

From the Istanbul Financial Center
Banking Hub

We are moving our country
into the new century



 **HALKBANK**

Integrated Annual Report 2023

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About the Report



Türkiye Halk Bankası Anonim Şirketi (Halkbank) presents the results of its operations in 2023, its financial and non-financial performance, and its forward-looking objectives to its stakeholders in its Integrated Annual Report that was prepared in accordance with the Integrated Reporting (<IR> Framework) of the Value Reporting Foundation (VRF) and the GRI 2021 Standards Fundamental option which was revised and published by the Global Reporting Initiative (GRI).

The Integrated Annual Report entails Halkbank's economic, social and environmental performance as part of its operations performed in accordance with a sustainable development perspective between January 1 and December 31, 2023. Having embraced the Sustainable Development Goals issued by the United Nations, Halkbank associated its priority areas with the value it created. In its Integrated Annual Report, Halkbank presents its corporate governance approach, sustainability approach, and areas of business to the readers.

The primary indicators presented in the report have been audited by an independent entity. The details of the audit can be found in the "Independent Assurance Report" in the Annexes section of the report.



We are always moving our people higher

As the People's Bank, we embrace every segment of Türkiye. In the economic development and growth of our country, we operate with an inclusive approach that moves our tradesmen, SMEs, and artisans, as well as our women, youth, and children, forward. We add new products and solutions to our portfolio of services based on needs.

As Halkbank, our priority is our country and our people. We have operated based on this priority for 85 years. As we moved our country and our people higher and forward, we also carried their production and labor in our heart. As a result of our deep-rooted know-how and the confidence in us, we made a meaningful change this year and moved to the Istanbul Financial Center, the heart of finance.



We are moving tradesmen toward their goals

We are continuously improving our solutions and services with the goal of moving the efforts of our SMEs, tradesmen, and artisans, which constitute the backbone of the economy, higher. While our SME and tradesmen support packages combine the power of production with new and advantageous alternatives, we also provide customized and unique service options to tradesmen and SMEs through exclusive credit cards.

A black and white photograph of a woman with glasses and a lab coat, focused on adjusting a prosthetic hand. She is using a small tool to work on the fingers of the hand. The background is blurred, showing what appears to be a laboratory or workshop setting. The right side of the image is overlaid with a vibrant pink color and a decorative pattern of thin, white, curved lines.

We are moving women toward their dreams

We operate with the “We are the People first, then a Bank” approach for the Strong Women of Strong Türkiye and expand the scope of our support for Türkiye’s economy. With the “Women’s Entrepreneur Loan” package, we facilitate access to capital for our Women Entrepreneurs who will start or have already started a business. We support our women entrepreneurs and women’s cooperatives and share their goals.

We are moving entrepreneurs to the global

We support a wide variety of entrepreneurs, from entrepreneurs with diverse experiences and business ideas in different sectors, to recent university graduate young entrepreneurs, to technology startups operating in technoparks, and we share their goals.





We are moving our earth into the future

We are moving both our people and our earth toward a better future. We prove our ambition in Combating Climate Change with the practices which we pioneer. We are moving forward to our goal steadily with our commitments to the Net-Zero Banking Alliance (NZBA) and the Science Based Targets Initiative (SBTi).



**WE WILL KEEP WORKING
FOR OUR COUNTRY'S
PROSPERITY IN THE
SECOND CENTURY OF
OUR REPUBLIC."**

Chairman's Assessment

Halkbank wholeheartedly supports its country's growth journey and determined progress and strives to add value to everywhere it is present.

Esteemed stakeholders,

The world is experiencing a period of multiple crises, which is delaying its return to stability from an economic perspective as well as from social and environmental viewpoints. Even though they are transpiring in separate regions, the Russia-Ukraine war, tensions in the Middle East, and tensions between China and Taiwan directly affect the global economy and stability and make it difficult for the world to weather this storm.

The World Economic Forum's Global Risks Report points out that eroding trust, social polarization, and variable geopolitical conditions complicate the establishment of cooperation against global risks. It highlights the need for coordinated action by nations, companies, and civil society, i.e., total mobilization, to resolve these risks.

Our country, which left behind its 100th year and is moving into its second century with confident strides, is assessing the current state of the world accurately, opening its doors to international agreements and cooperation, and implementing structural reforms and long-term planning efforts through which it charts a sound and predictable course for itself amid the uncertain global economic backdrop. The Medium-Term Program for the 2024-2026 period, and the 12th Development Plan which provides a comprehensive economic roadmap

for the 2024-2028 period, stand out as the most concrete steps as part of this effort. Growing via exports, supporting value-added industries, and establishing price stability are identified as major strategic steps in our country's future plans, and our new economic administration team began taking action in this direction without delay.

Türkiye maintained the steady performance of the first and quarters and grew 5.9 percent in the third quarter as a result of the strategic effect of its geopolitical position, adaptability to changes, high productive potential, and its rational economic policies. Owing to this persistent performance, respected institutions such as the OECD, the World Bank, and the IMF raised their growth forecasts for our country while international rating agencies such as Moody's and Standard&Poor's (S&P) revised their credit rating outlooks for Türkiye higher.

Despite the earthquake disaster which affected 11 provinces and 14 million people and created a TRY 2 trillion burden on our economy, our exports in 2023 increased 0.6 percent on the previous year to USD 255.8 billion, the highest level in the history of our Republic. This level exceeds the USD 255 billion export target set in the Medium-Term Program. As a positive development, the trade deficit in 2023 narrowed by 3.2 percent on the previous year.

The banking industry has an important place in the growth of countries because of the strategic role it plays in access to financing. One of the deepest-rooted and most respected institutions in this industry, Our Bank has been supporting our country's growth journey with all of its power for 86 years. As we have always done, we continue to strongly support the efforts of our country's economic management team to increase the resilience of the financial system and establish price stability. On the back of the strength of our establishment foundations and our dedication to our people, we will continue to reach out to our SMEs, tradesmen, artisans, and entrepreneurs.

On behalf of Halkbank staff who wholeheartedly support our country's growth journey and determined progress and who strive to add value to everywhere they are present, I thank you for your cooperation and trust and I would like to express my gratitude for the presence of our valued stakeholders.

Respectfully,

R. Süleyman ÖZDİL
Chairman of the Board of Directors



**WE ARE
PROUD
TO BE THE
PEOPLE'S
BANK.**



General Manager's Assessment

Halkbank, the People's Bank, continued to stand behind enterprises in every area with its strong financial underpinnings.

Esteemed stakeholders,

The world closed 2023 with recession concerns and uncertainties in the global economy, fluctuating financial indicators, and various risk elements. The humanitarian crisis in Palestine, on top of the Ukraine-Russia war, heightened geopolitical tensions in 2023. The geostrategic rivalry between the United States and China hampered global trade in a material way. The effects of these adverse international developments on the world linger in 2024.

Our country started 2023 by experiencing the disaster of the century. We were hit by two powerful earthquakes on February 6, 2023, which directly affected 14 million people. First and foremost, I wish God's mercy on all people who lost their lives in the earthquake. Eleven provinces were affected by this devastating disaster, some of which are critically important in Türkiye's sustainable development. Our production and exports were interrupted for a short period of time. We left behind this period in short order thanks to the maturity and unity of our people and the strength of our state and we began to recover quickly. Our Bank played an active role in the normalization process by acting quickly in delivering cash and in-kind assistance and continuing to provide banking services uninterruptedly to customers.

In the second half of the year, fundamental reforms began to be implemented, particularly in monetary and fiscal policies, once the elections were over and our new economic management team took office. Fighting inflation was the top agenda item in Türkiye's economy in line with the Medium-Term Program and the 12th Development Plan; this effort is ongoing in a steady and successful manner.

The determined steps taken by our economic management team began to yield positive results in terms of attracting foreign investment. Our country's five-year credit default swap (CDS) premium, which is a key metric for foreign direct investments, trended down in 2023 and declined to 310 basis points as of this date, which is a clear indication that the steps being taken are bearing fruit. In addition, our economy grew 5.9 percent in the third quarter and maintained its positive growth for the 13th consecutive quarter.

General Manager's Assessment

Halkbank is moving forward with confident steps to become a value-creating bank in the digital age.

**TRY 235
BILLION**

Loans to Tradesmen

Dear Stakeholders,

In accordance with our mission of being the People's Bank, last year we continued to thoroughly fulfill every responsibility and stand behind enterprises in every area, from production and employment to investment and exports, with our strong financial underpinnings.

Our loans to tradesmen increased 82.9 percent, from TRY 129 billion at end-2022 to TRY 235 billion at year-end 2023. We are proud to stand by 4.1 million tradesmen to whom we extended loans since 2002. We raised our loans to SMEs to TRY 615 billion as of end-2023 and helped them bolster their competitiveness in the local as well as the international marketplace. The share of SME loans in our cash loans excluding retail loans was 55.7 percent as of end-2023. We maintain our leadership in SME loans in Türkiye with 18.6 percent market share.

Entering its 86th year, our Bank wholeheartedly believes that Türkiye will get a step closer to its high-quality development goal with each woman adding value to the economy and to life in general. We have reached more than 217 thousand women entrepreneurs in

various professions with a total financial support of over TRY 57 billion to date via the Women Entrepreneur Loan Support Package which we launched in 2021 to support women-owned enterprises. I proudly state that Halkbank finances nearly 50 percent of all women entrepreneur loans in the industry. We will continue to support the development of women entrepreneur ecosystem through the Producing Women Competition, which we conducted for the third time, as well as the Producing Women Academy Master Class Brand Training and the Women Leaders and Entrepreneurs Vision Meeting.

In an effort to help entrepreneurial culture take root in our country, we support innovative ideas and projects in every area. We lend support to young entrepreneurs on a broad spectrum in all sectors and industries. In 2023 we organized the Jet Luck Project, a contest for innovative ideas, as a means to help young people realize their new business ideas. We got together with young people as part of the Young Entrepreneurs in a Digital Future Vision Meeting to build the entrepreneurship of the future from today. We supported more than 142 thousand entrepreneurs in every age and educational attainment demographic seeking to start their own businesses to the tune of TRY 25 billion since 2021.

**TRY 1.9
TRILLION**

TOTAL DEPOSITS

We are moving forward with confident steps to become a value-creating bank in the digital age. We are carving out a place for ourselves in the world's digital transformation while also continuing our next-generation banking initiatives. In accordance with our innovative strategies, we reached 6.3 million active customers in digital channels, thereby surpassing our target of 6 million customers for 2023.

Esteemed Stakeholders,

As a result of the initiatives which are listed above, the Bank's assets reached TRY 2.2 trillion at year-end 2023, up 57.6 percent on year-end 2022, while total deposits rose 76.5 percent to TRY 1.9 trillion. Cash loans as of end-2023 increased 50.8 percent over year-end 2022 to reach TRY 1.3 trillion while total loans grew 61.6 percent to TRY 1.9 trillion. The Bank posted TRY 10.1 billion profit for the year while shareholders' equity increased 41.6 percent on the same period of the previous year to reach TRY 128.4 billion.

As the Halkbank Family which works day and night to move our country forward, we are proud to finish our Republic's 100th and the Bank's 85th year with great accomplishments. As the People's Bank, we will continue to work tirelessly for our country, forge new heart-to-heart connections, and thoroughly fulfill our responsibility to our people with your trust. We greatly appreciate our valued business partners' support and belief in us.

Respectfully,

Osman ARSLAN
General Manager

Performance in 2023

With 22,219 employees in 1,079 branches, Halkbank achieved strong financial results in 2023.

TRY **2,195.3** BILLION
Total Assets

TRY **584.4** BILLION
Securities

4,064
ATMs

"A-"
CDP Climate Change Score

TRY **1,270.5** BILLION
Cash Loans

TRY **128.4** BILLION
Shareholders' Equity

6.3 MILLION
Number of Active Customers on Digital Channels

"A"
CDP Water Security Score

TRY **1,872.8**
BILLION
Total Deposits

14.26%
Capital Adequacy Ratio

97.6%
Ratio of Transactions Through Non-Branch Channels

10 POINTS IMPROVEMENT
Sustainalytics ESG Risk Score

4TH BANK
In Total Assets

22,219 ✓
Total Number of Employees

TRY **33.4** BILLION
55,903 Loans to Women Entrepreneurs

10,243 FIRMS
Scored as Part of Sustainability and Environmental Assessment

3RD BANK
In Cash Loans

60.12 ✓
Average Training Hours Per Employee

678 TONS ✓
Waste Recycling Performance

Halkbank
In the BIST Sustainability Index

3RD BANK
In Deposits

1,079
Total Branches

Management's Evaluation and Analysis

In an effort to help entrepreneurial culture take root in our country, Halkbank supports entrepreneurship in every area, with an emphasis on women and young entrepreneurs.

Continuing to expand its service network, Halkbank opened 41 new branches in 2023 and increased its total domestic and overseas branch count to 1,079.

Boasting a sound balance sheet, a strong capital structure, and a responsible banking approach, Halkbank continues to focus on accelerating economic momentum by providing credit support to economic players, with an emphasis on tradesmen, artisans, SMEs, and Women and Young Entrepreneurs, to pioneering projects which support development, and to all segments that are in need. In an effort to help entrepreneurial culture take root in our country, Halkbank supports entrepreneurship in every area, with an emphasis on women and young entrepreneurs.

Halkbank aims to meet the needs of SMEs, the building blocks of productive Türkiye, with quick, effective, and quality solutions, thereby helping them make a larger contribution to the domestic economy. To this end, the Bank makes continuous progress related to its strategy of expanding partnerships with

GRI 2-22

regional development agencies and increasing KOSGEB and KGF sourced loans. Halkbank maintains its leadership in SME loans in Türkiye with 18.6 percent market share.

One of the deepest-seated banks in the industry, Halkbank leverages its extensive lineup of products and services to proactively gain new and broad-based customers and to increase the product utilization of existing customers.

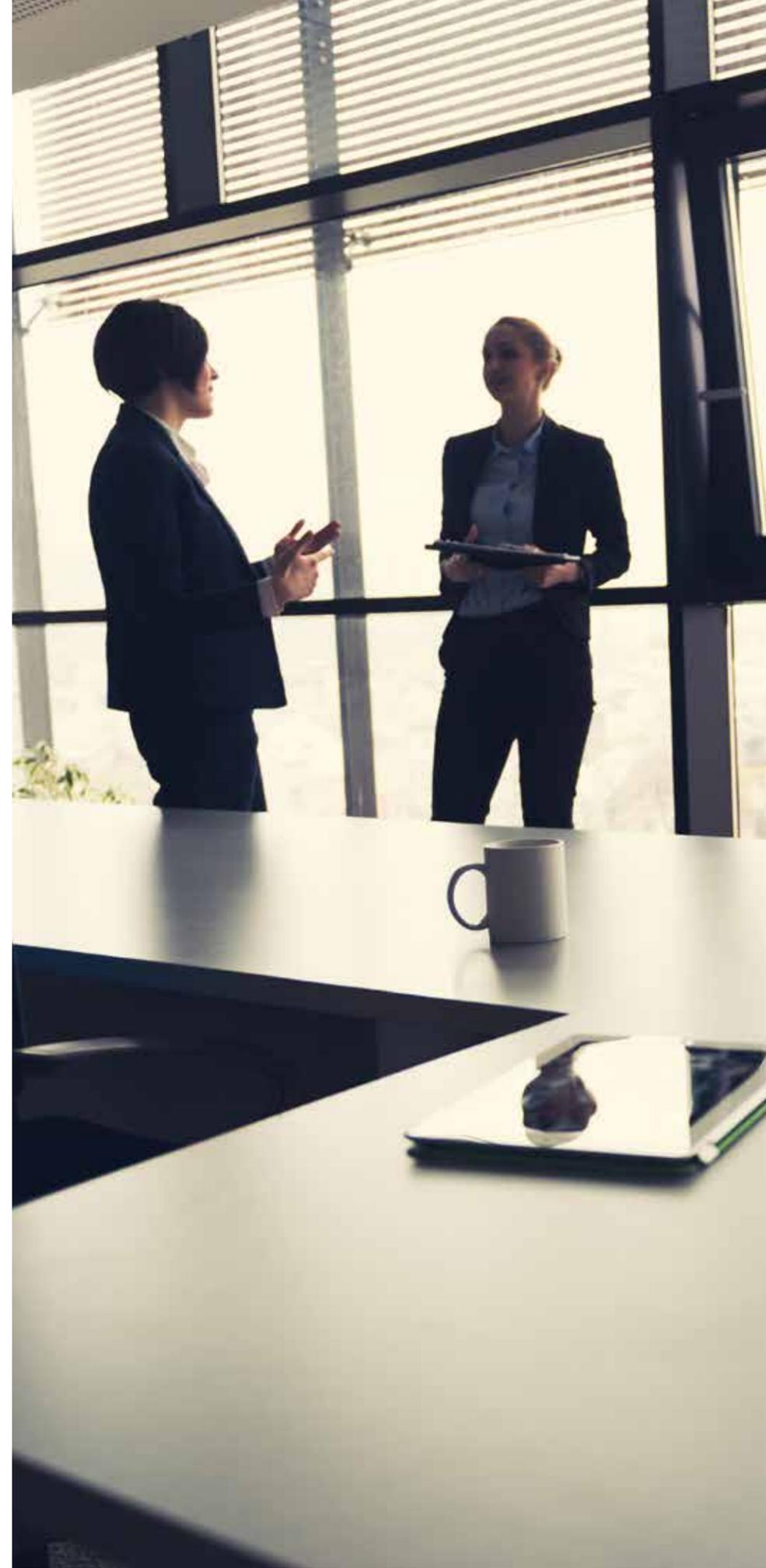
Halkbank closely monitors the digital transformation process in the industry and prioritizes the necessary implementation of automations and improvements in the service offerings to the customers. Accelerating its initiatives in the next-generation banking and payment systems segments, it conducts its operations with the goal of being a pioneer in digital transformation. As of the end of the year, 97.6% of banking transactions are performed through non-branch channels. The Bank developed digital channels to enable customers to perform their transactions quickly and conveniently without having to visit a branch. Halkbank served 6.3 million active customers and executed 2.6 billion transactions through these digital channels in 2023.

The Bank's assets reached TRY 2,195.3 billion, up 57.6% on the previous year, while total deposits rose 76.5% to TRY 1,872.8 billion. Cash loans reached TRY

1,270.5 billion while total loans, which also include non-cash loans, grew 61.6% to TRY 1,871.3 billion. Halkbank became the fourth largest bank in the industry by assets, third by loans, and third by deposits owing to its countrywide physical and digital service network and the opportunities offered by its responsible products and services. The Bank finished a profitable and productive operating period with TRY 10.1 billion net profit, 41.6% increase in shareholders' equity, and 14.26% capital adequacy ratio.

The Bank determined its cash loan risk linked to Sustainable Development Goals in accordance with domestic and international guidelines. Approximately 88% of cash loans were calculated to be linked to Sustainable Development Goals.

Halkbank offers extensive career opportunities to its employees on the basis of fairness, equity, and development. Witnessing the positive effects of increasing the presence of women in professional life and improving their positions, the Bank became a signatory to the Women's Empowerment Principles and demonstrated its faith in and commitment to social gender and opportunity equality. The share of women employees increased from 45% in 2022 to 46.6% ✓ in 2023 while the share of women on the Board of Directors rose from 11% to 22%.



The average annual training hours per employee was 60.12 ✓ in 2023. The Bank continues to add value to its stakeholders with its corporate culture strengthened by a sustainability perspective as well as its emphasis on increasing employee development and engagement.

With its effective organizational structure which shapes the business processes and its sustainability approach supported by a strong corporate governance system, the Bank balances economic, social, and environmental effects in every area in which it creates value and crafts its operations with the goal of creating an inhabitable world. 678 ✓ tons of non-hazardous waste that was generated by the Bank's operations was recycled. As part of a project initiated in 2023, Halkbank began turning off all branch signboards at 10 pm, which will conserve 1.6 million kilowatt-hours annually and reduce emissions by 700 tCO₂.

The Bank maintained an "A-" score, corresponding to the Leadership level, in the CDP Climate Change program owing to its sensitivity in this area. In the CDP Water Security program, Halkbank attained an A, the highest score, for the second consecutive year and was included on the Global A List. Further, Halkbank is one of the companies included in the BIST Sustainability Index, which includes companies that are listed on Borsa Istanbul and that have superior corporate sustainability performances.

Continuing to expand its service network, Halkbank opened 41 new branches in 2023 and increased its total domestic and overseas branch count to 1,079. Prioritizing investments which will contribute to the domestic economy and social progress since its inception, the Bank continues to strengthen its extensive countrywide branch network, quality of products and services, and its respected position in the banking industry with the major advances it has been making in recent years.

GRI 2-22

Corporate Profile

Halkbank continues to focus on accelerating economic momentum by providing credit support to all segments that are in need, with an emphasis on tradesmen, artisans, SMEs, and Women and Young Entrepreneurs.

Support to the Real Sector

Founded with the mission of encouraging tradesmen and artisans to produce, Halkbank maintains its uninterrupted support for the Turkish economy with the belief that prosperity and wealth can only increase through stronger players in the production sector.

Support for SMEs

Halkbank, "the Bank of Productive Türkiye" leverages its expertise in SME Banking to develop products and services that meet the needs of the real economy. SMEs in Türkiye are producing, growing and looking to the future with hope with the support of Halkbank, the leader in SME Banking.

Support to Social Welfare

Helping Türkiye grow while growing with Türkiye for 85 years, Halkbank continues to carry out social development initiatives in accordance with its corporate citizenship awareness while being the largest supporter of the Turkish economy with its mega projects.

Support for Customers

Having become one of the strongest players in the industry thanks to the confidence of the Turkish people in accordance with the "We are the People first, then a Bank" principle, Halkbank serves its customers in every segment of contemporary banking and plans its operations based on the principle of standing by its customers everywhere and at all times.



Halkbank's Vision, Mission and Corporate Values

Our Vision

To be a pioneering bank that is preferred by tradesmen, artisans, SMEs and all other segments by combining the power of our name that is rooted in the people (Halk) and our experiences based on our deep-seated history with innovative technologies and digital solutions.

Our Mission

To leverage the strength of the people and our employees, our qualified human resource and our innovative technologies to provide fast, reliable and quality products and services to tradesmen, artisans, SME and all other customers; to increase customer satisfaction via customer-oriented digital solutions; to support Türkiye's development and growth within an awareness for social responsibility; and to be a people's bank that creates large value-added for all stakeholders.

Our Corporate Values

- Creating "Team Spirit" by valuing our employees,
- Increasing customer satisfaction by way of our customer-oriented approach,
- Providing fast, reliable and quality products and services with our rational, creative and dynamic organization,
- Distinguishing ourselves in digital banking with our advanced technology solutions,
- Being honest, transparent and trustworthy to be deserving of the power of our name,
- Sharing the knowhow and experiences that we accumulated through our deep-rooted history,
- Taking part in projects that respect people and the environment as part of our social responsibility awareness,
- Taking our country into the future with our contribution to the Turkish economy.

Halkbank in Brief

Leading the development of the Turkish banking industry for 85 years, Halkbank maintains its mission of supporting the real sector.

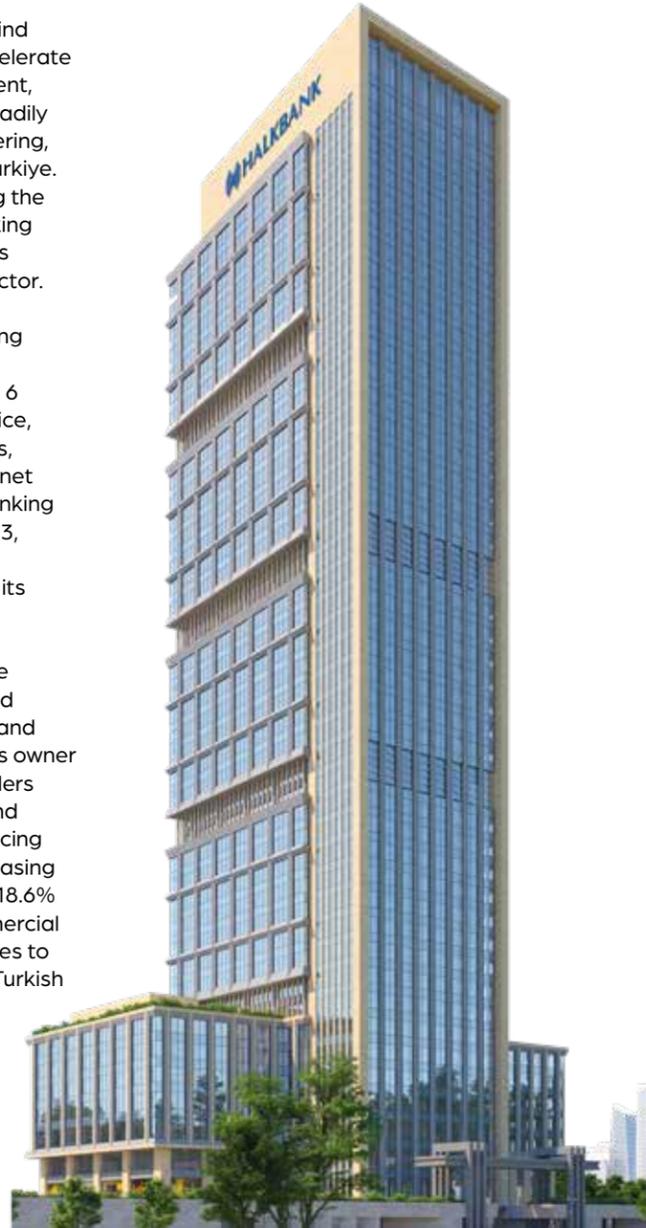
1,079

Total Number of Branches

Established in 1938 to stand behind tradesmen and artisans and accelerate permanent economic development, Halkbank became one of the steadily growing, well-established, pioneering, and reputable brands of rising Türkiye. The Bank which has been leading the development of the Turkish banking industry for 85 years maintains its mission of supporting the real sector.

Rendering an unparalleled banking experience to its customers with 1,073 domestic branch locations, 6 overseas branches, 1 country office, 2 overseas representative offices, 4,064 ATMs, Telephone and Internet Banking channels and Mobile Banking applications as of the end of 2023, Halkbank serves with innovative products and services as part of its global vision.

Halkbank, the Bank of Productive Türkiye, sees every producing and job-creating tradesman, farmer and small, medium and large business owner as a business partner and considers supporting them in good days and bad days alike with all of its financing facilities as its raison d'être. Increasing its SME lending market share to 18.6% and allocating 55.7% of its commercial loans to SMEs, Halkbank continues to be the biggest supporter of the Turkish economy.

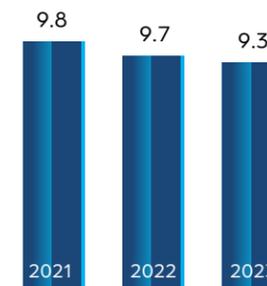


Halkbank's Position in the Sector

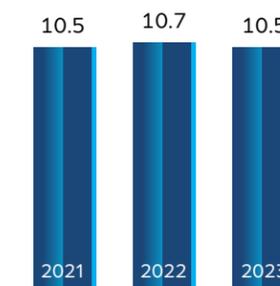
Halkbank, one of the steadily growing, long-established, pioneering, and most prestigious brands of a rising Türkiye, ranked 4th in the sector in terms of assets.

Market Share (%)	2022	2023
Total Assets	9.7	9.3
Cash Loans	10.7	10.5
Securities	11.9	10.6
Deposits	11.4	11.9
Shareholders' Equity	6.4	6.1
Profit	3.5	1.7

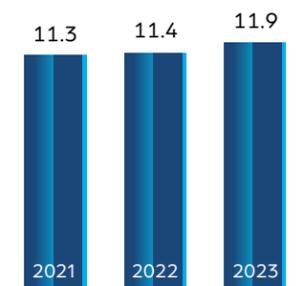
Total Assets Market Share (%)



Cash Loans Market Share (%)



Deposits Market Share (%)



* Sector data dated December 31, 2023 and featured in the report was disclosed by BRSA on January 30, 2024.

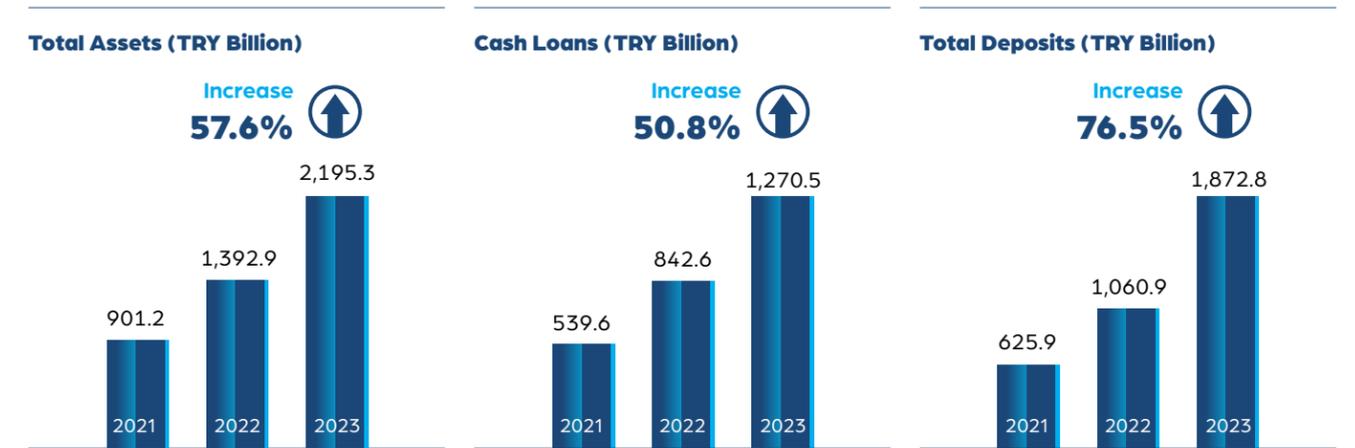
Key Financial Indicators and Ratios

In 2023, Halkbank served 6.3 million active customers through digital channels and increased its total deposits by 76.5% compared to the previous year to TRY 1,872.8 billion.

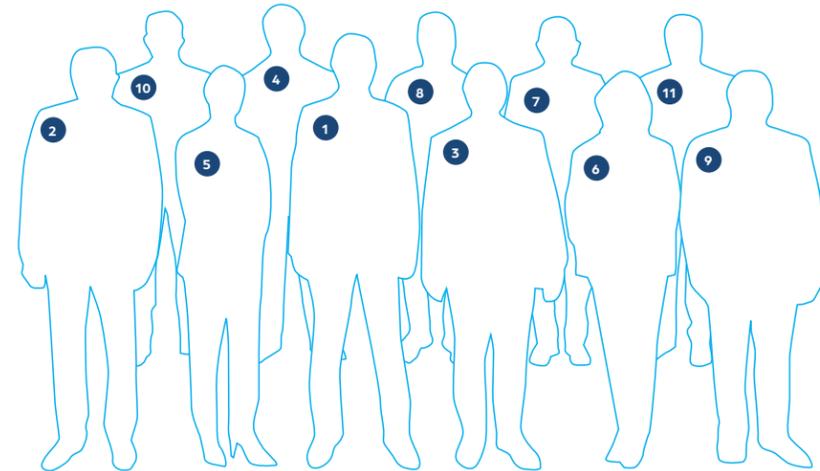
Financial Indicators (TRY Million)	2022	2023	Change (%)
Total Assets	1,392,949	2,195,287	57.6
Liquid Assets	166,171	289,554	74.3
Cash Loans	842,618	1,270,545	50.8
Securities	374,181	584,393	56.2
Total Deposits	1,060,923	1,872,848	76.5
Shareholders' Equity	90,652	128,406	41.6
Net Interest Income	68,245	41,384	-39.4
Net Fee and Commission Income	8,462	18,947	123.9
Gross Profit	20,656	6,653	-67.8
Net Profit	15,266	10,112	-33.8

Major Ratios (%)	2022	2023
Interest Earning Assets/Total Assets	81.6	81.4
Cash Loans/Total Assets	60.5	57.9
Non-Performing Loans/Total Cash Loans (Gross)	2.21	1.46
Cash Loans/Deposit	79.4	67.8
Average Return on Assets	1.33	0.56
Average Return on Equity	22.76	9.23
Capital Adequacy Ratio	14.78	14.26

Halkbank's cash loans reached TRY 1,270.5 billion, representing a 50.8% year-on-year growth.



Board of Directors and Supervisory Board



(1) Recep Süleyman ÖZDİL
Chairman of the Board of Directors
Independent Board Member

Recep Süleyman Özdil was born in Istanbul in 1961. He graduated from Ankara University, Faculty of Political Science, Department of Economics. Mr. Özdil started his professional career in 1984 at a private company as an Inspector. He worked as Specialist, Deputy Manager and Branch Manager at Albaraka Türk Özel Finans Kurumu A.Ş. from 1986 to 1993. From 1993 to 1995, he served as Financial Coordinator at a private company. Later, he worked as Deputy General Manager between 1995 and 2001 at İhlas Finans Kurumu A.Ş. and from 2001 to 2005 at Family Finans Kurumu A.Ş. Recep Süleyman Özdil was a Board Member and CEO at Birleşik Fon Bankası A.Ş. between 2005 and 2011 and Board Member at Security Deposit Insurance Fund (TMSF) from 2011 to 2014. Since August 28, 2015, Mr. Özdil has been serving as Chairman at Türkiye Halk Bankası A.Ş.

(2) Mevlüt UYSAL
Vice Chairman of the Board of Directors
Independent Board Member

Mevlüt Uysal was born in Antalya in 1966. He graduated from Istanbul University, School of Law. He worked as an attorney for many years following his graduation. He was elected the Mayor of Başakşehir Municipality in the March 2009 local elections. He was renominated in the 2014 local elections and was elected the Mayor of Başakşehir Municipality for a second term. He was voted the Mayor of Istanbul Metropolitan Municipality at an extraordinary meeting of the Istanbul Metropolitan Municipal Council in September 2017. He has been serving as Board Member at Türkiye Halk Bankası A.Ş. since May 27, 2019.

(3) Osman ARSLAN
General Manager and Board Member

Osman Arslan was born in Ankara in 1971. He graduated from Middle East Technical University, Faculty of Science and Literature, Department of Statistics. He later received an MBA at the Institute of Social Sciences, Department of Business Administration of the same university. Mr. Arslan joined Ziraat Bank in 1995. He served in managerial positions at various private banks from 1998 to 2004. Between 2004 and 2012, Mr. Arslan served as Division Manager, Department Head and Deputy General Manager at Türkiye Halk Bankası A.Ş. and as General Manager of Arap Türk Bankası. In March 2012, he began serving as the Deputy General Manager of Financial Affairs at Ziraat Bank. In January 2013, he was appointed Deputy General Manager of International Banking and Partnerships and in August 2014, Deputy General Manager of Information Technology Management at Ziraat Bank. He served as Founding General Manager at Ziraat Participation Bank from February 2015 to June 2017. Mr. Arslan has been serving as General Manager and Board Member at Halkbank since June 8, 2017.

(4) Şeref AKSAÇ
Board Member

He was born in Bayburt in 1956. He graduated from the Istanbul Academy of Economic and Commercial Sciences, Faculty of Political Sciences, Department of Public Administration in 1979. He began his professional career as an Assistant Inspector at T.C. Ziraat Bankası A.Ş. in 1982 and later served as an Inspector in 1986, and as a Manager at the Bank's different branch offices from 1990 to 2003. In 2003, he was appointed Deputy General Manager of Human Resources, and held his position until 2005. In addition to these roles, he served as a Member of the Supervisory Board at Başak Sigorta, and as a Member of the Board of Directors at Joint-Stock Commercial Bank and Ziraat Yatırım and Menkul Değerler A.Ş. In August 2012, he was appointed the CEO of Ziraat Hayat ve Emeklilik A.Ş. He served as a Board Member at T. Vakıflar Bankası T.A.O. between 2014 and 2016, as the Chairman of Vakıf Finansal Kiralama A.Ş. between 2015 and 2017, and as the CEO of Vakıf Finansal Kiralama A.Ş. from 2017 to 2020. Mr. Aksaç was elected as a Member of the Board of Directors of Türkiye Halk Bankası A.Ş. at the General Assembly Meeting dated March 26, 2021.

(5) Meltem TAYLAN AYDIN
Board Member

She was born in Ankara in 1973. Mrs. Aydın graduated from Istanbul University, Faculty of Political Science, Department of Business Administration. She completed her graduate studies on the macroeconomic performance of emerging economies and behavioral economics. In 2014, she was admitted to Harvard University's Emerging Leaders program. She is currently working toward her MBA degree at Harvard Extension School. Currently serving as the Chief Adviser to the President and a member of the President's Economic Policies Council, Mrs. Aydın has been a Board Member of Halkbank since June 8, 2017.

(6) Mıhrimah Beima SEKMEN
Independent Board Member

Sekmen was born in Erzurum in 1961. She graduated from the Faculty of Law at Istanbul University, and in 1985, she embarked on her career as a self-employed lawyer. The following years saw her building her specialization in private law consultancy. She is currently working actively in many non-governmental organizations. After serving as a Member of Parliament for Istanbul between 2011 and 2023, Sekmen is now an Independent Board Member at Türkiye Halk Bankası A.Ş. as of August 2, 2023.

(7) Maksut SERİM
Board Member

Maksut Serim was born in Izmit in 1955. He graduated from Marmara University, Faculty of Theology. He received his master's degree from Atılım University, Department of Public Administration and Political Science. Mr. Serim served as Clerk, Chief, Supervisor, Deputy Manager and Deputy General Manager at VakıfBank between 1977 and 1998. He later served as Press and Public Relations Adviser and then as Senior Adviser to the Prime Minister between 2003 and 2016. Mr. Serim currently serves as a Senior Adviser to the President and has been a Board Member of Halkbank since June 8, 2017.

(8) Ebubekir ŞAHİN
Board Member

Ebubekir Şahin was born in Rize Çayeli in 1974. He completed his elementary school education in Rize and high school in Sakarya. In 1995 he graduated from Gazi University, Faculty of Communication, Department of Public Relations and Advertising. Mr. Şahin received his master's degree from the Department of Journalism in 2002. He served in executive functions in many institutions, including the Ministry of Interior, the Grand National Assembly of Türkiye, the Ministry of Justice, the Ministry of Industry and Commerce, the Radio and Television Supreme Council (RTÜK) and the Office of the Prime Minister. He served as the Deputy General Manager at Anadolu Agency. He undertook positions as the Deputy Undersecretary and Undersecretary at the Ministry of Family and Social Services. He was elected as a Supreme Board Member of the Radio and Television Supreme Council (RTÜK) in October 2017 and as the President of the Supreme Board in January 2019. He was elected as a Member of the Board of Directors of Türkiye Halk Bankası A.Ş. at the General Assembly Meeting dated June 12, 2020.

(9) Sezai UÇARMAK
Board Member

Sezai Uçarmak was born in Ordu in 1964. He graduated from Istanbul University, Faculty of Political Science, Department of Public Administration. He started working at the Ministry of Customs as Assistant Customs Inspector in 1987. He subsequently served as Customs Inspector and Chief Customs Inspector in the same institution. He taught courses on "Customs and Foreign Trade" at Istanbul University, Institute of Social Sciences between 1994 and 1998. He served as General Manager of Customs from 2003 to 2005. After serving as Chief Customs Inspector between 2005 and 2008, Mr. Uçarmak then served as the Head of the Board of Internal Auditors until 2011. In November 2011 he was appointed Deputy Undersecretary at the Ministry of Customs and Trade. Mr. Uçarmak has been serving as Deputy Minister at the Ministry of Trade since January 18, 2019 and as a Board Member at Türkiye Halk Bankası A.Ş. since February 27, 2019.

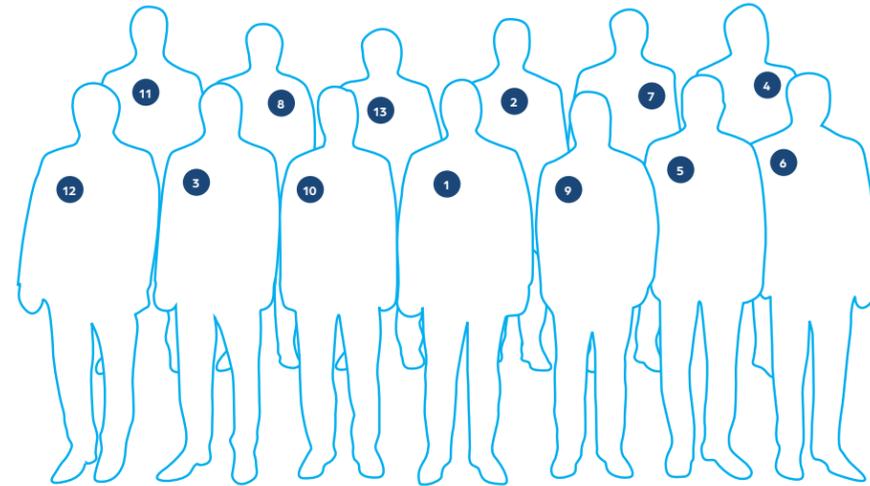
(10) Mehmet AYDIN
Member of the Supervisory Board

Aydın was born in Sapanlı in 1967. He graduated from Ankara University, Faculty of Political Sciences, Department of Economics. He served as the Chief Controller of Local Administrations at the Ministry of Interior, Consultant to the Minister of Finance, and Vice President of the Public Procurement Authority. He was also the Chairman of the Audit Committee and a member of the Supervisory Board and the Board of Directors at the Development and Investment Bank of Türkiye, the General Director of the Turkish Maritime Organization, and a member of the Board of Directors at Türkiye Şeker Fabrikaları A.Ş. and Sümer Holding. Aydın continues to work as the Consultant of the Public Procurement Agency and has been a member of the Supervisory Board at Türkiye Halk Bankası A.Ş. since August 2, 2023.

(11) Faruk ÖZÇELİK
Member of the Supervisory Board

Özçelik was born in Konya in 1968. He graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration. Özçelik received his master's degree from the Department of International Relations at Selçuk University. He also obtained degrees on Public Administration, Banking and Insurance, Justice, Real Estate and Real Estate Management, and Securities and Capital Markets from the Faculty of Economics at Anadolu University. He has been a Member of the Supervisory Board at Türkiye Halk Bankası A.Ş. since August 2, 2023.

Executive Management



(1) Osman ARSLAN
General Manager and Board Member
 Please see page 29 for Mr. Osman ARSLAN's background.

(2) Yalçın MADENCİ
Deputy General Manager
Corporate and Commercial Marketing
 He was born in Istanbul in 1977. He graduated from Sakarya University, Faculty of Economics and Administrative Sciences, department of Economics. Mr. Madenci began his professional career at Türkiye Halk Bankası A.Ş. in 1999 and spent his entire career at Halkbank as Specialist, Senior Specialist, Manager, Commercial Branch Manager, Division Manager and Department Head. He has been serving as the Bank's Deputy General Manager of Corporate and Commercial Marketing since June 11, 2019.

(3) Hasan TUNCAY
Deputy General Manager
SME Banking

He was born in Ankara in 1967. He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He worked as Inspector and Manager at Pamukbank T.A.Ş. Since 2004 he served as Branch Manager, Department Head and Deputy General Manager of Corporate and Commercial Marketing and Deputy General Manager of Retail Banking at Türkiye Halk Bankası A.Ş. Mr. Tuncay has been serving as the Deputy General Manager of SME Banking since November 22, 2022.

(4) Altan TAŞKIRAN
Deputy General Manager
Retail and Digital Banking

Altan Taşkıran was born in Rize in 1976. He graduated from Istanbul Technical University, Faculty of Sciences and Letters, Department of Physics Engineering. He embarked on his professional career at Garanti Payment System in 2000 and served in Sales Representative, Marketing Manager, Marketing Director, and Head of Marketing Unit roles. After joining the Halkbank family in 2021 and serving as Department Head and Group Manager, Mr. Taşkıran has been serving as Deputy General Manager of Retail and Digital Banking since November 22, 2022. He is married with two daughters.

(5) İlhan BÖLÜKBAŞ
Deputy General Manager
Loan Allocation and Management

İlhan Bölükbaş was born in 1971. He graduated from Ankara University, Faculty of Political Science, Department of Business Administration. Beginning his career as Assistant Financial Analyst at VakıfBank, he subsequently served in managerial positions at ING Bank A.Ş. and ICBC Bank as Assistant Inspector, Inspector, Manager, Department Head and Group Manager. He served as Deputy General Manager at Ziraat Finansal Kiralama A.Ş. from 2014 to 2016 and Department Head at Ziraat Katılım Bankası A.Ş. between 2016 and 2017. Appointed as Department Head at Türkiye Halk Bankası A.Ş. in 2017, İlhan Bölükbaş has been serving as Halkbank's Deputy General Manager of Loan Allocation and Management since June 11, 2019.

(6) Tahir DEMİRKIRAN
Deputy General Manager
Loan Policies Monitoring and Specialized Loans

He was born in Istanbul in 1967. He graduated from the Economics Department of Istanbul University. In 1991, Mr. Demirkıran started his career as a Sales Representative at Vestel Pazarlama A.Ş., and worked as Assistant Specialist and Manager at Pamukbank T.A.Ş., Department Head at Türkiye Halk Bankası

A.Ş., Group Manager at T.C. Ziraat Bankası A.Ş. and Deputy General Manager at Ziraat Katılım Bankası A.Ş. Demirkıran has been serving as the Deputy General Manager responsible for Loan Policies Monitoring and Specialized Loans at Türkiye Halk Bankası A.Ş. since November 28, 2022.

(7) Celal CANDAN
Deputy General Manager
Credit Risk Liquidation and Legal Affairs

Celal Candan was born in Konya in 1970. He worked as a freelance lawyer after graduating from Istanbul University, Faculty of Law. Later, he served as the Manager of Anatolian Side Legal Affairs at VakıfBank, Member of the Board of Directors at Halk Leasing, Member of the Board of Directors at Halk Emeklilik, and the Head of Halkbank's Credit Risk Liquidation Department. Since September 22, 2020, Mr. Candan has been serving as the Deputy General Manager of Credit Risk Liquidation and Legal Affairs at Halkbank. He is married with three children.

(8) Ali ŞÖNER
Deputy General Manager
Treasury Management and International Banking

He was born in Istanbul in 1968. He graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of International Relations. He worked as Assistant Specialist and Specialist at Pamukbank T.A.Ş. He served in Division Manager and Department Head roles at Türkiye Halk Bankası A.Ş. since 2004. Mr. Şöner has been the Bank's Deputy General Manager of Treasury Management and International Banking since July 28, 2021.

(9) Ergin KAYA
Deputy General Manager
Operational Transactions and Digital Transformation

Ergin Kaya was born in Artvin in 1970. He graduated from Ankara University, Faculty of Political Science, Department of Public Administration. He served as Assistant Inspector, Inspector, Division Manager, Department Head, and Deputy General Manager of Banking Operations and Information Technologies and Deputy General Manager of Operations and Support Services at Türkiye Halk Bankası A.Ş. Mr. Kaya has been serving as the Deputy General Manager of Operational Transactions and Digital Transformation since November 22, 2022.

(10) Yusuf Duran OCAK
Deputy General Manager
Financial Management and Planning

Yusuf Duran Ocak was born in Kadırlı, Osmaniye, in 1966. Ocak graduated from Gazi University, Faculty of Economics and

Administrative Sciences, Department of Public Finance. After serving as Assistant Inspector, Inspector, Deputy Head of the Board of Internal Auditors, and Department Head at Türkiye Halk Bankası A.Ş., Mr. Ocak has served as Deputy General Manager of Financial Management and Planning since August 4, 2017.

(11) Olcay ATLIOĞLU
Deputy General Manager
Information Technologies

He was born in Istanbul in 1974. He completed his bachelor's and master's degrees at Istanbul Technical University, Department of Control and Computer Engineering. Starting his professional career in 1994 as Software Development Specialist, he subsequently worked at BİMA Yazılım, BELBİM Elektronik Para ve Ödeme Hizmetleri, Türk Ekonomi Bankası (TEB) and Fortis Bank (formerly Dışbank). Mr. Atlioğlu also worked for 10 years as an executive at Turkcell and Turkcell Technology. After working as Director at Etiya in 2016, he joined the Halkbank family in 2017. After serving as Department Head and Group Manager at Halkbank Information Technologies, Mr. Atlioğlu is the Deputy General Manager of Information Technologies of Türkiye Halk Bankası A.Ş. since July 28, 2021.

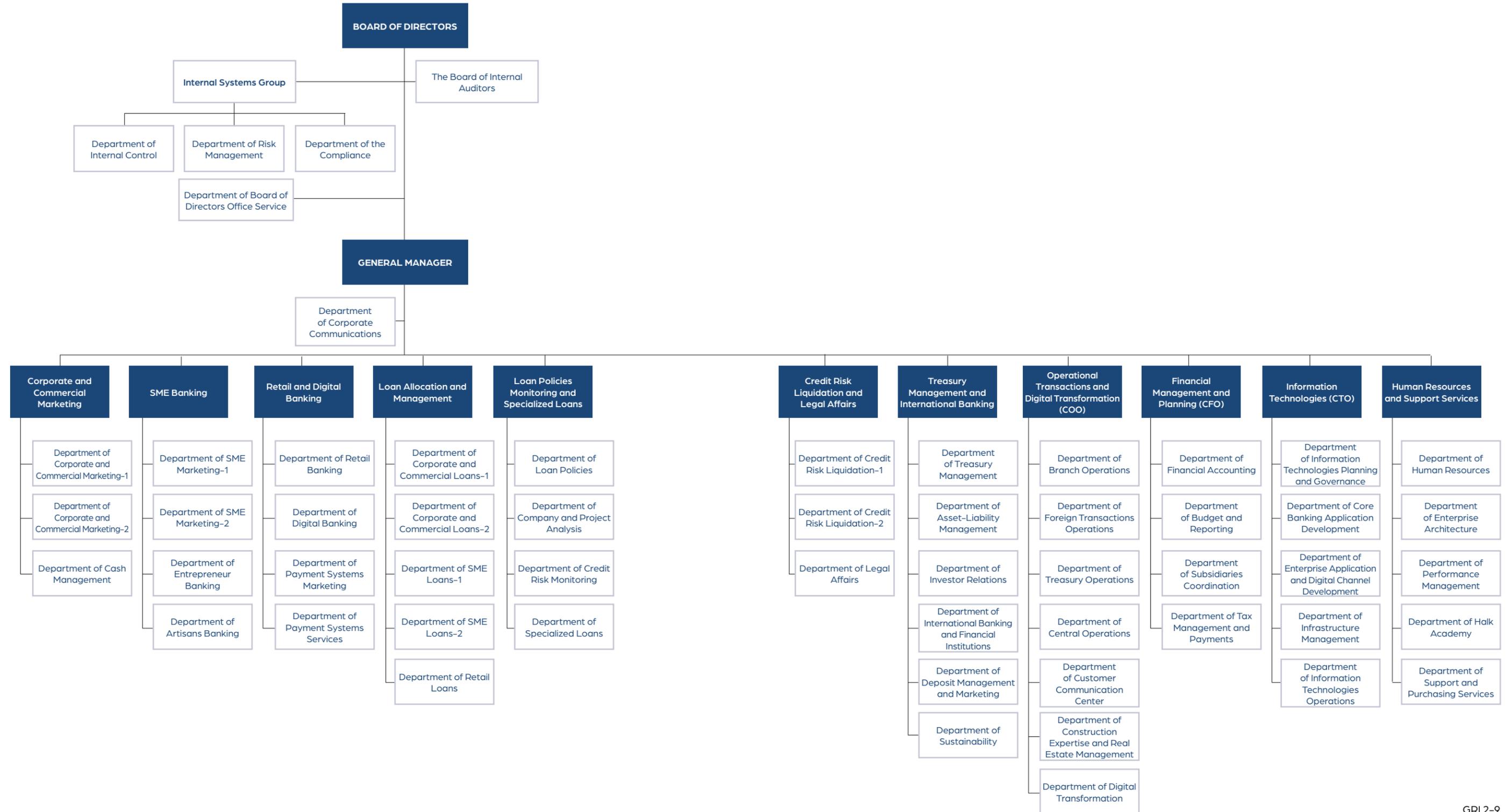
(12) Fatih ŞAHBAZ
Deputy General Manager
Human Resources and Support Services

Fatih Şahbaz was born in Sorgun, Yozgat in 1981. He graduated from Selçuk University, Faculty of Economics and Administrative Sciences, Department of Economics, and from Doğu University, School of Law. He completed his master's degree at Marmara University, Institute of Social Sciences, Department of Economics and his doctorate at Istanbul Medeniyet University, Department of Political Science and Public Administration. Mr. Şahbaz, who previously served as Specialist, Internal Controller, Division Manager, Branch Manager, Department Head and Group Manager at Türkiye Halk Bankası A.Ş., has been serving as Deputy General Manager of Human Resources and Support Services since November 22, 2022.

(13) Hamdi COŞGUN
Group Manager
Internal Systems

He was born in Aksaray Ortaköy in 1976. He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of International Relations. Mr. Coşgun, who previously worked as Assistant Specialist, Inspector, Division Manager, Branch Manager, Department Head and Regional Coordinator at Türkiye Halk Bankası A.Ş., has been serving as the Manager of Internal Systems Group since May 24, 2022.

Organizational Chart



Shareholding Structure and Shareholder Portfolio

Türkiye Halk Bankası A.Ş. has shifted to the registered capital system, upon a resolution adopted at its Ordinary General Assembly dated March 27, 2015. The Bank has registered capital ceiling of TRY 30,000,000,000 and issued capital of TRY 7,184,778,041.96.

99.999996207% of the Bank's shares, originally held by the Undersecretariat of Treasury of the Prime Ministry of the Republic of Türkiye were transferred to the ownership of the Privatization Administration of Türkiye and 24.98% of these shares were publicly listed on May 10, 2007, pursuant to Resolution No. 2007/08 of the Privatization High Council dated February 5, 2007; the Resolution of the Bank's General Assembly dated April 19, 2007; and Resolution No. 16/471 of the Capital Markets Board of Türkiye dated April 26, 2007.

As part of the secondary public offering of the Bank's shares pursuant to Resolution No. 2012/150 of the Privatization High Council dated October 4, 2012, shares owned by the Privatization Administration of Türkiye representing 23.92% of the Bank's capital were successfully floated on November 21, 2012.

Pursuant to the Resolution numbered 2017/1 dated February 3, 2017 by the Privatization Board of Türkiye, shares held by the Privatization Administration of Türkiye were removed from the scope of the privatization program and they were transferred to the Türkiye Wealth Fund on March 10, 2017.

Finally, issued capital increased from TRY 4,969,120,730.29 to TRY 7,184,778,041.96 as a result of the capital

increase that was made on March 29, 2023 through the private placement method without a public offering.

The qualified shareholder is the Türkiye Wealth Fund with an equity stake of 91.4934811% (Address: Muallim Naci Cad. No: 22 Ortaköy/İstanbul). Neither the Chairman, Vice Chairman, General Manager, the Members of the Board of Directors nor Deputy General Managers hold shares in the Bank.

Pursuant to Law No. 6327 dated June 13, 2012, as well as Provision 3 of Article 2 that was added to Law No. 4603, until their sale is finalized, these public sector-owned shares in the Bank shall be governed and represented by the Minister that the Bank reports to in accordance with the Turkish Commercial Code.

Name of Shareholder	Issued Capital Amount (TRY)	Shareholding (%)
Türkiye Wealth Fund ⁽¹⁾	6,573,603,541.96	91.4934811
Free Float ⁽¹⁾⁽²⁾	611,092,845.59	8.5053824
Other	81,654.41	0.0011365
Total	7,184,778,041.96	100.0000000

⁽¹⁾ Türkiye Wealth Fund's shares corresponding to share capital of TRY 5,935,327,973.96 are eligible to be traded on the stock exchange.

⁽²⁾ The Free Float amount includes shares corresponding to share capital of TRY 142,917,481 that were repurchased pursuant to the Bank's Board of Directors' Share Buy Back Resolutions dated August 29, 2018, March 17, 2020 and February 14, 2023 respectively.

Halkbank's Shareholder Portfolio

In addition to advanced banking services with a wide portfolio of partnerships, Halkbank also offers its customers products and services in various fields.

SUBSIDIARIES



Capital
TRY 523,000,000

Halkbank's shareholding
100%

Commencing operations in 1991, Halk Finansal Kiralama A.Ş. was founded to acquire movable and immovable property, machinery, vehicles and equipment through purchasing, import and other legal means; to use these economic assets in domestic and overseas leasing operations; and to conduct all kinds of leasing transactions. The Company, which was a 47.75%-owned affiliate of Halkbank, became a subsidiary after Halkbank acquired the shares of other shareholders in 2011.

Halkbank's share ratio is 100% and the company's capital has been increased to TRY 523 million in accordance with the decision taken at the Extraordinary General Assembly Meeting dated June 9, 2022.

The Company has a total of 9 branches, three in Istanbul and one each in Ankara, Bursa, Izmir, Adana, Konya, Gaziantep, Ankara, Bursa, Izmir, Adana, Konya, and Gaziantep.

In accordance with Halkbank's policy, its subsidiaries and affiliates strive to:

- Create added-value, enrich the product and service portfolio that Halkbank offers to its retail and corporate clients and create cross-selling and supplementary product marketing and sales opportunities.
- Halkbank establishes good relations with other businesses, expands and maintains existing relationships.



Capital
TRY 246,000,000

Halkbank's shareholding
100%

Halk Faktoring A.Ş. was founded on June 6, 2012 as a Halkbank subsidiary in order to provide all financing, guarantee and collection products needed in domestic and international trade transactions with a focus on trade finance and receivables backed financing to SMEs, companies with major import or export activities, corporations with extensive supplier and dealer networks, as well as all other clients. Pursuant to the operating license granted by the Banking Regulation and Supervision Agency of Türkiye, the Company began executing transactions on December 10, 2012.

Halkbank's share ratio is 100% and the company's capital has been increased to TRY 246 million in accordance with the decision taken at the Extraordinary General Assembly Meeting dated June 09, 2022.

The Company has five branches in total, two in Istanbul and one each in Ankara, Bursa and Izmir.

- Increase operational efficiency and reduce service production costs.
- Ensure the delivery of high-quality services needed by the Bank's clients.

Acting in accordance with this policy, Halkbank provides quick and effective services to its customers, with the synergistic cooperation among its subsidiaries and affiliates.



Capital
TRY 250,000,000

Halkbank's shareholding
100%

Halk Yatirim Menkul Değerler A.Ş. was established in 1997 to engage in capital market activities, trade capital market instruments and carry out stock market transactions. At the beginning of 2006, Halkbank acquired the shares of Türkiye Halk Bankası Personnel Provident Fund and the Company became a subsidiary.

At the Company's Ordinary General Assembly Meeting held on August 7, 2023, its capital which was TRY 150 million was increased by TRY 100 million to TRY 250 million. After the capital increase, Halkbank's total capital increased to TRY 250 million and its share ratio increased to 100%.

The Company was classified and authorized as a "Brokerage Firm with Broad Authority" as per CMB's resolution dated October 15, 2015.

The agency contract between Halk Yatirim Menkul Değerler A.Ş. and Halkbank was cancelled to be replaced with the "Order Transfer Intermediation Contract" signed on November 11, 2015 and approved by CMB.

Shareholding Structure and Shareholder Portfolio

SUBSIDIARIES



Capital
TRY 100,000,000

Halkbank's shareholding
100%

The Company was established on September 23, 2019 for the purpose of performing all types of operational activities, furnishing the infrastructure, and providing technical support regarding debit cards, credit cards, POS devices, member businesses and payment systems with the participation of state-owned banks. On April 25, 2022, the Bank has acquired the shares of TWF and PTT A.Ş. of the Company, an affiliate of the Bank, thus increasing Halkbank's shareholding from 20% to 33.33%. On June 21, 2022, T.C. Ziraat Bankası A.Ş. and Türkiye Vakıflar Bankası T.A.O. shares of the Company were also taken over by the Bank and the Company became our subsidiary Halkbank's shareholding rate increased to 100%.



Capital
TRY 100.000

Halkbank's shareholding
100%

The company was established on October 3, 2017 in order to issue "Lease Certificate" in accordance with the Capital Markets Law No. 6362, the relevant communiqué and the relevant regulations of the CMB. The Company's capital is TRY 100 thousand and Halkbank's shareholding is 100%.



Capital
RSD 10,488,940,000
(Serbian Dinars)

Halkbank's shareholding
100%

In line with the Bank's policy of increasing its presence in the Balkan region and Central Europe, on May 27th, 2015 Halkbank acquired a 76.76% stake in Cacanska Bank, a bank operating in the Cacak Region of Serbia, resulting in Cacanska Bank's inclusion into Halkbank's subsidiary portfolio.

The name of the bank was changed to Halkbank A.D. Beograd in accordance with the decision taken at the General Assembly dated October 15, 2015 and the Headquarters was moved from the city of Cacak to the capital Belgrade. The Bank operates through 43 branches in 20 cities across Serbia with a total workforce of 720.

With the purchase of share certificates traded on the stock exchange by Halkbank and the capital increases, Halkbank's share ratio among all shares including privileged share certificates, reached 100%. The paid-in capital of the Company was increased to RSD 10,488,940,000 by the Extraordinary General Assembly Resolution dated October 21, 2022.



Capital
MKD 12,846,910,000
(Macedonian Dinars)

Halkbank's shareholding
99.63%

The majority shares of Izvozna i Kreditna Banka A.D. Skopje, established in 1993 to carry out all kinds of banking activities, were purchased from Demir-Halk Bank (Nederland) N.V. in 2011 and the Bank was included in the partnership portfolio as a subsidiary. Subsequently, the Bank's name was changed to Halk Banka A.D. Skopje.

Halkbank A.D. Skopje has taken over Ziraat Bankası A.D. Skopje operating in North Macedonia as of October 1, 2012. T.C. Ziraat Bankası A.Ş. is the controlling shareholder of Ziraat Bankası A.D. Skopje. As a result of this takeover, the Company's capital increased from MKD 1,884,150,000 to MKD 2,893,690,000 while Halkbank's equity stake went up from 98.12% to 98.78%. Halk Banka A.D. Skopje's capital was raised from MKD 11,001,910,000 to MKD 12,846,910,000 with the resolution passed at the General Assembly Meeting held on July 27, 2023. After the capital increase, the Bank's shareholding ratio reached 99.63%.

The Bank continues its activities with a total of 45 branches and a total of 773 personnel.



Capital
TRY 3,145,000,000

Halkbank's shareholding
79.33%

The Company was established under the leadership of Halkbank in 2010 to do business for the objectives and in the matters stipulated by the regulations of the Capital Markets Board of Türkiye regarding the Real Estate Investment Trusts and to invest in real estate properties, real estate-backed capital markets instruments, real estate projects and real estate-based rights.

The public offering of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. took place in February 2013, and all of the shares with a nominal value of TRY 185.5 million offered to the public were sold. As of February 22, 2013, 28% of the Company's shares started to be traded in Borsa Istanbul.

The Company's capital was increased from TRY 1,570 million to TRY 1,645 million as a result of the capital increase by bonus issue as per the resolution adopted at the General Assembly Meeting held on August 8, 2023. Finally, the Company's capital was increased from TRY 1,645 million to TRY 3,145 million as a result of the capital increase through rights issue completed on January 18, 2024 as per the Resolution of the Board of Directors dated October 3, 2023.

Halkbank's shareholding stands at 71.96%. The Bank owns 7.36% within the free float. The Bank's total shareholding is 79.33%.

AFFILIATES



Capital
TRY 340,000,000

Halkbank's shareholding
33.33%

The Company was established in 1998 to operate in the alternative delivery channels and payment systems business lines.

On February 7, 2020, in accordance with Türkiye's ATM Center (TAM) Project related to the joint ATM service of public banks, a total of 66.67% of the company's shares were transferred with a split of 33.34% share of capital being transferred to T.C. Ziraat Bankası A.Ş. and 33.33% to T. Vakıflar Bankası T.A.O. and the company was turned into an affiliate on July 22, 2013. With the decision passed at the Extraordinary General Assembly Meeting dated January 20, 2022, the Company's capital was increased to TRY 340 million. Halkbank currently owns 33.33% of the Company's share capital.

Shareholding Structure and Shareholder Portfolio

AFFILIATES



Capital
TRY 47,500,000

Halkbank's shareholding
35.79%

Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. was established on April 12, 2022 in order to support initiatives that develop domestic and national technologies and to invest in initiatives that develop special technologies in the venture ecosystem our country and is still in operation. The Company has a 35.79% stake in the Company with a share capital of TRY 17 million.



Capital
TRY 67,000,000

Halkbank's shareholding
31.47%

KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş. was established in 1999. The purpose of the Company is to provide support for small and medium-scale enterprises that have high potential for development and are in need of funds. The intention of the Company is to contribute to their development by offering them the capital and strategic support they need to grow.

The Company was expanded to build and manage an angel investor network and to carry out portfolio management activities. Through this network, the company intends to bring together a group of angel investors and undertake finance matching to meet core and initial capital needs.



Capital
EUR 113,750,000

Halkbank's shareholding
30%

Having commenced operations in 1992 and carrying out a full range of banking operations, DHB Bank N.V. is a company with Turkish capital, operating according to Dutch legislation. It was established in Rotterdam, Netherlands to offer services particularly to Turkish companies and their partners in Western Europe.



Capital
TRY 7,425,000

Halkbank's shareholding
18.18%

The Company was founded in 1995 to facilitate information sharing, a prerequisite for monitoring and controlling consumer loans, between financial institutions that are engaged primarily in money and capital markets and insurance business lines.



Capital
TRY 75,000,000

Halkbank's shareholding
16%

In accordance with the Bank's mission to support the national economy and strategic sectors, 16% of the shares owned by the SDIF were purchased on March 1, 2023 with an amount of TRY 119,284,800 as per the resolution of the Board of Directors dated December 27, 2022 in line with the goals of supporting the financial sector and increasing its efficiency. The Bank has a 16% stake in the Company with a share capital of TRY 12 million.



Capital
TRY 177,492,990

Halkbank's shareholding
9.28%

The Company was established in 1990 with the partnership of 13 public and private banks. The activities of the Company are to develop procedures to be applied among banks involved in credit card and debit card applications, to make decisions by conducting studies to ensure standardization, to establish domestic rules, to carry out clearing and settlement between banks, to establish relations with foreign institutions and commissions, and to represent its members in these institutions when necessary.



Capital
TRY 50,000,000

Halkbank's shareholding
2.86%

The Company was established in partnership with Halkbank and leading institutions, organizations, and associations of finance and capital markets. JCR, an international credit rating company with Turkish capital, aims to support growth, efficient use of resources, and investment by determining the creditworthiness of companies.

OTHER PARTNERSHIPS

Birleşik İpotek Finansmanı A.Ş.

Capital
TRY 50,000,000

Halkbank's shareholding
8.34%

Türkiye Ürün İhtisas Borsası A.Ş.

Capital
TRY 50,000,000

Halkbank's shareholding
3%

Kredi Garanti Fonu A.Ş.

Capital
TRY 513,134,229

Halkbank's shareholding
1.49%

Türkiye Cumhuriyet Merkez Bankası

Capital
TRY 25,000

Halkbank's shareholding
1.11%

In liquidation Sberbank Magyarország Zrt. (Sberbank Hungary)

Capital
HUF 3,727,200,000 (Hungarian Forints)

Halkbank's shareholding
1.07%

Istanbul Takas ve Saklama Bankası A.Ş.

Capital
TRY 600,000,000

Halkbank's shareholding
0.99%

İhracatı Geliştirme A.Ş.

Capital
TRY 4,804,587,817

Halkbank's shareholding
0.89%

Mesbaş Mersin Serbest Bölge İşleticisi A.Ş.

Capital
TRY 259,303,680

Halkbank's shareholding
0.68%

Alıdaş Alanya Liman İşletmeleri Denizcilik Tur. Tic. ve San. A.Ş.

Capital
TRY 10,000,000

Halkbank's shareholding
0.30%

Borsa İstanbul A.Ş.

Capital
TRY 423,234,000

Halkbank's shareholding
0.00353%

Visa INC.

Capital
USD 16,900,000,000

Halkbank's shareholding
0.0017614%

Halkbank's Historical Development

Halkbank, the first bank of the middle class, and its representatives in the economy, consisting of tradesmen, artisans, and small businesses in the sector, began operating in 1938.

Halkbank, whose foundation process started with the Halkbank and Public Funds Law enacted in 1933 and which became operational in 1938, provided loan services through the Public Funds channel it financed between 1938 and 1950.

Banks and other state enterprises that started operations in the years after the founding of the Turkish Republic were unable to address the unique problems facing small scale artisans and tradesmen, which made up the largest segment of the economy. As a result, Halkbank was established with the mission of lending specifically to artisans, tradesmen and small businesses at favorable terms in order to achieve lasting economic development, social stability and peace.

Mustafa Kemal Atatürk, who stated, "It is extremely essential to create an organization that will provide small business owners and large industrial enterprises with the loans they so desperately need, easily obtainable and inexpensively priced and to lower the cost of credit under normal circumstances." paved the way for the inception of Halkbank.

Halkbank and the People's Funds Law
Halkbank was founded pursuant to the Halkbank and Public Funds Law enacted in 1933 and began operating in 1938.

Halkbank is the first bank of the middle class and its representatives in the economy consisting of tradesmen, artisans and small businesses, in the sector.

Conducting its operations under the guidance of Atatürk's words "My happiest day will be when I see magnificent factories replace the small shops of tradesmen," Halkbank provided credit services through the Public Funds channel, to which it provided financing, from 1938 to 1950. Halkbank was authorized to open branches and lend directly in 1950. The Bank started increasing the pace of its activities as well as its deposit and lending volumes in 1964 and reached an important position in the banking industry.

Expanding its Service Scope, Halkbank Completed its Reorganization

Halkbank acquired Türkiye Öğretmenler Bankası T.A.Ş. (Töbank) in 1992, Sümerbank in 1993 and Etibank in 1998. Growing more diversified and stronger with each acquisition, Halkbank entered into the process of reorganization in 2000 to operate more effectively in the current, internationally competitive banking environment while preparing itself for privatization. In 2001, the Bank acquired Emlak Bankası with its 96 branches, personnel and balance sheet.

Pamukbank was merged into Halkbank in the second half of 2004. Finalized in only half the time of the originally estimated nine months, this integration went down in world banking history as a bank merger that was successfully completed in a very short period of time.

Halkbank Headquarters Moved to Istanbul

At Halkbank's Ordinary General Assembly Meeting held on March 29, 2013, the Bank's headquarters was relocated from Ankara to Istanbul, with the approved amendments made to the Articles of Association.

As of August 28, 2023, the Bank began operations at its new Headquarters Building in the Istanbul Finance Center, which will make Istanbul one of the financial capitals of the world in the 100th year of our Republic.

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Awards in 2023

Halkbank won a total of 21 gold, five silver, and four bronze awards at the Silicon Valley-based Globee Awards programs.

The International Business Awards (IBA) program, organized for the 20th time in 2023, recognizes achievements in all areas of business life. Halkbank won eight gold, five silver, and seven bronze awards, for a total of 20 awards, at the "International Business Awards," the largest award program of the Stevie Awards. Halkbank has once again made its mark among the best in the world and was ranked as one of the institutions with the highest number of awards in this year's program.

As it has done in the last two years, the Bank was recognized with an award in the "Best Bank of the Year" and "Best Financial Institution of the Year" categories this year. It was awarded a silver prize in the "Best Bank of the Year" category and a gold prize in the "Best Financial Institution of the Year" category. Halkbank broke a record by winning these awards for three consecutive years and established itself as one of the best in the world.

Halkbank was recognized with two gold awards in the Stevie Awards Women in Business award program with its efforts in the field of women entrepreneurship and publicized its initiatives in women entrepreneurship in the international arena. The Bank received two gold Stevie awards in the "Achievement in Supporting and Empowering Women" and "Best Product or Service of the Year in Consumer Products" categories

as a result of its support for women entrepreneurs in Türkiye.

The Bank received one gold and one bronze awards at the Stevie Awards for Great Employers award program, which recognizes the world's best employers, with its "Human Resources Transformation Process" project. Halkbank was awarded the gold prize in the "Employer of the Year/Banking" category, which is the grand prize of this program, for two consecutive years and was ranked among "Best Employers" again this year.

Halkbank won a total of 21 gold, five silver, and four bronze awards at the Silicon Valley-based Globee Awards programs. The Bank was selected by the jury as the "Best Bank of the Year" and the "Best Employer of the Year" and received awards in 30 different categories while Halkbank General Manager Mr. Osman Arslan was recognized as the "CEO of the Year."

At the Globee Leadership Awards, the Bank was ranked as one of the institutions with the highest number of awards with eight gold, two silver, and two bronze awards and was recognized by the organizers with the Grand Prize. The Bank received a gold award in the "Best of the Year" category while Halkbank General Manager Mr. Osman Arslan was elected as the "CEO of the Year" with one gold, one silver, and one bronze award in the "Leader of the Year" category. Mr. Arslan became the first Turkish executive to

be recognized with this distinction in the award program.

At the Globee Business Awards, Halkbank was deemed worthy of an award by the jury in 17 categories, highlighted by "Best Employer of the Year" and "Best Bank of the Year." Halkbank received 12 gold, three silver, and two bronze awards in this program. The Bank was awarded gold prizes in the "Innovation in Energy and Sustainability," "Financial Services," "Achievement in Human Resources," "Best Employer of the Year," "Best Use of Technology Products and Services," "Developing Technology Solutions," "Innovation of the Year in Finance," "Digital Process Automation Solution," "Digital Transformation," "Robotic Process Automation," "Best Use of Mobile Applications," and "Best Corporate Social Responsibility Program of the Year" categories. Halkbank was also ranked as one of the institutions with the highest number of awards in this program and was deemed worthy of the Grand Prize once again. In addition, Halkbank was awarded a gold prize in the Globee Awards for Women in Business with "Halkbank Women Entrepreneur Supports."

In the Global SME Finance Awards program, which assesses the success of financial institutions in offering products and services to SME customers on an international scale, Halkbank received the honor award in the "Best Financier for Women Entrepreneurs" category and the silver award in the "Best SME Financier of the Year in Europe" category.

The Bank was deemed worthy of the "Outstanding Sustainable Project Finance" award at the Global Sustainable Finance Awards organized in Karlsruhe, Germany by the European Organization for Sustainable Development (EOSD). This award recognizes financial institutions which successfully embrace economic, social, and environmental sustainability in their organizational cultures.

At the Global Banking & Finance Awards 2023 program organized by the U.K.-based Global Banking & Finance Review Magazine, the Bank received the "Best SME Bank," "Best SME Bank," and "Best Corporate Social Responsibility Company" awards while Paraf RingPay was selected the "Best Banking Payment Tool."

Halkbank received awards in three different categories this year at the Dubai-based International Business Magazine Awards program, which assesses projects in the fields of banking, finance and investment. It was designated as "Most Trusted Commercial Banking Company Türkiye," "Best Corporate Social Responsibility Initiative Company Türkiye," and "Best Comprehensive Financial Products and Services Provider Türkiye."

All awards received by Halkbank during the reporting period are given in the table below:

Award Program	Category	Award
Stevie International Business Awards	Best Bank of the Year	Silver
Stevie International Business Awards	Best Financial Institution of the Year	Gold
Stevie International Business Awards	Achievement in Environment	Silver
Stevie International Business Awards	Health, Environment and Occupational Safety Program of the Year	Gold
Stevie International Business Awards	Sustainability Leadership Award	Bronze
Stevie International Business Awards	Sustainability Project of the Year	Gold
Stevie International Business Awards	Achievement in Finance	Bronze
Stevie International Business Awards	Financial Products and Services	Bronze
Stevie International Business Awards	Achievement in Human Resources	Silver
Stevie International Business Awards	Emerging Technologies	Bronze
Stevie International Business Awards	Achievement of the Year in Technology	Gold
Stevie International Business Awards	Achievement in Finance	Gold
Stevie International Business Awards	Achievement in Product Innovation	Bronze
Stevie International Business Awards	Innovation of the Year	Bronze
Stevie International Business Awards	Achievement in Science or Technology	Gold
Stevie International Business Awards	Digital Process Automation Solution	Silver
Stevie International Business Awards	Communication and Collaboration Solution	Gold
Stevie International Business Awards	Human Resources Solution	Gold
Stevie International Business Awards	Achievement in Corporate Social Responsibility	Bronze
Stevie International Business Awards	Social Responsibility Program of the Year in Europe	Silver
The Stevie Awards for Great Employers	Employer of the Year in Banking	Bronze
Stevie Awards for Women in Business	Best New Product or Service of the Year in Consumer Products	Gold
Stevie Awards for Women in Business	Achievement in Supporting and Empowering Women	Gold
The Stevie Awards for Great Employers	Achievement in Human Resources Administration	Gold
Global SME Finance Awards	SME Financier of the Year in Europe	Silver
Global SME Finance Awards	Best Financier for Women Entrepreneurs	Honorable Mention
Globee - Leadership Awards	Grand Globee	Grand Globee

Awards in 2023

Award Program	Category	Award
Globee - Leadership Awards	Company of the Year in Banking	Gold
Globee - Leadership Awards	Thought Leadership in Finance	Gold
Globee - Leadership Awards	CEO of the Year in Europe, the Middle East or Africa	Gold
Globee - Leadership Awards	Achievement in Diversity	Silver
Globee - Leadership Awards	Leadership in Human Resources Products and Services	Bronze
Globee - Leadership Awards	Thought Leadership in Digital Transformation and Social Media	Gold
Globee - Leadership Awards	Leadership in Financial Products and Services	Gold
Globee - Leadership Awards	Achievement in Innovation	Gold
Globee - Leadership Awards	Corporate Social Responsibility Champion	Gold
Globee - Leadership Awards	Award for Innovation in Social Responsibility	Gold
Globee - Leadership Awards	Leader of the Year	Silver
Globee - Leadership Awards	CEO of the Year in Banking, Finance, Accounting and Insurance	Bronze
Globee - Business Awards	Company of the Year - Banking	Silver
Globee - Business Awards	Employer of the Year	Gold
Globee - Business Awards	Financial Services	Gold
Globee - Business Awards	Achievement in Human Resources	Gold
Globee - Business Awards	Innovation in Energy & Sustainability	Gold
Globee - Business Awards	Innovation of the Year in Finance	Gold
Globee - Business Awards	Digital Transformation	Gold
Globee - Business Awards	Emerging Technology Solution	Gold
Globee - Business Awards	Robotic Process Automation	Gold
Globee - Business Awards	Corporate Social Responsibility Program of the Year	Gold
Globee - Business Awards	Best Use of Technology Products and Services	Gold
Globee - Business Awards	Best Use of App (SmartPhone and/or Mobile)	Gold

Award Program	Category	Award
Globee - Business Awards	Digital Process Automation Solution	Gold
Globee - Business Awards	Achievement in New Product or Service Launch	Silver
Globee - Business Awards	Best Use of Technology	Silver
Globee - Business Awards	Achievement in Use of HR Technology	Bronze
Globee - Business Awards	Award for the Innovative Use of Technology in Human Resources	Bronze
Globee for Women in Business	Best Financial Product or Service for Women	Gold
Global Banking and Finance Review	Best SME Bank	Best
Global Banking and Finance Review	Best Green Bank	Best
Global Banking and Finance Review	Best Corporate Social Responsibility Bank	Best
Global Banking and Finance Review	Best Banking Payment Tool (Paraf RingPay)	Best
The Global Sustainable Finance Awards	Outstanding Sustainable Project Finance Award	Best
CDP Global A 2022	2022 CDP Global Water A List	2022 CDP Global Water Leader
International Business Magazine Awards	Most Trusted Commercial Bank Türkiye 2023	Most Trusted
International Business Magazine Awards	Best Corporate Social Responsibility Initiative Company Türkiye 2023	Best
International Business Magazine Awards	Best Overall Financial Product and Service Provider Türkiye 2023	Best
Big Awards for Business	Product of the Year - Halkbank Entrepreneur Supports	Best
2022 Service Export Champions	Finance, Insurance and Other Financial Services	Second Prize
ARC Awards International	Written Text	Gold Award
ARC Awards International	Cover Photo/Design	Honors Award
Middle East & North Africa Stevie Awards	Award for Excellence in Innovation in Financial Industries	Gold
Middle East & North Africa Stevie Awards	Award for Innovation in Energy & Sustainability	Gold
Middle East & North Africa Stevie Awards	Innovative Achievement in Corporate Social Responsibility	Silver
A.C.E Awards 2023	Public Banking	Diamond

Macroeconomic Outlook

The dampening effect monetary tightening on the global economy became apparent in 2023.

Tight monetary policies, which led to a slowdown in 2023, are expected to continue in the first half of 2024.

The dampening effect monetary tightening on the global economy became apparent in 2023. Nearly all countries reported year-over-year declines in exports. In its most recent economic outlook report, the IMF projected the global growth rate to decline from 3.5% in 2022 to 3% in 2023. The long-term consequences of the Russia-Ukraine war and geopolitical polarization were also felt in this period. After raising interest rates 11 times since March 2022, the Fed switched to a wait-and-see stance toward the end of Q3 2023, which was assessed favorably by the markets. Expectations for an end to Fed interest rate hikes and the initiation of a new rate-cutting cycle by the middle of 2024 began to strengthen in the last quarter of 2023.

Tight monetary policies, which led to a slowdown in 2023, are expected to continue in the first half of 2024. While inflation, which led to an uptick in household spending, is expected to retreat to some extent in 2023, it is projected to stay above central bank targets in many countries until 2025. To this end, global central banks are anticipated to maintain a tight monetary policy stance. The geoeconomic polarization, particularly between the U.S. and China, is expected to continue in the coming years.

The Turkish Economy

In Türkiye's economy, the first half of 2023 was characterized by efforts to maintain the "inflationary growth" policies while Türkiye returned to traditional policies after the general election.

The CBRT raised the policy rate by a total of 36.5 points over the last eight meetings and announced a series of macroprudential measures to curb demand.

The first half of 2023 was characterized by efforts to maintain the "inflationary growth" policies while Türkiye returned to traditional policies after the general election. The CBRT raised the policy rate by a total of 36.5 points over the last eight meetings and announced a series of macroprudential measures (selective credit tightening) to curb demand. As a result of tighter monetary and fiscal policies, the contribution of household spending to economic growth declined gradually each quarter yet remained resilient. In addition, the February 6th earthquakes shook Türkiye's economy to its core. A supplemental budget was created because of rising budget expenditures due to reconstruction activities in response to the earthquakes. The goal of the supplemental budget is to reduce the burden of the earthquakes, maintain budget balances at a sustainable level, and to reposition Türkiye as a center of attraction for foreign investment through discipline in macroeconomic performance indicators.

The growth rate in Türkiye's economy is projected to slow down further in 2024, compared to 2023, with the moderation in domestic demand. While monetary tightening will weaken household consumption, Türkiye's exports are projected to accelerate in 2025 as a reflection of more robust global growth. Forecasts call for the peak in inflation to occur at the 70%-75% level toward the end of the first half of 2024. Subsequently, a period of disinflation will commence and is projected to last until September 2025. Similar to the second half of 2023, the plans for 2024 include the continuation of the simplification of the macroprudential framework; sterilization of TRY liquidity from the termination of Exchange Rate-Protected Deposit Accounts; and moderation of domestic demand through selective lending.

Sustainability Ecosystem Overview

Türkiye accelerated its efforts to enact legislation that is necessary to step up its fight against climate change to the next level.

Sustainability reporting was made mandatory for certain companies in Türkiye while Turkish Sustainability Reporting Standards were put in place to facilitate more transparent reporting of sustainability-related risks and opportunities by firms.

According to the Sustainable Development 2023 report* prepared by the UN Sustainable Development Solutions Network (SDSN), the world is falling behind on reaching the UN Sustainable Development Goals (SDG). The report states that a reform in the global financial architecture is needed to reaccelerate sustainable development steps and highlights the urgency of strengthening multilateralism for the resolution of problems specified in the SDGs.

The Carbon Border Adjustment Mechanism (CBAM) Responsibilities Took Effect

The fight against climate change continued to a top sustainability related agenda item for the international society in 2023. The Carbon Border Adjustment Mechanism (CBAM), which took effect in the European Union (EU) as of October 1, 2023, stands out as an important step geared to supporting environmental sustainability goals. Turkish companies, which conduct a substantial amount of their foreign trade with EU countries, focused their efforts on complying with the regulation in the last year. Türkiye, which increased the weight of sustainability oriented and green investments in the recent period, is taking important steps in complying with the requirements of the European Green Deal and increasing its competitiveness in export markets.

Climate Act is Nearing Enactment

Türkiye accelerated its efforts to enact legislation that is necessary to step up its fight against climate change to the next level. Expected to be taken up by the Grand National Assembly of Türkiye in 2024, the Climate Act aims to set out the rules necessary for preventing a climate crisis. As part of this legislation, a structure is also being contemplated paralleling the EU Emissions Trading System (ETS), which targets reductions in greenhouse gas emissions and supports environmental sustainability.

Important Changes in Sustainability Reporting Standards

In 2023 the International Sustainability Standards Board (ISSB) issued the IFRS Sustainability Disclosure Standards which will enable companies and investors to present their sustainability related disclosures to capital markets based on a common global framework. Pursuant to a resolution of the Public Oversight, Accounting and Auditing Standards Authority of Türkiye, sustainability reporting was made mandatory for certain companies in Türkiye while Turkish Sustainability Reporting Standards (TSRS) were put in place to facilitate more transparent reporting of sustainability-related risks and opportunities by firms.

* <https://s3.amazonaws.com/sustainabledevelopment.report/2023/sustainable-development-report-2023.pdf>



Areas of Focus in 2023

The finance industry plays a pioneering and transformative role in our country's sustainable development journey.

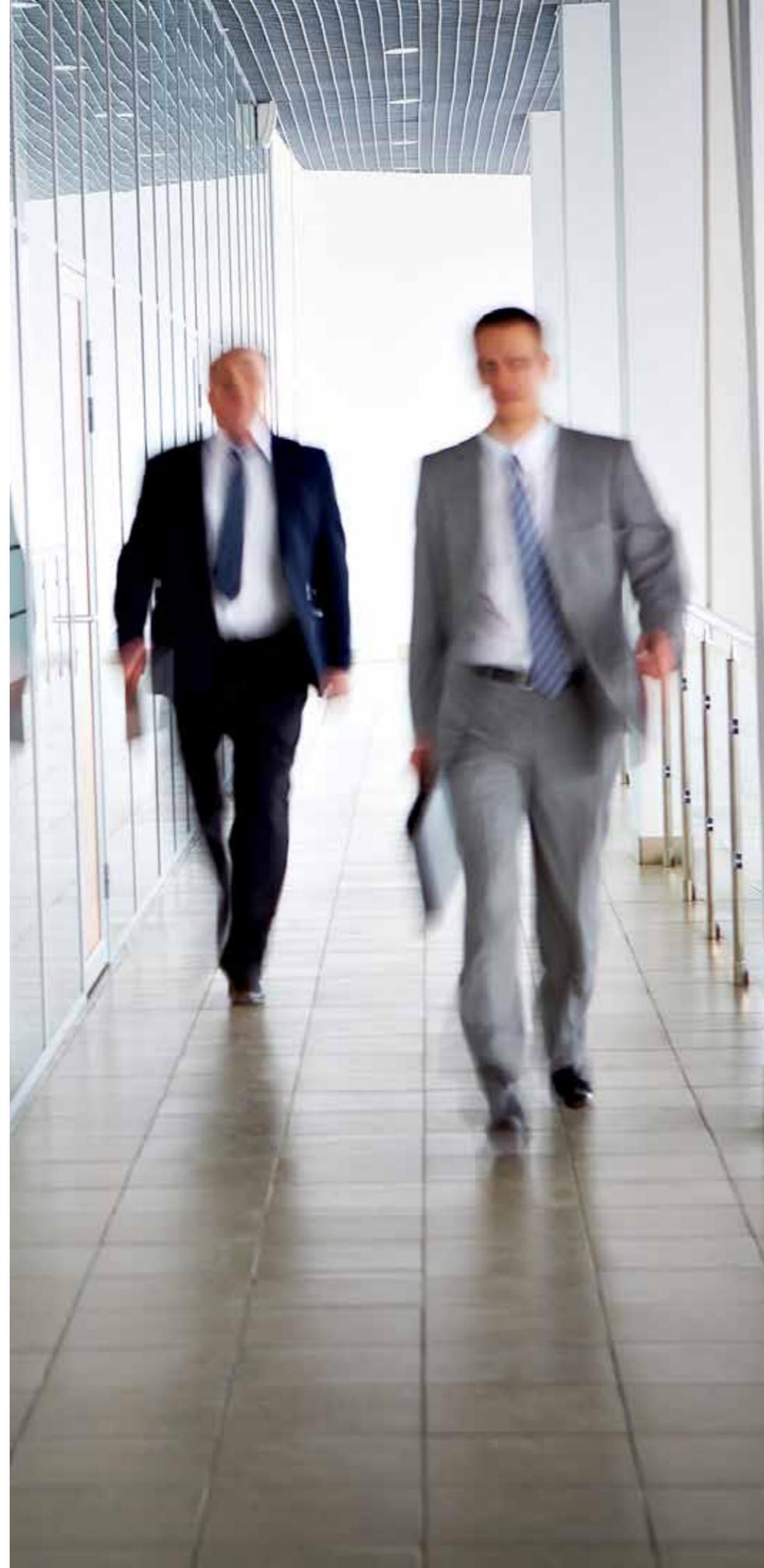
As the 2030 deadline for reaching the SDGs nears, the global outlook for 2030 demonstrates the urgency of changing course to achieve a fairer and more inhabitable world.

Pandemics, geopolitical tensions which result in military conflicts, high inflation, economic inequalities, and crisis such as extreme weather events which became the new normal for the humanity slow down the progress toward Sustainable Development Goals (SDG) to a great extent. As the 2030 deadline for reaching the SDGs nears, the global outlook for 2030 demonstrates the urgency of changing course to achieve a fairer and more inhabitable world.

To reaccelerate progress toward SDGs, the corporate sector, which has an important role and responsibility in sustainable development, needs to reassess its priorities based on the 2030 agenda while the private sector, public authorities, and the civil society need to work closely.

The finance industry plays a pioneering and transformative role in our country's sustainable development journey. The Turkish banking system is a pioneer for the business world in many areas including renewable energy investments, energy efficiency practices, digital technologies, circular economy and green transition, financial inclusion, and integration of SDGs with business processes.

Creating strategies and business models that go beyond its financial targets, Halkbank embraces a vision which prioritizes the adoption of common goals under the guidance of SDGs for the future of our world and our country. The Bank also strives to spread these goals to the broad masses and raise awareness. In line with its inclusive approach and in consideration of the feedback of its stakeholders, Halkbank identified its areas of focus for 2023 as Entrepreneurship, Digitalization, Creating Value for the Local Economy, and Supporting the Fight Against Climate Change.



Halkbank embraces a vision which prioritizes the adoption of common goals under the guidance of SDGs for the future of our country while also striving to spread these goals to broad masses and raise awareness.

Entrepreneurs

Enabling young people to start and expand their businesses, Halkbank provided loan support amounting to TRY 8.4 billion to 52 thousand young entrepreneurs in 2023.



For details of the projects and activities carried out in this field, please see the sections titled Gaining Trust with the Products and Services Offered, Winning People and Society through Inclusiveness and Winning the Future with Digital Transformation.

Women Entrepreneurs

Gender equality, which is included in the United Nation's Sustainable Development Goals consisting of 17 headings, is one of the foundations for sustainable development that aims for collective prosperity.

Halkbank acts on the belief that every woman who participates in professional life and gets economically stronger will bring Türkiye, which consists of 49.9 percent women, another step closer to its goal of high-quality development. Armed with a responsible approach, Halkbank embraced progress in women entrepreneurship and employment among its strategic priorities. The Bank embraced supporting women entrepreneurs financially and socially as priority action items and continues to create value for a sustainable future.

After establishing Turkish banking industry's first and specially planned "Women Entrepreneurs Department" 2021, Halkbank continued its efforts for supporting women entrepreneurs at full speed in 2023.

Young Entrepreneurs

The support it provides to young people as well as women demonstrates Halkbank's efforts to ensure that the culture of entrepreneurship takes root in our country. With its efforts in this area, continuing to serve the SDG titled "to promote sustained, inclusive and sustainable economic growth, full and economic employment and decent work for all," Halkbank has continued to contribute to the increase in youth employment by enabling young people to start and expand their businesses through Entrepreneur Loans.

In this scope, Halkbank provided loans amounting to TRY 8.4 billion to 52 thousand entrepreneurs in 2023, meeting their working capital financing needs and supporting them to start businesses and expand their existing businesses.

In addition to the special products developed for young entrepreneurs, the Bank also develops other important initiatives to grow the entrepreneurship ecosystem, such as comprehensive support programs and efforts to improve financial literacy.

Focus Area	Halkbank's Solution	Value Created in 2023
Financing support for women entrepreneurship	Women Entrepreneur Loan Package	*TRY 33.4 billion financing support
	Digital Entrepreneur Credit	*TRY 659.4 million resource for 12,004 women entrepreneurs
	Pre-School Private Educational Institutions Support Package	*TRY 15.6 million credit facility for 37 companies
Supporting women's cooperatives	Women's Cooperatives Support Package	*TRY 5.3 million financing support for 56 cooperatives
	PPS Plan with Special Contribution for Women Entrepreneurs	*TRY 75 additional contributions to PPS plans for up to 60 months
Increasing diversity of products and services for women entrepreneurs	Risky Diseases Insurance Exclusively for Women Entrepreneurs	*Coverage up to TRY 50 thousand
	Paraf Producing Women Credit Card and Paraf Producing Women POS	*19,040 Paraf Producing Women Credit Cards *50% discount on monthly POS fee for women entrepreneurs
	Producing Women Competition	*TRY 3,150 thousand cash prize, communication, promotion and training supports
Financing support for young entrepreneurs	Entrepreneur Loans	*TRY 8.4 billion financing support
	Technopark Support Package	*TRY 82.1 million financing support

Digitalization

Halkbank reached 6.3 million active digital customers as of the end of the year while 2.6 billion transactions were performed through the Bank's digital channels.



Details on the initiatives carried out and value created in the digitalization area can be reached in the Winning the Future with Digital Transformation section.

The financial services industry tops the list of sectors in which innovation and digitalization create noticeable changes. The Turkish banking industry has become an exemplary model on a global scale thanks to its digital capability and experience focus. Halkbank continues to improve its value proposition for all stakeholders and the national economy owing to its pioneering applications in this field as well as its innovative product and service offerings that leverage technology to the maximum extent.

The Bank continued to create added value with processes implemented in previous years that contribute to both customer and operational processes in terms of efficiency, such as digital individual customer opening in branches, remote customer acquisition, digital loan disbursements, and the implementation of digital approved document processes. It has also carried out intensive optimization activities focused on innovation in 2023.

The most prominent process innovations of 2023 included conveniences in collective-mass customer openings, digital statements, digitally approved documents in consumer loan products, customer-specific document generation and approval opportunities at the time of transaction, paperless, easy sales capabilities through integrations in insurance-related processes, and optimized directed, communication and critical operational processes using artificial intelligence.

Halkbank reached 6.3 million active digital customers as of the end of the year while 2.6 billion transactions were performed through the Bank's digital channels.

Focus Area	Halkbank's Solution	Value Created in 2023
Financial accessibility	Digital Retail Customer Opening from the Branch	*84% of new customer acquisitions are from digital channels *32.8 million pages of paper saving *92 p/d gain
	Completing/Updating Contract Deficiencies at the Time of Entry to Digital Channels	*30.8 pages were approved in the digital environment.
	Updating Customer Information on Digital Channels	*2.1 million transactions *2.1 million pages of paper saving
	Loan Disbursement to Tradesmen with Digital Document Approvals	* Nearly 88% of loans were finalized with digitally approved documents. *6.8 million pages of paper saving *98 p/d gain
	Presenting Consumer Loan Products to Customers with Digitally Approved Documents	*3.8 million pages of paper saving
	Facilitated Insurance Processes Through Integrations	*3.3 million pages of paper saving
Fast and easy payment methods	Digital Statement	*14.9 million pages of paper saving
	TR QR Code Integration	*Money transfers through shared QR code accepted by all banks *Cash withdrawal, cash deposit and payment transactions via QR code at Bank ATMs
Process optimization	Robotic Process Optimization	*52 robots in 107 processes and 1.9 million transactions - 65.7 thousand hours of labor savings
	Operational Processes with Artificial Intelligence	*130 a/g gain as part of Attachment (UETS), Attachment Unblocking, Attachment (KEP), Directed Transactions, Guardianship Transactions, Check Reading processes.
	Collective-Mass Customer Openings	*6.3 million pages of paper saving - 19 p/d gain

Creating Value for the Local Economy

Helping Türkiye grow while growing with Türkiye for 85 years, Halkbank focuses on activities to support an economic development based on production.



Details of the projects and initiatives carried out in this area are available in the Gaining Trust with the Products and Services Offered section.

Focusing its operations on supporting a production-backed economic development model for 85 years, Halkbank continued to channel its resources to value-added local production, creating high-quality jobs, and exports in 2023. Growing its customer portfolio thanks to its value-oriented financing models, the Bank allocated 55.7% of its TRY 1,104.1 billion commercial loan book

to SMEs, the engine of our economy, while maintaining its leading position in this segment of the banking industry with 18.6% market share. In addition to supporting exporting SMEs and companies with its extensive correspondent bank network and specialized products/services, Halkbank continued to cooperate with international institutions in an attempt to provide its customers with the financing they need as expeditiously as possible under the most attractive terms.

Focus Area	Halkbank's Solution	Value Created in 2023
Real sector and enterprise finance	Segment-specific products and packages for SMEs, tradesmen and artisans	*TRY 615.5 billion loan book and 18.6% SME loans banking market share *The artisan loan upper limit for individuals increased from TRY 500 thousand to TRY 650 thousand. *Newly created or expanded support packages
	Ministry of Treasury and Finance interest-subsidized artisan loans	*Provided TRY 164 billion financing support
	KGF Partnerships	*Provided TRY 46.9 billion financing support to SMEs without adequate collateral through protocols with the KGF
Increasing financial inclusion through digital services	KOSGEB partnerships	*Zero or low interest credit facilities
	Digital Credit Platform	*TRY 35,792 million credit extended to 130 thousand entrepreneurs through the platform
	Halkbank Secured Payment System	*Facilitating commerce by minimizing risks
Financial advisory and education	Ask an Expert	*Advisory services to SMEs
	www.halkbankkobigelisim.com.tr	*SMEs' first stop in digital education
	Corporate Dialog Line	*24/7 information support

Supporting the Fight Against Climate Change

In line with Türkiye's goals to transition to a green and circular economy, Halkbank continues to broaden the range of green finance it offers.



Details of the projects and initiatives carried out in this area are available in the Gaining Trust with the Products and Services Offered and Winning the Future of the Planet Through Green Awareness sections.

Threatening the entire world as the humanity's common problem, climate change put responsibilities on countries, societies, companies, and even individuals. Cognizant of its corporate and individual responsibility to the planet, Halkbank redesigned all of its business processes in accordance with a sustainability approach in an attempt to leave behind a more inhabitable world to future generations.

The Bank leverages its financial and intellectual capital to support the widespread adoption of renewable energy resources, one of the most fundamental and important areas in the fight against climate change, as well as the production of renewable energy technologies in Türkiye, energy efficiency and conservation, reduction of fossil fuel consumption and carbon emissions, electric vehicle adoption, and investments in charging stations.

In line with Türkiye's goals and commitments to transition to a green and circular economy, Halkbank continues to broaden the range of green finance it offers. While the Green Energy Loan Package supports the green transformation of businesses and investments, it also contributes to the transformation of individuals with environmentally friendly vehicle and housing loans.

Halkbank has set interim targets in line with its commitments to the Net-Zero Banking Alliance (NZBA) and the Science-Based Targets Initiative (SBTi), with the goal of playing an essential role in Türkiye's progress toward sustainable development and the transition to a carbon-free economy.

Halkbank carries out comprehensive initiatives in strategic areas of environmental sustainability through the Sustainability Committee. The "Halkbank Climate Change Action Plan" that is currently being developed by identifying climate-related risk and opportunities is aimed at complete integration of the initiatives against the global climate crisis with the Bank's business processes.

The Bank is increasing its contribution to the fight against climate change through the provision of its products and services within this frame as well as by minimizing the carbon footprint of its operations. Integrating the ISO 14001 Environmental Management System and ISO 50001 Energy Management System into its business processes, Halkbank measures its impacts in energy, emissions, water and waste management as part of its environmental management system applications, and implements efficiency initiatives to minimize these impacts. The Bank calculates and reports its corporate carbon footprint in accordance with international regulations and standards.

