sought to establish their own businesses in 2023.

In 2023, the securities portfolio expanded by 56.2 percent to 584.4 billion Turkish lira, accounting for 26.6 percent of the balance sheet. Halkbank also issued commercial bonds to qualified investors without making any public offering with a face value of 39.6 billion Turkish lira.

Halkbank's total deposit base grew by 76.5 percent to 1,872.8 billion Turkish lira, up from 1,060.9 billion Turkish lira year-on-year, ranking us third in the sector. In addition, the demand deposit volume amounted to 526.2 billion Turkish lira in 2023.

The Bank posted a 10.1 billion Turkish lira year-end profit, maintaining its sustainable profitability in 2023. The Bank's equity increased by 41.6 percent to 128.4 billion Turkish lira, with a capital adequacy ratio of 14.26 percent.

With 41 new branches opening in 2023, Halkbank expanded its branch network to 1,079 domestic branches and ended the year with 22,219 employees.

We express our gratitude to our employees, whose dedication and efforts have propelled Halkbank's sustained growth in 2023, contributing to a profitable and productive year. We hereby submit the Board of Directors' and Auditors' Reports, as well as financial statements for the year 2023, to our esteemed shareholders and their representatives for their consideration.

Respectfully,

Osman ARSLAN
Board Member
General Manager

R. Süleyman ÖZDİL
Chairman