Focus Area	Halkbank's Solution	Value Created in 2023
Responsible products and services	Renewable energy and energy efficiency loans	*Extended TRY 6.4 billion ✓ in loans *535 MW of installed capacity commenced operation
	Facilities obtained from international financial institutions	*TRY 225.2 million in clean energy resources brought to Türkiye *678,554 tCO ₂ e emission reductions through clean energy loans
	Green Energy Loan Package	*TRY 1.1 billion in loans extended for broad-based adoption of energy efficiency and conservation
	Investment loans for electric vehicles and vehicle charging stations	*Extended TRY 1.5 billion in loans
Proactive support for the fight against the climate crisis	Integration of integrated management systems with all business processes - Advanced emission, water, waste and energy efficiency management	*4,629 tons of CO ₂ e emission reduction in 2023 compared to the previous year *CDP Climate Change Score: "A-" *CDP Water Security Score: "A" * Zero Waste Certification covering 1,096 service locations including all branches
	Supporting international initiatives	*Within the 2050 net zero pledge, Reporting interim targets to the Net-Zero Banking Alliance (NZBA) and the Science-Based Targets Initiative (SBTi)

Value Creation Model

Input

Financial Capital

- Total Assets
- Deposits
- Non-Deposit Resources
- Shareholders' Equity
- Funding diversity and strong liquidity
- Robust capital structure
- Effective risk management
- Products and services offered to SMEs, tradesmen and artisans

Human Capital

- Employee benefits
- Safe working environment
- Inclusive employer identity that prioritizes equal opportunity and diversity practices
- Transparent and performance-based career development
- Exemplary training model and applications that support professional and personal development
- Creating jobs by developing new business lines
- Fair hiring processes
- Inclusive work culture and effective internal communication

Social and Relational Capital

- Effective and transparent communication with stakeholders based on accountability
- Quality service approach that prioritizes customer experience and satisfaction
- Data security and customer privacy focus
- Financing support for areas that create added value for the country with a focus on social benefit
- The Women Entrepreneur Department that was established to support women's entrepreneurship
- Support for young entrepreneurs
- A pioneering role in social development through the corporate social responsibility initiatives developed by the Bank

Intellectual Capital

- The digital transformation journey addressed as a cultural transformation process
- Digitalization driven business processes

Produced Capital

- Uninterrupted service through the Head Office, representation offices, and extensive branch and ATM network
- Accessible branch and ATM
- Banking infrastructure and equipment

Natural Capital

- Management of climate-related risks
- Green loans and SDG-linked loans
- Renewable energy financing
- Waste Management
- 2050 net zero targets
- Use of energy and natural resources

Halkbank Business Operations

Digital Banking

SME-Artisans Banking

Focus on Supporting Young Entrepreneurs and Women's Entrepreneurship

Thematic Banking Products and Services

Responsible and Sustainable Banking Based on Environmental and Social Criteria

Net Zero Journey

Output

Financial Capital

- TRY 10.1 billion profit
- 9.23% return on equity
- 159.75% liquidity coverage ratio
- 14.26% capital adequacy ratio
- 18.6% market share in this area with TRY 615.5 billion in loans allocated to SMEs, tradesmen and artisans
- "Best Bank of the Year" and many other awards at the most prestigious corporate organizations including Stevie, Globee and International Business Magazine Awards

Human Capital

- Female employee rate: 46.6% ✓
- Unionized employee rate: 79%
- Ratio of collective bargaining employees: 82%
- Average annual training hours per employee: 60.12 ✓
- 133 Employees Who Spur Development (Internal trainers)
- Employee turnover rate: 5.61% ✓
- Prestigious awards from "Stevie Awards for Great Employers" and "Globee Business Awards"

Social and Relational Capital

- The "Producing Women Competition," which attracted great interest with 6,256 applications
- The Producing Women Academy, which reached 2,123 members from its establishment in February 2022 until the end of the year
- Awards from various organizations, including the Stevie and Globee Awards, for women entrepreneur support and efforts to empower women in business life
- Customer Communication Center Customer Satisfaction Rate: 89.7%
- Contact with 8.3 million unique individuals and 34.4 million transactions performed by the Customer Communication Center
- 6,434 news articles in the printed press, 90% of which were positive
- A total of TRY 8.8 billion in aid through social responsibility activities



Intellectual Capital

- 6.3 million active digital channel users
- Approximately 2.6 billion transactions through digital channels, up 44.4%
- 52 robots and 1.9 million transactions in 107 robotic processes performed by these robots
- HR processes supported by robotic automation
- Remote customer acquisition via digital channels

Natural Capital

- Climate risk heat maps prepared for all sectors
- SDG-linked cash lending rate 88%
- Zero Waste Certification at 1096 service locations
- TRY 6.4 billion ✓ in loans extended for renewable energy and energy efficiency
- 678,554 tCO₂e emissions mitigated with clean energy credits
- Reported Net-Zero Banking Alliance (NZBA) and Science-Based Targets Initiative (SBTI) interim targets
- 678 tons ✓ of waste recycling
- 10,243 companies scored within the scope of Sustainability and Environmental Assessment
- CDP Climate Change Score: A-
- CDP Water Security Score: A

Produced Capital

- 1,079 branches in total at home and abroad
- An overarching service network of 4,064 ATMs
- 30% of total Halkbank ATMs are Accessible ATMs and 32% are recycle ATMs

Value Created

- Profitability from the Bank's robust financial operations
- Uninterrupted support to strategic sectors, primarily the real sector, which will contribute to the development of the Turkish economy
- Strong incentives for women and youth to participate in the economy
- Contribution to sustainable and low-carbon growth with strategies in line with the UN Sustainable Development Goals and continuously diversifying financial Instruments/solutions

- Undertaking pioneering initiatives with solution-oriented workers with high levels of employee engagement and satisfaction
- Contributing to the employees' professional and personal development
- Reinforcing the preferred employer brand that employees take pride in being part of and that stands out with its corporate values
- Supporting the mental and emotional well-being of employees with a pioneering application called Social Support Service
- Contribution to Türkiye's socioeconomic development through employment opportunities generated

- Trust-based stakeholder relations in accordance with the People's Bank vision
- Supporting sustainable and inclusive growth with a focus on women's entrepreneurship and youth entrepreneurship
- Contribution to local production
- Customer communications quality that solidifies the strength of the Halkbank brand
- Creating value for social progress and development

- Provision of uninterrupted support to customers
- Easy access to financing through digital channels
- Provision of integrated service in short order
- Increased efficiency and reduced operational risks with digitalized processes and applications

- Easy access to financial services for customers
- Supporting accessible life
- Increasing customer and employee satisfaction through high speed equipment

- Products, services and activities that contribute to the fight against climate change
- Supporting the transition to a low carbon economy
- Supporting renewable energy investments that reduce dependence on foreign energy
- The first bank in Türkiye to complete Zero Waste compliance efforts at all service locations, including branches
- Reducing the environmental impact of banking operations through digitalization and paperless office projects
- Transparent communication with stakeholders regarding initiatives to combat climate change

Goal

- Strengthening the broad-based deposit structure, accelerating the conversion of FX deposits to TRY deposits, and supporting the national currency
- Increasing the share of SME loans in commercial loans

- Developing a standardized recruiting process based on predetermined Halkbank success profiles and hiring personnel who possess the competence required for the position
- Providing fast, attainable, effective and practical solutions by digitalizing the human resources processes
- Creating backup pools for critical-key positions and managerial level staffing needs
- Reducing employee turnover rate

- Encouraging women entrepreneurs through new products and services as well as innovative initiatives such as "Halkbank Productive Women Competition" and "Productive Women Academy" while continuing to increase support for realizing their projects
- Inclusion in the Women's Empowerment Principles & Bloomberg Gender Equality Index
- Carrying out various initiatives such as social responsibility, sponsorships, donations and press communications to solidify the Bank's favorable public image and to create a strong perception

- Increasing the digitalized products and services
- Growing the digital customer base
- Executing contracts and forms digitally
- Adding new processes as part of robotic process automation

- Increasing the share of Accessible ATMs by deploying next-generation ATMs

- Increasing the Bank's green loan and SDG-linked loan ratio
- Increasing environmentally friendly financing products
- Annual reduction of scope 1 and scope 2 emissions by 4.2% in line with net zero targets
- Increasing CDP Climate Change score to level A
- Inclusion in the BIST Sustainability 25 index

SDGs



In its "Value Creation Model," Halkbank summarizes how it creates value for all its stakeholders.

Working to create high added value for all stakeholders by supporting Türkiye's growth and development, Halkbank has fully integrated this mission, which is the reason for its existence, into both its business strategies and all aspects of sustainability. With this understanding, the Bank measures the value it generates in economic, environmental and social dimensions by monitoring the interaction between financial and non-financial capital elements through concrete indicators.

In its "Value Creation Model," Halkbank summarizes how it creates value for all its stakeholders in the short, medium and long term through its financial, human, social and relational, intellectual, manufactured and natural capital elements, which are treated as integrated in 2023.



Sustainability Journey

2013

- First Sustainability Report was published.
- Joined the CDP Climate Change Program.

2015

- Sustainability Committee was established.
- The Sustainability Policy was published on the Bank's website.

2016

- Halkbank was included in the BIST Sustainability Index.
- Environment and Energy Policies were published.
- Sustainability and environmental criteria were added to the Credit Rating Report.
- ISO 14001 Environmental Management System was established.
- Halkbank became the first Turkish bank to implement the ISO 50001 Energy Management System.

2017

- Halkbank received the "Low Carbon Hero" award at the 4th Istanbul Carbon Summit.

2020

- Halkbank published its first Integrated Report.

2021

- Work was started for the Bank's Green Ratio calculation.
- Women Entrepreneur Department was established.
- Zero Waste Certificate was obtained for all service locations.
- Halkbank published its first Integrated Annual Report.

2019

- Halkbank became the first organization to receive ISO 45001:2018 International Occupational Health and Safety Certification at all service locations.
- Compliance with the Zero Waste Regulation was achieved at all service locations.

2022

- Halkbank joined the Net-Zero Banking Alliance (NZBA).
- Halkbank made a commitment to the Science-Based Targets Initiative (SBTi).
- Halkbank became the only Turkish bank to enter the "A List" in the CDP Water Security Program.

2023

- Interim targets were submitted to the Net-Zero Banking Alliance and the Science-Based Targets Initiative.
- The Bank became a signatory to the Women's Empowerment Principles (WEPs).
- Sustainable Purchasing and Water Policies were published.
- Halkbank received the "Low Carbon Hero" award at the 9th Istanbul Carbon Summit.

Halkbank's Sustainability Organizational Structure and Approach

Halkbank adopted a sustainability strategy of offering innovative products and services that enhance social prosperity and holding a reputable position in the banking industry.

In accordance with the social responsibility and duty it assumed as part of the "We are the People First, and Then a Bank" approach, Halkbank adopted a sustainability strategy of supporting ethical and secure banking principles, minimizing environmental risks, offering innovative products and services that enhance social prosperity, and holding a reputable position in the banking industry.

The Sustainability Committee, under the Board of Directors, operates with the aim of increasing Halkbank's strength to create long term value, and adapting economic, environmental and social factors together with the Corporate Governance Principles into the activities and decision mechanisms of the Bank.

The Sustainability Committee convened 5 times in 2023, one of which was the Integrated Management System Management review Meeting. The meetings focused on the evaluation of suppliers within the scope of sustainability, management of

climate-related risks, energy and water efficiency projects, Energy and Natural Resource Management System, publication of Sustainable Purchasing and Water Policies, Sustainability Expert Certificate program, Net-Zero Banking Alliance and Science-Based Targets Initiative commitments, and Halkbank Climate Change Action Plan efforts.

The Sustainability Coordination Group and a department are responsible for following up on the Sustainability Committee's resolutions and carrying them to the finish line, and reporting new developments in the sustainability field to the Committee. The Sustainability Coordination Group consists of a chairman and six members. The Sustainability Committee elects the chairman and members of the Sustainability Coordination Group every year.

Department of Sustainability Practices, Environmental and Energy Management, which reports to the Deputy General Manager of Treasury Management and International Banking, is a full member of the Sustainability Coordination Group.

In addition, sub-working groups were formed with the relevant units to carry out business processes related to sustainability across the Bank and to support them with new projects.

Sustainable Financing Sub-Working Group: The Group was formed to classify green loans and loans linked to Sustainable Development Goals and to establish a reporting infrastructure.

Climate-Related Risk Management Sub-Working Group: The Group was formed to measure climate-related risks and establish a reporting infrastructure.

Sustainability Communication and Project Management Sub-Working Group: The Group was formed to raise sustainability awareness across the Bank and to develop social projects related to sustainability.

Department of Sustainability:

- Monitors national and international developments in the field of sustainability and transfers best practices to the Bank.
- Coordinates sustainability efforts and reports to the Sustainability Committee.



- Conducts the necessary work in line with the Bank's 2050 net zero targets.
- Develops sustainability-themed products, services, and projects with the relevant business units.
- Reports to national and international stakeholders (SBTi, NZBA, CDP, BIST, etc.).
- Carries out activities for the supply and management of the Bank's electrical energy.
- Coordinates efforts to save energy and increase efficiency by collecting, evaluating, and reporting information on the Bank's energy and resource consumption.
- Ensures that ISO standards and the Zero Waste management system are implemented at all service locations as part of the Integrated Management System and that environmental and energy management activities are fulfilled.
- Coordinates activities to create sustainability awareness in the Bank and to transform this awareness into a corporate culture.
- Calculates and reports the Bank's carbon footprint and water footprint.

Halkbank's Priorities in Sustainability

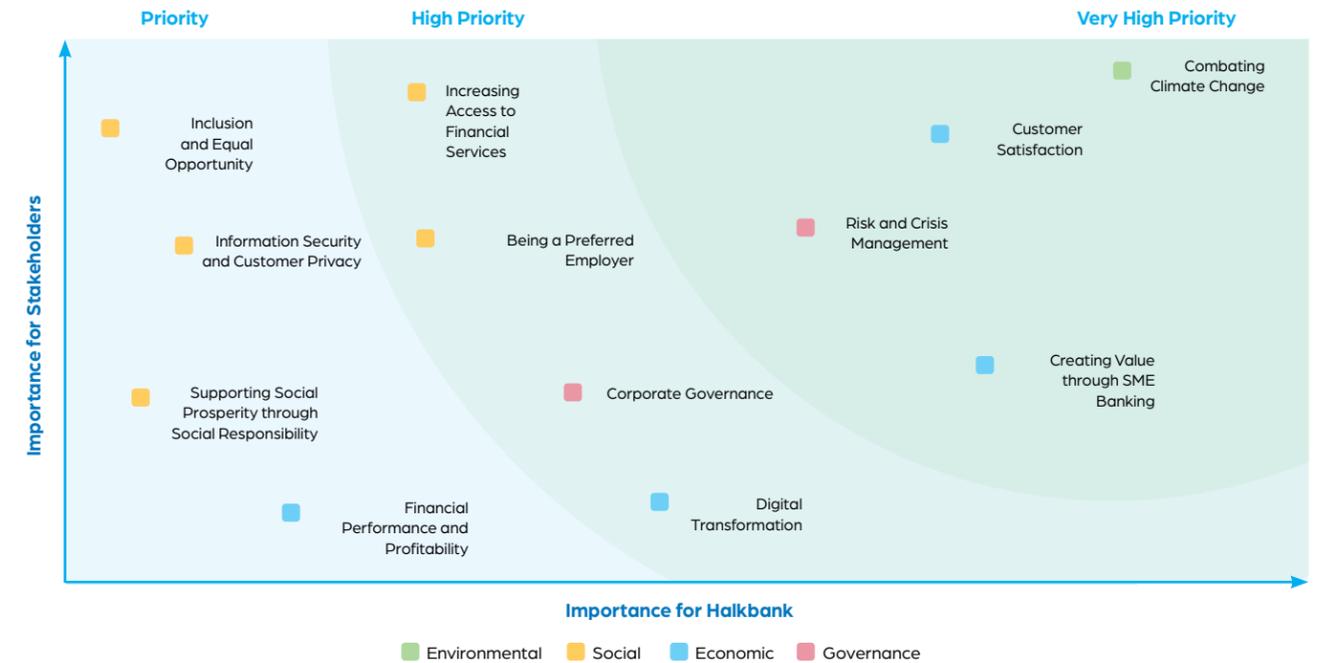
Embracing the awareness of the sustainability targets and priorities of Türkiye and the Turkish economy, Halkbank creates value in constant and effective cooperation with the stakeholders.

Embracing the awareness of the sustainability targets and priorities of Türkiye and the Turkish economy since 2013, Halkbank creates value in constant and effective cooperation with the stakeholders. The report was prepared based on the views adopted by the key stakeholder groups for providing input such as the Sustainability Committee and the working group, as well as recommendations from advisors.

Halkbank's Sustainability Priorities were determined by the working group. In the final stage, stakeholder views and expectations were sought on potential priority issues identified in line with the Bank's strategies, global sectoral trends, reports of global banks and recommendations of other international professional organizations, the United Nations Sustainable Development Goals (UN SDGs) and the United Nations

Principles for Responsible Investment. Within the scope of the Stakeholder Analysis Study conducted for this purpose, questions were asked to internal stakeholder groups, including Halkbank management and employees, and external stakeholder groups, including customers, investors, suppliers, and media representatives, on 12 topics each. At the end of the study, surveys were collected from key stakeholder groups and Halkbank's Sustainability Priorities were determined as follows.

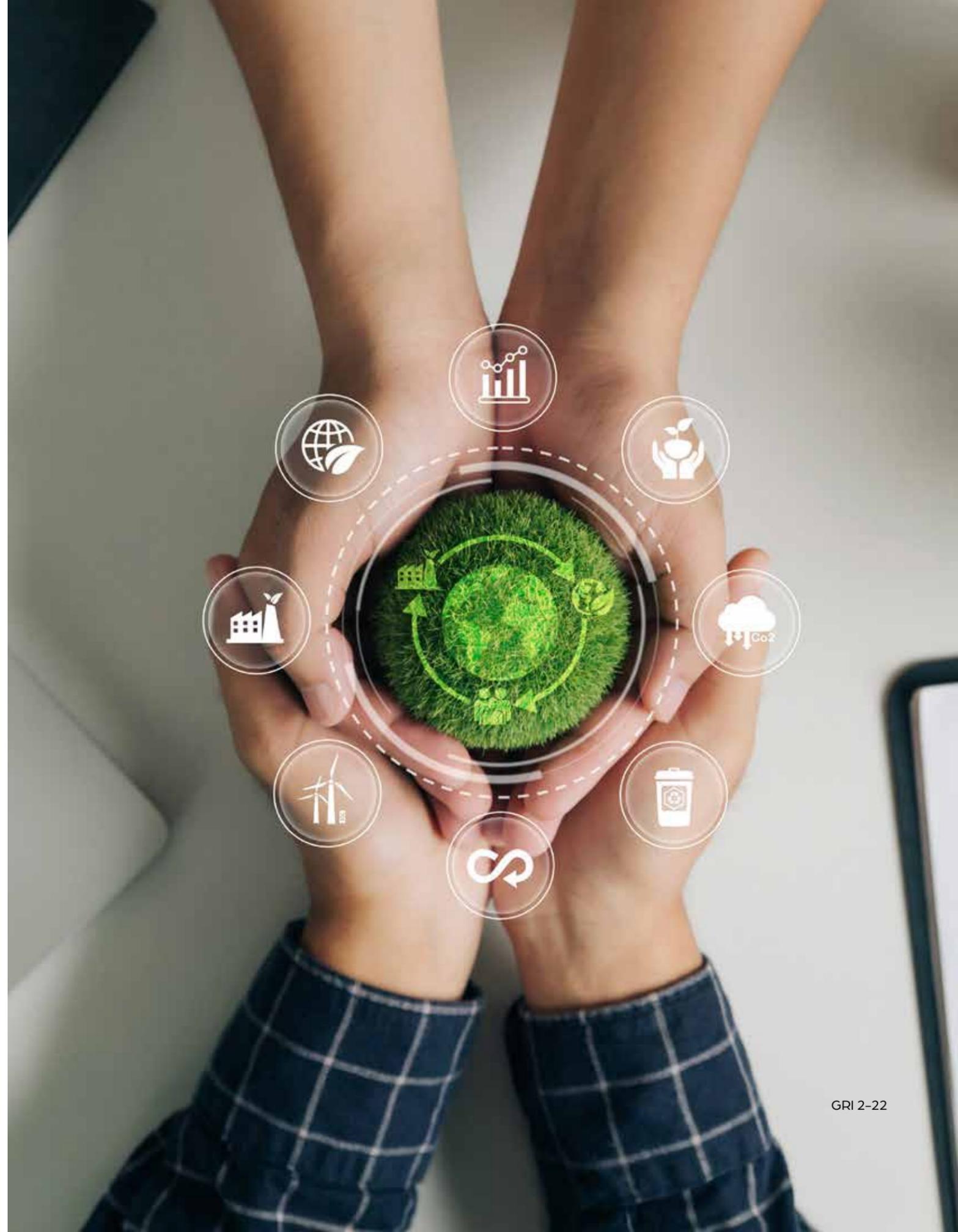
Priority Status	Topic	Category
Very High Priority	Combating Climate Change	Environmental
	Customer Satisfaction	Economic
	Risk and Crisis Management	Governance
	Creating Value through SME Banking	Economic
High Priority	Increasing Access to Financial Services	Social
	Being a Preferred Employer	Social
	Corporate Governance	Governance
	Digital Transformation	Economic
Priority	Inclusion and Equal Opportunity	Social
	Information Security and Customer Privacy	Social
	Supporting Social Prosperity through Social Responsibility	Social
	Financial Performance and Profitability	Economic



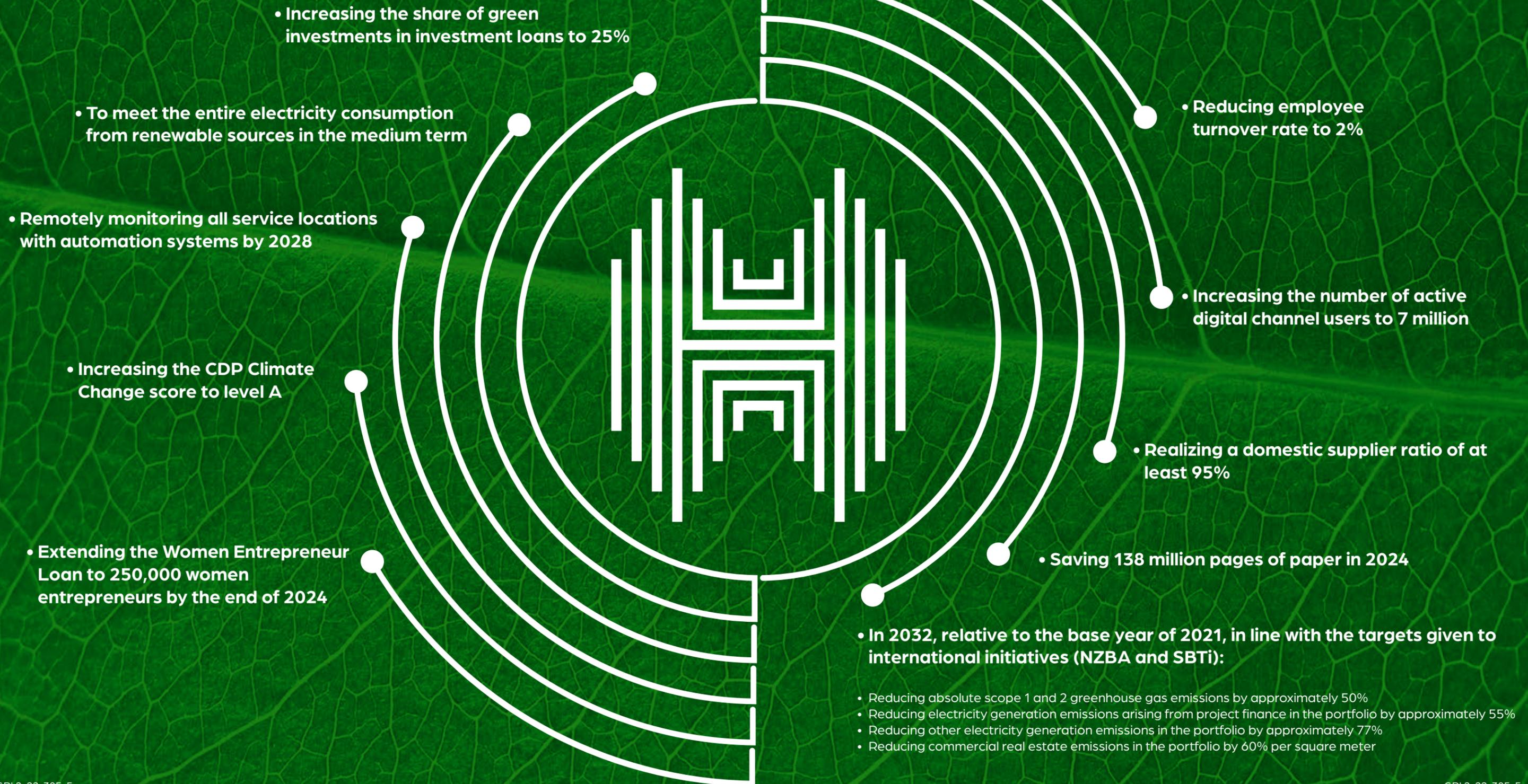
Our Contribution to Sustainable Development Goals

Halkbank allocates its resources for the sustainable and inclusive development of our country, taking a sensitive approach to individuals, society and the environment in all its activities and business processes. The Bank demonstrates its corporate commitment to sustainability by aligning its value creation priorities with the United Nations Sustainable Development Goals (UN SDGs).

Halkbank's Priorities for 2023	The SDGs We Target
Environmental	
Combating Climate Change	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
Social	
Increasing Access to Financial Services	1 NO POVERTY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES
Being a Preferred Employer	8 DECENT WORK AND ECONOMIC GROWTH
Inclusion and Equal Opportunity	1 NO POVERTY, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Information Security and Customer Privacy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Supporting Social Prosperity through Social Responsibility	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Economic	
Customer Satisfaction	8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Creating Value through SME Banking	1 NO POVERTY, 2 ZERO HUNGER, 8 DECENT WORK AND ECONOMIC GROWTH
Digital Transformation	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Financial Performance and Profitability	8 DECENT WORK AND ECONOMIC GROWTH
Governance	
Risk and Crisis Management	8 DECENT WORK AND ECONOMIC GROWTH
Corporate Governance	8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Halkbank's Sustainability Targets



Sustainability Risks and Trends Management

CATEGORY	PHYSICAL RISKS	DEFINITION	HALKBANK'S ACTION
Environmental	Climate Change and Weather Events	Events associated with climate change, such as increased temperature, extreme precipitation, drought, hurricanes, and flooding, can pose physical risks to organizations. (For example, the risk of facilities being exposed to flooding or fires.)	Halkbank creates action plans for climate change-related risks within the scope of the Business Continuity Action Plan. It also creates heat maps for all sectors and manages climate-related physical risks on a portfolio basis.
Environmental	Water Resources Management	Challenges in the sustainable management and access to water resources may affect organizations and communities.	Halkbank carries out water management within its Water Policy and targets efficient water use in its operations and processes arising from its activities. In addition, water-related risks are monitored in credit rating reports, as the sectors it finances may have a high dependence on water.
Environmental	Weather Conditions and Climate Change Adaptation	Factors associated with climate change, such as increasing temperature, extreme weather events, sea level rise, may affect organizations' business processes, infrastructure, and supply chains.	Halkbank plans its measures and actions regarding all natural disasters, including those caused by climate change, within its Business Continuity Action Plan.
Environmental	Natural Disasters	Natural disasters such as earthquakes, tsunamis, volcanic eruptions may cause serious physical damage to organizations' facilities and operations.	
Environmental	Fire Risks	Forest fires, industrial facility fires and other fire events may cause physical asset losses, ecosystem damage, and air pollution.	
Environmental	Energy Efficiency and Sustainable Energy	Insufficient energy efficiency and difficulties in transitioning to sustainable energy sources can increase dependence on energy sources and enlarge the carbon footprint.	As part of its Energy Policy, Halkbank aims to reduce energy losses and increase energy efficiency by continuously improving its energy performance. In this scope, energy consumption is continuously reduced through energy saving and energy efficiency projects.
Environmental	Unsustainable Use of Natural Resources	Factors such as overcutting of forests, unsustainable use of natural resources and overfishing may lead to biodiversity loss and ecosystem degradation.	In order to reduce energy and natural resource consumption arising from its operations, Halkbank develops innovative solutions such as digitalization, paperless and plastic-free banking that will increase efficiency and reduce losses.
Environmental	Recycling and Waste Management Challenges	Inadequate waste management processes, recycling challenges, and ineffective handling of waste may increase environmental impacts.	Taking into account waste management within the scope of reducing the environmental impacts of its operations, Halkbank continues its waste reduction efforts in line with the responsible banking culture and with the principle of zero waste. In this scope, since 2019, all service locations have Zero Waste certification.
Environmental	Energy Efficiency of Buildings	High energy consumption may affect sustainability goals by reducing the energy efficiency of buildings.	In order to reduce energy and natural resource consumption arising from its activities, Halkbank develops innovative solutions that will increase efficiency and reduce losses. In this scope, with the project initiated in 2023, sign lightings are turned off at all branches after 22:00.

GRI 2-15, 2-22, 2-24, 201-2, 3-3, 302-4, 303-1, 306-2, 403-1, 404-2, 406-1

Social	Discrimination and Social Injustice	Unequal distribution of environmental impacts may increase risks of discrimination and social injustice.	The Bank's social impact investments are among the products offered within the scope of Sustainable Finance. In this scope, the Bank aims to reduce social injustice with support to disadvantaged groups having difficulty in access to finance by making efforts for young entrepreneurs, children's banking, artisan banking, and especially women entrepreneurs.
Social	Epidemics	The rapid spread of infectious diseases strains health systems and may lead to a large-scale public health crisis.	Precautions are taken by distributing protective equipment within the scope of OHS for personnel in service units. Remote working policies are put in place when necessary to reduce the risk of transmission.
Social	Health Problems Related to Water and Food Safety	Contaminated water sources and foods may trigger health problems related to water and food safety.	Drinking water is analyzed in line with the periods specified in the relevant regulations. In addition, the products produced in cafeteria services are checked daily by food engineers.
Social	Health Inequalities	Health inequalities, access problems, and socio-economic differences across communities may make it challenging to build a sustainable health system.	The Bank offers social impact investments within the scope of Sustainable Finance. In this scope, with the financing provided for the health sector, the Bank tries to prevent health inequalities by ensuring the expansion of health services.
Economic	High Energy Costs and Resource Constraints	Fluctuations in energy costs, energy resource constraints, and energy supply reliability may affect the operational costs of organizations.	The Bank aims to minimize energy consumption through energy efficiency and energy-saving efforts and then reduce energy costs by providing the electricity needed from renewable energy sources.
Economic	Sustainable Transportation and Transportation Challenges	Transportation vehicles that cause high carbon emissions, traffic congestion, and deficiencies in transportation infrastructure may complicate sustainable transportation strategies.	There is a personnel shuttle service that reduces emissions caused while transporting the Bank's personnel. In addition, electric vehicle transformation was initiated at the Head Office, with approximately 10% of service vehicles being electric in 2023. Electrical conversion of in-building material handling vehicles as well as security vehicles was completed.

GRI 2-15, 2-22, 2-24, 201-2, 3-3, 302-4, 303-1, 306-2, 403-1, 404-2, 406-1

Sustainability Risks and Trends Management

CATEGORY	PHYSICAL RISKS	DEFINITION	HALKBANK'S ACTION
Environmental	Sustainability Reporting Risks	Failure to accurately report sustainability performance, lack of transparency, and providing inaccurate information may put organizations at risk in terms of transparency and credibility and may cause legal problems.	Within the scope of responsible banking, all financial and non-financial reporting is carried out in accordance with national and/or international regulations.
Environmental	Change of Sustainability Reporting Standard	Changing or updating international sustainability reporting standards may cause organizations to have difficulty in ensuring reporting compliance.	In case of changes in international reporting standards, the Bank prepares in advance for the relevant change and builds capacity through training for personnel and, if deemed necessary, through consultancy services.
Environmental	Risk of Carbon Emission Measurement Limitation	With the carbon emission measurement requirement, countries and regions may set carbon limitations and emission reduction targets covering specific industries, companies, or sectors. This can result in financial and legal risks for companies that do not make efforts to comply with the relevant regulations. The Carbon Border Adjustment Mechanism regulation will enter into force on October 1, 2023, limited to the reporting obligation.	The Bank supports its customers in their green transformation by informing them about CBAM, one of the most important international regulations, through its SME development platform.
Environmental	Industrial Compliance Challenges	The CBAM may impose carbon limits on industries competing with a country's strict carbon regulations. This may lead to cost increases, with industries having to invest and change business processes to comply.	
Environmental	Fair Competition Problems	Due to the carbon regulations imposed on imported products, the CBAM may try to create fair competition conditions with products in the domestic market based on carbon emissions arising from the production of imported products. However, this may result in imported products becoming more expensive and affecting consumers' preferences.	Companies operating in the sectors covered by the CBAM are monitored, and impact analyses are conducted for possible additional taxes.
Social	Brand and Image Challenges	Failure to fulfill sustainability-related commitments or greenwashing practices may lead to brand and reputational damage.	
Social	Social Media and Internet Reputational Issues	The rapid spread of negative sustainability-related news or feedback on social media may lead to reputational issues.	The Bank strengthens its corporate reputation and services by joining initiatives and memberships in the banking sector.
Social	Changing Consumer Preferences	Sudden changes in consumer demand for sustainable products and services may make it challenging for enterprises to adjust.	

GRI 2-15, 2-22, 2-24, 201-2, 3-3, 302-4, 303-1, 306-2, 403-1, 404-2, 406-1

Social	Employee Dissatisfaction and Talent Loss	Lack of sustainability-related commitments and practices may lead to employee dissatisfaction and departures from the company. At the same time, there may be difficulties in attracting new talent sensitive to sustainability issues.	By joining initiatives and memberships in which the banking sector is involved and meeting their requirements, the aim is to strengthen its corporate reputation and services.
Social	Low Employee Engagement	Low employee engagement in sustainability goals may complicate the process of achieving them.	Employees working in various business units receive specialization and certification trainings within the scope of sustainability to ensure employee engagement in achieving the goals.
Social	Employee Training and Compliance Challenges	Challenges may arise in employee training or practices aiming at quick adaptation of sustainability-related changes for them.	
Social	Human Resources and Talent Shortage	Finding staff with sustainability-related expertise and skills and having sufficient human resources to implement sustainability strategies can be challenging.	With its strong human resources and continuous development approach, the Bank's personnel are trained on sustainability and their capacity is increased.
Economic	Operational Challenges	Integration of new sustainable practices and their adaptation to operations may require changing the existing business processes and infrastructure of the organization.	With the Sustainability Committee within the Bank, the integration of new sustainability practices into the Bank can be easily achieved.
Economic	Increase in Competitive Pressure	Implementation of similar sustainability strategies by competitors may increase competitive pressure, putting firms at risk of losing their competitive edge.	National and international sustainability-linked trends are followed, new products and services are offered by analyzing stakeholder expectations, and thus customer satisfaction is increased.
Economic	Unresponsiveness to Sustainable Product and Service Demands	Failure to offer sustainable products and services in line with market demands may affect customer satisfaction.	
Economic	Product and Service Quality Problems	Sustainability-oriented changes may affect product and service quality and negatively impact customer satisfaction.	
Economic	Cybersecurity Threats	The digitalization of sustainability strategies can increase cybersecurity risks. This includes threats such as data breaches, information leaks, or cyber-attacks.	With the ISO 20000 Information Technologies Service Management System and ISO 27001 Information Security Management System, which Halkbank has documented to reduce technology-based risks, it increases its service quality by continuously improving its Information Technology processes.
Economic	Investor and Shareholder Pressure and Expectations	Investors' or shareholders' expectations regarding sustainability may put organizations under pressure and force them to act quickly in this regard. Investors and shareholders may care about sustainability commitments and performance. There is a risk of going against these expectations or not complying with them.	In order to meet the sustainability expectations of investors or shareholders, international sustainability-linked trends are followed. In addition, the Bank's sustainability-related performance is demonstrated to investors and shareholders through reporting to international indexes.
Economic	Stakeholder Expectations	Different stakeholder groups (investors, customers, employees, society) may have different expectations and demands. Balancing and meeting these expectations may be risky.	National and international sustainability-linked trends are followed and stakeholder expectations are analyzed.
Economic	Supply Chain Dependency and Resistance	If a link in the supply chain is weak or resistant to changes, it may negatively impact the sustainability transition.	
Economic	Supply Chain Security	Finding sustainability-aligned suppliers and securing this supply chain can be challenging.	With the Sustainable Purchasing Policy, suppliers from which purchases of a certain size are made are evaluated with a sustainable purchasing question set.
Economic	Disruptions in Supply Chain Relationships	Dependence on suppliers that do not align with sustainability requirements may expose organizations to supply chain problems.	

GRI 2-15, 2-22, 2-24, 201-2, 3-3, 302-4, 303-1, 306-2, 403-1, 404-2, 406-1

Sustainability Risks and Trends Management

CATEGORY	PHYSICAL RISKS	DEFINITION	HALKBANK'S ACTION
Environmental	Green Energy and Carbon Footprint Reduction	Companies are turning to various strategies to increase the use of renewable energy and reduce their carbon footprint. They tend to invest in green energy projects and promote sustainable energy use.	The Bank is working to provide the electricity consumed by its operations from renewable energy sources.
Environmental	Circular Economy and Waste Management	Circular economy principles are increasingly being used to more efficiently improve resources and reduce waste. Strategies focusing on recycling, reuse, and waste reduction are becoming widespread.	The Bank operates in compliance with the Zero Waste Regulation at all service locations. In this scope, all service locations have Zero Waste certification.
Environmental	Water Management and Efficient Use	Companies tend to use water resources effectively and sustainably, reduce water consumption and adopt water management strategies.	The Bank, which focuses on water management in its long-term strategies, targets and action plans with its Water Policy, aims to use water efficiently in its operations and processes arising from its activities.
Environmental	Carbon Footprint	Companies assess their carbon impact from a broad perspective, taking into account not only the carbon footprint of the business, but also the carbon emissions generated during the supply chain and the use of products.	With the Sustainable Purchasing Policy, suppliers from which purchases of a certain size are made are evaluated for the amount of emissions caused by them through the sustainable purchasing question set.
Environmental	Plastic Alternatives and Packaging Innovations	The packaging industry is focusing on innovations to reduce the use of single-use plastics and develop environmentally friendly packaging alternatives.	The conversion of water dispensers in all service locations eliminated the need for the personnel to drink from disposable plastic bottles of drinking water.
Environmental	"Zero Carbon" Company Targets	Companies, industries, and countries are focusing on reducing their carbon footprint by setting zero net carbon targets. Efforts to reduce carbon emissions are an important trend to increase sustainability.	In line with the 2050 net zero commitment, the Bank has set interim operational and portfolio emission reduction targets for 2030 for NZBA and SBTi.
Environmental	Widespread Use of Electric Transportation	Electric vehicles and public transportation offer a cleaner alternative to fossil fuel vehicles. This supports the transition to a sustainable transportation system by reducing energy consumption and carbon emissions.	Electric vehicle transformation was initiated at the Head Office, with approximately 10% of service vehicles being electric in 2023. Electrical conversion of in-building material handling vehicles as well as security vehicles was completed.
Environmental	Energy Education and Awareness	Raising public awareness on energy efficiency, disseminating energy saving habits, and education on sustainable energy use are among the sustainability trends in the field of energy.	Efforts to raise awareness on energy efficiency are made through social media announcements to staff and customers.
Environmental	Waste Electrical and Electronic Equipment (EEE) Management	Rapidly changing technological developments may make it difficult to manage waste electrical and electronic equipment. Proper recycling of electronic waste and removal of components supports sustainability efforts in this field.	Electronic waste generated at the Bank is delivered to licensed companies for recycling.
Environmental	Waste Tracking and Monitoring	Businesses can develop strategies to reduce waste generation by monitoring and analyzing waste arising from production processes. Monitoring and reporting can help improve waste management processes.	Halkbank has developed an application called İKLİM to monitor waste generation in all its locations. Thus, waste management processes are being carried out effectively.

GRI 2-15, 2-22, 2-24, 201-2, 3-3, 302-4, 303-1, 306-2, 403-1, 404-2, 406-1

Environmental	Waste Classification and Separation	Proper classification and separation of waste helps recycling processes to be more effective. This trend includes the development of a culture of waste separation in society.	Halkbank continues its efforts to separate and reduce its waste with the zero waste principle in order to reduce the environmental impacts of its operations. In this scope, since 2019, all service locations have Zero Waste certification.
Environmental	Circular Economy and Waste Reduction	Circular economy models encourage efforts to minimize waste and recycle materials.	
Social	Forest Conservation and Reforestation	Forest conservation and reforestation projects carried out under Corporate Social Responsibility contribute to combating climate change by increasing carbon storage capacity. This is also important in terms of conserving biodiversity and preventing soil erosion.	The Bank carries out various social responsibility projects for afforestation.
Social	Employee Health and Wellbeing	Companies are implementing programs and policies that support employees' physical and mental wellbeing and are focusing on ensuring employees' work-life balance. Healthy working conditions, ergonomic office arrangements, and mental health supports are part of this trend.	Programs that support the physical and mental health of employees are implemented within the scope of Occupational Health and Safety Policies.
Social	Training and Awareness Raising	Training programs and campaigns are gaining importance to raise awareness on sustainability topics. Companies are increasing their efforts to raise awareness in both employees and consumers on sustainability topics.	With its strong human resources and continuous development approach, the Bank's staff are trained on sustainability and their capacity is increased. In addition, efforts are made to increase the knowledge of customers through various social media announcements and the SME development platform.
Social	Entrepreneurship and Social Innovation	Sustainability-focused entrepreneurship and social innovation enable the emergence of new models and solutions in the business world. This contributes to the creation of business models that take into account environmental and social impact.	The aim is to increase social impact through financing, training and consultancy services provided to tradesmen and artisans, women entrepreneurs and young entrepreneurs with limited access to finance.
Economic	Impact Investments	By investing in social and environmental impact-oriented projects, companies and investors target social and environmental gains as well as financial returns.	The aim is to increase social impact through financing, training and consultancy services provided to tradesmen and artisans, women entrepreneurs and young entrepreneurs with limited access to finance.
Economic	Environmental Taxonomy and Green Finance	The financial sector aims to reduce environmental impact by promoting sustainable investments through environmental taxonomy and green finance instruments.	Green finance instruments support renewable energy and energy efficiency efforts to reduce environmental impacts.
Economic	Sustainable Construction and Green Buildings	The construction industry is moving towards reducing its environmental impact by using energy efficient green building designs and sustainable construction materials.	With the new branch concept, the Bank's branches are being designed to be energy efficient, and their consumption can be monitored and managed instantly with the Energy and Natural Resource Management System.
Economic	Carbon Markets and Commerce	Companies are publishing public reports in digital environment to provide more transparency about their sustainability performance.	Halkbank publicly publishes its sustainability performance through its Integrated Annual Report, the CDP Climate Change and Water Security Program Reporting.
Economic	Global Collaboration and Stakeholder Engagement	Solutions to global challenges require global collaboration and stakeholder engagement for sustainability. Greater collaboration and stakeholder engagement between businesses, governments, civil society, and academia underpins this trend.	Aiming to play an important role in the transition to a carbon-free economy, Halkbank joined the Net-Zero Banking Alliance (NZBA) and the Science-Based Targets Initiative (SBTi).

GRI 2-15, 2-22, 2-24, 201-2, 3-3, 302-4, 303-1, 306-2, 403-1, 404-2, 406-1

Gaining Trust with the Products and Services Offered

SDGs We Contribute to



TRY **10.1** BILLION

Net profit for the period

With an increase of 57.6%

TRY **2,195.3** BILLION

Total Assets

61.6% year-over-year increase in cash and non-cash loans to

TRY **1,871.3** BILLION

368 THOUSAND

Number of member businesses

With an increase of 41.6%

TRY **128.4** BILLION

Shareholders' Equity

7.1 MILLION

Number of credit cards

545 THOUSAND

Number of POS devices

Total number of domestic and foreign branches

1,079

4,064

ATMs across Türkiye

30% Accessible ATMs
32% Recycle ATMs



As one of the most important supporters of our country's inclusive and qualified economic development, Halkbank continued its healthy growth despite the challenging conditions in 2023 thanks to its strong capital structure, agile management approach, and ability to adapt to innovations. With its quality service delivery and extensive nationwide physical distribution network consisting of branches and ATMs, the technological infrastructure of which is continuously improved with a focus on integrated channel and excellent banking experience, the Bank strives to include more and more masses in the economy every day.

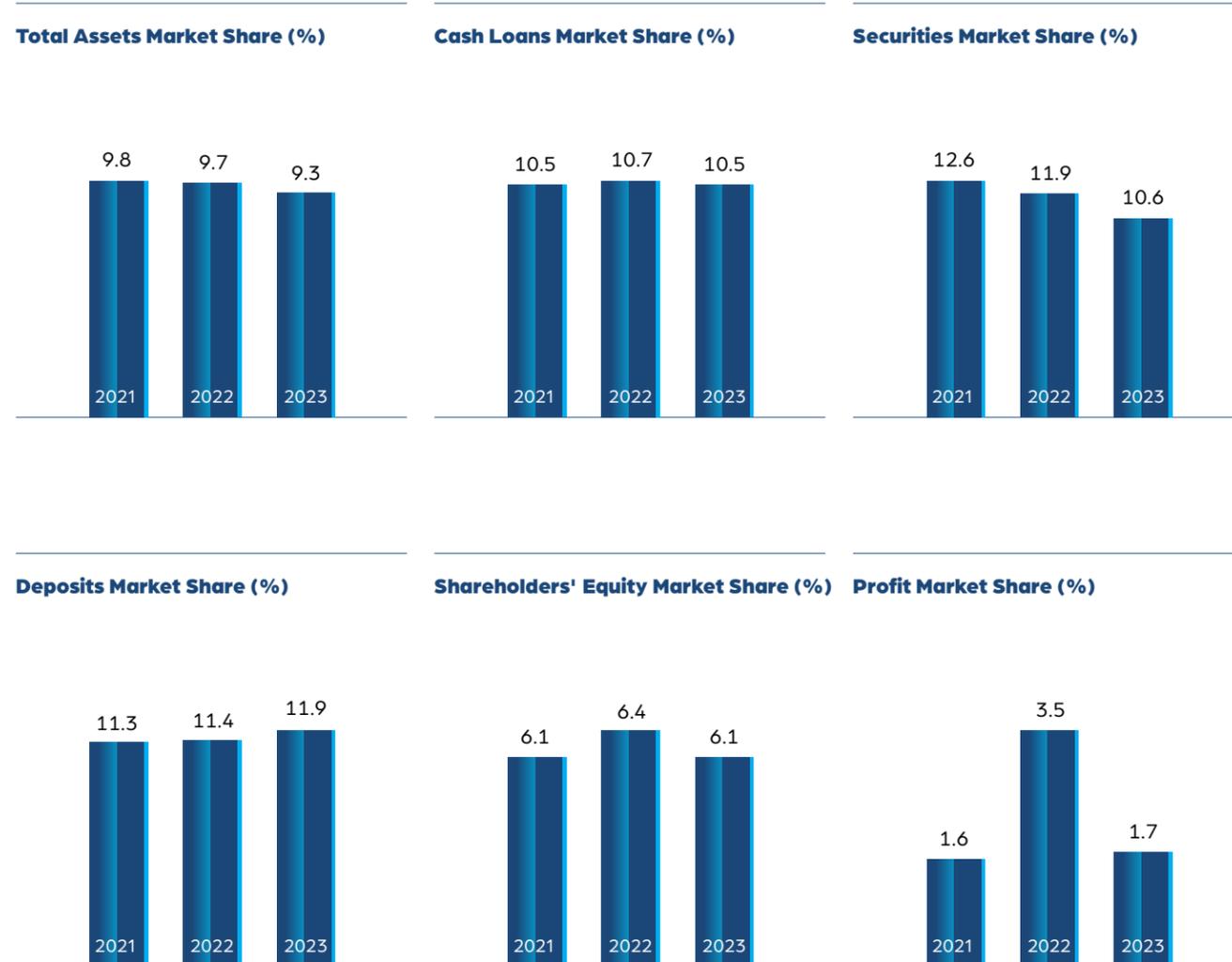
In 2023, Halkbank increased its assets to TRY 2,195.3 billion and completed the operating period with a net profit of TRY 10.1 billion, a return on equity of 9.23% and a capital adequacy ratio of 14.26%. Taking confident and strong steps into the future with its innovative business models and sustainable growth strategy, the Bank will continue to use its resources for Türkiye in the new century of our Republic as well.

Gaining Trust with the Products and Services Offered

In 2023, Halkbank's market share in total assets was 9.3%, and its market share in cash loans was 10.5%.

The economic value created by Halkbank, the Bank of Productive Türkiye, reached TRY 57.7 billion in 2023.

Halkbank's Position in the Sector



GRI 2-6, 3-3, 203-1, 203-2

Economic Value Created and Distributed	Unit	2021	2022	2023
Economic Value Created (Revenues)	TRY Thousand	22,988,878	74,830,450	57,696,376
Economic Value Distributed to Stakeholders				
Operating costs	TRY Thousand	9,670,244	17,715,979	48,119,901
Benefits to employees	TRY Thousand	4,308,398	8,220,695	19,017,844
Benefits to the government	TRY Thousand	19,615	16,734,654	288,426
Benefits to capital providers	TRY Thousand	0	0	0
Benefits to society	TRY Thousand	5,269	219,404	8,812,408
TOTAL	TRY Thousand	9,695,128	34,670,037	57,220,735
Retained Economic Value	TRY Thousand	13,293,750	40,672,156	475,641

GRI 2-6, 3-3, 201-1, 203-1, 203-2

Sustainable Finance

Halkbank closely aligns the products of its value creation process with the UN Sustainable Development Goals through its "People First, Bank Second" approach.



Halkbank believes that the participation of women and young entrepreneurs in the economy and increasing the female and young workforce is the key to sustainable development and pursues its efforts in this direction.

Halkbank has set sustainable development as its priority goal. In this context, Halkbank considers the needs and expectations of all its stakeholders and is committed to a livable world where economic, social, and environmental impacts are balanced, and growth is achieved in this balance.

By providing strong financing support to SMEs, one of the most important components of our economy, Halkbank contributes to directing investments towards more sustainable technologies and businesses. In addition, it continues to increase the number of value-oriented products and services to support the participation of women and youth in the economy.

Halkbank generates value by offering opportunities through its deep-rooted history, know-how, competent human resources, brand value associated with reliability and good reputation,

a nationwide physical and digital service network, and responsible products and services. The Bank closely aligns the products of its value creation process with the UN Sustainable Development Goals through its "People First, Bank Second" approach.

Halkbank believes that the participation of women and young entrepreneurs in the economy and increasing the female and young workforce is the key to sustainable development and pursues its efforts in this direction. In addition, by addressing the risks and opportunities created by the climate crisis together, it promotes green transformation in the economy with the influence of its regenerative power. The Bank utilizes renewable energy sources and electric vehicle conversion, which play a major role in eliminating the adverse impacts of climate change on people and the environment to carry out energy efficiency efforts.

Halkbank generates value by offering opportunities through its deep-rooted history, know-how, competent human resources, brand value associated with reliability and good reputation, a nationwide physical and digital service network, and responsible products and services.

The Bank carries out environmental and social impact assessment initiatives in an attempt to be able to evaluate the investment projects and companies it finances from an environmental and social perspective and classifies them according to green and social criteria. Pursuant to a provision in the Environmental Policy stating, "to strive to appraise credit applications in accordance with the Bank's loan policies based on environmental and social factors," loans and investment projects financed by Halkbank are scored according to the Company Rating Report (FDR) scoring methodology within the scope of "Sustainability Assessment" and the outcome of the scoring impacts the company's rating. In addition to investments, operations of the firms making a credit application as well as other matters that fall within the purview of sustainability are also assessed as part of this process.

Main topics included in a Sustainability Assessment are as follows:

- Environmental Impact Assessment Report
- Green Building Certification
- ISO Environmental Management Certification
- Carbon Emissions Assessment
- Occupational Health and Safety Assessment
- Assessment on Sensitivity to Consumer Rights

10,243 firms that were evaluated in 2023 were scored as part of Sustainability and Environmental Assessment.

Based on national and international guidelines, the Bank also determined the cash loan risk linked to the Sustainable Development Goals with the participation of sub-working groups consisting of relevant departments. It was calculated that approximately 88% of cash loans were linked to the Sustainable Development Goals.

	MANUFACTURING INDUSTRY	TRADE	CONSTRUCTION	SERVICE	TOURISM	TRANSPORTATION-COMMUNICATION	OTHER SOCIAL SERVICES	EDUCATION SERVICES	MINING	FINANCIAL INTERM. ACTIVITIES	PROFESSIONALS	HEALTHCARE-SOCIAL SERV.	AGRICULTURE-HUSBANDRY	GRAND TOTAL
Scored	3,892	3,151	1,055	1,054	372	205	53	70	130	90	2	73	96	10,243
Not scored	316	270	394	214	49	24	36	12	42	53	0	9	12	1,431
TOTAL	4,208	3,421	1,449	1,268	421	229	89	82	172	143	2	82	108	11,674

GRI 2-6, 3-3, 203-1, 203-2

GRI 2-6, 3-3, 203-1, 203-2

Sustainable Finance

While conducting all of its operations in an environment-friendly manner, Halkbank also aims to minimize its environmental impact and continuously improve its performance in this area.

Halkbank closely monitors a large number of economic, social and environmental developments due to its corporate size, requirements in the industry, and its status as a state-owned bank. While conducting all of its operations in an environment-friendly manner, the Bank also aims to minimize its environmental impact and continuously improve its performance in this area.

In addition to complying with the social and environmental standards mandated by laws and the Bank's policies, other criteria taken into consideration regarding the projects financed by Halkbank include the completion of social and environmental risk assessment, implementation of necessary mitigating measures, and presence of effective internal audit systems. In an effort to ensure that the projects financed by the Bank materialize in a way that creates value-added with their environmental and social dimensions as well, the Bank monitors the projects before the loan is extended and during the term of the loan, which allows Halkbank to appropriately manage project-specific risks by way of field visits as necessary.

RESPONSIBLE PRODUCTS AND SERVICES APPROACH

Never deviating from its focus on serving the future of our country and our world with its responsibility to future generations, Halkbank aims to increase its green asset ratio by continuously improving its product portfolio which it has created within the scope of its responsible banking approach. With this approach, the Bank encourages all its stakeholders, especially its customers, to adopt sustainable business models. Particularly by raising awareness about energy in particular, it contributes to the increase of energy efficiency and thus savings of companies and especially SMEs.

Our Priority is Renewable Energy Investments

Halkbank is distinctive in its area of activity with its expert staff specialized in the energy sector which has strategic importance for Türkiye's sustainable development and the knowledge gained as a result of detailed studies on the sector.

Renewable energy is of critical importance in reducing Türkiye's dependence on foreign energy and in the transition to a low carbon economy which is a safer and more sustainable economic structure. Renewable energy options which replace power plants that produce energy by burning environmentally harmful fossil fuels, help reduce problems such as air and water pollution, excessive water and land use, loss of wildlife and habitat, harm to public health and global warming.

Acting with the awareness for renewable energy potential of our country, Halkbank gives priority to financial support for investments in electricity and heat generation such as SPP, HEPP, GPP, WPP and PPS, with the technical and financial evaluations it carries out. Also, taking advantage of the knowledge and experience of engineers holding energy manager certificates, it goes beyond just providing financial resources to companies in the use of resources and offers free technical consultancy services for efficient investment realization. As of December 31, 2023, the Energy Investments risk has a share of 5.9% with TRY 62.9 billion in Halkbank's total cash loan risk of TRY 1,062 billion, excluding retail.



Green Energy Loan Package

Renewable Energy Investment Loan: It can be considered for Solar Power Plant (SPP) and Wind Power Plant (WPP), biogas plant, geothermal plant investments in order to offset the energy costs of companies with renewable energy systems.

Green Workplace Investment Loan: For workplaces with high energy consumption, investments can be made to boost productivity by increasing the quality of production and at the same time reduce energy costs.

Energy Efficiency Loan: This loan can be used for the costs of interior and exterior insulation of buildings and workplaces in order to save energy, to ensure that the building is heated with different or less fuel and less costly, and for the renewal of existing electricity-consuming machinery and lighting systems.

Green Certified Construction Project Loan: Financing can be provided for companies that consume less energy, use fewer natural resources and generate less pollution in the world and in Türkiye, and that have received certificates from institutions authorized by the Ministry of Environment, Urbanization and Climate Change to issue "Green Certificates."

Green Light Commercial Vehicle Loan: This loan can be utilized for investments in hybrid and electric eco-friendly passenger cars, commercial vehicles and construction equipment purchased by real and legal person companies for use in commercial activities.

Electric Vehicle Charging Station Loan: This loan can be used to finance real and legal person companies that want to invest in charging stations to meet the energy needs of electric vehicles, both fully electric and plug in hybrid.

Sustainable Finance

In 2023, Halkbank extended a total of TRY 6.4 billion ✓ cash investment loans for renewable energy projects.

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Renewable Energy Projects in 2023

The share of Energy Efficiency and Renewable Energy Investment Credit risk in the Bank's Energy Investments risk is at 52.2% level with TRY 32.8 billion. In addition, a total of TRY 6.4 billion ✓ cash investment loans were extended for renewable energy projects in 2023.

By the end of the period, Halkbank's share of Energy Efficiency and Renewable Energy Investment Loan risk in its total cash risk excluding retail is 3.1%. The amount of loans extended to renewable energy power plants by years is given in the table below.

RENEWABLE ENERGY LOANS					
TRY	2019	2020	2021	2022	2023
HEPP	166,774,879	148,482,130	98,275,000	421,500,000	550,778,500 ✓
WPP	77,494,000	0	257,120,000	0	84,000,000 ✓
PPS	70,400,000	106,500,000	109,734,000	349,000,000	39,200,000 ✓
GPP	154,053,900	8,206,380	0	0	0 ✓
SPP	149,231,540	69,766,000	188,388,000	1,741,354,620.49	5,753,375,482 ✓
Energy Efficiency	0	0	0	3,870,000	0 ✓
TOTAL	617,954,319	332,954,510	653,517,000	2,515,724,620.49	6,427,353,982 ✓



The number of renewable energy projects evaluated for the reporting period and the previous four years of the Bank is given in the table below:

Number of projects	SPP	WPP	HEPP	GPP	PPS	Total Quantity	Total Installed Capacity (MW)
2019	9	6	23	7	1	46	774.1
2020	9	0	3	1	2	15	135.7
2021	12	1	4	0	8	25	301.49
2022	268	0	4	0	7	279	450
2023	244	1	6	0	3	254	535
TOTAL	542	8	40	8	21	619	2,196.29

Sustainable Finance

Halkbank received the "Best Green Bank" award at the Global Banking & Finance Awards 2023.

PARAF DOĞAL Credit Card Produced from 100% Recycled Materials

Within the scope of its sustainability initiatives, Halkbank disbursed EUR 332 million in loans since 2012 as part of the projects undertaken jointly with international financial institutions, including the French Development Agency, the European Investment Bank, and the World Bank, concerning energy efficiency, renewable energy, preventing environmental pollution, and rehabilitation of organized industrial zones. In addition to that, a total of 32 million Euros of loans were extended in 2023 within the scope of investment and working capital needs of customers, including Energy Loans.

We Made a Difference with Our Focus on Sustainable Finance in 2023 as Well

Halkbank's financial support for activities with positive environmental and social impacts is recognized and rewarded on many important platforms as a reference to the industry. In this scope, in 2023, the Bank won the gold award in the "Sustainability Project of the Year" category, the silver award in the "Achievement in Environment" category, and the bronze award in the "Sustainability Leadership" category at the International Business Awards, the largest award program of the Stevie Awards organization.

The Bank won the "Best Green Bank" award at the Global Banking & Finance Awards 2023 organized by the UK-based Global Banking & Finance Review Magazine.

The Bank received the "Outstanding Sustainable Project Finance Award" within the scope of the Global Sustainable Finance Awards organized by the European Organization for Sustainable Development (EOSD) in Karlsruhe, Germany. In addition, it won the gold award in the "Innovation in Energy & Sustainability" category at The Globee Business Awards.

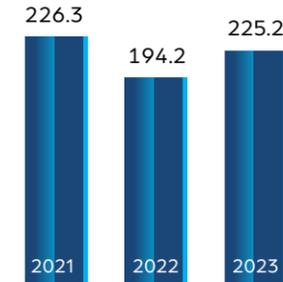


GRI 2-6, 3-3, 203-1, 203-2

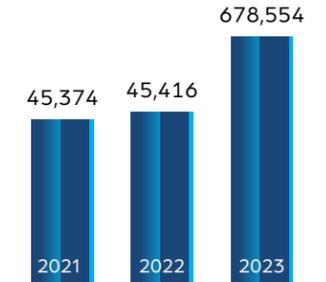


Amount of Clean Energy Loans Extended with Resources from International Finance Institutions (TRY Million)

Renewable Energy



Reduced Emissions (tCO₂e) with Clean Energy Loans from International Financial Institutions



Türkiye's First Carbon Neutral Credit Card: Paraf Doğal

In order to transform also its card payment systems business models in line with sustainability and to raise environmental awareness among its customers, Halkbank developed a new environmentally friendly credit card, Paraf Doğal, which is produced from 100% recycled materials and whose all emissions are neutralized from cradle to grave with carbon certificates purchased by the Bank. Paraf Doğal has all the features of Paraf and offers discounts on sapling donations, baby food donations, as well as veterinary and organic product expenses.

In 2023, 108 tons of emissions caused by the Paraf Doğal card during its life cycle were neutralized with carbon bonds at Gold standards.

To access the Paraf Doğal Carbon Neutral Verification Declaration:

<https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/doga-dostu-yaklasimlar/karbon-notr-dogrulama-beyani.pdf>

To access the Product Carbon Footprint Verification Declaration and Verification Report:

<https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/doga-dostu-yaklasimlar/urun-karbon-ayak-%C4%B0zi-dogrulama-beyani-ve-dogrulama-raporu.pdf>

GRI 2-6, 3-3, 203-1, 203-2

Corporate and Commercial Banking

By way of its efforts under the Sustainable Banking umbrella, Halkbank continues to contribute to Türkiye's compliance with the green deal and other projects within this scope.

TRY
488.7
BILLION
Total Corporate and Commercial Cash Loans

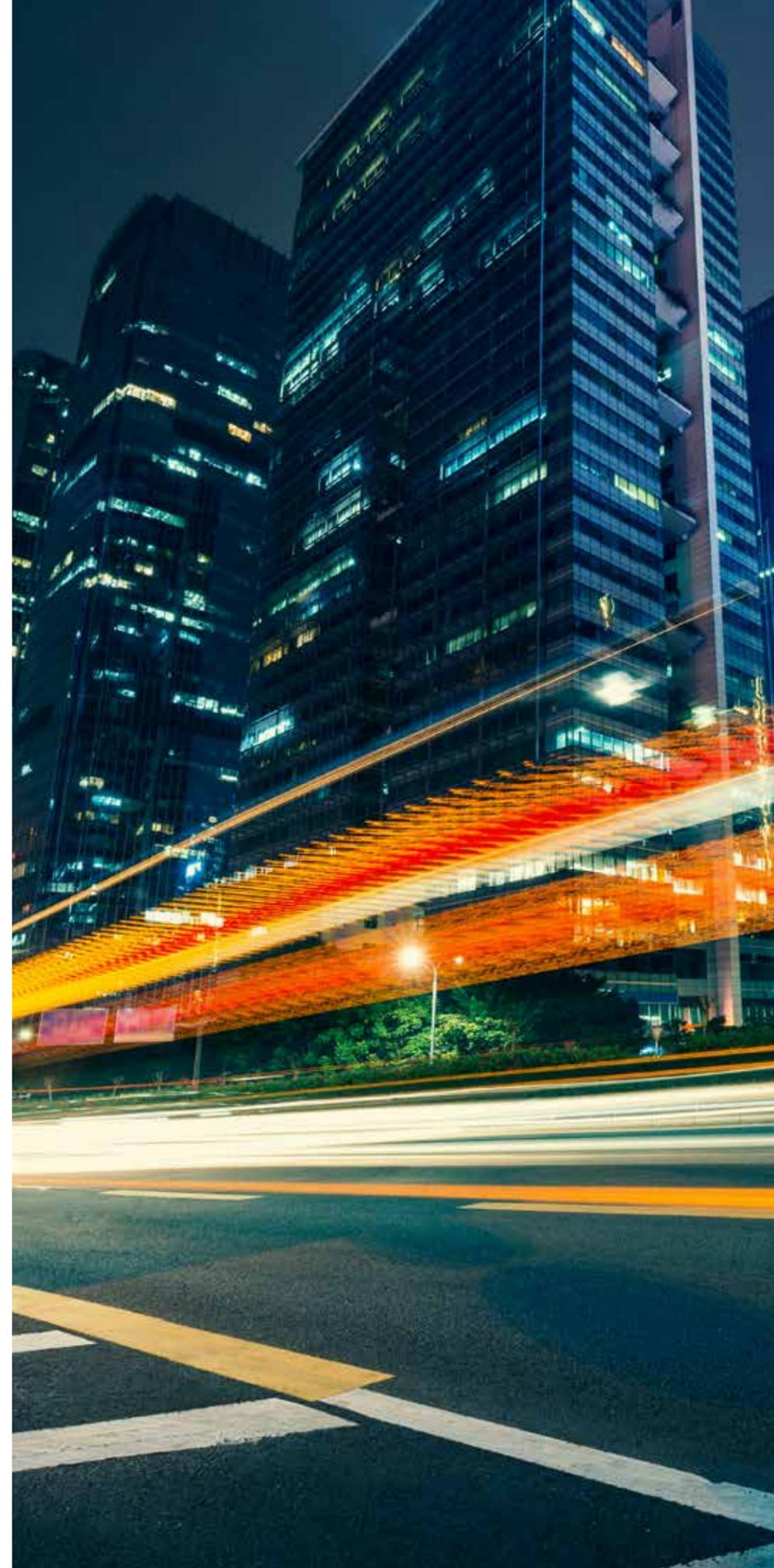
Corporate and Commercial Banking supports local and multinational companies with an annual turnover of TRY 250 million and above with a constant development strategy. The Bank carries out its activities in this field with 7 corporate and 36 commercial branches. In order to provide quality service to its customers, it establishes a long-term relationship based on solution partnership with structured financing, cash management and foreign trade service packages, as well as core banking products.

Shaping its goals and operations in line with our country's targets, Halkbank provides cost-effective working capital and investment support by expanding its customer base and deepening its relationships with existing customers through its innovative loan packages and products.

The Bank pays utmost attention to supporting the economy and the real sector, as well as taking part in projects that are sensitive to people and the environment by focusing its lending policy on value-added production, sustainable investment, and increasing employment and exports.

We Continue to Generate Resources for the Sustainable Development of Our Country

In 2023, in parallel with the decisions taken by the CBRT to support financial stability and strengthen monetary transmission mechanisms, Halkbank pioneered the financing of projects compatible with its policy. With the loan policy implemented, corporate and commercial cash loans increased by 43.6% in 2023 compared to the end of the previous year, reaching TRY 488.7 billion, while total cash and non-cash loans reached TRY 887.4 billion. As of year-end 2023, the share of the corporate and commercial segment in the Bank's total cash loans stood at 38.5%. The Bank will continue to prioritize the financing of projects compatible with its loan policies and to expand its support for Türkiye's sustainable and qualified development.



In order to contribute to the realization of Türkiye's sustainable development, export and investment targets, Halkbank spearheads the transmission of loan resources offered by Eximbank and the CBRT to the market in addition to its own resources. These loan resources are extended effectively and efficiently within the limits allocated to the Bank to finance investments in the manufacturing industry and tourism sector that reduce external dependency and the current account deficit, create import substitution, generate foreign currency earning service income, contribute to local production, increase exports, create new jobs, and make production with high efficiency and added value.

In order to contribute to the efforts to heal the wounds of the earthquake disasters that affected 11 provinces in February 2023, Halkbank, being aware of its responsibilities, deferred interest and commissions and took the necessary steps to provide loan support.

Despite the uncertainty in financial and real markets caused by the fluctuations in domestic and international markets, Halkbank, which derives its strength from the people, made a strong contribution to economic activities with the products it developed during this period. The Bank has embraced it as a strategic priority to design all of its products and services toward the development of Türkiye's economy in accordance with customer expectations and future trends.

By way of its efforts under the Sustainable Banking umbrella, Halkbank continues to contribute to the "green and circular economy" initiatives, Türkiye's compliance with the green deal, and other projects within this scope.

Halkbank maintains its pioneering mission in attaining the industry-specific and MTP-projected macroeconomic targets as part of the effort to strengthen the national and local economy.

SME - Artisans Banking

Halkbank has been spearheading the banking industry's development while successfully executing its mission of supporting the real economy.

Halkbank extended TRY 6.9 billion in support loans to tradesmen and artisans affected by the earthquake disaster that occurred on February 6, 2023 with the "Back to Life Loan."

Setting out from the great leader Atatürk's saying that "it is extremely essential to create an organization that will provide small business owners and large industrial enterprises with the loans they so desperately need, easily obtainable and inexpensively priced and to lower the cost of credit under normal circumstances," Halkbank embraced the mission of providing tradesmen and artisans with loans under convenient terms and conditions.

Since its establishment in 1938, Halkbank maintains its core business strategy of supporting tradesmen and artisans and creating value for the economy while operating as the first bank of tradesmen and artisans in the industry. To this end, the Bank has been supporting tradesmen and artisans since 1952 under the guarantee of the artisans and tradesmen loan and guarantee cooperatives and through the Ministry of Treasury and Finance interest-subsidized loans.

Halkbank has been spearheading the banking industry's development while successfully executing its mission of supporting the real economy. The financial and non-financial needs of every tradesman, farmer, small, medium or large enterprise that produce products and create employment are supported with the products and services developed.

The Bank offers no-interest loans subsidized by the Ministry of Treasury and Finance to tradesmen and artisans with tax-exempt status operating in occupations of cultural and artistic value that are facing extinction (hand weaving, chalcography, China and ceramics, mother of pearl handcrafting and wood carving, spoon making, walking stick handcrafting, saddle-making, block printing, quilting, felt making, meerschaum and oltu stone handcrafting, rawhide sandal making, Yemeni headscarf handcrafting, needlework, and other trades that are considered by the Ministry of Finance to be similar to these) in order to maintain their skills and hand them over to future generations, prevent these trades from being extinct, and help them maintain their businesses. The Bank also provides no-interest loans subsidized by the Ministry of Treasury and Finance to entrepreneurs with a certificate of mastership looking to start a business, and to young entrepreneurs under the age of 35 who completed the KOSGEB Entrepreneurship Training.

Halkbank provides financing support for investments through the Tradesmen Working Capital loans as well as the Workplace Acquisition and Vehicle Acquisition loans available to tradesmen and artisans.

The Tangible Value We Create for SMEs is the Most Important Indicator of Our Support to the Economy

Halkbank's success in SME Banking, one of the most competitive areas in the sector, was also reflected in its performance indicators at the end of the year. In 2023, the Bank extended 55.7% of its commercial loans to SMEs, and its SME loan market share stood at 18.6% at the end of the period. The volume of loans extended to 1.2 million SME customers reached TRY 615.5 billion.

The continuously rising success in SME loans of Halkbank, which pursues a lending policy of prioritizing SMEs as the "People's Bank," serves as an indication that the Bank is the right address for SMEs and that SMEs' financing demands are addressed instantly.

Halkbank is the only bank in the Artisans Banking market to offer the Ministry of Treasury and Finance

interest-subsidized loans to tradesmen and artisans. Halkbank is further strengthening its ties with artisans by virtue of providing this special product. TRY 164 billion in Ministry of Treasury and Finance interest-subsidized loans were extended to 441 thousand tradesmen and artisans in 2023. In this period, the Bank increased the upper limit for individual loans from TRY 500 thousand to TRY 650 thousand for business loans, thereby expanding the financial support provided to tradesmen and artisans and continuing to contribute to the revitalization of the market and the increase in production.

In 2023, on the 100th anniversary of our Republic, the "150 Billion Loan Support to Tradespeople and Artisans" campaign was organized; within the campaign, which was launched on October 11, 2022, the Bank provided a total of TRY 150 billion in loan support to 411 thousand tradesmen and artisans,

of which TRY 108 billion was provided to 291 thousand tradesmen in 2023.

The Bank supported tradesmen and artisans affected by the earthquake disaster that occurred on February 6, 2023 with the "Back to Life Loan" with an upper limit of TRY 250 thousand, a 12-month grace period and a 60-month maturity. Within this scope, 26 thousand tradesmen and artisans were provided with a support loan of TRY 6.9 billion.

Together with other loans and products extended to tradesmen in the earthquake region, the Bank provided a total of TRY 28.2 billion in support.

In addition, the Bank postponed the interest-subsidized loans of the Ministry of Treasury and Finance, which were used before the earthquake by tradesmen and artisans who were injured in the earthquake, as interest-free for 2 times in 6-month periods.



SME - Artisans Banking

Halkbank takes service to its customers' door with a countrywide extensive branch network and nearly 3,000 Customer Representatives exclusively serving SMEs.



GRI 2-6, 3-3, 203-1, 203-2

24/7

Uninterrupted Service to SMEs through Digital Channels

We Make SMEs' Lives Easier with Our Digital Services

Closely monitoring the advances in technology and continuously increasing its investments in an attempt to extend its deep-rooted banking experience to digital channels, which it identified as one of its main areas of focus, Halkbank enriches its points of contact with the real sector by strengthening its active presence in digital channels. Taking service to its customers' door with a countrywide extensive branch network and nearly 3,000 Customer Representatives exclusively serving SMEs, Halkbank continues to offer 24/7 uninterrupted service to SMEs with www.halkbankkobi.com.tr and www.halkbankkobigelisim.com.tr, as well as continuously improving digital channels such as the Corporate Internet Branch, Halkbank Mobile, and Corporate Dialog. As a result, the Bank continues to leverage its constantly-upgraded technology infrastructure as a strong advantage in competition.

In 2023, Halkbank continued to lead innovation and play an active part in the success of SMEs thanks to its SME Banking initiatives. Halkbank continued supporting strategic sectors and supporting job creation, providing innovative solutions to exporters, entrepreneurs wishing to set up their own businesses and SMEs that want to carry their business to

the digital environment. Maintaining its complementary mission in the finance industry for the economic administration's plans and programs for the real sector, the Bank offered real and legal person SME companies that completed one year of operation and whose last fiscal year turnover did not exceed TRY 10 million the opportunity to apply, quickly allocate and easily access the financing they will need without visiting a branch through the "Digital Loan Platform," the first of its kind in the sector.

Digital Transformation Support Package

A KGF-Sponsored Digital Transformation Support Package was established to provide financing support for investment and investment-related operating costs for the completion of digital transformation processes [big data, artificial intelligence (AI), industrial internet of things (IoT), cloud computing and provision of platform services, etc.] of SMEs operating in the manufacturing industry.

Supporting Entrepreneurs and Employment

In keeping with its long-standing mission of supporting entrepreneurs and social responsibility awareness, Halkbank prioritizes fostering entrepreneurship, boosting employment, supporting entrepreneurs to start new businesses, and helping young people to actively participate in the economy.

To this end, the Bank continues to make contributions to the economy and to job creation by providing financial support to entrepreneurs looking to start or grow their businesses. Embracing incentivizing and supporting entrepreneurial women and young people with novel business ideas as one of its strategic areas of focus, Halkbank offers funding support to individuals looking to start a business through the Young, Bold, Master, Techno, General Public and KOSGEB Expert Entrepreneur Loans based on such criteria as educational attainment, age and work experience. In addition, the Women Entrepreneur Loan, which was developed with the purpose of

spurring a greater participation of women in business life, supports also women entrepreneurs who are looking to start a business or grow their existing businesses.

The special credit products offered through the Digital Loan Platform enables entrepreneurs to make loan applications without visiting a branch, receive their loan disbursements quickly, and access the financing they need easily. The financing supports offered by Halkbank within this scope include Digital Loan Package for Techno Entrepreneurs, Digital Loan Package for Bold Entrepreneurs, Digital Loan Package for Young Entrepreneurs, Digital Loan Package for Master Entrepreneurs, and Digital Loan Package for General Public Entrepreneurs.

In addition, entrepreneurs were provided access to the financing they need with KGF guarantee through the KGF-sponsored Entrepreneur Support Package and KGF-sponsored Women Entrepreneur Support Package products launched in 2023.

Women Entrepreneur Support Package

The KGF-sponsored Women Entrepreneur Support Package was established to strengthen the women's entrepreneurship ecosystem by supporting legal person enterprises of which at least 50% of the total shares belong to women entrepreneurs as of the date of application, women's cooperatives of which at least 50% of the partners are women, and real person enterprises that are owned by women, who want to open a new business for the production of goods and services, self-employment or commercial activity, or who operate based on a business idea.

Entrepreneur Support Package (KGF)

A KGF-sponsored Entrepreneur Support Package was established to support innovation and high-tech production by facilitating access to finance for all entrepreneurs, especially young entrepreneurs.

GRI 2-6, 3-3, 203-1, 203-2

SME - Artisans Banking

Halkbank generates customized solutions for and supports exporter SMEs in accordance with Türkiye's strategy and economic programs.

In the upcoming period Halkbank will continue to stand behind tradesmen and artisans who create value for a growing Türkiye, which the Bank sees as the reason for its existence.

Uninterrupted Support for the Real Sector

Halkbank continued its uninterrupted support to the real sector with many new products and services to help enterprises stay in business, expand their businesses and maintain their current employment levels.

In 2023, Halkbank offered the following impactful products and services based on the characteristics and needs of customers:

Earthquake Region-Halkbank Check Payment Loan

Halkbank continued to support companies operating in the provinces/ districts declared as disaster areas due to the February 6 earthquakes to protect them from the negative economic impacts of the earthquake

and to ensure the continuity of commercial activities in the region without interruption, with products tailored to their needs. In this scope, the "Earthquake Region-Halkbank Check Payment Loan" was established to enable businesses in the region that use Halkbank checks in their commercial activities to pay the required Bank check amounts with an appropriate financing source. The Earthquake Region-Halkbank Check Payment Loan aims to pay the Bank checks issued by customers based on their actual commercial transactions, maintain the environment of trust in the market, and protect the commercial reputation of companies.

Pharmacist Support Package

Within the scope of the renewed collaboration protocol between the Bank and TEB (Turkish Pharmacists' Association), the "Pharmacist Support Package" created for TEB member pharmacists was put into service with new limits and advantages to be offered.

SME ATAK (Advantageous Installment Loan)

The SME ATAK product was put into service to finance the working capital needs of SMEs and to create demand deposits for the Bank. The product will provide SMEs operating in Türkiye with

appropriate financing opportunities, while reducing the resource cost and increasing the Bank's resource profit and average demand deposits.

İkitelli Region Flood Support Loan

The İkitelli Region Flood Support Loan was established to enable companies operating in the İkitelli Organized Industrial Zone, which were damaged by the flood disaster that occurred after the heavy rainfall in Başakşehir and Arnavutköy districts on September 5, 2023, to continue their activities and finance their losses.

Solutions for Exporters' Needs

Halkbank generates customized solutions for and supports exporter SMEs in accordance with Türkiye's strategy and economic programs. With its innovative efforts for meeting the demands and needs of export firms in order to improve the international competitive power of Türkiye, Halkbank is offering foreign currency loans, Turkish lira-denominated export loans, and letters of guarantee to SMEs gearing up for exports while providing installment export loans to SMEs that prefer to make installment payments on foreign currency-denominated credits and also, unique solutions to companies wishing to break into new markets.



In addition, Halkbank supports exporters with the Term-Free Export Credit Package, Export Support Package, Foreign Currency Earning Activities Support Package, İGE 100th Anniversary Treasury Support Package, CBRT Investment Committed Advance Loan, CBRT New Investment Committed Advance Loan, CBRT Export and Foreign Currency Earning Services Rediscount Loan while mediating low-interest Eximbank-sourced loans. Thanks to the Bank's extensive correspondent network, companies can also obtain letters of credit and perform other foreign trade transactions under affordable terms.

KGF Partnerships

As part of its partnership with the Credit Guarantee Fund of Türkiye (KGF), Halkbank continued its efforts to inform all SMEs about KGF guarantees and enable them to be able to tap this resource in 2023 as well. SMEs that were experiencing difficulty in obtaining financing due to lack of guarantees gained access to the needed funding thanks to the KGF-sponsored loans originated by Halkbank. On different dates, protocols were signed with KGF regarding the February 6 Earthquakes - Operating Costs Support Package, February 6 Earthquakes - Investment Costs Support Package, Region-Oriented SME Support Package, Digital Transformation Support Package, Foreign Currency Earning Activities Support Package, Düzce and Antalya Business Expenses Support Package, Training Support Package, EYT Support Package, Entrepreneur Support Package, Export Support Package, Manufacturing Industry Support Package, Operating Costs Support Package, Women Entrepreneur Support Package, KGF Support Loan 3, Housing Construction Support Package, Technology Support Package, Construction Works Support Package, Investment-Project Financing Support Package, Investment Support Package, New Housing Financing Support Package, Green Transformation and Energy Efficiency Support Package, and advantageous loan packages were put into service within the scope of these protocols.

KOSGEB Interest Support Loans

Halkbank and the Small and Medium Enterprises Development Organization of Türkiye (KOSGEB) launched the KOSGEB SME Financing Program in 2023 to offer financial support under favorable terms to enterprises registered in the KOSGEB database that have a valid SME Certification. Under this program, a large number of SMEs and entrepreneurs financed their working capital needs at zero or very low interest rates and expanded their recently-established businesses. In addition, protocols were signed with KOSGEB and KGF for 2023 Earthquake Emergency Support Loan, Istanbul Başakşehir Emergency Support Loan, 2023 Flood Emergency Support Loan, Amasya, Kastamonu, Sinop and Samsun Provinces Emergency Support Loan, Ankara Province Kahramankazan District Emergency Support Loan, Antalya Province Emergency Support Loan, Bursa İnegöl Emergency Support Loan and Düzce Province Emergency Support Loan.

We Will Continue to Mobilize Our Resources for Our Artisans and Tradesmen

In the upcoming period Halkbank will continue to stand behind tradesmen and artisans who create value for a growing Türkiye, which the Bank sees as the reason for its existence. To this end, the Bank will continue on maintaining its financing support for strategic industries and entrepreneurs looking to start a business and developing approaches that will boost employment in Türkiye.

While growing its support for the real economy firms, the Bank aims to adopt state-of-the-art technologies and improve its capabilities to meet financial needs quickly and effectively. Within this scope, Halkbank will concentrate on developing end-to-end digital lending practices and other digital banking services in the upcoming period.

Retail Banking

With 3,185 customer representatives, Halkbank continued to develop its strong bond with its customers also in 2023 and increased its consumer loan volume to TRY 166.4 billion.

Halkbank has become one of the most preferred banks in mortgage lending thanks to a broad product range, flexible repayment options customized for each customer and attractive promotional campaigns. Halkbank views mortgage loans as the basis of a long-term relationship of trust with customers.

Retail banking is one of the areas where innovations affect customer preferences the most, and financial solution trends change the fastest among finance business lines. Adopting an approach focused on providing a more personalized and interactive experience and offering its customers the most cost-effective services, Halkbank leads the digital transformation in this dynamic sector as well.

In retail banking, today's technological trends such as cloud computing, artificial intelligence and blockchain technologies are being integrated into Halkbank's business processes and play a priority role. To this end, the Bank expands its banking channels with initiatives such as fintech collaborations in retail banking and artificial intelligence-supported digital agents and perfects its services at all points of contact with customers.

Halkbank continued to develop its strong bond with its customers through 3,185 customer representatives also in 2023 and increased its consumer loan volume to TRY 166.4 billion, including KMH and individual credit cards, with TRY 70.8 billion it extended during the period. As of year-end, the Bank had a 9% market share in consumer loans (excluding credit cards).

Custom Products and Solutions Tailored to Needs

In order to increase market share in an increasingly competitive market, Halkbank Retail Banking continuously improves its product and service range in line with ever-changing customer needs, changing market dynamics and the Bank's objectives. The Bank launched the "My New Home Housing Loan Package," "Earthquake Support Loan Package," "TOGG Vehicle Loan Package" and "EYT-Pension Loan" products in 2023 as part of the activities carried out with this approach.

In 2023, the Bank launched its "Green Vehicle Loan" and "Green Home Housing Loan" products to combat climate change and support sustainable production and consumption. In order to ensure more efficient use of energy by reducing energy consumption and to support sustainable environmental policy, the Bank continued to offer the "Residential Thermal Insulation Loan" product with 60-month maturity and advantageous pricing conditions up to TRY 50 thousand per apartment for customers who do not have building insulation or who want to renew their insulation. In addition, the "Energy Support Loan," one of its products and services within the scope of responsible financing, continued to be extended.

1.1 million people

Number of People Receiving Their Salaries through Halkbank

Further, in accordance with a customer segment-based pricing approach, Halkbank developed various loan facilities and solutions for customers, including Payroll 24, and general purpose loan products specific to public sector employees, pensioners, and private sector workers.

With a social responsibility perspective, Halkbank offers "Loyalty Consumer Lown" and "Loyalty Housing Loan" products with favorable interest rates to meet the needs of the relatives of martyrs and disabled/ combatant veterans, to whom we owe respect and gratitude.

Halkbank has become one of the most preferred banks in mortgage lending thanks to a broad product range, flexible repayment options customized for each customer and attractive promotional campaigns. Halkbank views mortgage loans as the basis of a long-term relationship of trust with customers. As part of the "My Sweet Home" concept and the "My Economical Home Mortgage Loan" package, Halkbank created individual payment plans at attractive interest rates in 2023 to help its customers become homeowners.

In addition, within the scope of the Housing Financing Packages announced by the Ministry of Treasury and Finance, "Extended Housing Loan" for customers with foreign currency and gold deposit savings and "My First House Housing Loan" for customers who want to buy a new/1st-hand house were continued to be offered in order to increase access to housing at very affordable costs for customers buying their first home.

In addition to the standard automotive loans for customers' financing needs arising from vehicle purchases, Halkbank continued to offer the "Green Light Automotive Campaign" at attractive interest rates in 2023.

We Facilitate Access to Our Services Every Day

In parallel with the accelerating digitalization, Halkbank completed the infrastructure work for agreements with retail chains to make the Bank's general purpose loan products available in the stores and websites of retail companies.

Also during the year, as part of the paperless banking, the Bank ensured that consumer loan contracts and forms provided at the Bank's branches could be digitally approved and archived.

Corporate Salary Payment

In 2023 Halkbank continued to expand its salary payment intermediation services and acquire new companies with high profitability potential. As of year-end 2023, 1.1 million people receive their salary payments through Halkbank.



Deposit Management

Halkbank will continue to expand its deposit volume in a broad-based manner to ensure the sustainability of its funding structure.

TRY 1.9
TRILLION
Total Deposits

The main axis of Halkbank's deposit management activities is to attract new and broad-based customers to the Bank through a continuously enriched product and service diversity. In addition, proactive efforts are also carried out in order to increase the use of deposit products by existing customers so that they can be utilized by wider segments of the population. Within the scope of bringing back inactive customers, the focus is on directing the efforts of the relevant Marketing Departments in the field of deposits, increasing the profitability and efficiency of branch operations through effective cost management and taking the necessary measures in this direction.

In 2023, for Halkbank customers who wish to secure their savings, the Bank continued to offer Foreign Exchange Convertible FX-Protected Deposit Account, FX-Protected Time Deposit Account, Yuvam Deposit Account, Physical Gold Convertible FX-Protected Deposits Account and Demand Deposit Quarter Gold Coin Account.

We Expand Our Deposit Base with the Power of the Digital

Halkbank takes advantage of the opportunities offered by digitalization to improve its deposit management competencies. In this scope, practices were initiated to offer existing deposit products to customers via Internet and Mobile Banking as well. In 2023, the Bank also increased the services offered through alternative distribution channels in order to introduce new deposit products to customers.

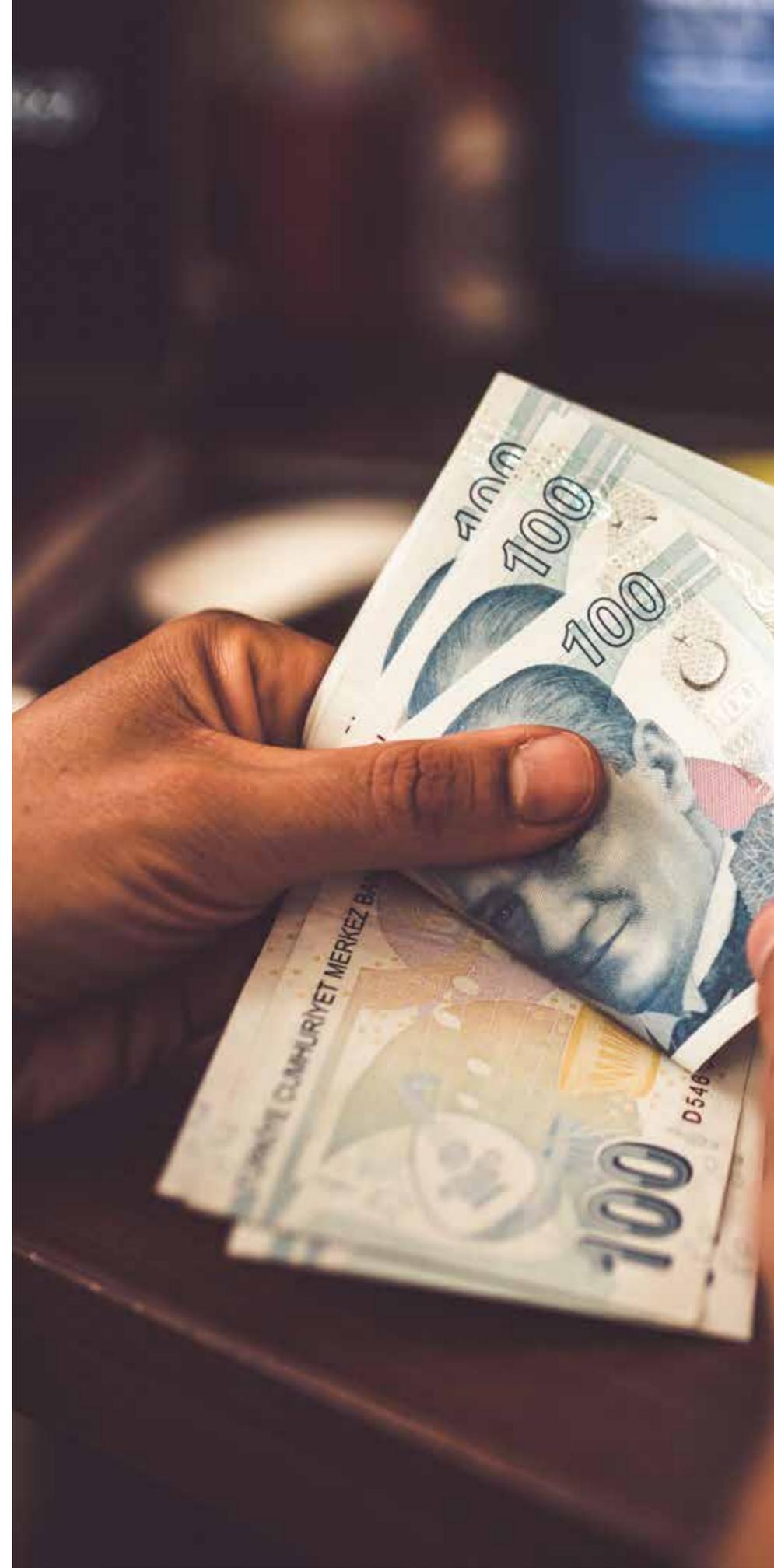
Campaign efforts were carried out to increase demand deposits in 2023. While marketing activities were accelerated to increase the widespread deposits, customers who previously had deposits but currently do not have any were identified and shared with affiliated branches.

As of the end of the period, the Bank's total deposits amounted to TRY 1.9 trillion and the share of time deposits in total deposits was 71.9%.

We Will Continue to Grow Deposits with Customer Focus

In 2024, Halkbank plans to establish a new performance system in which branches that earn low-cost real-legal deposits will receive additional points in deposits. Also during the year, in line with the CBRT's targets, Halkbank will focus on following up on customers of matured FX Protected Deposit Products, ensuring the continuity of the extension transactions and converting them into TRY term deposits.

Halkbank will continue to expand its deposit volume in a broad-based manner to ensure the sustainability of its funding structure. In the coming period, the Bank will also focus on increasing the share of savings deposits and demand deposits in total deposits. Within the scope of the Liraization Strategy implemented for permanent price stability in the economy, the Bank's other priority targets are to increase TRY time deposits and extend their average maturity and to ensure that FX deposits are converted into TRY deposits



Treasury Management and International Banking

Halkbank aims to offer customers import and export services on a global scale, and to be a major supporter of Turkish exporters.

Halkbank realized a total of TRY 39.6 billion nominal value issuance in 2023 through the issuance of commercial paper directly to qualified investors without public offering.

Treasury Management

Establishing an active presence in domestic and international (organized and over-the-counter) money, currency, derivatives and capital markets in accordance with Halkbank's strategies and policies, Treasury Management contributes to the Bank's management of assets and liabilities, liquidity management, and profitability by way of its operations in these markets.

In 2023, we continued to engage in profitability-focused customer derivatives trading that support lowering funding costs. Competitive pricing is provided in FX and gold markets and derivative products in accordance with a customer-oriented approach. In line with the monetary policy practices of the Central Bank of Türkiye in 2023, Treasury Management utilized the TRY money markets effectively and solidified Halkbank's position as a leading player in over-the-counter and organized markets with a large trading volume. The Bank has a large market share in the Central Bank of Türkiye's OMO transactions and in the BIST Repo Market.

Serving as a Market Maker since 2003, Halkbank is actively involved in the Ministry of Treasury and Finance's domestic borrowing operations in order to contribute to the liquidity and depth of the GDS market. The Bank

continued to have an active presence in the securities market in 2023. In line with the goal of effective and efficient portfolio management and within a balanced securities portfolio strategy, the Department also helped to mitigate impacts of the risks in the market on the Bank's balance sheet while contributing to the Bank's profitability during this period.

Halkbank continued to issue securities in 2023 in order to create alternative funding sources, diversify its product portfolio and customer base, strengthen its capital position, and ensure the sustainability of financial stability. Within this scope, a total of TRY 39.6 billion nominal value issuance was made in 2023 through the issuance of commercial paper directly to qualified investors without public offering.

2024 and Beyond

With a customer-oriented approach, Halkbank will maintain its competitive position in foreign exchange and derivative products pricing while continuing to fulfill the requirements of its market maker status in the interbank markets. In line with the digitalization of over-the-counter and organized markets, Halkbank aims to offer quick and high-quality pricing that minimizes operational risk.

The Bank intends to manage its securities portfolio, which constitute a material share of the balance sheet, efficiently in terms of maturity, portfolio type, and interest composition, and to maintain the profitability of the portfolio. To this end, Halkbank will monitor the market conditions in the primary and secondary markets, continue to be an active player, and protect against market risks with a balanced portfolio management strategy.

In an attempt to increase the diversity of customers and resources, the Bank will continue to issue debt securities indexed to TLREF and other market benchmarks in the period ahead.

Focusing its Treasury operations on supporting Türkiye's sustainable growth, Halkbank will closely monitor the digital transformation in the banking industry and prioritize undertaking the necessary automation and improvements in interbank transactions and services rendered to customers.

International Banking

Halkbank has been obtaining low-cost, long-term resources from international financial institutions to be used in financing SMEs and larger-scale companies since 2006. The Bank's sustainability initiatives started with corporate social responsibility activities in 2008. Partnerships with international financial institutions led to capacity enhancing operations in corporate social responsibility, the environment, and occupational health and safety, at the Bank and customer level. Halkbank began extending energy efficiency and renewable energy themed loans in 2011 as part of the cooperation established with international financial institutions. The awareness resulting from the gains from these projects paved the way for the establishment of the Sustainability Committee in 2015, and then to the creation of Environmental and Energy Policies, at Halkbank.

Within the scope of its sustainability initiatives, Halkbank disbursed EUR 332 million in loans since 2012 as part of the projects undertaken jointly with international financial institutions, including the French Development Agency, the European Investment Bank, and the World Bank, concerning energy efficiency, renewable energy, preventing environmental pollution, and rehabilitation of organized industrial zones. In addition to that, a total of 32 million Euros of loans were extended in 2023 within the scope of investment and working capital needs of customers, including Energy Loans.

Halkbank aims to offer customers import and export services on a global scale, and to be a major supporter of Turkish exporters. To this end, the Bank effectively manages an extensive correspondent bank network in more than 100 countries and offers high-quality and value-added foreign trade services and products to customers. Factors underlying the Bank's success are customer trust towards Halkbank, its strong relationship management capabilities, extensive know-how, sustainable trade volumes directed to correspondent banks, ever-increasing

service quality in overseas operations and customer satisfaction arising from its diversified product portfolio.

Continuing to support its clients in the foreign trade and payments areas in 2023, Halkbank successfully mediated the investments of overseas contracting firms in particular thanks to the synergies it created with the banks in its correspondent network with a robust relationship approach.

2024 and Beyond

In an effort to diversify its sources of funding, obtain long-term facilities under affordable terms, and to support its sustainable banking operations, Halkbank aims to maintain its positive international dialogue in the long term.

Constantly assessing country risks and financial indicators as part of its correspondent bank relations policy, the Bank will continue to meticulously consider these assessments in all of its transactions in 2024. To this end, the Bank will continue to monitor geopolitical and global economic developments closely; periodically review its credit limits; and manage country and correspondent bank risks effectively.





Branches and ATMs

For details of Halkbank's Digital Transformation efforts, please review the Winning the Future with Digital Transformation section.

1,079

Total Number of Domestic and Foreign Branches

Having opened 41 new branches in 2023, Halkbank continues to respond to the needs of its customers through its widespread service network with a total of 1,079 branches in Türkiye and abroad, and representative offices in London and Tehran as of the end of the year.

At the end of the year, the number of ATMs of Halkbank in Türkiye reached 4,064. With the vision of creating an excellent customer experience at all touch points, the Bank is constantly developing its ATM network with new functions. With this understanding, 32% of the Bank's ATMs were replaced with new technology Recycle ATMs.

Within the scope of Türkiye's ATM Center (TAM) project which was created to bring the ATMs of 7 public banks under a single roof, Public Joint ATM platform studies were carried out and the integration process with the installed ATMs continues.

We are a Pioneer also in Financial Inclusion

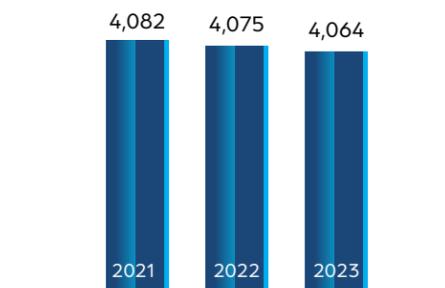
Halkbank strives to provide financial services to all segments of society, including the disadvantaged groups. In this context, the Bank implemented the Banking Without Disabilities project in May 2011 and started to design

Accessible Bank24 ATMs to serve physically and visually impaired clients. In this context, physically handicapped individuals can perform all transactions from ATMs, while visually impaired individuals can use headphones, dim the screen, and query their account balance and withdraw money thanks to the program that converts the text on the screen into sound. As of the end of 2023, the ratio of ATMs designed by the Bank to provide services for disabled clients is 30% in total ATMs.

The increased variety of transactions for visually impaired clients, offers them the opportunity to perform their transactions with headphones via ATMs. In addition, consumer loan agreements were created with Braille Alphabet and banking applications were improved by uploading audio information and videos translated into sign language on the website.

After the February 6 earthquakes, 58 ATMs were installed in the earthquake region, and banking and ATM services were provided to customers with mobile cashiers for 192 days to meet their urgent cash needs.

Number of Halkbank ATMs by Years



GRI 2-6, 3-3, 203-1, 203-2

GRI 2-6, 3-3, 203-1, 203-2

Winning People and Society through Inclusiveness

SDGs We Contribute to



89.7%

Customer satisfaction rate

46.6% ✓

Female employee rate

More than
TRY 33.4 BILLION
in loans to 55,903 women
entrepreneurs in 2023

22,219 ✓

Number of employees

TRY 103.9 MILLION

Total funding for employee
training

Contributing to Türkiye's socioeconomic development through the employment it creates, Halkbank regards its 22,219 ✓ employees as the source of its competitiveness and the greatest assurance of its future.

Supporting an economic development that creates opportunities for all our people for 85 years with the principle of "We are the People First, and Then a Bank," Halkbank works for the well-being and prosperity of present and future generations by blending its responsible banking approach and innovative vision.

Halkbank prioritizes socially inclusive investments that prioritize employment, entrepreneurship, productivity, equal opportunity, social justice and gender equality while directing its resources to a society where no individual is left behind. The Bank further solidifies its social impact through social responsibility initiatives developed around common social values.

Contributing to Türkiye's socioeconomic development through the employment it creates, Halkbank regards its 22,219 ✓ employees as the source of its competitiveness and the greatest assurance of its future. The Bank increases not only the performance, loyalty and happiness of its employees but also its ability to attract potential talents through its inclusive and social benefit-oriented business models, a core strategy of the Bank.

Halkbank converts its working environment, where it does not compromise on health and safety priorities, into a continuous and sustainable training platform throughout the career journey of its employees. It supports its human resources systems

with next-generation technologies to enable to acquire the skills they need in both their professional and personal lives, and to adapt more easily to the changing world by constantly updating their skill sets. The Bank's innovative human resources practices were awarded in prestigious organizations such as Stevie and Globee in 2023 as well.

Halkbank believes that the cornerstones of a sustainable future can only be laid through participatory approaches. With this understanding, the Bank attaches great importance to establishing an interactive communication with its stakeholders based on transparency and accountability, and it determines its focus areas through a broadly participatory dialogue and contributes to raising stakeholder awareness on social and environmental issues.



Stakeholder Relations at Halkbank

While establishing stakeholder relations with the principle of being "People's Bank," Halkbank believes that the ideas and suggestions from its stakeholders will contribute greatly to the development of the Bank.

While establishing stakeholder relations with the principle of being "People's Bank," Halkbank believes that the ideas and suggestions from its stakeholders will contribute greatly to the development of the Bank. It aims to create products and services that fully meet stakeholders' expectations, thanks to the communication with them that the Bank employs in business development processes. Prioritizing the concept of unity and solidarity in its communications with its stakeholders, the Bank aims to develop accurate, fast, and solution-oriented products that will benefit the whole society by evaluating its activities from a holistic perspective. Inspired by this point of view, the most important factor in achieving success in the business models it has improved in order to create value is its effective and transparent communication processes with its stakeholders. With its superior sense of duty, Halkbank always keeps customer satisfaction at the highest level with the value-added services it offers in the banking sector for its customers, the stakeholder group being at its focal point.

Thanks to the feedback received through communication channels, the benefits obtained in communication mechanisms as well as product and service development play an active role in the formation of the Bank's long-term strategies. In this context, detailed information about Halkbank's key stakeholder groups and the communication mechanisms developed for these groups is given at the side of the page.

Stakeholder Group	Communication Frequency	Communication Channels
Employees	Continuously	Employee Satisfaction Survey, Performance Evaluation System, meetings, e-bulletins, Announcement and domestic legislation published via e-mail, Information Technology Announcements, Information Security Announcements, Electronic Announcements, Bank internal communication platforms
Customers	24/7	Halkbank branches, ATMs, call centers, internet banking, mobile banking, meetings, presentations, e-announcements, social media, SMS
Suppliers	Continuously	Procurement and/or service/maintenance processes
International Financial Institutions and Correspondent Banks	Continuously	Meetings, visitors, correspondence
Media	If necessary	Press releases, meetings, interviews
Public Authorities	If necessary	Meetings, visits, discussions, reports, briefings
Non-Governmental Organizations	If necessary	Meetings, visits, discussions, briefings
Shareholder and Investors	Continuously	Organizations that are arranged with related institutions for investors, meetings with investors, direct communication via teleconference and e-mail, Bank website related pages, roadshows

GRI 2-6, 2-25, 2-28, 2-29, 3-3, 204-1

89.7%

Customer Satisfaction Rate

Employees

The most important value of the Bank is among Halkbank's human capital which consists of qualified employees who add value to their work. The Bank's highly equipped, happy and productive human resources provide an advantage in competition against its competitors in the sector. Acting upon the desire to be the preferred employer, Halkbank prioritizes the rights of its employees by offering an inclusive, respectful, fair and egalitarian working environment open to development.

Customer Relations

Halkbank believes that listening to customers and producing special and rapid solutions tailored to their needs is the most effective way to meet the right products with the customer. Making it one of its priorities to develop solutions that meet the needs of its customers, Halkbank also enables disadvantaged groups to have access to their banking needs, with the "Barrier-Free Banking" project implemented for physically and visually impaired customers as part of its responsible banking operations.

Halkbank Client Communication Center made 34.4 million contacts with 8.3 million individual clients and performed 110 million transactions in 2023. All these services are provided in line with the standards set by the "Regulation on Determining the Service Level and Quality of Bank Call Centers."

Customer Satisfaction Rate: 89.7%

Average Client Response Time in the Call Center: 00:00:20 (Maximum Target: 30 Seconds)

Average Resolution Time for Customer Notification (Issue, Complaint): 21:41:36 (Target Time: 30 Hours)

Average Resolution Time for Customer Notification (Request): 8:21:23 (Target Time: 10 Hours)

As part of its efforts to centralize its operations, the Bank began routing also the appropriate calls of Commercial segment customers to Dialog, in addition

to the individual calls received at the branch. With the self-service services provided by Dialog's voice response system, customers were not kept waiting on the phone and the call load of the branches was reduced.

The Bank's Central CRMs, which conduct relationship management from the center, contributed to the rapid recovery of the region during the natural disaster by providing one-on-one banking services. Carrying out critical banking activities such as managing customer safes, controlling financial situations/earnings with personalized interest rates, fulfilling the requirements of existing insurances and meeting new insurance needs, receiving applications for and disbursing earthquake loans, Central CRMs were also the biggest supporters of the container branches opened in the region. The Asset Management Team, consisting of Central CRMs, acted as a sister branch to the branches most affected by the earthquake, demonstrating that it is one of the most important guarantees of service continuity in extraordinary situations.

In response to the disaster, the Bank carried out many activities during the year within the scope of business continuity. The Bank expanded the scope of its Business Continuity Management System to include the TRNC. During the year, the Bank conducted drills for Green, Yellow and Orange status codes in preparation for extraordinary situations. As part of preparation for a potential earthquake in Istanbul, the Bank started backing up critical personnel and processes.

The Bank launched Halkbank Assistant with artificial intelligence support and machine learning capability. Halkbank Assistant, which was trained to respond to questions and requests for all banking services and products, was made available to customers on the web channel. Thanks to the bot's ability to provide voice services, it was also used in the Voice Response System to provide a personalized experience with predictions based on the reasons why customers called.

GRI 2-6, 2-25, 2-28, 2-29, 3-3, 204-1

Stakeholder Relations at Halkbank

In its procurement activities, Halkbank mostly prefers domestic suppliers in order to contribute to the real sector and social development.



Efforts are underway to enable Halkbank Assistant, whose capabilities continue to be developed in line with customer requests, to provide services via Mobile Banking and Whatsapp.

In order to minimize the need for human resources, the Customer Communication Center increased its robotic processes due to increasing workloads and received gold and silver achievement awards from Stevie The International Business Awards and Globe Awards.

The Happy Customer Center, a component of the Customer Communication Center, received the A.C.E Awards (Achievement in Customer Excellence) Public Banking Diamond Customer Satisfaction Achievement Award for its success in problem management.

The Customer Communication Center contributed to improve the Bank's customer-oriented approach by listening to feedback from all channels. In addition to communication channels, the Customer Communication Center also launched a customer feedback platform to measure instant customer satisfaction and made significant contributions to improving the customer experience.

Client Contact Center Goals

Increasing the speed of taking action by analyzing the customer agenda in real time,

Designing personalized experiences with analytical studies,

Enhancing the security of Customers and the Bank with processes based on voice biometrics,

Increasing self-service services,

Providing access to Dialog through mobile applications with all communication options (video calls, chat, voice calls, etc.),

Developing the Tradesmen and SME Dialog services offered through the Corporate Dialog Line,

Continuing to carry out studies to instantly measure satisfaction at important points for the customer experience,

Commissioning an ongoing platform integrated with channels, where customer problems and demands are processed automatically in line with the designed processes and can be monitored in real-time,

Continuing to increase efficiency by transferring operational processes to robots,

Increasing the diversity of proactive services,

Extending geographic redundancy to cover all critical functions,

Ensuring preparedness for possible extraordinary situations through drills in accordance with business continuity plans.

Halkbank established and certified according to the ISO 9001:2015 Quality Management System for the Deputy General Directorate of Operational Transactions and Digital Transformation, Internal Systems Group and Deputy General Directorate of Human Resources and Support Services in order to ensure that the level of service it provides to its stakeholders is in accordance with internationally accepted standards. Efforts are made to ensure that the quality culture is adopted by all employees, to ensure management effectiveness with a process management approach, to identify risks and to increase customer satisfaction in line with continuous improvement.

Data Security and Customer Privacy

With the ISO 20000 Information Technologies Service Management System and ISO 27001 Information Security Management System, which Halkbank has documented to reduce technology-based risks, it increases its service quality by continuously improving its Information Technology processes.

Ensuring the confidentiality and security of client information in its domestic and international products and services is also among Halkbank's focal points. The sensitivity the Bank has in this regard also includes all Bank employees, partners, and shareholders. All Bank employees regularly receive basic training on information security within the scope of protecting data security and customer privacy and complying with legal regulations. In addition, data security and customer confidentiality are taken as a basis in all digitalization works carried out at the Bank.

Our Supplier Relations

The Bank establishes its relations with its suppliers on the principle of creating mutual value, and in this context, it does not work with any clients or suppliers operating in a way that does not comply with Halkbank. Relationships with suppliers that are found to be problematic in terms of product/service quality and cost as well as compliance with laws and ethical standards during the procurement processes are terminated. Halkbank

manages its procurement activities in line with the principle of purchasing the right product at the right price at the right time. With the aim of increasing its purchasing power by reducing the costs, the Bank is in active communication with the current suppliers as well as the procurement departments of other banks operating in the sector, in order to expand its supplier list and also make sectoral comparisons of each product or service item to be purchased.

Halkbank not only eases the Bank's operational workload by transferring its supplier management processes to the digital environment, but also accelerates the bid processes of companies and improves its ability to report, evaluate and analyze its activities faster continuously.

Supply Chain

In a rapidly globalizing world where technology is constantly evolving and customer expectations are rising, the relevance of supply chain management has grown alongside the pace of the demand-based global economy. In order to meet all the needs of its organization, Halkbank adopts supply chain strategies and supplier selection policies that successfully bring people, processes and technology together around integrated capabilities to deliver goods and services in the fastest way possible.

Sustainable Procurement

In its procurement activities, Halkbank mostly prefers domestic suppliers in order to contribute to the real sector and social development. This approach not only creates new job opportunities but also provides multidimensional support to the economy by increasing employment in the supply chain.

When selecting suppliers, Halkbank prioritizes those that are prone to technological developments, can quickly supply the requested equipment, keep up-to-date product stocks, have strong customer references and stand out in the cost-benefit balance. It is also an important factor that the supplier's area of expertise is compatible with the Bank's needs.

Stakeholder Relations at Halkbank

Halkbank is aware of its transformative power on the sectors and has therefore prepared a sustainability approach in its procurement processes and published its Sustainable Procurement Policy.

97%
Percentage of Local Suppliers

Halkbank considers its stakeholders and solution partners as an integral part of the development of its sustainability activities and expects its suppliers to reduce their negative environmental impact, support the development of environmentally friendly products and technologies, consider social issues such as respect for employee and human rights, business ethics, occupational health and safety, and adopt the Bank's sustainability-related policies, in their operations.

Within the framework of this understanding, Halkbank is aware of its transformative power on the sectors and has therefore adopted a sustainability approach in its procurement processes and published its Sustainable Procurement Policy in 2023.

Within the Sustainable Procurement Policy, suppliers from whom purchases exceed a certain amount are subjected to environmental, social and governance (ESG) assessment. The Supply Chain ESG Assessment Survey consists of 21 questions covering topics such as environmental and energy management practices, employee and human rights, occupational health and safety, information security, ethical principles and anti-corruption. In 2023, an assessment survey was sent to suppliers covering 70%

of total procurement. With the Supply Chain ESG Assessment Survey, the Bank aims to raise the sustainability awareness of its suppliers and encourage their progress in sustainability issues.

As of year-end 2023, the share of domestic suppliers in Halkbank's supply chain was 97%. The Bank provides remote access to suppliers through the method of e-tender using advanced technology, which increases transparency.

The Bank mostly worked with local suppliers in 2023 regarding procurement and spent a total of TRY 3.4 billion.

Supply Chain Risk Management
Risks and uncertainties in the supply chain directly affect Halkbank's profitability and reputation. Risks need to be managed correctly in order to minimize their potential impacts. In this scope, firstly, risks are defined according to their importance for the Bank and their probability of occurrence.



By identifying the most probable scenarios in the event that the risks occur, strategies are developed to achieve quick and easy results. These strategies are developed based on the provisions of the "Corporate Risk Management Process Directive," which is a joint work of the Bank's Risk Management Department and Internal Control Department and prepared in line with the provisions of the Banking Regulation and Supervision Agency's (BRSA) "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process" regarding effective risk management.

For detailed information on the Responsibility of Halkbank Clients and Suppliers, please review the Human Rights and Human Resources Policy on the website.

International Financial Institutions and Correspondent Banks

As a result of Halkbank's efforts for sustainability carried out actively, Halkbank plays a key role in financing many investments that add value to Türkiye, particularly energy efficiency and renewable energy projects. The

Bank brings investors together with the resources they need, continuously improving its positive dialogue with international financial institutions such as the World Bank, the French Development Agency, and the European Investment Bank.

Halkbank has gained a leading position in the sector with best practices in foreign trade, and qualified products and services as well as with its wide correspondent network in more than 100 countries. Successfully managing relations with correspondent banks based on mutual respect and cooperation, the Bank continued to be the bank preferred for foreign trade clients in 2023 as well.

Halkbank creates added value not only for the Turkish economy but also for the country and its services and employees working at the representative offices opened abroad are considered as the managers representing the Bank in the relevant country.

Media

Halkbank communicates with media representatives when needed, organizes meetings to inform the public about its products, services, and activities; promotes its products and services in news pieces in sectoral publications, includes interviews with corporate spokespersons, and shares new/ important products and services with the public through press releases. A total of 6,434 news items were published in the print media about the Bank. With these pieces of news, the total of the Bank's advertising equivalents reached nearly TRY 8 million. The rate of positive news was 90% and negative news was 10% on the 12-month average.

Public Authorities

While Halkbank continues to create value by collaborating with public institutions and non-governmental organizations, it also aims to implement social responsibility projects that will provide social benefits.

Stakeholder Relations at Halkbank

Halkbank acts within the framework of the principles of equality, accuracy, impartiality, consistency and timing in its communications with all shareholders.

The purpose of Halkbank is to establish a strong communication mechanism based on a transparent, close and long-term relationship with existing shareholders and potential investors, and to manage and strengthen the relations with the shareholders.

Investor Relations

Halkbank acts within the framework of the principles of equality, accuracy, impartiality, consistency and timing in its communications with all shareholders. The purpose of the Bank is to establish a strong communication mechanism based on a transparent, close and long-term relationship with existing shareholders and potential investors, and to manage and strengthen the relations with the shareholders.

Investor meetings organized to protect and increase the bank's stock price and market value in the long term before the investors, and to inform fixed income securities investors, continued to be held via teleconference, video conference and physical meeting channels in 2023. The information flow and briefing activities are not limited to verbal channels and written requests submitted by institutional investors and shareholders are constantly answered by the Investor Relations unit, taking the principle of efficiency, speed, and equality into account. In 2023, Halkbank kept its current and potential stock and fixed income securities investors and all business partners informed uninterruptedly, and continued its informational activities in an effective, consistent and reliable manner. Investor

Relations activities that stood out during the activity period are given below:

- Information requests submitted by the shareholders were answered.
- Online meetings were held with domestic and foreign institutional investors.
- Halkbank prepared informative visual quarterly presentations related to its capital structure based on the Bank's financial results disclosed to the public, published these on the corporate website and simultaneously presented them to domestic and overseas investors via teleconferences.
- Questions about financial results or questions received during the quarter were answered in detail and as soon as possible.
- Regular reporting and announcements on matters deemed necessary and in areas that are thought to affect investment decisions were made elaborately.
- Annual revision meetings with rating agencies (Fitch and JCR) were held with broad participation of the Bank's relevant units.
- Close communication with all domestic and foreign analysts who prepared bank reports was maintained, interviews especially intensified as quarterly closings were held, and opinions on analyst forecasts and reports were presented.

- The questions of fixed-income investors in the macroeconomic area, the sector, and Halkbank were answered and these investors were informed about the Bank's financial structure and strategies.
- Efforts were made to increase compliance rating with the CMB's Corporate Governance Principles, and suggestions and opinions to increase the compliance rating were submitted to the Corporate Governance Committee for evaluation. The Corporate Governance Committee convened twice in 2023 in order to monitor the compliance status with the CMB's Corporate Governance Principles and to carry out studies for increasing compliance.

In 2023, Halkbank continued to share the data on digital banking, which has become an important indicator of the Bank's profitability during the pandemic period, in its quarterly financial structure presentations. The objective for 2024 is to include more relevant environmental, social, and governance topics into the presentation, as well as to actively engage in investor conferences and events abroad.



Halkbank's Identity as an Inclusive Employer

In accordance with principles of inclusion, Halkbank does not tolerate discrimination among its employees on the basis of faith, language, ethnicity, age, gender or disability.

79%

Unionized employee ratio

The Sustainable Development Goals emphasize the need for ridding the world of inequalities by 2030, and providing all people with equal societal, social and economic opportunities and possibilities. The Bank's diverse workforce is immensely valuable in terms of contributing to and pioneering Türkiye's sustainable development. The people's bank Halkbank owes its reputation in sustainable and responsible banking to its human-oriented work principles. In addition to offering all facilities in its disposal to its employees within the framework of equality, inclusion and fairness, the Bank implements human-centric human resources practices.

3%

Ratio of employees represented by paying solidarity dues

In accordance with principles of inclusion, the Bank does not tolerate discrimination among its employees on the basis of faith, language, ethnicity, age, gender or disability. No compromises of any kind are made when such a situation occurs.

Halkbank respects the rights of the employees in accordance with the United Nations Universal Declaration of Human Rights, to which Türkiye is a part to, and the fundamental principles of the International Labor Organization (ILO). Halkbank conducts its operations with an eye toward the ban on discrimination and forced labor, and abolition of child labor. The Bank respects the right to collective bargaining and the right to unionize.

82% of the Bank's employees are covered by collective bargaining agreements, while the ratio of employees who may be covered by them is 86%. As of year-end, 582 personnel with disabilities are employed at the Bank.

Halkbank offers extensive career opportunities to employees based on fairness, equality and development. The career and performance management systems employed by the Bank make continuous contributions to the development of the employees.

Halkbank does not discriminate on the basis of gender in its compensation policy. The Bank's human resources organization employs a function- and title-based structure that emphasizes value added and performance. To this end, an employee's gross pay is equal to the sum of the pay of the employee's title and the pay of the employee's function in Halkbank's compensation system. In addition, by taking into account the transition period of the employee to the next higher title, a waiting fee is added to the title fee at the determined rates.

During the reporting period, the Bank's total employee turnover rate was 5.61% ✓, while the newly hired employee turnover rate was 0.58%. ✓ While the involuntary turnover rate is 3.74%, the voluntary turnover rate is 1.86%.

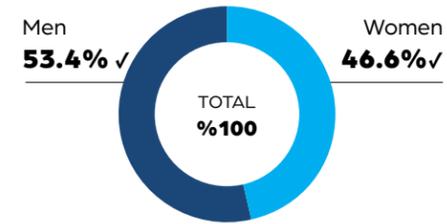
82%

Ratio of collective bargaining employees

86%

Ratio of employees coverable by collective bargaining agreement

Percentage of Employees by Gender



Thanks to the policy of "equal pay for equal work," the ratio of starting salary to minimum wage for white-collar employees is 121.6%, and the ratio of starting salary to minimum wage for blue-collar employees is 100.8%.

In accordance with employee rights regarding employee complaints and conflicts, Halkbank devises the mechanisms related to process management and resolves the problems. In addition, focusing on the shortcomings identified in the satisfaction survey conducted after the results of the optimum balance model training from the recruiting and promotion processes, the causes and outcomes of the areas of improvement are assessed.

Maternity Leave Approach

In 2023, there are 128 ✓ female employees who took maternity leave and returned from maternity leave in the same year, and 387 ✓ female employees who have not yet returned.

In addition, the number of male employees who went on Spouse's Maternity Leave, in other words paternity leave, in 2023 is 592. ✓

	Number of employees who took maternity leave in 2023	Number of employees who returned to work after maternity leave in 2023
Women	515 ✓	530 ✓
Men*	592 ✓	591 ✓

* Male employees are provided with paid leave when their spouses give birth.

Recruitment Processes

In keeping with the sustainability principles compliance framework, as part of the Corporate Human Rights and Employee Rights Policy by which the Bank pledges full compliance with the legislation that regulates human rights and labor relations in Türkiye, Halkbank provides equal opportunity to candidates in the recruiting processes. While determining its policies for the recruiting processes executed by the department of Human Resources, the Bank considers a variety of factors including industry dynamics, developments that directly and indirectly affect employment, qualitative changes in the workforce, and budgetary constraints. After the planning stage, employee job descriptions are created based on the criteria and mapping for the position to be filled.

Assessment of Success Profiles

Position-based success profiles were integrated into human resources processes in order to be able to make more effective, reliable and objective assessments of performance and potential in Halkbank's recruitment, promotion and appointment processes. Within this scope, success profiles entailing basic, functional and leadership competencies were created for nearly all positions by way of focus group meetings, success profiling surveys, and exemplary field practices. Changes in the organizational structure and the updating of success profiles in line with newly formed or dissolved departments, continue throughout the year.

A competency assessment system was using success profiles determined by adopting a competency-based talent management approach. The competency assessment process includes the steps of employee self-assessment, feedback interviews and manager assessment. The Competency Assessment Process is aimed at identifying the competencies and areas of improvement of each employee.

Career and Talent Management at Halkbank

Behind the qualified workforce that Halkbank possesses are the exclusive opportunities it creates for its employees with the focus of being the preferred employer.

Halkbank believes that employee and company development depends on transparent communication and relations, also it believes in order to ensure that employee development is continuous the managerial process should play an active role in this process.

Halkbank attaches importance to employee loyalty and experience as well as development-oriented career management within the framework of Strategic Human Resources Management. As part of creating promotion opportunities in Performance Evaluation processes Halkbank adopts a transparent career management approach. This approach aims to contribute to all stages, from recruitment to promotion processes, from performance management to organizational development by integrating the goal of increasing employee motivation and loyalty into the corporate culture. In this scope, the Competency Assessment System, the LIDYA (Leader Executive Candidates) Program, Employer Branding Studies, and the Filtering Model for Promotion in Position were completed in 2023.

Within the scope of the LIDYA (Leader Executive Candidates) Program, the criteria of the program were determined and activated to identify Branch Manager Candidates. Employees who passed the pre-assessment, performance and potential assessments were assessed by the Talent Committee, which includes all stakeholders. And, in this context, the Branch Manager Candidate Pool was formed to meet the needs of the coming three years by subjecting them to the Evaluation Center applications with the highest validity. The purpose of the Candidate Pool was to proactively meet the

need for executives and complete the leadership development of employees in the pool in this process.

In 2023, Halkbank-specific situational judgment tests were created for the promotion of employees in entry positions as a first step for employees working in the Bank's branches, and filtering studies to measure the predisposition of the personnel for future positions were completed and activated.

In line with the Bank's transparent career management approach, within the scope of equal opportunity, a Promotion Examination was held in 2023 and successful employees were entitled to be promoted to a higher title.

Halkbank reflects the corporate Bank culture and healthy and effective working environment transparently for its employees to every unit of the Bank. The Bank continues to add value to its stakeholders with the sustainability perspective it has added to its corporate culture and the great importance it attaches to increasing the development and loyalty of its employees.

Halkbank creates shared value by benefiting from the dynamism and innovation of young people and the experience of other age groups. As a result, Halkbank creates a working environment that includes a diversity of ideas by providing employment to people from all age groups and education levels.

The Bank believes that employee and company development depends on transparent communication and relations, also it believes in order to ensure that employee development is continuous the managerial process should play an active role in this process. The Bank increases employee performance and motivation with feedback provided to all its employees through regular performance evaluations. 9,570 female and 10,213 male white-collar employees were encouraged with the feedback provided by Halkbank in 2023.

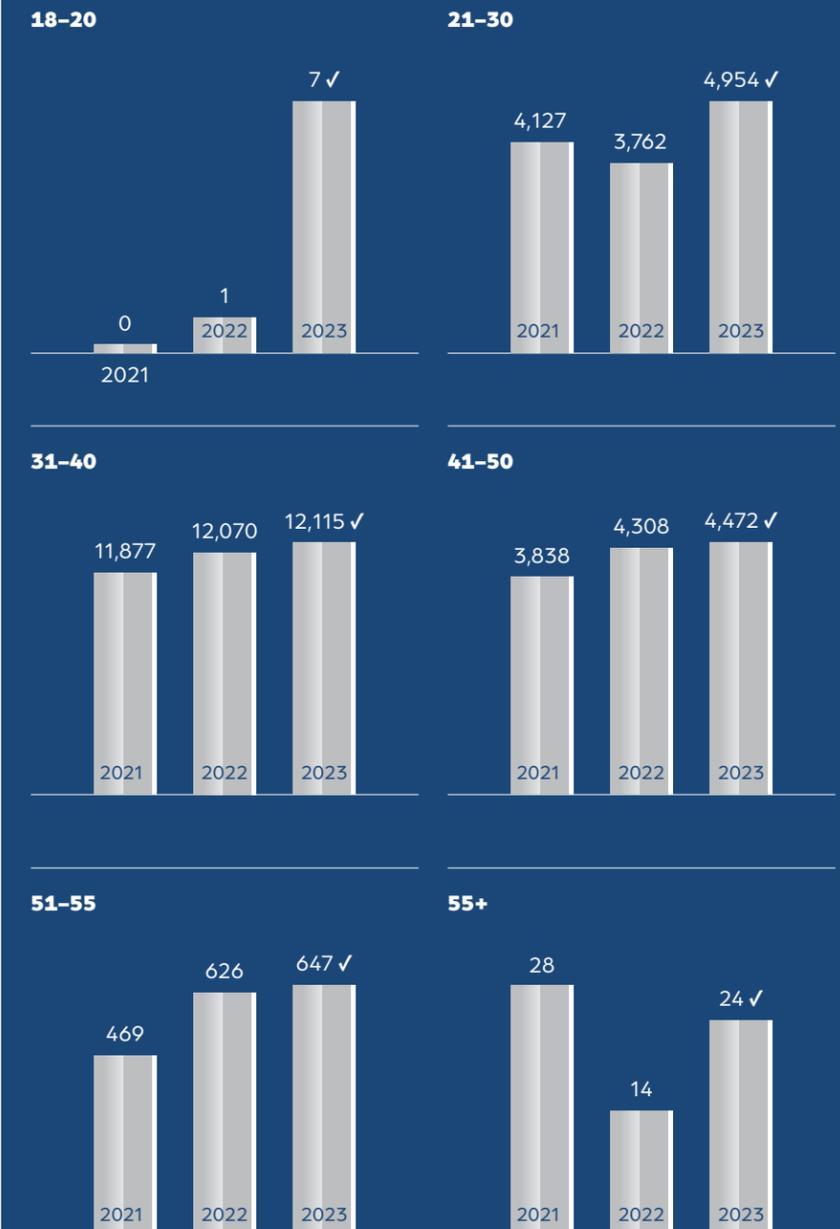
Behind the qualified workforce that Halkbank possesses are the exclusive opportunities it creates for its employees with the focus of being the preferred employer. Employees benefit from some side benefits based on the requirement of their assigned task.

As of 2023, nursery support is provided for the children of Bank employees between the ages of 24-72 months in order to contribute to their education and care for their adaptation to social life and development. Regardless of province, all employees are provided with daily meal payments determined equally throughout the Bank.

In addition, personnel working in central operations, call center and information technologies units work remotely within the framework of specified criteria.

For more information about the Bank's remuneration and special employee policy: <https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

Employees and Age Groups



Career and Talent Management at Halkbank

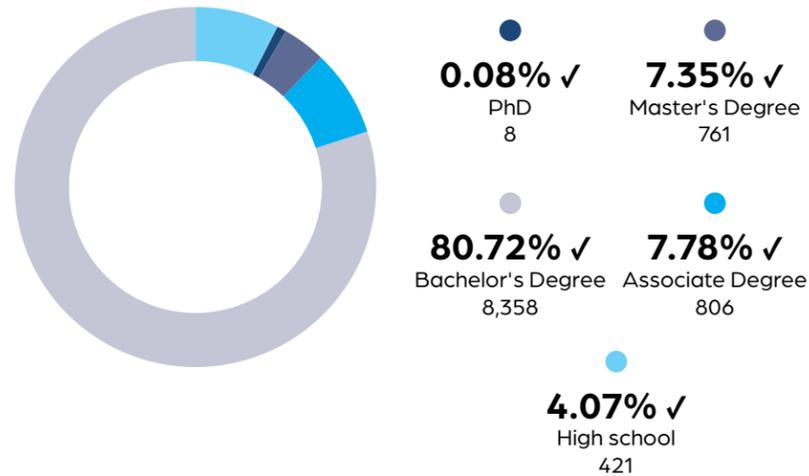
564,931

Total In-Class Training Hours

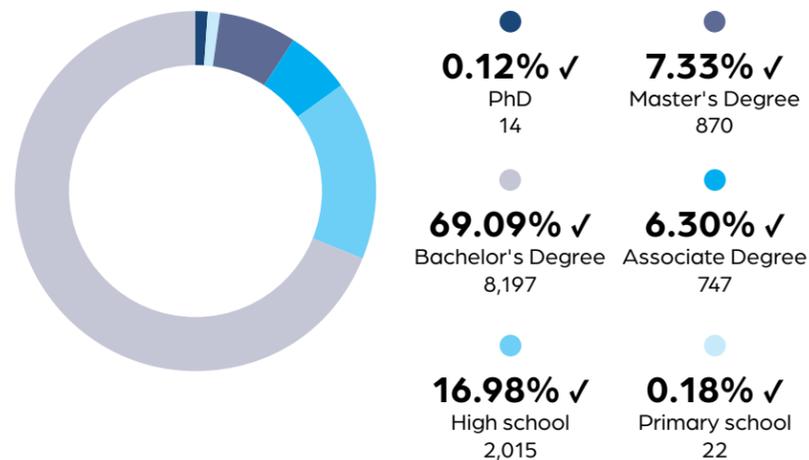
638,593

Total e-learning Training Hours

Number of Female Employees by Education

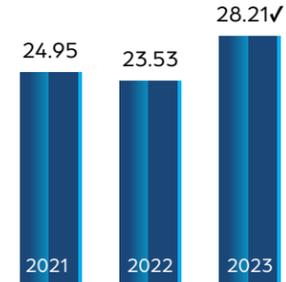


Number of Male Employees by Education

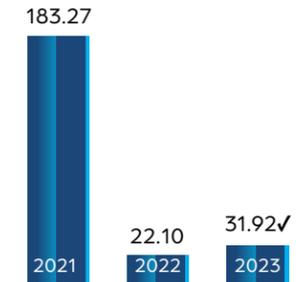


Training at Halkbank Training Data

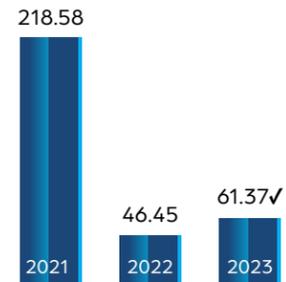
Total In-Class Training



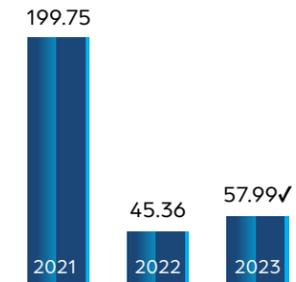
Total E-Learning (Hour/Person)



Average Training Time (Female Employees)



Average Training Time (Male Employees)



19%

Personal Development Training Rate

25%

Vocational Technical Training Rate

40%

Legal Compulsory Training Rate

16%

Competence Training Rate

46/54

Internal/External Training Rate

Career and Talent Management at Halkbank

Halkbank adopts the mission of creating high added value for all its stakeholders by supporting the development and progress of our country.

77 GRADUATES

The Leadership Program was developed to help employees develop their leadership qualities and competitive competencies in line with the Bank's future vision and strategies; it produced 77 graduates in 2023.

Halk Academy

Halkbank adopts the mission of creating high added value for all its stakeholders by supporting the development and progress of our country with the strength it derives from the people and its employees, as well as with its qualified human resources. Through its training brand Halk Academy, the Bank reaches out to many segments of society, especially its employees, retirees, employees of the Bank's subsidiaries and affiliates, customer or non-customer SMEs, women entrepreneurs, young people and children.

Based on the motto "Best one to tell is the one who does it," Halkbank emphasizes that trainings should be provided by internal trainers called "Development Drivers." Internal trainers also undertake other important responsibilities such as being a role model, supporting social responsibility projects, and explaining Halkbank and its corporate culture to new employees undergoing orientation.

In order to keep the knowledge and skills of its employees at the highest level and to support their career development, the Bank organizes training programs in professional and personal development topics required in the banking profession, in areas of competence depending on the task and position, and in areas of personal development supported by content outside of business life.

Besides vocational training, employees are also trained in Sustainability, Zero Waste, Correct Approach to Disability, Ethical Principles and Social Media, Personal Data Protection Law (KVKK), Competition Law, Integrated Management System, Information Security System, Anti-Corruption Policy in order to increase awareness on matters such as sustainability, social norms, empathy, rights, freedoms and responsibility.

In addition to its employee training activities, Halk Academy pioneered the development of innovative social responsibility initiatives by focusing on social benefit production in 2023 as well. In this scope, Halk Academy provides services through the SME Development and Producing Women Academy training platforms on Entrepreneurship, Sales and Marketing, Personal Development, Foreign Trade, Economy, Finance, Incentives and Legislation with nearly three hundred contents. The Producing Women Certification program, which was held for the first time in 2022 and provided certificates to 26 participants, is planned to be repeated in 2024 as well. The Bank's mobile applications, On Campus and Children's Banking, were supported with nearly 50 special training contents tailored to their target audiences.



In addition to internship opportunities for hearing-impaired students since 2021, a total of 1,316 undergraduate and associate degree students were offered internship opportunities at branches, regions and Head Office units as part of the Career Gate National Internship Program implemented by the Presidential Human Resources Office.

The Smiling Book Project, which aims to enable employees to share their books which they no more read with a sense of 'book fraternity' with children in need, especially children in village schools, and the elderly, was launched in April 2022. Within the scope of the project, approximately 10 thousand of the 99 thousand books donated by the head office units, regional coordinatorships and branches were delivered to schools and nursing homes.

Halk Academy provides resources for the development of its employees through in-class and e-training applications as well as printed content. The Bank also provides services through its physical and digital libraries including General Banking Books and handbooks prepared for specific task groups. The libraries contain more than 43 thousand books, with 17 thousand physical and 26 thousand digital books.

Halk Academy updates its contents, ways of doing business, processes and practices in order to become a Development Academy that designs, produces and offers the most appropriate learning solutions to Bank employees in line with their own needs and supports them with the most accurate resources at every step of their career in their development journeys. Accordingly, a systematic infrastructure is also established to enable individuals to prepare and follow-up their own development plans. Within the Competency Model implemented in the Head Office units, competency-based performance evaluations of employees and managers were conducted, and development areas were identified as a result of these evaluations, which also include the process of providing feedback. In line with the development areas mutually determined by managers and employees, mixed training programs including synchronous and asynchronous training methods were prepared and implemented.

Contribution to Management Development

The Gallipoli Leadership Program, a new executive program that was awarded by the prestigious international organizations Stevie and Brandon Hall in 2021, continued in 2023 as well. The program aims to equip newly appointed branch managers with the knowledge and skills they will need in the first place, and to benefit from the advantage of social learning through the cooperation, communication network and synergy that candidates will create among themselves. The program, which was developed to help employees develop their leadership qualities and competitive competencies in line with the Bank's future vision and strategies, produced 77 graduates in 2023. With the program, the last part of which was held in Gallipoli, which has unique importance for our history, professional/technical, managerial, and personal development issues are handled with a holistic approach. Employees who have just stepped into management are offered a meeting place here, where they can share their experiences on superior-subordinate relationship management, problem-solving, operational and managerial issues.

Halkbank also introduced the coaching practice in 2022 and conducted three-phase coaching interviews with regional managers. In 2023, in line with the goal of establishing an internal coaching system and disseminating the coaching culture and understanding throughout the organization, approximately 150 employees with internal coaching certificates were identified and 243 Department Managers were provided with Coach-like Leadership Training. 25 Human Resources employees completed the Professional Coaching Certification Program and started structured sessions with their assigned Assistant Expert clients, thus the first steps were taken towards establishing an in-house coaching system.

Employee Engagement and Internal Communication

In order to strengthen communication among employees, Halkbank implements digital applications that will increase the speed and efficiency of corporate information sharing.

Halkbank shares the happiness of its employees and stands by them in their difficult times.

With inclusive employer responsibility, Halkbank attaches great importance to listening to and establishing effective communication with its employees. The Bank creates and continuously improves effective communication channels in order to increase employee loyalty and motivation as well as to ensure the cooperation and harmony of the internal stakeholders.

As part of the employer brand activities, Halkbank aims to convey its brand values, which are part of the corporate culture, to all employees and candidates to be recruited to the Bank with the most accurate and effective approach, to increase the loyalty rate of colleagues, to improve internal communication, and to increase the Bank's preference rate by young talents.

Pensioner Portal: Halkbank uses a pensioner portal to facilitate and improve the communication of its pensioners with each other, to provide easy access to the information and documents they need during their retirement period, and to maintain their loyalty by reflecting the corporate culture during their retirement period.

"Together at Halkbank" Magazine: The internal communication magazine, which has been offered exclusively to Halkbank employees for 17 years, was digitized in 2020 and has been available on the web since November 2022.

The e-magazine, which is contributed by employees working in different departments of the Bank, reaches its readers with the same enthusiasm as the first day with a wide range of content ranging from health to sports, history to art, travel to hobbies, and developments in the field of technology. Following the major earthquake disaster in our country, a Special Earthquake Issue was prepared. This issue included topics such as the activities carried out by Halkbank in the earthquake region after the earthquake, the support and solidarity provided, and the sharing of technical and psychological information about the earthquake.

The Turkish Art Music and Turkish Folk Music Choirs, which were organized with the participation of the Bank's employees, continued their long-term activities with their choir conductors during the year.

In order to strengthen communication among employees, Halkbank implements digital applications that will increase the speed and efficiency of corporate information sharing. Employees can easily and quickly access in-house information and announcements such as death, birth, blood needs via the Announcement Board. Also, an Announcements and Opportunities Board was created where employees can buy and sell second-hand goods. In the Opportunities



section, discounts offered exclusively to the Bank employees by contracted brands in areas such as technology and clothing are shared.

Halkbank shares the happiness of its employees and stands by them in their difficult times. Employees are personally congratulated over the phone when their children are born and they are informed about the legal processes (retirement fund procedures, maternity allowance, etc.) to be carried out after birth. In addition, employees whose first-degree relatives have passed away are called by phone to offer condolences, and calls are made to wish them a speedy recovery after announcements of blood needs.

Branch and Unit Visits

The Bank initiated branch visits in order to meet its Human Resources colleagues at their workplaces and receive their opinions and suggestions. These visits provide the opportunity to receive employee feedback and suggestions on Human Resources practices and other units, as well as present them to senior management. These visits aim:

- To understand employee needs and expectations in every aspect,
- To get ideas/opinions/suggestions from employees while producing HR solutions,
- To be a reliable business partner by establishing a strong bond between employees and Human Resources,
- To make employees feel that "they are not alone, that the Bank is here for them,"
- To guide senior management more accurately thanks to the simultaneous data received from the field.

100th Anniversary of our Republic

Halkbank organized a special communication campaign for the 100th anniversary of our Republic. In this scope, an Atatürk mosaic and video were created with photographs taken from employees on October 29, Republic Day. On November 10, Atatürk Remembrance Day, the Bank's employees shared their thoughts and feelings about Mustafa Kemal Atatürk with the motto "Notes to Atatürk."

Occupational Health and Safety

Periodic training is organized at Halkbank in order to spread the occupational health and safety culture within the organization.

143,675 HOURS

A total of 143,675 hours of training were provided in the field of Occupational Health and Safety, of which 26,296 hours were in-class and 117,379 hours were e-learning.

Halkbank fulfills the requirements of the Occupational Health and Safety Law No. 6331 with the aim of providing a safe working environment for all its employees, customers, and visitors, protecting human health, and minimizing the losses that may occur during all operational activities. In this context, the international standard ISO 45001 Occupational Health and Safety Management System is implemented in all service units, and efforts are made to improve the working environment and maximize the occupational health and safety of the employees. The Bank prioritizes the physical and psychological health of the employees and includes all service units in which it operates within the scope of the Occupational Health and Safety Management System.

Halkbank established an OHS Supreme Board and an OHS Commission in order to monitor compliance with occupational health and safety rules and to take all necessary measures. OHS Board structuring has been introduced for service units with 50 or more employees. In 2023, the total number of current OHS committees owned by Halkbank is 38, the total number of members on its boards is 262 and the number of employee representatives is 87.

OHS Board and Commission meetings are held every 3 months at Halkbank. Bank employee representatives have the right to participate in the board meetings, express their opinions and suggestions and participate in the decisions. Employee representatives can convey suggestions and opinions passed by employees at board and commission meetings. Employees, on the other hand, can convey their opinions and suggestions via e-mail (isg@halkbank.com.tr) and the Pi Perfect Ideas suggestion system. Accordingly, the decisions taken during the Management Review meetings are conveyed to the union representatives and the union. The Bank guarantees the authorities and responsibilities of employees, managers, board, and commission members within the scope of the legislation.

After site visits to all Halkbank locations, potential hazards are identified and risk assessment analyzes are documented. In this way, routine and non-routine risks are identified and reporting is made to reduce risks through remedial activities. Identified risks are taken under control in line with the control hierarchy, and the remedial actions are directed through the software.

Newly recruited employees at Halkbank do not start working before receiving training within the scope of OHS and undergoing the necessary health checks.

Apart from the field visits that OHS professionals regularly organize, risk assessment studies are carried out by internal controls within the scope of ISO 45001 OHSMS.

Periodic training is organized at Halkbank in order to raise awareness of the employees in terms of OHS risks and to spread the occupational health and safety culture within the organization. With this mission, the Bank's "Halkbank'ta Beraber (Together in Halkbank)" magazine and the "İSG Bülteni (OHS Bulletin)," which is shared monthly in the digital environment, provide information on employee health, prevention of possible risks, disasters, and emergencies. Furthermore, Halkbank organizes drills at least once a year in all service buildings where it operates in order to reinforce the information and ensure that employees are provided with training that will provide vital benefits against any natural disasters that may occur. Besides these, a portal area has been created specifically for employees and on the "OHS and Social Support Community" page, information and specially prepared videos are shared about health problems in order to facilitate their daily lives.

A total of 143,675 hours of training were provided in the field of Occupational Health and Safety, of which 26,296 hours were in-class and 117,379 hours were e-learning. In addition, 1,165 hours of in-class and 4,844 hours of e-learning training were provided to contractor company employees, totaling 6,009 hours of training.

All employees and external stakeholders at Halkbank who possibly are unsafe or have health risks will report such conditions to the OHS team (isg@halkbank.com.tr). Additionally, in case of any emergency, employees are informed by this e-mail address, via the announcement system, or by phone.

Highlight of the OHS Practices in 2023

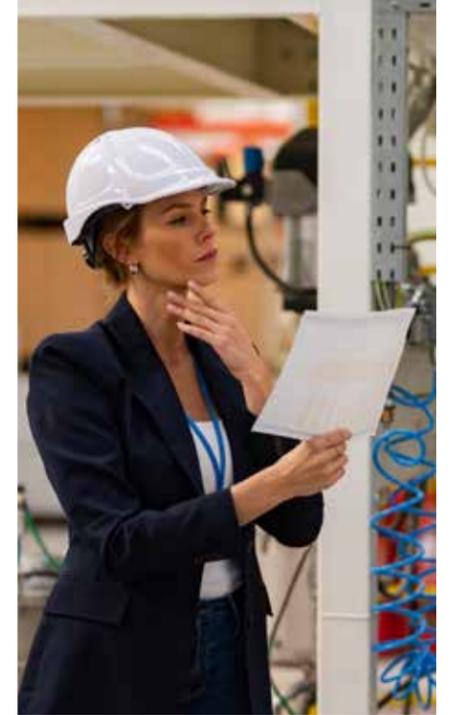
Pursuant to Law No. 6331 on Occupational Health and Safety, 14 Occupational Safety Experts were recruited to the Bank and assigned to support all service units in order to

document occupational health and safety services, identify deficiencies and improve compliance with the legislation, as well as to reflect OHS activities to the field, including efforts to prevent and protect against occupational risks.

In addition to the medical examinations of the recruited personnel, this year all personnel received periodic medical examinations as part of health surveillance.

The Bank aims to support the entire country, first in corporate and then in public areas, by forming a corporate disaster relief team consisting of people with a high level of awareness on natural disasters and first aid as well as volunteer personnel who will share the knowledge and experience they will obtain.

The Bank continues to provide psychosocial support to the Bank's personnel and their families affected by the earthquake that struck our country on February 6, 2023, through the Social Support Service established during the pandemic to serve its employees.



"1 Minute with OHS" videos are being published periodically to raise staff awareness on occupational health and safety issues.

As part of Water, Sanitation and Hygiene (WASH) efforts, bottled drinking water service was discontinued throughout the Bank and the conversion to purified water dispensers was initiated to provide clean and healthy drinking water to staff.

	Bank Employees	Contractor Employees	Total (All Employees)
Number of Work Accidents	56 ✓	47 ✓	103 ✓
Number of Fatal Accidents	1 ✓	0 ✓	1 ✓
Number of Cases of Occupational Diseases	0 ✓	0 ✓	0 ✓
Number of Lost Days Due to Accidents	7,804 ✓	118 ✓	7,922 ✓
Total Number of Lost Days	689,632 ✓	45,764 ✓	735,396 ✓
Injury Rate	0.295 ✓	1.674 ✓	0.472 ✓
Lost Day Rate	41.075 ✓	4.202 ✓	36.326 ✓
Accident Frequency Rate	1.474 ✓	8.368 ✓	2.362 ✓
Accident Severity Rate	0.205 ✓	0.021 ✓	0.182 ✓

Click here for the Occupational Health and Safety Policy: <https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/EK-1IsSagligiveGuvenciligiPolitikasi.pdf>

Social Benefit-Focused Finance Approach

Halkbank carries out its banking activities with the understanding of being there for its clients whenever they need financial support.



Halkbank carries out its banking activities with the understanding of being there for its clients whenever they need financial support. Using its human power and financial resources to provide social benefits, the Bank is increasing its support for SMEs, tradesmen, and artisans to continue their activities each passing day. Halkbank also contributes to many fields that generate added value for our country with its activities carried out within the framework of the sustainability principle, such as supporting female entrepreneurs for gender equality and energy projects developed with responsibility towards the environment.

TRADESMEN AND ARTISANS

Since its establishment in 1938, Halkbank maintains its core business strategy of supporting tradesmen and artisans and creating value for the economy while operating as the first bank of tradesmen and artisans in the industry.

In 2023, on the 100th anniversary of our Republic, the "150 Billion Loan Support to Tradesmen and Artisans" campaign was organized; TRY 150 billion loan support was provided to a total of 411 thousand tradesmen and artisans, of which TRY 108 billion was provided to 291 thousand tradesmen in 2023.

YOUNG ENTREPRENEURS

Within the scope of its support for young entrepreneurship, the Bank provided TRY 8.4 billion worth of financial support to 52 thousand young entrepreneurs from different education and age groups in 2023 with Young, Bold, Techno, Master and Public Entrepreneur loans. In addition, with the Technopark Support Package, which was prepared for entrepreneurs operating in technoparks and offers various advantages to the relevant companies, a loan support of TRY 82.1 million was provided to 151 entrepreneurs in 2023. In cooperation with KOSGEB, the KOSGEB Expert Entrepreneur Loan, which was created to meet the financing needs of entrepreneurs who received entrepreneurship training from KOSGEB, was continued. KOSGEB Expert Entrepreneur Loan amounting to TRY 8 million was extended to 30 entrepreneurs.

TRY
8.4 BILLION

Within the scope of its support for young entrepreneurship, Halkbank provided TRY 8.4 billion worth of financial support to 52 thousand young entrepreneurs from different education and age groups in 2023 with Young, Bold, Techno, Master and Public Entrepreneur loans.

With the "Foreign Trade Trainings on Campus" jointly organized by Halkbank and the Ministry of Trade, university students were provided with information on foreign trade topics and banking products, and contribution on financial literacy was made to young entrepreneur candidate university students. The program team has so far visited universities in Erzurum, Eskişehir and Mersin and will continue with universities in Ankara in 2024.

We Prioritize Activities that Grow Young Entrepreneurship

The "Harekete Genç" video series showed the entrepreneurship journey of young entrepreneurs operating in 10 different sectors in 10 different provinces of Türkiye and how they grew with the support they received from Halkbank, and an inspiring series was created for young entrepreneurs.

Hundreds of young entrepreneurs and young entrepreneur candidates were contacted at the booths set up with the sponsorship at the Türkiye Innovation Week, and all visitors were informed about the support provided by the Bank to the entrepreneurship ecosystem.

Protocols were signed with a total of 47 technoparks, 3 of which were signed in 2023, and in this context, support was provided to companies operating in the relevant technoparks.

The Bank held the event known as "Elevator Speech" in the entrepreneurship literature on the actual elevators in the Halkbank Head Office Building located in the Istanbul Finance Center, and further increased its visibility among young entrepreneurs with its well-received entrepreneurship event.

In addition to these, in order to discover startups that will bring foreign currency to our country and to create a ground for these startups to receive investments, Halkbank aims to launch special products and organizations for technology-based startups that set out with the goal of going global. All these activities aim to position the bank as the first choice of young entrepreneurs.

PRODUCING WOMEN

Halkbank continues its efforts to support women's entrepreneurship in our country under the umbrella of the Women Entrepreneur Department established by Halkbank which is the first and only banking unit of its kind in Türkiye, structured only to operate in this field with the vision of becoming the "Bank of Women Who Produce." With this structure, the Bank set its mission as:

- To encourage women's participation in entrepreneurship, to increase the rate of women's entrepreneurship,
- To provide profitable services to women entrepreneurs in all end-to-end financial processes and thus, directly contribute to the Turkish economy, increase in social welfare, and preventing gender inequality.

Financial inclusion is an important indicator for reducing extreme poverty and increasing shared prosperity and is essential for economic growth and development. There is a positive relationship between national income per capita and the financial inclusion index. Based on these results, it is clear that increasing financial inclusion in Türkiye will contribute to economic development and social welfare. With its financial and non-financial inclusion support for women entrepreneurs, the Bank creates solutions for the ecosystem while expanding the scope of its support to the economy.

Social Benefit-Focused Finance Approach

Halkbank established the "Women's Cooperatives Support Package" for the first time in Türkiye in 2021 with the aim to support women's cooperatives, increase their number, and ensure efficiency in their activities.

33.4
TRY BILLION

With more than TRY 33.4 billion in loans disbursed to 55,903 women entrepreneurs in 2023, the total number of women entrepreneurs provided with financial support in this context reached 214 thousand and the amount of loans disbursed reached TRY 54.4 billion by the end of the period.

We Facilitate Access to Finance for Our Women Entrepreneurs

Launched by Halkbank on March 8, 2021, International Women's Day, the "Women Entrepreneur Loan Package," the upper limit of which was increased to TRY 300,000 last year, covers the women entrepreneur ecosystem from end to end, whether they are starting their first business or have been in business for many years. With more than TRY 33.4 billion in loans disbursed to 55,903 women entrepreneurs in 2023, the total number of women entrepreneurs provided with financial support in this context reached 214 thousand and the amount of loans disbursed reached TRY 54.4 billion by the end of the period.

Halkbank established the "Women's Cooperatives Support Package" for the first time in Türkiye in 2021 with the aim to support women's cooperatives, increase their number, facilitate their access to finance, encourage and incentivize them, and ensure effectiveness and efficiency in their activities. Within the package, TRY 1.3 million in loans were disbursed to 10 cooperatives in 2023, totaling over TRY 5.3 million to 71 cooperatives, creating resources for women's cooperatives experiencing difficulties in accessing financing and making a very important contribution to social development.

Thus, it was made easier for our women, whose education level was generally below the average of the society and who had financial difficulties, to achieve success through collective work. As a result, Halkbank indirectly made a contribution to the increase in the level of social welfare.

Within the scope of the "Pre-School Private Educational Institutions Support Package," which was introduced as part of activities to support women entrepreneurs in providing quality, affordable and easily accessible child, disabled and elderly care opportunities in order to harmonize work and family life, which was also referred to in the 2022-2024 Medium Term Program, and to encourage participation in the workforce, TRY 15.6 million in loans were disbursed to 37 companies as of year-end 2023.

Increasing the number of preschool special education institutions and the number of women managers/partners operating these institutions, which play an important role in encouraging women's participation in business life and increasing women's employment, as well as facilitating their access to financing and encouraging them to make qualified investments are among the Bank's main objectives.

Innovative Products for Women Entrepreneurs from Halkbank

In order to promote the savings culture, the Bank pays an additional contribution of TRY 75 to their PPS plans for a maximum of 60 months when women participants of the "PPS with Special Contribution for Women Entrepreneurs" product for women entrepreneurs who produce, work and contribute to development meet the necessary conditions. Each woman partner of a real person sole proprietorship owned by a woman entrepreneur or a legal entity with at least 50% of its shares owned by women entrepreneurs can benefit from this product.

Halkbank secures the lives of producing women with the "Special Risk Diseases Insurance" and enables them to benefit from many services included in the package. Women customers between the ages of 18 and 55 are provided with indemnity assurance against the diseases specified in the coverage. Within the scope of the diseases specified as risky diseases for women, an indemnity payment of TRY 67,500 is made to the insurance holder.

Within the scope of Halkbank's goal of increasing product and service diversity for "Strong Women of Strong Türkiye," Paraf Producing Women Credit Card and Paraf Producing Women POS for women entrepreneurs were put into service. With this product, women entrepreneurs can make installment and term transactions for the purchase of goods and services for their workplaces, manage their cash flow by executing checks and promissory notes through the card, and gain advantages from the suppliers they work with thanks to the main dealer limit feature. As of the end of 2023, the number of Paraf Producing Women Credit Cards reached 18,987. Paraf Producing Women POS provides women entrepreneurs with a 50% discount on POS fees.

Our Collaborations to Empower Women in Economic Life

Halkbank continues to accompany the labor-intensive journeys of entrepreneurs open to development with new collaborations. The collaboration within the scope of the "Technology Power for Women Entrepreneurs Program - Women Entrepreneurs Overcome Financial Barriers Project" provides positive discrimination to women entrepreneurs who sell on e-commerce platforms and receive their payments using Halkbank accounts. They can benefit from many advantageous products prepared by Halkbank for them, from loans with favorable conditions to special insurance packages.

The Bank published a video series titled "Inspiring Women Entrepreneurs" on its social media accounts, where 8 women entrepreneurs selected from among its customers, who may set an example for the ecosystem, talk about their entrepreneurial journeys. Halkbank shares the achievements of strong women of strong Türkiye with the public through digital communication channels.

Our Support for Women's Cooperatives

Halkbank continues to be the bank of firsts for women's cooperatives. With its signature under the first loan package created for women's cooperatives and the first category created in entrepreneurship competitions, the Bank broke new ground with the e-export software integration and online e-commerce project developed for women's cooperatives to encourage them to participate more in e-commerce platforms and contribute to export mobilization.

Halkbank strengthened the hand of women's cooperatives by providing e-commerce training, mentoring and support for integration into international marketplaces through the "Women's Footprint in Export" project. To date, the Bank has provided 100 women's cooperatives with training on sales in marketplaces and basic e-export training. It has also supported them in their first exports by providing e-export software, platform installation and mentoring support. The Bank aims to contribute to Türkiye's export mobilization by expanding its projects, which started with women's cooperatives, to women entrepreneurs as well.



Social Benefit-Focused Finance Approach

In 2023, Halkbank became a signatory to the United Nations Women's Empowerment Principles to encourage women to participate in economic life in all sectors and levels.

Following the earthquake disaster of the century in our country, financial and social projects were developed for women's cooperatives and women entrepreneurs in the region. First of all, visits to the earthquake region determined what social assistance should be provided to meet the urgent needs of women's cooperatives and women entrepreneurs, and then machinery and equipment support was provided to those who were able to continue their activities. For women entrepreneurs whose businesses were completely destroyed but who wanted to continue their activities, container cafe library and container laundry projects were implemented in Adiyaman, Hatay, Kahramanmaraş, Malatya and Osmaniye. With these projects, Halkbank supported women's employment and met especially the needs of women and children in the region to some extent. The Bank established cafe libraries in five earthquake-affected provinces and container laundries in five provinces, and handed over their operations to local women entrepreneurs.

"Women's Cooperatives Lifeline Loan" was developed to facilitate the return to commercial life and to support urgent payments of women's cooperatives in the regions affected by the February 6 earthquakes. As of year-end 2023, 4 cooperatives benefited from this financing product. The zero-interest and zero-commission loan aims to provide a breathing room for women's cooperatives in 11 provinces to overcome their economic difficulties.

Data Revealing Our Contribution to Women Entrepreneurship

A survey was conducted in October 2023 with the participation of 107,112 customers who used Women Entrepreneur Loans as part of the surveying efforts to measure the impact of the products and services developed by Halkbank, specifically on female entrepreneurs, on the target audience in the context of financial metrics like employment growth, turnover, and social metrics like work-life balance. It was discovered that 45% of the customers who used the Bank's financial products to grow, develop, and increase production in their businesses had a rise in turnover as a result of using loans, and that these customers' average annual turnover increase was 66%. It was also shown that by using loans, women entrepreneurs increased their export turnover by an average of 56% annually.

Regarding the contribution of the surveyed customers to employment, it was observed that they created a total of 75,524 additional jobs after using the loan. In addition, 58% of the employees of the women entrepreneurs participated in the survey were also women. The results of the survey answered by women entrepreneur customers clearly demonstrate the Bank's tangible contribution to the development of women's entrepreneurship.

In October 2023, the Banks Association of Türkiye published the first "Report on Loans to Women Entrepreneurs" based on data collected from 13 banks. According to the October 2023 Report, the risk balance of loans extended to women entrepreneurs in the sector totals to TRY 122,998 million in 293,676 loans. The risk balance of loans extended to women entrepreneurs by the Bank is TRY 59,168 million in 219,102 loans. Halkbank alone extended 74.6% in number and 48% in volume of loans to women entrepreneurs with ongoing risk. (*)

(*) Includes all installment loans extended to real person women entrepreneurs, legal entities whose shares are 50% or more owned by women entrepreneurs, and women's cooperatives.



Producing Women Competition

The award ceremony of the Producing Women Competition, which was initiated by Halkbank, which has been contributing to the national economy for 85 years, to support women entrepreneurs and has become a tradition, was held in Istanbul on November 21, 2023. In the ceremony where 10 awards were given out of 6,256 applications in 4 categories, namely Micro Producer Women Entrepreneur, SME Producer Women Entrepreneur, Women Cooperative Categories and Zero Waste Special Award, the winning contestants received a total cash prize of TRY 3,150,000.

In addition to the cash prizes, participants were provided with marketing and communication support, promotional opportunities, Lifetime Banking Service Package and special training opportunities from the Producing Women Academy.

Being proud to be the first financial service provider to create a separate award category to encourage women's cooperatives and ensure them to serve as a role model, the Bank acts in line with its sustainability policies by positioning the Zero Waste category as a special award and supports responsible production and consumption goals.

The visitors explored the "Denklemin Gücü Biziz" Waste-Free Exhibition and "Hayat Ağacı Sergisi" Halkbank Producing Women Stories with the topic of zero waste developed by Gönül Paksoy in several disciplines, both located in the ceremony arena.

Halkbank's efforts in this area also created a great impact in the international scene. The Bank was deemed worthy of a total of 21 international awards with 8 new awards in 2023 for its support for female entrepreneurs, as well as its efforts to empower women in business life.

We Support Women's Presence in All Areas of Social Life

Halkbank strives to become a member of international initiatives and indexes in order to raise the recognition of all these activities in the national and international communities, improve corporate reputation, and obtain a competitive advantage.

In order to encourage women to participate in economic life in all sectors and levels, the United Nations Women's Empowerment Principles (WEPs) were signed by Mr. Osman Arslan, General Manager of Halkbank and announced to the public on September 22, 2023. Within the framework of these principles, the Bank reaffirms its commitment to equal social rights, providing a safe working environment, supporting women's professional development opportunities and strengthening gender equality. In order to achieve sustainable development goals, the focus is on ensuring women's full and equal participation at all levels of economic life.

Climate Action, Responsible Production and Consumption Goals, Quality Education, Gender Equality, Partnerships for the Goals are the SDGs adopted by the Women Entrepreneur Department in 2023.

In 2024, under the Women Entrepreneur Department, the Bank will continue to create value with the awareness of the priorities of the country and the economy by adding new projects to its existing projects in line with its sustainability policies and linked to the principles of Gender Equality, Partnerships for the Goals, Quality Education, Climate Action, Responsible Production and Consumption.

Corporate Social Responsibility and Social Impact Activities

Sponsorships



- Sponsorship support for the "With Us (Bizimle)" project developed by the Women and Democracy Association (KADEM)
- Sponsorship support for the 8th Istanbul Carbon Summit
- Sponsorship support for "Teknofest 2023" events
- Sponsorship support for Ancient Knowledge, Technology and Women Physical and Digital Exhibition
- Sponsorship support for the architectural work "Open Work" representing our country at the "London Design Biennale"
- Sponsorship support for 36th Ahi-Order Week events
- Sponsorship support for "100th Anniversary Anthem of our Republic Competition"
- Sponsorship support for the events held at the Atatürk Cultural Center to mark the 40th anniversary of Necip Fazıl Kısakürek's death
- Sponsorship support for concerts covering 10 provinces across our country within the scope of the 50th anniversary of the death of Turkish Folk Bard and Poet Âşık Veysel
- Sponsorship support for the "5th International Folk Music Festival," which aims to introduce the local music of Anatolian peoples to the world
- "Istanbul Children's Festival" sponsorship support
- "Paraf Kuruçeşme Open Air Concerts" sponsorship support

February 6 Kahramanmaraş Earthquake Efforts



- Culture and art activities for children in Culture and Art Tents
- Installation of container cafe library and container laundry
- Container, machinery and material support for Yeşilyurt Women's Initiative Production and Business Cooperative
- Women's Handicraft courses in cooperation with the Public Education Center
- Delivering the books and pens collected during the CEV Champions League quarterfinal match to children affected by the earthquake as part of the "Umuda Renk Ver" event
- Nearly 450 housing units in 16 different locations for the use of our personnel
- TRY 9.1 billion of cash and in-kind support

Sportive Activities – Halkbank Sports Club



Men's Volleyball A Team:

- 9 League Championships
- 8 Türkiye Cup Championship
- 4 Super Cup Championships
- 2012-2013 European CEV Cup Championship (a first for the men)
- 2014 Champions League Final Match and the Second Place in Champions League
- Balkan Cup Championships twice in a row
- 2022-2023 CEV Champions League Third Place

Events & Projects



- October 29th Republic Day "Songs Atatürk Loved" concert organization
- Organizing "Life is Yours Concerts" at Ankara Museum of Painting and Sculpture
- Organizing excursions for children with special needs in the "Take My Hand, Walk with Me Event"
- Establishing a Disaster Relief Team with the voluntary participation of employees
- Organizing food campaigns for stray animals within the scope of the "Accumulate Goodness (İyilik Biriktir) Project"
- Listening to entrepreneurial ideas in the Jet Luck competition and rewarding those that succeed
- University meetings to improve exports, carried out in cooperation with the Ministry of Trade
- "Smiling Book" project with the aim of establishing libraries in primary schools, secondary schools and nursing homes far from city centers
- Plastic-free banking activities
- Metaverse events
- "Wellbeing" Healthy Nutrition Meetings
- Green Deal meeting
- Low Code Academy training program
- 8 Career Day Events attended under the coordination of the Presidential Human Resources Office

Banking Services and Access to Finance



- Financing opportunities for groups with limited access to finance
 - SMEs
 - Tradesmen
 - Young entrepreneurs
 - Women entrepreneurs
- Loans to the education sector
- Loans to the health sector
- Loans for employment creation
- Loans for social housing financing and urban transformation
- Financial literacy services
- Children's banking application
- Barrier-free banking services
- Digital banking services
- Open banking services

Winning the Future with Digital Transformation

SDGs We Contribute to



6.3 MILLION

Active digital channel users

In 2023,

97.8%

of corporate collections were executed through digital channels.

2.6 BILLION

transactions made through digital channels throughout the year

Since its foundation, Halkbank has been the first to implement many innovations in its sector. Its goal is to be able to stand by its customers at all times and stand out with the experience it produces via its pioneering digital banking efforts. With a holistic transformation strategy, the Bank seeks to generate future trends by moving beyond aligning with changing expectations and needs with the projects it develops under the coordination of the Digital Transformation Department, which it formed in 2020.

Halkbank continued to enrich its technologies and analytical competencies in order to better understand its customers and offer personalized experiences in 2023 as well. Halkbank increased the number of projects completed in critical areas such as mobile technologies, big data analytics, artificial intelligence, robotic automation solutions by 60% and added 105 more projects to its ongoing

projects in 2023 to provide customers with an even more meaningful digital experience. The Bank increased the number of papers saved by 100% thanks to its paperless processes, thereby saving 15 thousand trees from being cut down, and also tightened its steps towards its sustainability targets.

You can access the details of the actions taken by the Bank, which follows cyber-attacks, data security and customer privacy issues, which are among the threats that arise with digitalization, with high-level measures and an understanding of continuous improvement, via the Winning People and Society through Inclusiveness section.



DIGITAL TRANSFORMATION OFFICE



DIGITAL TRANSFORMATION STUDIES INTEGRATED WITH ALL CHANNELS



STRATEGIC PLANNING FOR DIGITAL TRANSFORMATION



ANKA PROGRAM MANAGEMENT



CORPORATE INNOVATION MANAGEMENT



PROCESS OPTIMIZATION STUDIES



ARTIFICIAL INTELLIGENCE AND DATA ANALYTICS

Internet Banking and Mobile Banking

Halkbank continues to lead the sector with its innovative efforts and to develop services for the needs of its customers with digitalization at the center.

Halkbank continues to lead the sector with its innovative efforts and to develop services for the needs of its customers with digitalization at the center. As part of the digital transformation in the sector, Halkbank has invested significantly in developing Mobile and Internet Branch channels in line with the latest software technologies and design trends and in a way to meet the needs and expectations of its customers. The efforts are aimed at ensuring that all banking transactions can be carried out through digital channels, increasing the rate of customer use of digital channels and enhancing customer satisfaction, thus contributing to the Bank's profitability.

A unique digital banking experience was offered to 6.3 million active clients in 2023 with the digital channels developed to enable clients to transact quickly and practically without going to a branch. During the year, approximately 2.6 billion transactions were carried out through the Bank's digital channels.

Halkbank Digital Channel Developments in 2023	
Troy card and Doğal Card applications	
Additional MTV payments	
Commissioning of new corporate and tax payments	
Ability to make TFS transactions from the corporate internet branch	
Renewal of the direct debiting system	
Incorporation of the Filed Transfer Automation (DTO) system into the corporate internet branch	
Ability to update the Banking Services Agreement (BSA) of sole proprietorships	
Digital Tradesmen's Loan utilization and obtaining contract approvals via the internet branch	
Children's Banking	
The application is able to open with two different themes for 0-9 and 10-18 age groups	
Requesting pocket money with QR code for all age groups and withdrawing and depositing money with QR code from all domestic bank ATMs for children aged 15-18	
Monitoring account balances and movements	
Educational content and gamification	
Halkbank on Campus	
Withdrawal/deposit with QR code in ATMs	
Monitoring the account balance linked to Bank24 Jet Card	
Integration of Halk Academy and Culture-Life contents	
Paraf Mobile	
Payment with TR QR code infrastructure	
Open Banking	
API Portal studies	



In order to maximize the customer experience and offer products and services tailored to the needs of customers, Halkbank Mobile continues to be renewed end-to-end.

Open Banking Integration

With the Open Banking services launched in 2023, Halkbank enabled individual and corporate customers to monitor their account balances and account transactions at other banks and transfer money from other bank accounts via Halkbank Mobile and Internet Branches. Halkbank is one of the first banks to launch Open Banking services, which were inspired by the idea of digital banking customers to manage their accounts in multiple banks from a single application. Also, the Bank is working on developments that will improve customer experience and support customers' personal finances.

Innovations for Young People from Halkbank

During the operating period, the Bank introduced Halkbank Children's Banking, a special mobile application for customers between the ages of 0-18, in order to encourage financial literacy and build saving habits. The application, which includes interesting content for children as well as functions such as Request Pocket Money and Withdraw/Deposit Money with QR Code, continues to be enriched with new content and features.

Halkbank on Campus application continues to provide educational content for young people in their campus life and preparation for business life.

We Break New Ground with Our Metaverse Event Center

Within the scope of the orientation event held for 1,500 new employees who joined the Bank in 2023, Halkbank brought together senior management and new employees at the Metaverse Event Center.

Halkbank won the gold award in the "Achievement of the Year in Technology" category and the bronze award in the "Emerging Technologies" category at the Stevie Awards, known as the Oscars of the business world, where the world's most successful companies compete, for its innovations and metaverse activities in the Metaverse Platform. In addition, at the Silicon Valley-based The Globe Awards, one of the world's leading prestigious award programs, the Bank won gold awards in the categories of "Thought / Opinion Leadership in Digital Transformation and Social Media," "Best Use of Technology Products and Services" and "Emerging Technology Solutions," and silver award in the category of "Best Use of Technology," thus winning 4 gold, 1 silver and 1 bronze awards internationally in 2023.

Sustainability is at the Center of our Digital Transformation

Halkbank is also expanding its efforts for a green future with its pioneering digitalization initiatives. In 2023, important sustainability-focused steps were taken by approving the contracts/forms required for transactions initiated at the branch through digital channels, enabling to digitally view statements on the Internet Branch and saving paper with the Digital Slip project launched during the period.

Also in 2024, Halkbank's digital channel projects will focus on increasing digital channel diversity, number of digital customers, number of digital transactions and digital channel revenues in order to increase the contribution to the Bank's sustainable growth. In addition to the ongoing Halkbank Mobile revamping project, the Bank plans to launch the revamping of the Internet Branch. The Bank also plans to launch new audience-based applications in mobile banking and the Mobile POS Project.

Digital Halkbank for SMEs, Tradesmen and Artisans

Halkbank carries out important studies to enable SME clients to actively use digital channels so that they can increase their competitiveness and adapt to the rapidly digitalizing world.

Halkbank aims to improve its contact capacity and competencies with the real sector by investing in digital channels to bring its deep-rooted banking experience to digital channels.

The Easiest Way to Access Finance: Digital Credit Platform

"Digital Tradesmen's Loan" project, which provides ease of loan application and utilization to artisans and tradesmen who will use interest-subsidized tradesmen loans from the Ministry of Treasury and Finance with the guarantee of ESKKK, was launched on January 1, 2023. In this way, customers may now apply for loans online with the Bank without having to visit a branch, and the digital utilization procedure takes less time to complete. In 2023, 95 thousand "Digital Tradesmen's Loans" totaling TRY 33 billion were extended through the Digital Loan Platform.

Furthermore, system improvements were made to enable tradesmen and artisans to pay their undue installments and close their loans before maturity through the internet branch without coming to the branch for interest-subsidized tradesmen loans from the Ministry of Treasury and Finance.

Halkbank established the halkbankkobi.com.tr platform specifically for users of the SME and Tradesmen Banking segment which are a large part of its

portfolio and promotes its products and services from this platform enabling its customers to apply for the financing they need easily. The Bank broke new ground on the path of digitalization with the SME Digital Loan Platform which was put into service through www.halkbankkobi.com.tr with more than 300 thousand members in 2023. With the loan products offered on the Digital Loan Platform, whether real or legal persons, all SME companies that meet the criteria are provided with the opportunity to apply, quickly allocate, and easily access the financing they may need without coming to the branch. The Digital Loan Package developed on the Digital Loan Platform was first offered to women entrepreneurs, followed by the Digital Loan Package for Techno Entrepreneurs, Digital Loan Package for Bold Entrepreneurs, Digital Loan Package for Young Entrepreneurs, Digital Loan Package for Master Entrepreneurs, and Digital Loan Package for General Public Entrepreneurs. In 2023, a total of TRY 484 million in entrepreneur loans were extended to 2,084 entrepreneurs through the Digital Loan Platform.

With the loan products offered on the Digital Loan Platform, whether real or legal persons, all SME companies that meet the criteria are provided with the opportunity to apply, quickly allocate, and easily access the financing they may need without coming to the branch. Real and legal person companies that



Halkbank provides 24/7 support to its tradesmen and SME customers through the 0850 222 0 401 Corporate Dialog line, where they can get information about products and services, make appointments and use support services without visiting a branch.

have completed 1 year of operation and whose last fiscal year turnover does not exceed TRY 10 million can benefit from the products on the Digital Credit Platform.

SMEs can apply for these products within the limits specified in the package. Therefore, SMEs can easily access traditional loan products digitally within the scope of these packages that will respond to their financing needs.

Applications received through the Digital Loan Platform are evaluated within 1 day and finalized in the decision matrix created specifically for the Digital Loan Platform. Applying SMEs can follow up on their applications in the Application Inquiry area on www.halkbankkobi.com.tr. In addition, SMEs are informed about the process via SMS.

Digital Credit Package for Women Entrepreneurs

A Digital Loan Package for Women Entrepreneurs was created for women entrepreneurs who play a critical role in sustainable economic development and the development of employment in the country. The package aiming to facilitate access to finance, and encouraging women entrepreneurs who want to open a new workplace for the production of goods and services, self-employment or commercial activity, or who will start or have established a business for the first time based on a business idea, was launched in July 2021 and met with clients on the Credit Platform. With the "Digital Women Entrepreneur Loan," TRY 659.4 million was extended to 12,004 entrepreneurs in 2023, and a total of TRY 2,891 million was disbursed to 24,488 entrepreneurs since its launch.

Halkbank Assurance for Payment and Collection in Trade with the Secured Digital Payment System of Halkbank

In order to facilitate trade and to completely eliminate the risk and insecurity problem that arises due to the nature of trade, "Halkbank Secured Digital Payment System" was established which allows deferred payment/sales in trade with Halkbank assurance and where credit/collection processes are regulated. With this new and unique application, Halkbank guarantees payment and collection from the moment the order is placed until the payment is fulfilled. The system ensures that the buyer's payment and the seller's collection are made under the guarantee of Halkbank.

We Always Stand by SMEs on the Way to Create Their Future

The Bank aims to provide SMEs with the most appropriate financial support, as well as analyzing the needs of SMEs correctly and supporting them with training and consultancy assistance. The www.halkbankkobigelisim.com.tr website carried Halkbank's ongoing training services for the SMEs to the digital platform. Designed with the understanding that "Türkiye Develops if SMEs Develop" the online training platform aims to ensure that all SMEs

develop and overcome the hurdles in front of their businesses with the knowledge they will learn from this platform.

The "Ask an Expert" feature allows SMEs to quickly receive answers to their questions from expert consultants. Halkbank SME Experts, who respond to queries from platform members, also author monthly magazines that include articles of relevance to the platform's members, providing valuable guidance to SMEs and entrepreneurs.

Halkbank provides 24/7 support to its tradesmen and SME customers through the 0850 222 0 401 Corporate Dialog line, where they can get information about products and services, make appointments and use support services without visiting a branch.

Halkbank carries out important studies to enable SME clients to actively use digital channels so that they can increase their competitiveness and adapt to the rapidly digitalizing world. With these studies, it is aimed to carry out all end-to-end processes through the Bank's digital channels, from customer identification processes to digital loan applications and disbursements, from offering products and services suitable for customer segmentation to active banking transactions. In terms of customer satisfaction and sustainability, it is of great importance to minimize the mandatory transactions that SMEs must carry out from branches and thus enable them to carry out their business more efficiently with digital banking.

In the next period, Halkbank will continue to focus on enriching the products and services offered in digital channels for these client groups, improving the customer experience, and increasing the speed and ease of transactions, in addition to its efforts to enable SMEs, tradesmen, and artisans to become clients through digital channels without having to go to a branch.

Cash Management Transformation

Halkbank meets customer expectations with its innovative service approach by intermediating the collections and payments arising from the activities of companies with the products and services it has developed.



Supplier Payments are More Digital, Faster and Safer with Halkbank

Halkbank meets customer expectations with its innovative service approach within the scope of digital transformation strategies by intermediating the collections and payments arising from the activities of companies with the products and services it has developed. Offering low-cost, fast and secure transactions, the Bank added a new service to its range by launching the Supplier Financing System(SFS) in 2022 and expanded this system in a healthy manner in 2023.

Halkbank's 2024 targets in cash management include extending the Supplier Financing System, which was expanded in 2023, to more companies and developing the system with new ideas and options according to the needs of companies. With the SFS, designed with the power of digitalization behind it, the Bank will offer both financing and payment intermediation services to more corporate firms and their suppliers.

In 2023, by completing the DDS Parametric Transformation Project, DDS parent companies and the dealers with whom they had commercial relations were enabled to more efficiently and quickly execute direct debiting and crediting transactions automatically and securely. The work to renew the Halkbank Internet Branch DDS menu in 2023 is planned to be completed in 2024.

Work on the Land Registry Trust Account, which enables the automatic transfer of the real estate sales price from the buyer's account to the seller's account, was completed in 2023, and real estate sales prices will be realized through the system as of 2024.

Approximately 97.8% of the institution's collections in 2023 were realized through mobile and internet branches, automatic payment orders, Dialog and ATMs. 2.2% of all collection transactions were realized through branches and operational costs were reduced.

Robotic Process Automation Initiatives

Halkbank continues to focus on operational efficiency and excellence through robotics-based automation efforts.



We Save Labor and Time by Optimizing Our Processes

Pursuing the integration of technologies of the future into its processes, Halkbank keeps focusing on operational efficiency and excellence with robotics-based automation studies.

As of 2023, Halkbank has 52 robots serving in branches, Head Office Units and TRNC Country Directorate, and 107 robotic processes are performed by these robots. In 2023, 1.9 million transactions were carried out, resulting in 65.7 thousand hours of personnel effort being saved by robots.

Winning the Future of the Planet with a Responsible Perspective

SDGs We Contribute to



100 BRANCHES
with established infrastructure for Energy and Natural Resources Management System

61
employees with sustainability expertise certification

1.6 MILLION KWH
savings target with the project to turn off all branch signage lights

As one of the most established and respected members of the Turkish banking sector, Halkbank works to minimize its environmental impact in line with both its holistic policy prepared with the awareness of the risks threatening our sustainable future and its strategies consisting of concrete commitments.

The finance and banking sector encourages all segments within its wide sphere of influence to take steps towards sustainability both through its products and services and through the awareness-raising and guiding role it plays. As one of the most established and respected members of the Turkish banking sector, Halkbank works to minimize its environmental impact in line with both its holistic policy prepared with the awareness of the risks threatening our sustainable future and its strategies consisting of concrete commitments. The Bank is active on a global scale in sustainability by contributing to organizations and initiatives working in this field.

Full compliance with environmental laws and regulations, reduction of energy, water and paper consumption, waste management and taking action by evaluating potential risks constitute the main axis of the Bank's efforts within the Integrated Management System (ISO 14001 Environmental Management System and ISO 50001 Energy Management System). The energy and environmental impacts of the Bank's operations and processes are constantly monitored, and the findings and areas of improvement identified are reported to the Sustainability Committee at the annual Management Review meetings. Halkbank did not violate any rules and was not penalized due to adverse environmental impacts in 2023. The Bank allocated TRY 1.5 million in resources in 2023 to minimize the environmental impact of its operations.

On the path to decarbonization, Halkbank has been working towards achieving net-zero emissions from its operations through projects such as meeting its energy consumption from renewable energy sources and electric vehicle transformation, while at the same time demonstrating its commitment to achieving net-zero emissions from its portfolio with its transformative power. In this scope, the Bank reported its interim targets to the Net-Zero Banking Alliance (NZBA) and the Science-Based Targets Initiative (SBTi).

In the coming period, the Bank will continue to implement game-changing practices in the transition to a green and circular economy and to make its stakeholders partners in its sustainability journey.

For detailed information about Halkbank's Sustainable Finance activities, please visit our website.



Supporting the Fight Against Climate Crisis

In 2023, Halkbank continued to set an example for Turkish banking with its CDP Climate Change score of "A-" and Water Security score of "A."

Adopting the approach of fighting the climate crisis throughout the value chain, the Bank expects all stakeholders, including employees, customers and suppliers, to contribute to this struggle while improving its operations.

In addition to continuously increasing its efforts to reduce the environmental impact of its operations, Halkbank supports the fight against climate change by expanding its indirect contribution through financing solutions. Adopting the approach of fighting the climate crisis throughout the value chain, the Bank expects all stakeholders, including employees, customers and suppliers, to contribute to this struggle while improving its operations.

In 2016, the Bank established the Integrated Management System consisting of ISO 14001:2015 Environmental Management System and ISO 50001:2011 Energy Management System and integrated it into its business processes. It is also the first Turkish bank to establish the ISO 50001 Energy Management System. In 2019, the Integrated Management System was expanded to cover all service units and the transition to the latest version of the ISO 50001 Energy Management System, the risk-based high-level ISO 50001:2018 was achieved. Internal audits and controls are carried out by Integrated Management System Internal Auditors within the scope of ISO 50001 Energy Management System.

Halkbank Named Among Global Climate Leaders

The global climate change threatening the financial system as well as sustainable life, is leading Halkbank to enhance its efforts to establish a financial system that supports sustainable development globally in its banking activities, day by day. While the Bank is actively working to minimize the environmental impacts of its operations, it also expands its product portfolio within this scope so that the businesses that make long-term growth plans may adopt a business culture where they can achieve success by considering their environmental impacts. By supporting the Carbon Disclosure Project (CDP) Climate Change and Water Program in 2023, the Bank transparently shared the steps it took for a habitable world with its stakeholders. In this scope, Halkbank continued to set an example for Turkish banking sector in 2023 with its CDP Climate Change score of "A-" and Water Security score of "A." Besides, Halkbank is one of the companies ranked in the BIST Sustainability Index which includes companies that are traded in Borsa Istanbul and that have high level corporate sustainability performances.

Investing in the green future of the world and our country with its climate-focused roadmap and the value chain it established with its stakeholders, Halkbank became the first Turkish bank

to commit to becoming "Net Zero" at the Science-Based Targets Initiative (SBTi)* for both its direct operations and portfolio emissions in the previous year. In 2022, the Bank also joined the Net-Zero Banking Alliance (NZBA)**, a global collaboration established by the United Nations Environment Programme Finance Initiative (UNEP FI), and committed to aligning its entire loan and investment portfolio with the net zero emissions target by 2050. In the coming period, Halkbank will take carbon emission reduction targets into consideration, particularly in investments in electricity generation, as well as in the corporate and commercial loans segment, and in emissions from stocks and bonds. In line with its NZBA and SBTi commitments, the Bank reported its interim targets using science-based guidelines on its journey to net zero carbon at the first stage.

With the aim to create a Climate Action Plan which includes science-based targets and actions for greenhouse gas emissions, analyzes of direct and indirect risks and opportunities of climate change, and comprehensive studies on sustainable finance products, Halkbank continues to work in this direction.

*For detailed information about SBTi: <https://sciencebasedtargets.org/>

**For detailed information about NZBA: <https://www.unepfi.org/net-zero-banking/>

Increasing Employee Awareness

Halkbank regularly carries out awareness-raising activities through online trainings and e-learning on Integrated Management System and Zero Waste Management. Within the scope of Sustainability, Integrated Management System and Zero Waste Management, employees completed a total of 4,894 person*hours of training in 2023.

Articles are published on many topics such as recycling, climate change and energy efficiency on the Sustainability pages of the Bank's corporate publication Together Magazine and awareness studies on these issues are supported through internal communication.

The Bank carries out awareness-raising activities at all levels to make sustainability a corporate culture. One of the main awareness activities is sustainability training.

Within the scope of awareness activities, e-trainings and in-class trainings are organized within the organization, and sustainability awareness of employees is supported through external trainings when necessary.

2023 Employee Awareness Activities

Integrated Management System and Zero Waste training was assigned to all employees as e-training and a total of 4,894 person*hours of training was completed.

Newly recruited assistant specialists received in-class trainings on basic sustainability, global warming and climate change, carbon footprint and water footprint, integrated management system and zero waste, sustainability reporting and climate-related risks.

With the aim of shaping the Bank's business processes with a corporate sustainability perspective, in 2023, 30 bank employees working in different business lines, 61 in total, completed the Sustainability Expert Certificate program prepared in cooperation with the Turkish Capital Markets Association (TSPB) and the Sustainable Learning Development and Excellence Association (SEGM) and received their certificates as Sustainability Experts.



Emissions Management

In order to effectively manage the environmental impact of its operations, Halkbank acts in accordance with international legislation and standards in the measurement and reporting of emissions.

With the understanding of combating the climate crisis, Halkbank calculates its corporate carbon footprint every year in order to measure and monitor the effects of its activities and to minimize this effect with mitigation strategies.

With the understanding of combating the climate crisis, Halkbank calculates its corporate carbon footprint every year in order to measure and monitor the effects of its activities and to minimize this effect with mitigation strategies. The Bank organizes and participates in physical meetings as online conferences unless absolutely necessary. Personnel shuttle service is provided to reduce the environmental impact caused by the commuting of personnel.

In order to effectively manage the environmental impact of its operations, Halkbank performs emission calculations and conducts emission reduction activities in accordance with international legislation and standards. Indicators under limited assurance and relevant explanations are in the Reporting Guide part of Appendices.

Within the scope of reducing the carbon footprint, the "Managers Meeting" events, which are held every year and have the most intense participation at the Bank, have been made carbon neutral since 2014 in line with PAS 2060 standards. A total of 579 tons of CO₂e emissions calculated as a result of the Managers' Meeting events held in 2023 have been offset by acquiring carbon bonds.

The Bank also contributes to indirect emission reduction through the use of loans. In 2023, the emission reduction of renewable energy power plants for which loans were used, reached 678,554 tons of CO₂e. In addition, it has been calculated that approximately 466,659 tons of CO₂e emission reduction has been achieved since 2012 by the loans provided within the scope of projects with international financial institutions.

A Strategic Step in Energy and Natural Resource Management by Halkbank

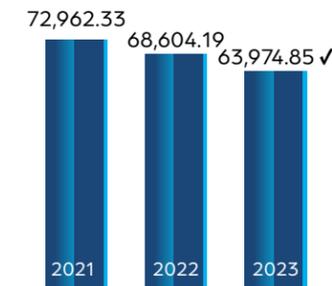
Halkbank continues its efforts to establish the Energy and Natural Resources Management System (EDYS), a platform that enables instant monitoring and management of energy and natural resources consumption at service locations. With the EDYS, electricity, water, natural gas consumption, temperature, humidity, light intensity, carbon dioxide levels and air conditioning systems will be monitored instantaneously from the head office via sensors and analyzers placed in the locations, and the branches will be managed in a more energy efficient manner. The system infrastructure has so far been installed in approximately 100 service locations and is actively operating at 25 service locations.



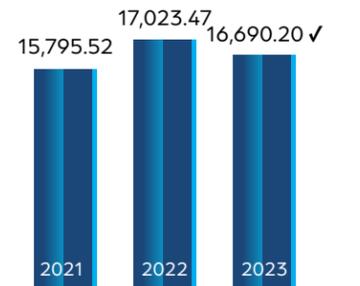
In 2023, the emission reduction of renewable energy power plants for which loans were used, reached 678,554 tons of CO₂e.

Absolute Greenhouse Gas Emissions by Years (tCO₂e)

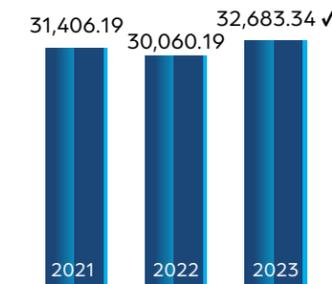
tCO₂e emissions



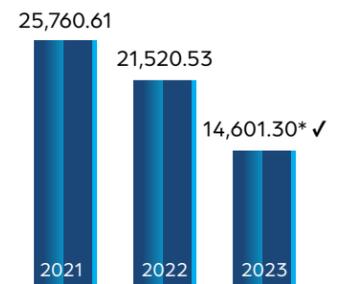
Scope 1



Scope 2



Scope 3



GRI 3-3, 201-2, 305-1, 305-2, 305-3, 305-5

GRI 3-3, 201-2, 305-1, 305-2, 305-3, 305-5

*This year, provincial personnel services are also included in the emission calculation.

Energy Management

Halkbank aims to reduce energy losses and increase energy efficiency by adopting the motto "Keep our energy for the future" in energy management.

478,250.29 ✓

Total energy consumed in-house (GJ)

9,595 kWh

Directly consumed renewable energy*

21,424 kWh

Indirect (purchased) renewable energy

*The amount of electricity produced in 2023 with the solar panels in the Atasehir Additional Service building.

Halkbank aims to reduce energy losses and increase energy efficiency by continuously improving its energy performance within the scope of its Energy Policy and by adopting the motto "Keep our energy for the future" in energy management.

Regularly monitoring and analyzing its energy consumption and making improvements based on the results of these analyses, the Bank pays utmost consideration to energy efficiency in its operations and procurement processes. With this understanding, energy saving is included in the performance indicators that directly affect the performance bonuses of the Bank's units.

With the project launched in 2023, branch signage lights are being turned off at 22:00. This project is expected to save approximately 1.6 million kWh of energy annually.

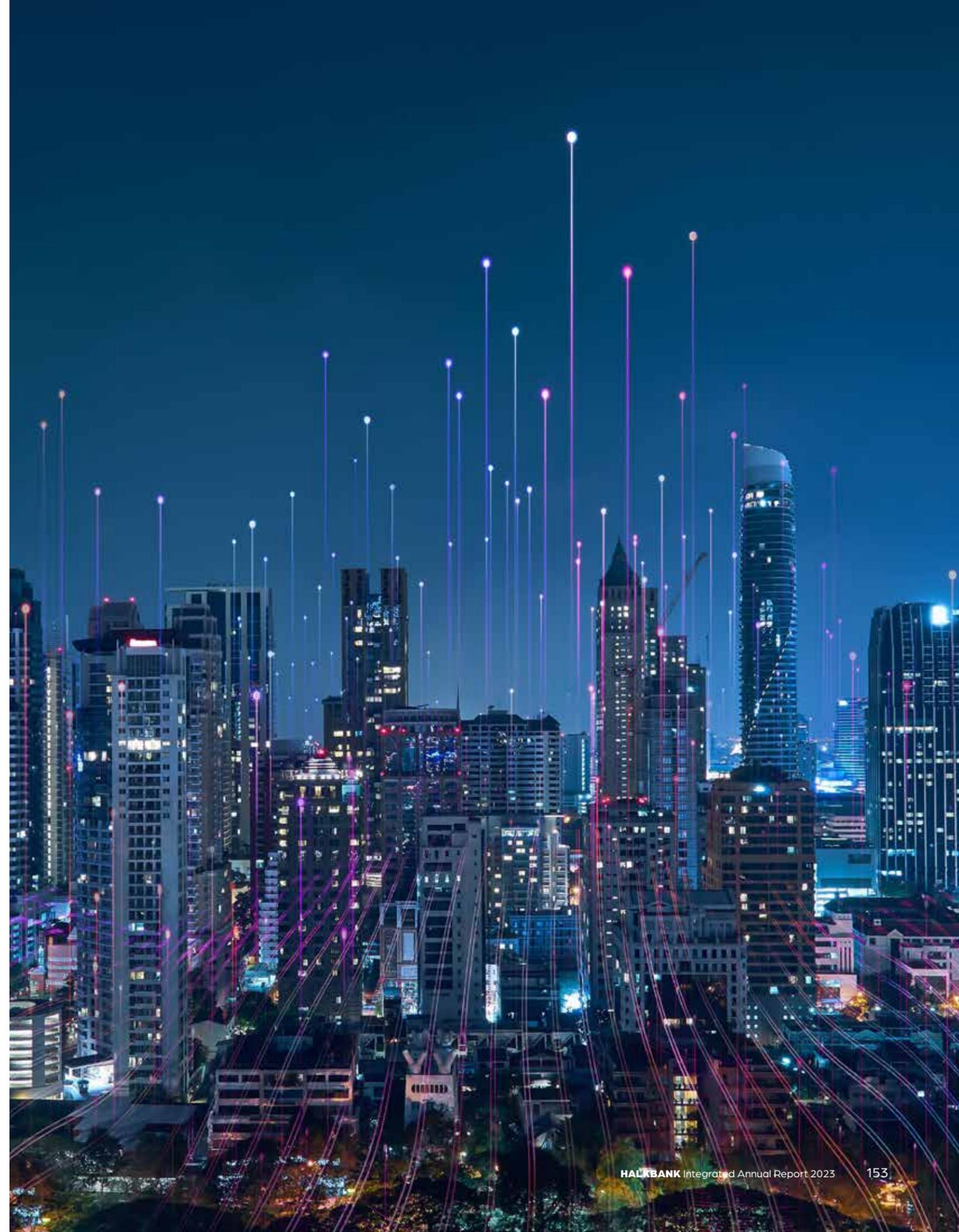
Our Goal is to Continuously Improve our Energy Management Performance

In order to reduce energy and natural resource consumption arising from its activities, Halkbank develops innovative solutions that will increase efficiency and reduce losses. In this direction, it designs a model in which performance evaluations will be made in line with the amount of energy and natural resources consumed, by monitoring consumption variables, working climate conditions in the building and all possible effects by using energy monitoring systems.

In this context, fluorescent lamps are upgraded to LED lamps in branches undergoing renovation, and all electronic and mechanical devices used in the Bank's service buildings are serviced at specified intervals. In addition, the Bank's new Head Office Building in the Istanbul Finance Center was constructed in accordance with the highest energy efficiency standards. According to the results of energy modeling based on architectural features, lighting fixture selections in common areas and the device list in the application projects, it is possible to achieve 30% energy efficiency compared to a building in ASHRAE 90.1-2007 standard.

In accordance with the ISO 50001:2018 Energy Management System and corporate strategies, the Bank complies with national and international legal requirements for the use, consumption and efficiency of energy and natural resources. In addition to these, it also engages in activities to improve performance by providing energy-efficient products and services in purchasing processes.

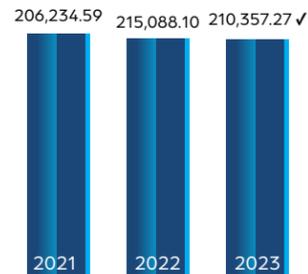
Halkbank also informs its employees and all stakeholders about energy efficiency through various communication tools and trainings, and conducts awareness-raising activities. Energy and resource saving items included in the performance criteria of Deputy General Managers, Department Heads, Department Managers and other employees directly affect their performance bonuses.



Water Management

Halkbank monitors water consumption at all service locations and calculates its water footprint.

Water Consumption by Years (m³)



Halkbank believes that the amount of water consumed should be managed effectively in terms of efficient use of natural resources and reducing the environmental impacts resulting from banking activities, and integrates effective water management into its business processes within the scope of sustainability and environmental policies. With the awareness of the increasing risk of water scarcity and drought, it regularly monitors and measures water consumption and develops action plans in line with international standards and regulations to ensure effective water management.

Halkbank's "Water Policy," a sub-component of its "Sustainability Policy," strives to manage efficient water use in its long-term strategies, development of targets and action plans, and processes arising from its operations and activities. As the basis of its "Water Policy," the Bank accepts to finance assets that help mitigate water risks and create value on its own operations and stakeholders in order to leave a more livable world to future generations by continuously improving its sustainability performance.

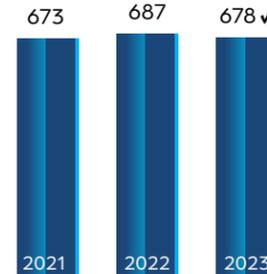
Halkbank, which monitors water consumption and calculates its water footprint at all service locations, notifies service locations with high water consumption per employee in order to raise awareness on water management. In addition, the Bank's new Head Office Building, located in the Istanbul Finance Center, aims to achieve significant savings in water use through water saving and efficiency practices. Grey water and condensate water collected in the project is primarily used in reservoirs and urinals to save water.

Halkbank also monitors its loans within the scope of water management and works to mitigate climate impacts, particularly on water scarcity and drought. In this scope, the Bank maintained its score at the leadership level in the "Water Security" program of the Carbon Disclosure Project (CDP) and continued to be ranked on "List A" in 2023 as well.

Waste Management

In 2023, Halkbank was entitled to receive Zero Waste Certificate in 1,096 service locations, including all branches, as a result of the efforts made in line with the Zero Waste Regulation.

Waste Recovery Performance by Years (tons)



Taking into account waste management within the scope of reducing the environmental impacts of its operations, Halkbank continues its waste reduction efforts in line with the responsible banking culture and with the principle of zero waste. In order to reduce plastic waste, the Bank terminated the plastic bottle drinking water service starting from the head office buildings and converted to self-purifying water dispensers. In 2023, the Bank was entitled to receive Zero Waste Certificate in 1,096 service locations, including all branches, as a result of the efforts made in line with the Zero Waste Regulation that entered into force on July 12, 2019.

Environmental pollution was prevented by giving 44 tons of hazardous waste generated as a result of the Bank's activities to licensed companies for recycling and disposal.

Paper Saving Through Paperless Banking Applications

Halkbank continues its efforts to digitalize its end-to-end banking. Time and cost savings are achieved in addition to preventing paper waste. In 2023, 100.8 million sheets of paper were saved thanks to the implementations and solutions developed in this context.

- Digital Retail Customer Launch in Branches → 32.8 million sheets of paper saved
- Completing/Updating Contract Deficiencies at the Time of Entry to Digital Channels → 30.8 million sheets of paper saved
- Customers Updating Information on Digital Channels → 2.1 million sheets of paper saved
- Loan Disbursement for Tradesmen with Digital Document Approvals → 6.8 million sheets of paper saved
- Presenting Consumer Loan Products to Customers with Digitally Approved Documents (operational for 5 months) → 3.8 million sheets of paper saved
- Streamlined Insurance Processes Through Integrations → 3.3 million sheets of paper saved
- Digital Statement → 14.9 million sheets of paper saved
- Collective-Mass Customer Launches → 6.3 million sheets of paper saved



Report of the Board of Directors

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 of the Board of Directors

GRI 3-3

Annual Report Compliance Statement

Deloitte.

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Türkiye Halk Bankası A.Ş.

1) Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Türkiye Halk Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2023–31/12/2023, we have also audited the annual report for the same period.

In our opinion, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Bank's and Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard ("TFRS") 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2023 amounted to TRY 44.066.438 thousand. If such classification were not made, total assets and shareholders' equity, excluding tax effect, would be lower by TRY 6.117.199 thousand as at 31 December 2023.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented a qualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2023–31/12/2023 as a result of the issues stated in Basis for Qualified Opinion paragraph in our Auditor's Report dated 14 February 2024. In addition, the ongoing lawsuits in the United States of America were presented as an emphasis of matter in our opinion.

4) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- The annual report also includes the matters stated below:
 - The significant events occurred in the Bank's activities subsequent to the financial year ends,
 - The Bank's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Erdem Taş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Erdem Taş
Partner
Istanbul, 11 March 2024

GRI 3-3

Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2023

Board of Internal Auditors

The Board of Internal Auditors carry out its activities under the Board of Directors through the Audit Committee.

The Board of Internal Auditors aims to carry out banking activities covering all units, subsidiaries and branches at home and abroad to be conducted in accordance with the Law and other relevant legislations, Bank's internal strategies, policies, principles and objectives, to determine the effectiveness and adequacy of the internal control, compliance and risk management systems, to prevent the recurrence determined deficiencies, errors and misuses and to ensure the effective and productive usage of the banking system and resources.

The Board of Internal Auditors operating within the framework of international audit norms and ISO 9001:2015 Quality Management System Standards, is managed and administrated by the Board that consists of the Head and (5) Deputy Head, and carries out audit activities with a risk-oriented approach in three different ways and methods that complement each other: On-site Audit, Central Audit and Information Technologies Audit.

Internal audit activities were carried out on the basis of the work program prepared in accordance with the relevant legislation at the Bank's units and subsidiaries included in the annual audit plan of the Onsite Audit team, and the Bank's reporting systems were used together with the exception reports created by the Central Audit team in the audit studies. In addition, the process audits carried out aimed detecting malfunctioning/inefficient business processes and contributed to

increasing the efficiency of the Bank's operations. The findings of the studies were conveyed to relevant units both in written reports and written cover letters form in order to take action.

In order to detect possible irregularities proactively and effectively, the records that are thought to be risky produced by the scenario based reporting that is run regularly were examined by the Central Audit team, and in addition to these, possible irregular actions have been tried to be detected with different methods through spot reports prepared at certain periods. In addition, irregularity scenarios were revised by taking into account current events, legislation, workflows and processes. Also, controls regarding our Bank's processes were carried out and the detected systemic problems and suggestions to increase efficiency were shared with relevant business units. In order to ensure the effective use of all kinds of software and technological opportunities during the execution of the said activities, trainings to increase the competencies of the personnel continued, and the scope of the Data Analyst Training Program has been expanded in terms of content and number of participants.

Internal audit activities regarding the efficiency, adequacy and compliance of the information systems used by the Information Technologies Audit team in the Bank units and subsidiaries subject to consolidation have been performed, the processes specified in the regulations regarding the information systems and banking processes published by the BRSA were also audited within the framework of the Bank's practices.

Examination and investigation works have been carried out regarding the transactions that are in contradiction of the legislation which are determined as a result of central audit and on-site audit activities and/or arising from notifications and complaints. The reasons and realization processes of the actions that took place in the said studies were examined and control points were established in order not to repeat them, and the inspections were ensured to cover these areas as well. In addition, suggestions for administrative and systemic improvements to prevent irregularities subject to investigation reports were shared with the relevant business units.

The recommendations of the inspectors in the examination and investigation reports or regarding any banking application have been shared with the relevant business units and the actions taken pursuant to these recommendations have been monitored. With the audits and development recommendations regarding business processes, activities to improve the profitability and efficiency of the Bank have been carried out.

Through the Findings Tracking System, the current risk situations regarding the findings detected in the audit studies and the studies carried out by the relevant units to eliminate the said findings were reported, the actions taken to eliminate the problems were monitored over the system and the necessary reminders were made to the relevant business units in order to eliminate the findings as soon as possible. In this way, beyond being in the process of detecting the error, it was ensured that the risks to be minimized by monitoring the resolution of the findings.

In accordance with the relevant provisions of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, evaluation reports on the procurement of Support Services, Valuation Services, Independent Audit Services and Rating Services were periodically prepared and submitted to the Board of Directors.

Management declaration studies have been carried out regarding the business processes executed by the Head Office, the data specified in the Internal Capital Adequacy Evaluation Process (ISEDES) report have been validated and the statistical models and econometric data used in the report have been effectively assessed through validation efforts. Therefore, it was checked whether the Bank complies with all kinds of requirements foreseen by the legal and administrative legislation.

By providing internal and external trainings to the Members of the Board of Internal Auditors who have the opportunity to gain experience in every field of banking by carrying out audits in various units of the Bank, their professional and personal developments have been supported and by transferring these persons to administrative positions, the Bank continued to provide qualified human resources to the Bank's administrative staff.

Internal Control

The Internal Control Department aims to protect the Bank's assets, to carry out activities effectively and efficiently in accordance with the law and other relevant legislation, in-house policies and rules, and to ensure the reliability, integrity of the accounting and financial reporting system and timely

availability of information in line with the ISO 9001:2015 Quality Management System standards, within the framework of generally accepted professional standards and business ethics rules, with a proactive and preventive approach through financial, operational and other control points, simultaneous, impartial and objective reporting to the monitoring, examination, evaluation and management levels. In order to carry out these activities, it carries out its duties administratively reporting to the Audit Committee and the Board of Directors through the Internal Systems Group.

In 2023, periodic meetings were held with the Audit Committee to provide information on the activities and annual reports were submitted to the Board of Directors on a semi-annual basis.

The Presidency monitors the laws, regulations, BRSA regulations and the current legislation of the Bank, and the changes made are reflected on the control instructions and control points simultaneously. Thus, it is ensured that the control instructions and control points which determine the scope of on-site and central control activities are kept up-to-date in line with the legislation and the Bank's targets.

By analyzing business processes, opinions and suggestions for reducing risks and increasing operational efficiency and effectiveness are conveyed to the relevant units. Internal Control activities' results are periodically analyzed, and service points and topic-based risk assessments are regularly presented to the Executive Management.

Efforts are given to prevent mistakes and abuses, and to create an internal control culture by raising awareness of the personnel by the "Awareness Notices" made throughout the Bank, particularly in operational processes.

With the internal control reports being carried out electronically over a web-based system, abandoning the paper environment in business processes and executing all transactions through the system, transferring the finding tracking process to the system and thus following the actions taken by the branch regarding the findings that were not resolved during the control activity, keeping all information in the data warehouse and ability to produce and analyze numerical data on control results were achieved.

Central control activities are carried on by expanding the field of activity simultaneously with on-site controls. Furthermore, it will be possible to enter the findings in the database in a retrospective manner to create region- and branch-based risk maps and conduct analyses in different subject areas. Scenarios are created for the risk elements which are not possible to prevent systematically, or which require a long time span to prevent, and these scenarios are updated continuously. The results of these scenarios are checked centrally, or relayed to the internal controller for on-site checks. Additionally, regional coordination offices are checked directly at the center.

Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2023

Continuous controls are carried out in order to realize the instant control of the business processes carried out in the bank units and the interactive and multi-dimensional systems that interact with each other, and continuous control activities are carried out in eight Departments under four Deputy General Directorates.

In addition, information systems internal control activities which should be fulfilled in accordance with the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process are carried out by the Information Systems Controls Group organized at the Departmental Management level within the Internal Control Department. Activities for the control of communication channels and information systems are also carried out by this team in order to ensure that the information obtained within the Bank is reliable, complete, traceable, consistent and in the appropriate form and quality to meet the needs, and that it can be accessed in a timely manner by the relevant unit and personnel.

In addition, activities related to information systems management before the bank and the bank's external service providers are regularly reviewed in terms of compliance of the processes supporting these activities and the established information systems controls with the legislation and in-bank policies, procedures and standards, by the Regulation on Banks' Information Systems and Electronic Banking Services, the Information Systems Controls Department Manager who has also been appointed as the information systems internal control officer, together with the personnel

who have the qualifications required by the Regulation. Findings, suggestions and action plans regarding the findings are periodically reported to the Internal Control Unit Manager, Audit Committee and Executive Management. Said personnel also form opinions on planned changes, innovations in the bank's products and processes, or in-bank policies, procedures and process documents upon request and participates in projects and working groups, boards and committees related to critical processes within its scope of duty. Information systems internal control activities are carried out in line with the plan approved by the Bank's Audit Committee. Information systems internal control and information systems internal audit activities are carried out in a coordinated manner based on mutual cooperation and informing, and resources are used effectively by planning internal control and internal audit activities in a way that ensures that systems, processes and areas of importance are evaluated on time and with priority.

The Bank's Executive Management, the Board of Internal Auditors, General Management divisions and Regional Coordinatorships conduct investigations on various matters, and Internal Controllers conduct investigations on specific issues identified during control work, and the relevant results are reported. During the examination studies, information and documents regarding the issues that constitute the subject of the examination are evaluated in detail, the issues that require an inspector's examination are referred to the Board of Internal Auditors, and the issues that can be resolved by administrative measures are referred to the relevant General Directorate units.

Importance is attached to all trainings needed for the professional and personal development of the internal controllers working under the Presidency, from the day they take office until they move onto administrative duties, and with support to the professional and personal development of the personnel, certification gains in various fields are encouraged. In addition, the personnel who will work in the information systems internal control functions receive training at least twenty hours a year and at least one hundred and twenty hours in three years in information systems internal control, information systems auditing, establishment of information systems governance and controls or information security, and participate in seminars.

Compliance

A Compliance Department was established pursuant to the Board of Directors' resolution numbered 39 dated November 14, 2017 in order to carry out the Bank's obligations in accordance with the Prevention of Laundering of Crime Revenues legislation more effectively and to oversee the Bank's legal and regulatory compliance activities.

The Bank Compliance Program was issued in order to fulfill the Bank's responsibilities within the scope of Law no. 5549 on Prevention of Laundering Proceeds of Crime. Under the Compliance Program, the risk management, monitoring and control activities and activities for complying with national and international legislation regarding the prevention of laundering of crime revenues and financing of terrorism are performed by the Compliance Department, reporting to the Internal Systems Group Presidency, and the Board of Directors through the Audit Committee.

The Compliance Department identifies and categorizes the risks that the Bank may be exposed to in terms of the prevention of laundering of crime revenues and financing of terrorism issues, determines measures to mitigate risks and measures the effectiveness and efficiency of these measures, and also monitors trends in current compliance risks and subjects the Bank's products/services and customer structure to risk analysis processes within the framework of these risks.

Scenarios that could serve as a reference for monitoring and control activities are designed by considering risk-based approaches, existing scenarios are updated in line with current risks and measures, and new scenarios are created by considering the trends on the prevention of laundering of crime revenues and financing of terrorism. The system settings of the modules, which are an integral part of monitoring and control activities and where scenarios are managed, are updated in line with the needs, and work is carried out in coordination with the relevant teams to resolve technical issues.

In measuring the compliance risks posed by the Bank's customers, a customer risk scoring module is created within the framework of FATF recommendations and new risk management approaches. The module operates on a daily basis through the data warehouse and is scored based on criteria such as customer's past transaction habits, demographic structure and sector of activity. Efforts are underway to update the data subject to the scoring module and to expand its use throughout the Bank.

Improving customer and transaction data quality is important for the accurate and complete execution of risk management activities as well as for the Bank's marketing activities. In this respect, the Bank actively participates in the efforts of the Data Quality Committee established within the Bank. In addition, the reports generated through the Halksite platform help branches and regions in their efforts in this area under two main headings, namely Compliance Risk and Data Control.

In order to maintain healthy correspondent banking relations, the Bank requests information from correspondent banks on the prevention of laundering of crime revenues and financing of terrorism and conducts surveys. In addition, opinions are shared on the compliance processes of existing and new correspondent relationships.

The trainings to be given to the Bank's personnel on the issues included in our national legislation are organized in coordination with the Department of Halk Academy, and the documents related to the training topics are updated by taking into account both the minimum obligations set by the legislation and international developments. In addition, the training needs of the personnel of the Compliance Department are also assessed with the same approach.

Fulfilling the requirements of the relevant article of the national regulation on Risk Management Activities, a Risk Assessment Report is prepared in order to gather the activities carried out during the year within the scope of the Compliance Program under one report, to evaluate the Bank's compliance risk areas and update them when necessary, to create a basis for updating the Bank's policies and procedures, and to make self-assessment by measuring the effectiveness of the activities. The report is submitted to the Audit Committee and suggestions for process improvements are forwarded to the relevant business units.

In addition, the Bank actively participate in the MASAK (Financial Crimes Investigation Board) Working Group established within the Banks Association of Türkiye as well as its sub-working committees, the National Risk Assessment and Training Groups, thereby making significant contributions to improving processes across our country.

Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2023

Pursuant to Article 4 of the Law on Prevention of Laundering Proceeds of Crime, monitoring and control activities are carried out to fulfill the Bank's obligation to report suspicious transactions. In the cases that are deemed suspicious as a result of the evaluation in terms of the prevention of laundering of crime revenues and financing of terrorism, suspicious transactions are reported to the MASAK Office. In order to fulfill the obligation under Article 26/A of the Measures Regulation, high-risk customers identified in the prevention of laundering of crime revenues and financing of terrorism Prevention Implementation Instruction are assessed during the customer acceptance process.

The Compliance Department also has duties arising from the ICAAP Regulation. Within the scope of regulatory compliance controls, compliance controls are carried out for the compliance of the Bank's planned activities, new transactions and products with the Banking Law and other relevant legislation, in-house policies and rules and banking practices.

It is ensured that the Bank personnel are informed about the changes in the law and other relevant legislation.

Ensuring that compliance activities are carried out across the Halkbank group is the responsibility of the Compliance Department. For this purpose, the Group Compliance Policy is prepared, and it comes into effect upon the approval of the Board of Directors. The compliance of the Bank's subsidiaries with this policy is monitored by the Compliance Department. Although each subsidiary has a separate Compliance Officer, in accordance with MASAK legislation, the Compliance Officer of Halk Bank is also the Compliance Officer of the financial group.

Within the scope of Türkiye's fight against money laundering and terrorism financing, MASAK makes numerous information requests or authority audits conduct to examine whether the obligations under the Law are fulfilled. Information/documents demanded in both information requests and audits are submitted to MASAK in a timely and complete manner.

The implementation of asset freezing decisions issued by the authorities of our country and the necessary system improvements are ensured and the newly issued decisions are monitored.

The Bank carries out its activities in compliance with international sanctions programs, and commitments are made, especially to correspondent banks, that the necessary measures have been taken in this regard in the transactions intermediated by the Bank. In this context, the Compliance Department oversees the Bank's compliance with the sanctions programs; monitors the relevant legislation, news and trends; establishes the necessary policies and procedures for compliance with sanctions regulations; takes systemic measures for workflows and processes and shares opinions within the scope of accepting customers deemed risky in terms of sanctions and conducting business relations. In addition, periodic reporting is also carried out to assess sanction risks.

Risk Management

Pursuant to the provisions of the Regulation by the BRSA on "the Banks' Internal Systems and Evaluation Process of Internal Capital Adequacy" which was published in the Official Gazette dated July 11, 2014 and numbered 29057, Risk Management Department operates under the Internal Systems Group, and reports to the Board of Directors, through the Audit Committee.

The reports prepared by the Risk Management Department regarding the risks, especially the credit, market and operational risk elements and the risks related to asset-liability management, scenario analyzes/stress test results and the credit risk model and validation results were examined by the Audit Committee.

In this context; Based on the legal limitations determined within the scope of national and Bank legislation, the rates related to the Bank's capital and liquidity adequacy and other ratios followed within the scope of risk appetite were calculated and reported,

As a result of the validation efforts performed in order to measure the effectiveness of the Bank's internal rating systems, the results generated by the Bank's rating systems are at acceptable levels, loan default rates are at reasonable levels,

Credit ratings of legal entity credit customers are considered, and a balance of risk and collateral is maintained, based on the riskiness of the customer,

Based on the results of the Value at Risk Analysis conducted by the Bank with an internal model to measure market risk, the market risk the Bank is exposed to is at levels that can be covered by the Bank's equity and under the determined limits,

Opinions on the Bank's new products and services are provided through established systems, opinions on companies to receive support services within the scope of the Regulation on the Procurement of Support Services by Banks are submitted and annual collective risk assessments are made,

Regular review activities are carried out and necessary revisions are made regarding Risk Management policies and implementation procedures, and necessary coordination is carried out for the creation of the Bank's ICAAP Report and Precaution Plan,

Validation studies of the models used in estimating the income of customers in Personal loan applications are carried out,

The models used to calculate the Expected Credit Loss Provision (ECLP) within the scope of TFRS-9 are regularly renewed and the models are put into practice by calibrating the models, monthly behavioral notes for credit customers are produced and used in the Bank's ECLP calculation,

Probability of default, loss given default, and default amount models developed pursuant to the Communiqué on Calculation of the Amount Subject to Credit Risk with an Internal Rating Approach are validated on a regular basis and monitored to be revised where necessary,

Validation studies of the models used in the calculation of ECLs within the scope of TFRS-9 are carried out,

The probability of default models developed for individual and commercial customers are used as a decision support system in allocation decisions, the infrastructure for the use of model outputs in the Bank's important business processes such as allocation, provisioning, pricing and monitoring has been established and the structure continues to be used,

Necessary actions have been carried out in order to ensure that the Amount Subject to Credit Risk be calculated with Internal Rating Based Approaches and the reports have been issued regularly.

Mevlüt UYSAL

Vice Chairman of the Board of Directors
Audit Committee Member

R. Süleyman ÖZDİL

Chairman of the Board of Directors
Head of Audit Committee

Executives of the Internal Systems Units

Head of Internal Systems Group: Hamdi COŞGUN

Tenure in Current Position	1 years and 7 months
Professional Experience	23 years and 1 months
Educational Background	Bachelor's Degree in Türkiye

Head of Inspection Board of Internal Auditors: Ali CEBECİ

Tenure in Current Position	4 years and 10 months
Professional Experience	28 years and 6 months
Educational Background	Bachelor's Degree in Türkiye

Head of Internal Control Department: Ahmet Mustafa DOĞAN

Tenure in Current Position	4 months
Professional Experience	23 years and 5 months
Educational Background	Bachelor's Degree in Türkiye

Head of Risk Management Department: Burak KARATAŞ

Tenure in Current Position	4 months
Professional Experience	13 years and 8 months
Educational Background	Bachelor's Degree in Türkiye

Head of Compliance Department: Samet DEMİRCİ

Tenure in Current Position	1 years and 7 months
Professional Experience	13 years and 3 months
Educational Background	Bachelor's Degree in Türkiye

Risk Management Policies by Risk Types and Risk Management Information

The Bank developed its risk management policies and implementation principles on the basis of risk types, in accordance with the provisions of Article 36 of the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published in the Official Gazette No. 29057 dated July 11, 2014 and the good practices guidelines related to risk types.

Halkbank's risk management policies aim to ensure that the Bank conducts its operations in accordance with the procedures and principles stipulated in the Banking Law and in line with its mission and goals of profitability and productivity while safeguarding the interests of the Bank's depositors and the shareholders to the maximum extent possible.

Within the scope of the policy documents on the management of each type of risk put into practice with the Decision of the Board of Directors of the Bank and the liquidity emergency action plan:

- Risk appetite limit levels, the sub-limits and trigger levels in order for these limits to be managed in a healthy manner,
- Principles of risk analyses to be conducted in relation to the rating systems used in the Bank's lending process and the validation of these systems,
- Treasury operations stop-loss limits for capital markets positions and foreign currency positions, and limits for capital markets and foreign currency and money market transactions,
- Limits on the Bank's foreign exchange position and counterparty risk in transactions with correspondent banks,

- Limits to contain the impact of interest rate shocks on the Bank's economic value,
- Metrics for the prediction of stress and crisis situations regarding liquidity,
- Limits regarding the management of the liquidity risk have been determined and the course of the mentioned metrics and the levels of compliance with the limits are being periodically monitored.

Credit Risk Policy

In order to transform resources into credit risk in accordance with the principles of reliability, prudence, fluidity, creditworthiness, profitability and efficiency, and to measure, evaluate and manage this risk effectively and adequately, the Bank has established Loan Policies and these policies have been approved and put into effect by the Bank's Board of Directors.

Objectives of the Bank's loan policies are:

- To create reliable lending standards,
- To monitor the credit relationship accurately and timely,
- To define credit risks and to manage the portfolio,
- To ensure the repayment of credits.

Within the framework of this policy, the Board of Directors has the authority to extend credit and to delegate this authority to the Credit Committee or the General Manager's Office within the framework of legal obligations, procedures and principles, and in accordance with the Bank's risk appetite, risk profile, budget and strategic plan, based on managerial practices.

There are certain report templates specified by the Board of Directors, which help to assess the company or the group in question. These should be used during lending processes. In both proposal stage and credit extension stage, evaluations are made by considering factors such as credit product type, maturity and collateral within the framework of specifications on clients' credibility. Credit line limits are specified considering the Bank's strategic objectives and the historical risk records.

Credit strategies are determined and approved in writing by the Board of Directors, taking into account target markets and targeted portfolio structure, market conditions, the Bank's financial position, risk appetite, expected profitability level and equity level. These strategies are updated no less than once a year.

Credit processes are managed in line with the principle of separation of duties without causing any conflict of interest. In this context, the preparation of the credit proposal, the review and approval of the credit proposal, the extension of the approved credit limit, the monitoring of the customers to whom credit is extended, the monitoring of limit overruns and collateral worthiness, and the collection process for non-performing loans are conducted by separate Bank organizations.

Risk Management Policies by Risk Types and Risk Management Information

Credit risk is measured using standardized and internal methods in accordance with the related regulations and communiqués. Models have been developed and basic risk parameters (Probability of Default, Loss Given Default and Default Amount) have been calculated in order to evaluate loan customers with internal rating-based methods. These are used as inputs in the Bank's key business processes (allocation, monitoring, pricing, provisioning). Reports prepared for internal rating, and which summarize the Bank's risk profile are regularly reported to support the Bank's Executive Management in critical decision-making processes.

The approaches used in credit rating models are subject to qualitative and quantitative validation, and these rating models are monitored, and the performance and stability of the model are regularly assessed.

Credit risk stress tests and scenario analyses are conducted to assess the impact of unexpected market and Bank-specific conditions on credit risk and the results of these tests are regularly reported.

Liquidity Risk Policies

Within the scope of the Policies on Liquidity Risk Management approved by the Board of Directors, the general framework for liquidity management has been set out and duties and responsibilities have been determined. Within the scope of this risk, the liquidity risk analyses (gap analyses) made according to the maturity structures of the balance sheet and off-balance sheet items of the Bank as well as the Bank-specific risk that may impact the liquidity of the Bank are closely monitored.

Liquidity risks are managed within the scope of the approved risk and transaction limits by the Board of Directors.

The early warning levels and limits regarding the Bank-specific metrics and systemic metrics that are determined with the "Liquidity Emergency Action Plan (LAEP)" which is a part of the liquidity risk management and approved by the Board of Directors are being tracked on a daily basis. Within the scope of LAEP, the actions to be taken against liquidity stress/crisis and their priority order were determined in writing. The "Liquidity Risk Committee" was established for closely monitoring the process.

The analysis results regarding liquidity risk are regularly reported to the Executive Management of the Bank.

Interest Rate Risk Policies

The Policies Regarding the Management of the Interest Rate Risk, approved by the Board of Directors of the Bank cover the management of interest rate risks that the Bank is exposed to due to its balance sheet and off-balance sheet positions.

Value approach which measures the impact of the change in the interest rates on the economic value of the Bank position and the incomes approach which measures the impact of the change in the interest rates on the Bank's net interest income form the basis of the interest rate risk analyses.

The interest rate risks, risk appetite and warning levels approved by the Board of Directors are followed and regularly reported to the Bank's Executive Management.

Market Risk Policies

The Policies of the Bank Regarding the Market Risk cover the management of market risks of the trading accounts and the measurement, reporting and management of the risk arising from balance sheet and off-balance sheet exchange position other than the trading accounts.

The market risks the Bank positions are exposed to due to the fluctuations in risk factors, especially the interest rates, exchange rates, stock and commodity prices are being closely monitored. The risk appetite and warning levels specified by the Board of Directors are monitored, associating the Value at Risk calculated for the Bank's positions with the legal equity and are reported to the Executive Management of the Bank.

In addition to standardized scenario analyses and stress tests, customizable stress test results are also presented to the Bank's Executive Management.

Operational Risk Policy

The Bank has established an operational risk management policy approved by the Board of Directors regarding operational risks. The policy sets out the general framework for the identification, analysis, measurement, monitoring and the oversight of operational risk by Executive Management and is supported by internal procedures for implementation.

In order to measure the amount subject to operational risk, capital requirement levels related to operational risk are calculated by using Basic Indicator Approach, Advanced Measurement Approach and New Standard Method.

With the Operational Risk Management Policy, risk appetite was determined by associating the gross loss amount with the allocated capital amount and operational risk limits were established in order not to exceed the said risk appetite. The risk appetite and the level of compliance with the limits are regularly monitored and reported to the Bank's Executive Management. Limits and procedures determined within this scope are periodically reviewed.

Operational Risk Committee examines and assesses operational risk on a single and consolidated basis and decides on the precautions that should be taken. The Committee ensures that the operational risk loss data is up to date, considering the regulatory and non-regulatory changes, both at the national and international level. In this context, studies are carried out to determine the meeting agendas of the Operational Risk Committee by taking into account the developments and operational risk events in the Bank, in the country and in the world, to monitor the implementation of the decisions taken in the committee meetings and to ensure the coordination of the committee in general.

Regarding operational risk management, a loss database that also includes data from subsidiaries was created for the purposes of specifying risky business processes and activities, running frequency/severity analysis of risk levels, monitoring operational risk both on a single and on a consolidated basis, using loss data as input when applying advanced measurement techniques, specifying the collections made for transactions resulting with operational losses and to specify the sources of these collections, and

monitoring the historical change in operational risk. Analyses of the Bank's operational risk loss data and the areas in which concentrations of these data are observed, including developments regarding operational risks, are regularly reported to the members of the Operational Risk Committee and the Bank's Executive Management.

Policy and Implementation Procedure Documents Specific to Other Risk Types

The Bank conducts gap analysis within the scope of good practice guidelines published by the BRSA and carries out the activities of creating policy documents specific to each risk type within the scope of compliance with the guidelines and reviewing them at least once a year and updating them if necessary.

In this context, "Policies on the Management of Concentration Risk," "Policies for Strategy Risk Management," "Policies for Country Risk Management" and "Policies on the Management of Reputation Risk" as well as "Stress Test Framework," "Risk Appetite Framework," "Capital Emergency Action Plan" and "Directive on Procedures and Principles Regarding the Internal Capital Adequacy Assessment Process (ICAAP)" were established and put into practice.

Rating Notes

Fitch Ratings (September 22, 2023)

Foreign Currency Long-Term	B- (Negative Tracking)
Foreign Currency Short-Term	B (Negative Tracking)
Local Currency Long-Term	B (Negative Tracking)
Local Currency Short-Term	B (Negative Tracking)
National Long-Term	AA(tur) (Negative Tracking)
Financial Capacity Rating	b- (Negative Tracking)
Government Support Rating	ns

JCR Eurasia (November 29, 2023)

Long-Term International Foreign Currency Rating	BB (Negative)
Long-Term International Local Currency Rating	BB (Negative)
Long-Term National Rating	AAA (tr) (Stable)
Short-term National Rating	J1+ (tr) (Stable)

Board of Directors and Committees

Board of Directors

The Bank is governed and represented by the Board of Directors in accordance with the Turkish Commercial Code, Banking Legislation, Capital Market Law, other related laws and regulations and the Bank's Articles of Association.

The Board of Directors has the ultimate oversight authority over whether individuals with managerial duties comply with the laws, the Bank's Articles of Association, internal by laws and the written instructions of the Board of Directors.

The Board of Directors is comprised of nine (9) members. The members of the Board of Directors are elected by the General Assembly of shareholders.

At its first meeting following the swearing-in ceremony, the Board of Directors appoints one of its members as the Chairman of the Board of Directors and one as the Vice Chairman. The Chairman presides over the Board of Directors. When the Chairman is not present, the Vice Chairman presides over the Board of Directors.

The independent members who will serve on the Board of Directors are determined in accordance with the provisions of the Capital Market Law and Banking Legislation.

The Board of Directors convenes at the request of the Chairman of the Board of Directors or the Vice Chairman or a Board Member. The Board is obligated to convene at least once a month.

As a rule, the Board of Directors meetings are held in the province where the Head Office of the Bank is located. However, it is possible to have the meetings elsewhere if a simple majority of all members agree to do so.

The Board of Directors Meetings can be conducted in a physical and/or an electronic environment. As per Article numbered 1.527 of the Turkish Commercial Code, those who have the right to attend the Bank's Board of Directors Meetings may choose to do so electronically. Pursuant to the provisions of the "Communiqué on Board Meetings at Corporations Other Than Joint Stock Company General Assembly Meetings To Be Held in an Electronic Environment," the Bank may establish an electronic meeting system that permits the rights holders to attend these meetings and to vote in an electronic environment or it may opt to procure the service from systems that are created for this function. The Bank shall ensure that stakeholders will be able to exercise their rights as stipulated in the relevant laws, rules and regulations under the provisions of the Communiqué at the meetings either through the system established in accordance with the relevant provision of the Articles of Association or through an externally procured system.

The agenda of the Board of Directors is set by the Chairman or Vice Chairman calling the meeting at least 24 hours prior to the meeting and it is delivered to the members along with the meeting invitation by the Board of Directors Secretariat Services Department. In the event of an emergency, items may be added to the agenda upon the request of the Chairman of the Board of Directors; members of the Board of Directors may also make a motion on the issues that require a Board resolution to be passed.

The motions that are part of the Board of Directors meeting agenda, as well as all related attachments, shall be transmitted to the Board of Directors Secretariat Services Department by the member making the motion up to the time when the agenda is finalized. The motions that will be taken up as part of the Board of Directors agenda are presented to the Chairman, Vice Chairman and members of the Board of Directors as well as to the General Manager by the Board of Directors Secretariat Services Department.

If the subject of an agenda item is proposed by the Chairman, Vice Chairman and/or a member of the Board of Directors, the subject is converted into a motion by the Board of Directors Secretariat Services Department, signed by the member(s) of the Board of Directors making the motion and presented to the Board of Directors.

The Board of Directors convenes with the majority of the members and takes decisions while the majority of the Members are present at the meeting.

Board of Directors and Committees

Unless a member requests a deliberation, Board of Directors resolutions can also be passed by obtaining the written approval of a simple majority of the full membership of the Board of Directors for a motion made by a member, provided that all members of the Board of Directors were notified of the motion.

In 2023, the Board of Directors convened 48 times with the participation of 99.3% of the members and took 889 decisions.

Audit Committee

Halkbank's Audit Committee was established pursuant to the Board of Directors resolution numbered 34-01 and dated October 31, 2006. Qualifications, duties and responsibilities of the Audit Committee are set forth in the Internal Directive on Governance as amended last pursuant to the Board of Directors resolution numbered 26-01 and dated May 31, 2019 and as per the provisions of the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published in the Official Gazette n.29057 and dated: July 11, 2014; the Audit Committee is responsible – on behalf of the Board of Directors – for overseeing the efficiency and sufficiency of the internal control, risk management and internal audit systems of the Bank and the functioning of these systems and the accounting and reporting systems within the framework of the law and relevant regulations and for overseeing the integrity of the information produced, making preliminary evaluation necessary for the Board of Directors to choose an independent audit firm and also, rating, assessment and support services institutions, regularly monitoring the activities of these institutions chosen by the Board of Directors, making sure that the internal audit functions of the corporations subject to consolidated audit are performed in a consolidated manner in the corporations which are defined as the parent company within the scope of the law. The Audit Committee is in charge of establishing the audit and control process which will provide assurance for the efficiency and accuracy of ISEDES. Within the scope of "Early Detection and Management of Risk" specified in the Turkish Commercial Code, the Audit Committee also carries out the duty of early "diagnosis" of the reasons that endanger the existence, development and continuity of the Bank. It counsels the Board of Directors regarding the issues of risk management and implementation of remedies for the detected risks. Carrying out the necessary tasks by means of the relevant units of the Bank in accordance with its duty, the Committee submits the situation analysis and its suggestions (if any) in a report to the Board of Directors.

Duties of the Audit Committee

- Overseeing the efficiency and adequacy of the Bank's internal control, risk management, compliance and internal audit systems, the functioning of these systems and accounting and reporting systems within the framework of the Law and related regulations, and the integrity of the information produced on behalf of the Board of Directors, and to ensure the continuation and coordination of the internal audit activities of companies subject to consolidation in accordance with the regulations enacted pursuant to the Law,
- Establishing communication channels that will enable the personnel of the units in the internal systems reach them directly,
- To monitor whether the internal audit system covers the current and planned activities of the Bank and the risks arising from these activities, to examine the internal regulations regarding the internal audit that will come into effect as per the approval of the Board of Directors,
- To make suggestions to the Board of Directors regarding the election of the managers of the units within the scope of the internal systems who are subordinate to the Audit Committee, to give opinions during the dismissal of them by the Board of Directors,
- Receiving and evaluating the opinions and suggestions of senior management regarding internal systems,
- Ensuring the establishment of communication channels that will enable internal irregularities to be reported directly to itself or to the internal audit unit or inspectors,
- To monitor whether the inspectors fulfill their duties independently and impartially,
- Reviewing internal audit plans,
- To make suggestions to the Board of Directors regarding the qualifications to be sought in the personnel who will work in the units within the scope of internal systems,
- To monitor the measures taken by the senior management and their affiliated units regarding the issues identified in the internal audit reports,
- Evaluating the professional education levels and competence of the managers and personnel working in the units within the scope of internal systems,
- Evaluating whether the necessary methods, tools and implementation procedures exist for the identification, measurement, monitoring and control of the Bank's risks,

- To hold meetings with the inspectors and the independent auditors of the independent audit firm that conducts the independent audit of the Bank at regular intervals and not less than four times a year, within the scope of the program and agenda to be determined,
- To inform the Board of Directors about the opinions and evaluations of the relevant senior management, the personnel working in the risk management, internal control and internal audit units, and the independent audit firm, on the practices needed to fulfill the duties and responsibilities as required, to ensure and develop their effectiveness,
- To review the evaluations of the independent audit firm within the scope of the compliance of the Bank's accounting practices with the Law and other relevant legislation, and to get the explanation on the inconsistencies detected from relevant senior management,
- Evaluating the independent audit results, annual and quarterly financial statements and their related documents and the independent audit report in conjunction with the senior management and the independent auditors and resolving other issues that the independent auditors have reservations about,
- Evaluating the independence of the Bank's contracting institutions, independent auditing institutions and valuation institutions, including the information systems auditors, and their chairman and members of the board of directors, auditors, managers and employees in their activities related to the Bank and the adequacy of the allocated resources, and submitting their evaluations in a report to the Board of Directors, and to repeat these transactions regularly for a period of no more than one year for valuation companies and three months for other institutions during the contract period in case of service is provided,
- To make a risk assessment regarding the support service that the Bank will receive, to present its assessments to the Board of Directors in a report, to repeat these transactions regularly and not less than once a year during the contract period in case of service, and also to watch the adequacy of the services provided by the support service institution.
- To monitor whether the Bank's financial reports cover all real and reflective information, whether it is prepared in accordance with the Law and other relevant legislation, and to correct detected errors and irregularities,
- To discuss with independent auditors whether the financial reports accurately reflect the Bank's financial situation, the results of the work done and the Bank's cash flows, and whether they are prepared in accordance with the procedures and principles set forth in the Law and other relevant legislation,
- To report the activities carried out and the results of these activities during the period provided that it does not exceed a six-month period to the Board of Directors, and to include the opinions on the measures to be taken at the Bank, the practices that need to be done and other matters that the Bank deems important for safe continuation of its activities in the report,
- To follow up whether those who have the authority to open credit take part in the evaluation and decision-making stages of credit transactions to which they, their spouses and children under their custody or other real and legal persons forming a risk group with them are parties, and to establish communication channels that will enable them to be notified of these issues,
- To obtain information and documents from all units of the Bank, contracted support service institutions and independent audit firms, and to provide consultancy services from experts in their fields subject to the approval of the Board of Directors at the Bank's cost,
- To carry out the duty of early detection of the reasons that endanger the existence, development and continuation of the Bank within the scope of "Early Detection and Management of Risk" specified in the Turkish Commercial Code, to make suggestions to the Board of Directors on the necessary measures and remedies for the identified risks and on the management of the risk, and carrying out the necessary studies through the relevant units of the Bank in line with the aforementioned task and presenting the situation assessment and its recommendations in a report to the Board of Directors, if any,
- To establish the audit and control process that will provide the necessary assurance about the adequacy and accuracy of the Internal Capital Adequacy Assessment Process (ISEDES),
- To ensure that the Bank's obligations arising from the Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Regulation on this Law and other relevant legislation are fulfilled on behalf of the Board of Directors, and that the entire compliance program is carried out adequately and effectively.

In 2023, the Audit Committee convened 32 times with the full participation of its members and the Bank's potential risks, stress tests and scenario analyses, risk management policies and implementation procedures were discussed at the meetings.

Members of the Audit Committee	Position	Title
Recep Süleyman ÖZDİL	Chairman	Chairman of Board/Independent Board Member
Mevlüt UYSAL	Member	Vice Chairman of Board of Directors/Independent Board Member

Board of Directors and Committees

Operational Risk Committee

The Operational Risk Committee convenes quarterly, for at least four meetings each year. In addition, the Committee also convenes at the date and time set by the Chairman as deemed necessary by the Chairman or under special circumstances.

The duties, authorities and responsibilities of the Operational Risk Committee are as follows:

- Examines and evaluates the operational risks of the Bank on a solo and consolidated basis and takes decisions on issues that need to be taken precautions for.
- Makes suggestions so that the operational risk loss database created for monitoring operational risks can adapt to both national and international legislation and changes arising from non-legislative developments.
- Appoints the unit managers responsible for the implementation of the decisions recorded in the committee meetings in order to prevent the operational risks that occur in the Bank and our subsidiaries.
- Risk appetite and risk limits for operational risks determined by the Board of Directors are evaluated. Assessing the risk analysis reports prepared by the business units on the explanation of the causes of operational risks that resulted in the exceedance and oversees the decision making process regarding the prevention, transfer and/or acceptance of the risk.
- In order to ensure the dissemination of the operational risk culture, it makes suggestions in order to increase the awareness of the Bank personnel on operational risks (in-class trainings, e-training, electronic announcements on the "Operational Risk Warning," "Security Announcements" regarding the risks the Bank may encounter, etc.)
- If necessary, it creates sub-working groups that the chairman of the committee deems appropriate in order to evaluate operational risks more frequently.

The Operational Risk Committee convened 4 times in 2023 with the participation of 86.5% of the members, and decisions were taken at the meetings to identify the transactions that cause operational losses and to prevent operational losses.

Members of the Operational Risk Committee	Position	Title
Hamdi COŞGUN	Chairman	Head of Internal Systems Group
Ergin KAYA	Member	Deputy General Manager Responsible for Operational Transactions and Digital Transformation(COO)
Olçay ATLIOĞLU	Member	Deputy General Manager Responsible for Information Technologies (CTO)
Fatih ŞAHBAZ	Member	Deputy General Manager Responsible for Human Resources and Support Services
Altan TAŞKIRAN	Member	Deputy General Manager Responsible for Retail and Digital Banking
Ali CEBECİ	Member	Head of Inspection Board of Internal Auditors
Ahmet Mustafa DOĞAN	Member	Head of Internal Control Department
Burak KARATAŞ	Member	Head of Risk Management Department
Samet DEMİRCİ	Member	Head of Compliance Department
Abdullah GÜRHAN	Member	Head of Central Operations Department
Süleyman Baran KOYUNCU	Member	Head of Branch Operations Department
Mehmet SEVİMLİ	Member	Head of Legal Affairs Department
Uğur Deniz ŞAHİN	Member	Head of Treasury Operations Department
Ahmet Cemal EREN	Member	Head of Tax Management and Payments Department
Mustafa ERMİŞ	Member	Head of Foreign Transactions Operations Department
Yusuf ERBAŞ	Member	Head of Subsidiaries Coordination Department
Kadriye Çimen BOZACI	Member	Head of Customer Communication Center Department
Okan KARADAĞ	Member	Head of Information Technologies Planning and Governance Department
Hakan ARMAĞAN	Member	Vice Chairman of Board of Internal Auditors Responsible for Inquisition-Investigation
Rifat Tolga ARICA	Member	Division Manager of Risk Management Department Responsible for Operational Risk Management
Alper TORUN	Member	Division Manager of Information Systems Security Office Responsible for Information Technologies
Fatma AYDIN KHALIL	Member	Division Manager of Branch Operations Department Responsible for Secure Banking Operations
Sedat ERDOĞAN	Member	Division Manager of Retail Banking Department Responsible for Insurance
Rifat ÖZTÜRK	Member	Division Manager of Human Resources Department Responsible for Ethical Standards and Discipline

Board of Directors and Committees

Credit Committee

Operating within the authority delegated to it by the Board of Directors, the Credit Committee makes decisions related to new loan allocations and on loan restructuring matters such as maturity extension, increase, change in covenant and lowering the interest rate for loans. The Committee sets the mandatory rules and principles governing the Bank's credit decisions. Established to perform the credit-related duties assigned by the Board of Directors, the Credit Committee consists of the Bank's General Manager and a minimum of two members elected from among the members of the Board of Directors who possess all of the qualifications required of a General Manager except for the tenure requirement. Two associate members, who also possess all of the qualifications required of a General Manager except for the tenure requirement, are elected from among the members of the Board of Directors to replace any members of the Credit Committee who are unable to attend a meeting.

An affirmative vote of at least three-quarters of the members of the Board of Directors is required to elect the members and associate members of the Credit Committee. The General Manager serves as the Chairman of the Credit Committee. In the absence of the General Manager, a permanent member presides over the Credit Committee. The Chairman of the Credit Committee is responsible for the coordination of the effective and healthy functioning of the Credit Committee's activities.

Duties and authorities of the Credit Committee

- Implements the Bank's loan policy approved by the Board of Directors, the size of the total placement portfolio, and its distribution by sector, region and loan type.
- Makes suggestions to the Board of Directors regarding the designation of the bank's loan policies, the procedures and principles regarding the lending activities on the basis of portfolio and real/legal persons.
- Ensures that the loan portfolio is managed within the framework of generally accepted credit risk management principles.
- Can delegate some of its duties and authorities by clearly stating the limit and scope, cannot delegate authority regarding open loan transactions on other loan types except for individual loans, monitors and supervises the practices of the body to which it has delegated its authority.
- Performs the authorizations and duties delegated by the Board of Directors.

The Credit Committee convened 48 times with the full participation of its members and took 730 decisions in 2023.

Members of the Credit Committee	Position	Title
Osman ARSLAN	Chairman	General Manager and Board Member
Mevlüt UYSAL	Member	Vice Chairman of Board of Directors/Independent Board Member
Şeref AKSAÇ	Member	Board Member

Assets and Liabilities Committee (ALCO)

The Committee was formed to set the policies regarding the management of the Bank's assets and liabilities and the movement of funds within that scope and to take and implement the decisions regarding the management of the Bank's balance sheet to be executed by the related units.

Duties of the Assets and Liabilities Committee Deliberating and evaluating the financial structure, portfolio, budget, loan and deposit interest rates of the Bank; developments in the money and capital markets; and the developments taking place in the Bank itself and in other banks.

ALCO meets regularly once a week, but at minimum once a month, on the date and at the place determined by the Chairman of the Committee. ALCO meetings begin with the discussion of the agenda items put together by the Committee Chairman. Upon invitation by the Committee, Deputy General Managers and other officials may attend these meetings to obtain information and/or offer opinions. The decisions and practices adopted in previous meetings are evaluated at these meetings, after which the decisions to be made and the practices to be adopted are identified. The decisions made and practices to be adopted are submitted to the General Manager for approval to be transmitted to the related Deputy General Manager.

The Assets and Liabilities Committee convened 22 times in 2023 with the full participation of its members. The members of the Committee attended the meetings regularly.

Members of Assets and Liabilities Committee	Position	Title
Osman ARSLAN	Chairman	General Manager and Board Member
Yalçın MADENCİ	Member	Deputy General Manager Responsible for Corporate and Commercial Marketing
Hasan TUNCAY	Member	Deputy General Manager Responsible for SME Banking
Altan TAŞKIRAN	Member	Deputy General Manager Responsible for Retail and Digital Banking
İlhan BÖLÜKBAŞ	Member	Deputy General Manager Responsible for Loan Allocation and Management
Tahir DEMİRKIRAN	Member	Deputy General Manager Responsible for Loan Policies Monitoring and Specialized Loans
Celal CANDAN	Member	Deputy General Manager Responsible for Credit Risk Liquidation and Legal Affairs
Ali ŞÖNER	Member	Deputy General Manager Responsible for Treasury Management and International Banking
Ergin KAYA	Member	Deputy General Manager Responsible for Operational Transactions and Digital Transformation(COO)
Yusuf Duran OCAK	Member	Deputy General Manager Responsible for Financial Management and Planning(CFO)
Olçay ATLIOĞLU	Member	Deputy General Manager Responsible for Information Technologies (CTO)
Fatih ŞAHBAZ	Member	Deputy General Manager Responsible for Human Resources And Support Services
Hamdi COŞGUN	Member	Head of Internal Systems Group
Ali CEBECİ	Member	Head of Inspection Board of Internal Auditors
Burak KARATAŞ	Member	Head of Risk Management Department
Caner GÖKBULUT	Member	Head of Corporate Communications Department

Board of Directors and Committees

Corporate Governance Committee

The Corporate Governance Committee oversees the Bank's compliance with the Corporate Governance Principles, identifies conflicts of interest that may arise in this matter and undertakes improvement efforts. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors from among its independent and non-executive members. The date and location of the Corporate Governance Committee meetings are determined by the Committee Chairman. Upon invitation by the Committee Chairman, other officials may attend these meetings to obtain information and/or offer opinions.

Duties of the Corporate Governance Committee Overseeing the Bank's compliance with corporate governance principles, carrying out activities to make improvements in this area and presenting opinions to the Board of Directors in accordance with the "Regulation on the Corporate Governance Principles for Banks" published by the Banking Regulation and Supervision Agency and the "Corporate Governance Principles" published by the Capital Markets Board. It also oversees the activities of the Investor Relations Department. The Corporate Governance Committee also fulfills the functions of the Nomination Committee as outlined in the Corporate Governance Communiqué.

The Corporate Governance Committee convened twice in 2023 with the full participation of the members.

Members of the Corporate Governance Committee	Position	Title
Recep Süleyman ÖZDİL	Chairman	Chairman of Board/Independent Board Member
Şeref AKSAÇ	Member	Board Member
Yusuf Duran OCAK	Member	Deputy General Manager Responsible for Financial Management and Planning(CFO)
Ali ŞÖNER	Member	Deputy General Manager Responsible for Treasury Management and International Banking
Fatih ŞAHBAZ	Member	Deputy General Manager Responsible for Human Resources and Support Services
Osman BEKTAŞ	Member	Head of Financial Accounting Department
Halil İbrahim YILDIZ	Member	Head of Human Resources Department

Compensation Committee

The Compensation Committee was established pursuant to the Board of Directors Resolution No. 41-32 dated December 27, 2011 for the purpose of supervising and overseeing the Bank's compensation policies on behalf of the Board of Directors. The Committee is composed of at least two non-executive Members of the Board of Directors.

The Compensation Committee convened once in 2023 with the full participation of the members. The members of the Committee attended the meeting.

Members of the Compensation Committee	Position	Title
Mihrimah Belma SEKMEN	Chairman	Independent Board Member
Meltem TAYLAN AYDIN	Member	Board Member

Sustainability Committee

Sustainability Committee was established with the Board of Directors decision dated: 16.04.2015, in order to coordinate the sustainability activities of the Bank.

The Committee started its activities, under the Board of Directors, with the aim of increasing the Bank's strength to create long-term value and adapting economic, environmental and social factors together with the Corporate Governance Principles into the activities and decision mechanisms of the Bank.

A deeply rooted player in the Turkish banking industry, Halkbank is a corporation that translates its sustainability approach into its business processes. Considering the fate of future generations and contributing to sustainable development are integral parts of the Bank's policies.

The duties and authorities of the Sustainability Committee are as follows:

- The Committee monitors and implements the "Sustainability Policy" determined by the Board of Directors.
- Coordinates the Bank's efforts on sustainability and evaluates the economic, environmental and social impacts of its operations.
- The Committee forms study groups on sustainability from related departments. If necessary, the Committee seeks technical support from outside the Bank without the approval of the Board of Directors.
- Makes necessary determinations on sustainability in order to reduce the possible negative effects of the Bank's activities.
- Determines the energy and natural resources management procedures and principles of the Bank. The Committee analyzes the results of the energy management data, shares them with the Bank's related units, makes recommendations regarding the measures to be taken and presents reports and/or makes disclosures on public disclosure platforms as necessary.
- Prepares the appropriate infrastructure for the Bank in situations that require legal or illegal obligations in the field of sustainability.
- As a publicly traded bank listed on Borsa Istanbul, in an effort to be part of the BIST Sustainability Index consisting of companies with high corporate sustainability performances and to ensure the Bank's continuity in the index, the Committee carries out the necessary initiatives and coordinates the Bank's internal regulations geared toward this goal.
- Reports its opinions and suggestions to the Board of Directors regarding the activities and deficiencies throughout the Bank in the field of sustainability.

Board of Directors and Committees

The Committee convened 5 times in 2023 with the full participation of the members.

Members of the Sustainability Committee	Position	Title
Mihrimah Belma SEKMEN	Chairman	Independent Board Member
Ebubekir ŞAHİN	Vice Chairman	Board Member
Ergin KAYA	Member	Deputy General Manager Responsible for Operational Transactions and Digital Transformation(COO)
Tahir DEMİRKIRAN	Member	Deputy General Manager Responsible for Loan Policies Monitoring and Specialized Loans
Yusuf Duran OCAK	Member	Deputy General Manager Responsible for Financial Management and Planning(CFO)
Olca ATLIOĞLU	Member	Deputy General Manager Responsible for Information Technologies (CTO)
Fatih ŞAHBAZ	Member	Deputy General Manager Responsible for Human Resources And Support Services
Yalçın MADENCİ	Member	Deputy General Manager Responsible for Corporate and Commercial Marketing
Hasan TUNCAY	Member	Deputy General Manager Responsible for SME Banking
Hamdi COŞGUN	Member	Head of Internal Systems Group
Miraç TAŞ	Member	Head of Sustainability Department
İsa Emre ÖÇAL	Member	Head of Loan Policies Department
Muharrem BAYKARA	Member	Head of Investor Relations Department (a)
Onur BİLGİN	Member	Head of International Banking and Financial Institutions Department
Süleyman Baran KOYUNCU	Member	Head of Branch Operations Department
Mehmet TANRIVERDİ	Member	Head of Construction Expertise and Real Estate Management Department
İbrahim Okan ÇAĞLAR	Member	Head of Budget and Reporting Department
Selma ŞEN	Member	Head of Enterprise Architecture Department
Caner GÖKBULUT	Member	Head of Corporate Communications Department
Mehmet Hakan TERCAN	Member	Head of Infrastructure Management Department
Halil İbrahim YILDIZ	Member	Head of Human Resources Department
Burak KARATAŞ	Member	Head of Risk Management Department
Hacı BEKDUR	Member	Head of Support and Purchasing Services Department
Fazlı AĞKOÇ	Member	Head of Company and Project Analysis Department

GRI 2-9, 2-10, 2-13, 2-14, 2-18, 3-3

Information on Support Services Providers

Under the "Regulation on Bank's Procurement of Support Services," Halkbank procured the following support services provided by the companies listed below:

- Kyndryl Global Services İş ve Teknoloji Hizmetleri ve Ticaret Ltd. Şti.: Equipment renting and maintenance service,
- Veripark Yazılım A.Ş.: Software development and maintenance services for internet and telephone banking activities,
- Bilgi Birikim Sistemleri Elektronik ve Bilgisayar Endüstrisi Müh. Hiz. San. Tic. Ltd. Şti.: Identity Management System Product license purchase, maintenance and support services,
- İlim 07 Özel Güvenlik Hizmetleri Ltd. Şti., Tepe Savunma ve Güvenlik Sistemleri A.Ş. and Eva Grup Koruma ve Özel Güvenlik Ltd. Şti.: Security guard recruitment service needed in Bank units,
- Bilişim Bilgisayar Hizmetleri A.Ş. (Banksoft): Card payment systems software development and maintenance services,
- Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.: Credit card, debit card, printing office operations services, ATM, fast pass system (HGS) and call center service,
- KRM Yönetim Danışmanlık A.Ş.: Call Center and Operations Center staffing service,
- Hobim Archiving and Basım Hizmetleri A.Ş.: Preservation, storage and destruction services of the physical archives of the Bank,
- İstanbul Altın Rafinerisi A.Ş. and İSGOLD Altın Rafinerisi A.Ş.: Physical gold appraisal service,
- FU Gayrimenkul Yatırım Danışmanlık A.Ş., Pusula Girişim Gayrimenkul Yatırım ve Danışmanlık Hizmetleri A.Ş., İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş., Tagar Tapu Garanti Hizmetleri A.Ş., Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş. and BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.: Mortgage establishment services,
- Etisan Proje Bilgi ve Yazılım Teknolojileri San. Tic. A.Ş.: Prepaid payment/pass card service in universities, public/private institutions and organizations, mobile application design, software, campaign management service for on-campus spending with QR code via mobile application,
- Güzel Sanatlar Çek Basım Ltd. Şti.: Check printing services,
- Assist Rehberlik ve Müşteri Hizmetleri A.Ş.: Call center service,
- Akkoyunlar Otomotiv İletişim Tekstil San. ve Dış Tic. Ltd. Şti.: Call Center service,
- Key Yazılım Çözümleri A.Ş.: Expertise demand tracking system service,
- Bilge Adam Bilgisayar ve Eğitim Hizmetleri San. Tic. A.Ş.: Software and technology development service,
- RDC Partner Bilişim Danışmanlık ve Teknoloji Hizmetleri A.Ş.: Software and technology development service,
- KKB Kredi Kayıt Bürosu A.Ş.: Rental of cabinetry, hosting, office space and warehouse space for the emergency center,
- Payten Teknoloji A.Ş.: Virtual POS infrastructure, software development and maintenance services,
- Globit Global Bilgi Teknolojileri A.Ş.: Treasury software installation, adaptation and integration software development services,
- Roof Stacks Yazılım A.Ş.: Outsourcing of software and technology development services,
- Türkgen Yazılım Danışmanlık San. ve Ticaret A.Ş.: Outsourcing of software and technology development services,
- ODC İş Çözümleri Danışmanlık Ticaret A.Ş.: Digital Message Management license, software development, maintenance and support services.

GRI 3-3

Transactions with the Risk Group

The details and related notes of the transactions the Bank carried out with its risk group in 2023 are provided in Footnote VII of Section Five of the Unconsolidated Financial Statements and Independent Auditor's Report.

Amendments to the Articles of Association in 2023

OLD

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ TEXT OF AMENDMENT TO THE ARTICLES OF ASSOCIATION

Capital:

Article 6) (1) The Bank has adopted the registered share capital system in accordance with the provisions of the Capital Markets Law, and started to apply the registered share capital system pursuant to authorization No. 8/346 dated 19.03.2015 of the Capital Markets Board.

(2) The Bank's registered share capital ceiling is 10,000,000,000 (tenbillion) Turkish Lira represented by 1,000,000,000,000 (onetrillion) shares, each with a 1 (one) Turkish Kuruş (Kr) (0.01 Turkish Lira) nominal value.

(3) The authorization granted by the Capital Markets Board of Turkey for the registered share capital ceiling is valid for 5 years, from 2020 to 2024. Even if at the end of 2024 the registered share capital ceiling is not reached, in order for the Board of Directors to approve a capital increase after 2024, the General Assembly would be required to give authorization for a new period (not exceeding 5 years) by obtaining an permission from the Capital Markets Board of Turkey for the previously authorized ceiling, or a new ceiling amount. If the said authorization is not obtained, then the capital increase can not be made with the Board of Directors' decision.

(4) The Bank's issued capital is 4,969,120,730.29 (fourbillionninehundredsixtytyninemillionone hundredtwetythousandsevenhundredthirty Turkish Lira twentynine Kuruş) Turkish Lira, is free of collusion and has been fully paid-up. This share capital is represented by 496,912,073,029 (fourhundredninetysixbillionninehundredtwelvemillion-seventythreeousandtwentynine) shares, each with a 1 (one) Turkish Kuruş (0.01 Turkish Lira) nominal value.

(5) The Board of Directors is authorized to pass resolutions regarding share issues at a premium over the par value, and to restrict preemptive rights of shareholders avoiding unequal treatment.

(6) The shares representing the Bank's share capital are traced through book-entry registration pursuant to applicable principles of dematerialization.

NEW

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ TEXT OF AMENDMENT TO THE ARTICLES OF ASSOCIATION

Capital:

Article 6) (1) The Bank has adopted the registered share capital system in accordance with the provisions of the Capital Markets Law, and started to apply the registered share capital system pursuant to authorization No. 8/346 dated 19.03.2015 of the Capital Markets Board.

(2) The Bank's registered share capital ceiling is 30,000,000,000 (thirtybillion) Turkish Lira represented by 3,000,000,000,000 (threetrillion) shares, each with a 1 (one) Turkish Kuruş (Kr) (0.01 Turkish Lira) nominal value.

(3) The authorization granted by the Capital Markets Board of Turkey for the registered share capital ceiling is valid for 5 years, from 2023 to 2027. Even if at the end of 2027 the registered share capital ceiling is not reached, in order for the Board of Directors to approve a capital increase after 2027, the General Assembly would be required to give authorization for a new period (not exceeding 5 years) by obtaining an permission from the Capital Markets Board of Turkey for the previously authorized ceiling, or a new ceiling amount. If the said authorization is not obtained, then the capital increase can not be made with the Board of Directors' decision.

(4) The Bank's issued capital is 7,184,778,041.96 (sevenbilliononehundredeightyfourmillion sevenhundredseventyeighthousandfortyone Turkish Lira ninetysix Kuruş) Turkish Lira, is free of collusion and has been fully paid-up. This share capital is represented by 718,477,804,196 (sevenhundredeighteenbillionfourhundredseventyseven-millioneighthundredfourthousandonehundredninetysix) shares, each with a 1 (One) Turkish Kuruş (0.01 Turkish Lira) nominal value.

(5) The Board of Directors is authorized to pass resolutions regarding share issues at a premium over the par value, and to restrict preemptive rights of shareholders avoiding unequal treatment.

(6) The shares representing the Bank's share capital are traced through book-entry registration pursuant to applicable principles of dematerialization.

Profit Distribution Policy

During its dividend distribution processes, the Bank complies with the Turkish Commercial Code, Banking Law, Capital Market Law, other applicable legislation and its Articles of Association.

The profit distribution policy is laid out by the Board of Directors and later submitted for approval to the General Assembly, before being disclosed to the public and issued on the corporate website.

The Bank shall distribute at least 5% of its distributable net profit for the period to shareholders in the form of cash and/or bonus shares. The profit share to be given to those individuals outside the shareholders is disclosed in the Board of Directors' profit distribution proposal.

The Board of Directors determines the most appropriate profit distribution policy by taking into consideration its capital adequacy ratio, equity capital, lending plans, market developments and investor requests. The Bank drafts its profit distribution proposal in accordance with the profit distribution policy and in line with the provisions of the Articles of Association and subsequently presents this proposal to the General Assembly for approval.

The profit distribution date is set by the General Assembly upon the recommendation of the Board of Directors. The General Assembly may accept the date recommended by the Board of Directors or set another date within the legal deadline.

The Bank does not pay any dividend advance.

Corporate Governance Principles

Türkiye Halk Bankası A.Ş. is subject to the corporate governance structure, process and principles set forth in the Banking and Capital Markets legislations and carries out its activities in line with the compulsory principles under the Corporate Governance Communiqué.

As a result of the comprehensive review conducted by JCR Avrasya Derecelendirme A.Ş., the Bank's Corporate Governance Principles Compliance Rating was determined as 9.46 as of June 26, 2023.

In line with the decision dated January 10, 2019 No. 2/49 of the Capital Markets Board, our practices regarding voluntary principles and our current corporate governance process within the scope of the Corporate Governance Communiqué numbered II-17.1 have been specified in our Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF).

Corporate Governance Compliance Report

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. Facilitating the Exercise of Shareholder Rights						
1.1.2 – Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. Right to Obtain and Review Information						
1.2.1 – Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. General Assembly						
1.3.2 – The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 – Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 – Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 – The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					

Corporate Governance Principles

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.3.11 – The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			There is no related provision in the Articles of Association.
1.4. Voting Rights						
1.4.1 – There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 – The company does not have shares that carry privileged voting rights.	X					
1.4.3 – The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
1.5. Minority Rights						
1.5.1 – The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 – The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Since there is no legal obligation, no action has been taken in this direction.
1.6. Dividend Right						
1.6.1 – The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 – The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 – The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 – The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. Transfer of Shares						
1.7.1 – There are no restrictions preventing shares from being transferred.	X					
2.1. Corporate Website						
2.1.1 – The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 – The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 – The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. Annual Report						
2.2.1 – The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 – The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. Corporation's Policy on Stakeholders						
3.1.1 – The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 – Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 – A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 – The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management						
3.2.1 – The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.			X			The Bank has not established such regulation.
3.2.2 – Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.			X			In 2023, it was not deemed that a significant decision was taken against the interests of the beneficiaries. Hence, a survey/consultation study was not conducted.

Corporate Governance Principles

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. Human Resources Policy						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.			x			Key positions have been determined, and work on determining backup policies and establishing backup repositories continues.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. Relations with Customers and Suppliers						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. Ethical Rules and Social Responsibility						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. Role of the Board of Directors						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

Corporate Governance Principles

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. Activities of the Board of Directors						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Damages caused by the defects of board members during their duties are insured. However, the insurance amount does not exceed 25% of our Bank's capital.

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. Structure of the Board of Directors						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Although not included in the Bank's policies, we have two female member among the members of the Board of Directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. Board Meeting Procedures						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					

Corporate Governance Principles

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. Board Committees						
4.5.5 - Board members serve in only one of the Board's committees.		X				Considering the number of the Board Members of the Bank, a Board Member is able to take part in more than one committee
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. Financial Rights						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Since 2021, KPI's set for executives including General Manager, Deputy General Managers, Group Manager and Head of Departments have been monitored. But we don't have a performance measurement for board of directors.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.			X			Such credit facilities are allowed within the limits of the Banking Law no 5411.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remuneration is included in the total amount.

Corporate Governance Information Form

Corporate Governance Information Form	
Shareholders	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	104
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1167505
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Materials for the General Shareholders' Meeting in English and Turkish is provided at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	None
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	None
The name of the section on the corporate website that demonstrates the donation policy of the company	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Policy on Donations and Aids
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/270323
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is not the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	There is not stakeholder groups that participated in the General Shareholders' Meeting.

Corporate Governance Principles

1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
The percentage of ownership of the largest shareholder	91.49%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	The scope of minority rights have not been enlarged.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/1179972

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
02.08.2023	0	95.11124177	0.00092628	95.11031549	www.halkbank.com.tr/Investor Relations/Corporate Governance/General Assembly	None	None	79	https://www.kap.org.tr/en/Bildirim/1179972

Disclosure and Transparency	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	www.halkbank.com.tr/Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	None
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	2023 Integrated Annual Report/About Halkbank/Board of Directors and the Supervisory Board/Executive Management/Corporate Governance/Corporate Governance Principles/Other Explanations About Corporate Governance Principles
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There is not amendments in the legislation which may significantly affect the activities of the corporation.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2023 Integrated Annual Report/Corporate Governance/Corporate Governance Principles/Other Explanations About Corporate Governance Principles
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	-
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is not the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2023 Integrated Annual Report/Winning People and Society Through Inclusiveness
Stakeholders	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Policy on Indemnities
The number of definitive convictions the company was subject to in relation to breach of employee rights	64
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	The position of the person responsible for the alert mechanism is Manager of Ethical Practices and Discipline Team. The alerts are evaluated by Deputy General Manager.
The contact detail of the company alert mechanism	Although there are many notification mechanisms such as our Bank's Dialog channels, mails sent to Audit Units, the access information for our Department is: etik@halkbank.com.tr e-mail address and 0216 503 50 50 ethics line.

Corporate Governance Principles

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	-
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Studies on key positions are conducted within the framework of the powers transferred to the General Manager with the resolutions of the Board of Directors and the Internal Directive approved by the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	<p>www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Human Rights and Human Resources Policy</p> <ul style="list-style-type: none"> * Perform the activities the Bank needs to undertake to achieve its purposes with an adequate number of staff; * Select and assign eligible staff with competencies that match the respective job requirements; * Value and respect employees' personalities, protect their pecuniary and nonpecuniary rights, and ensure the confidentiality of their personal information; * Offer a safe working environment suited to the nature of the assignment; * Provide the means for building social relations and a work environment that help boost motivation and engagement; * Provide employees with fair and equitable work, and training and development opportunities that match individual skills/competencies; * Establish a "remuneration and benefits" system that encourages employees to continue working without losing interest and productivity, and that provides the Bank with the means to recruit the necessary manpower to meet the qualification and staff size requirements for the services it provides; * Provide employees with the means to help them increase their knowledge and experience; reward accomplished employees within the available means; * Inform and advise employees on the issues that concern them, in a timely manner; ensure that their views are sought at all times, and their opinions and ideas are easily communicated to the management; * Ensure that employees work while adhering to the principles of productivity and profitability, and with the cost consciousness required; * Encourage employees to produce new ideas that will help cultivate creative thinking and develop transactions/procedures; * Grant promotions by taking into consideration the skills, achievements, education, and duration of employment of each employee, with the aim of preserving and developing the Bank's corporate culture and identity; * Evaluate each employee under objective criteria and on an equitable basis.
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Human Rights and Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	We do not have current and/or final cases.

GRI 2-20, 2-24, 2-25, 2-26, 3-3, 406-1

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	www.halkbank.com.tr/Investor Relations/Corporate Governance/Ethical Principles/Halkbank Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/ Social Responsibility and Public Relation Policy
Any measures combating any kind of corruption including embezzlement and bribery	<p>Halkbank's legislation encompasses Anti-Corruption Policy and Code of Ethics to combat any breaches concerned with corruption including embezzlement and bribery. Within the frame work of these regulations; The Bank's employees must comply with the Code of Ethics, the governance of which is rooted in the notions of fairness, integrity, honesty and social responsibility. The Department of Human Resources that contains the Ethical Practices Team is in charge of the implementation of The Code of Ethics. The Code of Ethics also comprises the obligation of complying with the Anti-Corruption Policy. Namely, all of the Bank's employees are liable for complying with the Anti-Corruption Policy, too. According to these regulations; every employee who becomes aware of any violation of these policies must notify their immediate supervisor. If you are not sure whether this method is appropriate, you will notify The Ethical Practices Team (etik@halkbank.com.tr), and the Ethics Line (0216 503 50 50). In 2023, 145 ethical notifications and 27 notifications of violation of ethical principles were received, and all notifications are administratively evaluated and finalized by the Human Resources Department. If it is not sure that this method is appropriate, it notifies the Corporate Governance Committee. Both the conduct of the Bank's activities in accordance with the requirements of the Bank's Code of Ethics and with the Anti-Corruption Policy, which is an integral part of that code and the ethical behavior of Bank employees in the fulfillment of their duties are subject to the oversight of the Corporate Governance Committee. The circumstances of any employee who is ascertained to have violated the Code of Ethics will be considered within the framework of the Bank's Internal Control System and action will be taken accordingly. If any Bank employee breaches any of these policies, serious disciplinary actions or criminal prosecution may be come up. In practice, The Ethical Practices Team which is a part of the Department of Human Resources is available to manage all violations concerned with corruption. If any feedback comes to The Ethical Practices Team as a inquiry report, the team reports the issue to the Halkbank's Disciplinary Committee with all the information and documents to be assessed in accordance with the Bank's disciplinary regulations. An e-announcement concerning the Code of Ethics is sent out annual to the entire organizations. E-training resources concerning the Code of Ethics and related issues are available for all Bank employees. Such training is mandatory for newly-hired personnel and for personnel seeking a promotions. In addition, Anti Corruption Policy is publicly disclosed to the Bank's internal and external stakeholders through its corporate website. The Bank employees are regularly provided with classroom and online training on issues pertaining both to the Anti-Corruption Policy and to other Bank-approved policies. When deemed to be necessary, employees' knowledge of these issues is tested to determine the effectiveness of such training.</p>

Board of Directors-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	Performance evaluation is not conducted for the board.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	https://www.kap.org.tr/en/Bildirim/1180013
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4

GRI 2-24, 2-25, 2-26, 205-1, 205-2, 205-3

Corporate Governance Principles

Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2023 Integrated Annual Report/Corporate Governance/Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2023
Name of the Chairman	Recep Süleyman ÖZDİL
Name of the CEO	Osman ARSLAN
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	2, (2/9)

Composition of the Board of Directors							
Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification that Includes the Independence Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years' Experience on Audit Accounting and/or Finance or Not
Recep Süleyman ÖZDİL	Non-executive	Independent director	28.08.2015	-	-	No	Yes
Mevlüt UYSAL	Non-executive	Independent director	27.05.2019	-	-	No	Yes
Osman ARSLAN	Executive	Not Independent director	08.06.2017	-	-	-	Yes
Şeref AKSAÇ	Non-executive	Not Independent director	26.03.2021	-	-	-	Yes
Meltem TAYLAN AYDIN	Non-executive	Not Independent director	08.06.2017	-	-	-	Yes
Mihrimah Belma SEKMEN	Non-executive	Not Independent director	02.08.2023	https://www.kap.org.tr/en/Bildirim/1184992	Considered	No	No
Maksut SERİM	Non-executive	Not Independent director	08.06.2017	-	-	-	Yes
Ebubekir ŞAHİN	Non-executive	Not Independent director	12.06.2020	-	-	-	No
Sezai UÇARMAK	Non-executive	Not Independent director	27.02.2019	-	-	-	Yes

Board of Directors-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period (meetings in person)	48
Director average attendance rate at board meetings	99,3%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3-4 days
The name of the section on the corporate website that demonstrates information about the board charter	www.halkbank.com.tr/Investor Relations/Corporate Governance/Articles of Association (Article 22)
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
Link(s) to the PDP announcement(s) with the board committee charters	-

Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee		Recep Süleyman ÖZDİL	Yes	Board member
Audit Committee		Mevlüt UYSAL	No	Board member
Corporate Governance Committee		Recep Süleyman ÖZDİL	Yes	Board member
Corporate Governance Committee		Şeref AKSAÇ	No	Board member
Corporate Governance Committee		Yusuf Duran OCAK	No	Not board member
Corporate Governance Committee		Ali ŞÖNER	No	Not board member
Corporate Governance Committee		Fatih ŞAHBAZ	No	Not board member
Corporate Governance Committee		Osman BEKTAŞ	No	Not board member

Corporate Governance Principles

Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Corporate Governance Committee		Halil İbrahim YILDIZ	No	Not board member
Remuneration Committee		Mihrimah Belma SEKMEN	Yes	Board member
Remuneration Committee		Meltem TAYLAN AYDIN	No	Board member
Other	Credit Committee	Osman ARSLAN	Yes	Board member
Other	Credit Committee	Mevlüt UYSAL	No	Board member
Other	Credit Committee	Şeref AKSAÇ	No	Board member
Other	Credit Committee (Substitute Member)	Sezai UÇARMAK	No	Board member
Other	Credit Committee (Substitute Member)	Maksut SERİM	No	Board member
Other	Assets and Liabilities Committee	Osman ARSLAN	Yes	Board member
Other	Assets and Liabilities Committee	Yalçın MADENCİ	No	Not board member
Other	Assets and Liabilities Committee	Hasan TUNCAY	No	Not board member
Other	Assets and Liabilities Committee	Altan TAŞKIRAN	No	Not board member
Other	Assets and Liabilities Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Assets and Liabilities Committee	Tahir DEMİRKIRAN	No	Not board member
Other	Assets and Liabilities Committee	Celal CANDAN	No	Not board member
Other	Assets and Liabilities Committee	Ali ŞÖNER	No	Not board member
Other	Assets and Liabilities Committee	Ergin KAYA	No	Not board member
Other	Assets and Liabilities Committee	Yusuf Duran OCAK	No	Not board member
Other	Assets and Liabilities Committee	Olcaç ATLIOĞLU	No	Not board member
Other	Assets and Liabilities Committee	Fatih ŞAHBAZ	No	Not board member
Other	Assets and Liabilities Committee	Hamdi COŞGUN	No	Not board member
Other	Assets and Liabilities Committee	Ali CEBECİ	No	Not board member
Other	Assets and Liabilities Committee	Burak KARATAŞ	No	Not board member
Other	Assets and Liabilities Committee	Caner GÖKBULUT	No	Not board member
Other	Sustainability Committee	Mihrimah Belma SEKMEN	Yes	Board member
Other	Sustainability Committee	Ebubekir ŞAHİN	No	Board member
Other	Sustainability Committee	Tahir DEMİRKIRAN	No	Not board member
Other	Sustainability Committee	Ergin KAYA	No	Not board member
Other	Sustainability Committee	Yusuf Duran OCAK	No	Not board member
Other	Sustainability Committee	Olcaç ATLIOĞLU	No	Not board member
Other	Sustainability Committee	Fatih ŞAHBAZ	No	Not board member
Other	Sustainability Committee	Yalçın MADENCİ	No	Not board member
Other	Sustainability Committee	Hasan TUNCAY	No	Not board member

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Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Other	Sustainability Committee	Hamdi COŞGUN	No	Not board member
Other	Sustainability Committee	Miraç TAŞ	No	Not board member
Other	Sustainability Committee	İsa Emre ÖÇAL	No	Not board member
Other	Sustainability Committee	Muharrem BAYKARA	No	Not board member
Other	Sustainability Committee	Onur BİLGİN	No	Not board member
Other	Sustainability Committee	Süleyman Baran KOYUNCU	No	Not board member
Other	Sustainability Committee	Mehmet TANRIVERDİ	No	Not board member
Other	Sustainability Committee	İbrahim Okan ÇAĞLAR	No	Not board member
Other	Sustainability Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Sustainability Committee	Caner GÖKBULUT	No	Not board member
Other	Sustainability Committee	Burak KARATAŞ	No	Not board member
Other	Sustainability Committee	Selma ŞEN	No	Not board member
Other	Sustainability Committee	Halil İbrahim YILDIZ	No	Not board member
Other	Sustainability Committee	Hacı BEKDUR	No	Not board member
Other	Sustainability Committee	Fazlı AĞKOÇ	No	Not board member
Other	Information Technologies Strategy Committee	Osman ARSLAN	Yes	Board member
Other	Information Technologies Strategy Committee	Yalçın MADENCİ	No	Not board member
Other	Information Technologies Strategy Committee	Hasan TUNCAY	No	Not board member
Other	Information Technologies Strategy Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Information Technologies Strategy Committee	Celal CANDAN	No	Not board member
Other	Information Technologies Strategy Committee	Ali ŞÖNER	No	Not board member
Other	Information Technologies Strategy Committee	Ergin KAYA	No	Not board member
Other	Information Technologies Strategy Committee	Yusuf Duran OCAK	No	Not board member
Other	Information Technologies Strategy Committee	Olcaç ATLIOĞLU	No	Not board member
Other	Information Technologies Strategy Committee	Fatih ŞAHBAZ	No	Not board member
Other	Information Technologies Strategy Committee	Hamdi COŞGUN	No	Not board member
Other	Information Technologies Strategy Committee	Tahir DEMİRKIRAN	No	Not board member
Other	Information Technologies Strategy Committee	Altan TAŞKIRAN	No	Not board member
Other	Information Technologies Strategy Committee	Ali CEBECİ	No	Not board member
Other	Information Technologies Strategy Committee	Okan KARADAĞ	No	Not board member
Other	Information Technologies Strategy Committee	Sadettin YILMAZ	No	Not board member
Other	Information Technologies Strategy Committee	Tuncer DEMİREL	No	Not board member
Other	Information Technologies Strategy Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Information Technologies Strategy Committee	Namık Kemal UÇKAN	No	Not board member
Other	Information Technologies Strategy Committee	Cüneyt EYİN	No	Not board member

GRI 2-24

Corporate Governance Principles

Composition of Board Committees-I				
Names of the Board Committees	Name of Committes Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committe Chair or Not	Whether Board Member or Not
Other	Information Technologies Strategy Committee	Alper TORUN	No	Not board member
Other	Information Security Committee	Osman ARSLAN	Yes	Board member
Other	Information Security Committee	Ergin KAYA	No	Not board member
Other	Information Security Committee	Olçay ATLIOĞLU	No	Not board member
Other	Information Security Committee	Cüneyt EYİN	No	Not board member
Other	Information Security Committee	Okan KARADAĞ	No	Not board member
Other	Information Security Committee	Sadettin YILMAZ	No	Not board member
Other	Information Security Committee	Tuncer DEMİREL	No	Not board member
Other	Information Security Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Information Security Committee	Namık Kemal UÇKAN	No	Not board member
Other	Information Security Committee	Ali CEBECİ	No	Not board member
Other	Information Security Committee	Halil İbrahim YILDIZ	No	Not board member
Other	Information Security Committee	Mehmet SEVİMLİ	No	Not board member
Other	Information Security Committee	Samet DEMİRCİ	No	Not board member
Other	Information Security Committee	Burak KARATAŞ	No	Not board member
Other	Information Security Committee	Alper TORUN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Osman ARSLAN	Yes	Board member
Other	Bank Business Continuity and Emergency Action Committee	Yalçın MADENCİ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Hasan TUNÇAY	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Celal CANDAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Ali ŞÖNER	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Ergin KAYA	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Yusuf Duran OCAK	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Olçay ATLIOĞLU	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Fatih ŞAHBAZ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Hamdi COŞGUN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Tahir DEMİRKIRAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Altan TAŞKIRAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Ali CEBECİ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Süleyman Baran KOYUNCU	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Mustafa ERMIŞ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Uğur Deniz ŞAHİN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Abdullah GÜRHAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Kadriye Çimen BOZACI	No	Not board member

Composition of Board Committees-I				
Names of the Board Committees	Name of Committes Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committe Chair or Not	Whether Board Member or Not
Other	Bank Business Continuity and Emergency Action Committee	Hacı BEKDUR	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Mehmet TANRIVERDİ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Okan KARADAĞ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Sadettin YILMAZ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Tuncer DEMİREL	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Namık Kemal UÇKAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Halil İbrahim YILDIZ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Mustafa Selçuk ÇARKACI	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Dilhan ELÇİ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Mustafa Gökhan YILDIRIM	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Ahmet HOŞCAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Mustafa TEMİZKAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Osman BEKTAŞ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	İbrahim Okan ÇAĞLAR	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Selma ŞEN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Caner GÖKBULUT	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Ahmet Mustafa DOĞAN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Burak KARATAŞ	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Cüneyt EYİN	No	Not board member
Other	Bank Business Continuity and Emergency Action Committee	Alper TORUN	No	Not board member

Board Of Directors-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2023 Integrated Annual Report/Corporate Governance
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	www.halkbank.com.tr/Investor Relations/Corporate Governance/Ethical Principles/Policy on Remuneration
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	2023 Integrated Annual Report/Corporate Governance/Corporate Governance Principles/Other Explanations About Corporate Governance Principles

Corporate Governance Principles

Composition of Board Committees-II					
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee		100%	100%	32	12
Corporate Governance Committee		28.6%	14.3%	2	0
Remuneration Committee		100%	50%	1	1
Other	Credit Committee	80%	20%	48	0
Other	Assets and Liabilities Committee	0%	0%	22	22
Other	Sustainability Committee	10%	5%	5	0
Other	Information Technologies Strategy Committee	0%	0%	2	1
Other	Information Security Committee	0%	0%	2	1
Other	Bank Business Continuity and Emergency Action Committee	0%	0%	3	0

Other Issues Within the Scope of Corporate Governance Principles

Statement of Independence of the Independent Board Member

The following is the statement of independence by Mihrimah Belma SEKMEN, who was elected an Independent Board Member at the Ordinary General Assembly on August 02, 2023:

"To: The Corporate Governance Committee of T. Halk Bankası A.Ş.,

I am a candidate to serve as an Independent Board Member of T. Halk Bankası A.Ş., and I hereby state the following;

- There is no employment relationship between myself, my wife and my relatives by blood and affinity up to the second degree, in a managerial position who will assume important duties and responsibilities in the last five years, with the Bank's partnerships in which the Bank has management control or significant influence, and shareholders who hold the management control of the Bank or have significant influence in the Bank, and legal entities over which these partners have management control, and I do not own more than 5% of the capital or voting rights or privileged shares, together or alone, or have no significant commercial relations,
- Within the last five years, I have not been a shareholder (5% and above), a board member, or an executive in charge of significant duties and responsibilities, at the companies that are providing audit services to the Bank, including tax audit, regulatory audit and internal audit, the companies that are providing rating and advisory services to the Bank, the companies that the Bank is purchasing from/selling to products or services in significant amounts; during the term in which such services and products are being provided,
- I have the professional training, knowledge and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of Directors,
- I will not work full-time in public institutions and organizations if I am elected a member,
- I am a resident of Türkiye according to the Income Tax Law dated December 31, 1960 and numbered 193,
- I have strong ethical standards, professional reputation and experience to make a positive contribution to the operations of the Bank, to keep my impartiality in conflicts of interest to arise between the Bank and shareholders, and to make decisions freely by taking into account the rights of stakeholders;
- I will be able to allocate the necessary time for the Bank's affairs, to follow the operation of the Bank's activities and fully fulfill the requirements of the duties I will undertake,
- I have not been a Board Member of the Bank for more than 6 years in the last 10 years,
- I have not served as an independent board member in more than three of the companies where the same person, the Bank or the shareholders holding the management control of the Bank have management control, and in more than five of the companies traded in the stock exchange in total,
- I have not been registered and announced on behalf of the legal person elected as the board member."

Corporate Governance Principles

Remuneration of the Board of Directors

In accordance with Article 23 of the Bank's Articles of Association, the Bank pays a monthly salary to the Board Members. The amount of such monthly salary is determined by the General Assembly. In this context, a gross payment of TRY 49 million was made to the Board Members and Senior Executives of the Bank in 2023. On the other hand, banking sector practices are also taken into consideration, and remunerations and benefits given to the Board Members and executives are not disclosed on individual basis.

Other Issues

On October 15, 2019, the United States Attorney for the Southern District of New York filed a lawsuit against Halkbank for violating Iranian sanctions at the United States District Court for the Southern District of New York, and the process continues before the Second Court of Appeals.

In addition, a civil lawsuit was filed against the Bank by plaintiffs at the United States District Court for the Southern District of New York on March 27, 2020, claiming that they were unable to collect their receivables from Iran due to the sanctions violations and seeking compensation of their damages. The lawsuit was concluded in favor of our Bank before the US Supreme Court and was ultimately dismissed. On July 26, 2023, a new civil lawsuit was filed before the US District Court for the Southern District of New York and the process is ongoing.

The Bank is utilizing all of the rights it has under the U.S. law and monitoring the ongoing criminal and new civil lawsuit processes closely. The Bank has not received any penalties, sanctions or judgements as a result of these cases.

There have not been any administrative or legal sanctions imposed on the members of the Bank's Board of Directors for practices in breach of applicable legal or regulatory provisions.

There have not been any administrative or legal sanctions imposed on the Bank for practices in breach of applicable legal or regulatory provisions.

The amount of donations and aids made by Halkbank in 2023 is TRY 8.8 billion, and the total amount of donations and aids including consolidated partnerships is TRY 8.9 billion.

Sustainability Principles

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
A1.1. The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X					2023 Integrated Annual Report: Halkbank's Priorities in Sustainability, page 68-69 Sustainability Risks and Trends Management, page 74-79
A1.1. The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies
A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	X					2023 Integrated Annual Report: Value Creation Model, page 60-63 Halkbank's Sustainability Targets, page 72-73
A2. Implementation/Monitoring						
A2.1. The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	X					2023 Integrated Annual Report: Halkbank's Sustainability Organizational Structure and Approach, page 66-67
A2.1. The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.			X		The Sustainability Committee held 5 meetings in 2023. It is planned that the Committee will report to the Board of Directors in 2024.	
A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	X					2023 Integrated Annual Report: Value Creation Model page 60-63 Halkbank's Sustainability Targets, page 72-73
A2.3. The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	X					2023 Integrated Annual Report: Value Creation Model, page 60-63 Halkbank's Sustainability Targets, page 72-73

Sustainability Principles

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	X					2023 Integrated Annual Report: Areas of Focus in 2023, page 50-59 Value Creation Model, page 60-63 Gaining Trust with the Products and Services Offered, page 80-107 Winning People and Society Through Inclusiveness, page 108-137 Winning the Future with Digital Transformation, page 138-145 Winning the Future of the Planet with a Responsible Perspective, page 146-155
A3. Reporting						
A3.1. The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X					2023 Integrated Annual Report: Areas of Focus in 2023, page 50-59 Model for Creating Value, page 60-63 Gaining Trust with the Products and Services Offered, page 80-107 Winning People and Society Through Inclusiveness, page 108-137 Winning the Future with Digital Transformation, page 138-145 Winning the Future of the Planet with a Responsible Perspective, page 146-155
A3.2. The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X					2023 Integrated Annual Report: Halkbank's Priorities in Sustainability, page 68-69 Contributed Sustainable Development Goals, page 70-71 Model for Creating Value, page 60-63 Gaining Trust with the Products and Services Offered, page 80-107 Winning People and Society Through Inclusiveness, page 108-137 Winning the Future with Digital Transformation, page 138-145 Winning the Future of the Planet with a Responsible Perspective, page 146-155
A3.3. The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	X					2023 Integrated Annual Report: Other Issues Within the Scope of Corporate Governance Principles, page 203-204

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
A4. Verification						
A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.	X					The independent verification audit of 2023 ESG data is provided as an Independent Assurance Report. 2023 Integrated Annual Report: Independent Assurance Report, page 516-517
B. ENVIRONMENTAL PRINCIPLES						
B1. The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	X					ISO 14001:2015 Environmental Energy Management System and ISO 50001:2018 Energy Management System (Integrated Management System) standards are applied in all service locations of Halkbank. 2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155
B2. The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	X					2023 Integrated Annual Report: About the Report, page 1
B4. The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	X					2023 Integrated Annual Report: Energy Management, page 152
B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	X					2023 Integrated Annual Report: Areas of Focus in 2023, page 50-59 Halkbank's Priorities in Sustainability, page 68-69 Sustainability Risks and Trends Management, page 74-79 Winning the Future of the Planet with a Responsible Perspective, page 146-155
B7. The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X					2023 Integrated Annual Report: Sustainable Finance, page 84-91 Sustainable Procurement, page 113-114
B8. Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-15

Sustainability Principles

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B9. In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155 Performance Tables, page 496-499
B10. Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	X					2023 Integrated Annual Report: Reporting Guidance, page 500-507
B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155 Performance Tables, page 496-499
B12. The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.	X					2023 Integrated Annual Report: Value Creation Model, page 60-63 Halkbank's Sustainability Targets, page 72-73
B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	X					2023 Integrated Annual Report: Supporting the Fight Against Climate Crisis, page 148-149
B14. The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	X					2023 Integrated Annual Report: Sustainable Procurement, page 113-114 Winning the Future of the Planet with a Responsible Perspective, page 146-155
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.	X				Suppliers are evaluated annually within the scope of ESG, and when deemed necessary, remedial actions are taken within the scope of the Sustainable Procurement Policy.	2023 Integrated Annual Report: Value Creation Model, page 60-63 Halkbank's Sustainability Targets, page 72-73 Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkelere-politikalar.html , Principles and Policies
B15. The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155

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Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
B16. The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155 Performance Tables, page 496-499
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155
B18. The studies related to increase the use of renewable energy and transition to zero/ low carbon electricity have been conducted and disclosed.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155
B19. The renewable energy production and usage data has been publicly disclosed.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155
B20. The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	X					2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155
B21. The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	X					2023 Integrated Annual Report: Water Management, page 154
B22. The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).			X		There is no carbon pricing system involved in banking operations.	
B23. The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.	X					2023 Integrated Annual Report: Emissions Management, page 150-151
B24. If carbon pricing is applied within the Company, the details have been disclosed.			X		Not applied.	
B25. The platforms where the Company discloses its environmental information have been disclosed.	X				The bank shares its environmental information through CDP, NZBA, SBTi, BIST Sustainability Index.	2023 Integrated Annual Report: Winning the Future of the Planet with a Responsible Perspective, page 146-155

GRI 2-22, 2-25, 3-3

Sustainability Principles

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C. SOCIAL PRINCIPLES						
C1. Human Rights and Employee Rights						
C1.1. The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies Human Rights and Human Resources Policy
C1.2. Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Human Rights and Human Resources Polic Sustainable Procurement Policy
C1.3. The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Human Rights and Human Resources Policy Sustainable Procurement Policy
C1.4. The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Human Rights and Human Resources Policy
C1.5. Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Human Rights and Human Resources Policy

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C1.5. The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Human Rights and Human Resources Policy
C1.5. The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	X					2023 Integrated Annual Report: Winning People and Society Through Inclusiveness, page 108-137
C1.6. The occupational health and safety policies have been established and disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Occupational Health and Safety Policy
C1.6. The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	X					2023 Integrated Annual Report: Occupational Health and Safety, page 128-129
C1.7. The personal data protection and data security policies have been established and disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Policy on The Protection and Processing of Personal Data Policy on The Protection and Processing of Sensitive Personal Data Personal Data Storage and Disposal Policy
C1.8. The ethics policy have been established and disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Code of Ethics
C1.9. The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	X					2023 Integrated Annual Report: Corporate Social Responsibility and Social Impact Activities, page 136-137
C1.10. The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X					2023 Integrated Annual Report: Career and Talent Management at Halkbank, page 120-125

Sustainability Principles

Sustainability Compliance Report	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
C2. Stakeholders, International Standards and Initiatives						
C2.1. The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	X					Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html , Principles and Policies, Customer Communication Center Policy Happy Customer Center Policy
C2.2. The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	X					2023 Integrated Annual Report: Stakeholder Relations at Halkbank, page 110-117
C2.3. The international reporting standards that adopted in reporting have been explained.	X					2023 Integrated Annual Report: Reporting Guidance, page 500-507
C2.4. The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	X					2023 Integrated Annual Report: Producing Women, page 131-135 Supporting the Fight Against Climate Crisis, page 148-149 Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/uyelikler-ve-inisiyatifler.html
C2.5. The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	X					2023 Integrated Annual Report: Supporting the Fight Against Climate Crisis, page 148-149 Website: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/surdurulebilirlik-endeksi.html
D. CORPORATE GOVERNANCE PRINCIPLES						
D1. The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	X					2023 Integrated Annual Report: Halkbank's Priorities in Sustainability, page 68-69 Corporate Governance Principles, page 183-204
D2. The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X					2023 Integrated Annual Report: Sustainable Finance, page 84-91 Sustainable Procurement, page 113-114 Winning People and Society Through Inclusiveness, page 108-137

GRI 2-22, 2-25, 3-3

Report of the Supervisory Board

The 2023 Board of Supervisory's Report for Türkiye Halk Bankası A.Ş. is finalized, with key findings outlined below.

The Bank is open to public audit and is audited by the Banking Regulation and Supervision Agency, Turkish Court of Auditors, and an Independent Auditing Institution under Article 30 of the Bank's Articles of Association.

By the end of 2023, the Turkish banking sector's total assets soared by 63.9 percent year-over-year to 23,519,337 million Turkish lira. The total portfolio of securities rose by 67.4 percent to 3,969,830 million Turkish lira. Deposits saw a 67% increase, totaling 15,457,133 million Turkish lira. Non-cash loans surged by 71.8 percent to 4,332,346 million Turkish lira, and cash loans rose to 11,677,135 million Turkish lira, up by 54 percent. The ratio of non-performing loans/total cash loans amounted to 1.62 percent.

Meanwhile, at the end of 2023, Türkiye Halk Bankası A.Ş.'s assets increased by 57.6 percent year-over-year to 2,195,287 million Turkish lira. The Bank's non-cash loans grew by 90.6 percent to 600,716 million Turkish lira (2022: 315,186 million Turkish lira) while its cash loans reached 1,224,877 million Turkish lira (2022: 811,639 million), representing an increase of 50.9 percent.

The volume of commercial loans provided to SMEs, who are the backbones of our country's economic growth, jumped to 594,984 million Turkish lira, up by 60.3 percent (2022: 371,281 million Turkish lira). The Bank led the sector with an 18.6 percent market share in SME loans. The tradespeople loan balance reached 226,424 million Turkish lira in 2023, marking a 83.7 percent increase (2022: 123,240 million Turkish lira). Total securities increased by 48.5 percent to 420,860 million Turkish lira (2022: 283,364 million Turkish lira). The Bank's total deposits climbed by 74.3 percent to 1,836,858 million Turkish lira (2022: 1,053,841 million Turkish lira), and the ratio of non-performing loans/total cash loans came at 1.36 percent (the sector average: 1.62 percent).

In 2023, the Bank issued commercial bonds with a total nominal value of 39.6 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 2023, the ratio of cash loans/total assets, an indicator of asset quality, amounted to 55.8 percent (sector average: 49.6 percent), while the loan-to-deposit ratio reached 66.7 percent (sector average: 75.5 percent).

The Bank's registered capital ceiling was 30,000 million Turkish lira and its paid-in capital was 7,185 million Turkish lira. Equity rose by 41.6 percent from 90,652 million Turkish lira at the end of 2022 to 128,406 million Turkish lira at the end of 2023.

The net profit for the period amounted to 10,112 million Turkish lira at the end of 2023.

In 2023, the Bank increased its credit cards from 6.3 million to 7.1 million, its POS devices from 493,000 to 545,000, and the member businesses from 333,000 to 368,000.

Following the earthquake on February 6, 2023, with its epicenter in Kahramanmaraş, the Bank promptly responded, providing essentials like clothing, food, medicine, and containers to the affected regions. It allocated 9.1 billion Turkish lira in aid, including 7 billion in cash donations to AFAD. In addition, the Bank led the charge in the recovery efforts by deferring loan payments totaling 56.7 billion Turkish lira for 394,000 citizens and providing loans worth 28.2 billion Turkish lira to 72,000 tradespeople. We mourn the loss of ten active and seven retired Halkbank employees in the catastrophe, and we extend our prayers for all the lives lost.

Report of the Supervisory Board

By the end of 2023, the Bank had provided 54.4 billion Turkish lira in financial support to 214,000 women entrepreneurs through the Women Entrepreneurs Loan Package, which was introduced in 2021. The Bank supports innovative ideas and projects across all sectors with the aim of strengthening the culture of entrepreneurship in our country. In this context, 24.2 billion Turkish lira was provided to 137,000 entrepreneurs who sought to establish their own businesses in 2023.

In the period from January 1 to December 31, 2023, the Bank's financial reports and information on its annual operations are provided in accordance with Banking Law No. 5411, Turkish Commercial Code No. 6102, Capital Markets Law No. 6362, Banking Regulation and Supervision Agency's regulations, Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, provisions on Accounting and Financial Reporting in the Bank's Articles of Association, generally accepted accounting principles, and procedures and principles in other applicable regulations. The Bank's bookkeeping, and the notebooks and records that the Bank is obligated to keep, are kept according to the legal requirements, with records and documents that serve as evidence kept suitably. Furthermore, the decisions regarding the Bank's administration are recorded in the Board's decision notebook, and its accounting and reporting systems are carried out duly and efficiently.

The Bank's internal control, risk management, and internal auditing systems are managed duly and effectively as indicated by the findings of audits performed both at the head office and on site.

The Bank maintained its growth operations by opening 41 new branches in 2023. The number of domestic branches reached 1,073, and with five branches in Cyprus and one branch in Bahrain, the Bank has 1,079 offices in total. Additionally, the Bank maintains its operations in Tehran and London through one representative office in each location.

In 2023, 1,209 employees left the Bank to retire or for other reasons. The Bank recruited 2,647 new employees to meet its personnel needs, increasing the total number of employees to 22,219. The share of personnel expenses in total revenues increased to 33 percent in 2023, up from 11 percent in 2022.

In 2023, university graduates accounted for 88.9 percent of the total headcount, up 110 basis-points year-on-year.

The Bank continued to provide service training to foster employee development and reported the average training hour per employee as 60.12 in 2023. This included instructor-led, on-the-job, and e-learning training programs.

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.

Mehmet AYDIN
Member of the Supervisory Board

Faruk ÖZÇELİK
Member of the Supervisory Board

**Figures excluding rediscount.*

Financial Standing, Profitability and Debt-Servicing Capability

Composition of Assets

As a result of its operations in 2023, the Bank's total assets increased by 57.6% and reached TRY 2,195,287 million.

Important items of the Bank placements are loans amounting to TRY 1,270,545 million with a share of 57.9%, securities amounting to TRY 584,393 million with a 26.6% share, liquid assets amounting to TRY 289,554 million with a 13.2% share and other placements with a 2.3% share.

As of year-end 2023, an important increase of TRY 427,927 million in cash loans and TRY 210,212 million in securities were realized.

The Bank increased its cash loans by 50.8% as of year-end 2023. And the conversion rate of deposit to loan was realized as 67.8%.

The Bank's non-performing loans amounted to TRY 18,540 million as of year-end 2023 and non-performing loans/total cash credits ratio stood at 1.46%.

Composition of Liabilities

A significant part of the Bank's resources consisted of deposit accounts amounting to TRY 1,872,848 million with a share of 85.3%, shareholders' equity amounting to TRY 128,406 million with a 5.8% share, non-deposit resources of TRY 46,997 million with a 2.1% share and other resources with a 6.8% share.

The major increase as of year-end 2023 compared to the previous year was registered in Turkish lira deposits (TRY 811,925 million).

When the deposits, which are the most important resources of the Bank, are examined in terms of their types, it was observed that the savings deposits in total deposits increased by TRY 295,841 million with a share of 27.2%, FX deposits by TRY 154,512 million with a share of 26.4%, commercial deposits by TRY 206,358 million with a share of 22.4%, banks' deposits by TRY 67,796 million with a share of 10.8%, precious metal deposits by TRY 34,582 million with a share of 4.2% and the official institutions' deposits by TRY 17,221 million with a share of 4.9%.

59.9% of the deposits consisted of TRY accounts and 40.1% of them were foreign currency accounts. The share of demand deposits in total deposits was 28.1%.

Financial Standing, Profitability and Debt-Servicing Capability

Composition of Profits

The Bank completed the operating period of 2023 with a net profit of TRY 10,112 million. The major income and expense items that constituted the profit for the period are discussed below.

Interest income from asset placements is the Bank's most important source of income. At the end of the year, it was realized as TRY 304,991 million.

TRY 189,559 million of interest income was obtained from loans with a 62.2% share, and TRY 113,557 million with a 37.2% share from securities. The most significant increase compared to the previous period was realized in the interest revenue from loans, as TRY 103,955 million.

When the accounts that make up the interest expenses are analyzed, it is observed that the biggest amount is the interests paid to deposits, with a share of 90.5% and TRY 238,672 million. Interest expenses paid on deposits were the main expense item of the Bank in 2023. Total interest expenses amounted to TRY 263,607 million, along with other interest expenses that amounted to TRY 24,935 million.

The Bank's net interest income decreased by 39.4% compared to the previous period and was realized as TRY 41,384 million.

Net fee and commission income increased by 123.9% compared to the previous period, amounting to TRY 18,947 million.

The Bank has set aside an expected loss provision of TRY 2,895 million for its operations in 2023.

Personnel expenses which have a significant share in operating expenses, increased by 131.4% compared to the previous period and amounted to TRY 19,018 million.

As the result of the activities in 2023, a profit before tax of TRY 6,653 million was obtained, and the year-end profit was realized as TRY 10,112 million with TRY 3,459 million of tax provision. The Bank maintained its sustainable profitability in 2023.

Five-Year Summary Financial Information

ASSETS (TRY million)	2019	2020	2021	2022	2023
Liquid Assets	38,229	66,032	126,959	166,171	289,554
Securities	102,734	159,200	223,301	374,181	584,393
Cash Loans	309,208	449,725	539,588	842,618	1,270,545
Partnership Investments	3,750	6,249	8,963	19,707	28,273
Fixed Assets	8,055	8,804	9,191	13,811	24,222
Other	6,481	6,679	15,629	29,861	46,978
Expected Credit Loss (-)	11,421	16,663	22,414	53,400	48,678
Total Assets	457,045	680,026	901,217	1,392,949	2,195,287

LIABILITIES (TRY million)	2019	2020	2021	2022	2023
Deposits	297,734	457,286	625,904	1,060,923	1,872,848
Due to Money Markets	53,201	103,956	139,170	102,159	20,182
Funds Borrowed	11,017	10,387	13,545	13,422	16,991
Funds	3,209	3,617	139	238	572
Securities Issued	17,591	13,195	6,143	8,976	9,252
Other	42,096	48,654	72,816	116,579	147,036
Shareholders' Equity	32,197	42,931	43,500	90,652	128,406
Net Profit/Loss for the Period	1,720	2,600	1,508	15,266	10,112
Total Liabilities	457,045	680,026	901,217	1,392,949	2,195,287

**TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ**

Unconsolidated Financial Statements

As of 31 December 2023

With Auditors' Report Thereon

(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)



(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Halk Bankası A.Ş.

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the financial statements of Türkiye Halk Bankası A.Ş. ("the Bank"), which comprise the unconsolidated balance sheet as at 31 December 2023, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard ("TFRS") 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2023 amounted to TRY 44.066.438 thousand. If such classification were not made, total assets and shareholders' equity, excluding tax effect, would be lower by TRY 6.117.199 thousand as at 31 December 2023.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3) Emphasis of Matter

As detailed in Section Six Note One, we draw attention to the following:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Bank in the Southern District of New York Court ("District Court") for the violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Bank requests an appeal under the "Foreign Sovereign Immunity Act" ("FSIA"). The US Supreme Court has rejected the Bank's FSIA appeal and remanded the case to the US Court of Appeals for the Second Circuit to be reviewed on common law immunity grounds. The process is ongoing.

In addition, a group of plaintiffs filed a civil lawsuit (the Owens case) against the Bank with a claim for damages before the District Court for the Southern District of New York on March 27, 2020, "on the grounds that they (plaintiffs) could not collect their judgments from Iran due to the violations of sanctions." The case was dismissed by the District Court, the Second Circuit and the U.S. Supreme Court, respectively. Consequently, the Owens case was conclusively dismissed on January 8, 2024.

Finally, on July 26, 2023, a new civil case (the Hughes case) was filed against the Bank by a group of plaintiffs in a complaint filed with the District Court, seeking to satisfy judgements similar to the civil case dated March 27, 2020. The plaintiffs seek judgments by attempting to establish a connection between certain aggrievements they have suffered in various countries and the allegations in the current criminal case against the Bank, which was filed on October 15, 2019. The Bank filed its motion to dismiss the case with the District Court on December 22, 2023. The process is ongoing.

At this stage, the Bank's Management stated that there is no penalty, compensation, sanction or other measure arising from the pending criminal and civil cases against the Bank. There is an uncertainty if any decisions will be made by the US authorities that may adversely affect the financial position of the Bank. No provision has been made in the financial statements of the Bank related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter explained in the Basis for Qualified Opinion section, the issues described below have been identified as key audit matters and are disclosed in our report.



Key Audit Matter	How the matter was addressed in the audit
<p>Impairment of loans in accordance with TFRS 9 "Financial Instruments Standard"</p> <p>Impairment of loans is a key area of judgement for the management. The Bank has the total loans amounting to TRY 1.270.544.675 thousand, which comprise 58% of the Bank's total assets in its unconsolidated financial statements and the total provision for expected credit loss amounting to TRY 48.509.527 as at 31 December 2023.</p> <p>The Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p>There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans are presented in Section 5 Note I.5.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have read and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.</p> <p>We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation</p> <p>We have tested relevant inputs and assumptions used by the management considering the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates..</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and related impairment provisions.</p>

Key Audit Matter	How the matter was addressed in the audit
<p>Valuation of Pension Fund Obligations</p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı ("Plan") which were established by the 20th provisional article of the Social Security Law numbered 506 (the "Law").</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds' members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2023, the Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank's actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>



Key Audit Matter	How the matter was addressed in the audit
<p>Information Technologies Audit</p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Banks' controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> • Security management • Change management • Operations management • We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January–31 December 2023 does not comply with the TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Erdem Taş.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section III and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
 Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Erdem Taş
 Partner

Istanbul, 14 February 2024

1. The Bank's Headquarter Address:
 Finanskent Mahallesi Finans Caddesi No:42/1 Ümraniye/İstanbul
2. The Bank's Contact Phone and Facsimile:
 Phone : 0216 503 70 70
 Facsimile : 0212 340 93 99
3. The Bank's Website and E-mail Address:
 Website: www.halkbank.com.tr
 E-mail Address: halkbank.ir@halkbank.com.tr

The unconsolidated year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- **Section One** : GENERAL INFORMATION ABOUT THE BANK
- **Section Two** : UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Three** : EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** : INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- **Section Five** : EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** : OTHER EXPLANATIONS
- **Section Seven** : AUDITOR'S REPORT

The unconsolidated financial statements for the year ended 31 December 2023 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 14 February 2024

R. Süleyman Özdil

Chairman of the
 Board of Directors,
 Chairman of the
 Audit Committee

Osman Arslan

Member of the
 Board of Directors,
 Chief Executive
 Officer

Mevlüt Uysal

Vice Chairman
 of the Board of
 Directors,
 Member of the
 Audit Committee

Yusuf Duran Ocak

Financial
 Management and
 Planning
 Vice Chief Executive
 Officer

Osman Bektaş

Financial
 Accounting
 Department Head

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Sercan PAT / Specialist
 Tel : 0216 503 52 13
 Fax No : 0212 340 09 90

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TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE BANK INCLUDING THE CHANGES OF THESE ARTICLES

Türkiye Halk Bankası Anonim Şirketi (the "Bank" or "Halkbank") began its operations in accordance with the law no: 2284 in 1938 and still continues its activities as a public commercial bank.

II. CAPITAL STRUCTURE OF THE BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT CONTROL AND MANAGEMENT OF THE BANK SOLELY OR TOGETHER, CHANGES ABOUT THESE ISSUES DURING THE YEAR AND DISCLOSURES ABOUT THE GROUP

The capital of the Bank is controlled directly by the Türkiye Varlık Fonu.

As of 31 December 2023 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2023	%	31 December 2022	%
Türkiye Varlık Fonu ⁽¹⁾	6.573.604	91,49	4.357.946	87,70
Public shares ⁽¹⁾	611.093	8,51	611.094	12,30
Other shareholders ⁽²⁾	81	0,00	81	0,00
Total	7.184.778	100,00	4.969.121	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 5.935.328 have been included in Public shares.

⁽²⁾ TRY 81 of the shares included in the "Other Shareholders" group belong to shareholders whose shares do not trade on the exchange.

In accordance with the Law No: 6327 dated 13 June 2012 and 3rd sub-article added to the Article 2 of the Law No: 4603, as per the Turkish Commercial Code, the Public shares will be controlled and represented by the Minister the Bank is reporting to, until the sale procedures of the public shares are completed.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

III. EXPLANATIONS REGARDING THE BANK'S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE BANK, IF ANY

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Independent Member of the Board of Directors
Mevlüt UYSAL	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAÇ	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
Mihrimah Belma SEKMEN	Independent Member of the Board of Directors
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mehmet AYDIN	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olçay ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Tahir DEMİRKIRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCI	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAY	Executive Vice President, SME Banking

People mentioned above do not own any shares in the Bank's capital.

a) The Bank's top management members who have assigned to their position in 2023 are listed with titles and dates of assignment.

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Mihrimah Belma SEKMEN	2 August 2023
Member of the Supervisory Board	Mehmet AYDIN	2 August 2023
Member of the Supervisory Board	Faruk ÖZÇELİK	2 August 2023

b) The Bank's top management members who have left their position in 2023 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Supervisory Board	Faruk ÖZÇELİK	16 March 2023
Member of the Supervisory Board	Prof. Dr. Yılmaz ÇOLAK	2 August 2023
Independent Member of the Board of Directors	Prof. Dr. Mesut KARAKAŞ	2 August 2023

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK

Except for the Türkiye Varlık Fonu, no person or institute has any qualified shares attributable to the Bank.

V. EXPLANATIONS ON THE BANK'S FUNCTIONS AND LINES OF ACTIVITY

1) General information about the Bank:

Türkiye Halk Bankası Anonim Şirketi began its operations in 1938 in accordance with the Law No: 2284 and still continues its activities as a public commercial bank.

2) Bank's restructuring process:

Law numbered 4603 regarding the "Law on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Anonim Şirketi and Türkiye Emlak Bankası Anonim Şirketi", was prepared within the framework of the "Macro-Economic Program" for the period 2000-2002. The purpose of the law is to modernize the operations of the banks to arrive at a point where the requirements of the international norms and international competition can both be reached and it also aims to sell the majority of the banks' shares to individuals or legal entities in the private sector. The Bank revised its charter of establishment, elected a new board of directors and increased its nominal capital from TRY 250.000 to TRY 1.250.000 in the extraordinary general assembly held on 14 April 2001. Within the scope of the restructuring process, the Bank received government bonds in settlement of the accumulated specific duty losses and the Bank's whole specific duty loss receivable was thus eliminated as at 30 April 2001. In addition, a significant number of personnel were encouraged to sign new contracts and transferred to other government institutions.

According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Bank were to be concluded under the provisions of Law No: 4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were going to be completed within three years (until 25 November 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2 of Law numbered 4603 was previously amended to "5 years" and subsequently by Law No: 5572 dated 10 January 2007 the related term was amended to "10 years". As a result of these amendments, the privatization period of the Bank was extended. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended the half of that "10 years" period as published in the Official Gazette by the Decree numbered 2010/964 and dated 6 November 2010.

As per the Higher Council of Privatization decision numbered 2006/69 dated 11 August 2006, the public shares were transferred to the Privatization Administration and 99,9% of the Bank shares were decided to be sold before 25 May 2008 using the block sale method. 13th Department of Council of State with its decision numbered 2006/4258 dated 29 November 2006 to cease the execution of the High Council of Privatization's decision numbered 2006/69 dated 11 August 2006. Thereupon, as per the decision of the Higher Council of Privatization numbered 2007/8 dated 5 February 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24,98% was completed in the first week of May 2007 and Halkbank shares were started to trade on Borsa İstanbul AŞ as of 10 May 2007 with the base price of TRY full 8,00. As per the decision of the Higher Council of Privatization numbered 2012/150 dated 4 October 2012; 23,92% of the public shares held by the Privatization Administration were privatized by a second public offering and privatization was completed on 21 November 2012.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası AŞ and amendments to other acts" which came into force as published in the Official Gazette numbered 25539 dated 31 July 2004, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund ("SDIF")) was transferred to the Bank. Insolvent Pamukbank TAŞ was a private sector deposit bank established by Çukurova İthalat ve İhracat TAO, Karamehmetler limited partnership and more than five hundred shareholders. Pamukbank started its private banking operations as an incorporation in accordance with the decision of the Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency numbered 742 published in the Official Gazette numbered 24790 dated 19 June 2002 including 3rd and 4th Sub-articles in the Article 14 of the Banking Law No: 4389, the shareholders rights, excluding dividends, management and supervision of Pamukbank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

3) The Bank's service activities and operating areas:

The Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

As of 31 December 2023, the Bank operates with a total of 1.079 branches consisting of 1.073 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 35 satellite branches. The Bank has also 2 representative offices in England and Iran.

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE INSTITUTIONS SUBJECT TO LINE-BY-LINE METHOD OR PROPORTIONAL CONSOLIDATION AND INSTITUTIONS WHICH ARE DEDUCTED FROM EQUITY OR NOT INCLUDED IN THESE THREE METHODS

Platform Ödeme Hizmetleri ve Elektronik Para AŞ, subsidiary, and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, associate, are not consolidated in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" as they are not within the scope of financial institutions. In the consolidated financial statements prepared in accordance with International Financial Reporting Standards, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is included in the scope of consolidation according to the equity method, while Platform Ödeme Hizmetleri ve Elektronik Para AŞ is included in the scope of full consolidation.

The Bank's subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Banka AD Skopje and its subsidiary Halk Osiguruvanje AD Skopje, Halk Faktoring AŞ, Halkbank AD Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation by line-by-line method.

DHB Bank NV, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ which are classified as investments in associates, are included in the financial statements based on equity method of consolidation. Associates are the domestic or foreign subsidiaries which the Bank participates to equity with significant influence but without controlling interest.

VII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDER'S EQUITY BETWEEN THE BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES

Immediate transfer of the equity between the Bank and its subsidiaries is not in question. Dividend distribution from equity is made according to the related regulations.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries. The Bank charge or pay cost of the services according to the service agreements entered into between the Bank and its subsidiaries.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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- I. Balance Sheet (Statement of Financial Position)
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- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows
- VII. Statement Of Profit Distribution

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
ASSETS							
I. FINANCIAL ASSETS (NET)		171.442.267	275.614.881	447.057.148	129.001.375	173.538.837	302.540.212
1.1 Cash and Cash Equivalents		62.405.047	227.037.693	289.442.740	33.526.579	132.587.288	166.113.867
1.1.1 Cash and Balances with Central Bank	(1)	58.379.139	215.350.486	273.729.625	31.834.644	127.159.631	158.994.275
1.1.2 Banks	(3)	4.136.930	11.687.207	15.824.137	1.749.473	5.427.657	7.177.130
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		111.022	-	111.022	57.538	-	57.538
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	38.761.199	1.349	38.762.548	33.996.979	133.751	34.130.730
1.2.1 Government Debt Securities		35.365.865	1.349	35.367.214	33.948.807	923	33.949.730
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		3.395.334	-	3.395.334	48.172	132.828	181.000
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	70.164.047	44.903.036	115.067.083	61.158.143	37.902.282	99.060.425
1.3.1 Government Debt Securities		69.636.615	43.874.551	113.511.166	59.787.086	37.459.800	97.246.886
1.3.2 Equity Instruments		527.432	1.028.485	1.555.917	843.654	442.482	1.286.136
1.3.3 Other Financial Assets		-	-	-	527.403	-	527.403
1.4 Derivative Financial Assets	(2)(11)	111.974	3.672.803	3.784.777	319.674	2.915.516	3.235.190
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		111.974	3.672.803	3.784.777	319.674	2.915.516	3.235.190
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1.259.345.495	393.195.667	1.652.541.162	779.661.282	250.604.261	1.030.265.543
2.1 Loans	(5)	1.014.108.976	256.435.699	1.270.544.675	666.016.811	176.600.717	842.617.528
2.2 Lease Receivables	(10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(6)	293.803.473	136.759.968	430.563.441	166.986.452	74.003.544	240.989.996
2.4.1 Government Debt Securities		291.411.340	136.759.968	428.171.308	164.526.640	74.003.544	238.530.184
2.4.2 Other Financial Assets		2.392.133	-	2.392.133	2.459.812	-	2.459.812
2.5 Expected Credit Loss (-)		48.566.954	-	48.566.954	53.341.981	-	53.341.981
III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(16)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		11.403.519	16.869.137	28.272.656	10.492.662	9.214.095	19.706.757
4.1 Investments in Associates (Net)	(7)	309.241	2.715.304	3.024.545	152.016	1.612.921	1.764.937
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		309.241	2.715.304	3.024.545	152.016	1.612.921	1.764.937
4.2 Subsidiaries (Net)	(8)	11.094.278	14.153.833	25.248.111	10.340.646	7.601.174	17.941.820
4.2.1 Unconsolidated Financial Subsidiaries		10.496.170	14.153.833	24.650.003	10.240.301	7.601.174	17.841.475
4.2.2 Unconsolidated Non-Financial Subsidiaries		598.108	-	598.108	100.345	-	100.345
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(12)	20.047.734	858	20.048.592	12.067.835	609	12.068.444
VI. INTANGIBLE ASSETS (Net)	(15)	1.498.351	-	1.498.351	574.468	-	574.468
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.498.351	-	1.498.351	574.468	-	574.468
VII. INVESTMENT PROPERTIES (Net)	(14)	2.675.524	-	2,675.524	1,168.528	-	1,168.528
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(15)	14.361.148	-	14.361.148	8.437.719	-	8.437.719
X. OTHER ASSETS (Net)	(17)	26.131.866	2.700.439	28.832.305	17.299.341	887.634	18.186.975
TOTAL ASSETS		1.506.905.904	688.380.982	2.195.286.886	958.703.210	434.245.436	1.392.948.646

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
LIABILITIES							
I. DEPOSITS	(1)	1.121.857.569	750.990.436	1.872.848.005	567.603.075	493.319.456	1.060.922.531
II. FUNDS BORROWED	(3)	560.752	16.430.458	16.991.210	180.267	13.241.796	13.422.063
III. MONEY MARKETS		1.625.466	18.556.332	20.181.798	94.101.600	8.057.568	102.159.168
IV. SECURITIES ISSUED (Net)	(4)	9.252.499	-	9,252.499	8,976.077	-	8,976.077
4.1 Bills		9.120.007	-	9,120.007	7,107.044	-	7,107.044
4.2 Assets Backed Securities		-	-	-	1,011.622	-	1,011.622
4.3 Bonds		132.492	-	132,492	857,411	-	857,411
V. FUNDS	(5)	571.618	-	571,618	237,542	-	237,542
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		571.618	-	571,618	237,542	-	237,542
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	186.308	708.113	894.421	-	823.543	823.543
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		186.308	708.113	894.421	-	823.543	823.543
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	(7)	2,958.953	69.638	3,028.591	1,275.326	3,163	1,278.489
X. PROVISIONS	(9)	12,429.302	-	12,429.302	8,717.353	-	8,717.353
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		7,987,832	-	7,987,832	5,285,506	-	5,285,506
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		4,441,470	-	4,441,470	3,431,847	-	3,431,847
XI. CURRENT TAX LIABILITY	(10)	4,791.678	1,572	4,793.250	9,468.573	527	9,469.100
XII. DEFERRED TAX LIABILITIES	(10)	-	-	-	-	-	-
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	6,064.043	36,066.237	42,130.280	6,041.809	21,173.452	27,215.261
14.1 Loans		-	36,066,237	36,066,237	-	21,173,452	21,173,452
14.2 Other Debt Instruments		6,064,043	-	6,064,043	6,041,809	-	6,041,809
XV. OTHER LIABILITIES	(6)	75,857.702	7,902.191	83,759.893	64,721.368	4,354.061	69,075.429
XVI. SHAREHOLDERS' EQUITY	(13)	123,659.404	4,746.615	128,406.019	88,881.953	1,770.137	90,652.090
16.1 Paid-in Capital		7,184,778	-	7,184,778	4,969,121	-	4,969,121
16.2 Capital Reserves		45,330,525	793,058	46,123,583	17,683,890	395,076	18,078,966
16.2.1 Share Premium		44,465,222	-	44,465,222	16,680,879	-	16,680,879
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		865,303	793,058	1,658,361	1,003,011	395,076	1,398,087
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		16,330,204	3,835,280	20,165,484	12,580,026	1,833,570	14,413,596
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(390,143)	118,277	(271,866)	8,556,841	(458,509)	8,098,332
16.5 Profit Reserves		44,283.603	-	44,283.603	29,529.707	-	29,529.707
16.5.1 Legal Reserves		4,180,008	-	4,180,008	2,696,611	-	2,696,611
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33,299,377	-	33,299,377	26,785,915	-	26,785,915
16.5.4 Other Profit Reserves		6,804,218	-	6,804,218	47,181	-	47,181
16.6 Income or (Loss)		10,920.437	-	10,920.437	15,562.368	-	15,562.368
16.6.1 Prior Periods' Income or (Loss)		808,472	-	808,472	296,729	-	296,729
16.6.2 Current Period Income or (Loss)		10,111,965	-	10,111,965	15,265,639	-	15,265,639
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		1,359,815,294	835,471,592	2,195,286,886	850,204,943	542,743,703	1,392,948,646

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

II. STATEMENT OF OFF BALANCE SHEET ITEMS

	Note	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
OFF-BALANCE SHEET							
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		734.755.257	520.480.944	1.255.236.201	415.654.379	358.192.812	773.847.191
I. GUARANTEES AND WARRANTIES	(1)	408.270.342	192.445.788	600.716.130	203.985.740	111.200.707	315.186.447
1.1 Letters of guarantee		344.741.625	176.537.882	521.279.507	168.666.024	100.393.232	269.059.256
1.1.1 Guarantees subject to public procurement law		15.881.827	22.619.624	38.501.451	6.914.095	13.846.314	20.760.409
1.1.2 Guarantees given for foreign trade operations		428.706	48.544.359	48.973.065	260.008	26.715.104	26.975.112
1.1.3 Other letters of guarantee		328.431.092	105.373.899	433.804.991	161.491.921	59.831.814	221.323.735
1.2 Bank loans		36.564.672	1.384.697	37.949.369	18.466.650	5.161.611	23.628.261
1.2.1 Import acceptances		-	449.252	-	-	486.035	486.035
1.2.2 Other bank acceptances		36.564.672	935.445	37.500.117	18.466.650	4.675.578	23.142.228
1.3 Letters of credit		36.988	14.523.209	14.560.197	53.360	5.625.245	5.678.605
1.3.1 Documentary letters of credit		36.988	14.523.209	14.560.197	53.360	5.625.245	5.678.605
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed refinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		26.927.057	-	26.927.057	16.799.706	20.619	16.820.325
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1)	161.279.458	17.849.345	179.128.823	85.805.725	23.652.091	109.457.816
2.1 Irrevocable commitments		155.005.650	5.173.784	160.179.434	82.028.145	17.738.854	99.766.999
2.1.1 Forward asset purchase commitments		88.630	5.173.784	5.262.414	13.574.406	16.245.409	29.819.815
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		19.873.658	-	19.873.658	16.557.370	1.493.445	18.050.815
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(4)	18.516.662	-	18.516.662	9.705.677	-	9.705.677
2.1.8 Tax and fund liabilities from export commitments		569.005	-	569.005	163.349	-	163.349
2.1.9 Commitments for credit card expenditure limits		102.599.070	-	102.599.070	34.608.889	-	34.608.889
2.1.10 Commitments for credit cards and banking services promotions		17.102	-	17.102	24.391	-	24.391
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		13.341.523	-	13.341.523	7.394.063	-	7.394.063
2.2 Revocable commitments		6.273.808	12.675.581	18.949.389	3.777.580	5.913.237	9.690.817
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		6.273.808	12.675.581	18.949.389	3.777.580	5.913.237	9.690.817
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)(3)	165.205.457	310.185.791	475.391.248	125.862.914	223.340.014	349.202.928
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		165.205.457	310.185.791	475.391.248	125.862.914	223.340.014	349.202.928
3.2.1 Forward foreign currency buy/sell transactions		9.250.910	27.507.219	36.758.129	540.243	10.809.669	11.349.912
3.2.1.1 Forward foreign currency transactions-buy		4.682.299	11.542.147	16.224.446	481.250	7.277.955	7.759.205
3.2.1.2 Forward foreign currency transactions-sell		4.568.611	15.965.072	20.513.683	58.993	3.531.714	3.590.707
3.2.2 Currency and interest rate swaps		155.926.024	247.753.081	403.679.105	113.069.406	168.543.715	281.613.121
3.2.2.1 Currency swap-buy		-	142.525.535	142.525.535	-	100.374.575	100.374.575
3.2.2.2 Currency swap-sell		155.746.024	129.227.546	284.973.571	112.749.406	9.861.252	122.610.658
3.2.2.3 Interest rate swap-buy		90.000	46.142.636	46.232.636	160.000	29.153.944	29.313.944
3.2.2.4 Interest rate swap-sell		90.000	46.142.636	46.232.636	160.000	29.153.944	29.313.944
3.2.3 Currency, interest rate and marketable securities options		-	1.025.859	1.025.859	11.743.835	13.195.106	24.938.941
3.2.3.1 Currency call options		-	512.929	512.929	6.189.963	6.289.150	12.479.113
3.2.3.2 Currency put options		-	512.930	512.930	5.553.872	6.905.956	12.459.828
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Marketable securities call options		-	-	-	-	-	-
3.2.3.6 Marketable securities put options		-	-	-	-	-	-
3.2.4 Currency futures		48.523	43.430	91.953	509.430	408.321	917.751
3.2.4.1 Currency futures-buy		-	43.430	43.430	37.954	372.896	410.850
3.2.4.2 Currency futures-sell		48.523	-	48.523	471.476	35.425	506.901
3.2.5 Interest rate buy/sell futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	33.856.202	33.856.202	-	30.383.203	30.383.203
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		6.720.349.353	1.829.500.394	8.549.849.747	3.548.608.488	1.157.275.339	4.705.883.827
IV. CUSTODIES		2.893.208.310	273.232.576	3.166.440.886	1.368.688.542	147.968.761	1.516.657.303
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		202.469.441	25.418.120	227.887.561	169.310.140	12.803.462	182.113.602
4.3 Cheques in collection process		148.159.996	161.570.802	309.730.798	80.276.997	88.845.314	169.122.311
4.4 Commercial notes in collection process		2.432.520.258	38.996.266	2.471.516.524	1.068.266.795	24.536.791	1.092.803.586
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		1.694.993	23.205	1.718.198	709.081	14.737	723.818
4.8 Custodians		108.363.622	47.224.183	155.587.805	50.125.529	21.768.457	71.893.986
V. PLEDGED ASSETS		3.827.141.043	1.556.267.818	5.383.408.861	2.179.919.946	1.009.306.578	3.189.226.524
5.1 Marketable securities		16.821.184	3.131.321	19.952.505	10.316.834	2.202.425	12.519.259
5.2 Collateral notes		59.620.831	2.610.698	62.231.529	40.176.584	1.945.380	42.121.964
5.3 Commodity		25.813	-	25.813	-	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		3.202.313.539	1.130.581.759	4.332.895.298	1.733.386.899	734.152.394	2.467.539.293
5.6 Other pledged assets		385.301.665	291.886.882	677.188.547	269.193.018	182.899.222	452.092.240
5.7 Pledges		163.058.011	128.057.158	291.115.169	126.820.799	88.107.157	214.927.956
VI. ACCEPTED BILL, GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		7.455.104.610	2.349.981.338	9.805.085.948	3.964.262.867	1.515.468.151	5.479.731.018

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

III. STATEMENT OF PROFIT OR LOSS

	Note	Audited Current Period 1 January -31 December 2023		Audited Prior Period 1 January -31 December 2022	
		TRY	FC	TRY	FC
INCOME AND EXPENSES					
I. INTEREST INCOME	(1)	304.991.202		153.973.729	
1.1 Interest on Loans		189.559.171		85.604.042	
1.2 Interest on Reserve Requirements		26.022		5.154	
1.3 Interest on Banks		1.447.178		535.284	
1.4 Interest on Money Market Transactions		5.347		-	
1.5 Interest on Marketable Securities Portfolio		113.557.224		67.542.320	
1.5.1 Fair Value Through Profit or Loss		23.043		12.589	
1.5.2 Fair Value Through Other Comprehensive Income		19.649.243		14.217.543	
1.5.3 Measured at Amortized Cost		93.884.938		53.312.188	
1.6 Financial Lease Interest Income		-		-	
1.7 Other Interest Income		396.260		286.929	
II. INTEREST EXPENSE (-)	(2)	263.607.128		85.728.561	
2.1 Interest on Deposits		238.671.738		64.459.527	
2.2 Interest on Funds Borrowed		758.783		358.199	
2.3 Interest Expense on Money Market Transactions		14.470.336		15.784.597	
2.4 Interest on Securities Issued		7.387.083		3.700.719	
2.5 Interest on Leases		487.571		148.958	
2.6 Other Interest Expenses		1.831.617		1.276.561	
III. NET INTEREST INCOME (I - II)		41.384.074		68.245.168	
IV. NET FEES AND COMMISSIONS INCOME		18.947.469		8.461.949	
4.1 Fees and Commissions Received		28.503.223		11.691.782	
4.1.1 Non - cash Loans		5.982.936		2.653.564	
4.1.2 Other	(12)	22.520.287		9.038.218	
4.2 Fees and Commissions Paid (-)		9.555.754		3.229.833	
4.2.1 Non - cash Loans		243		169	
4.2.2 Other	(12)	9.555.511		3.229.664	
V. DIVIDEND INCOME	(3)	401.464		426.209	
VI. TRADING INCOME / LOSS (Net)	(4)	(16.209.929)		(5.876.000)	
6.1 Trading Gains / (Losses) on Securities		3.162.536		205.160	
6.2 Gains / (Losses) on Derivate Financial Transactions		29.367.516		7.832.809	
6.3 Foreign Exchange Gains / (Losses)		(48.739.981)		(13.913.969)	
VII. OTHER OPERATING INCOME	(5)	13.173.298		4.084.867	
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		57.696.376		75.342.193	
IX. EXPECTED LOSS PROVISIONS (-)	(6)	2.894.525		36.785.104	
X. OTHER PROVISION EXPENSES (-)	(6)	29.213		185.113	
XI. PERSONNEL EXPENSE (-)		19.017.844		8.220.695	
XII. OTHER OPERATING EXPENSES (-)	(7)	29.102.057		9.495.284	
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		6.652.737 </			

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited		Audited
	Current Period	Prior Period	
	1 January –31 December 2023	1 January –31 December 2022	
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY			
I. CURRENT PERIOD INCOME/LOSS	10.111.965	15.265.639	
II. OTHER COMPREHENSIVE INCOME	(2.618.310)	18.272.799	
2.1 Not Reclassified Through Profit or Loss	5.751.888	8.252.474	
2.1.1 Property and Equipment Revaluation Increase/Decrease	4.247.629	2.531.694	
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-	
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(805.404)	(1.290.692)	
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	2.601.370	7.029.914	
2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(291.707)	(18.442)	
2.2 Reclassified Through Profit or Loss	(8.370.198)	10.020.325	
2.2.1 Foreign Currency Translation Differences	(434.780)	141.173	
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(10.402.900)	12.924.681	
2.2.3 Cash Flow Hedge Income/Loss	-	-	
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-	
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-	
2.2.6 Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	2.467.482	(3.045.529)	
III. TOTAL COMPREHENSIVE INCOME (I+II)	7.493.655	33.538.438	

The accompanying notes are an integral part of these unconsolidated financial statements.

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited (1 January – 31 December 2022)	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Increase/ Decrease of Fixed Assets	Accumulated Revaluation Gain/Loss of Defined Benefit Pension Plan	Accumulated Gain/Loss of (471.746)	Other (Shares of Investments Through Other Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Amounts of Other Financial Assets Reclassified Through Profit or Loss)	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss	Other (Cash Flow Hedge Gain/ Loss, Shares of Investments Through Other Method in Other Comprehensive Income Classified Through Profit or Loss and Other Amounts of Other Financial Assets Reclassified Through Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity
I. Prior Period End Balance	2,473,776	5,776,224	-	1,481,519	1,948,954	(4,683,914)	(4,683,914)	4,683,914	(136,454)	-	28,021,978	-	1,507,729	43,500,355
II. Corrections and Accounting Policy Changes Made According to TAS B	-	-	-	-	-	-	-	-	-	-	-	-	296,729	296,729
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	296,729	296,729
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2,473,776	5,776,224	-	1,481,519	1,948,954	(4,71,746)	4,683,914	(136,454)	(1,785,539)	-	28,021,978	-	1,507,729	43,797,084
IV. Total Comprehensive Income	-	-	-	-	2,161,094	(938,334)	7,029,914	141,173	9,879,152	-	15,265,639	-	15,265,639	33,538,438
V. Capital Increase by Cash	2,495,345	10,904,635	-	-	-	-	-	-	-	-	-	-	-	15,400,000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	(83,432)	-	-	-	-	-	-	-	-	1,507,729	(83,432)
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	1,507,729	(1,507,729)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	1,507,729	(1,507,729)
11.2 Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	1,507,729	-
Period End Balance (I+IV+...+XI-XI)	4,969,121	16,680,879	-	1,398,087	4,110,048	(1,410,280)	11,715,828	4,719	8,093,613	-	29,529,707	-	15,265,639	90,652,000
(1 January – 31 December 2023)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
I. Prior Period End Balance	4,949,121	16,680,879	-	1,398,087	4,110,048	(1,410,280)	11,715,828	4,719	8,093,613	-	29,529,707	-	15,265,639	90,652,000
II. Corrections and Accounting Policy Changes Made According to TAS B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	4,949,121	16,680,879	-	1,398,087	4,110,048	(1,410,280)	11,715,828	4,719	8,093,613	-	29,529,707	-	15,265,639	90,652,000
IV. Total Comprehensive Income	-	-	-	-	3,620,282	(469,764)	2,601,370	(434,780)	(7,955,418)	-	10,111,965	-	10,111,965	7,493,655
V. Capital Increase by Cash	2,215,657	27,784,343	-	-	-	-	-	-	-	-	-	-	-	30,000,000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	260,274	-	-	-	-	-	-	-	-	15,265,639	260,274
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	16,753,896	(16,753,896)
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	16,753,896	(16,753,896)
11.2 Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+IV+...+XI-XI)	7,184,778	44,465,222	-	1,658,361	7,730,330	(1,880,044)	14,311,198	(630,061)	158,195	-	44,285,603	-	10,111,965	128,406,019

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

		Audited Current Period	Audited Prior Period
	Note	1 January -31 December 2023	1 January -31 December 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(162.843.376)	(37.972.647)
1.1.1 Interest received		207.020.446	109.527.157
1.1.2 Interest paid		(230.886.774)	(78.968.857)
1.1.3 Dividend received		401.464	426.209
1.1.4 Fees and commissions received		29.243.893	12.799.574
1.1.5 Other income		9.255.556	2.067.387
1.1.6 Collections from previously written off loans		5.125.151	4.328.083
1.1.7 Cash payments to personnel and service suppliers		(19.500.297)	(8.305.419)
1.1.8 Taxes paid		(11.143.680)	(9.355.867)
1.1.9 Other	(1)	(152.359.135)	(70.490.914)
1.2 Changes in Assets and Liabilities Subject to Banking Operations		247.214.684	86.393.712
1.2.1 Net increase / decrease in financial assets at fair value through profit or loss		(4.618.274)	(8.993.533)
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(301.047.729)	(287.558.163)
1.2.4 Net (increase) / decrease in other assets		(74.805.854)	(30.158.803)
1.2.5 Net increase / (decrease) in bank deposits		(5.633.613)	87.050.668
1.2.6 Net increase / (decrease) in other deposits		704.835.722	311.485.604
1.2.7 Net increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		(175.853)	(1.650.988)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	(71.339.715)	16.218.927
I. Net cash provided from banking operations		84.371.308	48.421.065
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from/ (used in) investing activities		(92.549.838)	(63.088.355)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(1.014.057)	(2.345.961)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(3.492.347)	(1.077.087)
2.4 Fixed assets sales		3.933.508	3.468.992
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(33.198.091)	(25.233.285)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		18.432.788	11.482.714
2.7 Cash paid for purchase of investment securities		(87.750.127)	(56.287.775)
2.8 Cash obtained from sale of investment securities		11.772.713	7.125.727
2.9 Other		(1.234.225)	(221.680)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		33.431.047	20.849.918
3.1 Cash obtained from loans borrowed and securities issued		9.528.650	21.118.730
3.2 Cash used for repayment of loans borrowed and securities issued		(5.179.562)	(13.302.050)
3.3 Bonds issued		30.000.000	13.400.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(918.041)	(366.762)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	32.319.332	14.962.468
V. Net increase / (decrease) in cash and cash equivalents		57.571.849	21.145.096
VI. Cash and cash equivalents at beginning of the period	(4)	83.264.547	62.119.451
VII. Cash and cash equivalents at end of the period	(5)	140.836.396	83.264.547

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period(*)	Audited Prior Period(***)
	31 December 2023	31 December 2022
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1. Current Period Profit	6.652.737	20.144.254
1.2. Taxes and Legal Duties Payables (-)	3.459.228	(5.390.358)
1.2.1. Corporate Tax (Income Tax)	(288.426)	(16.734.654)
1.2.2. Withholding Tax	-	-
1.2.3. Other Taxes and Duties	3.747.654	11.344.296
A. Net Profit For The Period (1.1-1.2)	10.111.965	14.753.896
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	737.695
1.5. Other Statutory Reserves (-)	-	-
B. Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]	-	14.016.201
1.6. First Dividend to shareholders (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. Dividends to personnel (-)	-	-
1.8. Dividends to Board of Directors (-)	-	-
1.9. Second Dividend to Shareholders (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Status Reserves (-)	-	14.016.201
1.12. Extraordinary Reserves	-	-
1.13. Other Reserves***)	-	132.355
II. Distribution of Reserves		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.2.1. Dividends to Shareholders (-)	-	-
2.2.2. To Owners of Ordinary Shares	-	-
2.2.3. To Owners of Privileged Shares	-	-
2.2.4. To Profit Sharing Bonds	-	-
2.2.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.3. Dividends to Personnel (-)	-	-
2.4. Dividends to the Boards of Directors (-)	-	-
III. Earnings per Share		
3.1. To Owners of Ordinary Shares	1,41	2,97
3.2. To Owners of Ordinary Shares (%)	%140,74	%296,91
3.3. To Owners of Privileged Shares	-	-
3.4. To Owners of Privileged Shares (%)	-	-
IV. Dividend per Share		
4.1. To Owners of Ordinary Shares	-	-
4.2. To Owners of Ordinary Shares (%)	-	-
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

(*) As of 31 December 2023 financial reporting date, General Assembly has not been held yet.

(**) Gain on sale of real estate realized in the previous period amounting to TRY 132.355, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520, will continue to be monitored in the special funds account.

(***) The profit distribution table approved by the general assembly of 2022 includes the balances pertaining to the distributed period profits.

The accompanying notes are an integral part of these unconsolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board ("BRSA") and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities carried at fair value. Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise stated.

Accounting policies and valuation principles used in the preparation of financial statements, have been determined and implemented in accordance with accounting and financial reporting principles in scope of the regulations, communiqués, explanations and circulars issued by the BRSA and for the matters not legislated by the aforementioned regulations, in accordance with TAS / TFRS principles (all together referred to as "BRSA Accounting and Financial Reporting Regulations") issued by the POA.

Public Oversight Accounting and Auditing Standards Authority ("POA"), with its announcement dated 23 November 2023, applied that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting in Hyperinflationary Economies ("TAS 29"), however, institutions or organizations authorized to regulate and supervise in their own fields may determine different transition dates for the applying of TAS 29. Based on this announcement of POA, BRSA, with its decision dated 12 December 2023 and numbered 10744, decided that the financial statements dated 31 December 2023 of banks and financial leasing, factoring, financing, savings financing and asset management companies should not be subject to the inflation adjustment required within the scope of TAS 29. Accordingly, the Bank has not applied the inflation accounting required by TAS 29 in its financial statements for the year ended 31 December 2023.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

II. EXPLANATIONS ON THE STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

a) The Bank's strategy on financial instruments:

Due to its historical mission, the Bank focuses on granting loans to Small and Medium Size Enterprises (SMEs) and craftsmen besides corporate, commercial and individual segmented customers. In addition to the main fund source deposits, the Bank can raise funds from money markets and borrowings abroad.

The Bank follows the developments in the markets and uses funds raised in most yielding areas. The strategies of the Bank are evaluated Asset and Liability Committee meetings.

b) The Bank's explanations on foreign currency transactions:

In the statutory records of the Bank, transactions accounted in foreign currencies (currencies except for TRY) are converted into TRY by using the prevailing exchange rates at the transaction dates. Foreign currency monetary asset and liability items are converted into TRY by using the prevailing exchange rate at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into TRY by using the exchange rates at the date of which the fair value is determined. Exchange differences arising from the conversions of monetary foreign currency items and settlements of foreign currency transactions are reflected to the statement of profit or loss.

The financial statements of the foreign branches of the Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches are expressed in TRY which is the functional currency of the Bank and the presentation currency of the financial statements.

Assets and liabilities of the foreign branches of the Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by at exchange rates at the dates of the transactions.

The Bank started to apply fair value hedge accounting as at 1 July 2015 by designating the exchange rate risk of Halkbank AD Beograd (subsidiary), Halk Banka AD Skopje (subsidiary), DHB Bank NV (associate), foreign investments that are recognized under fair value accounting as hedged item, in compliance with TAS 39 standard. Accordingly, the effective portion of the foreign exchange differences is recorded under statement of profit or loss in the current period.

III. EXPLANATIONS ON ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

Associates and subsidiaries are accounted for the "Turkish Accounting Standard on Separate Financial Statements Standard" (TAS 27), "Turkish Accounting Standard for Investments in Associates and Joint Ventures" (TAS 28) and TFRS 9 "Financial instruments: Turkish Financial Reporting Standards" in unconsolidated financial statements.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, cross currency swaps, options and forwards. The bank uses derivatives to avoid economical risks and account for as trading under TFRS 9 Standard as "Changes in Fair Value through Profit or Loss".

Pledges arising from derivative transactions recorded in off-balance sheet accounts with their agreement amounts. Derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively depending on the fair values being positive or negative. Fair value changes of derivative instruments are recorded under statement of profit or loss in the gains and losses on derivative financial transactions line. Fair values of derivatives are calculated using discounted cash flow model or market value.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) in conformity.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

Some of the banking service incomes are recorded as income in the period they are collected. Prepaid fees and commission income obtained from cash and non-cash loans are recorded in the related period by using discounting method with internal rate of return according to the loan maturity within the matching principle.

Fee and commission expenses on borrowings that are paid to other institutions and incorporations for financial liabilities comprise operational costs. These fee and commission expenses are booked under prepaid expenses and transferred to expense accounts in the related periods by using the straight accrual method according to the financial borrowing maturity within the matching principle.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. The financial assets are included in the balance sheet of the Bank, if the Bank is a legal party of these financial assets.

Financial assets mainly constitute the majority of the commercial activities and operations of the Bank. These instruments have the ability to expose, affect and diminish the risks of liquidity, credit and interest in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties in an arm's length transaction. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists.

The estimated fair values of financial assets have been determined by the Bank using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market conditions in the case of assets disposals. Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

Classification of the category of a financial instrument at initial recognition depends on both the business model for managing the financial assets and their contractual cash flow characteristics.

Assessment of Business Model

The Bank classifies its financial assets in accordance with TFRS 9 through its business model which is used for financial assets management.

The Bank's business model is related with how the Bank manages its financial assets to generate cash flows. In other terms, the source of cash flows depends on the Bank's business model whether the cash flow is generated from contractual terms or through sale of financial asset or both. Classification of financial assets is made at initial recognition considering the aim of purchase of the financial asset. The Bank's business models are classified in three main categories in accordance with TFRS 9.

1. A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The purpose of the business model does not require to hold to collect the contractual cash flows of the instruments over their life, even the aim of the business model is to hold the instruments up to maturity for the contractual cash flows. Therefore, even when financial asset sales are anticipated or expected to occur in the future, the business model may still be a model that aims to retain financial assets in order to collect contractual cash flows.

The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial assets meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

2. A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Fair value changes of the financial assets that are held within the scope of this business model are accounted for under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Other Business Models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The Bank makes its decisions on the basis of business model, which is based on the fair value of the assets and manages the assets to obtain their fair value. Therefore, if the financial assets are held for the purpose of obtaining cash flows arising from their sale, the change in fair value are measured at fair value through profit or loss.

Measurement Categories of Financial Assets and Liabilities

The Bank classified all its financial assets based on the business model for managing the financial assets. Accordingly, the financial assets are classified as per TFRS 9 in three main categories listed below:

1. Financial assets measured at amortized cost,
2. Financial assets measured at fair value through other comprehensive income,
3. Financial assets measured at fair value through profit/loss.

TFRS 9, explains how financial assets are classified in accordance with above methods explained in Article 1 and 2 and other than these financial assets, remaining financial assets are classified in accordance with the method detailed in Article 3.

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of December 31, 2023, the valuation of the related assets was made according to the actual annual inflation of 64,77%.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

a. Financial Assets Measured at Amortised Cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are loans and receivables and financial assets. Subsequent to the initial recognition, financial investments are accounted for at amortised cost calculated by using the effective interest rate method. Loans are initially recognized with their cost and carried at their amortized costs calculated using the internal rate of return subsequent to recognition.

b. Financial Assets Measured at Fair Value through Other Comprehensive Income

A financial asset is measured if both of the following conditions are met:

- (a) Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

c. Financial Assets Measured at Fair Value through Profit or Loss

In accordance with TFRS 9; Unless a financial asset is measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

However, the Bank may irrevocably prefer to apply to the financial assets at fair value through other comprehensive income for reflecting future changes in fair value for certain investments in equity instruments that would normally be measured at fair value through profit or loss at the time of initial inception in the financial statements.

Cash Equivalents and Banks

Cash and bank balances denominated in foreign currencies are valued by using the Bank's current period end exchange rates. The presented values of cash in TRY, foreign currency cash and banks at balance sheet are the estimated fair values of these assets.

Loans and Receivables

Loans and receivables represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans and receivables are initially recognized with their fair values including settlement costs and carried at their amortized costs calculated using the internal rate of return subsequent to recognition. Transaction fees, dues and other expenses paid for loan guarantees are recognized under the profit and loss accounts.

Consumer and corporate cash loans are recognized under the accounts specified by the Uniform Chart of Accounts and Explanations with their original balances based on their context.

Foreign currency indexed consumer and corporate loans are followed at TRY accounts after converting into TRY by using the opening exchange rates. At the subsequent periods, increases and decreases in the loan capital are recognized under the foreign exchange gain and loss line in the statement of profit or loss depending on foreign currency rates being higher or lower than opening date rates.

Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign exchange gain and loss line in the statement of profit or loss.

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Associates and subsidiaries

The Bank accounted its subsidiaries at their fair values. Foreign currency denominated associates and subsidiaries are converted into TRY by using the exchange rates at the date of which the fair value is determined. Fair values of the subsidiaries, whose shares are unquoted on an active market (stock exchange) are determined with the valuation reports that are prepared by an independent valuation company and fair values of the subsidiaries, whose shares are quoted on an active market (stock exchange) are determined by taking into account values at stock exchange, and valuation differences are added to the subsidiaries values and correspondingly recorded in the under the shareholders' equity.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

As of 1 January 2018, the Bank recognizes loan loss allowances for expected credit losses on financial assets and loans measured at amortised cost and measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit / loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018. Financial assets measured at fair value are not assessed for impairment.

As of the reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition in accordance with TFRS 9. When making the assessment, the Bank shall use the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The Bank calculates the expected credit loss on a collective or individual basis by grouping the financial assets having common credit risk features.

The Bank constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration the change in the risk of a default event occurring over the expected life of the financial instrument.

Calculation of Expected Credit Losses

A credit loss is present value of calculated difference between the total cash flows that will occur based on the contractual terms of financial instruments and the total cash flows, which the Bank expects to collect, with the initial effective interest rate. The Bank calculates expected credit losses based on a probability – weighted estimate of credit losses (the present value of all cash shortfalls) over the expected life of the financial instruments. The Bank estimates the cash flows over the expected life of the financial instrument by taking into account all contractual terms of the financial instrument, and considers the weighted average of loan losses according to the relevant default risks for determining expected credit losses.

TFRS 9 Financial Instruments Standard allows the calculation of expected credit loss provisions in aggregate or individually by grouping financial assets with common credit risk characteristics.

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Probability of Default (PD)

It is defined as the probability that the debtor does not fulfill its obligations to the bank or in other words it can not repay its debts to the bank. This ratio is calculated for each loan based on various statistical assumptions depending on the maturity, internal behavioral model, external behavioral model and financial module data. The probability values take a value between 0 and 1, and as the probability value increases, the likelihood of the credit defaulting increases.

Loss given Default (LGD)

This is the parameter indicates the expected economic loss of the bank if the credit defaults. In the case of the credit defaults and the Bank collects the entire amount of the default, LGD is zero, in the case of no collection, LGD is 100%. LGD rates are reviewed on a maximum of 1 year basis.

Exposure at Default (EAD)

It is the parameter that indicates how much of a loan will default. The default amount for a spot or installment loan is the amount, which is listed on the payment schedule at the time of default. Additionally, the default amount for the credit cards and limit gaps of overdraft accounts and non-cash loans, are calculated with a parameter called credit conversion factor (CCF). The default risk amount in the future is estimated by calculating by the statistical methods with the credit conversion rate, since it is not known at the time of loan origination due to undrawn commitment for limit of credit cards and overdraft accounts.

12 Month Expected Credit Losses

It is the estimated expected credit losses occurring within the next 12 months following the balance sheet date. According to Article 5.5.5 of TFRS 9 standard, in the case of that there is no significant increase in credit risk of a financial instrument since its first recognition, the Bank shall measure at the provision for loss of the related financial instrument as equal as 12 month expected credit losses.

In the case of a customer or a loan that is classified under Standard Loans (Stage 1), the provision for loan is calculated on 365 days even if the maturity of the loan is above 1 year. In the case of maturity of the loan is under 1 year, number of days left to maturity (except revolving loans and credit cards) are used in calculations.

Lifetime Expected Credit Losses

It is the estimated probability of default occurring over the remaining life of the financial instrument. According to TFRS 9 standard, in case of a significant increase in credit risk for a financial instrument since its initial recognition, the Bank shall measure provision for loss of related financial instrument as equal as expected lifetime expected credit loss amount.

In the case of a customer or loan is classified as Stage 2 and / or Stage 3, the provision for expected credit loss is measured at the lifetime probability of default. Despite the fact that the methods for used calculation for provision of expected credit loss are similar for Stage 2 and Stage 3 loans, the probability of default for Stage 3 credits is accepted as 100%.

TFRS 9 Standard does not include a direct definition of default, but requires a consistent definition of default to be used in credit risk management. The Bank is considering qualitative indicators (e.g. financial commitments), if appropriate, when defining a default according to TFRS 9, for the purpose of determining the risk of business default and adopts a definition of default, consistent with the definition used for in-house credit risk management purposes for the relevant financial instruments. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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"The definition of default used for these purposes applies consistently to all financial instruments unless information can be obtained that demonstrates that another definition of default is more appropriate for a particular financial instrument." in line with the Communiqué on Calculation of the Risk Weighted Exposure Amount for Credit Risk by Internal-ratings Based Approaches assumes that debt defaulted if at least one of the following two conditions occurs.

a) Considering that a debtor is unlikely to pay credit obligations to the Bank or to the Bank's consolidated financial subsidiaries without using guarantees

b) Considering that a debtor having past due more than 90 days to the Bank or its consolidated financial subsidiaries

The expected loan loss provision for the loans classified as non-performing loans (Stage 3) is calculated using the estimation of loss given default (LGD). Aforementioned estimation is based on the historical data on a segment basis and determined by the principle loss charge, being the remaining amount after the collection made within the period after each segment has defaulted.

Low Credit Risk

TFRS 9 standard states that in some cases, the credit risk on a financial instrument can be calculated as low if the financial instrument has a low risk of default when there is no reliable past default data.

If the entity determines that a financial instrument has a low credit risk as of the reporting date, it assumes that the credit risk on the financial instrument has not increased significantly following its initial recognition in the financial statement. Those transactions in the Bank are classified as follows:

- CBRT transactions (Currencies held in CBRT and reserve requirements)
- Securities (Fair value through other comprehensive income and financial assets measured at amortised cost)
- Treasury Loans
- Loans guaranteed by Treasury of Republic of Türkiye

Significant Increase in Credit Risk

Significant increase in credit risk requires measurement of the Bank's provision for expected credit losses at lifetime probability of default instead of 12 month expected credit loss.

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to stage two.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and a financial liability shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED

Marketable securities subject to repurchase agreements are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds Obtained from Money Market" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the "Receivables from Money Markets" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method.

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XI. EXPLANATIONS ON ASSETS HELD FOR SALE, ASSETS OF DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Assets that meet the criteria to be classified as held for sale are measured at carrying amount and depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify an asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year.

Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the statement of profit or loss.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

Intangible assets that are purchased prior to 1 January 2005 are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated amortization and any impairment losses. Intangible assets are amortized by using the straight line method based on their useful lives. Amortization method and period are assessed periodically at the end of each year. Intangible assets consist of software expenses and they are amortized by using the straight line method over 5 years. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives.

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset.

As of 1 April 2015, the Bank adopted the revaluation method for buildings in tangible assets in accordance with the Standard on Property, Plant and Equipment (TAS 16). Expertise values calculated by independent appraisal companies are reflected in the financial statements as of year-ends. Revaluation differences are recorded in shareholders' equity.

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Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses.

Estimated useful lives of property, plant and equipment are as follows:

	Estimated useful lives (Year)	Depreciation rate
Buildings	50	% 2
Safes	50	% 2
Other movable properties	3-25	% 33,33-4

Leasehold improvements are depreciated over the useful lives on a straight-line basis. In any case useful life cannot exceed the lease period. If the duration of lease agreement is not determined or longer than five years, depreciation duration is considered as five years.

There is no change in accounting estimates that is expected to have significant effect in current period and subsequent periods.

There are no material mortgages, pledges or similar in cumbances designated for the property, plant and equipment.

Classification of Investment Properties:

If a land or building is being used by an owner and the intention is changed to an investment property, this property is classified as an investment property.

When the use of an immovable is changed and reclassified as an investment property, the actual value of the date on which the change in the use of the named property takes place will be the cost of the subsequent accounting.

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

While these properties were accounted for at acquisition cost less accumulated depreciation and permanent impairment losses if any, the Bank changed its accounting policy as of November 2023 and adopted the revaluation method in the valuation of investment properties within the scope of TAS 40 Investment Property Standard. The appraisal values calculated by independent appraisal companies are reflected in the financial statements at year-end. Revaluation differences are recognized in the Statement of Profit or Loss.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, plant and equipment (movable properties) account and are depreciated by using the straight line method.

The Bank does not participate in the financial leasing transactions as a "lessor".

Lease transactions recognised under "Property and Equipment" as an asset (tenure) and under "Lease Liabilities" as a liability.

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The Bank assesses whether the contract has the quality of a lease or whether the transaction includes a lease at the beginning of a contract.

A lease agreement is an agreement between two or more parties that gives the tenure the legally enforceable rights and obligations of the underlying asset. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right-of-use and a lease liability to the financial statements at the effective date of the lease.

Existence of right-of-use:

As a result of internal evaluations, the Bank accounts real estate and vehicles subject to operational lease in accordance with TFRS 16. ATMs and other leasing transaction balances are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Current Period Expense.

At the commencement date, the Bank measures the right-of-use real estates considered as the cost of right-of-use asset being the right-of-use asset in accordance with TFRS 16. The cost of the right-of-use;

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

When applying the cost method, The Bank takes into account the accumulated depreciation and impairment losses for the subsequent period measurement of the existence of right-of-use. The Bank applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating real assets considered as right-of-use asset.

The Bank applies TAS 36 Impairment of Assets to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

The Lease Obligations:

Based on TFRS 16, at the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

After the commencement date, the Bank measures the lease liability as follows:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the book value to reflect the lease payments made,
- Reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

In the event of a modification in the lease agreement which affects the lease payments or defined assets, the Bank re-measures its lease liability by using the current borrowing rate. The Bank reflects the remeasured leasing liability and the right-of-use in the financial statements. On the other hand, changes such as the shortening of the lease term, the termination of the contract and the decreases in the scope of the underlying asset, the gains or losses are recognized in profit or loss.

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XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provision and contingent liabilities are accounted in conformity with Turkish Accounting Standard on "Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of The Bank's management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard No: 19 "Employee Benefits". According to related legislation and union agreements, the Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees who resigns subsequent to her marriage within one year. The Bank provides provision by estimating the present value of the future retirement pay liability.

The retirement pay provision of the Bank has been determined by the actuarial report of an independent actuary firm. As of 1 January 2013, actuarial gains and losses are recorded under the shareholders' equity according to the revised TAS 19.

T. Halk Bankası Employee Pension Fund, T. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members including employees of the Bank. Provisional article 23 of the Banking Act No: 5411 requires the Bank's pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers' decision dated 30 November 2006 and numbered 2006/11345 and accordingly, both pension funds would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated 31 March 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly (TGNA) started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Council of Ministers decision dated 14 March 2011, which was published on the Official Gazette dated 9 April 2011 and numbered 27900. In addition, by the Law numbered 6283 "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated 8 March 2012 and numbered 28227, the authority of the Council of Ministers extending 2 years has been raised to 4 years.

The statement "The Council of Ministers have entitled to determine transfer period" has taken place in the scope of the Article 51 of the Law No: 6645 which was published on the Gazette on 23 April 2015 and numbered 29335.

In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the present value of the actuarial liabilities will be calculated with the technical interest rate of 9,8%. Moreover, after the transfer to Social Insurance Institution, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants. Based on the results of the actuarial report prepared as of 31 December 2023 no technical deficit has been reported.

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XVIII. EXPLANATIONS ON TAXATION

The 20% corporate tax rate applied on corporate profits, which is included in the first paragraph of Article 32 of the Corporate Tax Law No. 5520, has been increased to 25% for companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, within the scope of Law No. 7394, which came into force by being published in the Official Gazette dated April 15, 2022.

As a result of the amendment made in Article 32 of the Corporate Tax Law numbered 5520, by Article 21 of the "The Law on Imposing Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by Earthquakes Occurred on 6 February 2023 and Amending Certain Laws and Decree Law No. 375" numbered 7456 published in the Official Gazette dated 15 July 2023, starting from the declarations that must be submitted as of 1 October 2023, the corporate tax rate has been determined as 30% for banks, to be applied to their earnings in 2023 and the following taxation periods. The Bank has calculated 30% corporate tax on corporate profits for the taxation period of December 31, 2023.

As of the current period, 30% tax rate is used in the calculation of deferred tax assets and liabilities.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. Carrying value of deferred tax asset is reduced when it is not probable that a financial profit will be obtained to allow some or all of the deferred tax asset to be benefited.

Tax expense is the sum of the current tax expense and deferred tax charge. Current year tax liability is calculated over taxable profit. Taxable profit is different from the profit in the statement of profit or loss since taxable income or deductible expenses for the following years and non-taxable and non-deductible items are excluded.

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of legal tax base, according to the balance sheet method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Deferred tax is calculated over the tax rates valid in the period when the assets are realized or the liabilities are fulfilled and recorded as expense or income in the income statement. However, deferred tax is associated directly with the equity account group if it relates to assets directly associated with equity in the same or a different period.

Current tax amounts payable are netted as they are related to prepaid tax amounts. Deferred tax receivables and liabilities are also netted off.

Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods. Accordingly, it is stated that, the financial statements for the 2021 and 2022 are not subject to inflation adjustment in accordance with the TPL, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions have been met, and the profit/loss difference arising from the inflation adjustment will be shown in the retained earnings.

In accordance with the Temporary Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 December 2023 in accordance with Tax Procedure Law are included in the deferred tax calculation as of 31 December 2023.

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Within the scope of the paragraph added to Article 33 of the Law No. 213 with Article 17 of the Law No. 7491 on the Amendment of Certain Laws and Decree Laws, it is regulated that the profits or losses that will arise as a result of the inflation adjustment to be made by the banks in the 2024 and 2025 accounting periods, including the temporary tax periods, will not be taken into account in the determination of earnings. In addition, the President of the Republic of Türkiye is authorized to make a regulation to disregard the profits or losses that will arise as a result of inflation adjustment in the 2026 accounting period, including the temporary tax periods, in the determination of earnings.

According to the Article 298/ç of Tax Procedure Law No. 213 and Temporary Article 32 related to Tax Procedure General Communiques No 537 and 547, revaluation provisions have been applied by the Bank. Considering the tax depreciation expenses determined over the adjusted values in the corporate tax value for the 2022 accounting period, 2% tax was calculated on the value increase amount within the scope of the Provisional Article 32, declared and paid within the required period. The aforementioned application was discussed and approved at the Bank's General Assembly.

In the corporate tax calculations as of December 31, 2023, Tax Procedure Law depreciation expenses have been calculated based on the net book values after revaluation. As a result of the revaluation, the Tax Procedure Law net book values of the revalued depreciable assets will be amortized over their remaining useful lives.

With the 27th clause of the 10th article of Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 12 March 2023 and numbered 32130, by the corporate taxpayers, by being shown in their corporate tax return for the year 2022, in accordance with the Law No. 5520 and the regulations in other laws, the exemption and discount amounts subject to deduction from corporate income and the bases subject to reduced corporate tax within the scope of Article 32/a of the same Law, an additional tax is calculated at the rate of 10% without being associated with the income for the period, and at the rate of 5% over the exempted earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to have at least 15% tax burden and the first installment of this tax is paid within the payment period of the corporate tax, and the second installment is paid in the fourth month following this period. The Bank made the first installment payment of the Additional Earthquake Tax together with the Corporate Tax Return for the 2022 accounting period and completed the second installment payment in August.

Tax practices in the countries that foreign branches operate:

Turkish Republic of Northern Cyprus (TRNC)

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax. Advance corporate tax is calculated as 15% of taxable income. Temporary taxes paid are deducted from the corporate tax and income tax calculated at the end of the year.

The tax bases for corporate are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, withholding tax is paid over interest income in TRNC. The relevant withholding tax payments are deducted from the corporate taxes paid.

Within the scope of the Financial Assistance and Preparedness for Earthquake and Other Natural Disasters Law prepared by the TRNC Council of Ministers in 2023, it has been decided to charge 1% Earthquake Tax on the balance of Net Profit Before Tax in the 2022 Income Statement for the Bank's Cyprus branches. The first installment of the Earthquake Tax was paid on 31 May 2023 and the second installment was paid on 31 October 2023.

The first period temporary corporate tax return for the period 1 January 2023 – 31 March 2023 was declared in May 2023, the second period temporary corporate tax return for the period 1 April 2023 – 30 June 2023 was declared in August 2023, the third period temporary corporate tax return for the period 1 July 2023 – 30 September 2023 was declared to the Revenue and Tax Office in November 2023 and payment transactions were realized. The fourth period provisional corporate tax return for the period 1 October 2023 – 31 December 2023 will be declared to the Revenue and Tax Office in February 2024 and payment transactions will be realized following the accrual.

Bahrain

Banks in Bahrain are not subject to corporate and income taxes according to the regulations of the country.

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XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Bank borrows funds from domestic and foreign institutions and issues marketable securities when needed. These borrowing activities are recognized at fair value including the acquisition costs at the transaction date and they are valued at amortized costs by using the internal rate of return method.

Interest rate and liquidity risks are reduced by having assets with shorter or equal maturity terms than borrowing instruments such as syndication, securitization and borrowing with collateral and bears higher interest than costs of those instruments.

Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

XX. EXPLANATIONS ON SHARES ISSUED

Share issuances related to costs are recognized as expenses. Dividends related with the equity shares are determined by the General Assembly of the Bank.

In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 24,98% of shares pertaining to the Privatization Administration was completed and the Bank shares were registered with the Capital Markets Board as per the CMB decision dated 26 April 2007 and numbered 16/471, and the shares were traded on the Borsa İstanbul AŞ as of 10 May 2007.

As per the decision of the Higher Council of Privatization numbered 2012/150 and dated 4 October 2012; 23,92% of the public shares that were previously held by the Privatization Administration were privatized by a second public offering and privatization was completed on 21 November 2012.

On 20 May 2020, share capital increased by amounting to TRY 1.223.776 from TRY 1.250.000 to TRY 2.473.776 by the way of the private placement without a public offering.

In accordance with the decision of the Board of Directors of the Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 2.473.776 to TRY 4.969.121.

In accordance with the decision of the Board of Directors of the Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 4.969.121 to TRY 7.184.778.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Bank. The Bank operates mainly in corporate, commercial and entrepreneur banking.

The information of the Bank's business segments is explained in Section Four, disclosure numbered VIII.

XXIV. EXPLANATIONS ON OTHER MATTERS

While the Bank accounts for its investment properties by allocating accumulated depreciation and permanent impairment provision, if any, from their purchase cost values, it has changed its accounting policy as of November 2023 and adopted the revaluation method within the scope of TAS 40 Investment Properties Standard in the valuation of investment properties. The appraisal values calculated by independent appraisal companies are reflected in the financial statements at year-end. Revaluation differences are recognized in the Statement of Profit or Loss.

The effect of the change in accounting policy on the prior year financial statements of the Bank is as follows:

ASSETS	31.12.2022		
	Before Correction	Correction Effect	After Correction
Investment Properties	360.056	808.472	1.168.528
TOTAL ASSETS	1.392.140.174	808.472	1.392.948.646
LIABILITIES			
Shareholders' Equity	89.843.618	808.472	90.652.090
<i>Income or Loss</i>	<i>14.753.896</i>	<i>808.472</i>	<i>15.562.368</i>
<i>Prior Period Income or Loss</i>	<i>-</i>	<i>296.729</i>	<i>296.729</i>
<i>Current Period Income or Loss</i>	<i>14.753.896</i>	<i>511.743</i>	<i>15.265.639</i>
TOTAL LIABILITIES	1.392.140.174	808.472	1.392.948.646
STATEMENT OF PROFIT OR LOSS			
Other Operating Income	3.573.124	511.743	4.084.867
Gross Operating Income	74.830.450	511.743	75.342.193
Net Operating Income/Loss	20.144.254	511.743	20.655.997
Profit/Loss Before Tax From Continued Operations	20.144.254	511.743	20.655.997
Current Period Profit/Loss From Continued Operations	14.753.896	511.743	15.265.639
NET PROFIT/LOSS	14.753.896	511.743	15.265.639
Profit/Loss Per Share (full TRY)	3,29556919	0,11430774	3,40987693

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

ASSETS	31.12.2021		
	Before Correction	Correction Effect	After Correction
Investment Properties	359.752	296.729	656.481
TOTAL ASSETS	901.216.593	296.729	901.513.322
LIABILITIES			
Shareholders' Equity	43.500.355	296.729	43.797.084
Income or Loss	1.507.729	296.729	1.804.458
Prior Period Income or Loss	-	83.855	83.855
Current Period Income or Loss	1.507.729	212.874	1.720.603
TOTAL LIABILITIES	901.216.593	296.729	901.513.322
STATEMENT OF PROFIT OR LOSS			
Other Operating Income	6.266.854	212.874	6.479.728
Gross Operating Income	22.988.878	212.874	23.201.752
Net Operating Income/Loss	1.406.093	212.874	1.618.967
Profit/Loss Before Tax From Continued Operations	1.406.093	212.874	1.618.967
Current Period Profit/Loss From Continued Operations	1.507.729	212.874	1.720.603
NET PROFIT/LOSS	1.507.729	212.874	1.720.603
Profit/Loss Per Share (full TRY)	0,60948485	0,08605226	0,69553711

SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON CAPITAL

Equity amount and capital adequacy standard ratio calculation is made within the framework of "Regulation on Equities of the Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy" and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021, 31 January 2023 and 14 February 2023.

According to the related regulations, it is determined that in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR, the amount subject to credit risk can be calculated by using Central Bank's foreign exchange buying rates on 30 December 2022 and the Banks' own shares that are repurchased from Borsa Istanbul AŞ Money Market after 6 February 2023 are not considered to deduction from Tier I Capital and these are not included in the calculation of the amount subject to credit risk and and market risk until 1 January 2024.

As of 31 December 2023, the capital adequacy ratio and the capital amount of the Bank were realized as 14,26% (31 December 2022: 14,78%) and TRY 171.674.539 (31 December 2022: TRY 123.080.045) which were calculated within the scope of the above-mentioned regulation amendments.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(1) Information on Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	8.405.229	6.189.572
Share Premium	44.465.222	16.680.879
Reserves	44.283.603	29.529.707
Other Comprehensive Income according to TAS	25.678.857	24.151.869
Profit	10.920.437	15.562.368
Current Period Profit	10.111.965	15.265.639
Prior Period Profit	808.472	296.729
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.175.726	604.530
Common Equity Tier 1 Capital Before Deductions	134.929.074	92.718.925
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	4.740.444	1.482.209
Leasehold Improvements on Operational Leases	1.651.479	385.937
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.498.351	574.468
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	471.241	424.229
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	1.704.392	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-	-
Mortgage Servicing Rights not deducted	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
Total Deductions from Common Equity Tier I Capital	10.065.907	2.866.843
Total Common Equity Tier I Capital	124.863.167	89.852.082

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	29.178.000	17.921.340
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	29.178.000	17.921.340
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	29.178.000	17.921.340
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	154.041.167	107.773.422
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.543.836	5.729.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	13.335.773	9.708.188
Tier II Capital Before Deductions	17.879.609	15.437.983
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	17.879.609	15.437.983
Total Equity (Total Tier I and Tier II Capital)	171.920.776	123.211.405
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	246.237	131.360

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	171.674.539	123.080.045
Total Risk Weighted Assets	1.203.850.144	832.771.190
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	10,37	10,79
Tier I Capital Ratio (%)	12,80	12,94
Capital Adequacy Ratio (%)	14,26	14,78
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,509	2,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,009	0,008
c) Systemic significant bank buffer ratio %	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6,26	6,780
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	1.108.227	509.314
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	12.656.756	8.437.719
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	36.808.137	41.007.350
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	13.335.773	9.708.188
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

*Amounts in this column represents the amounts of items that are subject to transitional provisions.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. Additionally, with the Board Decision of the BRSA dated 14 February 2023, the Banks' own shares that are repurchased from Borsa İstanbul AŞ Money Market are not considered to deduction from Tier I Capital until 1 January 2024. In accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

(3) Information about instruments to be included in the Equity Calculation:

Details on Subordinated Liabilities:				
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHAL2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	600	1.560	2.384	29.178
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Demand or dated	Dated	Dated	Dated	Demand
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

II. EXPLANATIONS ON CREDIT RISK

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Regional Lending Committees, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

In accordance with the risk management policies of the Bank, the limits are specified in respect of the main and sub-sectors. Those limits are monitored periodically.

The Bank, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Bank rates all of its borrowers' credit and requires additional collaterals from whose risk is higher. The Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Bank's risk is concentrated in Türkiye. As per the loan procedures, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically.

Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations concerning the off-balance sheet operations based on the customers and banks are monitored systematically.

Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since longterm commitments are more risky than the short-term commitments, risks are diversified in accordance with the Bank's risk management system.

As prescribed in the related Communiqué, the credit worthiness of the debtors of the loans and other receivables is monitored regularly and statements of accounts taken for the loans are audited in line with the related regulations. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Bank receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees obtained are surety ships, immovable mortgages, cash blockages and customer or real person cheques.

When the Bank is exposed to significant credit risks, it has the tendency to discontinue its forward or similar type of transactions by exercising rights, fulfilling the requirements of or disposing of the agreements entered into to mitigate the total risk.

The Bank's largest 100 and 200 cash loan customers compose 26,73% and 31,89% of the total cash loan, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 35,21% and 45,67% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 16,16% and 20,76% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 33.380.766 (31 December 2022: TRY 38.146.895).

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Exposure Categories:	Current Period		Prior Period	
	Credit Risk Amount ⁽¹⁾	Average Risk Amount	Credit Risk Amount ⁽¹⁾	Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	675.258.934	624.536.378	429.663.619	329.843.401
Conditional and unconditional exposures to regional governments or local authorities	4.577.029	3.274.533	2.081.598	1.894.949
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	6.164.517	5.100.652	3.451.052	2.915.295
Conditional and unconditional exposures to multilateral development banks	-	19	62	215
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	17.789.663	14.190.913	9.788.234	8.907.023
Conditional and unconditional exposures to corporates	560.437.200	499.181.559	422.549.356	346.580.113
Conditional and unconditional retail exposures	413.715.086	384.678.962	236.160.106	190.000.604
Conditional and unconditional exposures secured by real estate property	315.229.522	281.292.847	208.630.129	158.196.430
Past due items	4.256.177	4.100.748	3.866.851	4.322.765
Items in regulatory high-risk categories	87.811.571	71.867.179	44.248.814	23.254.805
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	27.486.966	19.141.724	19.451.485	11.529.114
Other Receivables	83.704.508	76.086.380	61.365.707	39.448.789

⁽¹⁾ Includes the risk amounts after credit conversions.

Profile of significant exposures in major regions:

Current Period	Risk Classifications ⁽¹⁾												
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other	Total
1. Domestic	675.258.931	4.577.029	6.164.517	-	11.348.310	559.814.502	413.656.430	315.053.009	4.256.152	87.805.836	-	83.697.404	2.161.632.120
2. European Union (EU) Countries	-	-	-	-	1.086.528	232.647	30.365	34.879	12	4.097	-	-	1.368.528
3. OECD Countries ⁽²⁾	1	-	-	-	1.696.626	-	43	1.411	7	274	-	-	1.698.362
4. Off-Shore Banking Regions	-	-	-	-	35.935	390.051	-	8.603	-	212	-	-	432.801
5. USA, Canada	2	-	-	-	618.604	-	5.378	2.179	1	363	-	-	626.527
6. Other Countries	-	-	-	-	3.005.660	-	22.870	129.441	5	789	-	7.104	3.165.849
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	27.486.966
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	675.258.934	4.577.029	6.164.517	-	17.789.663	560.437.200	413.715.086	315.229.522	4.256.177	87.811.571	27.486.966	83.704.508	2.196.431.173
Prior Period													
1. Domestic	429.663.608	2.081.598	3.451.052	62	5.738.406	421.914.488	236.118.008	208.432.852	3.866.806	44.247.650	-	61.340.032	1,416,854,542
2. European Union (EU) Countries	2	-	-	-	1,571,129	314,957	31,375	14,803	34	750	-	-	1,933,050
3. OECD Countries ⁽²⁾	2	-	-	-	610,638	-	136	1,670	7	25	-	-	612,478
4. Off-Shore Banking Regions	-	-	-	-	18,193	319,911	-	9,472	-	-	-	-	347,623
5. USA, Canada	5	-	-	-	270,434	-	1,485	762	-	5	-	-	272,691
6. Other Countries	2	-	-	-	1,579,434	-	9,055	170,570	4	384	-	25,675	1,785,124
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	19,451,485
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	429,663,619	2,081,598	3,451,052	62	9,788,234	422,549,356	236,160,106	208,630,129	3,866,851	44,248,814	19,451,485	61,365,707	1,441,257,013

⁽¹⁾ Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

⁽²⁾ OECD Countries other than the EU Countries, USA and Canada.

⁽³⁾ Assets and liabilities that are not consistently allocated.

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Profile of significant exposures by sectors:

Current Period	Risk Sınıfları ⁽¹⁾														
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to banks	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail real estate property	Stock investments	Items in regulatory high-risk categories	Total				
Agriculture	328.742	-	4.848	-	1.351.860	3.768.178	1.719.100	29.243	19.894	-	58	6.763.821	458.142	7.221.963	
Farming and Stockbreeding	210.597	-	4.848	-	659.000	1.917.225	951.053	16.708	15.494	-	18	3.549.216	225.742	3.774.958	
Forestry	93.498	-	5	-	265.684	1.680.655	658.012	10.869	-	-	36	2.525.479	183.280	2.708.759	
Fishery	24.647	-	-	-	427.176	170.298	110.035	1.686	4.400	-	4	689.126	49.120	738.246	
Manufacturing	24.635.622	-	237.479	-	232.426.114	56.210.238	75.936.353	538.970	15.000.656	-	535	317.075.160	87.112.805	404.985.965	
Mining and Quarrying	362.486	-	-	-	9.678.396	721.256	1.521.577	6.003	184.108	-	22	7.711.177	4.762.651	12.473.828	
Production	23.354.472	-	237.479	-	187.800.143	54.978.165	71.710.155	530.208	13.686.218	-	511	292.358.934	59.938.417	352.297.351	
Electricity, Gas and Water	918.664	-	-	-	34.947.575	510.837	2.704.621	2.759	1.130.330	-	-	17.803.049	22.411.737	40.214.786	
Construction	5.918.789	-	30	-	99.286.470	14.800.692	36.140.772	1.097.995	12.199.845	-	10	146.412.334	25.032.269	169.444.603	
Services	417.841.882	4.480.046	5.907.427	-	13.678.611	186.486.885	244.440.799	117.453.581	1.864.335	16.522.849	-	12.166	842.342.332	146.346.249	1.008.688.601
Wholesale and Retail Trade	13.521.659	-	55.638	-	94.284.523	147.350.409	67.936.832	1.231.747	10.384.973	-	1.080	318.729.300	16.037.561	334.766.861	
Accommodation and Dining	2.604.054	10	-	-	22.225.584	13.439.703	28.599.693	167.098	1.009.330	-	30	38.476.693	29.568.809	68.045.502	
Transportation and Telecom.	856.580	-	95	-	8.601.447	67.165.804	5.275.100	214.204	1.309.906	-	63	78.009.245	5.413.954	83.423.199	
Financial Institutions	26.007	-	162	-	13.678.611	410.989	1.121.378	3.342	-	-	7842	41.204.789	8.255.082	49.459.871	
Real Estate and Rental Services	531.532	-	27	-	15.746.930	5.857.291	6.415.881	158.322	1.204.020	-	10	24.589.196	5.325.477	29.914.613	
Professional Services	57.572	-	-	-	598	5.324.111	847.364	24.761	-	-	186	6.254.245	327	6.254.572	
Educational Services	516.516	-	3.102.074	-	602.438	1.493.453	2.527.556	19.057	556.206	-	12	8.077.110	740.202	8.817.312	
Health and Social Services	399.727.962	4.480.056	2.749.431	-	10.815.825	3.399.039	4.729.777	45.804	2.057.814	-	2.943	327.001.734	101.004.977	428.006.651	
Other	226.535.899	96.943	14.713	-	4.111.052	40.885.871	94.495.179	83.979.716	725.614	44.068.327	27.488.966	83.691.741	389.876.858	216.213.183	
Total	675.258.934	4.577.029	6.164.517	-	17.789.663	560.437.200	413.715.086	315.229.522	4.256.177	87.811.571	27.488.966	83.704.508	1.703.248.505	493.162.668	

⁽¹⁾Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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Profile of significant exposures by sectors:

Prior Period	Risk Classifications ⁽¹⁾													
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to banks	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail real estate property	Stock investments	Items in regulatory high-risk categories	Total			
Agriculture	95.783	-	4.031	-	1.652.155	2.006.909	937.142	35.862	70.940	-	65	4.342.174	460.733	4.802.907
Farming and Stockbreeding	42.669	-	4.035	-	1.218.247	1.010.739	527.934	11.260	47.251	-	24	2.641.799	220.350	2.862.149
Forestry	36.442	-	6	-	190.583	911.273	334.681	22.524	-	-	37	1.319.355	176.191	1.495.546
Fishery	16.672	-	-	-	243.325	86.897	76.527	2.078	23.709	-	4	381.020	64.192	445.212
Manufacturing	9.909.402	-	110.577	-	176.011.307	30.741.591	46.031.928	498.306	9.025.780	-	533	207.307.457	65.022.167	272.329.624
Mining and Quarrying	244.559	-	-	-	8.264.529	420.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135
Production	9.501.366	-	110.577	-	132.076.476	30.069.001	43.740.930	491.689	8.365.596	-	511	183.590.083	40.776.063	224.356.146
Electricity, Gas and Water	163.677	-	-	-	35.670.502	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343
Construction	2.324.022	-	-	-	52.965.389	7.757.889	20.894.150	332.079	7.504.793	-	10	74.905.441	16.872.871	91.778.332
Services	296.461.718	1.940.032	3.331.615	62	7.186.646	126.704.286	133.605.584	72.178.041	2.121.992	11.709.130	-	10.221	519.660.046	135.609.261
Wholesale and Retail Trade	5.250.936	-	31.676	62	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.283	10.574.035	204.170.898
Accommodation and Dining	1.988.150	10	-	-	17.855.235	6.642.238	16.485.602	312.562	585.176	-	30	19.437.053	24.400.950	43.848.003
Transportation and Telecom.	296.901	-	-	-	9.578.708	34.875.414	3.549.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927
Financial Institutions	18.828	-	87	-	7.186.646	13.188.494	291.278	1.089.755	1.410	1.644.144	-	6.149	18.214.542	5.212.249
Real Estate and Rental Services	167.722	-	-	-	10.923.422	3.128.451	5.552.028	68.523	728.615	-	10	16.278.587	4.290.184	20.568.771
Professional Services	62.219	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.456.637	374	4.456.011
Educational Services	159.979	-	1.372.722	-	571.409	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.003	4.431.762
Health and Social Services	288.516.983	1.940.022	1.927.130	-	6.666.458	2.292.003	3.074.281	12.729	1.232.905	-	2.653	222.204.532	83.480.632	305.685.164
Other	120.872.494	121.566	4.829	-	2.601.588	65.216.219	62.048.133	68.588.868	878.612	15.938.151	19.451.485	61.354.878	263.221.627	153.855.196
Total	429.663.619	2.081.598	3.451.052	62	9.788.234	422.549.356	236.160.106	208.630.129	3.866.851	44.248.814	19.451.485	61.365.707	1.069.436.785	371.820.228

⁽¹⁾Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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Analysis of maturity-bearing exposures according to remaining maturities ⁽¹⁾:

Current Period	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Exposure Categories					
1. Conditional and unconditional exposures to central governments or central banks	198.355.272	10.212.171	39.278.528	9.269.308	418.143.655
2. Conditional and unconditional exposures to regional governments or local authorities	82.927	3.878	62.263	196.648	4.231.313
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1.100.240	141.973	165.032	598.699	4.158.573
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	16.518.365	101.486	22.770	376.727	770.315
6. Conditional and unconditional exposures to corporates	145.393.581	26.487.295	31.765.164	91.022.554	265.768.606
7. Conditional and unconditional retail exposures	55.890.566	11.793.610	19.239.222	37.934.697	288.856.991
8. Conditional and unconditional exposures secured by real estate property	52.992.246	16.433.483	21.261.219	52.716.836	171.825.738
9. Past due items	4.179.655	688	2.579	13.646	59.609
10. Items in Regulatory High-Risk Categories	23.777.893	5.529.926	8.202.591	15.970.757	34.330.404
11. Stock Investments	27.486.966	-	-	-	-
12. Other Items	83.698.867	4.885	756	-	-
Total	609.476.578	70.709.395	120.000.124	208.099.872	1.188.145.204

⁽¹⁾ Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

Prior Period	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Exposure Categories					
1. Conditional and unconditional exposures to central governments or central banks	124.089.553	3.638.171	11.904.052	29.405.084	260.626.759
2. Conditional and unconditional exposures to regional governments or local authorities	59.290	9.914	47.109	74.036	1.891.249
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	573.632	152.365	107.299	473.658	2.144.098
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	62
5. Conditional and unconditional exposures to banks and brokerage houses	8.723.247	26.501	62.726	211.947	763.813
6. Conditional and unconditional exposures to corporates	68.297.355	31.845.894	41.797.125	81.195.463	199.413.519
7. Conditional and unconditional retail exposures	34.449.868	6.379.948	15.294.773	31.667.134	148.368.383
8. Conditional and unconditional exposures secured by real estate property	24.264.268	8.261.528	13.955.727	39.064.040	123.084.566
9. Past due items	3.767.804	475	2.484	6.431	89.657
10. Items in Regulatory High-Risk Categories	1.007.387	599.480	6.677.024	12.216.004	23.748.919
11. Stock Investments	19.451.485	-	-	-	-
12. Other Items	61.346.258	43	6.943	10.367	2.096
Total	346.030.147	50.914.319	89.855.262	194.324.164	760.133.121

⁽¹⁾ Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

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Information on the risk classifications as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

Information on the risk classifications as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

Islamic International Rating Agency (IIRA) country ratings are taken into account in calculating the Bank's capital adequacy. For other portfolios, the ratings given by the Fitch Ratings are used for the counterparties resident abroad.

Islamic International Rating Agency (IIRA) notes are used in the "Central Government or Receivables from Central Banks" portfolio. Fitch Ratings' rating grades are used for the risk classes listed below, provided that they are resident abroad.

- Receivables on banks and intermediary institutions
- Receivables on regional governments or local authorities
- Receivables on administrative bodies and other non-commercial undertakings
- Receivables on multilateral development banks
- Corporate receivables

The relevant risk classification is used in determining the risk weights on a receivable that is classified as per the second section, Article 8 of the Additional Regulation 1 on Measurement and Assessment of Capital Adequacy Ratios of Banks. In the absence of a specific rating, the provisions of paragraph a,b and c of Article 9 of the regulation mentioned should be used.

In the 26th Article of the Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies, IIRA grades are used in the below table of maturity in determining the credit quality level of the country grades, central government and central banks receivables.

In the case of other risk classes included in the table, Fitch Ratings notes are taken into account if the rated party is a foreign resident, the supervisor of the relevant country has equivalent regulation and supervision structure, authorized in the country notes.

Implementation of the risk weights to receivables from Regional Governments or local authorities are subject to the same conditions as receivables from banks and intermediary institutions but this implementation exemption cannot be applied for the receivables from banks and intermediary institutions which have less than 90 days to maturity.

The national long-term local currency ratings assigned by JCR-Eurasia are used to determine the risk weights of the Bank's Turkish Lira receivables classified as corporate receivables.

The implementation of the risk weights to receivables from multilateral development banks except those listed in the Additional Regulation 1 on Measurement and Assessment of Capital Adequacy Ratios of Banks, are subject to the same conditions as receivables from banks and intermediary institutions but this implementation exemption is not applied for the receivables from banks and intermediary institutions which have less than 90 days to maturity.

The implementation of the risk weight for unrated receivables from banks and intermediary institutions is not lower than the risk weight of receivables from sovereigns which they are settled in.

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Credit Quality Grade and Rating Matching Table										
Credit Quality Grade	IIRA		Fitch						JCR Eurasia	
	Rating	Exposures to Central Governments or Central Banks	Exposures to administrative bodies and other non-commercial undertakings			Exposures to Banks and Brokerage Houses			Rating	Exposures to Corporates (TRY)
			Rating	Institutions and Organizations included in the tables (I), (II), (III) and (IV) annexed to the Public Financial Management and Control Law No. 5018	Other Public Institutions and Organizations	Exposures with Original Maturities Less Than 90 Days	Exposures with Original Maturities Less More 90 Days	Exposures to Corporates		
1	AAA	%0	AAA	%0	%20	%20	%20	%20	AAA	%20
	AA+		AA+							
	AA		AA							
	AA-		AA-							
2	A+	%20	A+	%20	%50	%20	%50	%50	A+	%50
	A		A							
	A-		A-							
3	BBB+	%50	BBB+	%50	%100	%20	%50	%100	BBB+	%100
	BBB		BBB							
	BBB-		BBB-							
4	BB+	%100	BB+	%100	%100	%50	%100	%100	BB+	%100
	BB		BB							
	BB-		BB-							
5	B+	%100	B+	%100	%100	%50	%100	%150	B+	%150
	B		B							
	B-		B-							
6	CCC+	%150	CCC+	%150	%150	%150	%150	%150	CCC+	%150
	CCC		CCC							
	CC		CC							
	C		C							
	D		D						D	

Risks included in the consolidated counter-cyclical capital buffer calculation:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	841.107.160	-	841.107.160
Cyprus	2.237.764	-	2.237.764
Marshall Islands	390.051	-	390.051
Malta	232.627	-	232.627
Kyrgyzstan	61.658	-	61.658
Other ⁽¹⁾	7.067	-	7.067

⁽¹⁾ Risk-Weighted Assets below TRY 5.000 are grouped under other headings.

Exposures by risk weights:

Current Period														
Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500	Deductions from Equity
1. Exposures before Credit Risk Mitigation	632.020.924	-	263.063.681	-	151.660.556	626.352.218	777.767.984	48.374.770	48.378.965	1.826.556	-	-	293.992	246.237
2. Exposures after Credit Risk Mitigation	717.859.444	-	244.888.830	179.210.259	247.568.770	218.882.336	491.682.979	45.839.043	48.378.965	1.826.556	-	-	293.992	246.237
Prior Period														
Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500	Deductions from Equity
1. Exposures before Credit Risk Mitigation	444.530.568	-	72.585.022	-	54.356.152	460.608.791	549.978.790	17.336.172	30.328.210	1.243.540	-	-	7.935	131.360
2. Exposures after Credit Risk Mitigation	466.167.328	-	61.044.111	123.495.177	119.066.474	231.588.512	391.944.924	16.370.802	30.328.210	1.243.540	-	-	7.935	131.360

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Information by major sectors and type of counterparties:

Current Period	Credits		
Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) ⁽¹⁾	Credit – Impaired Losses (Stage III) ⁽²⁾	Expected Credit Loss (TFRS 9) ⁽³⁾
Agriculture	556.640	104.532	120.890
<i>Farming and Stockbreeding</i>	522.399	86.280	103.367
<i>Forestry</i>	4.591	2.203	1.680
<i>Fishery</i>	29.650	16.049	15.843
Manufacturing	24.016.812	3.505.328	9.558.066
<i>Mining and Quarrying</i>	189.592	150.290	170.610
<i>Production</i>	12.894.151	2.801.669	4.917.432
<i>Electricity, Gas and Water</i>	10.933.069	553.369	4.470.024
Construction	6.492.456	3.380.482	4.381.696
Services	36.699.816	6.963.876	15.627.354
<i>Wholesale and Retail Trade</i>	8.274.871	3.223.472	3.620.511
<i>Accommodation and Dining</i>	17.995.708	1.417.143	5.560.172
<i>Transportation and Telecommunication</i>	1.682.507	347.272	458.238
<i>Financial Institutions</i>	5.894	363.915	362.457
<i>Real Estate and Rental Services</i>	8.250.895	1.055.016	4.986.204
<i>Professional Services</i>	131.565	41.591	46.662
<i>Educational Services</i>	202.716	424.442	502.768
<i>Health and Social Services</i>	155.660	91.025	90.342
Other	9.057.887	2.974.995	4.948.838
Total	76.823.611	16.929.213	34.636.844

⁽¹⁾ Income accruals amounting to TRY 3.037.781 are not included in the table.

⁽²⁾ Income accruals amounting to TRY 1.610.480 are not included in the table.

⁽³⁾ The provision for accruals of stage three loans amounting to TRY 1.610.480 and the provision for accruals of stage two loans amounting to TRY 1.171.697 are not included in the table.

Prior Period	Credits		
Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) ⁽¹⁾	Credit – Impaired Losses (Stage III) ⁽²⁾	Expected Credit Loss (TFRS 9) ⁽³⁾
Agriculture	398.701	116.372	228.555
<i>Farming and Stockbreeding</i>	393.766	95.472	210.338
<i>Forestry</i>	2.605	1.329	805
<i>Fishery</i>	2.330	19.571	17.412
Manufacturing	18.223.917	3.558.446	11.253.454
<i>Mining and Quarrying</i>	198.166	191.144	240.605
<i>Production</i>	9.794.987	2.836.441	5.526.100
<i>Electricity, Gas and Water</i>	8.230.764	530.861	5.486.749
Construction	4.331.234	2.788.989	4.752.234
Services	25.225.496	7.266.759	17.367.003
<i>Wholesale and Retail Trade</i>	4.887.586	3.309.172	3.506.959
<i>Accommodation and Dining</i>	12.224.326	1.566.238	6.808.597
<i>Transportation and Telecommunication</i>	816.441	401.408	342.237
<i>Financial Institutions</i>	4.518	336.522	335.250
<i>Real Estate and Rental Services</i>	6.894.123	1.078.738	5.744.404
<i>Professional Services</i>	92.156	52.750	36.538
<i>Educational Services</i>	193.037	430.959	502.484
<i>Health and Social Services</i>	113.309	90.972	90.534
Other	6.142.395	3.106.298	4.439.133
Total	54.321.743	16.836.864	38.040.379

⁽¹⁾ Income accruals amounting to TRY 2.912.182 are not included in the table.

⁽²⁾ Income accruals amounting to TRY 1.757.173 are not included in the table.

⁽³⁾ The provision for accruals of stage three loans amounting to TRY 1.757.173 and the provision for accruals of stage two loans amounting to TRY 1.334.799 are not included in the table.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Movements in value adjustments and provisions:

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	15.162.311	2.485.057	(2.518.607)	-	15.128.761
2. Stage I and Stage II expected credit loss	38.146.895	164.245	(4.930.374)	-	33.380.766

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	11.874.366	5.503.788	(2.215.843)	-	15.162.311
2. Stage I and Stage II expected credit loss	10.488.846	29.004.625	(1.346.576)	-	38.146.895

The net value and type of collaterals of the loans amounting followed under loans and other receivables under close monitoring section is below.

Collateral Types	Net Value of Collateral	
	Current Period ⁽¹⁾	
Real estate mortgage		14.707.353
Salary pledge, vehicle pledge and pledge of commercial undertaking		2.626.963
CGF		1.948.737
Cheque / bills		250.767
Sureties		44.178.992
Other ⁽²⁾		13.110.799
Total		76.823.611

⁽¹⁾ Income accruals amounting TRY 3.037.781 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral	
	Prior Period ⁽¹⁾	
Real estate mortgage		9.393.240
Salary pledge, vehicle pledge and pledge of commercial undertaking		2.004.868
CGF		2.408.340
Cheque / bills		102.585
Sureties		30.220.385
Other ⁽²⁾		10.192.325
Total		54.321.743

⁽¹⁾ Income accruals amounting TRY 2.912.182 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

The net value and type of collaterals belongs to loans followed under non-performing loans section is below.

Collateral Types	Net Value of Collateral	
	Current Period ⁽²⁾	
Cash		4.472
Mortgage		3.344.803
Pledge		168.410
Cheque / bills		12.962
Sureties		7.976.078
Other ⁽¹⁾		5.422.488
Total		16.929.213

⁽¹⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

⁽²⁾ Income accruals amounting to TRY 1.610.480 are not included in the table.

Collateral Types	Net Value of Collateral	
	Prior Period ⁽²⁾	
Cash		5.850
Mortgage		3.000.526
Pledge		178.497
Cheque / bills		5.309
Sureties		7.262.106
Other ⁽¹⁾		6.384.576
Total		16.836.864

⁽¹⁾ Comprised of share certificates, blockage on receivables and salaries, uncollateralized, etc.

⁽²⁾ Income accruals amounting to TRY 1.757.173 are not included in the table.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

III. EXPLANATIONS ON CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

In accordance with "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", the foreign currency position risk of the Bank is measured by "standard method" and is calculated daily and is reported monthly. Also VAR based values and limits are reported to the Executives by using internal model methods. In addition, the value at risk limit determined by the Bank's Board of Directors for the value at risk, including the currency risk, is monitored daily and reported to the senior management. As a foreign currency risk management policy, the Bank is not exposed to currency risk to a significant extent and positions related to currency risk are balanced with derivative transactions made when deemed necessary.

Current foreign exchange buying rates announced by the Bank as of the financial statement date and the last 5 business days before that, and foreign exchange buying rates of the Bank for the thirty days before the financial statement date are as follows:

	USD	EUR	CHF	GBP	JPY
Balance sheet valuation rate:	29,324,8000	32,420,0000	34,864,3000	37,217,4000	0,2063363
Before the balance sheet date;					
Current foreign exchange buying rate on the 1st business day	29,324,8000	32,420,0000	34,864,3000	37,217,4000	0,2063363
Current foreign exchange buying rate on the 2nd business day	29,372,3000	32,568,0000	34,956,2000	37,387,6000	0,2076966
Current foreign exchange buying rate on the 3rd business day	29,312,0000	32,468,9000	34,372,3000	37,305,0000	0,2050020
Current foreign exchange buying rate on the 4th business day	29,248,5000	32,246,5000	34,143,5000	37,139,5000	0,2047877
Current foreign exchange buying rate on the 5th business day	29,080,0000	32,031,6000	33,905,2000	36,870,4000	0,2036437
Last 30 days arithmetic average:	29,002,4571	31,651,9238	33,472,0000	36,642,9333	0,2008569

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	104.195.939	88.718.723	22.435.824	215.350.486
Banks	5.920.877	1.672.277	4.094.053	11.687.207
Financial assets at fair value through profit and loss	-	1.349	-	1.349
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	13.287.617	31.615.419	-	44.903.036
Loans	150.195.235	101.214.710	5.025.754	256.435.699
Subsidiaries, associates and entities under common control	2.715.304	-	14.153.833	16.869.137
Financial assets measured at amortised cost	36.066.235	73.075.249	27.618.484	136.759.968
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	858	858
Intangible assets	-	-	-	-
Other assets ⁽²⁾	1.010.072	1.345.807	1.203.258	3.559.137
Total assets	313.391.279	297.643.534	74.532.064	685.566.877
Liabilities				
Bank deposits	164.415.189	9.545.877	4.036.270	177.997.336
Foreign currency deposits	224.898.324	260.184.911	87.909.865	572.993.100
Money market balances	2.601.967	15.954.365	-	18.556.332
Funds provided from other financial institutions	7.980.717	8.449.741	-	16.430.458
Bonds issued	-	-	-	-
Miscellaneous Payables	1.536.675	3.309.597	1.244.320	6.090.592
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽²⁾	39.945.240	1.622.823	397.982	41.966.045
Total liabilities	441.378.112	299.067.314	93.588.437	834.033.863
Net balance sheet position	(127.986.833)	(1.423.780)	(19.056.373)	(148.466.986)
Net off-balance sheet position	115.132.280	5.912.124	33.519.228	154.563.632
Financial derivative assets ⁽³⁾⁽⁴⁾	120.808.327	27.152.483	40.346.422	188.307.232
Financial derivative liabilities ⁽³⁾⁽⁴⁾	5.676.047	21.240.359	6.827.194	33.743.600
Non-cash loans ⁽¹⁾	91.454.469	87.704.303	13.287.016	192.445.788
Prior period				
Total assets	193.663.525	201.565.914	36.848.119	432.077.558
Total liabilities	274.452.397	213.644.981	52.676.362	540.773.740
Net balance sheet position	(80.788.872)	(12.079.067)	(15.828.243)	(108.696.182)
Net off-balance sheet position	75.059.575	4.773.006	23.751.174	103.583.755
Financial derivative assets	89.295.579	21.310.272	31.824.794	142.430.645
Financial derivative liabilities	14.236.004	16.537.266	8.073.620	38.846.890
Non-cash loans ⁽¹⁾	59.276.701	46.041.320	5.882.686	111.200.707

⁽¹⁾ Non-cash loans are not included in the off-balance sheet position items.

⁽²⁾ In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

⁽³⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 6.586.176 and swap precious metal purchase transactions amounted to TRY 25.064.563. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.205.463 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

⁽⁴⁾ In accordance with the provisions of the "Regulation on the Calculation and Application of the Standard Foreign Currency Net General Position/ Equity Ratio by Banks on a Consolidated and Unconsolidated Basis", money options are included in the calculation of exchange rate risk with delta equivalents.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IV. EXPLANATIONS ON INTEREST RATE RISK

Loss that may arise due to asset-liability and interest-sensitive assets mismatches based on the repricing (interest rate change) periods of the off-balance sheet positions represent the interest rate risk. Among the positions subject to these risks, those evaluated in trading accounts are taken into account in market risk, while positions in banking books are subject to interest rate risk calculations arising from banking books.

The interest rate risks incurred due to interest-sensitive positions in the Bank's trading and banking books are managed within the scope of the "Policies for the Management of Interest Rate Risk" which is approved by the Board of Directors. Interest rate risks are measured on a daily basis primarily through risk weighted asset and economic value change measurements, sensitivity, duration and gap analyses. Measurement results are daily reported to the Bank's Top Management and related business units.

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates):

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	487.625	-	-	-	-	273.242.000	273.729.625
Banks and financial institutions	6.493.387	-	-	-	-	9.330.750	15.824.137
Financial assets at fair value through profit and loss	15	28	151.289	995	20	38.610.201	38.762.548
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	31.959.704	9.502.376	34.339.156	28.066.880	9.643.050	1.555.917	115.067.083
Loans	448.606.102	190.389.299	188.425.859	299.350.290	95.187.396	48.585.729	1.270.544.675
Financial assets measured at amortised cost	119.412.943	36.074.232	72.469.710	75.343.285	127.263.271	-	430.563.441
Other assets ⁽¹⁾⁽⁴⁾	3.867.550	113.097	518.096	548.858	71.116	45.676.660	50.795.377
Total assets	610.827.326	236.079.032	295.904.110	403.310.308	232.164.853	417.001.257	2.195.286.886
Liabilities							
Bank deposits	31.776.523	12.671.090	111.696	-	-	158.344.826	202.904.135
Other deposits	846.729.610	275.687.058	143.157.796	502.953	-	403.866.453	1.669.943.870
Money market balances	17.166.289	2.932.480	-	-	-	83.029	20.181.798
Miscellaneous Payables	6.236.454	-	-	-	-	33.047.012	39.283.466
Bonds issued	3.896.327	4.388.972	967.200	-	-	-	9.252.499
Funds provided from other financial institutions ⁽³⁾	105.377	9.687.942	2.967.732	3.795.212	189.467	245.480	16.991.210
Other liabilities ⁽²⁾	1.000.000	-	64.543.680	4,929.795	-	166.256.433	236.729.908
Total liabilities	906.910.580	305.367.542	211.748.104	9.227.960	189.467	761.843.233	2.195.286.886
Balance sheet long position	-	-	84.156.006	394.082.348	231.975.386	-	710.213.740
Balance sheet short position	(296.083.254)	(69.288.510)	-	-	-	(344.841.976)	(710.213.740)
Off-balance sheet long position	129.653.828	55.275.471	29.148.487	9,829.886	13,282.045	-	237.189.717
Off-balance sheet short position	(129,559,273)	(56,340,259)	(29,200,251)	(9,819,703)	(13,282,045)	-	(238,201,531)
Total position	(295.988.699)	(70.353.298)	84.104.242	394.092.531	231.975.386	(344.841.976)	(1.011.814)

⁽¹⁾ TRY 14.361.148 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

⁽²⁾ Shareholders' equity balance is disclosed under the non-bearing interest column in other liabilities line.

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	199.713	-	-	-	-	158.794.562	158.994.275
Banks and financial institutions	3.019.769	-	-	-	-	4.157.361	7.177.130
Financial assets at fair value through profit and loss	37.656	39.656	104.845	41	535	33.947.997	34.130.730
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	14.042.873	13.396.240	45.095.823	21.175.553	4.063.800	1.286.136	99.060.425
Loans	282.962.827	206.607.587	146.996.495	108.955.465	65.433.640	31.661.514	842.617.528
Financial assets measured at amortised cost	54.247.868	20.906.711	31.558.985	64.389.194	69.887.238	-	240.989.996
Other assets ⁽¹⁾⁽⁴⁾	3.266.641	54.732	240.722	527.829	46.713	5.841.925	9.978.562
Total assets	357.777.347	241.004.926	223.996.870	195.048.082	139.431.926	235.689.495	1.392.948.646
Liabilities							
Bank deposits	28.430.590	14.054.920	82.503	-	-	92.540.351	135.108.364
Other deposits	486.712.849	180.200.427	39.550.660	546.977	-	218.803.254	925.814.167
Money market balances	100.191.170	1.864.497	-	-	-	103.501	102.159.168
Miscellaneous Payables	6.047.698	-	-	-	-	19.696.793	25.744.491
Bonds issued	2.260.550	5.481.100	1.000.000	-	-	234.427	8.976.077
Funds provided from other financial institutions ⁽⁵⁾	120.805	7.514.883	2.161.228	3.009.574	478.968	136.605	13.422.063
Other liabilities ⁽²⁾	1.000.000	-	33.947.997	17.921.340	4.929.795	123.925.184	181.724.316
Total liabilities	624.763.662	209.115.827	76.742.388	21.477.891	5.408.763	455.440.115	1.392.948.646
Balance sheet long position	-	31.889.099	147.254.482	173.570.191	134.023.163	-	486.736.935
Balance sheet short position	(266.986.315)	-	-	-	-	(219.750.620)	(486.736.935)
Off-balance sheet long position	128.803.384	15.412.142	17.382.650	5.186.201	9.476.359	-	176.260.736
Off-balance sheet short position	(128.142.633)	(12.372.656)	(17.503.892)	(5.446.650)	(9.476.361)	-	(172.942.192)
Total position	(266.325.564)	34.928.585	147.133.240	173.309.742	134.023.161	(219.750.620)	3.318.544

⁽¹⁾ TRY 8.437.719 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

⁽²⁾ Shareholders' equity balance is disclosed under the non-bearing interest column in other liabilities line.

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

2. Average interest rates applied to the monetary financial instruments (%):

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	4,85	-	-	39,63
Financial assets at fair value through profit and loss ⁽⁵⁾	-	6,15	-	18,77
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	7,10	-	32,44
Loans ⁽²⁾	5,89	9,00	-	31,51
Financial assets measured at amortised cost	4,55	5,71	-	31,93
Liabilities				
Bank deposits ⁽⁴⁾	0,24	6,67	-	42,28
Other deposits ⁽⁴⁾	1,48	2,83	-	35,70
Money market borrowings	4,60	7,04	-	40,10
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	28,90
Funds provided from other financial institutions	2,81	1,73	-	35,73

⁽¹⁾ Interest rates are calculated using weighted average method for placements as of the balance sheet date.

⁽²⁾ Interest rates for loans given as of the balance sheet date are calculated by using client based weighted average interests.

⁽³⁾ Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2023.

⁽⁴⁾ Demand deposit amounts are considered in the average interest rate calculation.

⁽⁵⁾ Borrowed securities are not included in the average interest rate calculation.

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	3,25	3,91	-	21,42
Financial assets at fair value through profit and loss ⁽⁵⁾	3,50	4,53	-	9,01
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	4,41	-	22,38
Loans ⁽²⁾	5,27	7,96	-	14,76
Financial assets measured at amortised cost	4,66	5,61	-	35,66
Liabilities				
Bank deposits ⁽⁴⁾	0,21	3,23	-	18,45
Other deposits ⁽⁴⁾	1,56	2,56	-	14,37
Money market borrowings	-	2,56	-	9,82
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	17,88
Funds provided from other financial institutions	1,69	4,50	-	17,73

⁽¹⁾ Interest rates are calculated using weighted average method for placements as of the balance sheet date.

⁽²⁾ Interest rates for loans given as of the balance sheet date are calculated by using client based weighted average interests.

⁽³⁾ Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

⁽⁴⁾ Demand deposit amounts are considered in the average interest rate calculation.

⁽⁵⁾ Borrowed securities are not included in the average interest rate calculation.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

3. The interest rate risk of the banking book items:

The interest rate risks incurred due to interest-sensitive positions in the Bank's trading and banking books are managed within the scope of the "Policies for the Management of Interest Rate Risk" which is approved by the Board of Directors. Interest-sensitive positions in the trading accounts are evaluated within the scope of market risks, while positions other than trading accounts are subject to interest rate risk arising from banking books.

Interest rate risks are measured on a daily basis using the standard shock method due to the net positions created by the assets and liabilities in the banking books and off-balance sheet positions in the relevant maturity brackets according to repricing periods. Measurement results are daily reported to the Bank's Top Management and related business units. Statutory reporting is made on a monthly basis in accordance with the "Regulation on Measurement and Evaluation of the Interest Rate Risk Arising from Banking Books by Standard Shock Method" published in the Official Gazette dated 23 August 2011 and numbered 28034.

According to the mentioned regulation, within the scope of Interest Rate Risk in the Banking Book (IRRBB), the ratio of losses incurred due to economic value changes after interest shocks to total capital - legal maximum rate - is limited to 20%. On the other hand regarding IRRBB ratio, the Bank's internally determined limit and risk appetite levels are monitored on a daily basis, provided that they are below the legal maximum rate.

The below table indicates the changes in the economic value that occurred after the interest rate shocks applied on the basis of foreign currency types and their ratio to statutory equity.

Current Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity –Losses/Shareholders' Equities
1	TRY	500	(19.752.660)	(%11,45)
		(400)	19.180.455	%11,12
2	EUR*	200	8.578.364	%4,97
		(200)	(13.230.099)	(%7,67)
3	USD	200	(11.246.116)	(%6,52)
		(200)	15.681.918	%9,09
	Total (For negative shocks)		21.632.274	%12,54
	Total (For positive shocks)		(22.420.412)	(%13,00)
Prior Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity –Losses/Shareholders' Equities
1	TRY	500	(8.071.845)	(%6,52)
		(400)	7.906.393	%6,39
2	EUR*	200	1.063.399	%0,86
		(200)	(2.103.244)	(%1,70)
3	USD	200	(3.240.574)	(%2,62)
		(200)	4.325.730	%3,50
	Total (For negative shocks)		10.128.879	%8,19
	Total (For positive shocks)		(10.249.020)	(%8,28)

(*) Other currencies are shown under EUR.

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V. EXPLANATIONS ON POSITION RISK OF SHARES

Information about position risk of shares:

Equities	Carrying Value	Comparison		Capital Requirements
		Fair Value Change ⁽²⁾	Market Value	
Investment in Shares–Grade A	4.356.308	4.356.308	4.356.308	348.505
Quoted Securities ⁽¹⁾	4.356.308	4.356.308	4.356.308	348.505
Investment in Shares–Grade B	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares–Grade C	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares–Grade D	-	-	-	-
Other	24.000.033	23.607.107	-	2.250.356

⁽¹⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı A.Ş. was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.

⁽²⁾ Investments that are not measured at fair value are not included in the table above.

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital:

Portfolio	Realized gains/ losses in the current period			Unrealized gains and losses		
	Realized gains/ losses in the current period	Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange ⁽¹⁾	-	3.172.444	3.172.444	-	-	-
3. Other share certificates	-	9.396.109	9.396.109	-	-	-
Total	-	12.568.553	12.568.553	-	-	-

⁽¹⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı A.Ş. was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.

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VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

The liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open position cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

The liquidity risks of the Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. Although the Board of Directors is primarily responsible for managing liquidity risk, committees have been established to ensure the efficient function. The committees responsible for managing liquidity risk are the Asset-Liability Committee (ALCO) and the Liquidity Risk Committee.

The desired level of risk that the bank intends to assume with regard to liquidity risk is determined within the Risk Appetite Framework Directive approved by the Bank's Board of Directors. Within the scope of the risk appetite framework, the level of risk capacity, risk appetite, and trigger levels have been determined on both consolidated and non-consolidated bases.

Regarding treasury transactions; maturity and amount limits are determined for TRY and FX transactions made in the interbank over-the-counter market, and limits are set on the maximum foreign currency position, forward and swap transactions that can be carried.

Liquidity risk analyzes are conducted on a daily/weekly/monthly basis and shared with the Bank's top management and related departments. Periodical stress tests are performed in line with the Bank's liquidity management policies.

The Bank has determined a high-quality liquid asset stock as a liquidity buffer for managing liquidity risk. Extending the maturity structure of the time deposits, which constitute a significant source of funds for the Bank, developing new products to encourage savings, and maintaining the core deposit level are adopted as strategic objectives to reduce liquidity risk. Limits and principles regarding the issuance of bonds and bills in TRY have been determined to provide long-term funding other than deposits as part of extending the maturity structure of liabilities. In line with the Bank's needs, new borrowing opportunities are utilized, and within this framework, price/cost movements in international capital markets are closely monitored, and alternative sources of funding are evaluated when conditions are favorable.

The Bank aims to obtain its funding sources from the longest-term and most stable sources possible, taking into account legal and internal limits as well as cost factors. In this context, concentration ratios such as the share of retail funding sources in total sources, the share of high-value deposits in total deposits, and the share of borrowings from money markets in bank borrowings and market volumes are monitored daily within the framework of the Liquidity Early Warning System.

Short-term or daily foreign currency liquidity needs can be met through swap transactions, and sufficient liquidity is kept with correspondent banks for effective management of repayments. Adequate liquidity buffer is maintained by the Bank to meet its intraday liquidity and short-term liquidity needs. In general context, liquidity management is managed within the limits defined by the market makers for the Bank and the limit structures defined by the Bank on the basis of counterparty and transaction type.

The reduction of liquidity risk is provided by effective collateral management structure. Upper borrowing limits are determined under certain criteria and balance sheet size related with the domestic organized markets (CBRT, BIST and Takasbank) by the relevant authorities. Existing limits available to use are continuously monitored, through the Bank's projected and instant liquidity needs under the condition that depositing and/or withdrawing additional collateral.

The Risk Management Department conducts routine and periodic stress tests based on rapid deposit outflows, defaults on cash and non-cash loans, liquidity outflows with significant loan expansions that may affect the Bank's liquidity such as pandemics and natural disasters, potential losses in the Bank's securities portfolio, FX outflows, scenarios related to the obligations of subsidiaries, and similar fundamental issues. Stress test scenarios that are for other all matters related to liquidity risk management are prepared in collaboration with relevant business units. Analysis of stress test scenarios is shared with the Bank's Top Management and relevant business units, and necessary actions are taken.

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Systemic and bank specific metrics within the scope of "Liquidity Emergency Action Plan" (LEAP) approved by the Board of Directors and early warning indicators related to these metrics are monitored on a daily basis. Written actions, if required, to be taken as part of this plan are determined. In extent with LEAP, necessary actions and their priority for possible liquidity stress/crisis have been determined.

The Bank does not have any operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

Liquidity Coverage Ratio:

According to the BRSA's "Regulation for Banks' Liquidity Coverage Ratio Calculations" published in the Official Gazette No. 28948 dated 21 March 2014, FC and TRY+FC liquidity coverage ratios are calculated by using high quality liquid assets divided by net cash outflows. Within this context, the Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, liquidity coverage ratio is calculated by taking the monthly simple arithmetic average on a consolidated basis and by taking the weekly simple arithmetic average on a non-consolidated basis.

Within the fourth quarter of 2023, the Bank's deposit gain in TRY reduced its TRY denominated secured borrowings obtained from money markets, and accordingly increased the total of free securities not given as collateral. As a result of the TCMB regulations supporting the conversion to TRY-denominated deposits, there has been a decrease in foreign currency deposits, excluding the exchange rate effect, compared to the end of the third quarter. The total amount of loans decreased compared to the end of the third quarter due to the increase in loan interest rates and Banking Regulation and Supervision Agency (BDDK) regulations related to bank loan disbursements. The decrease in collateralized borrowings and the increase in tradable securities during the period contributed to an increase in the Bank's stock of high-quality liquid assets. Net cash outflows increased mainly due to the increase in TRY denominated deposits with maturities less than 30 days and other TRY denominated liabilities with maturities less than 30 days. The increase in TRY and FC denominated net cash outflows was larger than the increase in high quality liquid assets stock, which decreased the total liquidity coverage ratio during the period. In addition, the increase in FC deposits with maturities less than 30 days and the decrease in FX cash inflows with maturities less than 30 days decreased the FC liquidity coverage ratio in the fourth quarter. During the period, FC and TRY+FC ratios remained above the legal lower limit.

High quality liquid assets are composed of 54,37% accounts held by the CBRT and the Central Banks of the foreign branches, 44,04% securities considered as high quality liquid assets and 1,59% cash and cash equivalents. The primary funding source for the Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. However, there are periodical fluctuations in the foreign currency liquidity coverage ratio due to foreign currency swap transactions that have TRY side. The estimated cash outflows from derivative financial instruments and other liabilities calculated on the basis of the changes in fair value in the last 24 months are TRY 2.839.986.

The Bank's minimum and maximum FC and TRY+FC liquidity coverage ratios calculated based on last three months averages, and the realized weeks of these ratios in the current period are disclosed in the table below;

Liquidity Minimum-Maximum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	02.10.2023 - 08.10.2023	631,02	13.11.2023 - 19.11.2023	167,75
Minimum	25.12.2023 - 31.12.2023	466,35	30.10.2023 - 05.11.2023	152,47

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Liquidity Coverage Ratio:

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			700.887.608	283.907.775
Cash Outflows				
Retail and Small Business Customers, of which;	854.047.989	303.133.173	78.451.926	30.313.317
Stable Deposits	139.057.462	-	6.952.873	-
Less Stable Deposits	714.990.527	303.133.173	71.499.053	30.313.317
Unsecured wholesale funding , of which;	848.504.949	389.803.933	374.894.060	144.174.025
Operational Deposits	201.541.183	154.217.160	50.385.288	38.554.290
Non-operational Deposits	610.676.134	229.720.026	298.481.941	99.973.344
Other Unsecured Funding	36.287.632	5.866.747	26.026.831	5.646.391
Secured Funding			-	-
Other cash outflows, of which;	31.848.167	3.047.965	28.897.167	3.044.625
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.852.907	3.042.398	3.852.907	3.042.398
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	27.995.260	5.567	25.044.260	2.227
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	676.090.350	194.771.359	49.597.036	14.663.509
Total Cash Outflows			531.840.189	192.195.476
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	151.453.946	17.006.399	91.962.742	13.787.437
Other Cash Inflows	569.100	138.037.427	569.100	138.037.427
Total Cash Inflows	152.023.046	155.043.826	92.531.842	151.824.864
Total Adjusted Value				
Total HQLA Stock			700.887.608	283.907.775
Total Net Cash Outflows			439.308.347	50.337.476
Liquidity Coverage Ratio (%)			159,75%	569,74%

⁽¹⁾ Calculated by simple arithmetic average, weekly average calculated for the last three months of the values.

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Prior Period	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			361.962.008	161.976.715
Cash Outflows				
Retail and Small Business Customers, of which;	454.061.279	214.588.563	42.384.914	21.458.856
Stable Deposits	60.424.277	-	3.021.214	-
Less Stable Deposits	393.637.002	214.588.563	39.363.700	21.458.856
Unsecured wholesale funding , of which;	470.497.677	214.953.791	204.134.108	80.070.514
Operational Deposits	101.363.427	81.222.850	25.340.857	20.305.712
Non-operational Deposits	345.056.052	128.395.134	162.199.268	54.552.308
Other Unsecured Funding	24.078.198	5.335.807	16.593.983	5.212.494
Secured Funding			-	-
Other cash outflows, of which;	10.977.828	1.861.618	8.476.254	1.859.245
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.099.510	1.857.663	2.099.510	1.857.663
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.318	3.955	6.376.744	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.150	114.560.264	24.903.147	9.961.479
Total Cash Outflows			279.898.423	113.350.094
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	87.976.024	15.053.950	53.558.688	11.658.370
Other Cash Inflows	634.979	83.384.924	634.979	83.384.924
Total Cash Inflows	88.611.003	98.438.874	54.193.667	95.043.294
Total Adjusted Value				
Total HQLA Stock			361.962.008	161.976.715
Total Net Cash Outflows			225.704.756	29.528.881
Liquidity Coverage Ratio (%)			160,38%	552,83%

⁽¹⁾ Calculated by simple arithmetic average, weekly average calculated for the last three months of the values.

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1. Presentation of assets and liabilities according to their remaining maturities:

The Bank follows up and measures the consistency of payments comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	51.961.886	221.767.739	-	-	-	-	-	273.729.625
Banks	9.307.464	6.516.673	-	-	-	-	-	15.824.137
Financial assets at fair value through profit and loss	-	-	28	35.516.970	1.009	20	3.244.521	38.762.548
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	14.688.683	1.976.790	29.464.875	52.837.062	14.543.756	1.555.917	115.067.083
Loans ⁽⁴⁾	5.670.727	102.854.874	250.108.514	209.190.515	535.967.598	148.212.754	18.539.693	1.270.544.675
Financial assets measured at amortised cost	-	42.653.201	22.078.582	66.164.953	115.971.607	183.695.098	-	430.563.441
Other assets ⁽²⁾	3.225	1.268.303	1.879.150	1.136.241	628.385	203.413	45.676.660	50.795.377
Total assets	66.943.302	389.749.473	276.043.064	341.473.554	705.405.661	346.655.041	69.016.791	2.195.286.886

Liabilities	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Bank deposits	157.783.364	32.258.845	12.750.230	111.696	-	-	-	202.904.135
Other deposits	368.438.021	866.133.193	285.424.440	149.324.475	620.749	2.992	-	1.669.943.870
Funds provided from other financial institutions ⁽³⁾	-	91.961	994.120	2.530.780	7.345.569	6.028.780	-	16.991.210
Money market balances	-	17.211.972	37.346	-	2.932.480	-	-	20.181.798
Bonds issued	-	3.896.327	4.258.972	1.097.200	-	-	-	9.252.499
Miscellaneous Payables	38.760	21.812.868	505.966	2.318.946	9.873.268	54.369	4.679.289	39.283.466
Other liabilities ⁽¹⁾	-	13.597.528	365.672	72.215.076	6.809.715	2.465.980	141.275.937	236.729.908
Total liabilities	526.260.145	955.002.694	304.336.746	227.598.173	27.581.781	8.552.121	145.955.226	2.195.286.886

Liquidity Gap	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	(459.316.843)	(565.253.221)	(28.293.682)	113.875.381	677.823.880	338.102.920	(76.938.435)	-

Net off-Balance Sheet Position	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	-	99.555	(1.069.788)	(41.767)	186	-	-	(1.011.814)

Derivative Financial Assets	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	-	129.648.828	54.165.228	7.162.412	19.649.159	26.564.090	-	237.189.717

Derivative Financial Liabilities	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	-	(129.549.273)	(55.235.016)	(7.204.179)	(19.648.973)	(26.564.090)	-	(238.201.531)

Non-Cash Loans	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	198.430.824	19.402.061	41.202.612	187.116.148	124.411.948	30.152.537	-	600.716.130

Prior Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Total Assets	16.747.683	266.076.653	74.217.031	362.858.864	430.970.027	216.356.290	25.722.098	1.392.948.646

Total Liabilities	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	304.297.957	645.438.875	202.641.657	79.198.876	32.567.428	16.385.176	112.418.677	1.392.948.646

Liquidity Gap	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	(287.550.274)	(379.362.222)	(128.424.626)	283.659.988	398.402.599	199.971.114	(86.696.579)	-

Net off-Balance Sheet Position	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	-	665.751	1.542.902	438.100	671.791	-	-	3.318.544

Derivative Financial Assets	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	-	128.798.384	13.196.916	4.048.663	11.264.053	18.952.720	-	176.260.736

Derivative Financial Liabilities	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	-	(128.132.633)	(11.654.014)	(3.610.563)	(10.592.262)	(18.952.720)	-	(172.942.192)

Non-Cash Loans	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
	101.180.816	8.090.448	31.622.105	106.356.777	53.530.771	14.405.530	-	315.186.447

⁽¹⁾ Shareholders' equity is disclosed in other liabilities line under the undistributed column.

⁽²⁾ Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses are disclosed in other assets under the undistributed column.

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Non-performing loans is disclosed in under the undistributed column.

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Analysis of non-derivative financial liabilities by remaining contractual maturities:

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
Deposits	1.433.121.011	312.523.822	169.501.215	689.545	3.325	(42.990.913)	1.872.848.005
Funds provided from other financial institutions	101.947	1.058.055	2.946.581	8.802.062	7.264.238	(3.181.673)	16.991.210
Money market borrowings	17.277.618	69.707	205.811	4.029.887	-	(1.401.225)	20.181.798
Securities issued	4.295.549	4.934.746	1.340.023	-	-	(1.317.819)	9.252.499
Funds	11.564	39.945	179.523	296.871	43.715	-	571.618
Total	1.454.807.689	318.626.275	174.173.153	13.818.365	7.311.278	(48.891.630)	1.919.845.130

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments (1)	Total
Liabilities							
Deposits	824.704.529	200.736.551	41.713.195	741.306	2.535	(6.975.585)	1.060.922.531
Funds provided from other financial institutions	52.821	548.510	1.531.379	4.304.846	9.980.901	(2.996.394)	13.422.063
Money market borrowings	100.341.020	41.231	131.786	702.357	2.040.085	(1.097.311)	102.159.168
Securities issued	2.370.991	5.051.100	1.754.852	155.120	-	(355.986)	8.976.077
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
Total	927.476.227	206.399.701	45.203.415	6.029.803	12.033.511	(11.425.276)	1.185.717.381

⁽¹⁾ Adjustments column represents the difference between the total expected cash flows and the carrying values of non-derivative financial liabilities.

Analysis of Bank's derivative financial instruments according to their remaining maturities:

Current Period ⁽¹⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts - Buy	6.405.670	9.319.606	3.131.372	613	-	18.857.261
Forward Contracts - Sell	7.495.656	12.530.629	3.116.567	430	-	23.143.282
Swaps - Buy	104.647.023	33.886.240	3.992.272	-	-	142.525.535
Swaps - Sell	121.934.505	42.709.534	4.044.259	-	-	168.688.298
Credit Default Swap - Buy	-	-	-	-	-	-
Credit Default Swap - Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	3.353.512	3.232.664	-	-	-	6.586.176
Forward Precious Metal - Sell	2.205.463	-	-	-	-	2.205.463
Money Buy Options	492.365	20.564	-	-	-	512.929
Money Sell Options	492.460	20.470	-	-	-	512.930
Swaps Interest - Buy	-	10.000	10.000	19.648.547	26.564.089	46.232.636
Swaps Interest - Sell	-	10.000	10.000	19.648.547	26.564.089	46.232.636
Futures - Buy	-	14.662	28.768	-	-	43.430
Futures - Sell	-	15.170	33.353	-	-	48.523
Swaps Precious Metal - Buy	17.332.763	7.731.800	-	-	-	25.064.563
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	264.359.417	109.501.339	14.366.591	39.298.137	53.128.178	480.653.662

Prior Period ⁽²⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts - Buy	7.269.771	2.334.291	1.145.948	40.590	-	10.790.600
Forward Contracts - Sell	4.368.368	1.069.525	1.145.600	40.578	-	6.624.071
Swaps - Buy	99.941.979	8.464.760	2.902.716	932.240	-	112.241.695
Swaps - Sell	122.131.244	9.641.926	2,464,964	260,460	-	134,498,594
Credit Default Swap - Buy	-	-	-	-	-	-
Credit Default Swap - Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	848.727	152.771	-	-	-	1,001,498
Forward Precious Metal - Sell	3,793,810	1,332,501	-	-	-	5,126,311
Money Buy Options	5,394,200	7,084,913	-	-	-	12,479,113
Money Sell Options	5,395,779	7,064,049	-	-	-	12,459,828
Swaps Interest - Buy	10,000	60,000	-	10,291,226	18,952,718	29,313,944
Swaps Interest - Sell	10,000	60,000	-	10,291,226	18,952,718	29,313,944
Futures - Buy	-	410,850	-	-	-	410,850
Futures - Sell	-	506,901	-	-	-	506,901
Swaps Precious Metal - Buy	22,626,349	1,629,045	-	-	-	24,255,394
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	271,790,227	39,811,532	7,659,228	21,856,320	37,905,436	379,022,743

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 5,262,414 are included in the table.

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 29,819,815 are included in the table.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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VII. EXPLANATIONS ON LEVERAGE RATIO

Leverage ratio calculated according to the article "Regulation Regarding the Measurement and Evaluation of Banks' Leverage Level" published in the Official Gazette No. 28812 dated 5 November 2013 is as follows.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	2.235.018.495	1.348.972.304
2.Assets That Are Deducted from Core Capital	(8.529.460)	(763.978)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	2.226.489.035	1.348.208.326
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	3.466.404	2.725.285
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	3.856.093	2.657.237
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives(Sum of rows 4 and 5)	7.322.497	5.382.522
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	9.308.985	5.901.580
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	9.308.985	5.901.580
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	733.270.901	371.490.714
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(16.424.239)	(8.321.769)
12.The Total Risk of Off-Balance Sheet Items(Sum of rows 10 and 11)	716.846.662	363.168.945
Capital And Total Exposures		
13.Tier 1 Capital	148.375.351	100.378.840
14.Total Exposures(Sum of rows 3,6,9 and 12)	2.959.967.179	1.722.661.373
Leverage Ratio		
15.Leverage Ratio	%5,01	%5,83

⁽¹⁾ The amounts in the table represent three-month averages.

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VIII. EXPLANATIONS ON BUSINESS SEGMENTATION

The Bank's operations are grouped under the corporate, commercial, integrated banking and treasury/investment banking categories.

The Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium Size Enterprises as well as individual consumers. In this context, the Bank has no restrictions on the area in which it operates. The Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Bank's application, firms are segmented as corporate firms, commercial firms, enterprising business firms, small size enterprises and small-scale retailers.

Individual customers are real persons without having any commercial or professional purposes other than their individual demands in the Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

The following are the services provided by the Bank to all of its customers:

- Accepting deposits,
- Issuance of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money market transactions,
- Rendering insurance agency transactions and individual pension services,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement organised by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering,
- Trading the capital market instruments in the secondary market for the purpose of performing intermediary services,
- Acting as an operator in order to provide risk management systems related to technical support and consulting services,
- Providing technical support and consulting services to Bank's subsidiaries,
- Acting as a custodian in order to keep client's assets related to individual portfolio management of portfolio management companies,
- Acting as a portfolio management agency

Under the Treasury transactions, medium and long-term fund provision is performed through securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Details of the segment information prepared in accordance with the Act on "Disclosure of Financial Statements of Banks and The Related Presentations and Notes" as of 31 December 2023 are presented in the table below.

	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
Current Period				
1 January -31 December 2023				
OPERATING INCOME / EXPENSES				
Interest Income	57.017.003	131.840.799	116.133.400	304.991.202
Interest on Loans	56.760.183	130.389.957	2.409.031	189.559.171
Interest Income on Marketable Securities	-	1.355.296	112.201.928	113.557.224
Interest Received from Banks	-	-	1.447.178	1.447.178
Other Interest Income	256.820	95.546	75.263	427.629
Interest Expense	99.507.727	136.560.023	27.539.378	263.607.128
Interest on Deposits	99.333.364	134.546.108	4.792.266	238.671.738
Interest on Borrowings	34.183	83.572	641.028	758.783
Interest on Money Market Borrowings	-	798.367	13.671.969	14.470.336
Interest on Marketable Bonds Issued	-	-	7.387.083	7.387.083
Other Interest Expense	140.180	1.131.976	1.047.032	2.319.188
Net Interest Income	(42.490.724)	(4.719.224)	88.594.022	41.384.074
Net Fees and Commissions Income	5.710.388	10.422.248	2.814.833	18.947.469
Net Trading Profit / (Loss)	592.996	15.936.941	(32.739.866)	(16.209.929)
Dividend Income	-	-	401.464	401.464
Other Income	539.950	2.050.479	10.582.869	13.173.298
Expected Loss Provisions	502.274	1.779.214	613.037	2.894.525
Other Expenses	751.758	15.458.776	31.938.580	48.149.114
Income Before Taxes	(36.901.422)	6.452.454	37.101.705	6.652.737
Income Tax Provision	-	-	3.459.228	3.459.228
Net Profit For The Period	(36.901.422)	6.452.454	40.560.933	10.111.965
SEGMENT ASSETS				
31 December 2023				
Marketable Securities ⁽¹⁾	-	28.088.605	556.247.040	584.335.645
Derivative Financial Assets Held for Trading	-	210.860	3.573.917	3.784.777
Banks and Money Market Receivables	-	5.893.869	9.922.862	15.816.731
Associates and Subsidiaries (Net)	-	-	28.272.656	28.272.656
Loans ⁽¹⁾	421.471.871	800.166.237	397.040	1.222.035.148
Other Assets	3.315.461	18.606.383	319.120.085	341.041.929
TOTAL ASSETS	424.787.332	852.965.954	917.533.600	2.195.286.886
SEGMENT LIABILITIES				
31 December 2023				
Deposits	630.134.764	1.078.753.727	163.959.514	1.872.848.005
Derivative Financial Liabilities	-	355.768	538.653	894.421
Money Market Balances	-	13.608.772	6.573.026	20.181.798
Borrowing Funding Loans	326.900	836.089	15.828.221	16.991.210
Bonds Issued	-	-	9.252.499	9.252.499
Other Liabilities	8.375.014	28.674.887	92.440.481	129.490.382
Provisions and Tax Payable	939.984	1.702.661	14.579.907	17.222.552
Shareholders' Equity	(36.901.422)	6.452.454	158.854.987	128.406.019
TOTAL LIABILITIES	602.875.240	1.130.384.358	462.027.288	2.195.286.886
OFF-BALANCE SHEET ITEMS				
31 December 2023				
Guarantees and Sureties	302.437.991	224.465.364	73.812.775	600.716.130
Commitments	2.349.185	49.970.528	126.809.110	179.128.823
Derivative Financial Instruments	-	59.844.491	415.546.757	475.391.248
TOTAL OFF-BALANCE SHEET ITEMS	304.787.176	334.280.383	616.168.642	1.255.236.201

⁽¹⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
Prior Period				
1 January -31 December 2022				
OPERATING INCOME / EXPENSES				
Interest Income	26.685.722	59.003.530	68.284.477	153.973.729
Interest on Loans	26.453.926	58.096.815	1.053.301	85.604.042
Interest Income on Marketable Securities	-	866.067	66.676.253	67.542.320
Interest Received from Banks	-	-	535.284	535.284
Other Interest Income	231.796	40.648	19.639	292.083
Interest Expense	26.916.362	36.270.286	22.541.913	85.728.561
Interest on Deposits	26.590.996	35.471.004	2.397.527	64.459.527
Interest on Borrowings	24.009	70.374	263.816	358.199
Interest on Money Market Borrowings	-	269.111	15.515.486	15.784.597
Interest on Marketable Bonds Issued	-	-	3.700.719	3.700.719
Other Interest Expense	301.357	459.797	664.365	1.425.519
Net Interest Income	(230.640)	22.733.244	45.742.564	68.245.168
Net Fees and Commissions Income	2.685.153	4,933.816	842.980	8,461.949
Net Trading Profit / (Loss)	37.893	6,063.174	(11,977.067)	(5,876.000)
Dividend Income	-	-	426.209	426.209
Other Income	822.708	1,203.463	2,058.696	4,084.867
Expected Loss Provisions	1,688.139	2,998.944	32,098.021	36,785.104
Other Expenses	1,462.794	8,517.751	7,920.547	17,901.092
Income Before Taxes	164.181	23,417.002	(2,925.186)	20,655.997
Income Tax Provision	-	-	(5,390.358)	(5,390.358)
Net Profit For The Period	164.181	23,417.002	(8,315.544)	15,265.639
SEGMENT ASSETS				
31 December 2022				
Marketable Securities ⁽¹⁾	-	17,824.827	356,323,549	374,148,376
Derivative Financial Assets Held for Trading	-	250,665	2,984,525	3,235,190
Banks and Money Market Receivables	-	427,159	6,744,178	7,171,337
Associates and Subsidiaries (Net)	-	-	19,706,757	19,706,757
Loans ⁽¹⁾	291,752,915	497,341,919	213,488	789,308,322
Other Assets	3,723,562	12,657,863	182,997,239	199,378,664
TOTAL ASSETS	295,476,477	528,502,433	568,969,736	1,392,948,646
SEGMENT LIABILITIES				
31 December 2022				
Deposits	366,969,314	585,394,896	108,558,321	1,060,922,531
Derivative Financial Liabilities	-	301,279	522,264	823,543
Money Market Balances	-	7,585,020	94,574,148	102,159,168
Borrowing Funding Loans	395,181	589,094	12,437,788	13,422,063
Bonds Issued	-	-	8,976,077	8,976,077
Other Liabilities	8,287,920	16,366,361	73,152,440	97,806,721
Provisions and Tax Payable	342,318	535,444	17,308,691	18,186,453
Shareholders' Equity	3,424,863	26,027,659	61,199,568	90,652,090
TOTAL LIABILITIES	379,419,596	636,799,753	376,729,297	1,392,948,646
OFF-BALANCE SHEET ITEMS				
31 December 2022				
Guarantees and Sureties	158,614,820	117,125,931	39,445,696	315,186,447
Commitments	1,420,003	32,386,264	75,651,549	109,457,816
Derivative Financial Instruments	-	35,087,036	314,115,892	349,202,928
TOTAL OFF-BALANCE SHEET ITEMS	160,034,823	184,599,231	429,213,137	773,847,191

⁽¹⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines.

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IX. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	2.090.351.638	1.984.679.986	1.330.158.647	1.343.366.275
Cash and Balances with the Central Bank of Türkiye	273.729.625	273.729.625	158.994.275	158.994.275
Financial assets at fair value through P&L ^{(3) (4)}	3.246.056	3.246.056	1.733	1.733
Banks	15.824.137	15.811.575	7.177.130	7.127.813
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	114.983.397	114.983.397	98.972.022	98.972.022
Other Financial Assets Measured at Amortised Cost	430.563.441	376.964.351	240.989.996	262.616.882
Loans ⁽²⁾	1.252.004.982	1.199.944.982	824.023.491	815.653.550
Financial Liabilities	1.962.479.996	1.961.288.807	1.213.326.362	1.208.095.640
Bank deposits	202.904.135	202.838.192	135.108.364	134.991.769
Other Deposits	1.669.943.870	1.669.022.779	925.814.167	920.647.524
Derivative financial liabilities held for trading	894.421	894.421	823.543	823.543
Funds provided from other financial institutions	16.991.210	16.877.645	13.422.063	13.835.084
Money market borrowings	20.181.798	20.099.164	102.159.168	102.155.870
Securities issued	9.252.499	9.244.543	8.976.077	8.618.870
Miscellaneous payables	39.283.472	39.283.472	25.744.491	25.744.491
Leasing payables	3.028.591	3.028.591	1.278.489	1.278.489

⁽¹⁾ As of 31 December 2023, TRY 83.686 (31 December 2022: TRY 88.403) of «equity investments not quoted on stock exchange» followed in financial assets at fair value through other comprehensive income are not included.

⁽²⁾ Net of follow-up loans has not been included in the table above.

⁽³⁾ As of 31 December 2023, marketable securities amounting to TRY 150.813 (31 December 2022: TRY 181.000) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss.

⁽⁴⁾ As of 31 December 2023, securities lending transactions amounting to TRY 35.365.679 (31 December 2022: TRY 33.947.997) is not included in the financial assets at fair value through P&L.

As of 31 December 2023, fair values of Associates and Subsidiaries are shown at section 5 footnote 7 and 8. The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

- The fair value of the held to maturity assets is determined at other financial assets measured at amortised cost, when the market prices are not available, quoted market prices of other marketable securities which are amortised with the same terms of interest maturity and other similar conditions are used.
- The prevailing interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial intuitions and sundry creditors.

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Classification of Fair Value Measurement

IFRS 7 – Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Bank. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

In this context, the fair value classification of financial assets and liabilities measured at fair values are as followed:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	3.246.056	-	-	3.246.056
Derivative financial assets	-	3.784.777	-	3.784.777
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	114.118.089	-	-	114.118.089
Subsidiaries	4.356.308	-	20.891.803	25.248.111
Associates ⁽³⁾	-	-	2.715.304	2.715.304
Total Financial Assets	121.720.453	3.784.777	23.607.107	149.112.337
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	894.421	-	894.421
Total Financial Liabilities	-	894.421	-	894.421

⁽¹⁾ As of 31 December 2023, share certificates amounting to TRY 83.686 of «securities not quoted on the stock exchange» in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2023, marketable securities amounting to TRY 150.813 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 20.644), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş. (TRY 127.982), Kredi Kayıt Bürosu A.Ş. (TRY 2.516), Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 17.000), Bankalararası Kart Merkezi A.Ş. (TRY 17.628), JCR Avrasya Derecelendirme A.Ş. (TRY 4.186) and Birleşim Varlık Yönetim A.Ş. (TRY 119.285) are not included in the table.

⁽⁴⁾ As of 31 December 2023, the securities lending transactions amounting to TRY 35.365.679 followed in financial assets at fair value through profit or loss are not included in the table.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	1.733	-	-	1.733
Derivative financial assets	-	3.235.190	-	3.235.190
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	98.972.022	-	-	98.972.022
Subsidiaries	7.400.240	-	10.541.580	17.941.820
Associates ⁽³⁾	-	-	1.612.921	1.612.921
Total Financial Assets	106.373.995	3.235.190	12.154.501	121.763.686
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	823.543	-	823.543
Total Financial Liabilities	-	823.543	-	823.543

⁽¹⁾ As of 31 December 2022, share certificates amounting to TRY 88.403 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2022, marketable securities amounting to TRY 181.000 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 11.518), Bileşim Finansal Teknolojiler ve Odeme Sis. A.Ş. (TRY 127.982), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 10.000) are not included in the table.

⁽⁴⁾ As of 31 December 2022, the securities lending transactions amounting to TRY 33.947.997 followed in financial assets at fair value through profit or loss are not included in the table.

The movement of financial assets classified as level three are as follows:

	Current Period
Balance at the beginning of the period	12.154.501
Purchases during the year	887.772
Non-paid up shares	100.000
Valuation Difference	10.464.834
Transfers	-
Redemption or Sales	-
Period End Balance	23.607.107
	Prior Period
Balance at the beginning of the period	7.174.333
Purchases during the year	1.903.957
Non-paid up shares	-
Valuation Difference	3.075.161
Transfers	1.050
Redemption or Sales	-
Period End Balance	12.154.501

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND TRANSACTIONS BASED ON TRUST

The Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Bank does not engage in fiduciary transactions.

XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Explanations Related To Risk Management

The Bank's business model creates a comprehensive risk profile that includes all units of the Bank. Credit risk is a key component of the risk profile. The Bank effectively implements risk management policies and procedures for loan and other risks which is determined within the framework of risk capacity and appetite and approved by board of directors. Risk appetite and capacity, which are directly related to the Bank's strategic objectives, are limited by legal rates therefore the Bank associated with them.

Regarding the risk management structure; The Internal Audit Department, Internal Control Department and Risk Management Department, which are units within the scope of internal systems, carry out their activities in accordance with the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Assessment Process published in the Official Gazette No. 29057 dated 11 July 2014 and subject to the Board of Directors through the Audit Committee.

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing. In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Bank is exposed in relation to its duties.

The Bank is using information technologies and training documents openly and effectively for the dissemination and application of risk culture, and the development of bank staff is supported in line with this goal with face to face learning and e-learning. In addition, all personnel are regularly informed and aware of the risks that the Bank is exposed to.

Risk measurement systems are based on accepted risk models and workflows for the identification, monitoring and reporting of risks in accordance with legislation. Methods and software that are in line with international standards are used for risk groups such as credit, market, operational and counterparty credit risk etc.

Within the scope of risk management activities, regular reporting and presentations are made by related units to the board of directors, asset-liability and audit committees and to the other committees, in order to manage the risks that the Bank is exposed to more effectively, to support the decision making processes related to them, to create new strategies and policies.

The Bank reports to the BRSB by applying the stress tests determined in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). In addition, stress tests are carried out in line with the scenarios created by the risks exposed and the macroeconomic conditions. This test which is made by applying shocks for various risk factors, shows the results on risk weighted assets, own funds and capital adequacy ratio.

The Bank monitors its effectiveness by closely monitoring the processes of managing and reducing the risks arising from the business model. The Bank regularly revises the strategies it has established regarding these processes in line with the existing conditions and sets policies.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Overview of Risk Weighted Amounts^(*):

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) ^(**)	1.058.316.927	765.853.977	84.665.354	61.268.318
2 Standardized approach (SA)	1.058.316.927	765.853.977	84.665.354	61.268.318
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk ^(**)	3.978.515	7.692.181	318.281	615.374
5 Standardized approach for counterparty credit risk (SA-CCR)	3.978.515	7.692.181	318.281	615.374
6 Internal model method (IMM)	-	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8 Investments made in collective investment companies look-through approach	-	-	-	-
9 Investments made in collective investment companies mandate-based approach	-	-	-	-
10 Investments made in collective investment companies 1250% weighted risk approach	-	-	-	-
11 Settlement risk	-	-	-	-
12 Securitization positions in banking accounts	-	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-	-
16 Market risk	70.960.450	28.424.938	5.676.836	2.273.995
17 Standardized approach (SA)	70.960.450	28.424.938	5.676.836	2.273.995
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	66.027.862	27.691.243	5.282.229	2.215.299
20 Basic Indicator Approach	66.027.862	27.691.243	5.282.229	2.215.299
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	4.566.390	3.108.851	365.311	248.708
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.203.850.144	832.771.190	96.308.011	66.621.694

^(*) Amounts below the thresholds for deductions from capital are excluded from credit risk standard approach of RWA amount.

^(**) Based on the Board Decision dated 31 January 2023 published by the BRSA, CBRT's foreign exchange buying rates as of 30 December 2022 was used in the calculation of the amount subject to credit risk.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Differences and matching between asset and liabilities' carrying values in financial statements and in capital adequacy calculation:

Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Cash and Balances with the Central Bank	273.694.089	273.694.089	-	-	-	-
Derivative Financial Assets	3.784.777	-	3.784.777	-	1.366.312	-
Financial assets at fair value through profit and loss	38.762.548	150.813	-	-	3.246.056	35.365.679
Banks	15.816.731	15.816.731	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Financial assets at fair value through OCI (net)	115.067.083	13.118.780	-	-	101.948.303	-
Loans	1.222.035.148	1.221.788.911	-	-	-	246.237
Receivables from factoring	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	430.506.014	430.506.014	-	-	-	-
Subsidiaries (net)	3.024.545	3.024.545	-	-	-	-
Associates (net)	25.248.111	25.248.111	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	20.048.592	18.397.112	-	-	-	1.651.480
Intangible Assets (net)	1.498.351	-	-	-	-	1.498.351
Real estate for investment purpose (net)	2.675.524	2.675.524	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	14.361.148	-	-	-	-	14.361.148
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-
Other assets	28.764.225	28.759.664	-	-	4.561	-
Total Assets	2.195.286.886	2.033.180.294	3.784.777	-	106.565.232	53.122.895
Liabilities	-	-	-	-	-	-
Deposits	1.872.848.005	-	-	-	-	1.872.848.005
Derivative financial liabilities	894.421	-	-	-	137.572	756.849
Loans	16.991.210	-	-	-	-	16.991.210
Money market borrowings	20.181.798	-	20.181.798	-	-	-
Securities issued	9.252.499	-	-	-	-	9.252.499
Funds	571.618	-	-	-	-	571.618
Other liabilities	83.759.893	-	-	-	1.784	83.758.109
Factoring payables	-	-	-	-	-	-
Finance lease payables	3.028.591	-	-	-	-	3.028.591
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	12.429.302	-	-	-	-	12.429.302
Tax Liability	4.793.250	-	-	-	-	4.793.250
Deffered Tax Liability	-	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	42.130.280	-	-	-	-	42.130.280
Shareholders' equity	128.406.019	-	-	-	-	128.406.019
Total liabilities	2.195.286.886	-	20.181.798	-	139.356	2.174.965.732

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements:

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	2.195.286.886	2.033.180.294	-	3.784.777	106.565.232
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	20.181.798	139.356
3 Total net amount under regulatory scope of consolidation	2.195.286.886	2.033.180.294	-	(16.397.021)	106.425.876
4 Off-balance Sheet Amounts	1.255.236.201	361.673.989	-	8.256.820	140.820.202
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Differences due to risk reduction	-	2.394.854.283	-	(8.140.201)	247.246.078

Explanations of differences between accounting and regulatory exposure amounts:

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

Explanations Related to Counterparty Credit Risk

The Bank provides the necessary definitions and classifications for the CCR that take into account the clearing and pre-clearing risk in relation to the management policies and procedures of the CCR, thereby managing these risks on a counterparty basis and across the bank.

The impact of the new products and activities on the Bank's CCR level is assessed and these evaluations are included in the product / activity approval process.

The market, liquidity, compliance risk and operational risk that may be associated with the CCR are taken into account and the general / specific limit levels of the Bank's transactions to the CCR are determined. These limits established within the framework of the CCR are regularly monitored. The Bank uses risk mitigation techniques to the extent that it is appropriate, through applications such as margin taking and margin fulfillment.

The Bank uses methods and models in accordance with international standards for the identification, measurement, monitoring, control and reporting of the CCR. Independent scrutiny and supervision is carried out on the integrity, correctness and effectiveness of the CCR management systems. These activities are carried out by the Bank's internal audit units and independent audit institutions.

Agreements entered into with counterparty financial institutions resulting in credit risk according to the attributes of the transaction are evaluated by taking into account ISDA framework and CSA framework for derivative transactions, GMRA framework for repurchase agreements. The risk is mitigated by receiving cash or other forms of collaterals as per the counterparty limits designated by the Board of Directors.

In secured lending and repo transactions, the haircut amounts are reduced from the counterparty limits. In cases whereby possible decreases or increases in ratings affects the current replacement cost, margin call agreements are used as a risk mitigator.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Counterparty Credit Risk (CCR) Approach Analysis:

	Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	2.140.186	3.756.163	-	1,4	8.254.889	2.223.936
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.180.692	942.359
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total					12.435.581	3.166.295

^(*) Expected effective positive risk amount.

Capital requirement for credit valuation adjustment (CVA):

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	8.254.889	812.171
Total subject to the CVA capital obligation	8.254.889	812.171

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Standardised Approach – Counterparty Risk Per Risk Classification And Risk Weighted Amounts:

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit Risk
Claims on sovereigns and Central Banks	4.978.645	-	-	-	-	-	-	-	-	4.978.645
Claims on regional governments or local authorities	-	-	-	208	-	-	-	-	-	208
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	14	-	-	-	14
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	4.599.350	1.114.879	-	1.263.055	-	-	-	6.977.284
Claims on corporates	-	-	59.482	7.621	-	403.446	-	-	-	470.549
Claims included in the regulatory retail portfolios	-	-	-	-	8.880	-	-	-	-	8.880
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	812.171	-	-	-	812.171
Total	4.978.645	-	4.658.832	1.122.708	8.880	2.478.686	-	-	-	13.247.751

Collaterals for Counterparty Credit Risk:

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	47.530	-	-
Cash-foreign currency	-	1.920.951	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	1.920.951	-	47.530	-	-

Counterparty Credit Risk-Credit Derivatives:

None.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Exposures to Central Counterparty (CCP):

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		49
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	1.931	39
(i) Over the counter derivative financial instruments	1.931	39
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	140	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	10
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

Explanations on securitization:

None.

Qualitative Disclosure on Credit Risk:

Credit risk, which is the most important risk profile of the Bank's business model, refers to risks and losses arising from counterparty's failure to meet its obligations under contracts that the Bank is a party to. Credit limits are set according to the risk appetite and capacity of the Bank.

Credit limits are assigned according to the customer's financial condition and credit need by the branches, regional credit committee, head of credit department, executive vice president in charge of loans, general manager, credit committee and board of directors and revised whenever required. As part of its risk policies, the Bank monitors limits designated by sectors and sub sectors.

Within the scope of internal systems, internal audit activities are carried out by the Board of Inspectors and the Internal Audit Department in order to ensure that the activities of the Bank are carried out in accordance with the Bank's policies determined in compliance with the legal regulations. The Risk Management Department, which is the risk unit within the internal systems, performs the functions of measuring, monitoring, controlling and reporting on the credit risk to which the Bank is exposed to. These units are regularly reporting the risks exposed to the Bank's Senior Management.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

The Bank, in the credit allocation process, restricts its risk exposure by working with highly creditworthy banks and institutions considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Bank rates all of its borrowers' credit and requires additional collaterals from whose risk is higher. The Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Bank's risk is concentrated in Türkiye.

Limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically, concerning the off-balance sheet operations based on the customers and banks.

Credit Quality of Assets

	Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-Defaulted		
1 Loans	18.539.693	1.252.004.982	48.509.527	1.222.035.148
2 Debt Securities ⁽¹⁾	-	550.589.302	1.619.336	548.969.966
3 Off-balance sheet exposures	-	779.844.953	3.764.964	776.079.989
4 Total	18.539.693	2.582.439.237	53.893.827	2.547.085.103

⁽¹⁾ As of 31 December 2023, TRY 35.365.679 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

Changes in Stock of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at end of the previous reporting period	18.594.037
2	Loans and debt securities defaulted since the last reporting period	5.849.867
3	Receivables back to performing status	146.871
4	Amounts written off	17.680
5	Other changes	(5.739.660)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	18.539.693

Additional Disclosure Related To The Credit Quality Of Assets:

Breakdown According to Maturity:

31 December 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans ⁽¹⁾	5.670.727	102.854.874	250.108.514	209.190.515	535.967.598	148.212.754	1.252.004.982

⁽¹⁾ Non-performing loans has not been included in the table above.

Exposures Provisioned Against By Major Regions:

31 December 2023	Non-Performing Loans	ECL (Stage 3)
Domestic	18.474.310	15.098.563
European Union (EU) Countries	89	79
OECD Countries	33	32
Off-Shore Banking Regions	-	-
USA, Canada	13	8
Other Countries	65.248	30.079
Total	18.539.693	15.128.761

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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Exposures Provisioned Against By Sectors:

Explained in Section 4-II Information According to Sectors and Counterparties

Aging analysis of overdue but not impaired financial assets:

31 December 2023	
30-60 days overdue	3.318.737
60-90 days overdue	1.969.461
Total	5.288.198

Breakdown of restructured receivables based on whether or not provisions are allocated:

31 December 2023 ⁽¹⁾	
Loans Structured from Standard Loans	428.678
Loans Composed of Follow-up Loans	38.587.897
Loans Restructured from Non-Performing Loans	1.086.323

⁽¹⁾ Rediscounts are not included in the amount.

Qualitative Disclosure on Credit Risk Mitigation Techniques

The risk mitigation factors used in the lending activities of the Bank are listed below.

- Financial warranties (Treasury Bills, Government Bonds, Cash, Pledged Deposits, Gold, Pledged Securities)
- Guarantees
- Mortgage (Although mortgage lending in Basel II has been considered as a risk class, it has also been included in this section in terms of valuation methods and concentrations).

The financial guarantees in the Bank are subject to valuation on a daily basis. The creditworthinesses of guarantors are monitored and assessed within the framework of credit revision schedules.

As long as the mortgage that constitutes the collateral of the credits continues to be related to the loan, the risk-guarantee balances are monitored and revalued each year. Action plans are developed for the possibility of diminution in value of collaterals.

As per the BRSA regulations, guarantees given by the Treasury and banks are regarded as risk reduction elements and the creditworthiness of banks is regularly monitored.

The volatility in the real estate market is closely monitored by the Bank and fluctuations that may occur depending on the market movements related to the mentioned risk class, are taken into account according to the principles stated in the related regulation. In the portfolios where the comprehensive financial guarantee method is used, the risk mitigating effects of collateral are determined through standard volatility adjustments.

Concentration checks are conducted on guarantors and collateral providers.

There is no on-balance sheet or off-balance sheet offsetting.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	754.233.250	464.390.966	398.333.057	121.446.144	108.621.240	-	-
2 Debt Instruments ⁽¹⁾	548.969.966	-	-	-	-	-	-
3 Total	1.303.203.216	464.390.966	398.333.057	121.446.144	108.621.240	-	-
4 Of which defaulted	1.141.237	2.269.695	1.303.658	530.245	351.548	-	-

⁽¹⁾ As of 31 December 2023, TRY 35.365.679 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

⁽²⁾ As collateral, within the scope of the Standard Approach, collaterals to be used to mitigate credit risk, are taken into consideration.

Information about the Banks' Use of Ratings in Calculating Credit Risk by Using Standard Approach

Explained in risk classifications related to Article 6 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks in 4-II Financial Position and Risk Management of Bank – Credit Risk section.

Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	587.971.141	1.401.684	674.031.694	1.227.240	1.241.374	%0,18
Claims on regional governments or local authorities	4.439.038	361.978	4.424.241	152.788	2.288.515	%50,00
Claims on administrative bodies and other non-commercial undertakings	5.065.139	2.448.252	4.963.462	1.201.055	6.163.753	%99,99
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	11.086.129	8.393.747	11.086.068	6.703.595	9.209.522	%51,77
Claims on corporates	369.822.572	391.478.428	302.652.502	257.784.698	463.591.763	%82,72
Claims included in the regulatory retail portfolios	405.690.105	193.055.475	375.090.983	38.624.103	215.773.923	%52,16
Claims secured by residential property	161.079.181	35.814.982	161.079.182	18.131.077	62.723.590	%35,00
Claims secured by commercial property	103.722.394	48.743.207	103.722.394	32.296.869	72.182.274	%53,07
Overdue loans	4.207.077	1.561.295	3.806.807	449.370	3.565.784	%83,78
Higher risk categories decided by the Board	87.828.241	-	87.811.572	-	156.935.811	%178,72
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	25.660.410	-	25.660.410	-	25.660.410	%100,00
Equity share investments	83.688.854	14.393.759	83.688.854	15.654	38.980.208	%46,57
Total	1.850.260.281	697.652.807	1.838.018.169	356.586.449	1.058.316.927	%48,22

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Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	500%	Total risk amount (pt-CCF and CRM)
Claims on sovereigns and Central Banks	674.017.560	-	-	-	-	-	1.241.374	-	-	-	-	-	-	675.258.934
Claims on regional governments or local authorities	-	-	-	-	4.577.029	-	-	-	-	-	-	-	-	4.577.029
Claims on administrative bodies and other non-commercial undertakings	-	-	954	-	-	-	6.163.563	-	-	-	-	-	-	6.164.517
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	19.618	-	8.812.958	-	3.020.313	-	5.936.774	-	-	-	-	-	-	17.789.663
Claims on corporates	6.593.814	-	68.585.651	-	77.189.198	-	401.645.549	6.422.988	-	-	-	-	-	560.437.200
Claims included in the regulatory retail portfolios	-	-	158.774.203	-	33.450.026	216.787.149	4.703.708	-	-	-	-	-	-	413.715.086
Claims secured by residential property	-	-	-	179.210.259	-	-	-	-	-	-	-	-	-	179.210.259
Claims secured by commercial property	-	-	-	-	127.673.978	-	8.345.285	-	-	-	-	-	-	136.019.263
Overdue loans	-	-	-	-	1.658.226	-	2.320.511	277.440	-	-	-	-	-	4.256.177
Higher risk categories decided by the Board	-	-	-	-	-	-	-	39.138.615	48.378.965	-	-	-	293.992	87.811.572
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	25.660.410	-	-	-	-	-	-	25.660.410
Other receivables	37.228.452	-	8.715.064	-	-	2.095.187	35.665.805	-	-	-	-	-	-	83.704.508
Total	717.859.444	-	244.888.830	179.210.259	247.568.770	218.882.336	491.682.979	45.839.043	48.378.965	-	-	-	293.992	2.194.604.618

Publicly Announced Qualitative Disclosure on Market Risk

The Bank's market risks are managed within the framework of the "Policies Related to the Management of the Market Risk" approved by the Board of Directors, and the trading activities of the positions and portfolios subject to the market risks are carried out in accordance with the "Trading Strategy Policy".

The Bank's market risks are measured by two methods, namely the standard method and the risk measurement method. In statutory reporting, the standard method is used in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette dated 23 October 2015 and numbered 29511. In addition, the risk measurement model and the value at risk (VAR) are measured in accordance with the "Communiqué on Calculation of Market Risk and Risk Measurement Models and Evaluation of Risk Measurement Models" published in the Official Gazette dated 23 October 2015 and numbered 29511. Historical simulation method is used in VAR measurements.

Within the scope of the Bank's "Policies for the Management of Market Risks"; VAR based limit and risk appetite has been determined and VAR results calculated by historical simulation method have been associated with statutory equity. The level of compliance with these limits is monitored daily. On the other hand, periodic stress tests are applied for market risks.

Concerning market risks, the results obtained by both the standard method and the risk measurement model and the level of compliance with the limits are reported to the Bank's Top Management and related business units on a daily basis.

The following table discloses the amounts that are calculated using the standard method.

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Market Risk: Standardised approach

	RWA
Outright products	
Interest rate risk (general and specific)	47.048.813
Equity risk (general and specific)	9.512.800
Foreign exchange risk	14.393.312
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	5.525
Scenario approach	-
Securitization	-
Total	70.960.450

Information related to Operational Risk

The value at operational risk is calculated according to the basic indicator approach and once a year with year-end datas.

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	16.723.023	16.901.683	72.019.873	35.214.860	15	5.282.229
Amount at Operational Risk (Total * 12,5)						66.027.862

XII. EXPLANATIONS ON REMUNERATION POLICIES

Disclosures related with Remuneration Committee

The Bank's Remuneration Committee is comprised of two board members. The committee has convened for once during the year. The duties and responsibilities of the Committee include the following:

- The scope and structure of the Bank's operations and strategies ensure the effectiveness of a wage policy and wage policy that is consistent with its long-term goals and risk management structures, prevents excessive risk taking and contributes to effective risk management.
- Controls and follows the remuneration practices on behalf of the Board of Directors
- Ensures accordance of ethical values, strategical targets and internal balance of the Bank with the wage policy.
- Evaluates the remuneration policy and its practices in the context of risk management and submits proposals to the Board of Directors.
- Fulfills the other duties specified in the related regulations

The fundamental principles of the remuneration policy are applicable for General Manager, Deputy General Managers, and all bank employees.

Key personnel refer to the bank employee who performs a function that has a significant impact on the Bank's risk profile. Establishment of a good governance system in banks is possible by organizing an effective risk management and creating environments where effective communication, transparency and accountability are ensured; for this reason, the Bank gives importance to identify and separate key personnel.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Positions specified below are considered as key personnel by the Bank:

- Board Members
- Deputy General Managers
- Group Presidents
- Head of the Supervisory Board
- Head of Internal Control Department
- Head of Risk Management Department
- Head of Compliance Department

As of the end of 2023, the number of critical key personnel is 25.

Information on the design and structure of remuneration process

Benefits to be paid to the managers and employees at all levels are in line with the Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Bank. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account. Remuneration Committee at its meeting in December 2023 reviewed the remuneration policy and practices.

Evaluation about how the bank's remuneration processes take the current and future risks into account

The Bank follows the Risk Management Principles while implementing all the remuneration processes.

Evaluation about how the Bank associates variable remunerations with performance

Although it is possible to make payments to the senior management and other personnel of the Bank depending on the Bank's performance, these payments are subject to objective conditions and in a way that will positively affect the Bank's corporate values.

Evaluation about the bank's methods to adjust remunerations according to long-term performance

There are no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

Evaluation about the instruments used by the bank for variable remunerations and the purposes of use of such instruments

Cash and non-cash instruments are not used for the payment, wherefore no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

(1) Cash and Central Bank of the Republic of Türkiye and information on balances with the Central Bank of the Republic of Türkiye:

a) Cash and Central Bank of the Republic of Türkiye::

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	4.285.019	8.756.284	2.917.083	5.670.704
CBRT	53.596.694	205.682.361	28.712.954	120.985.281
Other ⁽¹⁾	497.426	911.841	204.607	503.646
Total	58.379.139	215.350.486	31.834.644	127.159.631

⁽¹⁾ It includes the required reserve amounts held by the TRNC Central Bank.

b) Information on balances with the Central Bank of the Republic of Türkiye:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	33.994.689	77.575.337	28.666.697	38.540.462
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	19.602.005	128.107.024	46.257	82.444.819
Total	53.596.694	205.682.361	28.712.954	120.985.281

⁽¹⁾ Reserve deposits kept in the CBRT.

⁽²⁾ Blocked reserve deposits amounts held in the CBRT are included in the Other.

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Türkiye (CBRT), banks operating in Türkiye keep reserve deposits for their TRY liabilities with reserve deposit rates between 0%-30% varied according to their maturity compositions, for their FC liabilities and precious metal liabilities at US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-30% varied according to their maturity compositions.

As of 27 October, 2023, it has been decided to apply an additional reserve requirement of 4% to foreign currency deposits (excluding deposits with banks abroad and precious metal deposit accounts) held in Turkish lira at all maturities.

With the decision No.1072 dated 27 December 2019 of the Central Bank of the TRNC, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(2) Financial assets at fair value through profit and loss:

a) Financial assets at fair value through profit and loss blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	35.365.679	-	33.947.997	-

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

None. (31 December 2022: None.)

c) Positive differences related to the derivative financial assets at fair value through profit or loss:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	217.434	-	121.865
Swap transactions	111.974	3.453.562	319.674	2.745.566
Futures transactions	-	-	-	-
Options	-	1.807	-	48.085
Other	-	-	-	-
Total	111.974	3.672.803	319.674	2.915.516

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	1.474.164	293.176	856.684	499.812
Foreign banks	2.662.766	11.394.031	892.789	4.927.845
Branches and offices abroad	-	-	-	-
Total	4.136.930	11.687.207	1.749.473	5.427.657

b) Information on foreign banks:

	Unrestricted Balance		Restricted Balance	
	Current Period		Current Period	
EU Countries	1.125.526		-	
USA and Canada	970.132		-	
OECD Countries ⁽¹⁾	2.809.540		-	
Offshore Banking Regions	35.934		-	
Other	9.115.665		-	
Total	14.056.797		-	

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.

	Unrestricted Balance		Restricted Balance	
	Current Period		Prior Period	
EU Countries	436.246		-	
USA and Canada	378.246		-	
OECD Countries ⁽¹⁾	1.069.695		424.625	
Offshore Banking Regions	23.048		-	
Other	3.488.774		-	
Total	5.396.009		424.625	

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

4) Information on financial assets at fair value through other comprehensive income:

a) Financial assets at fair value through other comprehensive income blocked/given as collateral or subject to repurchase agreements:

a.1. Information on financial assets at fair value through other comprehensive income blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	20.256.072	23.212.908	18.240.767	33.445.116

a.2. Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	-	4.944.135	109.178	472.490

b) Information on financial assets at fair value through other comprehensive income portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	115.055.791		97.814.460	
<i>Quoted on a stock exchange</i>	115.055.791		97.814.460	
<i>Not quoted</i>	-		-	
Equity Securities	1.573.198		1.303.418	
<i>Quoted on a stock exchange</i>	1.472.232		1.197.734	
<i>Not quoted</i>	100.966		105.684	
Impairment provision (-)	1.561.906		57.453	
Total	115.067.083		99.060.425	

(5) Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2.750.161	-	1.246.669	-
Total	2.750.161	-	1.246.669	-

(*) Interest income accruals and discounts are not included in the table above.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	920.280.246	32.233.681	17.500	38.570.397
<i>Corporation loans</i>	523.313.661	22.318.560	-	38.564.080
<i>Export loans</i>	46.143.647	912.177	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	27.541.464	-	-	-
<i>Consumer loan</i>	134.768.078	1.282.915	15.708	4.102
<i>Credit cards</i>	64.314.098	3.557.659	1.792	-
<i>Other</i>	124.199.298	4.162.370	-	2.215
Specialized lending	227.773.254	6.002.033	-	-
Other receivables	-	-	-	-
Accruals	24.090.090	1.237.764	2.590	1.797.427
Total	1.172.143.590	39.473.478	20.090	40.367.824

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	11.090.506	12.176.855	-	-
Significant Increase in Credit Risk	-	-	22.290.260	25.970.040

In the current period, the decrease in the Bank's Stage 1 and Stage 2 Expected Loss Provision balances is due to the decrease in the risk levels of certain customers.

c) Distribution of cash loans by maturity structure:

	Loans under close monitoring		
	Standard Loans	Loans Not Subject To Restructuring	Restructured
Current Period			
Short Term Loans	316.239.010	10.442.045	648.627
Medium and Long Term Loans	855.904.580	29.031.433	39.739.287
Prior Period			
Short Term Loans	252.040.264	4.347.065	689.707
Medium and Long Term Loans	514.749.302	25.255.076	26.942.077

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards^(*):

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	2.010.516	127.880.421	129.890.937
Real estate loans	12.963	98.096.528	98.109.491
Automobile loans	281.228	8.726.361	9.007.589
Consumer loans	1.716.325	21.057.532	22.773.857
Other	-	-	-
Consumer loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TRY	26.125.697	1.732	26.127.429
Installment	8.125.143	1.732	8.126.875
Non-installment	18.000.554	-	18.000.554
Individual credit cards-FC	5.617	-	5.617
Installment	-	-	-
Non-installment	5.617	-	5.617
Personnel loans-TRY	728.632	1.063.120	1.791.752
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	728.632	1.063.120	1.791.752
Other	-	-	-
Personnel loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TRY	784.037	-	784.037
Installment	238.332	-	238.332
Non-installment	545.705	-	545.705
Personnel credit cards-FC	345	-	345
Installment	-	-	-
Non-installment	345	-	345
Overdraft accounts-TRY (Retail customers) ^(**)	4.388.114	-	4.388.114
Overdraft accounts-FC (Retail customers)	-	-	-
Total	34.042.958	128.945.273	162.988.231

^(*) Interest income accruals and rediscounts are not included in the table above.

^(**) TRY 174.027 of the overdraft account consists of loans given to personnel.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	1.299.363	98.062.826	99.362.189
Real estate loans	8.291	71.829.365	71.837.656
Automobile loans	58.894	4.889.921	4.948.815
Consumer loans	1.232.178	21.343.540	22.575.718
Other	-	-	-
Consumer loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TRY	11.455.918	920	11.456.838
Installment	4.559.861	920	4.560.781
Non-installment	6.896.057	-	6.896.057
Individual credit cards-FC	1.834	-	1.834
Installment	-	-	-
Non-installment	1.834	-	1.834
Personnel loans-TRY	97.640	725.142	822.782
Real estate loans	-	42	42
Automobile loans	-	-	-
Consumer loans	97.640	725.100	822.740
Other	-	-	-
Personnel loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TRY	355.740	-	355.740
Installment	129.770	-	129.770
Non-installment	225.970	-	225.970
Personnel credit cards-FC	196	-	196
Installment	-	-	-
Non-installment	196	-	196
Overdraft accounts-TRY (Retail customers) ^(**)	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers)	-	-	-
Total	15.329.106	98.788.888	114.117.994

^(*) Interest income accruals and rediscounts are not included in the table above.

^(**) TRY 67.951 of the overdraft account consists of loans given to personnel.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

e) Information on commercial installments loans and corporate credit cards^(*):

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	3.175.418	111.713.786	114.889.204
Business premises loans	-	1.901.337	1.901.337
Automobile loans	58.723	3.396.028	3.454.751
Consumer loans	3.116.695	106.416.421	109.533.116
Other	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans - FC	829.626	102.714.709	103.544.335
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	829.626	102.714.709	103.544.335
Other	-	-	-
Corporate credit cards-TRY	40.953.118	-	40.953.118
Installment	9.884.615	-	9.884.615
Non-installment	31.068.503	-	31.068.503
Corporate credit cards-FC	3.003	-	3.003
Installment	-	-	-
Non-installment	3.003	-	3.003
Overdraft accounts-TRY (Commercial customers)	30.098.995	-	30.098.995
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	75.060.160	214.428.495	289.488.655

^(*) Interest income accruals and rediscounts are not included in the table above.

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	2.717.960	57.612.595	60.330.555
Business premises loans	1.654	1.591.953	1.593.607
Automobile loans	89.786	2.402.499	2.492.285
Consumer loans	2.626.520	53.618.143	56.244.663
Other	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans - FC	391.917	71.059.454	71.451.371
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	391.917	71.059.454	71.451.371
Other	-	-	-
Corporate credit cards-TRY	25.249.390	-	25.249.390
Installment	10.623.531	-	10.623.531
Non-installment	14.625.859	-	14.625.859
Corporate credit cards-FC	1.033	-	1.033
Installment	-	-	-
Non-installment	1.033	-	1.033
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	52.226.370	128.672.049	180.898.419

^(*) Interest income accruals and rediscounts are not included in the table above.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

f) Loans by customers:

	Current Period	Current Period
Public	38.716.068	34.363.094
Private	1.213.288.914	789.660.397
Total	1.252.004.982	824.023.491

^(*) Non-performing loans balance is not included in the table above.

g) Domestic and foreign loans^(*):

	Current Period	Prior Period
Domestic loans	1.246.933.250	821.823.229
Foreign loans	5.071.732	2.200.262
Total	1.252.004.982	824.023.491

^(*) Non-performing loans balance is not included in the table above.

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	10.785.628	6.710.672
Indirect loans granted to subsidiaries and associates	-	-
Total	10.785.628	6.710.672

i) Specific provisions related to loans or credit-impaired losses (Stage III):

	Current Period	Prior Period
Loans with Limited Collectability	624.087	1.778.357
Loans with Doubtful Collectability	884.284	2.189.055
Uncollectible Loans	13.620.390	11.194.899
Total	15.128.761	15.162.311

The decrease in the expected credit loss provision balance allocated for stage 3 loans is caused by the result of the decrease in risk amount in the current period.

j) Information on non-performing loans (Net):

j.1. Information on non-performing loans and restructured loans^(*):

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	227.833	122.367	736.123
Restructured loans	227.833	122.367	736.123
Prior period			
Gross amounts before the specific provisions	680.019	332.509	932.583
Restructured loans	680.019	332.509	932.583

^(*) Rediscounts are not included.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

j.2. Information on the movement of non-performing loans:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period			
Current period end balance	3.442.182	3.279.970	11.871.885
Additions(+)	5.366.249	77.624	405.994
Transfers from other categories of loans under non-performing(+)	-	4.176.757	5.756.918
Transfers to other categories of loans under non-performing(-)	5.613.643	4.320.032	-
Collections(-) ^(*)	1.580.027	1.066.154	3.240.350
Write-offs(-)	-	-	17.680
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	1.614.761	2.148.165	14.776.767
Provision(-)	624.087	884.284	13.620.390
Net balance on balance sheet	990.674	1.263.881	1.156.377
Prior Period			
Prior period end balance	2.424.637	708.929	13.163.616
Additions(+) ^(**)	8.601.080	60.961	1.598.919
Transfers from other categories of loans under non-performing(+)	-	5.053.238	2.101.918
Transfers to other categories of loans under non-performing(-)	5.359.655	1.795.501	-
Collections(-) ^(*)	2.223.880	747.657	2.887.685
Write-offs(-) ^(**)	-	-	2.104.883
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	3.442.182	3.279.970	11.871.885
Provision(-)	1.778.357	2.189.055	11.194.899
Net balance on balance sheet	1.663.825	1.090.915	676.986

^(*) It also includes loan balances structured in non-performing loans and transferred to performing loan accounts during the period, as they meet the necessary conditions within the scope of the relevant articles of the Regulation of Allowance.

^(**) In the previous period, the loan granted to LYY Telekomünikasyon AŞ amounting to TRY 1.337.985 has been transferred to non-performing loans and 100% stage 3 expected credit losses has been made and at the same time has been written-off in connection with there is no reasonable expectation for its recovery as per the scope of "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans".

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

j.3. Information on foreign currency non-performing loans and other receivables^(*):

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Balance at the end of the period	57.243	1.169.388	4.254.093
Provisions(-)	50.203	460.973	4.129.975
Net balance in the balance sheet	7.040	708.415	124.118
Prior period			
Balance at the end of the period	341.012	786.304	3.966.189
Provisions(-)	279.800	783.961	3.835.240
Net balance in the balance sheet	61.212	2.343	130.949

^(*) Rediscounts are included.

j.4. Gross and net amounts of non-performing loans according to user groups:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period (Net)	990.674	1.263.881	1.156.377
Loans to granted real persons and legal entities (Gross)	1.614.761	2.148.165	14.776.767
Provisions (-)	624.087	884.284	13.620.390
Loans to granted real persons and legal entities (Net)	990.674	1.263.881	1.156.377
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.663.825	1.090.915	676.986
Loans to granted real persons and legal entities (Gross)	3.442.182	3.279.970	11.871.885
Specific provisions (-)	1.778.357	2.189.055	11.194.899
Loans to granted real persons and legal entities (Net)	1.663.825	1.090.915	676.986
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

k) Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	-	-	-
Interest Accruals and Valuation Differences	6.211	3.639	1.600.630
Provision (-)	6.211	3.639	1.600.630
Prior Period (Net)	-	-	-
Interest Accruals and Valuation Differences	7.019	6.376	1.743.778
Provision (-)	7.019	6.376	1.743.778

l) Main guidelines of the liquidation policy of the Bank about the uncollectible loans and receivables:

The Bank liquidates its uncollectible receivables through different methods. These are by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and principle receivables from loans.

m) Explanations on write-off policy:

As per the provisions of TFRS 9 Financial Instruments Standard and the Provisions Communiqué of the BRSA dated 27 November 2019, banks are allowed to derecognize the portion of the loans under non-performing in loan Group 5 which no reasonable expectation remains.

In the current period, the Bank derecognised the 5th group non-performing loan amounting to TRY 17.680 on the grounds that there was no reasonable expectations, and this derecognition has no effect on non-performing loan ratio. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 2.104.883 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,45% to 2,21% after the loans were written off in accordance with the related the Regulation of Allowance.)

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(6) Information on financial assets measured at amortised cost:

a) Information on financial assets measured at amortised cost blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value:

a.1. Financial assets measured at amortised cost investments blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	95.046.847	108.040.493	109.707.592	55.559.702

a.2. Financial assets measured at amortised cost investments subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	98.930	27.149.917	46.157.728	17.310.081

b) Information on public sector debt investments financial assets measured at amortised cost:

	Current Period	Prior Period
Government bonds	422.621.902	234.826.643
Treasury bills	-	1.536.051
Other public sector debt securities	5.549.406	2.167.490
Total	428.171.308	238.530.184

c) Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt securities	430.563.441	240.989.996
Quoted on a stock exchange	400.572.218	223.107.074
Not quoted	29.991.223	17.882.922
Impairment provision (-)	-	-
Total	430.563.441	240.989.996

d) Movement of financial assets measured at amortised cost within the year:

	Current Period	Prior Period
Beginning balance	240.989.996	132.853.694
Foreign currency differences on monetary assets	44.299.579	23.487.246
Purchases during the year(1)	157.046.579	91.774.783
Disposals through sales and redemptions	(11.772.713)	(7.125.727)
Impairment provision (-)	-	-
Balance at the end of the period	430.563.441	240.989.996

(1) The difference between the discount amount of TRY 136.701.563 as of December 31, 2023 and the amount of discount amount of TRY 67.405.111 as of 31 December 2022 is shown in the line disposed by purchases during the year.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank's share percentage, if different- voting percentage (%)	Bank's risk group share percentage (%)
1. DHB Bank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Istanbul	35,79	35,79
4. Birleşim Varlık Yönetim AŞ ⁽¹⁾	Istanbul	16,00	16,00
5. KKB Kredi Kayıt Bürosu AŞ ⁽²⁾	Istanbul	18,18	18,18
6. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽²⁾	Istanbul	33,33	33,33
7. Bankalararası Kart Merkezi AŞ ⁽²⁾	Istanbul	9,28	9,28
8. JCR Avrasya Derecelendirme AŞ ⁽²⁾	Istanbul	2,86	2,86

b) Information related to the associates as shown in (a):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value(3)
1.	59.049.561	8.122.928	76.544	2.316.406	19.838	613.058	196.944	2.715.304
2.	330.367	327.350	3.254	86.954	-	101.015	156.706	-
3.	53.020	52.669	612	5.337	-	1.771	3.398	-
4.	929.956	763.942	27.481	308.503	-	109.296	257.480	-
5.	1.466.425	172.751	505.679	167.738	-	138.310	(18.412)	-
6.	504.017	331.883	168.797	48.445	-	(7.737)	(35.010)	-
7.	3.713.601	2.909.429	431.113	837.899	-	2.223.570	314.832	-
8.	384.120	345.604	17.721	66.626	-	210.342	100.751	-

⁽¹⁾ The financial data is obtained from 31 December 2023 financial statements used in consolidation.

⁽²⁾ The financial data is obtained from audited 31 December 2023 financial statement.

⁽³⁾ Financial information about the fair value of DHB Bank NV has been obtained from valuation report as of 31 December 2023.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.764.937	1.296.997
Movements during the period	1.259.608	467.940
Purchases ⁽¹⁾⁽²⁾	126.285	79.539
Bonus shares obtained profit from current year's share	9.697	-
Dividends from current year income	-	-
Sales	-	-
Transfers	21.242	(5.595)
Revaluation decrease (-) / increase	1.102.384	393.996
Impairment provisions (-)/ reversals	-	-
Balance at the end of the period	3.024.545	1.764.937
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ The Bank has made a payment of TRY 119.285 for Birleşim Varlık Yönetim AŞ which is purchased in the current period.

⁽²⁾ In the current period, the Bank has made a payment of TRY 7.000 due to the paid capital increase of Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ.

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	2.715.304	1.612.921
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	156.929	21.518
Other non- financial investments	152.312	130.498

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

e) Associates quoted on a stock exchange:

None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
COMMON EQUITY TIER I CAPITAL							
Paid in Capital	250.000	1.645.000	523.000	2.226.470	246.000	754.199	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-
Reserves	124.628	57.682	242.855	5.758.159	304.898	4.887.571	4.799
Other Comprehensive Income according to TAS	9.578	8.508.589	2.071	-	10	-	-
Profit / Loss	1.423.322	4.432.484	396.890	668.028	428.581	431.048	2.810
Net Profit	1.423.322	4.516.209	396.890	668.028	428.581	431.048	2.810
Prior Period Profit/Loss	-	(83.725)	-	-	-	-	-
Bonus Shares from Associates, Subsidiaries and Joint Ventures not Accounted in Current Period's Profit	-	-	-	-	-	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	-	-	61.135	-	159.933	-
Leasehold Improvements (-)	-	-	-	28.016	-	40.976	-
Intangible Assets (-)	8.575	2.220	2.098	127.303	6.267	441.646	-
Total Core Capital	1.798.953	14.691.907	1.162.718	8.447.836	973.222	6.203.718	7.709
SUPPLEMENTARY CAPITAL	-	-	58.169	173.604	87.370	78.227	-
CAPITAL	1.798.953	14.691.907	1.220.887	8.621.440	1.060.592	6.281.945	7.709
NET AVAILABLE CAPITAL	1.798.953	14.691.907	1.220.887	8.621.440	1.060.592	6.281.945	7.709

⁽¹⁾ The information is presented from companies' financial statements as of 31 December 2023.

There is no internal capital adequacy assessment approach for the subsidiaries.

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

Extraordinary reserves are the status reserves which have been appropriated with the General Assembly decision after distributable profit have been transferred to legal reserves.

Legal reserves are the status reserves which have been appropriated from distributable profit in accordance with the related clauses of Turkish Commercial Code no. 6102.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on subsidiaries:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ ⁽¹⁾	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ ⁽¹⁾⁽²⁾⁽³⁾	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ ⁽¹⁾	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje ⁽¹⁾	Macedonia	99,63	99,63
5. Halk Faktoring AŞ ⁽¹⁾	Istanbul	100,00	100,00
6. Halkbank AD Beograd ⁽¹⁾	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ ⁽¹⁾	Istanbul	100,00	100,00
8. Platform Ödeme Hizmetleri ve Elektronik Para AŞ ⁽⁴⁾	Istanbul	100,00	100,00

c) Information related to the subsidiaries as shown in (b):⁽¹⁾

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	7.784.159	1.807.528	77.252	2.344.910	52.055	1.423.322	419.256	2.725.098
2.	26.968.203	14.649.199	11.443.527	101.379	-	4.516.209	3.001.178	4.356.308
3.	13.535.855	1.164.816	13.393	1.961.564	-	396.890	234.525	1.782.216
4.	51.646.586	8.603.155	1.562.129	1.790.968	167.624	668.028	200.623	7.681.693
5.	6.579.643	979.489	13.529	1.584.866	-	428.581	177.856	1.625.102
6.	34.893.904	6.686.340	1.025.639	1.377.705	112.924	431.048	205.391	6.472.140
7.	6.481.298	7.709	-	12	-	2.810	1.711	7.446
8.	114.691	102.796	20.539	25.503	-	1.242	737	598.108

⁽¹⁾ The financial data is obtained from 31 December 2023 financial statements used in consolidation.

⁽²⁾ Halk Gayrimenkul Yatırım Ortaklığı AŞ is valued at stock price.

⁽³⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.

⁽⁴⁾ The financial data is obtained from 31 December 2023 financial statements.

d) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	17.941.820	7.665.664
Movements during the period	7.306.291	10.276.156
Purchase ⁽¹⁾	887.772	2.266.422
Bonus shares obtained profit from current year's share	153.972	28.785
Dividends from current year income	-	-
Sales	-	-
Transfer	-	5.595
Revaluation increase/decrease	6.264.547	7.975.354
Impairment Provisions (-)/ Reversals	-	-
Balance at the end of the period	25.248.111	17.941.820
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ The Bank has made a payment TRY 887.772 due to the paid capital increase of Halk Banka AD, Skopje and increased its share ratio to 99,63%.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

e) Sectorial information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	14.153.833	7.601.174
Insurance companies	-	-
Factoring companies	1.625.102	931.982
Leasing companies	1.782.216	811.319
Financing companies	-	-
Other financial subsidiaries	7.088.852	8.497.000
Other non-financial subsidiaries	598.108	100.345

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	4.356.308	7.400.240
Quoted foreign stock exchange	-	-

⁽¹⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ has privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.

(9) Information on jointly controlled entities (joint ventures):

None.

(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	5.836.000	571.732	4.811.586	15.244	-	11.204.074
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.725.344	3.760.103	-	1.087.546	-	4.397.901
Office machines	1.551.560	893.055	-	57.915	-	2.386.700
Fixed assets obtained due to non-performing loans	4.711.776	821.842	-	2.121.026	-	3.412.592
Lease hold improvements costs	655.163	1.512.762	-	-	-	2.167.925
Other	442.067	470.431	-	19.412	-	893.086
Total Cost	14.921.910	8.029.925	4.811.586	3.301.143	-	24.462.278
Accumulated depreciation (-)						
Immovable	861.306	43.251	557.766	5.483	-	1.456.840
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	566.596	539.534	-	173.077	-	933.053
Office machines	808.829	316.655	-	17.936	-	1.107.548
Fixed assets obtained due to non-performing loans	32.237	9.814	-	26.628	-	15.423
Lease hold improvements costs	269.226	247.220	-	-	-	516.446
Other	286.934	59.575	-	11.971	-	334.538
Total Accumulated Depreciation	2.825.128	1.216.049	557.766	235.095	-	4.363.848
Provision for impairment (-)						
Immovable	23.983	-	25.577	-	-	49.560
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	4.077	-	278
Total provision for impairment (-)	28.338	-	25.577	4.077	-	49.838
Net Book Value	12.068.444	6.813.876	4.228.243	3.061.971	-	20.048.592

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	2.756.675	143.452	3.279.031	343.158	-	5.836.000
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.250.525	751.602	-	276.783	-	1.725.344
Office machines	1.019.491	583.060	-	50.991	-	1.551.560
Fixed assets obtained due to non-performing loans	4.562.261	2.065.395	-	1.915.880	-	4.711.776
Lease hold improvements costs	387.045	268.118	-	-	-	655.163
Other	374.304	78.762	-	10.999	-	442.067
Total Cost	10.350.301	3.890.389	3.279.031	2.597.811	-	14.921.910
Accumulated depreciation (-)						
Immovable	401.449	20.369	514.846	75.358	-	861.306
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	469.596	260.426	-	163.426	-	566.596
Office machines	658.640	159.773	-	9.584	-	808.829
Fixed assets obtained due to non-performing loans	22.074	21.264	-	11.101	-	32.237
Lease hold improvements costs	196.784	72.442	-	-	-	269.226
Other	264.541	27.855	-	5.462	-	286.934
Total Accumulated Depreciation	2.013.084	562.129	514.846	264.931	-	2.825.128
Provision for impairment (-)						
Immovable	15.325	-	8.658	-	-	23.983
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
Total provision for impairment (-)	19.680	-	8.658	-	-	28.338
Net Book Value	8.317.537	3.328.260	2.755.527	2.332.880	-	12.068.444

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(13) Information on intangible assets:

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	1.145.647	1.234.225	33	-	2.379.839
Total Cost	1.145.647	1.234.225	33	-	2.379.839
Accumulated Depreciation (-)					
Other intangible assets	571.179	310.342	33	-	881.488
Total Accumulated Depreciation	571.179	310.342	33	-	881.488
Net Book Value	574.468	923.883	-	-	1.498.351
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	923.967	221.680	-	-	1.145.647
Total Cost	923.967	221.680	-	-	1.145.647
Accumulated Depreciation (-)					
Other intangible assets	410.031	161.148	-	-	571.179
Total Accumulated Depreciation	410.031	161.148	-	-	571.179
Net Book Value	513.936	60.532	-	-	574.468

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(14) Information on investment property:

	Current Period	Prior Period
Balance at the beginning of the period	1.168.528	656.481
Movements during the period	1.506.996	512.047
Purchase	44.366	304
Sales	-	-
Transfer	-	-
Revaluation increase/decrease	1.462.630	511.743
Balance at the end of the period	2.675.524	1.168.528

While the Bank accounts for its investment properties by allocating accumulated depreciation and permanent impairment provision, if any, from their purchase cost values, it has changed its accounting policy as of November 2023 and adopted the revaluation method within the scope of TAS 40 Investment Properties Standard in the valuation of investment properties. The bank has engaged an independent appraisal firm for valuation of its investment properties and recognized the changes in the fair value in the profit or loss accounts in the period in which they occur.

(15) Information on tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	14.080.661	12.065.255
Revaluation of Financial Assets	(10.992.010)	(2.221.419)
Other	11.272.497	(1.406.117)
Deferred Tax Asset /(Liability):	14.361.148	8.437.719
Deferred tax accounted under shareholders' equity	(607.271)	(2.783.046)
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(198.507)	(2.665.989)
Actuarial gains/losses	805.733	470.093
Valuation of subsidiaries	(1.214.497)	(587.150)

⁽¹⁾ Includes reserve for employee benefits and other provisions.

(16) Information on assets held for sale and held from discontinued operations:

None.

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 28.832.305 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 18.186.975).

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

(1) Information on maturity structure of deposits / funds collected:

a) Information on deposit / funds collected:

Current Period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months -year	1 year and over	Cumulative deposits	Total
Saving deposits	30.327.423	-	9.944.277	204.020.330	202.608.222	53.891.123	7.635.219	127.300	508.553.894
Foreign currency deposits	175.524.383	-	60.278.614	208.980.134	18.063.546	13.090.941	18.582.226	32.254	494.552.098
Residents in Türkiye	155.024.860	-	59.336.380	198.969.802	16.340.963	9.906.696	13.419.585	31.632	453.029.918
Residents abroad	20.499.523	-	942.234	10.010.332	1.722.583	3.184.245	5.162.641	622	41.522.180
Public sector deposits	11.533.116	-	55.660.153	21.797.782	1.890.714	89.592	386.326	-	91.357.683
Commercial inst. deposits	78.495.245	-	85.099.965	107.090.997	78.317.130	56.761.909	13.919.066	-	419.684.312
Other inst. deposits	6.559.061	-	2.781.169	34.432.998	23.283.049	10.207.301	91.303	-	77.354.881
Precious metals	65.998.793	-	108.798	10.803.422	872.734	272.734	384.521	-	78.441.002
Interbank deposits	157.783.364	-	9.402.943	35.606.132	111.696	-	-	-	202.904.135
CBRT	3.279	-	-	-	-	-	-	-	3.279
Domestic banks	479.107	-	8.955.889	18.649.083	111.696	-	-	-	28.195.775
Foreign banks	157.300.978	-	447.054	16.957.049	-	-	-	-	174.705.081
Participation banks	-	-	-	-	-	-	-	-	-
Total	526.221.385	-	223.275.919	622.731.795	325.147.091	134.313.600	40.998.661	159.554	1.872.848.005

⁽¹⁾ As of 31 December 2023, the Bank has a total deposit balance of TRY 334.717.002 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

Prior Period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months -year	1 year and over	Cumulative deposits	Total
Saving deposits	24.118.081	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.712.495
Foreign currency deposits	87.869.418	-	44.323.679	157.107.794	28.394.564	7.704.248	14.616.868	23.189	340.039.760
Residents in Türkiye	76.991.830	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.981.975
Residents abroad	10.877.588	-	1.906.617	6.429.528	836.572	1.598.912	4.407.744	824	26.057.785
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.982.514	-	57.604.663	57.859.345	34.238.292	6.557.775	4.083.234	-	213.325.823
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.281.429	-	15.904.749	26.839.575	108	82.503	-	-	135.108.364
CBRT	1.779	-	-	-	-	-	-	-	1.779
Domestic banks	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
Foreign banks	87.003.981	-	217.361	10.624.400	-	-	-	-	97.845.742
Participation banks	4.894.260	-	800.449	-	-	-	-	-	5.694.709
Total	304.262.101	-	192.037.634	336.247.763	176.600.512	27.855.164	23.776.366	142.991	1.060.922.531

⁽¹⁾ As of 31 December 2022, the Bank has a total deposit balance of TRY 147.918.128 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on saving deposits in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits ⁽¹⁾	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	121.185.991	65.042.724	386.913.960	147.363.380
Foreign currency saving deposits	48.961.625	26.072.068	164.452.721	128.339.568
Other deposits in the form of saving deposits	40.225.760	20.263.798	27.788.628	18.882.193
Foreign branches' deposits under foreign authorities' insurance	2.850.381	1.252.749	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

⁽¹⁾ With the "Regulation on Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 22 December 2022 and numbered 32051, the amount of deposits under the guarantee insurance has been set as TRY 400 effective from the beginning of the calendar year of 2023, which was TRY 200 as of 2022.

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. The balance of commercial deposits subject to insurance in this scope is TRY 44.152.518. This amount is not included in the above table that includes the insurance and exceeding the insurance limit information for saving deposits only.

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	851.863	524.208
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	26.390	9.454
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

(2) Information on derivative financial liabilities:

Negative differences table related to the derivative financial liabilities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	95.795	-	130.934
Swap transactions	186.308	610.572	-	645.725
Future transactions	-	-	-	-
Options	-	1.746	-	46.884
Other	-	-	-	-
Total	186.308	708.113	-	823.543

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	556.285	1.650.356	177.716	1.527.077
Foreign banks, institutions and funds	4.467	14.780.102	2.551	11.714.719
Total	560.752	16.430.458	180.267	13.241.796

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	560.468	137.701	144.838	130.958
Medium and long-term	284	16.292.757	35.429	13.110.838
Total	560.752	16.430.458	180.267	13.241.796

c) Additional disclosures related to the concentrations of the Bank's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Bank is deposits, which is composed of 27,15% of saving deposits and 26,41% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 87,72% of bank deposits and 34,31% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	9.120.007	-	7.107.044	-
Bonds	132.492	-	857.411	-
Assets Backed Securities	-	-	1.011.622	-
Total	9.252.499	-	8.976.077	-

(5) Explanations on the funds:

Funds are granted as loans in conformity with the protocols between the Bank and fund owner ministry or institutions.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.444	1.411
Long Term	570.174	236.131
Total	571.618	237.542

(6) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 83.759.893 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 69.075.429).

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(7) Information on finance lease payables (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

Installments are based on useful life, usage periods and provisions of the related accounting standards.

b) Explanation on finance lease payables:

None (31 December 2022: None).

c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	25.260	23.154	70.130	63.898
1 - 4 years	633.084	463.049	429.231	342.423
More than 4 years	6.779.966	2.542.388	1.525.874	872.168
Total	7.438.310	3.028.591	2.025.235	1.278.489

(8) Information on derivative financial liabilities for hedging purposes:

None (31 December 2022: None).

(9) Explanations on provisions:

a) Provisions for the foreign currency losses on the principal amount of foreign currency indexed loans and finance lease receivables:

As of 31 December 2023 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2022: None).

b) Specific provisions provided for unindemnified and unfunded non-cash loans:

As of 31 December 2023, the Bank's specific provision for unindemnified non-cash loans balance is TRY 506.042 (31 December 2022: TRY 389.456).

c) Information on other provisions:

Total other provision balance amounting to TRY 4.441.470 (31 December 2022: TRY 3.431.847) consists of TRY 506.042 (31 December 2022: TRY 389.456) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 3.258.922 (31 December 2022: 2.770.142) for stage 1 and stage 2 expected credit losses amount of non-cash loans, TRY 95.394 (31 December 2022: TRY 92.820) for legal cases filed against the Bank, and TRY 581.112 (31 December 2022: TRY 179.429) of other provisions.

d) Movement of employee termination benefits:

Severance indemnity provision as of 31 December 2023 is calculated by an independent company by using the actuarial conjectures. The amount calculated for the employee termination benefits as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	%19,79	%9,90
Discount Rate	%24,58	%13,09
Estimated Real Wage Growth Rate	%46,76 / %19,99 ^(*)	%53,50 ^(**)

^(*) For the first half of the 2024, a utilization rate of 46,76% is applied, while a rate of 19,99% is used for subsequent periods/years.

^(**) A utilization rate of 53,50% is applied for 2023, while a rate of 10,10% is utilized for the following years.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Calculated amounts as a result of actuarial conjectures are as follows:

	Current Period	Prior Period
As of January 1	3.201.880	1.524.122
Charge for the year	330.887	154.492
Interest Expense	415.629	288.552
Actuarial gain/loss	805.404	1.290.692
Prior period service cost composed current period	68.525	16.166
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.954	2.594
Benefits paid within the period (-)	(460.673)	(74.738)
Total	4.364.606	3.201.880

e) Liabilities for employee benefits:

As of December 31, 2023, the Bank has unused vacations of TRY 659.233, dividends for personnel amounting to TRY 2.869.093, severance pay liability for Bank personnel amounting to TRY 4.030.814, severance pay liability for subcontractors amounting to TRY 333.792 and other provisions amounting to TRY 94.900. (December 31, 2022 unused leave provision: TRY 419.515, 31 December 2022 personnel dividend: TRY 1.664.111, 31 December 2022 severance pay for Bank personnel: TRY 3.074.256, 31 December 2022 severance pay for subcontractors: TRY 127.624).

The Bank accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

f.1. Liabilities of pension funds founded as per the Social Security Institution:

None.

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees:

Based on the results of the actuarial reports prepared as of 31 December 2023, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2023, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

Assumptions	Current Period	Prior Period
Discount Rate	%9,80	%9,80
Mortality Rate	CSO 1980 women/men	CSO 1980 women/men

T. Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2023, the number of personnel who benefit from the Fund is 42.320 (31 December 2022: 39.857).

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Below table shows the present values of premiums and salary payments as of 31 December 2023, by taking into account the health expenses within the Social Security Institution limits.

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(21.355.713)	(9.641.633)
Net Present Value of Long Term Insurance Line Premiums	27.083.104	9.611.819
Net Present Value of Total Liabilities Other Than Health	5.727.391	(29.814)
Net Present Value of Health Liabilities	(3.596.862)	(1.687.560)
Net Present Value of Health Premiums	16.920.547	6.004.830
Net Present Value of Health Liabilities	13.323.685	4.317.270
Pension Fund Assets	13.865.164	8.089.148
General Administration Expenses (1%)	(249.526)	(113.292)
Amount of Actuarial and Technical Deficit	32.666.714	12.263.312

Plan assets are comprised as follows:

Total Assets	Current Period	Prior Period
Banks	10.939.310	6.720.925
Marketable Securities	526.418	515.350
Property and Equipment	936.988	404.510
Other	1.462.448	448.363
Total	13.865.164	8.089.148

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follows:

Change in Assumptions (%)	Death Benefits	Medical Benefits	Total
Discount rate +1	(%16,8)	(%18,5)	(%18,5)
Discount rate -1	%22,1	%24,7	%24,7
Inflation rate +1	%22,4	%30,3	%30,3
Inflation rate -1	(%17,1)	(%21,8)	(%21,8)

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2023, the Bank's calculated current tax liability is amounting to TRY 139.682 and recognized under corporate tax provision account as of the mentioned date (31 December 2022: TRY 8.044.471 corporate tax asset)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	139.682	8.044.471
Income on securities tax	2.142.207	641.431
Property income tax	7.545	4.713
Banking and insurance transactions tax (BITT)	1.570.195	491.879
Foreign exchange transactions tax	22.526	16.351
Value added tax payable	-	-
Other	452.665	147.060
Total	4.334.820	9.345.905

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	10	10
Social insurance premiums-employer	11	11
Bank social aid pension fund premium-employee	168.614	43.988
Bank social aid pension fund premium-employer	249.429	68.535
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	12.077	3.139
Unemployment insurance-employer	24.069	6.247
Other	4.220	1.265
Total	458.430	123.195

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on deferred tax liability:

It is explained in the 15th footnote of Section Five, Explanations And Notes Related To The Assets.

(11) Information on liabilities regarding assets held for sale and discontinued operations:

None. (31 December 2022: None.)

(12) Explanations on the number of subordinated loans the Bank used maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any ^(*):

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	36.066.237	-	21.173.452
<i>Subordinated loans</i>	-	36.066.237	-	21.173.452
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.064.043	-	6.041.809	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.064.043	-	6.041.809	-
Total	6.064.043	36.066.237	6.041.809	21.173.452

(*) Detailed information is disclosed in Section Four Footnote I.

(13) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	7.184.778	4.969.121
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

There is an application of registered capital system and registered capital ceiling amount is TRY 30.000.000.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period.

In accordance with the decision of the Board of Directors of the Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 4.969.121 to TRY 7.184.778.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

f) Information on the Bank's acquired shares:

Between 1 January 2023 – 31 December 2023, the Bank has repurchased shares amounting to TRY 69.252 and has not resold shares within the scope of the Board of Directors' decisions dated 17 March 2020 and 14 February 2023.

g) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank has sustainable profitability and equity structure. There are no uncertainties that would impact the current position.

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	8.733.273	3.835.280	8.133.613	1.833.570
<i>Valuation differences</i>	8.733.273	3.835.280	8.133.613	1.833.570
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(390.143)	118.277	8.556.841	(458.509)
<i>Valuation differences</i>	(390.143)	548.338	8.556.841	(463.228)
<i>Exchange rate difference</i>	-	(430.061)	-	4.719
Total	8.343.130	3.953.557	16.690.454	1.375.061

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Bank was held on August 2, 2023. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 14.016.201 to extraordinary reserves, after allocating TRY 737.695 of the unconsolidated net profit amounting to TRY 14.753.896 from the activities of the year 2022 as general legal reserves. In addition, the income from real estate sales made during the previous period will continue to be monitored in the special funds account of 132.355 TL, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

k) Information on Legal Reserves

	Current Period	Prior Period
I. Legal Reserve	2.376.004	1.658.198
II. Legal Reserve	585.488	585.488
Special Reserves	48.585	28.696
Share Buyback Reserve Fund	1.169.931	424.229
Total	4.180.008	2.696.611

l) Information on Extraordinary Reserves:

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	33.299.377	26.785.915
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	33.299.377	26.785.915

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	102.599.070	34.608.889
Payment commitments for cheques	18.516.662	9.705.677
Loan granting commitments	19.873.658	18.050.815
Forward asset purchase and sale commitments	5.262.414	29.819.815
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	17.102	24.391
Tax and fund liabilities from export commitments	569.005	163.349
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	13.341.523	7.394.063
Total	160.179.434	99.766.999

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
Letters of credit	14.560.197	5.678.605
Bank acceptances	37.949.369	23.628.261
Other guarantees	26.927.057	16.820.325
Total	79.436.623	46.127.191

b.2. Certain guarantees, tentative guarantees, sureties and similar transactions:

	Current Period	Prior Period
Letters of certain guarantees	78.304.225	41.826.204
Letters of advance guarantees	18.833.832	10.733.470
Letters of tentative guarantees	8.583.063	3.167.164
Letters of guarantee given to customs offices	13.238.140	6.241.811
Other letters of guarantee	402.320.247	207.090.607
Total	521.279.507	269.059.256

c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	90.905.483	37.360.755
<i>Within one year or less original maturity</i>	2.460.918	2.611.568
<i>Within more than one year maturity</i>	88.444.565	34.749.187
Other non-cash loans	509.810.647	277.825.692
Total	600.716.130	315.186.447

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

c.2. Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	1.266.759	0,32	55.544	0,02	569.671	0,28	114.157	0,10
Farming and Stockbreeding	675.218	0,17	8.053	-	418.276	0,21	24.656	0,02
Forestry	161.829	0,04	28	-	25.924	0,01	18	-
Fishery	429.712	0,11	47.463	0,02	125.471	0,06	89.483	0,08
Manufacturing	114.053.013	27,94	88.983.049	46,25	65.835.859	32,28	50.950.496	45,82
Mining and Quarrying	4.642.936	1,14	2.754.642	1,43	2.949.309	1,45	1.740.260	1,56
Production	105.344.250	25,80	80.342.532	41,76	59.871.713	29,35	45.240.620	40,69
Electricity, Gas and Water	4.065.827	1,00	5.885.875	3,06	3.014.837	1,48	3.969.616	3,57
Construction	117.382.398	28,75	62.160.701	32,30	51.405.050	25,20	34.733.463	31,23
Services	171.980.435	42,11	40.907.716	21,25	83.687.683	41,02	25.049.436	22,53
Wholesale and Retail Trade	100.555.369	24,62	23.413.093	12,17	51.620.210	25,30	10.313.100	9,27
Accommodation and Dining	13.263.153	3,25	6.719.516	3,49	4.332.324	2,12	4.454.922	4,01
Transportation and Telecom.	4.631.755	1,13	2.636.333	1,37	2.662.042	1,31	5.705.581	5,13
Financial Institutions	30.354.744	7,43	103.159	0,05	10.315.427	5,06	61.931	0,06
Real Estate and Rental Services	20.325.433	4,98	7.822.332	4,06	12.614.788	6,18	4.300.166	3,87
Professional Services	94.349	0,02	3.185	-	67.142	0,03	2.027	-
Educational Services	552.937	0,14	52.615	0,03	167.347	0,08	38.229	0,03
Health and Social Services	2.202.695	0,54	157.483	0,08	1.908.403	0,94	173.480	0,16
Other	3.587.737	0,88	338.778	0,18	2.487.477	1,22	353.155	0,32
Total	408.270.342	100,00	192.445.788	100,00	203.985.740	100,00	111.200.707	100,00

c.3. Non-cash loans classified under I. and II. Group

Current Period	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	404.000.474	176.544.416	4.269.868	15.901.372
Letters of Guarantee	340.520.157	161.985.087	4.221.468	14.552.795
Bills of Exchange and Bank Acceptances	36.516.272	1.384.697	48.400	-
Letters of Credit	36.988	13.174.632	-	1.348.577
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	26.927.057	-	-	-
Prior Period	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	202.284.058	106.412.732	1.701.682	4.787.975
Letters of Guarantee	166.964.342	96.056.623	1.701.682	4.336.609
Bills of Exchange and Bank Acceptances	18.466.650	5.124.321	-	37.290
Letters of Credit	53.360	5.211.169	-	414.076
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	16.799.706	20.619	-	-

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
Foreign Currency related Derivative Transactions (I):	349.069.774	260.191.837	-	-
Currency Forwards-Purchases/Sales	36.738.129	11.349.912	-	-
Currency Swaps-Purchases/Sales	311.213.833	222.985.233	-	-
Currency Futures-Purchases/Sales	91.953	917.751	-	-
Currency Options-Purchases/Sales	1.025.859	24.938.941	-	-
Interest Rate related Derivative Transactions (II)	92.465.272	58.627.888	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	92.465.272	58.627.888	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III) ⁽¹⁾	33.856.202	30.383.203	-	-
A. Total Trading Derivatives (I+II+III)	475.391.248	349.202.928	-	-
Derivative Financial Instruments held for Risk Management	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B. Total Derivative Financial Instruments held for Risk Management	-	-	-	-
Total Derivative Transactions (A+B)	475.391.248	349.202.928	-	-

⁽¹⁾ Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 6.586.176 and TRY 2.205.463; respectively, and swap precious metal purchase transactions of TRY 25.064.563.

3) Explanations related to credit derivatives and its risk exposures:

The Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2023, the Bank has credit default conditioned cross currency swap transaction amounting to USD 50 million with 5 year maturity (remaining maturity 1,2 month). In this transactions the Bank sells protection.

4) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 18.516.662 (31 December 2022: TRY 9.705.677).

5) Services provided on behalf of others:

None.

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IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	72.274.635	607.070	25.579.560	397.307
Medium and long term loans	97.690.958	16.662.884	48.500.513	10.026.381
Interest on non-performing loans	2.323.624	-	1.100.281	-
Premiums from resource utilization support fund	-	-	-	-
Total	172.289.217	17.269.954	75.180.354	10.423.688

⁽¹⁾ Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	698.142	319.750	12.331
Domestic banks	344.186	1.215	95.602	4.608
Foreign banks	343.618	60.017	58.285	44.708
Foreign headquarters and branches	-	-	-	-
Total	687.804	759.374	473.637	61.647

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	18.353	4.690	10.746	1.843
Financial Assets at Fair Value through Other Comprehensive Income	17.347.305	2.301.938	12.969.640	1.247.903
Financial Assets Measured at Amortized Cost	86.623.505	7.261.433	49.636.655	3.675.533
Total	103.989.163	9.568.061	62.617.041	4.925.279

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	1.507.783	486.366

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed⁽¹⁾:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	60.853	641.753	55.122	261.528
CBRT	-	-	-	-
Domestic banks	60.853	58.183	55.122	39.170
Overseas banks	-	583.570	-	222.358
Overseas head office and branches	-	-	-	-
Other institutions	-	56.177	14	41.535
Total	60.853	697.930	55.136	303.063

⁽¹⁾ Includes fees and commissions obtained from cash loans.

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	1.480.745	198.076

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	3.750.958	3.636.125	2.233.420	1.467.299

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	
TRY								
Bank deposits	1.866	7.591.748	5.123.559	113.100	-	-	-	12.830.273
Saving deposits	6	2.817.633	35.937.887	49.705.062	4.289.586	1.051.261	15.109	93.816.544
Public deposits	19	11.909.902	2.623.224	273.370	7.601	4.626	-	14.818.742
Commercial deposits	48	24.491.993	28.355.634	17.059.986	5.648.077	1.267.772	-	76.823.510
Other deposits	1	2.243.357	10.619.649	2.635.359	1.780.219	29.802	-	17.308.387
7 days call accounts	-	-	-	-	-	-	-	-
Total	1.940	49.054.633	82.659.953	69.786.877	11.725.483	2.353.461	15.109	215.597.456
Foreign currency								
Deposits	106	1.291.582	5.655.745	11.302.595	3.028.225	699.772	235	21.978.260
Bank deposits	321	39.106	935.903	1	-	-	-	975.331
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	749	41.945	64.575	6.992	6.430	-	120.691
Total	427	1.331.437	6.633.593	11.367.171	3.035.217	706.202	235	23.074.282
Grand total	2.367	50.386.070	89.293.546	81.154.048	14.760.700	3.059.663	15.344	238.671.738
Prior Period								
TRY								
Bank deposits	912	2.860.892	1.162.647	3	-	-	-	4.024.454
Saving deposits	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	22.536.862
Public deposits	10	4.524.567	825.161	119.603	26.819	2.376	-	5.498.536
Commercial deposits	15	6.734.838	6.475.704	2.096.791	3.028.237	2.032.000	-	20.367.585
Other deposits	1	1.184.771	3.039.744	583.531	684.785	93.690	-	5.586.522
7 days call accounts	-	-	-	-	-	-	-	-
Total	945	16.522.205	18.564.719	15.415.964	4.544.362	2.951.911	13.853	58.013.959
Foreign currency								
Deposits	68	659.629	3.937.115	982.549	147.395	151.986	130	5.878.872
Bank deposits	78	52.028	484.705	8	-	-	-	536.819
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	1.017	25.522	1.408	783	1.147	-	29.877
Total	146	712.674	4.447.342	983.965	148.178	153.133	130	6.445.568
Grand total	1.091	17.234.879	23.012.061	16.399.929	4.692.540	3.105.044	13.983	64.459.527

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through other Comprehensive Income	23.585	11.998
Other	377.879	414.211
Total	401.464	426.209

(4) Information on trading profit/loss:

	Current Period	Prior Period
Profit	251.771.746	160.504.497
Profit from the capital market transactions	3.704.336	280.124
Profit on derivative financial transactions	70.217.618	36.811.647
Foreign exchange gains	177.849.792	123.412.726
Loss (-)	267.981.675	166.380.497
Loss from the capital market transactions	541.800	74.964
Loss from derivative financial transactions	40.850.102	28.978.838
Foreign exchange losses	226.589.773	137.326.695

Information on gain/loss from derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	70.217.618	36.811.647
Effect of the change in foreign exchange on profit	69.034.107	36.001.861
Effect of the change in interest rate on profit	1.183.511	809.786
Loss on derivative financial instruments (-)	40.850.102	28.978.838
Effect of the change in foreign exchange on loss	39.742.845	28.206.774
Effect of the change in interest rate on loss	1.107.257	772.064
Profit/loss on derivative financial instruments	29.367.516	7.832.809

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	8.106.724	1.683.749
Income from the asset sale	867.474	1.140.677
Rent income	71.891	83.927
Other income	4.127.209	1.176.514
Total	13.173.298	4.084.867

(6) Information on Expected Credit Losses and other provision expenses:

	Current Period	Prior Period
Expected Credit Losses	2.894.525	36.785.104
12 Month Expected Credit Loss (Stage 1)	73.211	11.853.564
Significant Increase in Credit Risk (Stage 2)	164.867	19.330.593
Non – Performing Loans (Stage 3)	2.656.447	5.600.947
Marketable Securities Impairment Expense	-	165.683
Financial Assets at Fair Value through Profit or Loss	-	165.683
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	29.213	19.430
Total	2.923.738	36.970.217

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	357.323	387.066
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	25.577	8.658
Depreciation expenses of fixed assets	1.206.235	540.865
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	310.342	161.148
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets to be sold	-	-
Amortization expenses of assets to be sold	9.814	21.264
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	12.212.784	5.662.249
Leasing Expenses on TFRS 16 Exceptions	505.018	211.663
Maintenance expenses	237.248	99.840
Advertisement expenses	1.777.050	1.190.042
Other expenses ^(*)	9.693.468	4.160.704
Loss on sales of assets	14	4.565
Other ^(*)	14.979.968	2.709.469
Total	29.102.057	9.495.284

^(*) It includes the cash donation payment of TRY 7.000.000 paid to the Disaster and Emergency Management Directorate of the Ministry of Interior – Republic of Türkiye due to the earthquake that occurred on February 6, 2023 centered by Kahramanmaraş.

^(**) Other expenses mainly comprise fees related to credit card and other banking transactions.

(8) Information on profit/loss from continuing and discontinued operations before taxes:

The Bank's income before tax/loss is due from continuing activities. Net interest income is TRY 41.384.074 (31 December 2022: TRY 68.245.168 net interest income), net fees and commissions income is TRY 18.947.469 (31 December 2022: TRY 8.461.949 net fees and commissions income) and the profit from operations before tax is TRY 6.652.737 (31 December 2022: TRY 20.655.997 profit from operations before tax).

(9) Information on tax provisions for continuing and discontinued operations:

For the period then ended 31 December 2023, the Bank's tax provision income amounting to TRY 3.459.228 (31 December 2022: TRY 5.390.358 tax provision expense) consists of TRY 288.426 (31 December 2022: TRY 16.734.654) of current tax charge and TRY 11.320.107 (31 December 2022: TRY 5.594.165) of deferred tax charge, TRY 15.067.761 (31 December 2022: TRY 16.938.461) of deferred tax income.

(10) Information on net income/expense from continuing and discontinued operations after tax:

As of 31 December 2023, the Bank's net operating income after tax is amounting to TRY 10.111.965 (31 December 2022: TRY 15.265.639)

(11) Information on net profit/loss:

a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for an understanding of the Bank's performance during the period, an explanation of the nature and amount of these items:

There is no issue to be disclosed.

b) Effects of changes in accounting estimates on the current and future periods' profit/loss:

There is no issue to be disclosed.

(12) Other items in the income statement:

The other items under Fees and Commissions Received and Fees and Commissions Paid generally consist of credit card and other banking transaction commissions.

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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V. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

(1) Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement:

The "net increase in other liabilities" under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, money market borrowings, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 71.339.715 decrease for the year 2023 (31 December 2022: TRY 16.218.927 increase). "Other" item in operating profit is composed of other operating expenses excluding fees and commissions expense, foreign exchange gain, other operating income and decrease by TRY 152.359.136 for the year 2023 (31 December 2022: TRY 70.490.914 decrease).

For the year ended 31 December 2023, effect of foreign currency translation differences on cash and cash equivalents is TRY 32.319.332 increase (31 December 2022: TRY 14.962.468 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

(2) Items used in determination of cash and cash equivalents:

Cash in TRY and cash in foreign currency, Central Bank and bank deposits in cash having maturity less than three months and banks and money market receivables are defined as cash and cash equivalents.

(3) The effect of any change in accounting policies:

None.

(4) Cash and cash equivalents balance at the beginning of the period:

	Current Period	Prior Period
Cash	80.244.778	60.969.308
Cash in TRY, foreign currency and others ⁽¹⁾	8.891.720	6.858.945
Demand CBRT and Banks	71.353.058	54.110.363
Cash equivalents	3.019.769	1.150.143
Time Deposits Up to 3 Months	3.019.769	1.150.143
Money Market Placements	-	-
Total Cash and Cash Equivalents	83.264.547	62.119.451

⁽¹⁾ Others items include cheques received.

(5) Cash and cash equivalents balance at the end of the period:

	Current Period	Prior Period
Cash	134.343.009	80.244.778
Cash in TRY, foreign currency and others ⁽¹⁾	13.465.519	8.891.720
Demand CBRT and Banks	120.877.490	71.353.058
Cash equivalents	6.493.387	3.019.769
Time Deposits Up to 3 Months	6.493.387	3.019.769
Money Market Placements	-	-
Total Cash and Cash Equivalents	140.836.396	83.264.547

⁽¹⁾ Others items include cheques received.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK

(1) Volume of the Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Information on the Loans of the Bank's risk group:

Current Period						
Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	6.710.672	185.644	-	-	-	-
Closing Balance	10.785.628	221.290	-	-	-	-
Interest and commissions income	1.501.431	1.837	-	-	-	-
Prior Period						
Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	2.916.786	244.149	-	-	-	-
Closing Balance	6.710.672	185.644	-	-	-	-
Interest and commissions income	450.868	1.345	-	-	-	-

b) Deposits held by the Bank's risk group:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	3.771.699	861.235	-	-	-	-
Closing Balance	4.319.223	3.771.699	-	-	-	-
Interest expense on deposits	1.480.745	198.076	-	-	-	-

c) Forward and option contracts and similar transactions with the Bank's risk group:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning Balance	325.860	28.466	-	-	-	-
Closing Balance	-	325.860	-	-	-	-
Total Profit/Loss	(8.094)	5.370	-	-	-	-

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(2) Disclosures for risk group:

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of "the Brokerage Contract for Order Submission".

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	10.785.628	0,85
Non-Cash Loans	221.290	0,04
Deposits	4.319.223	0,23
Forward and Option Contracts	-	-
Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	6.710.672	0,80
Non-Cash Loans	185.644	0,06
Deposits	3.771.699	0,36
Forward and Option Contracts	325.860	0,09

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method:

None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 48.973 as of 31 December 2023 (31 December 2022: TRY 19.273).

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VIII. EXPLANATIONS ON THE BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES

(1) Explanations on the Bank's domestic branches, agencies/branches abroad and off-shore branches

Current Period	Quantity	Number of Employees	Countries		
Domestic Branch	1.073	22.091			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
				Total Assets	Statutory Capital
Overseas Branch	5	122	T.R.N.C.	15.009.205	-
	1	4	BAHRAIN	100.077.178	-
Off-shore Branches	-	-	-	-	-

Prior Period	Quantity	Number of Employees	Countries		
Domestic Branch	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
				Total Assets	Statutory Capital
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-	-	-	-

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Bank:

The Bank opened 41 branches during the year 2023.

IX. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/INDEPENDENT AUDIT AGENCIES

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	Current Period	Prior Period
a. Independent audit fees	14.551	8.219
b. Fees for other services	621	647
<i>Fees for other assurance services</i>	621	373
<i>Fees for tax advisory</i>	-	-
<i>Fees for other services except independent audit</i>	-	274
Total	15.172	8.866

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

In the announcement made by the BRSA on 11 January 2024, it is stated that banks, financial leasing, factoring, financing, savings financing and asset management companies will start applying inflation accounting within the scope of TAS 29 as of 1 January 2025.

International rating agency Moody's changed the Bank's rating outlook from "Stable" to "Positive" as a result of the assessment made on 17 January 2024.

SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY

On October 15, 2019, the U.S. Department of Justice, United States Attorney Southern District of New York indicted the Bank by repeating the allegations set forth in the case filed against the former executive of the Bank due to the Iranian sanction violations.

First, the Bank applied to the District Court on November 4, 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On December 5, 2019, the District Court denied the request of special appearance. The Bank objected to the District Court's decision and appealed the decision at the Second Circuit on December 17, 2019. On February 21, 2020, the Second Circuit denied Bank's objection.

In the meeting held by the Bank's Board of Directors on March 27, 2020, it was decided to attend the District Court hearing at which the case starts to be heard on the merits on March 31, 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Bank.

At the hearing on March 31, 2020, the District Court decided to postpone the hearing initially to June 9, 2020 and subsequently to June 30, 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on June 30, 2020; the schedule was determined regarding the motion to recuse, discovery motions, and filings of other motions. It was decided that the jury trials would begin on March 1, 2021 for which the schedule was revised on October 26, 2020. Accordingly, the jury trials are scheduled to be held on May 3, 2021. In this regard, the Bank filed its recusal motion on July 14, 2020 and its other motions to dismiss the indictment on August 10, 2020 at the District Court.

Bank's recusal motion was denied by the District Court on August 24, 2020 and the Second Circuit on December 23, 2020.

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Bank's appeal on October 22, 2021. The Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Bank's petition on December 15, 2021.

As the Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the District Court are stayed until the process is completed in the US Supreme Court.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

The Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

The US Supreme Court reviewed the Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Bank filing its counter reply brief with the Court on January 6, 2023. Oral argument was held before the Court on January 17, 2023.

The US Supreme Court announced its opinion regarding the Bank's FSIA appeal on April 19, 2023, ruling that FSIA applied only in civil cases and not in criminal cases. On the other hand, the Supreme Court ruled that the Second Circuit did not fully consider the Bank's sovereign immunity status under common law and remanded the case for reconsideration by the Second Circuit.

The briefing with the Second Circuit started with the Bank's opening brief filed on July 31, 2023. The Government filed its reply brief on November 20, 2023. The briefing with the Second Circuit was completed with the Bank's counter-reply brief filed on January 12, 2024. According to the Court's schedule, the oral argument will be held on February 28, 2024. The ruling will be announced at a date following the oral argument.

If the Second Circuit review results in a decision that the Bank is entitled to common law sovereign immunity the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court for the Southern District of New York, with Bank's rights to appeal being fully reserved, and the District Court will need to create a new schedule for the trials.

In addition, a civil case (the Owens case) was filed by plaintiffs against the Bank on March 27, 2020 with a claim for damages in the Southern District of New York Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Bank's attorneys on July 1, 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit ruled in the Bank's favor and dismissed the lawsuit seeking to satisfy judgements on May 2, 2023. Plaintiffs applied to the US Supreme Court on August 30, 2023 for a writ of certiorari in order to appeal the Second Circuit decision. The Supreme Court reviewed the application on January 5, 2024 and announced its decision to reject the plaintiff's appeal on January 8, 2024. Accordingly, the Owens case brought against the Bank on March 27, 2020 was conclusively dismissed.

Finally, on July 26, 2023, 151 plaintiffs filed a complaint in the U.S. District Court for the Southern District of New York and a new civil case (the Hughes case) against the Bank seeking to satisfy judgements similar to the civil case dated March 27, 2020.

The service was processed on October 1, 2023. According to the complaint, the plaintiffs seek judgments from the Court to the fullest extent permitted by law, attempting to establish a connection between certain aggrievements they have suffered in various countries and the supposed allegations in the current criminal case against the Bank, which was filed on October 15, 2019.

The Bank filed its motion to dismiss with the District Court on December 22, 2023. As per the briefing schedule, the plaintiffs responded to Halkbank's motion on February 9, 2024. The proceedings of both the criminal case and the civil case are closely monitored by the Bank through U.S. law firms with relevant expertise.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION VII: AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 December 2023 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2024 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

**TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS
as of 31 DECEMBER 2023**

WITH AUDITORS' REPORT THEREON

**(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)**

**CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Halk Bankası A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Qualified Opinion

We have audited the consolidated financial statements of Türkiye Halk Bankası A.Ş. ("the Parent Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The Group reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard ("TFRS") 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2023 amounted to TRY 44.066.438 thousand. If such classification were not made, total assets and shareholders' equity excluding tax effect would be lower by TRY 6.117.199 thousand as at 31 December 2023.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

As detailed in Section Six, we draw attention to the following issue that may affect the Parent Bank:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Parent Bank in the Southern District of New York Court ("District Court") for the violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Parent Bank requests an appeal under the "Foreign Sovereign Immunity Act" ("FSIA"). The US Supreme Court has rejected the Parent Bank's FSIA appeal and remanded the case to the US Court of Appeals for the Second Circuit to be reviewed on common law immunity grounds. The process is ongoing.

In addition, a group of plaintiffs filed a civil lawsuit (the Owens case) against the Parent Bank with a claim for damages before the District Court for the Southern District of New York on March 27, 2020, "on the grounds that they (plaintiffs) could not collect their judgments from Iran due to the violations of sanctions." The case was dismissed by the District Court, the Second Circuit and the U.S. Supreme Court, respectively. Consequently, the Owens case was conclusively dismissed on January 8, 2024.

Finally, on July 26, 2023, a new civil case (the Hughes case) was filed against the Parent Bank by a group of plaintiffs in a complaint filed with the District Court, seeking to satisfy judgements similar to the civil case dated March 27, 2020. The plaintiffs seek judgments by attempting to establish a connection between certain aggrievements they have suffered in various countries and the allegations in the current criminal case against the Parent Bank, which was filed on October 15, 2019. The Parent Bank filed its motion to dismiss the case with the District Court on December 22, 2023. The process is ongoing.

At this stage, the Parent Bank's Management stated that there is no penalty, compensation, sanction or other measure arising from the pending criminal and civil cases against the Parent Bank. There is an uncertainty if any decisions will be made by the US authorities that may adversely affect the financial position of the Parent Bank. No provision has been made in the financial statements of the Parent Bank related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter explained in the Basis for Qualified Opinion section, the issues described below have been identified as key audit matters and are disclosed in our report.



Key Audit Matter	How the matter was addressed in the audit
<p><i>Impairment of loans in accordance with TFRS 9 "Financial Instruments Standard"</i></p> <p>Impairment of loans is a key area of judgement for the management. The Group has the total loans amounting to TRY 1.314.291.600 thousand, which comprise 57% of the Group's total assets in its consolidated financial statements and the total provision for expected credit loss amounting to TRY 49.441.109 as at 31 December 2023.</p> <p>The Group recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Group exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p>There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans are presented in Section V Note I.5.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have read and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.</p> <p>We have performed audit procedures on selected samples of loans with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p>We have tested relevant inputs and assumptions used by the management considering the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and related impairment provisions.</p>

Key Audit Matter	How the matter was addressed in the audit
<p><i>Valuation of Pension Fund Obligations</i></p> <p>Defined benefit pension plan that the Parent Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı ("Plan") which were established by the 20th provisional article of the Social Security Law numbered 506 ("Law").</p> <p>As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation ("SSF") as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Parent Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds' members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2023, the Parent Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.e considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this a key audit matter.</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Parent Bank's actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>



Key Audit Matter

Information Technologies Audit

The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.

How the matter was addressed in the audit

Procedures within the context of our information technology audit work:

- We identified and tested the Group's controls over information systems as part of our audit procedures.
- Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:
 - Security management
 - Change management
 - Operations management
- We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner
- We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.
- Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.
- We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.
- Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Group Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSAs Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the the Parent Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Erdem Taş.

Additional Paragraph for English Translation

The effect of the differences between the accounting principles summarized in Section III and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the Group's consolidated financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Erdem Taş
Partner

Istanbul, 14 February 2024

TÜRKİYE HALK BANKASI AŞ THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

1. The Bank's Headquarter Address:
Finanskent Mahallesi Finans Caddesi No: 42/1 Ümraniye/İstanbul
2. The Bank's Contact Phone and Facsimile:
Phone : 0216 503 70 70
Facsimile: 0212 340 93 99
3. The Bank's Website and E-mail Address:
Website: www.halkbank.com.tr
E-mail Address: halkbank.ir@halkbank.com.tr

The consolidated year ended financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- **Section One** :GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** :CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** :EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- **Section Four** :INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** :EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** :OTHER EXPLANATIONS
- **Section Seven** :AUDITOR'S REPORT

Subsidiaries and associates which are consolidated within this financial report are as below:

Subsidiaries		Associates	
1.	Halk Yatırım Menkul Değerler AŞ	1.	DHB Bank NV
2.	Halk Gayrimenkul Yatırım Ortaklığı AŞ	2.	Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
3.	Halk Finansal Kiralama AŞ	3.	Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ
4.	Halk Faktoring AŞ	4.	Birleşim Varlık Yönetim AŞ
5.	Halk Banka AD Skopje		
6.	Halkbank AD Beograd		
7.	Halk Varlık Kiralama AŞ		

The consolidated financial statements for year ended 31 December 2023 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 14 February 2024

R. Süleyman Özdil	Osman Arslan	Mevlüt Uysal	Yusuf Duran Ocak	Osman Bektaş
Chairman of the Board of Directors, Chairman of the Audit Committee	Member of the Board of Directors, Chief Executive Officer	Vice Chairman of the Board of Directors, Member of the Audit Committee	Financial Management and Planning Vice Chief Executive Officer	Financial Accounting Department Head

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Atiye Ece GÜLERGÜN/ Manager
Tel No : 0216 503 52 48
Fax No : 0212 340 09 90

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

I. ESTABLISHMENT DATE OF THE PARENT BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE PARENT BANK INCLUDING THE CHANGES OF THESE ARTICLES

Türkiye Halk Bankası Anonim Şirketi (the "Parent Bank" or "Halkbank") began its operations in accordance with the law no: 2284 in 1938 and still continues its activities as a public commercial bank.

II. CAPITAL STRUCTURE OF THE PARENT BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT CONTROL AND MANAGEMENT OF THE PARENT BANK SOLELY OR TOGETHER, CHANGES ABOUT THESE ISSUES DURING THE YEAR AND DISCLOSURES ABOUT THE GROUP

The capital of the Parent Bank is controlled directly by the Türkiye Varlık Fonu.

As of 31 December 2023 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2023	%	31 December 2022	%
Türkiye Varlık Fonu ⁽¹⁾	6.573.604	91,49	4.357.946	87,70
Public shares ⁽¹⁾	611.093	8,51	611.094	12,30
Other shareholders ⁽²⁾	81	0,00	81	0,00
Total	7.184.778	100,00	4.969.121	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 5.935.328 have been included in Public shares.

⁽²⁾ TRY 81 of the shares included in the "Other Shareholders" group belong to shareholders whose shares do not trade on the exchange.

In accordance with the Law No: 6327 dated 13 June 2012 and 3rd sub-article added to the Article 2 of the Law No: 4603, as per the Turkish Commercial Code, the Public shares will be controlled and represented by the Minister the Parent Bank is reporting to, until the sale procedures of the public shares are completed.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

III. EXPLANATIONS REGARDING THE PARENT BANK'S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE PARENT BANK, IF ANY

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Independent Member of the Board of Directors
Mevlüt UYSAL	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAÇ	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
Mihrimah Belma SEKMEN	Independent Member of the Board of Directors
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mehmet AYDIN	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olca ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Tahir DEMİRKIRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAY	Executive Vice President, SME Banking

People mentioned above do not own any shares in the Parent Bank's capital.

a) The Parent Bank's top management members who have assigned to their position in 2023 are listed with titles and dates of assignment.

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Mihrimah Belma SEKMEN	2 August 2023
Member of the Supervisory Board	Mehmet AYDIN	2 August 2023
Member of the Supervisory Board	Faruk ÖZÇELİK	2 August 2023

b) The Parent Bank's top management members who have left their position in 2023 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Supervisory Board	Faruk ÖZÇELİK	16 March 2023
Member of the Supervisory Board	Prof. Dr. Yılmaz ÇOLAK	2 August 2023
Independent Member of the Board of Directors	Prof. Dr. Mesut KARAKAŞ	2 August 2023

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Except for the Türkiye Varlık Fonu, no person or institute has any qualified shares attributable to the Parent Bank.

V. BRIEF INFORMATION ON THE PARENT BANK'S FUNCTIONS AND LINES OF ACTIVITY

1) General information about the Parent Bank:

Türkiye Halk Bankası Anonim Şirketi began its operations in 1938 in accordance with the Law No: 2284 and still continues its activities as a public commercial bank.

2) Restructuring process of the Parent Bank:

Law numbered 4603 regarding the "Law on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Anonim Şirketi and Türkiye Emlak Bankası Anonim Şirketi", was prepared within the framework of the macro-economic program for the period 2000-2002. The purpose of the law is to modernize the operations of the banks to arrive at a point where the requirements of the international norms and international competition can both be reached and it also aims to sell the majority of the banks' shares to individuals or legal entities in the private sector. The Parent Bank revised its charter of establishment, elected a new board of directors and increased its nominal capital from TRY 250.000 to TRY 1.250.000 in the extraordinary general assembly held on 14 April 2001. Within the scope of the restructuring process, the Parent Bank received government bonds in settlement of the accumulated specific duty losses and the Parent Bank's whole specific duty loss receivable was thus eliminated as at 30 April 2001. In addition, a significant number of personnel were encouraged to sign new contracts and transferred to other government institutions.

According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Parent Bank were to be concluded under the provisions of Law No: 4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were going to be completed within three years (until 25 November 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2 of Law numbered 4603 was previously amended to "5 years" and subsequently by Law No: 5572 dated 10 January 2007 the related term was amended to "10 years". As a result of these amendments, the privatization period of the Parent Bank was extended. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended the half of that "10 years" period as published in the Official Gazette by the Decree numbered 2010/964 and dated 6 November 2010.

As per the Higher Council of Privatization decision numbered 2006/69 dated 11 August 2006, the public shares were transferred to the Privatization Administration and 99,9% of the Parent Bank shares were decided to be sold before 25 May 2008 using the block sale method. 13th Department of Council of State with its decision numbered 2006/4258 dated 29 November 2006 to cease the execution of the High Council of Privatization's decision numbered 2006/69 dated 11 August 2006. Thereupon, as per the decision of the Higher Council of Privatization numbered 2007/8 dated 5 February 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24,98% was completed in the first week of May 2007 and Halkbank shares were started to trade on Borsa İstanbul AŞ as of 10 May 2007 with the base price of TRY full 8,00. As per the decision of the Higher Council of Privatization numbered 2012/150 dated 4 October 2012; 23,92% of the public shares held by the Privatization Administration were privatized by a second public offering and privatization was completed on 21 November 2012.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası AŞ and amendments to other acts" which came into force as published in the Official Gazette numbered 25539 dated 31 July 2004, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund ("SDIF")) was transferred to the Halkbank. Insolvent Pamukbank TAŞ was a private sector deposit bank established by Çukurova İthalat ve İhracat TAO, Karamehmetler limited partnership and more than 500 shareholders. Pamukbank started its private banking operations as an incorporation in accordance with the decision of the Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency numbered 742 published in the Official Gazette numbered 24790 dated 19 June 2002 including 3rd and 4th Sub-articles in the Article 14 of the Banking Law No: 4389, the shareholders rights, excluding dividends, management and supervision of Pamukbank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

3) The Parent Bank's service activities and operating areas:

The Parent Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

As of 31 December 2023, the Parent Bank operates with a total of 1.079 branches consisting of 1.073 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 35 satellite branches. The Parent Bank has also 2 representative offices in England and Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

- Halk Yatırım Menkul Değerler AŞ
- Halk Gayrimenkul Yatırım Ortaklığı AŞ
- Halk Finansal Kiralama AŞ
- Halk Faktoring AŞ
- Halk Banka AD, Skopje
- Halkbank AD Beograd
- Halk Varlık Kiralama AŞ

are consolidated "line by line" in the accompanying consolidated financial statements.

The Parent Bank's associates;

- DHB Bank NV
- Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
- Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ
- Birleşim Varlık Yönetim AŞ

are accounted for at "equity method" in the accompanying consolidated financial statements.

Halk Gayrimenkul Yatırım Ortaklığı AŞ ("Halk GYO"), a subsidiary of the Parent Bank established in 2010, was registered on 18 October 2010. Halk GYO's main line of business is, to form and improve real estate portfolios and to invest in real estate based capital market instruments. Halk GYO's main operational objective is to invest in capital market instruments based on real estates, real estate projects and rights based on real estates, as per the Capital Markets Board's ("CMB") regulation on investment trusts.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

As at 15 February 2013 28% shares of Halk GYO has been offered to public. After collecting potential investors' book building, Halk GYO's shares started to be traded on Borsa İstanbul AŞ since 22 February 2013.

Halk Finansal Kiralama AŞ ("Halk Leasing") was established in September 1991 in Türkiye and its main line of business is financial leasing. Halk Leasing operates under the provisions of the Turkish financial leasing law number 6361.

Halk Banka AD, Skopje, formerly Export and Credit Bank AD, Skopje is a subsidiary of the Parent Bank as of 8 April 2011, operating in Macedonia. The Bank's main activities include commercial lending, accepting deposits, and retail banking services in the country and abroad. In addition, the Company has been engaged in insurance activities through Halk Osiguruvanje purchased on 28 January 2019.

Halk Faktoring AŞ ("Halk Faktoring") was established in June 2012 in Türkiye and its main line of business is to provide factoring services that include legitimate commercial lending for all domestic and international trade operation.

Halkbank AD Beograd is a subsidiary of the Parent Bank as of 28 May 2015. Its main activities include commercial lending, accepting deposits, and retail banking services in the country and abroad.

Halk Yatırım Menkul Değerler AŞ ("Halk Yatırım"), was established in 1997 to carry out capital markets activities, to purchase and sell capital markets instruments, and to execute stock exchange transactions. Halk Yatırım became a subsidiary in early 2006 when Halkbank bought the shares of Türkiye Halk Bankası Personnel Provident Fund.

Halk Varlık Kiralama AŞ was established on 3 October 2017 with the purpose of issuing "Lease Certificate" in accordance with the Capital Markets Board Law No. 6362, the CMB Communiqué and the related regulations of the CMB.

For the purposes of the consolidated financial statements, the Parent Bank and its consolidated subsidiaries are referred to as "the Group".

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VII. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE INSTITUTIONS SUBJECT TO LINE-BY-LINE METHOD OR PROPORTIONAL CONSOLIDATION AND INSTITUTIONS WHICH ARE DEDUCTED FROM EQUITY OR NOT INCLUDED IN THESE THREE METHODS

Platform Ödeme Hizmetleri ve Elektronik Para AŞ, a subsidiary, and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, an associate, are not consolidated in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" as they are not within the scope of financial institutions. In the consolidated financial statements prepared in accordance with International Financial Reporting Standards, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is included in the scope of consolidation according to the equity method, while Platform Ödeme Hizmetleri ve Elektronik Para AŞ are included in the scope of full consolidation.

The Parent Bank's subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Banka AD Skopje and its subsidiary Halk Osiguruvanje AD Skopje, Halk Faktoring AŞ, Halkbank AD Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation by line-by-line method.

DHB Bank NV, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ which are classified as investments in associates, are included in the financial statements based on equity method of consolidation. Associates are the domestic or foreign subsidiaries which the Parent Bank participates to equity with significant influence but without controlling interest.

VIII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDER'S EQUITY BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES

Immediate transfer of the equity between the Parent Bank and its subsidiaries is not in question. Dividend distribution from equity is made according to the related regulations.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements entered into between the Parent Bank and its subsidiaries.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Consolidated Statement of Financial Position)
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Profit or Loss
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- V. Consolidated Statement of Changes in Shareholders' Equity
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TÜRKİYE HALK BANKASI AŞ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

CONSOLIDATED ASSETS	Note	Audited Current Period			Audited Prior Period		
		31 December 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		175.110.301	300.004.789	475.115.090	128.790.691	184.711.592	313.502.283
1.1 Cash and Cash Equivalents		65.739.027	241.981.017	307.720.044	35.708.830	139.180.134	172.888.964
1.1.1 Cash and Balances with Central Bank	(1)	58.383.459	223.481.117	281.864.576	31.836.044	132.383.837	164.219.881
1.1.2 Banks	(3)	6.761.374	16.320.634	23.082.008	1.905.320	6.797.184	8.702.504
1.1.3 Money Markets		705.217	2.182.907	2.888.124	25.005	-	25.005
1.1.4 Expected Loss Provision (-)		111.023	3.641	114.664	57.539	887	58.426
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	39.538.388	37.345	39.575.733	34.359.163	157.292	34.516.455
1.2.1 Government Debt Securities		35.418.374	1.349	35.419.723	34.159.249	923	34.160.172
1.2.2 Equity Instruments		797	35.996	36.793	-	23.541	23.541
1.2.3 Other Financial Assets		4.119.217	-	4.119.217	199.914	132.828	332.742
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	69.720.912	54.310.022	124.030.934	60.403.024	42.459.170	102.862.194
1.3.1 Government Debt Securities		69.636.615	53.263.517	122.900.132	59.787.086	42.005.627	101.792.713
1.3.2 Equity Instruments		84.297	1.046.505	1.130.802	88.535	453.543	542.078
1.3.3 Other Financial Assets		-	-	-	527.403	-	527.403
1.4 Derivative Financial Assets	(2)(11)	111.974	3.676.405	3.788.379	319.674	2.914.996	3.234.670
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		111.974	3.676.405	3.788.379	319.674	2.914.996	3.234.670
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		1.265.250.225	446.711.843	1.711.962.068	782.365.497	280.723.057	1.063.088.554
2.1 Loans	(5)	1.006.259.638	308.031.962	1.314.291.600	661.625.670	204.546.854	866.172.524
2.2 Lease Receivables	(10)	7.855.446	2.701.825	10.557.271	3.765.017	2.150.295	5.915.312
2.3 Factoring Receivables		6.104.440	218.052	6.322.492	3.563.972	156.625	3.720.597
2.4 Other Financial Assets Measured at Amortised Cost	(6)	293.803.473	136.953.976	430.757.449	166.986.452	74.468.807	241.455.259
2.4.1 Government Debt Securities		291.411.340	136.953.976	428.365.316	164.526.640	74.468.807	238.995.447
2.4.2 Other Financial Assets		2.392.133	-	2.392.133	2.459.812	-	2.459.812
2.5 Expected Credit Loss (-)		48.772.772	1.193.972	49.966.744	53.575.614	599.524	54.175.138
III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(16)	3.522	-	3.522	1.772	-	1.772
3.1 Held for Sale		3.522	-	3.522	1.772	-	1.772
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		994.518	2.436.869	3.431.387	313.324	1.373.880	1.687.204
4.1 Investments in Associates (Net)	(7)	396.410	2.436.869	2.833.279	212.979	1.373.880	1.586.859
4.1.1 Associates Valued Based on Equity Method		244.098	2.436.869	2.680.967	82.481	1.373.880	1.456.361
4.1.2 Unconsolidated Associates		152.312	-	152.312	130.498	-	130.498
4.2 Subsidiaries (Net)	(8)	598.108	-	598.108	100.345	-	100.345
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		598.108	-	598.108	100.345	-	100.345
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(12)	29.158.949	2.026.019	31.184.968	19.149.945	1.115.114	20.265.059
VI. INTANGIBLE ASSETS (Net)	(13)	1.517.511	584.130	2.101.641	593.204	245.351	838.555
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.517.511	584.130	2.101.641	593.204	245.351	838.555
VII. INVESTMENT PROPERTIES (Net)	(14)	15.054.757	33.046	15.087.803	6.540.577	22.175	6.562.752
VIII. CURRENT TAX ASSET		-	-	-	-	10.862	10.862
IX. DEFERRED TAX ASSET	(15)	14.493.112	13.934	14.507.046	8.509.725	8.059	8.517.784
X. OTHER ASSETS (Net)	(17)	38.084.743	5.532.283	43.617.026	21.596.611	2.280.051	23.876.662
TOTAL ASSETS		1.539.667.638	757.342.913	2.297.010.551	967.861.346	470.490.141	1.438.351.487

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

CONSOLIDATED LIABILITIES	Note	Audited Current Period			Audited Prior Period		
		31 December 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	1.120.393.181	810.488.435	1.930.881.616	565.018.355	524.637.062	1.089.655.417
II. FUNDS BORROWED	(3)	3.068.293	20.588.826	23.657.119	963.441	16.131.815	17.095.256
III. MONEY MARKETS		9.708.690	18.716.071	28.424.761	97.182.447	8.057.568	105.240.015
IV. SECURITIES ISSUED (Net)	(4)	17.151.189	-	17.151.189	13.330.441	-	13.330.441
4.1 Bills		10.546.742	-	10.546.742	8.292.627	-	8.292.627
4.2 Assets Backed Securities		6.471.955	-	6.471.955	4.180.403	-	4.180.403
4.3 Bonds		132.492	-	132.492	857.411	-	857.411
V. FUNDS	(5)	571.618	-	571.618	237.542	-	237.542
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		571.618	-	571.618	237.542	-	237.542
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	186.308	708.949	895.257	-	822.352	822.352
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		186.308	708.949	895.257	-	822.352	822.352
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		16.981	1	16.982	1.134	2	1.136
IX. LEASE LIABILITIES	(7)	1.726.345	567.336	2.293.681	1.291.125	228.037	1.519.162
X. PROVISIONS	(9)	12.543.822	719.039	13.262.861	8.778.197	348.650	9.126.847
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		8.096.278	201.066	8.297.344	5.341.226	47.941	5.389.167
10.3 Insurance for Technical Provision (Net)		-	444.684	444.684	-	269.536	269.536
10.4 Other Provisions		4.447.544	73.289	4.520.833	3.436.971	31.173	3.468.144
XI. CURRENT TAX LIABILITY	(10)	5.105.526	78.249	5.183.775	9.672.270	6.100	9.678.370
XII. DEFERRED TAX LIABILITIES	(10)	-	2.152	2.152	-	2.152	2.152
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	6.064.043	36.066.237	42.130.280	6.041.809	21.173.452	27.215.261
14.1 Loans		-	36.066.237	36.066.237	-	21.173.452	21.173.452
14.2 Other Debt Instruments		6.064.043	-	6.064.043	6.041.809	-	6.041.809
XV. OTHER LIABILITIES	(6)	79.848.242	9,776.075	89,624,317	67,184,172	5,363,549	72,547,721
XVI. SHAREHOLDERS' EQUITY	(13)	137,291,730	5,623,213	142,914,943	90,185,786	1,694,029	91,879,815
16.1 Paid-in Capital		7,184,778	-	7,184,778	4,969,121	-	4,969,121
16.2 Capital Reserves		45,047,632	487,352	45,534,984	17,570,431	207,425	17,777,856
16.2.1 Share Premium		44,505,199	-	44,505,199	16,720,856	-	16,720,856
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		542,433	487,352	1,029,785	849,575	207,425	1,057,000
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		17,794,556	(12,856)	17,781,700	8,262,160	(5,829)	8,256,331
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(696,147)	(118,697)	(814,844)	7,933,780	(889,029)	7,044,751
16.5 Profit Reserves		44,901,038	3,793,271	48,694,309	29,714,575	1,882,591	31,597,166
16.5.1 Legal Reserves		4,400,037	636,014	5,036,051	2,855,827	274,605	3,130,432
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33,696,783	51,597	33,748,380	26,811,567	137,899	26,949,466
16.5.4 Other Profit Reserves		6,804,218	3,105,660	9,909,878	47,181	1,470,087	1,517,268
16.6 Income or (Loss)		21,020,763	1,442,304	22,463,067	20,574,244	481,381	21,055,625
16.6.1 Prior Periods' Income or (Loss)		5,428,762	203,550	5,632,312	2,589,528	109,793	2,699,321
16.6.2 Current Period Income or (Loss)		15,592,001	1,238,754	16,830,755	17,984,716	371,588	18,356,304
16.7 Minority Shares	(14)	2,039,110	31,839	2,070,949	1,161,475	17,490	1,178,965
TOTAL LIABILITIES		1,393,675,968	903,334,583	2,297,010,551	859,886,719	578,464,768	1,438,351,487

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

CONSOLIDATED OFF-BALANCE SHEET	Note	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		734.623.732	557.072.522	1.291.696.254	415.520.121	376.510.898	792.031.019
I. GUARANTEES AND WARRANTIES	(1)	408.138.817	206.664.572	614.803.389	203.851.482	118.712.438	322.563.920
1.1 Letters of guarantee		344.610.100	189.979.648	534.589.748	168.531.766	107.098.618	275.630.384
1.1.1 Guarantees subject to public procurement law		15.881.827	22.619.624	38.501.451	6.914.095	13.846.314	20.760.409
1.1.2 Guarantees given for foreign trade operations		428.706	49.272.722	49.701.428	260.008	27.084.154	27.344.162
1.1.3 Other letters of guarantee		328.299.567	118.087.302	446.386.869	161.357.663	66.168.150	227.525.815
1.2 Bank loans		36.564.672	1.384.697	37.949.369	18.466.650	5.161.611	23.628.261
1.2.1 Import acceptances		-	449.252	449.252	-	486.033	486.033
1.2.2 Other bank acceptances		36.564.672	935.445	37.500.117	18.466.650	4.675.578	23.142.228
1.3 Letters of credit		36.988	15.258.877	15.295.865	53.360	6.262.789	6.316.149
1.3.1 Documentary letters of credit		36.988	15.258.877	15.295.865	53.360	6.262.789	6.316.149
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed refinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		26.927.057	41.350	26.968.407	16.799.706	189.420	16.989.126
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		161.279.458	38.094.809	199.374.267	85.805.725	33.058.744	118.864.469
2.1 Irrevocable commitments	(1)	155.005.650	7.927.205	162.932.855	82.028.145	19.145.158	101.173.303
2.1.1 Forward asset purchase commitments		88.630	5.173.784	5.262.414	13.574.406	16.245.409	29.819.815
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		19.873.658	716.849	20.590.507	16.557.370	1.743.365	18.300.735
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(4)	18.516.662	-	18.516.662	9.705.677	-	9.705.677
2.1.8 Tax and fund liabilities from export commitments		569.005	-	569.005	163.349	-	163.349
2.1.9 Commitments for credit card expenditure limits		102.599.070	668.714	103.267.784	34.608.889	333.556	34.942.445
2.1.10 Commitments for credit cards and banking services promotions		17.102	-	17.102	24.391	-	24.391
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		13.341.523	1.367.858	14.709.381	7.394.063	822.828	8.216.891
2.2 Revocable commitments		6.273.808	30.167.604	36.441.412	3.777.580	13.913.586	17.691.166
2.2.1 Revocable loan granting commitments		-	12.708.731	12.708.731	-	6.223.756	6.223.756
2.2.2 Other revocable commitments		6.273.808	17.458.873	23.732.681	3.777.580	7.689.830	11.467.410
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)(3)	165.205.457	312.313.141	477.518.598	125.862.914	224.739.716	350.602.630
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		165.205.457	312.313.141	477.518.598	125.862.914	224.739.716	350.602.630
3.2.1 Forward foreign currency buy/sell transactions		2.230.910	27.525.996	36.756.906	540.243	10.794.739	11.334.982
3.2.1.1 Forward foreign currency transactions-buy		4.682.299	11.551.529	16.233.828	481.250	7.270.497	7.751.747
3.2.1.2 Forward foreign currency transactions-sell		4.548.611	15.974.467	20.523.078	58.993	3.524.242	3.583.235
3.2.2 Currency and interest rate swaps		155.926.024	249.861.654	405.787.578	113.069.406	169.958.347	283.027.753
3.2.2.1 Currency swap-buy		-	143.581.351	143.581.351	-	101.080.438	101.080.438
3.2.2.2 Currency swap-sell		155.926.024	13.995.031	169.921.055	112.749.406	10.570.021	123.319.427
3.2.2.3 Interest rate swap-buy		90.000	46.142.636	46.232.636	160.000	29.153.944	29.313.944
3.2.2.4 Interest rate swap-sell		90.000	46.142.636	46.232.636	160.000	29.153.944	29.313.944
3.2.3 Currency, interest rate and marketable securities options		-	1.025.859	1.025.859	11.743.835	13.195.106	24.938.941
3.2.3.1 Currency call options		-	512.929	512.929	6.189.963	6.289.150	12.479.113
3.2.3.2 Currency put options		-	512.930	512.930	5.553.872	6.905.956	12.459.828
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Marketable securities call options		-	-	-	-	-	-
3.2.3.6 Marketable securities put options		-	-	-	-	-	-
3.2.4 Currency futures		48.523	43.430	91.953	509.430	408.321	917.751
3.2.4.1 Currency futures-buy		-	43.430	43.430	379.54	372.896	410.850
3.2.4.2 Currency futures-sell		48.523	-	48.523	471.476	35.425	506.901
3.2.5 Interest rate buy/sell futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	33.856.202	33.856.202	-	30.383.203	30.383.203
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		6.741.124.812	1.858.146.995	8.599.271.807	3.561.952.682	1.174.087.485	4.736.040.167
IV. CUSTODIES		2.912.258.340	273.473.246	3.185.731.586	1.380.747.760	148.086.507	1.528.834.267
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		219.008.282	25.418.120	244.426.402	179.024.164	12.803.462	191.827.626
4.3 Cheques in collection process		150.356.614	161.724.393	312.081.007	82.494.038	88.907.910	171.401.948
4.4 Commercial notes in collection process		2.432.854.819	39.021.781	2.471.876.600	1.068.394.837	24.352.721	1.092.947.558
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		1.695.003	84.769	1.779.772	709.192	53.957	763.149
4.8 Custodians		108.363.622	47.224.183	155.587.805	50.125.529	21.768.457	71.893.986
V. PLEDGED ASSETS		3.828.866.472	1.584.673.749	5.413.540.221	2.181.204.922	1.026.000.978	3.207.205.900
5.1 Marketable securities		18.546.613	3.351.873	21.898.486	11.601.810	2.337.804	13.939.614
5.2 Collateral notes		59.620.831	3.181.663	62.802.494	40.176.584	2.295.855	42.472.439
5.3 Commodity		25.813	-	25.813	25.812	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		3.202.313.539	1.156.746.582	4.359.060.121	1.733.386.899	749.471.139	2.482.858.038
5.6 Other pledged assets		385.301.665	291.886.966	677.188.631	269.193.018	182.809.274	452.092.292
5.7 Pledges		163.058.011	129.506.665	292.564.676	126.820.799	88.996.906	215.817.705
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		7.475.748.544	2.415.219.517	9.890.968.061	3.977.472.803	1.550.598.383	5.528.071.184

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSES	Note	Audited Current Period 1 January -31 December 2023		Audited Prior Period 1 January -31 December 2022	
I. INTEREST INCOME	(1)	311.779.348		156.577.081	
1.1 Interest on Loans		190.800.467		86.319.049	
1.2 Interest on Reserve Requirements		35.332		8.882	
1.3 Interest on Banks		2.079.028		537.116	
1.4 Interest on Money Market Transactions		441.826		123.807	
1.5 Interest on Marketable Securities Portfolio		113.889.827		67.672.095	
1.5.1 Fair Value Through Profit or Loss		75.098		33.779	
1.5.2 Fair Value Through Other Comprehensive Income		19.918.742		14.318.902	
1.5.3 Measured at Amortized Cost		93.895.987		53.319.414	
1.6 Financial Lease Interest Income		1.954.745		794.237	
1.7 Other Interest Income		2.578.123		1.121.895	
II. INTEREST EXPENSE (-)	(2)	265.792.024		86.456.900	
2.1 Interest on Deposits		238.397.679		64.524.025	
2.2 Interest on Funds Borrowed		1.406.349		622.010	
2.3 Interest Expense on Money Market Transactions		16.153.908		16.123.838	
2.4 Interest on Securities Issued		7.762.687		3.768.626	
2.5 Interest on Leases		239.784		139.731	
2.6 Other Interest Expenses		1.831.617		1.278.670	
III. NET INTEREST INCOME (I - II)		45.987.324		70.120.181	
IV. NET FEES AND COMMISSIONS INCOME		21.067.911		9.372.362	
4.1 Fees and Commissions Received		31.195.328		12.910.244	
4.1.1 Non - cash Loans		6.105.059		2.720.334	
4.1.2 Other	(13)	25.090.269		10.189.910	
4.2 Fees and Commissions Paid (-)		10.127.417		3.537.882	
4.2.1 Non - cash Loans		53.905		18.508	
4.2.2 Other	(13)	10.073.512		3.519.374	
V. DIVIDEND INCOME	(3)	20.280		54.260	
VI. TRADING INCOME / LOSS (Net)	(4)	(15.970.397)		(5.752.036)	
6.1 Trading Gains / (Losses) on Securities		3.243.701		261.258	
6.2 Gains / (Losses) on Derivate Financial Transactions		29.470.174		7.890.502	
6.3 Foreign Exchange Gains / (Losses)		(48.684.272)		(13.903.796)	
VII. OTHER OPERATING INCOME	(5)	19.344.012		7.422.620	
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		70.449.130		81.217.187	
IX. EXPECTED LOSS PROVISIONS (-)	(6)	3.791.234		37.160.610	
X. OTHER PROVISION EXPENSES (-)	(6)	48.206		189.318	
XI. PERSONNEL EXPENSE (-)		20.249.319		8.844.484	
XII. OTHER OPERATING EXPENSES (-)	(7)	31.243.635		10.467.109	
XIII. NET OPERATING INCOME / LOSS (IX-X-XI)		15.116.736		24.555.666	
XIV. INCOME					

TÜRKİYE HALK BANKASI AŞ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VI. CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Audited	Audited
		Current Period 1 January -31 December 2023	Prior Period 1 January -31 December 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	(155.724.812)	(34.807.126)
1.1.1	Interest received	60.171.586	109.435.897
1.1.2	Interest paid	(54.053.603)	(79.814.392)
1.1.3	Dividend received	54.260	54.260
1.1.4	Fees and commissions received	13.650.914	14.018.036
1.1.5	Other income	3.504.678	2.407.313
1.1.6	Collections from previously written off loans	5.309.280	4.548.898
1.1.7	Cash payments to personnel and service suppliers	(9.326.937)	(8.929.208)
1.1.8	Taxes paid	(11.143.680)	(9.355.867)
1.1.9	Other	(163.891.310)	(67.172.063)
	(1)		
1.2	Changes in Assets and Liabilities Subject to Banking Operations	261.937.038	83.898.206
1.2.1	Net Increase / decrease in financial assets at fair value through profit or loss	(5.045.734)	(9.269.840)
1.2.2	Net (increase) / decrease in due from banks	(557.488)	(6.694)
1.2.3	Net (increase) / decrease in loans	(306.851.661)	(265.690.548)
1.2.4	Net (increase) / decrease in other assets	(92.330.660)	(33.082.414)
1.2.5	Net increase / (decrease) in bank deposits	(5.923.388)	58.256.933
1.2.6	Net increase / (decrease) in other deposits	733.151.447	345.960.768
1.2.7	Net increase / decrease in financial liabilities at fair value through profit or loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	2.816.863	(2.031.020)
1.2.9	Net increase / (decrease) in matured payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(63.302.341)	(10.238.979)
	(1)		
I.	Net cash provided from banking operations	106.212.226	49.091.080
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	Net cash provided from/ (used in) investing activities	(102.923.201)	(65.743.172)
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries	(126.285)	(174.289)
2.2	Cash obtained from sale of entities joint ventures, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(9.116.348)	(3.293.844)
2.4	Fixed assets sales	4.963.958	3.059.903
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income	(40.144.974)	(27.380.598)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income	18.764.335	11.665.965
2.7	Cash paid for purchase of investment securities	(87.882.445)	(60.663.931)
2.8	Cash obtained from sale of investment securities	12.473.074	11.460.146
2.9	Other	(1.854.516)	(416.524)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities	28.601.424	23.067.771
3.1	Cash obtained from loans borrowed and securities issued	4.956.788	25.860.880
3.2	Cash used for repayment of loans borrowed and securities issued	(5.455.984)	(15.864.825)
3.3	Bonds issued	30.000.000	13.400.338
3.4	Dividends paid	(1.551)	(826)
3.5	Payments for leases	(897.829)	(327.796)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(1)	15.559.295
V.	Net increase / (decrease) in cash and cash equivalents	66.012.732	21.974.974
VI.	Cash and cash equivalents at beginning of the period	(4)	63.534.237
VII.	Cash and cash equivalents at end of the period	(5)	85.509.211

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited	Audited	
	Current Period * 31 December 2023	Prior Period *** 31 December 2022	
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1.	Current Period Profit	6.652.737	20.144.254
1.2.	Taxes and Legal Duties Payables (-)	3.459.228	(5.390.358)
1.2.1.	Corporate Tax (Income Tax)	(288.426)	(16.734.654)
1.2.2.	Withholding Tax	-	-
1.2.3.	Other Taxes and Duties	3.747.654	11.344.296
A.	Net Profit For The Period (1.1-1.2)	10.111.965	14.753.896
1.3.	Accumulated Losses (-)	-	-
1.4.	First Legal Reserves (-)	-	737.695
1.5.	Other Statutory Reserves (-)	-	-
B.	Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]	-	14.016.201
1.6.	First Dividend to shareholders (-)	-	-
1.6.1.	To Owners of Ordinary Shares	-	-
1.6.2.	To Owners of Privileged Shares	-	-
1.6.3.	To Owners of Redeemed Shares	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Holders of Profit and Loss Sharing Certificates	-	-
1.7.	Dividends to personnel (-)	-	-
1.8.	Dividends to Board of Directors (-)	-	-
1.9.	Second Dividend to Shareholders (-)	-	-
1.9.1.	To Owners of Ordinary Shares	-	-
1.9.2.	To Owners of Privileged Shares	-	-
1.9.3.	To Owners of Redeemed Shares	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10.	Second Legal Reserves (-)	-	-
1.11.	Status Reserves (-)	-	14.016.201
1.12.	Extraordinary Reserves(2)	-	-
1.13.	Other Reserves **	-	132.355
II. Distribution of Reserves			
2.1.	Appropriated Reserves	-	-
2.2.	Second Legal Reserves (-)	-	-
2.2.1.	Dividends to Shareholders (-)	-	-
2.2.2.	To Owners of Ordinary Shares	-	-
2.2.3.	To Owners of Privileged Shares	-	-
2.3.	To Profit Sharing Bonds	-	-
2.3.4.	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.5.	Dividends to Personnel (-)	-	-
2.4.	Dividends to the Boards of Directors (-)	-	-
III. Earnings per Share			
3.1.	To Owners of Ordinary Shares	1,41	2,97
3.2.	To Owners of Ordinary Shares (%)	140,74%	296,91%
3.3.	To Owners of Privileged Shares	-	-
3.4.	To Owners of Privileged Shares (%)	-	-
IV. Dividend per Share			
4.1.	To Owners of Ordinary Shares	-	-
4.2.	To Owners of Ordinary Shares (%)	-	-
4.3.	To Owners of Privileged Shares	-	-
4.4.	To Owners of Privileged Shares (%)	-	-

(*) As of 31 December 2023 financial reporting date, General Assembly has not been held yet.

(**) Gain on sale of real estate realized in the previous period amounting to TRY 132.355, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520, will continue to be monitored in the special funds account.

(***) The profit distribution table approved by the general assembly of 2022 includes the balances pertaining to the distributed period profits.

The accompanying notes are an integral part of these consolidated financial statements.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

The Parent Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board ("BRSA") and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities carried at fair value. Amounts expressed in thousand Turkish Lira ("TRY") unless otherwise stated.

Accounting policies and valuation principles used in the preparation of financial statements, have been determined and implemented in accordance with accounting and financial reporting principles in scope of the regulations, communiqués, explanations and circulars issued by the BRSA and for the matters not legislated by the aforementioned regulations, in accordance with TAS / TFRS principles (all together referred to as "BRSA Accounting and Financial Reporting Regulations") issued by the POA.

Public Oversight Accounting and Auditing Standards Authority ("POA"), with its announcement dated 23 November 2023, applied that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting in Hyperinflationary Economies ("TAS 29"), however, institutions or organizations authorized to regulate and supervise in their own fields may determine different transition dates for the applying of TAS 29. Based on this announcement of POA, BRSA, with its decision dated 12 December 2023 and numbered 10744, decided that the financial statements dated 31 December 2023 of banks and financial leasing, factoring, financing, savings financing and asset management companies should not be subject to the inflation adjustment required within the scope of TAS 29. Accordingly, the Parent Bank has not applied the inflation accounting required by TAS 29 in its financial statements for the year ended 31 December 2023.

II. EXPLANATIONS ON THE STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

a) The Group's strategy on financial instruments:

Due to its historical mission, the Parent Bank focuses on granting loans to Small and Medium Size Enterprises and craftsmen besides corporate, commercial and individual segmented customers. In addition to the main fund source deposits, the Group can raise funds from money markets and borrowings abroad.

The Group follows the developments in the markets and uses funds raised in most yielding areas. The strategies of the Parent Bank are evaluated Asset and Liability Committee meetings.

b) The Group's explanations on foreign currency transactions:

In the statutory records of the The Parent Bank, transactions accounted in foreign currencies (currencies except for TRY) are converted into TRY by using the prevailing exchange rates at the transaction dates. Foreign currency monetary asset and liability items are converted into TRY by using the prevailing exchange rate at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into TRY by using the exchange rates at the date of which the fair value is determined. Exchange differences arising from the conversions of monetary foreign currency items and collections of foreign currency transactions are reflected to the profit or loss statement.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

The financial statements of the foreign branches and subsidiaries of the Parent Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches and subsidiaries are expressed in TRY which is the functional currency of the Group and the presentation currency of the financial statements.

Assets and liabilities of the foreign branches and subsidiaries of the Parent Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. The foreign branches' income and expenses are converted by at exchange rates at the dates of the transactions. The foreign subsidiaries' income and expenses are converted by average rate of the exchange of the current year.

The Group hedged the net investment risk from the foreign currency exchange rate fluctuations on foreign financial investments (Halkbank AD Beograd (subsidiary), DHB Bank NV (associate) and Halk Banka AD, Skopje (subsidiary) with the foreign currency denominated funds (hedging instrument) as of 1 July 2015. In this context, exchange differences recorded in profit/loss and arising from funds denominated in foreign currencies that are determined to be effective in the current period will be shown in equity.

III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES

1. Basis of consolidation:

The accompanying consolidated financial statements are prepared in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" and the Turkish Accounting Standards are applied in the consolidation.

a) Basis of consolidation of subsidiaries:

The Parent Bank's subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Faktoring AŞ; Halk Banka AD, Skopje, Halkbank Osiguruvanje AD; Skopje (subsidiary), Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation.

Subsidiaries are entities that are controlled by the Parent Bank. Control is the power of the Parent Bank to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding preferred shares or of agreements with other shareholders although not owning the majority of capital.

Under line-by-line method, the assets, liabilities, income and expenses and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank on a line-by-line basis. The book value of the Parent Bank's investment in each subsidiary and the Group's each subsidiary are eliminated. All significant transactions and balances between the Parent Bank and its consolidated subsidiaries are eliminated. Minority interests in the net income and in the equity of consolidated subsidiaries are calculated separately from the Group's net income and the Group's equity. Minority interests are identified separately in the balance sheet and in the income statement.

In preparing the consolidated financial statements, if a subsidiary uses accounting policies other than those adapted by the Parent Bank, appropriate adjustments are made to subsidiaries' financial statements. There is no item that a different accounting policy is applied.

b) Basis of consolidation of associates:

The Parent Bank's investments in associates, DHB Bank NV, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ are presented in the accompanying financial statements based on the equity method of accounting. An associate is an entity established domestically and abroad in which the Parent Bank invests with a significant influence but no control.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitute ten percent of a subsidiary's capital or voting rights and irrespective of this requirement, possession of preferred shares giving right to appoint members of board of directors.

Equity accounting method is an evaluation method of associates by which the Parent Bank's share in the associates' equity is compared with the book value of the associate accounted for in the Parent Bank's balance sheet.

Accounting principles used by the consolidated associates accounted for at equity method, DHB Bank NV, Kobi Girişim Sermayesi AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ are the same of the Parent Bank.

c) Basis of consolidation of joint ventures:

The Parent Bank does not have any joint ventures which subject to consolidation.

d) Principles applied during share transfer, merger and acquisition:

Accounting for business combinations

From 1 January 2010, the Group applies TFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions after 1 January 2010

Goodwill at the acquisition date for business combinations on or after 1 January 2010 are measured as below:

- The fair value of the acquisition cost; plus
- The recognized amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, the gain on acquisition is recognized immediately in profit or loss.

Fair values of the identifiable acquired assets, liabilities and contingent liabilities if the initial recognition of the combination is to be made temporarily at the end of the period in which the combination takes place since the cost of the combination can be determined only temporarily on the basis of the carrying values, the acquirer accounts for the business combination on with temporary amounts. The temporary acquisition value of the combination should be adjusted within 12 months to reflect the completion of the transaction, including adjusting the goodwill.

The acquisition cost does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent liability is recognized at fair value at the acquisition date. If the contingent amount is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent amount are recognized in profit or loss.

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, the gain on acquisition is recognized immediately in profit or loss.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations are capitalized as part of the cost of the acquisitions.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS

Derivative transactions of the Group consist of foreign currency and interest rate swaps, cross currency swaps, options and forwards. The Group uses derivatives to avoid economical risks and accounts under TFRS 9 Standard.

Pledges arises derivative transactions recorded in off-balance sheet accounts with their agreement amounts. Derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively depending on the fair values being positive or negative. Fair value changes of derivative instruments are recorded under income statement. Fair values of derivatives are calculated using discounted cash flow model or market value.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) in conformity with TFRS 9 Standard.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

Some of the banking service incomes are recorded as income in the period they are collected. Prepaid fees and commission income obtained from cash and non-cash loans are recorded in the related period by using discounting method with internal rate of return according to the loan maturity within the matching principle.

Fee and commission expenses on borrowings that are paid to other institutions and incorporations for financial liabilities comprise operational costs. These fee and commission expenses are booked under prepaid expenses and transferred to expense accounts in the related periods by using the straight accrual method according to the financial borrowing maturity within the matching principle.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. The financial assets are included in the balance sheet of the Group, if the Group is a legal party of these financial assets.

Financial assets mainly constitute the majority of the commercial activities and operations of the Group. These instruments have the ability to expose, affect and diminish the risks of liquidity, credit and interest in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties in an arm's length transaction. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists.

The estimated fair values of financial assets have been determined by the Group using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market conditions in the case of assets disposals. Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

Classification of the category of a financial instrument at initial recognition depends on both the business model for managing the financial assets and their contractual cash flow characteristics.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Assessment of Business Model

The Group classifies its financial assets in accordance with TFRS 9 through its business model which is used for financial assets management.

The Group's business model is related with how the Group manages its financial assets to generate cash flows. In other terms, the source of cash flows depends on the Group's business model whether the cash flow is generated from contractual terms or through sale of financial asset or both. Classification of financial assets is made at initial recognition considering the aim of purchase of the financial asset. The Group's business models are classified in three main categories in accordance with TFRS 9.

1. A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The purpose of the business model does not require to hold to collect the contractual cash flows of the instruments over their life, even the aim of the business model is to hold the instruments up to maturity for the contractual cash flows. Therefore, even when financial asset sales are anticipated or expected to occur in the future, the business model may still be a model that aims to retain financial assets in order to collect contractual cash flows.

The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial assets meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Fair value changes of the financial assets that are held within the scope of this business model are accounted for under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Other Business Models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The Group makes its decisions on the basis of business model, which is based on the fair value of the assets and manages the assets to obtain their fair value. Therefore, if the financial assets are held for the purpose of obtaining cash flows arising from their sale, the change in fair value are measured at fair value through profit or loss.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Measurement Categories of Financial Assets and Liabilities

The Group classified all its financial assets based on the business model for managing the financial assets. Accordingly, the financial assets are classified as per TFRS 9 in three main categories listed below:

1. Financial assets measured at amortized cost,
2. Financial assets measured at fair value through other comprehensive income
3. Financial assets measured at fair value through profit/loss.

TFRS 9, explains how financial assets are classified in accordance with above methods explained in Article 1 and 2 and other than these financial assets, remaining financial assets are classified in accordance with the method detailed in Article 3.

In addition, the Parent Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Parent Bank's expectations is updated during the year when deemed necessary. As of December 31, 2023, the valuation of the related assets was made according to the actual annual inflation of 64,77%.

a. Financial Assets Measured at Amortised Cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are loans and receivables and financial assets. Subsequent to the initial recognition, financial investments are accounted for at amortised cost calculated by using the effective interest rate method. Loans are initially recognized with their cost and carried at their amortized costs calculated using the internal rate of return subsequent to recognition.

b. Financial Assets Measured at Fair Value through Other Comprehensive Income

A financial asset is measured if both of the following conditions are met:

- a) Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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c. Financial Assets Measured at Fair Value through Profit or Loss

In accordance with TFRS 9; Unless a financial asset is measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

However, the Group may irrevocably prefer to apply to the financial assets at fair value through other comprehensive income for reflecting future changes in fair value for certain investments in equity instruments that would normally be measured at fair value through profit or loss at the time of initial inception in the financial statements.

Cash Equivalents and Banks

Cash and bank balances in foreign currencies are valued by using the Group's current period end exchange rates. The presented values of cash in TRY, foreign currency cash and banks at balance sheet are the estimated fair values of these assets.

Loans and Receivables

Loans and receivables represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans and receivables are initially recognized with their fair values including settlement costs and carried at their amortized costs calculated using the internal rate of return subsequent to recognition. Transaction fees, dues and other expenses paid for loan guarantees are recognized under the profit and loss accounts.

Consumer and corporate cash loans are recognized under the accounts specified by the Uniform Chart of Accounts and Explanations with their original balances based on their context.

Foreign currency indexed consumer and corporate loans are followed at TRY accounts after converting into TRY by using the opening exchange rates. At the subsequent periods, increases and decreases in the loan capital are recognized under the foreign currency income and expense accounts in the income statement depending on foreign currency rates being higher or lower than opening date rates.

Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts in the income statement.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

As of 1 January 2018, the Group recognizes loan loss allowances for expected credit losses on financial assets and loans measured at amortised cost and measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit / loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018. Financial assets measured at fair value are not assessed for impairment.

As of the reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition in accordance with TFRS 9. When making the assessment, the Group shall use the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Group measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The Group calculates the expected credit loss on a collective basis by grouping the financial assets having common credit risk features or on an individual basis.

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The Group constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration the change in the risk of a default event occurring over the expected life of the financial instrument.

Calculation of expected credit losses

A credit loss is present value of calculated difference between the total cash flows that will occur based on the contractual terms of financial instruments and the total cash flows, which the Group expects to collect, with the initial effective interest rate. The Group estimates the cash flows over the expected life of the financial instrument by taking into account all contractual terms of the financial instrument, and considers the weighted average of loan losses according to the relevant default risks for determining expected credit losses.

TFRS 9 Financial Instruments Standard allows the calculation of expected credit loss provisions in aggregate or individually by grouping financial assets with common credit risk characteristics.

Probability of Default (PD)

It is defined as the probability that the debtor does not fulfill its obligations to the Group or in other words it can not repay its debts to the Group. This ratio is calculated for each loan based on various statistical assumptions depending on the maturity, internal behavioral model, external behavioral model and financial module data. The probability values take a value between 0 and 1, and as the probability value increases, the likelihood of the credit defaulting increases.

Loss given Default (LGD)

This is the parameter indicates the expected economic loss of the Group if the credit defaults. In the case of the credit defaults and the Group collects the entire amount of the default, LGD is zero, in the case of no collection, LGD is 100%. LGD rates are reviewed on a maximum of 1 year basis.

Exposure at Default (EAD)

It is the parameter that indicates how much of a loan will default. The default amount for a spot or installment loan is the amount, which is listed on the payment schedule at the time of default. Additionally, the default amount for the credit cards and limit gaps of overdraft accounts and non-cash loans, are calculated with a parameter called credit conversion rate (CCR).

The default risk amount in the future is estimated by calculating by the statistical methods with the credit conversion rate, since it is not known at the time of loan origination due to undrawn commitment for limit of credit cards and overdraft accounts.

12 Month Expected Credit Losses

It is the estimated expected credit loss occurring within the next 12 months following the balance sheet date. According to Article 5.5.5 of TFRS 9 standard, in the case of that there is no significant increase in credit risk of a financial instrument since its first recognition, the Group shall measure at the provision for loss of the related financial instrument as equal as 12 month expected credit losses.

In the case of a customer or a loan that is classified under Standard Loans (Stage I), the provision for loan is calculated on 365 days even if the maturity of the loan is above 1 year. In the case of maturity of the loan is under 1 year, number of days left to maturity (except revolving loans and credit cards) are used in calculations.

Lifetime Expected Credit Losses

It is the estimated probability of default occurring over the remaining life of the financial instrument. According to TFRS 9 standard, in case of a significant increase in credit risk for a financial instrument since its initial recognition, the Parent Bank shall measure provision for loss of related financial instrument as equal as expected lifetime expected credit loss amount.

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In the case of a customer or loan is classified as Stage 2 and / or Stage 3, the provision for expected credit loss is measured at the lifetime probability of default. Despite the fact that the methods for used calculation for provision of expected credit loss are similar for Stage 2 and Stage 3 loans, the probability of default for Stage 3 credits is accepted as 100%.

TFRS 9 Standard does not include a direct definition of default, but requires a consistent definition of default to be used in credit risk management. The Group is considering qualitative indicators (e.g. financial commitments), if appropriate, when defining a default according to TFRS 9, for the purpose of determining the risk of business default and adopts a definition of default, consistent with the definition used for in-house credit risk management purposes for the relevant financial instruments. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

"The definition of default used for these purposes applies consistently to all financial instruments unless information can be obtained that demonstrates that another definition of default is more appropriate for a particular financial instrument." in line with the Communiqué on Calculation of the Risk Weighted Exposure Amount for Credit Risk by Internal-ratings Based Approaches assumes that debt defaulted if at least one of the following two conditions occurs.

a) Considering that a debtor is unlikely to pay credit obligations to the Parent Bank and to the Parent Bank's consolidated financial subsidiaries without using guarantees

b) Considering that a debt having past due more than 90 days to the Parent Bank or its financial subsidiaries

The expected loan loss provision for the loans classified as non-performing loans (Stage 3) is calculated using the estimation of loss given default (LGD). Aforementioned estimation is based on the historical data on a segment basis and determined by the principle loss charge, being the remaining amount after the collection made within the period after each segment has defaulted.

Low Credit Risk

TFRS 9 standard states that in some cases, the credit risk on a financial instrument can be calculated as low if the financial instrument has a low risk of default when there is no reliable past default data.

According to the mentioned standard, if the entity determines that a financial instrument has a low credit risk as of the reporting date, it assumes that the credit risk on the financial instrument has not increased significantly following its initial recognition in the financial statement.

Those transactions in the Group are classified as follows:

- CBRT transactions (Currencies held in CBRT and reserve requirements)
- Securities (Fair value through other comprehensive income and financial assets measured at amortised cost)
- Treasury Loans (Transactions with Treasury of Republic of Türkiye)
- Loans guaranteed by Treasury of Republic of Türkiye

Significant Increase in Credit Risk

Significant increase in credit risk requires measurement of the Group's provision for expected credit losses at lifetime probability of default instead of 12 month expected credit loss.

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2.

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IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and a financial liability shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED

Marketable securities subject to repurchase agreements are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds Obtained from Money Market" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the "Receivables from Money Markets" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method.

XI. EXPLANATIONS ON ASSETS HELD FOR SALE, ASSETS OF DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Assets that meet the criteria to be classified as held for sale are measured at carrying amount and depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify an asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year.

Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Group.

Intangible assets that are purchased prior to 1 January 2005 are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated amortization and any impairment losses. Intangible assets are amortized by using the straight line method based on their useful lives. Amortization method and period are assessed periodically at the end of each year. Intangible assets consist of software expenses and they are amortized by using the straight line method over 5 years. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

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XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property and equipment are amortized by using the straight line method during their useful lives.

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset.

As of 1 April 2015, the Group adopted the revaluation method for buildings in tangible assets in accordance with Turkish Accounting Standard No: 16 "Property, Plant and Equipment" (TAS 16). Expertise values calculated by independent appraisal companies are reflected in the financial statements as of year-ends. Revaluation differences are recorded in shareholders' equity.

Ordinary maintenance and repair expenses of property and equipment items are recognized as expenses.

Estimated useful lives of property, plant and equipment are as follows:

	Estimated useful lives (Year)	Depreciation rate
Buildings	50	2%
Safes	50	2%
Other movable properties	3-25	33,33-4 %

Leasehold improvements are depreciated over the useful lives, on a straight-line basis. In any case useful life cannot exceed the lease period. If the duration of lease agreement is not determined or longer than five years, amortization duration is considered as five years.

There is no change in accounting estimates that is expected to have significant effect in current period and subsequent periods.

There are no material mortgages, pledges or similar in cumbrances designated for the property, plant and equipment.

Classification of Investment Properties

If a land or building is being used by an owner and the intention is changed to an investment property, this property is classified as an investment property.

When the use of an immovable is changed and reclassified as an investment property, the actual value of the date on which the change in the use of the named property takes place will be the cost of the subsequent accounting.

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

While these properties were accounted for at acquisition cost less accumulated depreciation and permanent impairment losses, the Parent Bank changed its accounting policy as of November 2023 and adopted the revaluation method in the valuation of investment properties within the scope of TAS 40 Investment Property Standard. The appraisal values calculated by independent appraisal companies are reflected in the financial statements at year-end. Revaluation differences are recognized in the Statement of Profit or Loss.

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XV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property and equipment (movable properties) account and are depreciated by using the straight line method.

The Parent Bank does not participate in the financial leasing transactions as a "lessor".

Lease transactions recognised under "Property and Equipment" as an asset (tenure) and under "Lease Liabilities" as a liability.

The Group assesses whether the contract has the quality of a lease or whether the transaction includes a lease at the beginning of a contract.

A lease agreement is an agreement between two or more parties that gives the tenure the legally enforceable rights and obligations of the underlying asset. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Group reflects the existence of a right-of-use and a lease liability to the financial statements at the effective date of the lease.

Existence of right-of-use:

As a result of internal evaluations, the Parent Bank accounts real estate and vehicles subject to operational lease in accordance with TFRS 16. ATMs, and other leasing transaction balances are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Other Operating Expenses.

At the commencement date, the Group measures the right-of-use real estates considered as the cost of right-of-use asset being the right-of-use asset in accordance with TFRS 16. The cost of the right-of-use;

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

When applying the cost method, the Group takes into account the accumulated depreciation and impairment losses for the subsequent period measurement of the existence of right-of-use. The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating real assets considered as right-of-use asset.

The Group applies TAS 36 Impairment of Assets to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

The Lease Obligations:

Based on TFRS 16, at the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

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After the commencement date, the Group measures the lease liability as follows:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the book value to reflect the lease payments made,
- Reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

In the event of a modification in the lease agreement which affects the lease payments or defined assets, the Group re-measures its lease liability by using the current borrowing rate. The Group reflects the remeasured leasing liability and the right-of-use in the financial statements. On the other hand, changes such as the shortening of the lease term, the termination of the contract and the decreases in the scope of the underlying asset, the gains or losses are recognized in profit or loss.

XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provision and contingent liabilities are accounted in conformity with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of the Group's management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the TAS 19 "Employee Benefits". According to related legislation and union agreements, the Parent Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees who resigns subsequent to her marriage within one year. The Group provides provision by estimating the present value of the future retirement pay liability.

The retirement pay provision of the Parent Bank has been determined by the actuarial report of an independent actuary firm. As of 1 January 2013, actuarial gains and losses are recorded under the shareholders' equity according to the revised TAS 19.

T. Halk Bankası Employee Pension Fund and T. Ziraat Bankası ve T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members including employees of the Parent Bank. Provisional article 23 of the Banking Act No: 5411 requires the Parent Bank's pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers' decision dated 30 November 2006 and numbered 2006/11345 and accordingly, both pension funds would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated 31 March 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly (TGNA) started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 "Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws", which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect.

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The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Council of Ministers decision dated 14 March 2011, which was published on the Official Gazette dated 9 April 2011 and numbered 27900. In addition, by the Law numbered 6283 "Emendating Social Security and General Health Insurance Act", which was published on the Official Gazette dated 8 March 2012 and numbered 28227, the authority of the Council of Ministers extending 2 years has been raised to 4 years.

The statement "The Council of Ministers have entitled to determine transfer period" has taken place in the scope of the Article 51 of the Law No: 6645 which was published on the Gazette on 23 April 2015 and numbered 29335.

In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the present value of the actuarial liabilities will be calculated with the technical interest rate of 9,8%. Moreover, after the transfer to Social Insurance Institution, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants. Based on the results of the actuarial report prepared as of 31 December 2022 no technical deficit has been reported.

XVIII. EXPLANATIONS ON TAXATION

The 20% corporate tax rate applied on corporate profits, which is included in the first paragraph of Article 32 of the Corporate Tax Law No. 5520, has been increased to 25% for companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, within the scope of Law No. 7394, which came into force by being published in the Official Gazette dated April 15, 2022.

As a result of the amendment made in Article 32 of the Corporate Tax Law numbered 5520, by Article 21 of the "The Law on Imposing Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by Earthquakes Occurred on 6 February 2023 and Amending Certain Laws and Decree Law No. 375" numbered 7456 published in the Official Gazette dated 15 July 2023, starting from the declarations that must be submitted as of 1 October 2023, the corporate tax rate has been determined as 30% for banks, to be applied to their earnings in 2023 and the following taxation periods. The Parent Bank has calculated 30% corporate tax on corporate profits for the taxation period of December 31, 2023.

As of the current period, 30% tax rate is used by the Parent Bank in the calculation of deferred tax assets and liabilities.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. Carrying value of deferred tax asset is reduced when it is not probable that a financial profit will be obtained to allow some or all of the deferred tax asset to be benefited.

Tax expense is the sum of the current tax expense and deferred tax charge. Current year tax liability is calculated over taxable profit. Taxable profit is different from the profit in the statement of profit or loss since taxable income or deductible expenses for the following years and non-taxable and non-deductible items are excluded.

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of legal tax base, according to the balance sheet method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Deferred tax is calculated over the tax rates valid in the period when the assets are realized or the liabilities are fulfilled and recorded as expense or income in the income statement. However, deferred tax is associated directly with the equity account group if it relates to assets directly associated with equity in the same or a different period.

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Since current tax payable amounts are related to prepaid tax amounts, consolidated entities are included in consolidation by offsetting in their non-consolidated financial statements. Deferred tax asset and liability is included in consolidation by offsetting in consolidated entities' non-consolidated financial statements.

Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods.

Accordingly, it is stated that, the financial statements for the 2021 and 2022 are not subject to inflation adjustment in accordance with the TPL, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions have been met, and the profit/loss difference arising from the inflation adjustment will be shown in the retained earnings.

In accordance with the Temporary Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 December 2023 in accordance with Tax Procedure Law are included in the deferred tax calculation as of 31 December 2023.

Within the scope of the paragraph added to Article 33 of the Law No. 213 with Article 17 of the Law No. 7491 on the Amendment of Certain Laws and Decree Laws, it is regulated that the profits or losses that will arise as a result of the inflation adjustment to be made by the banks in the 2024 and 2025 accounting periods, including the temporary tax periods, will not be taken into account in the determination of earnings. In addition, the President of the Republic of Turkey is authorized to make a regulation to disregard the profits or losses that will arise as a result of inflation adjustment in the 2026 accounting period, including the temporary tax periods, in the determination of earnings.

According to the Article 298/ç of Tax Procedure Law No. 213 and Temporary Article 32 related to Tax Procedure General Communiqués No 537 and 547, revaluation provisions have been applied by the Parent Bank.

Considering the tax depreciation expenses determined over the adjusted values in the corporate tax value for the 2022 accounting period, 2% tax was calculated on the value increase amount within the scope of the Provisional Article 32, declared and paid within the required period. The aforementioned application was discussed and approved at the Parent Bank's General Assembly.

In the corporate tax calculations as of December 31, 2023, Tax Procedure Law depreciation expenses have been calculated based on the net book values after revaluation. As a result of the revaluation, the Tax Procedure Law net book values of the revalued depreciable assets will be amortized over their remaining useful lives.

With the 27th clause of the 10th article of Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 12 March 2023 and numbered 32130, by the corporate taxpayers, by being shown in their corporate tax return for the year 2022, in accordance with the Law No. 5520 and the regulations in other laws, the exemption and discount amounts subject to deduction from corporate income and the bases subject to reduced corporate tax within the scope of Article 32/a of the same Law, an additional tax is calculated at the rate of 10% without being associated with the income for the period, and at the rate of 5% over the exempted earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to have at least 15% tax burden and the first installment of this tax is paid within the payment period of the corporate tax, and the second installment is paid in the fourth month following this period. The Parent Bank made the first installment payment of the Additional Earthquake Tax together with the Corporate Tax Return for the 2022 accounting period and completed the second installment payment in August.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Tax practices in the countries that foreign branches operate:

[Turkish Republic of Northern Cyprus \(TRNC\)](#)

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax. Advance corporate tax is calculated as 15% of taxable income. Temporary taxes paid are deducted from the corporate tax and income tax calculated at the end of the year.

The tax bases for corporate are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, withholding tax is paid over interest income in TRNC. The relevant withholding tax payments are deducted from the corporate taxes paid.

Within the scope of the Financial Assistance and Preparedness for Earthquake and Other Natural Disasters Law prepared by the TRNC Council of Ministers in 2023, it has been decided to charge 1% Earthquake Tax on the balance of Net Profit Before Tax in the 2022 Income Statement for the Bank's Cyprus branches. The first installment of the Earthquake Tax was paid on 31 May 2023 and the second installment was paid on 31 October 2023.

The first period temporary corporate tax return for the period 1 January 2023 – 31 March 2023 was declared in May 2023, the second period temporary corporate tax return for the period 1 April 2023 – 30 June 2023 was declared in August 2023, the third period temporary corporate tax return for the period 1 July 2023 – 30 September 2023 was declared to the Revenue and Tax Office in November 2023 and payment transactions were realized. The fourth period provisional corporate tax return for the period 1 October 2023 – 31 December 2023 will be declared to the Revenue and Tax Office in February 2024 and payment transactions will be realized following the accrual.

[Bahrain](#)

Banks in Bahrain are not subject to corporate and income taxes according to the regulations of the country.

Tax practices of the consolidated subsidiaries:

[Halk Gayrimenkul Yatırım Ortaklığı AŞ](#)

Income from the operations related with the investment properties of the Parent Bank's subsidiary, Halk Gayrimenkul Yatırım Ortaklığı AŞ established in 2010, is exempt from corporate tax in accordance with the Article 5/1(d) (4) of the Corporate Tax Law No: 5520. This exemption is also applied for the advanced tax periods.

[Halk Banka AD Skopje](#)

The Parent Bank's subsidiary, acquired in 2011, Halk Banka AD, Skopje is subject to tax regulations in the Republic of Macedonia and the corporate tax is 10%.

[Halk Bank AD Beograd](#)

The Parent Bank's subsidiary, acquired in 2015, Halk Bank AD, Beograd is subject to tax regulations in the Republic of Serbia. The annual corporate income tax is payable at the rate of 15% on profit before tax, adjusted for temporary differences.

The Law on Corporate Income Tax in the Republic of Serbia does not allow any tax losses of the current period to be used to recover taxes paid in previous periods. However, any current year losses disclosed in the tax balance up to 2009 used to reduce tax base for future periods, but only for a period not longer than ten years. Tax losses carried forward after 2010 may be used for reduction of tax base for the following accounting periods for a maximum 5 years. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Group borrows funds from domestic and foreign institutions and issues marketable securities when needed. These borrowing activities are recognized at fair value including the acquisition costs at the transaction date and they are valued at amortized costs by using the internal rate of return method.

Interest rate and liquidity risks are reduced by having assets with shorter or equal maturity terms than borrowing instruments such as syndication, securitization and borrowing with collateral and bears higher interest than costs of those instruments.

Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

XX. EXPLANATIONS ON SHARES ISSUED

Transaction costs related to the issuance of shares are accounted for as an expense. Dividends related with the equity shares are determined by the General Assembly of the Parent Bank.

The Parent Bank has not issued any shares in the current and prior period. In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 24,98% of shares pertaining to the Privatization Administration was completed and the Parent Bank shares were registered with the Capital Markets Board as per the CMB decision dated 26 April 2007 and numbered 16/471, and the shares were traded on the Borsa İstanbul AŞ as of 10 May 2007.

As per the decision of the Higher Council of Privatization numbered 2012/150 and dated 4 October 2012; 23,92% of the public shares that were previously held by the Privatization Administration were privatized by a second public offering and privatization was completed on 21 November 2012.

On 20 May 2020, share capital increased by amounting to TRY 1.223.776 from TRY 1.250.000 to TRY 2.473.776 by the way of the private placement without a public offering.

In accordance with the decision of the Board of Directors of the Parent Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSB. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 2.473.776 to TRY 4.969.121.

In accordance with the decision of the Board of Directors of the Parent Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSB. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 4.969.121 to TRY 7.184.778.

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Halk GYO has applied to the CMB on 29 August 2012 to increase its issued capital from TRY 477.000 to TRY 662.500 within TRY 1.500.000 registered capital ceiling, by public offering of the corresponding B group bearer shares of TRY 185.500. Application was approved in accordance with the decision promulgated by the CMB's decision numbered 4/97 dated 8 February 2013. As at 15 February 2013 the public offering of B group bearer shares of TRY 185.500 was made by restricting the preemptive rights of the existing shareholders. After completing the investors' book building, Halk GYO's shares started to be traded on Borsa İstanbul AŞ on 22 February 2013.

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Parent Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Group. The Parent Bank operates mainly in corporate, commercial and entrepreneur banking.

The information of the Group's business segments is explained in Section Four, disclosure numbered VIII.

XXIV. EXPLANATIONS ON OTHER MATTERS

While the Parent Bank accounts for its investment properties by allocating accumulated depreciation and permanent impairment provision, if any, from their purchase cost values, it has changed its accounting policy as of November 2023 and adopted the revaluation method within the scope of TAS 40 Investment Properties Standard in the valuation of investment properties. The appraisal values calculated by independent appraisal companies are reflected in the financial statements at year-end. Revaluation differences are recognized in the Statement of Profit or Loss.

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The effect of the change in accounting policy on the prior year financial statements of the Group is as follows:

	31.12.2022		
	Before Correction	Correction Effect	After Correction
ASSETS			
Investment Properties	2.110.015	4.452.737	6.562.752
TOTAL ASSETS	1.433.898.750	4.452.737	1.438.351.487
LIABILITIES			
Shareholders' Equity	87.427.078	4.452.737	91.879.815
Income or Loss	17.354.904	3.700.721	21.055.625
Prior Period Income or Loss	1.889.392	809.929	2.699.321
Current Period Income or Loss	15.465.512	2.890.792	18.356.304
Minority Shares	426.949	752.016	1.178.965
TOTAL LIABILITIES	1.433.898.750	4.452.737	1.438.351.487
STATEMENT OF PROFIT OR LOSS			
Other Operating Income	3.913.050	3.509.370	7.422.420
Gross Operating Income	77.707.817	3.509.370	81.217.187
Net Operating Income/Loss	21.046.296	3.509.370	24.555.666
Profit/Loss Before Tax From Continued Operations	21.155.826	3.509.370	24.665.196
Current Period Profit/Loss From Continued Operations	15.471.303	3.509.370	18.980.673
NET PROFIT/LOSS	15.471.303	3.509.370	18.980.673
Profit / (Loss) of Group	15.465.512	2.890.792	18.356.304
Profit / (Loss) of Minority Shares (-)	5.791	618.578	624.369
Profit/Loss Per Share (full TRY)	3,45452244	0,6457145	4,1002370

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

	31.12.2021		
	Before Correction	Correction Effect	After Correction
ASSETS			
Investment Properties	1.373.817	948.685	2.322.502
TOTAL ASSETS	931.686.218	948.685	932.634.903
LIABILITIES			
Shareholders' Equity	44.011.371	948.685	44.960.056
Income or Loss	3.744.763	814.150	4.558.913
Prior Period Income or Loss	1.908.792	490.629	2.399.421
Current Period Income or Loss	1.835.971	323.521	2.159.492
Minority Shares	281.684	134.535	416.219
TOTAL LIABILITIES	931.686.218	948.685	932.634.903
STATEMENT OF PROFIT OR LOSS			
Other Operating Income	6.626.116	352.290	6.978.406
Gross Operating Income	24.593.132	352.290	24.945.422
Net Operating Income/Loss	1.846.712	352.290	2.199.002
Profit/Loss Before Tax From Continued Operations	1.882.949	352.290	2.235.239
Current Period Profit/Loss From Continued Operations	1.844.458	352.290	2.196.748
NET PROFIT/LOSS	1.844.458	352.290	2.196.748
Profit / (Loss) of Group	1.835.971	323.521	2.159.492
Profit / (Loss) of Minority Shares (-)	8.487	28.769	37.256
Profit/Loss Per Share (full TRY)	0,7421735	0,1307802	0,8729537

SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY

Equity amount and capital adequacy standard ratio calculation is made within the framework of "Regulation on Equities of the Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy" and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021, 31 January 2023 and 14 February 2023.

According to the related regulations, it is determined that in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR, the amount subject to credit risk can be calculated by using Central Bank's foreign exchange buying rates on 30 December 2022 and the Banks' own shares that are repurchased from Borsa Istanbul AŞ Money Market after 6 February 2023 are not considered to deduction from Tier I Capital and these are not included in the calculation of the amount subject to credit risk and and market risk until 1 January 2024.

As of 31 December 2023, the capital adequacy ratio and the capital amount of the Group were realized as 14,68% (31 December 2022: 14,25%) and TRY 185.024.549 (31 December 2022: TRY 123.155.545) which were calculated within the scope of the above-mentioned regulation amendments.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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(1) Information About Total Consolidated Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	8.405.229	6.189.572
Share Premium	44.505.199	16.720.856
Reserves	48.694.309	31.597.166
Other Comprehensive Income according to TAS	22.995.628	17.379.457
Profit	22.463.067	21.055.625
<i>Current Period Profit</i>	<i>16.830.755</i>	<i>18.356.304</i>
<i>Prior Period Profit</i>	<i>5.632.312</i>	<i>2.699.321</i>
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	524.685	225.515
Minority Interest	7.750	4.863
Common Equity Tier 1 Capital Before Deductions	147.595.867	93.173.054
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	4.961.512	1.882.715
Leasehold Improvements on Operational Leases (-)	1.720.471	421.201
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	2.101.641	838.555
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	471.241	424.229
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	673.721	-
<i>Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)</i>	-	-
<i>The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)</i>	-	-
<i>Mortgage Servicing Rights not deducted (-)</i>	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	9.928.586	3.566.700
Total Common Equity Tier I Capital	137.667.281	89.606.354

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ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	29.178.000	17.921.340
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	29.178.000	17.921.340
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	29.178.000	17.921.340
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	166.845.281	107.527.694
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.543.836	5.729.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	13.881.669	10.029.416
Tier II Capital Before Deductions	18.425.505	15.759.211
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	18.425.505	15.759.211
Total Equity (Total Tier I and Tier II Capital)	185.270.786	123.286.905
Total Tier I and Tier II Capital (Total Equity)	185.270.786	123.286.905
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	246.237	131.360

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Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	185.024.549	123.155.545
Total Risk Weighted Assets	1.260.539.621	864.308.628
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	10,92	10,37
Tier I Capital Ratio (%)	13,24	12,44
Capital Adequacy Ratio (%)	14,68	14,25
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	3,560	3,550
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,060	0,050
c) Systemic significant bank buffer ratio %	1,000	1,000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6,678	6,249
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	1.108.227	509.314
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	13.833.325	8.517.784
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	37.205.507	41.261.488
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	13.881.669	10.029.416
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

*Amounts in this column represents the amounts of items that are subject to transitional provisions.

(2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. Additionally, with the Board Decision of the BRSA dated 14 February 2023, the Banks' own shares that are repurchased from Borsa İstanbul AŞ Money Market are not considered to deduction from Tier I Capital until 1 January 2024. In accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

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(3) Information about instruments to be included in the Equity Calculation :

Details on Subordinated Liabilities:				
Issuer	T. Halk Bankası AŞ	T. Halk Bankası AŞ	T. Halk Bankası AŞ	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHAL2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	600	1.560	2.384	29.178
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Demand or dated	Dated	Dated	Dated	Perpetual
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, Regional Lending Committees, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

In accordance with the risk management policies of the Group, the limits are specified in respect of the main and sub-sectors. Those limits are monitored periodically.

The Group, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Parent Bank rates all of its borrowers' credit and requires additional collaterals from whose risk is higher. The Parent Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Group's risk is concentrated in Türkiye. As per the loan procedures, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically.

Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations concerning the off-balance sheet operations based on the customers and banks are monitored on daily basis.

Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since long-term commitments are more risky than the short-term commitments, risks are diversified in accordance with the Group's risk management system.

As prescribed in the related Communiqué, the credit worthiness of the debtors of the loans and other receivables is monitored regularly and statements of accounts taken for the loans are audited in line with the related regulations. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Group receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees obtained are surety ships, immovable mortgages, cash blockages and customer or real person cheques.

When the Group is exposed to significant credit risks, it has the tendency to discontinue cease its forward or similar type of transactions by exercising rights, fulfilling the requirements of the acquisitions or disposing of the agreements entered into to mitigate the total risk.

The Group's largest 100 and 200 cash loan customers compose 25,30% and 30,15% of the total cash loan, respectively.

The Group's largest 100 and 200 non-cash loan customers compose 34,40% and 44,62% of the total non-cash loan, respectively.

The Group's largest 100 ve 200 cash and non-cash loan customers represent 15,36% and 19,69% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Group is TRY 33.595.979 (31 December 2022: TRY 38.275.587).

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Exposure Categories:	Current Period		Prior Period	
	Credit Risk Amount ⁽¹⁾	Average Risk Amount	Credit Risk Amount ⁽¹⁾	Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	682.036.235	630.594.069	434.769.422	333.418.044
Conditional and unconditional exposures to regional governments or local authorities	4.613.187	3.296.296	2.083.413	1.901.863
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	6.450.976	5.392.974	3.668.228	3.084.192
Conditional and unconditional exposures to multilateral development banks	-	19	63	215
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	25.865.227	19.899.591	12.574.963	10.712.493
Conditional and unconditional exposures to corporates	572.173.960	506.974.741	428.336.952	351.991.283
Conditional and unconditional retail exposures	428.116.471	398.809.580	245.813.074	198.796.456
Conditional and unconditional exposures secured by real estate property	328.261.451	293.839.600	218.375.156	166.379.820
Past due items	4.583.701	4.455.639	4.136.973	4.615.323
Items in regulatory high-risk categories	90.037.132	73.252.216	45.616.005	23.963.610
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	2.871.669	2.304.935	1.637.071	1.549.821
Other Receivables	106.294.625	92.991.621	77.820.127	48.678.798

⁽¹⁾ Includes the risk amounts after credit conversions.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Profile of significant exposures in major regions:

Current Period	Risk Classifications ⁽¹⁾												
	Conditional and unconditional exposures to governments or central banks	Conditional and unconditional exposures to governments or local authorities	Conditional and unconditional exposures to administrative or non-commercial undertakings	Conditional and unconditional exposures to Banks	Conditional and unconditional exposures to Development Brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other	Total	
1. Domestic	675.889.853	4.577.030	6.189.856	-	14.067.083	540.772.553	415.613.923	315.159.842	4.324.482	90.031.397	-	94.003.154	2.180.128.173
2. European Union (EU) Countries	-	-	-	-	3.018.779	277.083	30.923	47.714	202	4.097	-	54.787	3.926.565
3. OECD Countries ⁽²⁾	1	-	-	-	2.005.030	197.007	44	3.378	7	274	-	11.033	2.216.774
4. Off-Shore Banking Regions	-	-	-	-	81.097	390.051	1	8.403	-	212	-	2	479.966
5. USA, Canada	2	-	-	-	634.366	-	6.782	2.179	1	363	-	78	643.751
6. Other Countries	6.646.379	36.157	26.120	-	6.058.872	10.537.266	12.464.818	13.040.755	259.009	789	-	11.732.591	61.037.736
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	2.871.669
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	682.036.235	4.613.187	6.450.976	-	25.865.227	572.173.940	428.116.471	328.261.451	4.583.701	90.037.132	2.871.669	106.294.625	2.251.304.634
Prior Period													
1. Domestic	429.759.429	2.081.598	3.475.623	63	6.103.784	421.641.444	237.513.333	208.480.241	3.957.396	45.614.841	-	76.847.664	1.433.475.416
2. European Union (EU) Countries	2	-	-	-	2.036.715	396.629	31.377	23.845	1.310	750	-	172.872	2.663.300
3. OECD Countries ⁽²⁾	2	-	-	-	847.912	210.538	136	3.587	7	25	-	3.932	1.066.139
4. Off-Shore Banking Regions	-	-	-	-	18.193	319.911	48	9.472	-	-	-	801	348.425
5. USA, Canada	5	-	-	-	282.187	-	2.642	762	-	5	-	50	285.651
6. Other Countries	5.009.984	1.815	192.605	-	3.286.172	5.768.430	8.265.538	9.857.249	178.360	384	-	2.795.008	35.355.445
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	1.637.071
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	434.749.422	2.083.413	3.648.228	63	12.574.963	428.336.932	245.813.074	218.375.156	4.136.973	45.614.005	1.637.071	77.820.327	1.474.831.447

⁽¹⁾ Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

⁽²⁾ OECD Countries other than the EU Countries, USA and Canada.

⁽³⁾ Assets and liabilities that are not consistently allocated.

Profile of significant exposures by sectors:

Current Period	Risk Sectors ⁽¹⁾														
	Conditional and unconditional exposures to governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Conditional and unconditional exposures to Development Brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other	TRY	FC
Agriculture	328.742	-	4.868	-	1.351.859	3.768.178	1.719.100	29.263	19.894	-	58	6.763.620	458.142	-	7.221.962
Farming and Stockbreeding	210.597	-	4.863	-	658.999	1.917.225	951.053	16.708	15.494	-	18	3.549.215	225.742	-	3.774.957
Forestry	93.498	-	5	-	265.683	1.680.655	668.012	10.869	-	-	36	2.525.478	183.280	-	2.708.758
Fishery	24.647	-	-	-	427.177	170.298	110.035	1.686	4.400	-	4	689.127	49.120	-	738.247
Manufacturing	24.655.621	-	237.478	-	232.426.118	56.210.337	75.936.351	538.971	15.000.657	-	533	317.873.161	87.112.805	-	404.985.966
Mining and Quarrying	362.486	-	-	-	9.678.394	771.236	1.521.577	6.003	184.108	-	22	7.711.175	4.782.651	-	12.423.826
Production	23.354.471	-	237.478	-	187.800.149	54.978.864	71.710.153	530.209	13.686.219	-	511	292.358.937	599.38.417	-	352.297.354
Electricity, Gas and Water	918.664	-	-	-	34.947.575	510.637	2.704.621	2.759	1.130.330	-	-	17.803.049	22.411.237	-	40.214.786
Construction	5.918.789	-	30	-	99.286.470	14.800.692	36.140.772	1.097.995	12.199.845	-	10	146.412.334	23.032.269	-	169.444.603
Services	417.841.882	4.480.066	5.907.427	-	11.092.951	177.409.414	244.440.799	117.433.581	1.864.335	16.522.849	-	12.166	835.090.345	16.193.425	997.025.470
Wholesale and Retail Trade	13.521.659	-	55.638	-	94.284.625	142.350.409	67.936.832	1.231.747	10.364.973	-	1.080	318.719.302	16.037.361	-	336.766.863
Accommodation and Dining	2.604.054	10	-	-	22.225.582	13.439.703	28.599.693	1.670.98	1.009.330	-	30	38.478.691	29.548.609	-	68.045.500
Transportation and Telecom.	851.580	-	95	-	8.601.448	67.165.804	5.275.100	214.204	1.509.906	-	63	78.009.246	5.415.954	-	83.423.200
Financial Institutions	26.007	-	162	-	11,092,951	25,134,070	410,989	1,121,378	3,364	-	-	7,862	33,933,003	3,843,738	37,796,741
Real Estate and Rental Services	531.532	-	27	-	15,746,929	5,657,291	6,415,681	156,322	1,204,420	-	10	24,589,195	5,325,417	-	29,914,612
Professional Services	57.572	-	-	-	597	5,324,111	847,364	24,761	-	-	186	6,254,264	327	-	6,254,591
Educational Services	516.516	-	3,102,074	-	602,439	1,493,453	2,537,556	19,057	556,206	-	12	8,077,111	740,202	-	8,817,313
Health and Social Services	399,727,962	4,480,056	2,749,431	-	10,813,824	3,399,039	4,729,777	45,804	2,057,814	-	2,943	32,700,123	101,004,917	-	428,006,650
Other	233,311,201	133,121	301,173	-	14,772,276	61,700,099	108,896,565	97,011,647	1,053,137	46,293,887	2,871,669	106,281,858	418,035,101	259,571,532	672,626,633
Total	682,036,235	4,613,187	6,450,976	-	25,865,227	572,173,940	428,116,471	328,261,451	4,583,701	90,037,132	2,871,669	106,294,625	1,719,194,961	532,109,473	2,251,304,634

⁽¹⁾ Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Risk Classification(1)	Prior Period												Total		
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to real estate property	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Items in regulatory high-risk categories	Stock Investments	Other	TRY	FC	Total
Agriculture	95.787	-	4.031	-	-	1.652.157	2.006.910	937.144	35.840	70.959	-	67	4.542.182	4.607.733	4.802.915
Farming and Stockbreeding	42.073	-	4.025	-	-	1.218.249	1.010.740	527.936	71.258	47.250	-	26	2.441.807	2.203.550	2.462.157
Forestry	36.442	-	6	-	-	190.583	911.273	354.481	22.524	-	-	37	1.519.555	176.191	1.495.546
Fishery	16.672	-	-	-	-	243.325	84.897	74.527	2.078	23.709	-	4	581.020	64.192	445.212
Manufacturing	9.909.402	-	110.577	-	-	178.011.307	30.741.591	44.031.928	498.306	9.025.780	-	533	207.507.457	65.022.167	272.329.624
Mining and Quarrying	244.559	-	-	-	-	8.264.529	4.201.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135
Production	9.501.366	-	110.577	-	-	132.078.476	30.069.001	43.740.930	491.689	8.365.896	-	511	183.580.083	40.776.043	224.356.146
Electricity, Gas and Water	163.677	-	-	-	-	35.670.302	252.479	1.631.893	1.980	519.312	-	-	18.701.802	19.575.541	38.239.343
Construction	2.354.022	-	-	-	-	52.945.389	7.757.889	20.894.150	332.079	7504.793	-	10	74.905.441	16.872.871	91.778.332
Services	296.440.718	1.940.033	3.331.615	63	5.682.332	120.683.998	133.605.584	72.178.041	2.121.992	11.709.130	-	10.221	515.349.938	132.374.789	647.744.727
Wholesale and Retail Trade	5.250.956	-	31.676	63	-	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.594.264	10.574.635	204.170.899
Accommodation and Dining	1.988.150	10	-	-	-	17.835.235	6.643.238	16.483.402	312.562	585.178	-	30	19.437.053	24.410.950	43.848.003
Transportation and Telecom.	296.901	-	-	-	-	93.78.708	34.875.414	3.349.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927
Financial Institutions	18.828	-	87	-	5.682.332	7.168.206	2.912.278	1.089.755	1.410	16.44.144	-	6.149	13.924.412	1.977.777	15.902.189
Real Estate and Rental Services	167.722	-	-	-	-	10.923.422	31.284.451	5.532.028	68.523	728.615	-	10	16.278.587	4.290.184	20.568.771
Professional Services	62.219	-	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.455.637	374	4.456.011
Educational Services	159.979	-	1.372.722	-	-	571.409	841.286	1.073.115	21.303	391.066	-	12	4.330.859	100.903	4.431.762
Health and Social Services	288.516.983	1.940.023	1.927.130	-	-	6.666.458	2.292.003	3.074.381	12.729	123.2905	-	2.653	222.204.533	63.480.632	305.685.165
Other	125.978.293	123.380	222.005	-	-	6.892.631	77.024.101	78.333.893	1.148.736	17.305.343	1.637.071	77.809.296	273.362.404	184.913.445	458.175.849
Total	4.347.69.422	2.083.413	3.668.228	63	12.574.943	428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	77.820.127	1.075.187.442	399.444.005	1.474.631.447

(1) Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Analysis of maturity-bearing exposures according to remaining maturities^(*):

Current Period	Term to Maturity				
	Exposure Categories	Up to 1 month	1-3 months	3-6 months	6-12 months
1. Conditional and unconditional exposures to central governments or central banks	202.794.922	10.212.171	39.278.528	9.269.667	420.480.947
2. Conditional and unconditional exposures to regional governments or local authorities	88.222	3.878	62.263	196.983	4.261.841
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1.101.917	232.631	195.332	628.777	4.292.319
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	24.105.729	458.560	21.082	382.998	896.858
6. Conditional and unconditional exposures to corporates	146.130.146	27.847.494	32.112.924	92.264.051	273.819.345
7. Conditional and unconditional retail exposures	56.612.612	12.326.779	19.885.717	39.538.897	299.752.466
8. Conditional and unconditional exposures secured by real estate property	53.239.433	16.596.882	21.545.745	53.610.191	183.269.200
9. Past due items	4.507.179	688	2.579	13.646	59.609
10. Items in Regulatory High-Risk Categories	25.424.293	5.795.792	8.342.308	16.111.261	34.363.478
11. Stock Investments	2.871.669	-	-	-	-
12. Other Items	106.275.474	11.576	4.374	881	2.320
Total	623.151.596	73.486.451	121.450.852	212.017.352	1.221.198.383

(*) Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

Prior Period	Term to Maturity				
	Exposure Categories	Up to 1 month	1-3 months	3-6 months	6-12 months
1. Conditional and unconditional exposures to central governments or central banks	127.731.327	3.638.171	11.904.506	29.475.654	262.019.764
2. Conditional and unconditional exposures to regional governments or local authorities	59.612	9.914	47.109	74.036	1.892.742
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	579.261	168.782	117.595	475.622	2.326.968
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	63
5. Conditional and unconditional exposures to banks and brokerage houses	11.474.947	26.928	66.528	215.142	791.418
6. Conditional and unconditional exposures to corporates	69.280.575	32.595.986	41.740.701	81.401.781	203.317.909
7. Conditional and unconditional retail exposures	34.911.694	6.821.835	15.808.477	32.590.432	155.680.636
8. Conditional and unconditional exposures secured by real estate property	24.390.395	8.364.405	14.177.892	39.663.373	131.779.091
9. Past due items	4.037.925	475	2.484	6.431	89.658
10. Items in Regulatory High-Risk Categories	1.359.397	878.888	7.007.547	12.609.660	23.760.513
11. Stock Investments	1.637.071	-	-	-	-
12. Other Items	77.789.062	3.206	10.746	13.055	4.058
Total	353.251.266	52.508.590	90.883.585	196.525.186	781.662.820

(*) Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Information on the risk classifications as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

Islamic International Rating Agency (IIRA) country ratings are taken into account in calculating the Bank's capital adequacy. For other portfolios, the ratings given by the Fitch Ratings are used for the counterparties resident abroad.

Islamic International Rating Agency (IIRA) notes are used in the "Central Government or Receivables from Central Banks" portfolio. Fitch Ratings' rating grades are used for the risk classes listed below, provided that they are resident abroad.

- Receivables on banks and intermediary institutions
- Receivables on regional governments or local authorities
- Receivables on administrative bodies and other non-commercial undertakings
- Receivables on multilateral development banks
- Corporate receivables

The relevant risk classification is used in determining the risk weights on a receivable that is classified as per the second section, Article 8 of the Additional Regulation 1 on Measurement and Assessment of Capital Adequacy Ratios of Banks. In the absence of a specific rating, the provisions of paragraph a,b and c of Article 9 of the regulation mentioned should be used.

In the 26th Article of the Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies, IIRA grades are used in the below table of maturity in determining the credit quality level of the country grades, central government and central banks receivables.

In the case of other risk classes included in the table, Fitch Ratings notes are taken into account if the rated party is a foreign resident, the supervisor of the relevant country has equivalent regulation and supervision structure, authorized in the country notes.

Implementation of the risk weights to receivables from Regional Governments or local authorities are subject to the same conditions as receivables from banks and intermediary institutions but this implementation exemption cannot be applied for the receivables from banks and intermediary institutions which have less than 90 days to maturity.

The implementation of the risk weights to receivables from multilateral development banks except those listed in the Additional Regulation 1 on Measurement and Assessment of Capital Adequacy Ratios of Banks, are subject to the same conditions as receivables from banks and intermediary institutions but this implementation exemption cannot be applied for the receivables from banks and intermediary institutions which have less than 90 days to maturity.

The implementation of the risk weight for unrated receivables from banks and intermediary institutions can not be lower than the risk weight of receivables from sovereigns which they are settled in.

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Credit Quality Grade and Rating Matching Table										
Credit Quality Grade	IIRA		Fitch					JCR Eurasia		
	Rating	Exposures to Central Governments or Central Banks	Exposures to administrative bodies and other non-commercial undertakings		Exposures to Banks and Brokerage Houses		Exposures to Corporates	Rating	Exposures to Corporates (TRY)	
			Rating	Institutions and Organizations included in the tables (I), (II), (III) and (IV) annexed to the Public Financial Management and Control Law No. 5018	Other Public Institutions and Organizations	Exposures with Original Maturities Less Than 90 Days				Exposures with Original Maturities Less More 90 Days
1	AAA	0%	AAA	0%	20%	20%	20%	20%	AAA	20%
	AA+		AA+							
	AA		AA							
	AA-		AA-							
2	A+	20%	A+	20%	50%	20%	50%	50%	A+	50%
	A		A							
	A-		A-							
3	BBB+	50%	BBB+	50%	100%	20%	50%	100%	BBB+	100%
	BBB		BBB							
	BBB-		BBB-							
4	BB+	100%	BB+	100%	100%	50%	100%	100%	BB+	100%
	BB		BB							
	BB-		BB-							
5	B+	100%	B+	100%	100%	50%	100%	150%	B+	150%
	B		B							
	B-		B-							
6	CCC+	150%	CCC+	150%	150%	150%	150%	150%	CCC+	150%
	CCC		CCC							
	CC		CC							
	C		C							
	D		D					D		

Risks included in the consolidated counter-cyclical capital buffer calculation:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	866.506.754	-	866.506.754
North Macedonia	10.155.945	-	10.155.945
Serbia	6.929.414	-	6.929.414
Cyprus	2.237.764	-	2.237.764
Suriname	1.251.211	-	1.251.211
Other*	1.712.210	-	1.712.210

(*) Risk-Weighted Assets below TRY 1 million are grouped under other headings.

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Exposures by Consolidated risk weights:

Current Period													
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Deductions from Equity
1. Exposures before Credit Risk Mitigation	634.181.921	-	262.749.812	-	155.374.309	655.926.853	814.577.169	48.543.700	50.604.525	1.826.556	-	293.992	246.237
2. Exposures after Credit Risk Mitigation	720.051.744	-	244.581.128	184.280.378	258.849.489	233.283.723	511.553.164	45.979.933	50.604.525	1.826.556	-	293.992	246.237
Prior Period													
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Deductions from Equity
1. Exposures before Credit Risk Mitigation	445.888.981	-	72.675.926	-	55.225.969	479.820.326	572.354.947	17.376.776	31.695.401	1.243.540	-	7.935	131.360
2. Exposures after Credit Risk Mitigation	467.555.494	-	61.138.044	127.359.420	125.548.243	241.241.479	402.657.035	16.384.856	31.695.401	1.243.540	-	7.935	131.360

Information by major sectors and type of counterparties:

Current Period	Credits		
Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) ⁽¹⁾	Credit – Impaired Losses (Stage III) ⁽²⁾	Expected Credit Loss (TFRS 9) ⁽³⁾
Agriculture	822.028	114.541	130.180
<i>Farming and Stockbreeding</i>	787.787	95.764	112.333
<i>Forestry</i>	4.591	2.728	2.004
<i>Fishery</i>	29.650	16.049	15.843
Manufacturing	24.661.225	3.803.473	9.715.179
<i>Mining and Quarrying</i>	211.361	153.643	172.844
<i>Production</i>	13.416.658	3.083.470	5.064.761
<i>Electricity, Gas and Water</i>	11.033.206	566.360	4.477.574
Construction	7.761.471	3.578.071	4.545.421
Services	38.594.777	7.205.002	15.798.159
<i>Wholesale and Retail Trade</i>	8.713.740	3.338.753	3.704.811
<i>Accommodation and Dining</i>	18.193.906	1.436.721	5.568.546
<i>Transportation and Telecommunication</i>	2.033.659	447.034	520.189
<i>Financial Institutions</i>	5.894	363.915	362.457
<i>Real Estate and Rental Services</i>	8.978.829	1.055.016	4.993.499
<i>Professional Services</i>	231.794	43.046	48.679
<i>Educational Services</i>	231.416	424.442	504.265
<i>Health and Social Services</i>	205.539	96.075	95.713
Other	9.996.160	3.336.256	5.236.426
Total	81.835.661	18.037.343	35.425.365

⁽¹⁾ Income accruals amounting to TRY 3.098.235 are not included in the table.

⁽²⁾ Income accruals amounting to TRY 1.658.608 are not included in the table.

⁽³⁾ The accruals of amounting to TRY 2.827.127 are not included in the table.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Credits		
Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) ⁽¹⁾	Credit – Impaired Losses (Stage III) ⁽²⁾	Expected Credit Loss (TFRS 9) ⁽³⁾
Agriculture	471.902	122.681	234.065
<i>Farming and Stockbreeding</i>	466.967	101.457	215.650
<i>Forestry</i>	2.605	1.653	1.003
<i>Fishery</i>	2.330	19.571	17.412
Manufacturing	18.657.322	3.640.175	11.306.315
<i>Mining and Quarrying</i>	216.077	191.633	243.161
<i>Production</i>	10.170.698	2.908.448	5.571.093
<i>Electricity, Gas and Water</i>	8.270.547	540.094	5.492.061
Construction	4.604.634	2.802.355	4.763.871
Services	26.548.627	7.390.804	17.457.575
<i>Wholesale and Retail Trade</i>	5.133.428	3.363.904	3.545.307
<i>Accommodation and Dining</i>	12.490.154	1.570.193	6.818.065
<i>Transportation and Telecommunication</i>	1.070.107	462.968	373.956
<i>Financial Institutions</i>	4.518	336.522	335.250
<i>Real Estate and Rental Services</i>	7.392.611	1.078.738	5.751.871
<i>Professional Services</i>	112.069	53.401	37.128
<i>Educational Services</i>	200.345	430.959	503.068
<i>Health and Social Services</i>	145.395	94.119	92.930
Other	6.595.565	3.326.279	4.566.498
Total	56.878.050	17.282.294	38.328.324

⁽¹⁾ Income accruals amounting to TRY 2.937.867 are not included in the table.

⁽²⁾ Income accruals amounting to TRY 1.770.617 are not included in the table.

⁽³⁾ The accruals of amounting to TRY 3.103.890 are not included in the table.

Movements in value adjustments and provisions:

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	15.385.654	3.207.905	(2.748.429)	-	15.845.130
2. Stage I and Stage II expected credit loss	38.275.587	375.133	(5.054.741)	-	33.595.979
Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	12.112.779	5.621.309	(2.348.434)	-	15.385.654
2. Stage I and Stage II expected credit loss	10.573.124	29.072.098	(1.369.635)	-	38.275.587

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

The net value of the close monitoring loan collaterals and the separation of collateral types are given in the table below.

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Real estate mortgage	17.465.091
Salary pledge, vehicle pledge and pledge of commercial undertaking	3.115.735
Financial collaterals (cash, securities pledge, etc.)	140.822
Cheque / bills	380.394
Sureties	44.491.546
CGF	1.948.737
Other ⁽²⁾	14.293.336
Total	81.835.661

⁽¹⁾ Income accruals amounting TRY 3.098.235 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Real estate mortgage	10.897.730
Salary pledge, vehicle pledge and pledge of commercial undertaking	2.103.579
Financial collaterals (cash, securities pledge, etc.)	115.064
Cheque / bills	163.729
Sureties	30.405.793
CGF	2.408.340
Other ⁽²⁾	10.783.815
Total	56.878.050

⁽¹⁾ Income accruals amounting TRY 2.937.867 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

The net value of the non-performing loan collaterals and the separation of collateral types are given in the table below.

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Cash	4.929
Mortgage	3.771.053
Pledge	267.949
Cheque / bills	155.420
Sureties	7.992.335
Other ⁽²⁾	5.845.657
Total	18.037.343

⁽¹⁾ Income accruals amounting to TRY 1.658.608 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Cash	9.061
Mortgage	3.139.262
Pledge	198.232
Cheque / bills	63.003
Sureties	7.276.273
Other ⁽²⁾	6.596.463
Total	17.282.294

⁽¹⁾ Income accruals amounting to TRY 1.770.617 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

In accordance with "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", the foreign currency position risk of the Group is measured by "standard method" and is calculated daily and is reported monthly. Also VAR based values and limits are reported to the Executives on a daily basis by using internal model methods. In addition, the value at risk limit determined by the Board of Directors of the Parent Bank for the value at risk including foreign currency risk is monitored and reported to the key management personnel. As a foreign currency risk management policy, the Parent Bank is not exposed to foreign exchange risk significantly and positions related to foreign currency risk are balanced with derivative transactions when necessary.

Current foreign exchange buying rates announced by the Parent Bank as of the financial statement date and the last 5 business days before that, and foreign exchange buying rates of the Parent Bank for the thirty days before the financial statement date are as follows:

	USD	EUR	CHF	GBP	JPY
Balance sheet valuation rate:	29,3248000	32,4200000	34,8643000	37,2174000	0,2063363
Before the balance sheet date;					
Current foreign exchange buying rate on the 1st business day	29,3248000	32,4200000	34,8643000	37,2174000	0,2063363
Current foreign exchange buying rate on the 2nd business day	29,3723000	32,5680000	34,9562000	37,3876000	0,2076966
Current foreign exchange buying rate on the 3rd business day	29,3120000	32,4689000	34,3723000	37,3050000	0,2050020
Current foreign exchange buying rate on the 4th business day	29,2485000	32,2465000	34,1435000	37,1395000	0,2047877
Current foreign exchange buying rate on the 5th business day	29,0800000	32,0316000	33,9052000	36,8704000	0,2036437
Last 30 days arithmetic average:	29,0024571	31,6519238	33,4720000	36,6429333	0,2008569

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	108.542.435	88.750.861	26.187.821	223.481.117
Banks	5.475.241	3.158.112	7.687.281	16.320.634
Financial assets at fair value through profit and loss	-	1.349	35.996	37.345
Money market placements	-	-	2.182.907	2.182.907
Financial assets at fair value through other comp. income	14.554.504	31.615.419	8.140.099	54.310.022
Loans	174.224.971	100.383.230	33.423.761	308.031.962
Subsidiaries, associates and entities under common control	2.436.869	-	-	2.436.869
Financial assets measured at amortised cost	36.066.235	73.075.249	27.812.492	136.953.976
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	2.026.019	2.026.019
Intangible assets	-	-	584.130	584.130
Other assets ⁽²⁾	3.925.020	2.703.301	1.535.506	8.163.827
Total assets	345.225.275	299.687.521	109.616.012	754.528.808
Liabilities				
Bank deposits	164.611.529	9.510.406	4.054.692	178.176.627
Foreign currency deposits	248.189.051	261.372.317	122.750.440	632.311.808
Money market balances	2.601.967	15.954.365	159.739	18.716.071
Funds provided from other financial institutions	11.646.606	8.847.218	95.002	20.588.826
Bonds issued	-	-	-	-
Miscellaneous Payables	1.848.794	3.372.811	1.431.445	6.653.050
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽²⁾	40.511.812	1.812.298	2.249.764	44.573.874
Total liabilities	469.409.759	300.869.415	130.741.082	901.020.256
Net balance sheet position	(124.184.484)	(1.181.894)	(21.125.070)	(146.491.448)
Net off-balance sheet position				
Financial derivative assets ⁽³⁾⁽⁴⁾	120.815.872	27.224.719	41.331.839	189.372.430
Financial derivative liabilities ⁽³⁾⁽⁴⁾	6.730.641	21.245.849	6.829.262	34.805.752
Non-cash loans ⁽¹⁾	98.483.312	88.000.186	20.181.074	206.664.572
Prior period				
Total assets	212.135.112	201.663.119	54.278.681	468.076.912
Total liabilities	291.177.287	213.925.077	71.468.549	576.570.913
Net balance sheet position	(79.042.175)	(12.261.958)	(17.189.868)	(108.494.001)
Net off-balance sheet position				
Financial derivative assets	89.726.675	21.410.328	31.992.047	143.129.050
Financial derivative liabilities	14.501.861	16.382.514	8.663.812	39.548.187
Non-cash loans ⁽¹⁾	62.875.922	46.268.411	9.568.105	118.712.438

⁽¹⁾ Non-cash loans are not included in the off-balance sheet position items.

⁽²⁾ In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

⁽³⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 6.586.176 and swap precious metal purchase transactions amounted to TRY 25.064.563. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.205.463 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

⁽⁴⁾ In accordance with the provisions of the "Regulation on the Calculation and Application of the Standard Foreign currency Net General Position/ Equity Ratio by Banks on a Consolidated and Unconsolidated Basis", money options are included in the calculation of exchange rate risk with account delta equivalents.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

Loss that may arise due to asset-liability and interest-sensitive assets mismatches based on the repricing (interest rate change) periods of the off-balance sheet positions represent the interest rate risk. Among the positions subject to these risks, those evaluated in trading accounts are taken into account in market risk, while positions in banking books are subject to interest rate risk calculations arising from banking books.

The interest rate risks incurred due to interest-sensitive positions in the Parent Bank's trading and banking books are managed within the scope of the "Policies for the Management of Interest Rate Risk" which is approved by the Board of Directors. Interest rate risks are measured on a daily basis primarily through risk weighted asset and economic value change measurements, sensitivity, duration and gap analyses. Measurement results are daily reported to the Parent Bank's Top Management and related business units.

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates):

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	816.606	255.210	1.280.245	218.916	28.983	279.264.616	281.864.576
Banks and financial institutions	9.774.091	722.243	132.378	185.713	31.153	12.236.430	23.082.008
Financial assets at fair value through profit and loss	15	52.537	151.289	995	20	39.370.877	39.575.733
Money market placements	2.888.124	-	-	-	-	-	2.888.124
Financial assets at fair value through other comprehensive income	37.113.273	9.962.583	35.785.506	29.979.538	10.059.232	1.130.802	124.030.934
Loans	473.734.382	192.320.505	195.778.675	302.749.215	99.792.198	49.916.625	1.314.291.600
Financial assets measured at amortised cost	119.412.943	36.074.232	72.519.782	75.343.285	127.407.207	-	430.757.449
Other assets ⁽¹⁾⁽⁴⁾	9.806.230	6.376.366	5.051.968	5.886.798	511.944	52.886.821	80.520.127
Total assets	653.545.664	245.763.676	310.699.843	414.364.460	237.830.737	434.806.171	2.297.010.551
Liabilities							
Bank deposits	32.024.797	12.671.090	111.696	-	-	158.273.957	203.081.540
Other deposits	862.552.325	279.658.787	157.558.662	7.551.589	214.017	420.264.696	1.727.800.076
Money market balances	25.040.299	3.301.433	-	-	-	83.029	28.424.761
Miscellaneous Payables	7.829.532	-	-	-	-	34.002.521	41.832.053
Bonds issued	4.550.346	10.675.422	1.925.421	-	-	-	17.151.189
Funds provided from other financial institutions ⁽³⁾	1.481.213	11.158.682	5.884.000	4.328.946	442.587	361.691	23.657.119
Other liabilities ⁽¹⁾⁽²⁾	1.000.000	-	64.543.680	4.929.795	-	184.590.338	255.063.813
Total liabilities	934.478.512	317.465.414	230.023.459	16.810.330	656.604	797.576.232	2.297.010.551
Balance sheet long position							
Balance sheet long position	-	-	80.676.384	397.554.130	237.174.133	-	715.404.647
Balance sheet short position	(280.932.848)	(71.701.738)	-	-	-	(362.770.061)	(715.404.647)
Off-balance sheet long position							
Off-balance sheet long position	130.078.565	55.915.932	29.148.487	9.829.886	13.282.045	-	238.254.915
Off-balance sheet short position							
Off-balance sheet short position	(129.982.468)	(56.979.216)	(29.200.251)	(9.819.703)	(13.282.045)	-	(239.263.683)
Total position	(280.836.751)	(72.765.022)	80.624.620	397.564.313	237.174.133	(362.770.061)	(1.008.768)

⁽¹⁾ TRY 14.507.046 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

⁽²⁾ Shareholders' equity balance is disclosed under the non-bearing interest column in other liabilities line.

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	298.570	-	-	-	-	163.921.311	164.219.881
Banks and financial institutions	2.894.127	604	24.591	80.971	-	5.702.211	8.702.504
Financial assets at fair value through profit and loss	248.098	39.656	104.845	41	535	34.123.280	34.516.455
Money market placements	-	25.005	-	-	-	-	25.005
Financial assets at fair value through other comprehensive income	16.234.678	13.459.853	45.845.861	22.385.198	4.394.526	542.078	102.862.194
Loans	294.637.156	208.485.544	150.547.275	108.916.707	67.358.303	36.227.539	866.172.524
Financial assets measured at amortised cost	54.632.901	20.906.711	31.620.006	64.389.194	69.906.447	-	241.455.259
Other assets ⁽¹⁾⁽⁴⁾	5.471.919	3.233.695	1.310.940	4.308.275	1.453.756	4.619.080	20.397.665
Total assets	374.417.449	246.151.068	229.453.518	200.080.386	143.113.567	245.135.499	1.438.351.487
Liabilities							
Bank deposits	28.851.440	14.108.834	82.503	-	-	92.344.473	135.387.250
Other deposits	488.605.288	181.696.293	45.831.550	5.207.985	299.106	232.627.945	954.268.167
Money market balances	103.182.840	1.953.674	-	-	-	103.501	105.240.015
Miscellaneous Payables	6.642.967	-	-	-	-	20.386.320	27.029.287
Bonds issued	2.827.712	9.268.302	1.000.000	-	-	234.427	13.330.441
Funds provided from other financial institutions ⁽³⁾	957.738	8.193.024	3.082.228	3.865.015	816.966	180.285	17.095.256
Other liabilities ⁽¹⁾⁽²⁾	1.308.307	335.716	34.199.181	17.921.340	4.929.795	127.306.732	186.001.071
Total liabilities	632.376.292	215.555.843	84.195.462	26.994.340	6.045.867	473.183.683	1.438.351.487
Balance sheet long position	-	30.595.225	145.258.056	173.086.046	137.067.700	-	486.007.027
Balance sheet short position	(257.958.843)	-	-	-	-	(228.048.184)	(486.007.027)
Off-balance sheet long position	129.108.012	15.805.919	17.382.650	5.186.201	9.476.359	-	176.959.141
Off-balance sheet short position	(128.449.656)	(12.766.930)	(17.503.892)	(5.446.650)	(9.476.361)	-	(173.643.489)
Total position	(257.300.487)	33.634.214	145.136.814	172.825.597	137.067.698	(228.048.184)	3.315.652

⁽¹⁾ TRY 8.517.784 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

⁽²⁾ Shareholders' equity balance is disclosed under the non-bearing interest column in other liabilities line.

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

2. Average interest rates applied to the monetary financial instruments of the Group (%):

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	3,47	5,21	-	41,85
Financial assets at fair value through profit and loss ⁽⁵⁾	-	6,15	-	21,22
Money market placements	-	-	-	40,94
Financial assets at fair value through other comprehensive income	2,98	7,10	-	32,44
Loans ⁽²⁾	5,80	9,02	-	31,47
Financial assets measured at amortised cost	4,55	5,71	-	31,93
Liabilities				
Bank deposits ⁽⁴⁾	0,25	6,67	-	42,28
Other deposits ⁽⁴⁾	1,53	2,83	-	35,70
Money market borrowings	4,60	7,04	-	41,52
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	29,87
Funds provided from other financial institutions	2,56	1,99	-	42,05

⁽¹⁾ Interest rates are calculated using weighted average method for placements as of the balance sheet date.

⁽²⁾ Interest rates for loans given as of the balance sheet date are calculated by using client based weighted average interests.

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2023.

⁽⁴⁾ Demand deposit amounts are considered in the average interest rate calculation.

⁽⁵⁾ Borrowed securities are not included in the average interest rate calculation.

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	-	2,76	-	21,43
Financial assets at fair value through profit and loss ⁽⁵⁾	3,50	4,53	-	11,22
Money market placements	-	-	-	4,00
Financial assets at fair value through other comprehensive income	2,98	4,41	-	22,38
Loans ⁽²⁾	5,24	7,97	-	14,77
Financial assets measured at amortised cost	4,66	5,61	-	35,66
Liabilities				
Bank deposits ⁽⁴⁾	0,22	3,23	-	18,45
Other deposits ⁽⁴⁾	1,58	2,55	-	14,37
Money market borrowings	-	2,56	-	9,86
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	18,24
Funds provided from other financial institutions	1,75	4,50	-	18,01

⁽¹⁾ Interest rates are calculated using weighted average method for placements as of the balance sheet date.

⁽²⁾ Interest rates for loans given as of the balance sheet date are calculated by using client based weighted average interests.

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

⁽⁴⁾ Demand deposit amounts are considered in the average interest rate calculation.

⁽⁵⁾ Borrowed securities are not included in the average interest rate calculation.

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The interest rate risks incurred due to interest-sensitive positions in the Parent Bank's trading and banking books are managed within the scope of the "Policies for the Management of Interest Rate Risk" which is approved by the Board of Directors. Interest-sensitive positions in the trading accounts are evaluated within the scope of market risks, while positions other than trading accounts are subject to interest rate risk arising from banking books.

Interest rate risks are measured on a daily basis using the standard shock method due to the net positions created by the assets and liabilities in the banking books and off-balance sheet positions in the relevant maturity brackets according to repricing periods. Measurement results are daily reported to the Parent Bank's Top Management and related business units. Statutory reporting is made on a monthly basis in accordance with the "Regulation on Measurement and Evaluation of the Interest Rate Risk Arising from Banking Books by Standard Shock Method" published in the Official Gazette dated 23 August 2011 and numbered 28034.

According to the mentioned regulation, within the scope of Interest Rate Risk in the Banking Book (IRRBB), the ratio of losses incurred due to economic value changes after interest shocks to total capital - legal maximum rate - is limited to 20%. On the other hand regarding IRRBB ratio, the Parent Bank's internally determined limit and risk appetite levels are monitored on a daily basis, provided that they are below the legal maximum rate.

The below table indicates the changes in the economic value that occurred after the interest rate shocks applied on the basis of foreign currency types and their ratio to statutory equity.

Current Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity -Losses/ Shareholders' Equities
1	TRY	500	(19.752.660)	(11,45%)
		(400)	19.180.455	11,12%
2	EUR*	200	8.578.364	4,97%
		(200)	(13.230.099)	(7,67%)
3	USD	200	(11.246.116)	(6,52%)
		(200)	15.681.918	9,09%
	Total (For negative shocks)		21.632.274	12,54%
	Total (For positive shocks)		(22.420.412)	(13,00%)
Prior Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity -Losses/ Shareholders' Equities
1	TRY	500	(8.071.845)	(6,52%)
		(400)	7.906.393	6,39%
2	EUR*	200	1.063.399	0,86%
		(200)	(2.103.244)	(1,70%)
3	USD	200	(3.240.574)	(2,62%)
		(200)	4.325.730	3,50%
	Total (For negative shocks)		10.128.879	8,19%
	Total (For positive shocks)		(10.249.020)	(8,28%)

(*) Other currencies are shown under EUR.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

V. EXPLANATIONS ON THE CONSOLIDATED POSITION RISK OF SHARES

Information on the carrying value, fair value, market value and capital requirement amounts of equity investments resulting from banking accounts:

Equities	Carrying Value ⁽¹⁾	Comparison		Capital Requirements
		Fair Value Change ⁽²⁾	Market Value	
Stock investment excluding A,B,C,D group	3.431.387	3.313.413	-	620.166

⁽¹⁾ Includes TRY 152.312 of unconsolidated associates, TRY 598.108 of unconsolidated subsidiary and TRY 2.680.967 of associates accounted for under the equity method.

⁽²⁾ Investments that are not measured at fair value are not included in the table above.

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange	-	-	-	-	-	-
3. Other share certificates	-	512.804	512.804	-	-	-
Total	-	512.804	512.804	-	-	-

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

The liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open position cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

The liquidity risks of the Parent Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. Although the Board of Directors is primarily responsible for managing liquidity risk, committees have been established to ensure the efficient function. The committees responsible for managing liquidity risk are the Asset-Liability Committee (ALCO) and the Liquidity Risk Committee.

The desired level of risk that the bank intends to assume with regard to liquidity risk is determined within the Risk Appetite Framework Directive approved by the Parent Bank's Board of Directors. Within the scope of the risk appetite framework, the level of risk capacity, risk appetite, and trigger levels have been determined on both consolidated and non-consolidated bases.

Regarding treasury transactions; maturity and amount limits are determined for TRY and FX transactions made in the interbank over-the-counter market, and limits are set on the maximum foreign currency position, forward and swap transactions that can be carried.

Liquidity risk analyzes are conducted on a daily/weekly/monthly basis and shared with the Parent Bank's top management and related departments. Periodical stress tests are performed in line with the Parent Bank's liquidity management policies.

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The Parent Bank has determined a high-quality liquid asset stock as a liquidity buffer for managing liquidity risk. Extending the maturity structure of the time deposits, which constitute a significant source of funds for the Parent Bank, developing new products to encourage savings, and maintaining the core deposit level are adopted as strategic objectives to reduce liquidity risk. Limits and principles regarding the issuance of bonds and bills in TRY have been determined to provide long-term funding other than deposits as part of extending the maturity structure of liabilities. In line with the Parent Bank's needs, new borrowing opportunities are utilized, and within this framework, price/cost movements in international capital markets are closely monitored, and alternative sources of funding are evaluated when conditions are favorable.

The Parent Bank aims to obtain its funding sources from the longest-term and most stable sources possible, taking into account legal and internal limits as well as cost factors. In this context, concentration ratios such as the share of retail funding sources in total sources, the share of high-value deposits in total deposits, and the share of borrowings from money markets in bank borrowings and market volumes are monitored daily within the framework of the Liquidity Early Warning System.

Short-term or daily foreign currency liquidity needs can be met through swap transactions, and sufficient liquidity is kept with correspondent banks for effective management of repayments. Adequate liquidity buffer is maintained by the Parent Bank to meet its intraday liquidity and short-term liquidity needs. In general context, liquidity management is managed within the limits defined by the market makers for the Parent Bank and the limit structures defined by the Parent Bank on the basis of counterparty and transaction type.

The reduction of liquidity risk is provided by effective collateral management structure. Upper borrowing limits are determined under certain criteria and balance sheet size related with the domestic organized markets (CBRT, BIST and Takasbank) by the relevant authorities. Existing limits available to use are continuously monitored, through the Parent Bank's projected and instant liquidity needs under the condition that depositing and/or withdrawing additional collateral.

The Risk Management Department conducts routine and periodic stress tests based on rapid deposit outflows, defaults on cash and non-cash loans, liquidity outflows with significant loan expansions that may affect the Parent Bank's liquidity such as pandemics and natural disasters, potential losses in the Parent Bank's securities portfolio, FX outflows, scenarios related to the obligations of subsidiaries, and similar fundamental issues. Stress test scenarios that are for other all matters related to liquidity risk management are prepared in collaboration with relevant business units. Analysis of stress test scenarios is shared with the Parent Bank's Top Management and relevant business units, and necessary actions are taken.

Systemic and bank specific metrics within the scope of "Liquidity Emergency Action Plan" (LEAP) approved by the Board of Directors and early warning indicators related to these metrics are monitored on a daily basis. Written actions, if required, to be taken as part of this plan are determined. In extent with LEAP, necessary actions and their priority for possible liquidity stress/crisis have been determined.

The Parent Bank does not have any operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

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Liquidity Coverage Ratio:

According to the BRSA's "Regulation for Banks' Liquidity Coverage Ratio Calculations" published in the Official Gazette No. 28948 dated 21 March 2014, FC and TRY+FC liquidity coverage ratios are calculated by using high quality liquid assets divided by net cash outflows. Within this context, the Parent Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, liquidity coverage ratio is calculated by taking the monthly simple arithmetic average on a consolidated basis and by taking the weekly simple arithmetic average on a non-consolidated basis.

Within the fourth quarter of 2023, the Parent Bank's deposit gain in TRY reduced its TRY denominated secured borrowings obtained from money markets, and accordingly increased the total of free securities not given as collateral. As a result of the TCMB regulations supporting the conversion to TRY-denominated deposits, there has been a decrease in foreign currency deposits, excluding the exchange rate effect, compared to the end of the third quarter. The total amount of loans decreased compared to the end of the third quarter due to the increase in loan interest rates and Banking Regulation and Supervision Agency (BDDK) regulations related to bank loan disbursements. The decrease in collateralized borrowings and the increase in tradable securities during the period contributed to an increase in the Parent Bank's stock of high-quality liquid assets. Net cash outflows increased mainly due to the increase in TRY denominated deposits with maturities less than 30 days and other TRY denominated liabilities with maturities less than 30 days. The increase in TRY and FC denominated net cash outflows was larger than the increase in high quality liquid assets stock, which decreased the total liquidity coverage ratio during the period. In addition, the increase in FC deposits with maturities less than 30 days and the decrease in FX cash inflows with maturities less than 30 days decreased the FC liquidity coverage ratio in the fourth quarter. During the period, FC and TRY+FC ratios remained above the legal lower limit.

High quality liquid assets are composed of 53,82% accounts held by the CBRT and the Central Banks of the foreign branches, 44,30% securities considered as high quality liquid assets and 1,88% cash and cash equivalents. The primary funding source for the Parent Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. However, there are periodical fluctuations in the foreign currency liquidity coverage ratio due to foreign currency swap transactions that have TRY side. The estimated cash outflows from derivative financial instruments and other liabilities calculated on the basis of the changes in fair value in the last 24 months are TRY 2.839.986.

The consolidated liquidity coverage ratios for the last three months are indicated in the table below.

PERIOD	FC (%)	TRY+FC (%)
October 2023	631.05	164.09
November 2023	606.07	167.03
December 2023	596.11	166.69

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Liquidity Coverage Ratio:

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			716.992.699	299.995.369
Cash Outflows				
Retail and Small Business Customers, of which;	829.268.720	303.210.360	78.451.924	30.313.318
Stable Deposits	114.278.210	77.180	6.952.873	-
Less Stable Deposits	714.990.510	303.133.180	71.499.051	30.313.318
Unsecured wholesale funding , of which;	843.451.475	389.819.684	375.331.008	144.198.494
Operational Deposits	201.541.144	154.217.160	50.385.289	38.554.290
Non-operational Deposits	604.406.125	229.705.494	297.702.313	99.967.531
Other Unsecured Funding	37.504.206	5.897.030	27.243.406	5.676.673
Secured Funding			-	-
Other cash outflows, of which;	32.734.504	3.711.678	29.783.502	3.708.337
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.516.620	3.706.110	4.516.620	3.706.110
Obligations related to structured financial products	222.621	-	222.621	-
Commitments related to debts to financial markets and other off-balance sheet obligations	27.995.263	5.568	25.044.261	2.227
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	676.090.357	194.771.367	49.597.036	14.663.510
Total Cash Outflows			533.163.470	192.883.659
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	159.402.777	22.672.772	99.228.078	18.770.820
Other Cash Inflows	1.232.973	138.701.301	1.232.973	138.701.300
Total Cash Inflows	160.635.750	161.374.073	100.461.051	157.472.120
Total Adjusted Value				
Total HQLA Stock			716.992.699	299.995.369
Total Net Cash Outflows			432.702.419	49.249.207
Liquidity Coverage Ratio (%)			165,92%	611,13%

⁽¹⁾ Calculated by simple arithmetic average, monthly average calculated for the last three months of the values.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Prior Period				
High Quality Liquid Assets				
High Quality Liquid Assets			371.090.566	171.095.004
Cash Outflows				
Retail and Small Business Customers, of which;	454.195.710	214.631.550	42.384.913	21.458.856
Stable Deposits	60.558.720	42.990	3.021.214	-
Less Stable Deposits	393.636.990	214.588.560	39.363.699	21.458.856
Unsecured wholesale funding , of which;	471.195.518	215.077.291	205.358.959	80.194.017
Operational Deposits	101.363.428	81.222.852	25.340.857	20.305.713
Non-operational Deposits	344.177.699	128.395.124	161.847.927	54.552.303
Other Unsecured Funding	25.654.391	5.459.315	18.170.175	5.336.001
Secured Funding			-	-
Other cash outflows, of which;	11.659.878	2.332.129	9.158.303	2.329.755
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.570.020	2.328.173	2.570.020	2.328.173
Obligations related to structured financial products	211.538	-	211.538	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.320	3.956	6.376.745	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.154	114.560.256	24.903.147	9.961.478
Total Cash Outflows			281.805.322	113.944.106
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	91.193.133	18.116.262	56.326.600	14.272.544
Other Cash Inflows	1.103.926	83.853.871	1.103.926	83.853.871
Total Cash Inflows	92.297.059	101.970.133	57.430.526	98.126.415
Total Adjusted Value				
Total HQLA Stock			371.090.566	171.095.004
Total Net Cash Outflows			224.374.796	29.207.539
Liquidity Coverage Ratio (%)			165,38%	588,22%

⁽¹⁾ Calculated by simple arithmetic average, monthly average calculated for the last three months of the values.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

1. Presentation of assets and liabilities according to their remaining maturities:

The Parent Bank follows up and measures the consistency of payments comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	54.876.488	221.986.039	439.782	4.276.230	229.799	56.238	-	281.864.576
Banks	10.969.185	10.679.845	722.213	132.152	185.672	126.261	266.680	23.082.008
Financial assets at fair value through profit and loss	759.879	-	28	35.516.970	53.518	20	3.245.318	39.575.733
Money market placements	-	2.888.124	-	-	-	-	-	2.888.124
Financial assets at fair value through other comprehensive income	-	16.056.202	2.442.715	30.916.559	56.915.712	16.568.944	1.130.802	124.030.934
Loans ⁽⁴⁾	6.389.712	103.735.648	252.076.389	219.450.506	551.393.233	161.550.161	19.695.951	1.314.291.600
Financial assets measured at amortised cost	-	42.653.201	22.078.582	66.215.025	115.971.607	183.839.034	-	430.757.449
Other assets ⁽²⁾	2.578.292	7.206.983	8.142.419	5.670.113	5.966.325	644.241	50.311.754	80.520.127
Total assets	75.573.556	405.206.042	285.902.128	362.177.555	730.715.866	362.784.899	74.650.505	2.297.010.551
Liabilities								
Bank deposits	157.700.174	32.519.122	12.750.230	112.014	-	-	-	203.081.540
Other deposits	390.848.201	873.888.958	289.472.602	164.013.153	8.014.740	1.562.422	-	1.727.800.076
Funds provided from other financial institutions ⁽³⁾	30.855	510.306	1.910.465	4.974.512	9.565.791	6.665.190	-	23.657.119
Money market balances	-	25.085.982	406.299	-	2.932.480	-	-	28.424.761
Bonds issued	-	4.550.346	10.545.422	2.055.421	-	-	-	17.151.189
Miscellaneous Payables	53.600	23.539.496	509.649	2.428.533	10.037.665	234.449	5.028.661	41.832.053
Other liabilities ⁽¹⁾	431	13.597.528	365.672	72.215.076	6.894.715	1.150.044	160.840.347	255.063.813
Total liabilities	548.633.261	973.691.738	315.960.339	245.798.709	37.445.391	9.612.105	165.869.008	2.297.010.551
Liquidity Gap	(473.059.705)	(568.485.696)	(30.058.211)	116.378.846	693.270.475	353.172.794	(91.218.503)	-
Net off-Balance Sheet Position	-	101.097	(1.068.284)	(41.767)	186	-	-	(1.008.768)
Derivative Financial Assets	-	130.073.565	54.805.689	7.162.412	19.649.159	26.564.090	-	238.254.915
Derivative Financial Liabilities	-	(129.972.468)	(55.873.973)	(7.204.179)	(19.648.973)	(26.564.090)	-	(239.263.683)
Non-Cash Loans	198.462.066	19.990.768	42.760.458	191.943.366	130.772.147	30.874.584	-	614.803.389
Prior Period								
Total Assets	23.144.235	269.977.627	79.038.338	370.456.293	445.646.155	227.011.819	23.077.020	1.438.351.487
Total Liabilities	316.177.567	655.401.093	207.882.110	86.320.174	38.838.615	17.267.231	116.464.697	1.438.351.487
Liquidity Gap	(293.033.332)	(385.423.466)	(128.843.772)	284.136.119	406.807.540	209.744.588	(93.387.677)	-
Net off-Balance Sheet Position	-	663.356	1.542.405	438.100	671.791	-	-	3.315.652
Derivative Financial Assets	-	129.103.012	13.590.693	4.048.663	11.264.053	18.952.720	-	176.959.141
Derivative Financial Liabilities	-	(128.439.656)	(12.048.288)	(3.610.563)	(10.592.262)	(18.952.720)	-	(173.643.489)
Non-Cash Loans	101.186.193	8.326.129	32.413.891	108.863.398	57.123.993	14.407.311	243.005	322.563.920

⁽¹⁾ Shareholders' equity is disclosed in other liabilities line under the undistributed column.

⁽²⁾ Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses are disclosed in other assets under the undistributed column.

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Non-performing loans is disclosed in under the undistributed column.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Analysis of non-derivative financial liabilities by remaining contractual maturities:

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
Deposits	1.463.464.043	316.571.984	184.190.211	8.083.536	1.562.755	(42.990.913)	1.930.881.616
Funds provided from other financial intuitions	539.645	1.974.400	5.390.313	11.022.284	7.900.648	(3.170.171)	23.657.119
Money market borrowings	25.151.628	438.660	205.811	4.029.887	-	(1.401.225)	28.424.761
Securities issued	4.949.568	11.221.196	2.298.244	-	-	(1.317.819)	17.151.189
Funds	11.564	39.945	179.523	296.871	43.715	-	571.618
Total	1.494.116.448	330.246.185	192.264.102	23.432.578	9.507.118	(48.880.128)	2.000.686.303
Prior Period							
Liabilities							
Deposits	841.247.760	201.613.567	48.029.089	5.435.369	305.217	(6.975.585)	1.089.655.417
Funds provided from other financial intuitions	378.886	1.035.568	2.334.102	5.806.383	10.536.711	(2.996.394)	17.095.256
Money market borrowings	103.332.690	130.408	131.786	702.357	2.040.085	(1.097.311)	105.240.015
Securities issued	2.938.153	8.838.302	1.754.852	155.120	-	(355.986)	13.330.441
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
Total	947.904.355	211.640.154	52.322.032	12.225.403	12.892.003	(11.425.276)	1.225.558.671

⁽¹⁾ Adjustments column represents the difference between the total expected cash flows and the carrying values of non-derivative financial liabilities.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Analysis of Group's derivative financial instruments according to their remaining maturities:

Current Period: ⁽¹⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts– Buy	6.415.052	9.319.606	3.131.372	613	-	18.866.643
Forward Contracts – Sell	7.505.051	12.530.629	3.116.567	430	-	23.152.677
Swaps – Buy	105.062.378	34.526.701	3.992.272	-	-	143.581.351
Swaps – Sell	122.348.305	43.348.491	4.044.259	-	-	169.741.055
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal – Buy	3.353.512	3.232.664	-	-	-	6.586.176
Forward Precious Metal – Sell	2.205.463	-	-	-	-	2.205.463
Money Buy Options	492.365	20.564	-	-	-	512.929
Money Sell Options	492.460	20.470	-	-	-	512.930
Swaps Interest – Buy	-	10.000	10.000	19.648.547	26.564.089	46.232.636
Swaps Interest – Sell	-	10.000	10.000	19.648.547	26.564.089	46.232.636
Currency Futures–Buy	-	14.662	28.768	-	-	43.430
Currency Futures–Sell	-	15.170	33.353	-	-	48.523
Swaps Precious Metal – Buy	17.332.763	7.731.800	-	-	-	25.064.563
Swaps Precious Metal – Sell	-	-	-	-	-	-
Total	265.207.349	110.780.757	14.366.591	39.298.137	53.128.178	482.781.012

Prior Period: ⁽²⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts– Buy	7.262.313	2.334.291	1.145.948	40.590	-	10.783.142
Forward Contracts – Sell	4.360.896	1.069.525	1.145.600	40.578	-	6.616.599
Swaps – Buy	100.647.842	8.464.760	2.902.716	932.240	-	112.947.558
Swaps – Sell	122.840.013	9.641.926	2.464.964	260.460	-	135.207.363
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal – Buy	848.727	152.771	-	-	-	1.001.498
Forward Precious Metal – Sell	3.793.810	1.332.501	-	-	-	5.126.311
Money Buy Options	5.394.200	7.084.913	-	-	-	12.479.113
Money Sell Options	5.395.779	7.064.049	-	-	-	12.459.828
Swaps Interest – Buy	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Swaps Interest – Sell	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Currency Futures–Buy	-	410.850	-	-	-	410.850
Currency Futures–Sell	-	506.901	-	-	-	506.901
Swaps Precious Metal – Buy	22.626.349	1.629.045	-	-	-	24.255.394
Swaps Precious Metal – Sell	-	-	-	-	-	-
Total	273.189.929	39.811.532	7.659.228	21.856.320	37.905.436	380.422.445

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 5.262.414 are included in the table

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VII. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO

Summary comparison table between total assets and total risk in the consolidated financial statements prepared in accordance with TAS

	Current Period	Prior Period
Total Assets in The Consolidated Financial Statements Prepared in Accordance with TAS ⁽¹⁾	2.010.675.118	1.437.836.113
The difference between Total Assets in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks ⁽¹⁾	(655.785)	(515.374)
The difference between total amount of derivative financial instruments and credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk balances of such instruments ⁽²⁾	235.258.956	150.903.788
The difference between total amount of risk investment securities or commodity collateral financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such instruments ⁽²⁾	57.763.300	41.811.348
The difference between total amount of off-balance sheet transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items ⁽²⁾	31.962.390	15.758.540
The other differences between amount of assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items	-	-
Total Risk Amount	3.066.839.291	1.802.471.874

⁽¹⁾ The amounts are represented in the table as of 30 June 2023 and 31 December 2022.

⁽²⁾ The amounts in the table represent three-month averages.

Leverage ratio calculated according to the article "Regulation Regarding the Measurement and Evaluation of Banks' Leverage Level" published in the Official Gazette No. 28812 dated 5 November 2013 is as follows.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	2.318.931.081	1.402.914.230
2.Assets That Are Deducted from Core Capital	(3.555.151)	(1.107.374)
3.Total on Balance Sheet Exposures	2.315.375.930	1.401.806.856
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	4.379.017	3.067.627
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	4.298.438	2.757.617
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	8.677.455	5.825.244
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	8.894.016	6.132.299
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	8.894.016	6.132.299
Off-Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	765.854.280	404.466.015
11.Adjustments for Conversion to Credit Equivalent Amounts	(31.962.390)	(15.758.540)
12.The Total Risk of Off-Balance Sheet Items	733.891.890	388.707.475
Capital And Total Exposures		
13.Tier 1 Capital	154.223.647	98.313.005
14.Total Exposures	3.066.839.291	1.802.471.874
Leverage Ratio		
15.Leverage Ratio	5,03%	5,45%

⁽¹⁾ The amounts in the table represent three-month averages.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION

The Group's operations are grouped under the corporate, commercial, integrated banking and treasury/investment banking categories.

The Parent Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium Size Enterprises (SMEs) as well as individual consumers. In this context, the Parent Bank has no restrictions on the area in which it operates.

The Parent Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Parent Bank's application, firms are segmented as corporate firms, commercial firms, enterprising business firms, small size enterprises and small-scale retailers.

Individual customers are real persons without having any commercial or professional purposes other than their individual demands in the Parent Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

The following are the services provided by the Parent Bank to all of its customers:

- Accepting deposits,
- Issuance of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money market transactions,
- Rendering insurance agency transactions and individual pension services,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement organised by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering,
- Trading the capital market instruments in the secondary market for the purpose of performing intermediary services,
- Acting as an operator in order to provide risk management systems related to technical support and consulting services,
- Providing technical support and consulting services to Bank's subsidiaries,
- Acting as a custodian in order to keep client's assets related to individual portfolio management of portfolio management companies,
- Acting as a portfolio management agency

Under the Treasury transactions, medium and long-term fund provision is performed through securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Details of the segment information prepared in accordance with the Act on "Disclosure of Financial Statements of Banks and The Related Presentations and Notes" as of 31 December 2023 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January -31 December 2023					
OPERATING INCOME / EXPENSES					
Interest Income	55.505.271	131.840.799	120.888.521	3.544.757	311.779.348
Interest on Loans	55.248.451	130.389.957	5.162.059	-	190.800.467
Interest Income on Marketable Securities	-	1.355.296	112.534.531	-	113.889.827
Interest Received from Banks	-	-	2.053.771	25.257	2.079.028
Other Interest Income	256.820	95.546	1.138.160	3.519.500	5.010.026
Interest Expense	98.645.795	136.299.948	29.643.188	1.203.093	265.792.024
Interest on Deposits	98.471.432	134.546.108	5.380.139	-	238.397.679
Interest on Borrowings	34.183	83.572	875.399	413.195	1.406.349
Interest on Money Market Borrowings	-	798.367	14.686.606	668.935	16.153.908
Interest on Marketable Bonds Issued	-	-	7.642.842	119.845	7.762.687
Other Interest Expense	140.180	871.901	1.058.202	1.118	2.071.401
Net Interest Income	(43.140.524)	(4.459.149)	91.245.333	2.341.664	45.987.324
Net Fees and Commissions Income	5.710.388	10.422.248	4.654.780	280.495	21.067.911
Net Trading Profit / (Loss)	592.996	15.936.941	(32.511.910)	11.576	(15.970.397)
Dividend Income	-	-	19.801	479	20.280
Other Income	539.950	2.050.479	16.680.158	283.549	19.554.136
Expected Loss Provisions	502.274	1.779.214	1.356.681	153.065	3.791.234
Other Expenses	751.758	15.458.776	34.868.319	462.307	51.541.160
Income Before Taxes	(37.551.222)	6.712.529	43.863.162	2.302.391	15.326.860
Income Tax Provision	-	-	2.818.855	(392.476)	2.426.379
Net Profit For The Period	(37.551.222)	6.712.529	46.682.017	1.909.915	17.753.239

SEGMENT ASSETS

31 December 2023					
Marketable Securities ⁽²⁾	-	28.088.605	566.216.977	1.107	594.306.689
Derivative Financial Assets Held for Trading	-	210.860	3.577.519	-	3.788.379
Banks and Money Market Receivables ⁽²⁾	-	5.893.869	19.649.812	416.165	25.959.846
Associates and Subsidiaries (Net)	-	-	3.431.387	-	3.431.387
Loans ⁽²⁾	410.323.838	800.166.237	54.360.416	-	1.264.850.491
Other Assets ⁽²⁾	3.315.461	18.606.383	357.925.850	24.826.065	404.673.759
TOTAL ASSETS	413.639.299	852.965.954	1.005.161.961	25.243.337	2.297.010.551

SEGMENT LIABILITIES

31 December 2023					
Deposits	623.625.955	1.078.753.727	228.501.934	-	1.930.881.616
Derivative Financial Liabilities	-	355.768	539.489	-	895.257
Money Market Balances	-	13.608.772	9.900.109	4.915.880	28.424.761
Borrowing Funding Loans	326.900	836.089	19.686.220	2.807.910	23.657.119
Bonds Issued	-	-	10.207.685	6.943.504	17.151.189
Other Liabilities	8.375.014	28.674.887	96.730.189	856.788	134.636.878
Provisions and Tax Payable	939.984	1.702.661	15.655.039	151.104	18.448.788
Shareholders' Equity	(37.551.222)	6.712.529	171.601.622	2.152.014	142.914.943
TOTAL LIABILITIES	595.716.631	1.130.644.433	552.822.287	17.827.200	2.297.010.551

OFF-BALANCE SHEET ITEMS

31 December 2023					
Guarantees and Sureties	302.220.877	224.465.364	88.117.148	-	614.803.389
Commitments	2.349.185	49.970.528	147.054.529	25	199.374.267
Derivative Financial Instruments	-	59.844.491	417.674.107	-	477.518.598
TOTAL OFF-BALANCE SHEET ITEMS	304.570.062	334.280.383	652.845.784	25	1.291.696.254

⁽¹⁾ Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Banka AD Beograd, and Halk Banka AD, Skopje transactions are presented under the Treasury / Investment column, Halk Finansal Kiralama AŞ, Halk Faktoring AŞ and Halk Varlık Kiralama AŞ activities presented under the Other column.

⁽²⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January -31 December 2022					
OPERATING INCOME / EXPENSES					
Interest Income	26.231.967	59.003.530	69.837.838	1.503.746	156.577.081
Interest on Loans	26.000.171	58.096.815	2.222.063	-	86.319.049
Interest Income on Marketable Securities	-	866.067	66.806.028	-	67.672.095
Interest Received from Banks	-	-	528.733	8.383	537.116
Other Interest Income	231.796	40.648	281.074	1.495.363	2.048.821
Interest Expense	26.747.756	36.218.862	23.030.751	459.531	86.456.900
Interest on Deposits	26.422.390	35.471.004	2.630.631	-	64.524.025
Interest on Borrowings	24.009	70.374	304.633	222.994	622.010
Interest on Money Market Borrowings	-	269.111	15.672.137	182.590	16.123.838
Interest on Marketable Bonds Issued	-	-	3.715.519	53.107	3.768.626
Other Interest Expense	301.357	408.373	707.831	840	1.418.401
Net Interest Income	(515.789)	22.784.668	46.807.087	1.044.215	70.120.181
Net Fees and Commissions Income	2.685.153	4.933.816	1.729.770	23.623	9.372.362
Net Trading Profit / (Loss)	37.893	6.063.174	(11.865.486)	12.383	(5.752.036)
Dividend Income	-	-	54.260	-	54.260
Other Income	822.708	1.203.463	5.367.049	138.730	7.531.950
Expected Loss Provisions	1.688.139	2.998.944	32.379.032	94.495	37.160.610
Other Expenses	1.462.794	8.517.751	9.332.205	188.161	19.500.911
Income Before Taxes	(120.968)	23.468.426	381.443	936.295	24.665.196
Income Tax Provision	-	-	(5.554.380)	(130.143)	(5.684.523)
Net Profit For The Period	(120.968)	23.468.426	(5.172.937)	806.152	18.980.673
SEGMENT ASSETS					
31 December 2022					
Marketable Securities ⁽²⁾	-	17.824.827	360.975.678	628	378.801.133
Derivative Financial Assets Held for Trading	-	250.665	2.984.005	-	3.234.670
Banks and Money Market Receivables ⁽²⁾	-	427.159	8.188.383	105.703	8.721.245
Associates and Subsidiaries (Net)	-	-	1.687.204	-	1.687.204
Loans ⁽²⁾	284.922.174	497.341.919	30.247.190	-	812.511.283
Other Assets ⁽²⁾	3.723.562	12.657.863	204.234.508	12.780.019	233.395.952
TOTAL ASSETS	288.645.736	528.502.433	608.316.968	12.886.350	1.438.351.487
SEGMENT LIABILITIES					
31 December 2022					
Deposits	361.738.703	585.394.896	142.521.818	-	1.089.655.417
Derivative Financial Liabilities	-	301.279	521.073	-	822.352
Money Market Balances	-	7.585.020	96.159.760	1.495.235	105.240.015
Borrowing Funding Loans	395.181	589.094	15.182.741	928.240	17.095.256
Bonds Issued	-	-	9.723.707	3.606.734	13.330.441
Other Liabilities	8.287.920	16.366.361	76.494.973	371.568	101.520.822
Provisions and Tax Payable	342.318	535.444	17.840.773	88.834	18.807.369
Shareholders' Equity	3,424,863	26,027,659	61,103,560	1,323,733	91,879,815
TOTAL LIABILITIES	374.188.985	636.799.753	419.548.405	7.814.344	1.438.351.487
OFF-BALANCE SHEET ITEMS					
31 December 2022					
Guarantees and Sureties	158.431.430	117.125.931	47.006.559	-	322.563.920
Commitments	1.420.003	32.386.264	85.053.259	4.943	118.864.469
Derivative Financial Instruments	-	35,087,036	315,515,594	-	350,602,630
TOTAL OFF-BALANCE SHEET ITEMS	159.851.433	184.599.231	447.575.412	4,943	792.031.019

⁽¹⁾ Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Banka AD Beograd, and Halk Banka AD, Skopje transactions are presented under the Treasury / Investment column, Halk Finansal Kiralama AŞ, Halk Faktoring AŞ and Halk Varlık Kiralama AŞ activities presented under the Other column.

⁽²⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	2.171.899.240	2.066.227.588	1.371.123.616	1.384.331.244
Cash and Balances with the Central Bank of Türkiye	281.864.576	281.864.576	164.219.881	164.219.881
Financial assets at fair value through P&L ⁽³⁾⁽⁴⁾	4.027.263	4.027.263	214.435	214.435
Banks	23.082.008	23.069.446	8.702.504	8.653.187
Money Market Placements	2.888.124	2.888.124	25.005	25.005
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	118.272.616	118.272.616	100.232.132	100.232.132
Other Financial Assets Measured at Amortised Cost	430.757.449	377.158.359	241.455.259	263.082.145
Loans ⁽²⁾	1.294.595.649	1.242.535.649	847.119.613	838.749.672
Lease Receivables	10.207.714	10.207.714	5.547.035	5.547.035
Factoring Receivables	6.203.841	6.203.841	3.607.752	3.607.752
Financial Liabilities	2.045.135.676	2.043.784.748	1.254.691.930	1.249.461.208
Banks Deposits	203.081.540	203.015.597	135.387.250	135.270.655
Other Deposits	1.727.800.076	1.726.878.985	954.268.167	949.101.524
Derivative financial liabilities held for trading	895.257	895.257	822.352	822.352
Funds provided from other financial institutions	23.657.119	23.543.554	17.095.256	17.508.277
Money market borrowings	28.424.761	28.182.388	105.240.015	105.236.717
Securities issued	17.151.189	17.143.233	13.330.441	12.973.234
Miscellaneous payables	41.832.053	41.832.053	27.029.287	27.029.287
Leasing payables	2.293.681	2.293.681	1.519.162	1.519.162

⁽¹⁾ As of 31 December 2023, TRY 5.758.318 (31 December 2022: TRY 2.630.062) of «equity investments not quoted on stock exchange» followed in financial assets at fair value through other comprehensive income are not included.

⁽²⁾ Net of follow-up loans has not been included in the table above.

⁽³⁾ As of 31 December 2023, marketable securities amounting to TRY 182.791 (31 December 2022: TRY 354.023) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

⁽⁴⁾ Securities lending transactions amounting to TRY 35.365.679 (31 December 2021: TRY 33.947.997) is not included in the financial assets at fair value through P&L.

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

The fair value of the held to maturity assets is determined at other financial assets measured at amortised cost, when the market prices are not available, quoted market prices of other marketable securities which are amortised with the same terms of interest maturity and other similar conditions are used.

The prevailing interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial intuitions and miscellaneous payables.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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Classification of Fair Value Measurement

TFRS 7 – Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Parent Bank. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

In this context, the fair value classification of financial assets and liabilities measured at fair values are as followed:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	4.027.263	-	-	4.027.263
Derivative financial assets	-	3.788.379	-	3.788.379
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	118.272.616	-	-	118.272.616
Subsidiaries	-	-	598.108	598.108
Associates ⁽³⁾	-	-	2.436.869	2.436.869
Total Financial Assets	122.299.879	3.788.379	3.034.977	129.123.235

Financial Liabilities Measured at Fair Value:

Derivative financial liabilities	-	895.257	-	895.257
Total Financial Liabilities	-	895.257	-	895.257

⁽¹⁾ As of 31 December 2023, share certificates amounting to TRY 5.758.318 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2023, marketable securities amounting to TRY 182.791 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Parent Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 103.017), Bileşim Finansal Teknolojiler ve Ödeme Sis. AŞ (TRY 127.982), Kredi Kayıt Bürosu AŞ (TRY 2.516), Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 18.851), Birleşim Varlık Yönetim AŞ (TRY 122.230), Bankalararası Kart Merkezi AŞ (TRY 17.628) and JCR Avrasya Derecelendirme AŞ (TRY 4.186) are not included in the table.

⁽⁴⁾ As of 31 December 2023, the securities lending transactions amounting to TRY 35.365.679 followed in financial assets at fair value through profit or loss are not included in the table.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	214.435	-	-	214.435
Derivative financial assets	-	3.234.670	-	3.234.670
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	100.232.132	-	-	100.232.132
Subsidiaries	-	-	100.345	100.345
Associates ⁽³⁾	-	-	1.373.880	1.373.880
Total Financial Assets	100.446.567	3.234.670	1.474.225	105.155.462

Financial Liabilities Measured at Fair Value:

Derivative financial liabilities	-	822.352	-	822.352
Total Financial Liabilities	-	822.352	-	822.352

⁽¹⁾ As of 31 December 2022, share certificates amounting to TRY 2.630.062 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2022, marketable securities amounting to TRY 354.023 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Parent Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 71.349), Bileşim Finansal Teknolojiler ve Ödeme Sis. AŞ (TRY 127.982), Kredi Kayıt Bürosu AŞ (TRY 2.516) and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 11.132) are not included in the table.

⁽⁴⁾ As of 31 December 2022, the securities lending transactions amounting to TRY 33.947.997 followed in financial assets at fair value through profit or loss are not included in the table.

The movement of financial assets in the third level are as follows:

	Current Period
Balance at the beginning of the period	1.474.225
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	1.560.752
Transfers	-
Redemption or Sales	-
Period End Balance	3.034.977

	Prior Period
Balance at the beginning of the period	1.108.396
Purchases during the year	99.295
Non-paid up shares	-
Valuation Difference	265.484
Transfers	1.050
Redemption or Sales	-
Period End Balance	1.474.225

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND TRANSACTIONS BASED ON TRUST

The Parent Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not engage in fiduciary transactions.

XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Explanations Related To Risk Management

The Parent Bank's business model creates a comprehensive risk profile that includes all units of the Bank. Credit risk is a key component of the risk profile. The Parent Bank effectively implements risk management policies and procedures for loan and other risks which is determined within the framework of risk capacity and appetite and approved by board of directors. Risk appetite and capacity, which are directly related to the Parent Bank's strategic objectives, are limited by legal rates therefore the Parent Bank associated with them.

Regarding the risk management structure; The Internal Audit Department, Internal Control Department and Risk Management Department, which are units within the scope of internal systems, carry out their activities in accordance with the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Assessment Process published in the Official Gazette No. 29057 dated 11 July 2014 and subject to the Board of Directors through the Audit Committee.

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing.

In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Parent Bank is exposed in relation to its duties.

The Parent Bank is using information technologies and training documents openly and effectively for the dissemination and application of risk culture, and the development of bank staff is supported in line with this goal with face to face learning and e-learning. In addition, all personnel are regularly informed and aware of the risks that the Parent Bank is exposed to.

Risk measurement systems are based on accepted risk models and workflows for the identification, monitoring and reporting of risks in accordance with legislation. Methods and software that are in line with international standards are used for risk groups such as credit, market, operational and counterparty credit risk etc.

Within the scope of risk management activities, regular reporting and presentations are made by related units to the board of directors, asset-liability and audit committees and to the other committees, in order to manage the risks that the Parent Bank is exposed to more effectively, to support the decision making processes related to them, to create new strategies and policies.

The Parent Bank reports to the BRSB by applying the stress tests determined in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). In addition, stress tests are carried out in line with the scenarios created by the risks exposed and the macroeconomic conditions. This test which is made by applying shocks for various risk factors, shows the results on risk weighted assets, own funds and capital adequacy ratio.

The Parent Bank monitors its effectiveness by closely monitoring the processes of managing and reducing the risks arising from the business model. The Parent Bank regularly revises the strategies it has established regarding these processes in line with the existing conditions and sets policies.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Overview of Risk Weighted Amounts (*):

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) (**)	1.101.003.969	791.173.431	88.080.318	63.293.874
2 Standardized approach (SA)	1.101.003.969	791.173.431	88.080.318	63.293.874
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk (**)	4.963.190	8.071.010	397.055	645.681
5 Standardized approach for counterparty credit risk (SA-CCR)	4.963.190	8.071.010	397.055	645.681
6 Internal model method (IMM)	-	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8 Investments made in collective investment companies look-through approach	-	-	-	-
9 Investments made in collective investment companies mandate-based approach	-	-	-	-
10 Investments made in collective investment companies 1250% weighted risk approach	-	-	-	-
11 Settlement risk	-	-	-	-
12 Securitization positions in banking accounts	-	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-	-
16 Market risk	80.959.663	32.488.100	6.476.773	2.599.048
17 Standardized approach (SA)	80.959.663	32.488.100	6.476.773	2.599.048
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	69.046.409	29.467.236	5.523.713	2.357.379
20 Basic Indicator Approach	69.046.409	29.467.236	5.523.713	2.357.379
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	4.566.390	3.108.851	365.311	248.708
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.260.539.621	864.308.628	100.843.170	69.144.690

(*) Amounts below the thresholds for deductions from capital are excluded from credit risk standard approach of RWA amount.

(**) Based on the Board Decision dated 31 January 2023 published by the BRSB, CBRT's foreign exchange buying rates as of 30 December 2022 was used in the calculation of the amount subject to credit risk.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Differences and Matching Between Accounting and Regulatory Scopes of Consolidation⁽¹⁾:

	Carrying values of items in accordance with Turkish Accounting Standards					Not subject to capital requirements or subject to deduction from capital
	Carrying values in financial statements prepared as per TAS	Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Assets						
Cash and Balances with the Central Bank	281.828.278	281.828.278	-	-	-	-
Derivative Financial Assets	3.788.379	-	3.788.379	-	1.369.914	-
Financial assets at fair value through profit and loss	39.575.733	182.791	-	-	4.027.263	35.365.679
Banks	23.071.722	23.071.722	-	-	-	-
Receivables from Money markets	2.888.124	-	2.888.124	-	-	-
Financial assets at fair value through OCI (net)	124.030.934	13.119.495	-	-	110.911.439	-
Loans	1.264.850.491	1.264.604.254	-	-	-	246.237
Receivables from factoring	6.203.841	6.203.841	-	-	-	-
Financial assets measured at amortised cost (net)	430.700.022	430.700.022	-	-	-	-
Subsidiaries (net)	2.833.279	2.833.279	-	-	-	-
Associates (net)	598.108	598.108	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	10.207.714	10.207.714	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	31.184.968	29.533.488	-	-	-	1.651.480
Intangible Assets (net)	2.101.641	603.290	-	-	-	1.498.351
Real estate for investment purpose (net)	15.087.803	15.087.803	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	14.507.046	-	-	-	-	14.507.046
Assets Held For Sale and Discontinued Operations (net)	3.522	3.522	-	-	-	-
Other assets	43.548.946	43.544.385	-	-	4.561	-
Total Assets	2.297.010.551	2.122.121.992	6.676.503	-	116.313.177	53.268.793
Liabilities						
Deposits	1.930.881.616	-	-	-	-	1.930.881.616
Derivative financial liabilities	895.257	-	-	-	138.408	756.849
Loans	23.657.119	-	-	-	-	23.657.119
Money market borrowings	28.424.761	-	28.424.761	-	-	-
Securities issued	17.151.189	-	-	-	-	17.151.189
Funds	571.618	-	-	-	-	571.618
Other liabilities	89.624.317	-	-	-	1.798	89.622.519
Factoring payables	16.982	-	-	-	-	16.982
Finance lease payables	2.293.681	-	-	-	-	2.293.681
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	13.262.861	-	-	-	-	13.262.861
Tax Liability	5.183.775	-	-	-	-	5.183.775
Deffered Tax Liability	2.152	-	-	-	-	2.152
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	42.130.280	-	-	-	-	42.130.280
Shareholders' equity	142.914.943	-	-	-	-	142.914.943
Total liabilities	2.297.010.551	-	28.424.761	-	140.206	2.268.445.584

* Expected Loss Provisions presented in related lines.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements:

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	2.297.010.551	2.122.121.992	-	6.676.503	116.313.177
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	28.424.761	140.206
3 Total net amount under regulatory scope of consolidation	2.297.010.551	2.122.121.992	-	(21.748.258)	116.172.971
4 Off-balance Sheet Amounts ⁽¹⁾	1.291.696.254	364.207.866	-	9.574.281	142.928.781
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Differences due to risk reduction	-	2.486.329.858	-	(12.173.977)	259.101.752

Explanations of differences between accounting and regulatory exposure amounts:

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

Explanations Related to Counterparty Credit Risk

The Parent Bank provides the necessary definitions and classifications for the CCR that take into account the clearing and pre-clearing risk in relation to the management policies and procedures of the CCR, thereby managing these risks on a counterparty basis and across the bank.

The impact of the new products and activities on the Parent Bank's CCR level is assessed and these evaluations are included in the product / activity approval process.

The market, liquidity, compliance risk and operational risk that may be associated with the CCR are taken into account and the general / specific limit levels of the Parent Bank's transactions to the CCR are determined. These limits established within the framework of the CCR are regularly monitored. The Parent Bank uses risk mitigation techniques to the extent that it is appropriate, through applications such as margin taking and margin fulfillment.

The Parent Bank uses methods and models in accordance with international standards for the identification, measurement, monitoring, control and reporting of the CCR. Independent scrutiny and supervision is carried out on the integrity, correctness and effectiveness of the CCR management systems. These activities are carried out by the Parent Bank's internal audit units and independent audit institutions.

Agreements entered into with counterparty financial institutions resulting in credit risk according to the attributes of the transaction are evaluated by taking into account ISDA framework and CSA framework for derivative transactions, GMRA framework for repurchase agreements. The risk is mitigated by receiving cash or other forms of collaterals as per the counterparty limits designated by the Board of Directors.

In secured lending and repo transactions, the haircut amounts are reduced from the counterparty limits. In cases whereby possible decreases or increases in ratings affects the current replacement cost, margin call agreements are used as a risk mitigator.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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Counterparty Credit Risk (CCR) Approach Analysis:

	Replacement cost	Potential Future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach – CCR (for derivatives)	2.142.438	3.764.296		1,4	8.269.427	2.227.758
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.190.822	945.337
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total					12.460.249	3.173.095

* Expected effective positive risk amount.

Capital requirement for credit valuation adjustment (CVA):

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	8.269.427	812.270
Total subject to the CVA capital obligation	8.269.427	812.270

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Standardised Approach – Counterparty Risk Per Risk Classification And Risk Weighted Amounts:

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit Risk
Claims on sovereigns and Central Banks	4.990.804	-	-	-	-	-	-	-	-	4.990.804
Claims on regional governments or local authorities	-	-	-	208	-	-	-	-	-	208
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	14	-	-	-	14
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	4.599.350	1.114.879	-	1.266.878	-	-	-	6.981.107
Claims on corporates	-	-	66.619	7.621	-	404.996	-	-	-	479.236
Claims included in the regulatory retail portfolios	-	-	-	-	8.880	-	-	-	-	8.880
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	812.270	-	-	-	812.270
Total	4.990.804	-	4.665.969	1.122.708	8.880	2.484.158	-	-	-	13.272.519

(*) Includes the amounts that are not included in the assessment of the counterparty credit risk according to the measurement methods shown in the table "Central counterparty risks".

Collaterals for Counterparty Credit Risk:

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	47.530	-	-
Cash-foreign currency	-	1.920.951	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	1.920.951	-	47.530	-	-

Counterparty Credit Risk-Credit Derivatives:

None.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Exposures to Central Counterparty (CCP):

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		977.825
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	1.304.854	977.231
(i) Over the counter derivative financial instruments	1.931	39
(ii) Other derivative financial instruments	1.302.923	977.192
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	29.331	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	29.691	594
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

Securitisations:

None.

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Qualitative Disclosure on Credit Risk:

Credit risk, which is the most important risk profile of the Parent Bank's business model, refers to risks and losses arising from counterparty's failure to meet its obligations under contracts that the Parent Bank is a party to. Credit limits are set according to the risk appetite and capacity of the Parent Bank.

Credit limits are assigned according to the customer's financial condition and credit need by the branches, regional credit committee, head of credit department, executive vice president in charge of loans, general manager, credit committee and board of directors and revised whenever required. As part of its risk policies, the Parent Bank monitors limits designated by sectors and sub sectors.

Within the scope of internal systems, internal audit activities are carried out by the Board of Inspectors and the Internal Audit Department in order to ensure that the activities of the Parent Bank are carried out in accordance with the Parent Bank's policies determined in compliance with the legal regulations. The Risk Management Department, which is the risk unit within the internal systems, performs the functions of measuring, monitoring, controlling and reporting on the credit risk to which the Parent Bank is exposed to. These units are regularly reporting the risks exposed to the Parent Bank's Senior Management.

The Parent Bank, in the credit allocation process, restricts its risk exposure by working with highly creditworthy banks and institutions considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Parent Bank rates all of its borrowers' credit and requires additional collaterals from whose risk is higher. The Parent Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Parent Bank's risk is concentrated in Türkiye.

Limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically, concerning the off-balance sheet operations based on the customers and banks.

Credit Quality of Assets

	Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-Defaulted		
1 Loans	19.695.951	1.294.595.649	49.441.109	1.264.850.491
2 Debt Securities ^(*)	-	560.560.346	1.619.336	558.941.010
3 Off-balance sheet exposures	-	814.177.656	3.797.940	810.379.716
4 Total	19.695.951	2.669.333.651	54.858.385	2.634.171.217

(*) As of 31 December 2023, TRY 35.365.679 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

Changes in Stock of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at end of the previous reporting period	19.052.911
2	Loans and debt securities defaulted since the last reporting period	6.828.553
3	Receivables back to performing status	146.871
4	Amounts written off	122.457
5	Other changes	(5.916.185)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	19.695.951

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Additional Disclosure Related To The Credit Quality Of Assets:

Breakdown According to Maturity:

31 December 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	26.085.663	103.735.648	252.076.389	219.450.506	551.393.233	161.550.161	1.314.291.600

Exposures Provisioned Against By Major Regions:

31 December 2023	Non-Performing Loans	ECL (Stage 3)
Domestic	18.517.034	15.118.299
European Union (EU) Countries	2.736	2.421
OECD Countries	33	32
Off-Shore Banking Regions	-	-
USA, Canada	13	8
Other Countries	1.176.135	724.370
Total	19.695.951	15.845.130

Exposures Provisioned Against By Sectors:

Explained in Section 4 Credit Risk Information according to sectors and counterparties

Aging analysis of overdue but not impaired financial assets:

31 December 2023	
30-60 days overdue	4.062.381
60-90 days overdue	2.169.000
Total	6.231.381

Breakdown of restructured receivables based on whether or not provisions are allocated:

31 December 2023	
Loans Structured from Standard Loans	428.678
Loans Composed of Follow-up Loans	38.775.882
Loans Restructured from Non-Performing Loans	1.486.340

* Rediscounts are not included in the amount.

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The risk mitigation factors used in the lending activities of the Parent Bank are listed below.

- Financial warranties (Treasury Bills, Government Bonds, Cash, Pledged Deposits, Gold, Pledged Securities)
- Guarantees
- Mortgage (Although mortgage lending in Basel II has been considered as a risk class, it has also been included in this section in terms of valuation methods and concentrations).

The financial guarantees in the Parent Bank are subject to valuation on a daily basis. The creditworthinesses of guarantors are monitored and assessed within the framework of credit revision schedules.

As long as the mortgage that constitutes the collateral of the credits continues to be related to the loan, the risk-guarantee balances are monitored and revalued each year. Action plans are developed for the possibility of diminution in value of collaterals.

As per the BRSA regulations, guarantees given by the Treasury and banks are regarded as risk reduction elements and the creditworthiness of banks is regularly monitored.

The volatility in the real estate market is closely monitored by the Parent Bank and fluctuations that may occur depending on the market movements related to the mentioned risk class, are taken into account according to the principles stated in the related regulation.

In the portfolios where the comprehensive financial guarantee method is used, the risk mitigating effects of collateral are determined through standard volatility adjustments.

Concentration checks are conducted on guarantors and collateral providers.

There is no on-balance sheet or off-balance sheet offsetting.

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	839.632.363	437.720.960	375.534.588	98.048.080	85.712.702	-	-
2 Debt Instruments ⁽¹⁾	558.941.010	-	-	-	-	-	-
3 Total	1.398.573.373	437.720.960	375.534.588	98.048.080	85.712.702	-	-
4 Of which defaulted	1.528.324	2.380.399	1.400.948	530.434	351.737	-	-

⁽¹⁾ As of 31 December 2023, TRY 35.365.679 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

⁽²⁾ Carrying amount as per TAS includes Lease Receivables and Factoring Receivables.

Information about the Banks' Use of Ratings in Calculating Credit Risk by Using Standard Approach

Explained in risk classifications related to Article 6 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks in 4-II Financial Position and Risk Management of Bank – Credit Risk section.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	594.744.478	1.401.684	680.808.995	1.227.240	1.241.374	0,18%
Claims on regional governments or local authorities	4.474.954	364.740	4.460.158	153.028	2.306.593	50,00%
Claims on administrative bodies and other non-commercial undertakings	5.328.113	2.707.206	5.226.352	1.224.625	6.450.214	99,99%
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	19.100.552	9.254.202	19.100.334	6.764.892	14.847.189	57,40%
Claims on corporates	380.554.422	401.117.224	313.189.949	258.984.007	483.082.574	84,43%
Claims included in the regulatory retail portfolios	419.932.085	200.460.050	388.992.784	39.123.688	226.574.963	52,92%
Claims secured by residential property	166.056.759	36.316.756	166.056.759	18.223.619	64.498.132	35,00%
Claims secured by commercial property	111.058.835	51.507.767	111.058.835	32.922.240	76.224.421	52,94%
Overdue loans	4.536.521	1.561.295	4.134.330	449.370	3.804.571	83,00%
Higher risk categories decided by the Board	90.053.801	-	90.037.132	-	161.386.932	179,24%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	1.045.113	-	1.045.113	-	1.045.113	100,00%
Equity share investments	106.281.964	14.393.759	106.278.972	15.654	59.541.893	56,02%
Total	1.903.167.597	719.084.683	1.890.389.713	359.088.363	1.101.003.969	48,94%

Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	Risk Weights											Total risk amount (pt-CCF and CRM)	
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%		500%
Claims on sovereigns and Central Banks	680.794.861	-	-	-	-	-	1.241.374	-	-	-	-	-	682.036.235
Claims on regional governments or local authorities	-	-	-	4.613.186	-	-	-	-	-	-	-	-	4.613.186
Claims on administrative bodies and other non-commercial undertakings	-	-	954	-	-	-	6.450.023	-	-	-	-	-	6.450.977
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	10.177.350	-	5.752.316	-	9.935.560	-	-	-	-	-	25.865.226
Claims on corporates	-	-	66.913.556	-	77.660.029	-	421.061.419	6.538.952	-	-	-	-	572.173.956
Claims included in the regulatory retail portfolios	-	-	158.774.202	-	33.450.026	231.188.536	4.703.708	-	-	-	-	-	428.116.472
Claims secured by residential property	-	-	-	184.280.378	-	-	-	-	-	-	-	-	184.280.378
Claims secured by commercial property	-	-	-	-	135.513.308	-	8.467.767	-	-	-	-	-	143.981.075
Overdue loans	-	-	-	-	1.860.624	-	2.420.710	302.366	-	-	-	-	4.583.700
Higher risk categories decided by the Board	-	-	-	-	-	-	39.138.615	50.604.525	-	-	293.992	-	90.037.132
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	1.045.113	-	-	-	-	-	1.045.113
Other receivables	39.256.883	-	8.715.066	-	-	2.095.187	56.227.490	-	-	-	-	-	106.294.626
Total	720.051.744	-	244.581.128	184.280.378	258.849.489	233.283.723	511.553.164	45.979.933	50.604.525	-	-	293.992	2.249.478.076

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Publicly Announced Qualitative Disclosure on Market Risk

The Parent Bank's market risks are managed within the framework of the "Policies Related to the Management of the Market Risk" approved by the Board of Directors, and the trading activities of the positions and portfolios subject to the market risks are carried out in accordance with the "Trading Strategy Policy".

The Parent Bank's market risks are measured by two methods, namely the standard method and the risk measurement method. In statutory reporting, the standard method is used in accordance with the "Regulation Regarding the Measurement and Evaluation of Parent Banks' Capital Adequacy" published in the Official Gazette dated 23 October 2015 and numbered 29511. In addition, the risk measurement model and the value at risk (VAR) are measured in accordance with the "Communiqué on Calculation of Market Risk and Risk Measurement Models and Evaluation of Risk Measurement Models" published in the Official Gazette dated 23 October 2015 and numbered 29511. Historical simulation method is used in VAR measurements.

Within the scope of the Parent Bank's "Policies for the Management of Market Risks"; VAR based limit and risk appetite has been determined and VAR results calculated by historical simulation method have been associated with statutory equity. The level of compliance with these limits is monitored daily. On the other hand, periodic stress tests are applied for market risks.

Concerning market risks, the results obtained by both the standard method and the risk measurement model and the level of compliance with the limits are reported to the Parent Bank's Top Management and related business units on a daily basis.

The following table discloses the amounts that are calculated using the standard method.

Market Risk: Standardised approach

	RWA
Outright products	
Interest rate risk (general and specific)	58.634.050
Equity risk (general and specific)	8.630.800
Foreign exchange risk	13.689.288
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	5.525
Scenario approach	-
Securitization	-
Total	80.959.663

Information related to Operational Risk

The value at operational risk is calculated according to the basic indicator approach and once a year with year-end datas.

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	17.550.992	18.295.342	74.627.921	36.824.752	15	5.523.713
Amount at Operational Risk (Total * 12,5)						69.046.409

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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XII. EXPLANATIONS ON REMUNERATION POLICIES

Explanations on Remuneration Committee

The Parent Bank's Remuneration Committee is comprised of two board members. The committee has convened for once during the year. The duties and responsibilities of the Committee include the following:

- The scope and structure of the Parent Bank's operations and strategies ensure the effectiveness of a wage policy and wage policy that is consistent with its long-term goals and risk management structures, prevents excessive risk taking and contributes to effective risk management.
- Controls and follows the remuneration practices on behalf of the Board of Directors
- Ensures accordance of ethical values, strategical targets and internal balance of the Parent Bank with the wage policy.
- Evaluates the remuneration policy and its practices in the context of risk management and submits proposals to the Board of Directors.
- Fulfills the other duties specified in the related regulations

The fundamental principles of the remuneration policy are applicable for General Manager, Deputy General Managers, and all bank employees.

Key personnel refer to the bank employee who performs a function that has a significant impact on the Parent Bank's risk profile. Establishment of a good governance system in banks is possible by organizing an effective risk management and creating environments where effective communication, transparency and accountability are ensured; for this reason, the Parent Bank gives importance to identify and separate key personnel.

Positions specified below are considered as key personnel by the Parent Bank:

- Board Members
- Deputy General Managers
- Group Presidents
- Head of the Supervisory Board
- Head of Internal Control Department
- Head of Risk Management Department
- Head of Compliance Department

As of the end of 2023, the number of critical key personnel is 25.

Information on the design and structure of remuneration process

Benefits to be paid to the managers and employees at all levels are in line with the Parent Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Parent Bank. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Parent Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account.

Remuneration Committee at its meeting in December 2023 reviewed the remuneration policy and practices.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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Evaluation about how the Parent Bank's remuneration processes take the current and future risks into account

The Parent Bank follows the Risk Management Principles while implementing all the remuneration processes.

Evaluation about how the Parent Bank associates variable remunerations with performance

Although it is possible to make payments to the senior management and other personnel of the Parent Bank depending on the Parent Bank's performance, these payments are subject to objective conditions and in a way that will positively affect the Parent Bank's corporate values.

Evaluation about the Parent Bank's methods to adjust remunerations according to long-term performance

There are no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

Evaluation about the instruments used by the bank for variable remunerations and the purposes of use of such instruments

In the Parent Bank cash and non-cash instruments are not used for the payment, wherefore no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

(1) Cash and Central Bank of the Republic of Türkiye and information on balances with the Central Bank of the Republic of Türkiye:

a) Cash and Central Bank of the Republic of Türkiye:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	4.289.339	10.468.117	2.918.483	6.562.822
CBRT	53.596.694	205.682.361	28.712.954	120.985.281
Other ⁽¹⁾	497.426	7.330.639	204.607	4.835.734
Total	58.383.459	223.481.117	31.836.044	132.383.837

⁽¹⁾ It includes the reserve requirement held by the Central Bank of Macedonia, Central Bank of Serbia and the Central Bank of TRNC.

b) Information on balances with the Central Bank of the Republic of Türkiye:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	33.994.689	77.575.337	28.666.697	38.540.462
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	19.602.005	128.107.024	46.257	82.444.819
Total	53.596.694	205.682.361	28.712.954	120.985.281

⁽¹⁾ Reserve deposits kept in CBRT.

⁽²⁾ Blocked reserve deposits amounts held in the CBRT is included in the Other.

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Türkiye (CBRT), banks operating in Türkiye keep reserve deposits for their TRY liabilities with reserve deposit rates between 0%-30% varied according to their maturity compositions, for their FC liabilities and precious metal liabilities at US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-30% varied according to their maturity compositions.

As of 27 October, 2023, it has been decided to apply an additional reserve requirement of 4% to foreign currency deposits (excluding deposits with banks abroad and precious metal deposit accounts) held in Turkish lira at all maturities. With the decision No.1072 dated 27 December 2019 of the Central Bank of the TRNC, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

With the Board of Directors decisions of the Central Bank of Macedonia, reserve requirement ratio is 5% for MKD currency liabilities, 21% for foreign currency liabilities and 100% for foreign indexed liabilities.

According to the Official Gazette of Serbia No. 76/2018 and 77/2023 of the Central Bank of Serbia, banks maintain reserve requirement of 7% for short term liabilities with maturities less than two years and 2% for long term liabilities with maturities more than two years, 23% for short term foreign currency liabilities with maturities less than two years and 16% for long term foreign liabilities with maturities more than two years and 100% for foreign currency index liabilities.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(2) Financial assets at fair value through profit and loss:

a) Financial assets at fair value through profit and loss blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	35.365.679	-	34.015.603	-

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	-	-	93.792	-

c) Positive differences related to the derivative financial assets at fair value through profit or loss:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	217.434	-	121.833
Swap transactions	111.974	3.457.164	319.674	2.745.078
Futures transactions	-	-	-	-
Options	-	1.807	-	48.085
Other	-	-	-	-
Total	111.974	3.676.405	319.674	2.914.996

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	4.098.608	454.931	1.012.531	780.750
Foreign banks	2.662.766	15.865.703	892.789	6.016.434
Branches and offices abroad	-	-	-	-
Total	6.761.374	16.320.634	1.905.320	6.797.184

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on foreign banks:

	Unrestricted Balance	Restricted Balance
	Current Period	Current Period
EU Countries	4.133.495	70.286
USA and Canada	995.355	-
OECD Countries ⁽¹⁾	3.303.271	24.823
Offshore Banking Regions	35.934	-
Other	9.965.305	-
Total	18.433.360	95.109

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

	Unrestricted Balance	Restricted Balance
	Prior Period	Prior Period
EU Countries	697.618	360.299
USA and Canada	393.539	-
OECD Countries ⁽¹⁾	1.076.186	727.158
Offshore Banking Regions	23.048	-
Other	1.821.057	1.810.318
Total	4.011.448	2.897.775

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

4) Information on financial assets at fair value through other comprehensive income:

a) Financial assets at fair value through other comprehensive income subject to repurchase agreements or blocked/given as collateral

a.1. Information on financial assets at fair value through other comprehensive income and blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
	Given as collateral/blocked securities	20.256.072	23.212.908	18.240.767

a.2. Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	-	4.944.135	109.178	472.490

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
	Debt securities	124.444.757
<i>Quoted on a stock exchange</i>	118.790.703	99.831.814
<i>Not quoted</i>	5.654.054	2.528.473
Equity Securities	1.148.083	559.360
<i>Quoted on a stock exchange</i>	1.026.538	440.490
<i>Not quoted</i>	121.545	118.870
Impairment provision (-)	1.561.906	57.453
Total	124.030.934	102.862.194

(5) Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3.215.182	-	1.487.680	-
Total	3.215.182	-	1.487.680	-

(*) Interest income accruals and rediscounts are not included in the table above.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

b) Information on the first and second group loans including loans that have been restructured or rescheduled:

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Restructured Loans		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	957.930.952	37.057.746	205.485	38.570.397
Corporation loans	553.039.942	26.411.923	182.242	38.564.080
Export loans	46.143.647	912.177	-	-
Import loans	-	-	-	-
Loans given to financial sector	16.836.202	-	-	-
Consumer loan	152.723.927	1.944.433	21.451	4.102
Credit cards	64.987.936	3.626.843	1.792	-
Other	124.199.298	4.162.370	-	2.215
Specialized lending	227.773.254	6.002.033	-	-
Other receivables	-	-	-	-
Accruals	23.957.547	1.291.942	8.866	1.797.427
Total	1.209.661.753	44.351.721	214.351	40.367.824

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	11.188.617	12.229.027	-	-
Significant Increase in Credit Risk	-	-	22.407.362	26.046.560

In the current period, the decrease in the Group's Stage 1 and Stage 2 Expected Loss Provision balances is partially due to the decrease in the risk levels of customers.

c) Distribution of cash loans by maturity structure:

Current Period	Loans under close monitoring		
	Standard Loans	Loans Not Subject To Restructuring	Restructured
Short Term Loans	319.062.706	10.878.157	654.608
Medium and Long Term Loans	890.599.047	33.473.564	39.927.567

Prior Period	Loans under close monitoring		
	Standard Loans	Loans Not Subject To Restructuring	Restructured
Short Term Loans	253.340.565	4.620.365	691.736
Medium and Long Term Loans	533.963.131	27.350.491	27.153.325

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards^(*):

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	2.010.516	127.880.421	129.890.937
Real estate loans	12.963	98.096.528	98.109.491
Automobile loans	281.228	8.726.361	9.007.589
Consumer loans	1.716.325	21.057.532	22.773.857
Other	-	-	-
Consumer loans- Indexed to FC	2.844	2.500.483	2.503.327
Real estate loans	-	2.358.509	2.358.509
Automobile loans	-	26.649	26.649
Consumer loans	2.844	115.325	118.169
Other	-	-	-
Consumer loans- FC	51.878	15.144.299	15.196.177
Real estate loans	2.098	4.833.846	4.835.944
Automobile loans	-	17.879	17.879
Consumer loans	42.717	10.275.241	10.317.958
Other	7.063	17.333	24.396
Individual credit cards-TRY	26.125.697	1.732	26.127.429
Installment	8.125.143	1.732	8.126.875
Non-installment	18.000.554	-	18.000.554
Individual credit cards-FC	5.617	681.464	687.081
Installment	-	640.945	640.945
Non-installment	5.617	40.519	46.136
Personnel loans-TRY	728.632	1.063.120	1.791.752
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	728.632	1.063.120	1.791.752
Other	-	-	-
Personnel loans-Indexed to FC	201	133.440	133.641
Real estate loans	-	130.704	130.704
Automobile loans	-	167	167
Consumer loans	201	2.569	2.770
Other	-	-	-
Personnel loans-FC	2.473	308.217	310.690
Real estate loans	573	166.689	167.262
Automobile loans	-	-	-
Consumer loans	1.875	141.337	143.212
Other	25	191	216
Personnel credit cards-TRY	784.037	-	784.037
Installment	238.332	-	238.332
Non-installment	545.705	-	545.705
Personnel credit cards-FC	345	16.152	16.497
Installment	-	-	-
Non-installment	345	16.152	16.497
Overdraft accounts-TRY (Retail customers) ^(**)	4.388.114	-	4.388.114
Overdraft accounts-FC (Retail customers) ^(***)	429.492	49.783	479.275
Total	34.529.846	147.779.111	182.308.957

(*) Interest income accruals and rediscounts are not included in the table above.

(**) TRY 174.027 of the overdraft account consists of loans given to personnel.

(***) TRY 4.538 of the overdraft account consists of loans given to personnel.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	1.299.363	98.062.826	99.362.189
<i>Real estate loans</i>	8.291	71.829.365	71.837.656
<i>Automobile loans</i>	58.894	4.889.921	4.948.815
Consumer loans	1.232.178	21.343.540	22.575.718
Other	-	-	-
Consumer loans- Indexed to FC	3.561	1.565.305	1.568.866
<i>Real estate loans</i>	-	1.466.015	1.466.015
<i>Automobile loans</i>	-	21.617	21.617
Consumer loans	3.561	77.673	81.234
Other	-	-	-
Consumer loans- FC	28.103	8.806.792	8.834.895
<i>Real estate loans</i>	538	2.887.399	2.887.937
<i>Automobile loans</i>	364	10.440	10.804
Consumer loans	23.343	5.876.537	5.899.880
Other	3.858	32.416	36.274
Individual credit cards-TRY	11.455.918	920	11.456.838
<i>Installment</i>	4.559.861	920	4.560.781
<i>Non-installment</i>	6.896.057	-	6.896.057
Individual credit cards-FC	1.834	419.016	420.850
<i>Installment</i>	-	400.887	400.887
<i>Non-installment</i>	1.834	18.129	19.963
Personnel loans-TRY	97.640	725.142	822.782
<i>Real estate loans</i>	-	42	42
<i>Automobile loans</i>	-	-	-
Consumer loans	97.640	725.100	822.740
Other	-	-	-
Personnel loans-Indexed to FC	138	73.712	73.850
<i>Real estate loans</i>	-	71.981	71.981
<i>Automobile loans</i>	-	157	157
Consumer loans	138	1.300	1.438
Other	-	274	274
Personnel loans-FC	1.343	152.865	154.208
<i>Real estate loans</i>	260	92.356	92.616
<i>Automobile loans</i>	-	-	-
Consumer loans	1.077	60.186	61.263
Other	6	323	329
Personnel credit cards-TRY	355.740	-	355.740
<i>Installment</i>	129.770	-	129.770
<i>Non-installment</i>	225.970	-	225.970
Personnel credit cards-FC	196	10.370	10.566
<i>Installment</i>	-	-	-
<i>Non-installment</i>	196	10.370	10.566
Overdraft accounts-TRY (Retail customers)**	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers)**	276.909	27.289	304.198
Total	15.639.160	109.844.237	125.483.397

(*) Interest income accruals and rediscounts are not included in the table above.

(**) TRY 67.951 of the overdraft account consists of loans given to personnel.

(**) TRY 2.583 of the overdraft account consists of loans given to personnel.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

e) Information on commercial installments loans and corporate credit cards(*):

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	3.175.418	111.713.786	114.889.204
<i>Business premises loans</i>	-	1.901.337	1.901.337
<i>Automobile loans</i>	58.723	3.396.028	3.454.751
Consumer loans	3.116.695	106.416.421	109.533.116
Other	-	-	-
Commercial installment loans- Indexed to FC	1.235.677	6.473.822	7.709.499
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
Consumer loans	-	-	-
Other	1.235.677	6.473.822	7.709.499
Commercial installment loans - FC	5.644.627	124.013.531	129.658.158
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
Consumer loans	829.626	102.714.709	103.544.335
Other	4.815.001	21.298.822	26.113.823
Corporate credit cards-TRY	40.953.118	-	40.953.118
<i>Installment</i>	9.884.615	-	9.884.615
<i>Non-installment</i>	31.068.503	-	31.068.503
Corporate credit cards-FC	3.003	45.406	48.409
<i>Installment</i>	-	19.869	19.869
<i>Non-installment</i>	3.003	25.537	28.540
Overdraft accounts-TRY (Commercial customers)	30.098.995	-	30.098.995
Overdraft accounts-FC (Commercial customers)	178.566	-	178.566
Total	81.289.404	242.246.545	323.535.949

(*) Interest income accruals and rediscounts are not included in the table above.

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	2.717.960	57.612.595	60.330.555
<i>Business premises loans</i>	1.654	1.591.953	1.593.607
<i>Automobile loans</i>	89.786	2.402.499	2.492.285
Consumer loans	2.626.520	53.618.143	56.244.663
Other	-	-	-
Commercial installment loans- Indexed to FC	964.604	3.744.442	4.709.046
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
Consumer loans	-	-	-
Other	964.604	3.744.442	4.709.046
Commercial installment loans - FC	2.908.865	82.139.278	85.048.143
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
Consumer loans	391.917	71.059.454	71.451.371
Other	2.516.948	11.079.824	13.596.772
Corporate credit cards-TRY	25.249.390	-	25.249.390
<i>Installment</i>	10.623.531	-	10.623.531
<i>Non-installment</i>	14.625.859	-	14.625.859
Corporate credit cards-FC	1.033	20.199	21.232
<i>Installment</i>	-	10.250	10.250
<i>Non-installment</i>	1.033	9.949	10.982
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	55.948	-	55.948
Total	55.763.870	143.516.514	199.280.384

(*) Interest income accruals and rediscounts are not included in the table above.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

f) Loans by customers

	Current Period	Prior Period
Public	38.873.984	34.412.916
Private	1.255.721.665	812.706.697
Total	1.294.595.649	847.119.613

(*) Non-performing loans balance is not included in the table above.

g) Domestic and foreign loans^(*):

	Current Period	Prior Period
Domestic loans	1.236.577.241	815.375.195
Foreign loans	58.018.408	31.744.418
Total	1.294.595.649	847.119.613

(*) Non-performing loans balance is not included in the table above.

h) Loans granted to subsidiaries and associates:

None. (31 December 2022: None.)

i) Specific provisions related to loans or credit-impaired losses (Stage III):

	Current Period	Prior Period
Loans with Limited Collectability	726.343	1.832.288
Loans with Doubtful Collectability	1.041.753	2.220.847
Uncollectible Loans	14.077.034	11.332.519
Total	15.845.130	15.385.654

The increase in the expected credit loss provision balance allocated for stage 3 loans is caused by the result of the the increase in risk amount in the current period.

j) Information on non-performing loans (Net):

j.1. Information on non-performing loans and restructured loans^(*):

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period			
Gross amounts before the specific provisions	426.539	211.066	848.735
Restructured loans	426.539	211.066	848.735
Prior period			
Gross amounts before the specific provisions	740.290	339.119	1.008.506
Restructured loans	740.290	339.119	1.008.506

(*) Rediscounts are not included.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

j.2. Information on the movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
Current period end balance	3.584.387	3.374.825	12.093.699
Additions (+)	5.843.150	254.504	730.899
Transfers from other categories of loans under non-performing (+)	-	4.373.828	5.977.294
Transfers to other categories of loans under non-performing (-)	5.848.266	4.502.856	-
Collections (-) ^(*)	1.702.864	1.089.006	3.271.186
Write-offs (-)	215	697	117.914
Sold (-)	-	-	3.631
<i>Corporate and Commercial Loans</i>	-	-	3.631
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	1.876.192	2.410.598	15.409.161
Provision (-)	726.343	1.041.753	14.077.034
Net balance on balance sheet	1.149.849	1.368.845	1.332.127
Prior Period			
Prior period end balance	2.561.869	761.381	13.426.643
Additions (+) ^(**)	8.800.771	153.726	1.717.723
Transfers from other categories of loans under non-performing (+)	-	5.111.990	2.172.798
Transfers to other categories of loans under non-performing (-)	5.421.194	1.863.594	-
Collections (-) ^(*)	2.357.057	787.943	2.940.718
Write-offs (-) ^(**)	2	735	2.270.648
Sold (-)	-	-	12.099
<i>Corporate and Commercial Loans</i>	-	-	12.099
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	3.584.387	3.374.825	12.093.699
Provision (-)	1.832.288	2.220.847	11.332.519
Net balance on balance sheet	1.752.099	1.153.978	761.180

^(*) It also includes loan balances structured in non-performing loans and transferred to performing loan accounts during the period, as they meet the necessary conditions within the scope of the relevant articles of the Regulation of Allowance.

^(**) In the previous period, the loan granted to LYY Telekomünikasyon AŞ amounting to TRY 1.337.985 has been transferred to non-performing loans and 100% stage 3 expected credit losses has been made and at the same time has been written-off in connection with there is no reasonable expectation for its recovery as per the scope of "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans".

j.3. Information on foreign currency non-performing loans and other receivables^(*):

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period			
Balance at the end of the period	318.674	1.431.821	4.886.487
Provisions(-)	152.459	618.442	4.586.619
Net balance in the balance sheet	166.215	813.379	299.868
Prior period			
Balance at the end of the period	483.217	881.159	4.188.003
Provisions(-)	333.731	815.753	3.972.860
Net balance in the balance sheet	149.486	65.406	215.143

^(*) Rediscounts are included.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

j.4. Gross and net amounts of non-performing loans according to user groups:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period (Net)	1.149.849	1.368.845	1.332.127
Loans to granted real persons and legal entities (Gross)	1.876.192	2.410.598	15.409.161
Provisions (-)	726.343	1.041.753	14.077.034
Loans to granted real persons and legal entities (Net)	1.149.849	1.368.845	1.332.127
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.752.099	1.153.978	761.180
Loans to granted real persons and legal entities (Gross)	3.584.387	3.374.825	12.093.699
Specific provisions (-)	1.832.288	2.220.847	11.332.519
Loans to granted real persons and legal entities (Net)	1.752.099	1.153.978	761.180
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

k) Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	1.428	687	1.788
Interest Accruals and Valuation Differences	10.934	10.909	1.636.765
Provision (-)	9.506	10.222	1.634.977
Prior Period (Net)	819	240	1.082
Interest Accruals and Valuation Differences	8.737	7.959	1.753.921
Provision (-)	7.918	7.719	1.752.839

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

l) Main guidelines of the liquidation policy of the Bank about the uncollectible loans and receivables:

The Parent Bank liquidates its uncollectible receivables through different methods. These are by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, nonperforming loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and principle receivables from loans.

m) Explanations on write-off policy:

In the current period, the Group derecognised the non-performing loan amounting to TRY 118.826 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 1,51% to 1,50% after the loans were written off.

(In the previous period, the Group derecognised the non-performing loan amounting to TRY 2.271.385 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 2,46% to 2,20% after the loans were written off.)

(6) Information on financial assets measured at amortised cost:

a) Information on financial assets measured at amortised cost blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value:

a.1. Financial assets measured at amortised cost blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	95.046.847	108.040.493	109.707.592	55.559.702

a.2. Financial assets measured at amortised cost subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	98.930	27.149.917	46.157.728	17.310.081

b) Information on public sector debt investments financial assets measured at amortised cost:

	Current Period	Prior Period
Government bonds	422.621.902	234.845.851
Treasury bills	194.008	1.982.106
Other public sector debt securities	5.549.406	2.167.490
Total	428.365.316	238.995.447

c) Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt securities	430.757.449	241.455.259
Quoted on a stock exchange	400.572.218	223.107.074
Not quoted	30.185.231	18.348.185
Impairment provision (-)	-	-
Total	430.757.449	241.455.259

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

d) Movement of financial assets measured at amortised cost within the year:

	Current Period	Prior Period
Beginning balance	241.455.259	133.178.664
Foreign currency differences on monetary assets	44.592.284	23.584.831
Purchases during the year ⁽¹⁾	157.182.980	96.151.910
Disposals through sales and redemptions	(12.473.074)	(11.460.146)
Impairment provision (-)	-	-
Balance at the end of the period	430.757.449	241.455.259

⁽¹⁾ The difference between the discount amount of TRY 136.706.869 as of 31 December 2023 and the amount of discount amount of TRY 67.406.334 as of 31 December 2022 is shown in the line disposed by purchases during the year.

(7) Information on associates (Net):

a) The reasons behind unconsolidated associates being out of consolidation scope:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, associates that are financial institutions are included in the consolidation, associates that are non-financial institutions are not included in the scope of consolidation.

b) Information on unconsolidated associates:

Description	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul	18,18	18,18
2. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽¹⁾	Istanbul	33,33	33,33
3. Bankalararası Kart Merkezi AŞ ⁽¹⁾	Istanbul	9,28	9,28
4. JCR Avrasya Derecelendirme AŞ ⁽¹⁾	Istanbul	2,86	2,86

c) Information related to the associates as shown in (b):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	1.466.425	172.751	505.679	167.738	-	138.310	(18.412)	-
2.	504.017	331.883	168.797	48.445	-	(7.737)	(35.010)	-
3.	3.713.601	2.909.429	431.113	837.899	-	2.223.570	314.832	-
4.	384.120	345.604	17.721	66.626	-	210.342	100.751	-

⁽¹⁾ The financial data is obtained from audited 31 December 2023 financial statement.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

d) Information on consolidated associates:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. DHB Bank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Istanbul	35,79	35,79
4. Birleşim Varlık Yönetim AŞ ⁽¹⁾	Istanbul	16,00	16,00

e) Information related to the associates as shown in (d):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value ⁽²⁾
1.	59.049.561	8.122.928	76.544	2.316.406	19.838	613.058	196.944	2.715.304
2.	330.367	327.350	3.254	86.954	-	101.015	156.706	-
3.	53.020	52.669	612	5.337	-	1.771	3.398	-
4.	929.956	763.942	27.481	308.503	-	109.296	257.480	-

⁽¹⁾ The financial data is obtained from 31 December 2023 financial statements used in consolidation.

⁽²⁾ Financial information about the fair value of DHB Bank NV has been obtained from valuation report as of 31 December 2023.

f) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.586.859	1.195.858
Movements during the period	1.246.420	391.001
<i>Purchases⁽¹⁾⁽²⁾</i>	126.285	79.539
<i>Bonus shares obtained profit from current year's share</i>	9.697	-
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	-
<i>Transfers</i>	21.242	(5.595)
<i>Revaluation decrease (-) / increase</i>	1.089.196	317.057
<i>Impairment provisions (-)/ reversals</i>	-	-
Balance at the end of the period	2.833.279	1.586.859
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ The Parent Bank has made a payment of TRY 119.285 for Birleşim Varlık Yönetim AŞ which is purchased in the current period.

⁽²⁾ In the current period, the Parent Bank has made a payment of TRY 7.000 due to the paid capital increase of Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

g) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	2.436.869	1.373.880
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	244.098	82.481
Other non- financial investments	152.312	130.498

h) Associates quoted to a stock exchange:

None.

(8) Information on subsidiaries (Net):

a) Information on consolidated subsidiaries ⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Halk Osiguruvanje AD, Skopje
COMMON EQUITY TIER I CAPITAL								
Paid in Capital	250.000	1.645.000	523.000	2.226.470	246.000	754.199	100	285.130
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-	-
Reserves	124.628	57.682	242.855	5.758.159	304.898	4.887.571	4.799	607.258
Other Comprehensive Income according to TAS	9.578	8.508.589	2.071	-	10	-	-	-
Profit / Loss	1.423.322	4.432.484	396.890	668.028	428.581	431.048	2.810	(168.331)
Net Profit	1.423.322	4.516.209	396.890	668.028	428.581	431.048	2.810	(28.970)
Prior Period Profit/Loss	-	(83.725)	-	-	-	-	-	(139.361)
Bonus Shares from Associates, Subsidiaries and Joint Ventures not Accounted in Current Period's Profit	-	-	-	-	-	-	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	-	-	61.135	-	159.933	-	-
Leasehold Improvements (-)	-	-	-	28.016	-	40.976	-	-
Intangible Assets (-)	8.575	2.220	2.098	127.303	6.267	441.646	-	36.948
Total Core Capital	1.798.953	14.691.907	1.162.718	8.447.836	973.222	6.203.718	7.709	687.109
SUPPLEMENTARY CAPITAL	-	-	58.169	173.604	87.370	78.227	-	-
CAPITAL	1.798.953	14.691.907	1.220.887	8.621.440	1.060.592	6.281.945	7.709	687.109
NET AVAILABLE CAPITAL	1.798.953	14.691.907	1.220.887	8.621.440	1.060.592	6.281.945	7.709	687.109

⁽¹⁾ The information is presented from companies' financial statements as of 31 December 2023.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

There is no internal capital adequacy assessment approach for the subsidiaries.

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Effect of hion adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

Extraordinary reserves are the status reserves which have been appropriated with the General Assembly decision after distributable profit have been transferred to legal reserves.

Legal reserves are the status reserves which have been appropriated from distributable profit in accordance with the related clauses of Turkish Commercial Code no. 6102.

b) Unconsolidated subsidiaries, reasons for not consolidating if any and information on total needed shareholder's equity that is subjected to minimum capital requirements:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, subsidiaries that are financial institutions are included in the consolidation, subsidiaries that are non-financial institutions are not included in the scope of consolidation.

In this context, subsidiary of the Parent Bank, Platform Ödeme Hizmetleri ve Elektronik Para AŞ, which is non-financial institution, is not included in the scope of consolidation.

c) Information on unconsolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Platform Ödeme Hizmetleri ve Elektronik Para AŞ ⁽¹⁾	Istanbul	100,00	100,00

d) Information related to the subsidiaries as shown in (c):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	114.691	102.796	20.539	25.503	-	1.242	737	598.108

⁽¹⁾ The financial data is obtained from 31 December 2023 financial statements.

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ ^{(2) (3)}	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,63	99,63
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank AD Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00
8. Halk Osiguruvanje AD, Skopje	Macedonia	-	99,63

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

f) Information related to the subsidiaries as shown in (e): ⁽¹⁾

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	7.784.159	1.807.528	77.252	2.344.910	52.055	1.423.322	419.256	2.725.098
2.	26.968.203	14.649.199	11.443.527	101.379	-	4.516.209	3.001.178	4.356.308
3.	13.535.855	1.164.816	13.393	1.961.564	-	396.890	234.525	1.782.216
4.	51.646.586	8.603.155	1.562.129	1.790.968	167.624	668.028	200.623	7.681.693
5.	6.579.643	979.489	13.529	1.584.866	-	428.581	177.856	1.625.102
6.	34.893.904	6.686.340	1.025.639	1.377.705	112.924	431.048	205.391	6.472.140
7.	6.481.298	7.709	-	12	-	2.810	1.711	7.446
8.	815.626	724.057	150.413	11.157	9.870	(28.970)	(58.178)	-

⁽¹⁾ The financial data is obtained from 31 December 2023 financial statements used in consolidation.

⁽²⁾ Halk Gayrimenkul Yatırım Ortaklığı AŞ is valued at stock price.

⁽³⁾ The Parent Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ

g) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period (Before Elimination)	18.009.436	7.733.280
Movements during the period	7.480.782	10.276.156
Purchase ⁽¹⁾⁽²⁾	1.062.263	2.266.422
Bonus shares obtained profit from current year's share	153.972	28.785
Dividends from current year income	-	-
Sales	-	-
Transfer	-	5.595
Revaluation increase/decrease	6.264.547	7.975.354
Impairment Provisions (-)/ Reversals	-	-
Share capital elimination of subsidiaries	(24.892.110)	(17.909.091)
Balance at the end of the period	598.108	100.345
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, Halk Banka AD, Skopje has made a payment of TRY 174.491 due to the paid capital increase of Halk Osiguruvanje AD, Skopje.

⁽²⁾ The Parent Bank has made a payment TRY 887.772 due to the paid capital increase of Halk Banka AD, Skopje and increased its share ratio to 99,63%.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

h) Sectorial information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	14.153.833	7.601.174
Insurance companies	242.107	67.616
Factoring companies	1.625.102	931.982
Leasing companies	1.782.216	811.319
Financing companies	-	-
Other financial subsidiaries	7.088.852	8.497.000
Other non-financial subsidiaries	598.108	100.345

i) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	4.356.308	7.400.240
Quoted foreign stock exchange	-	-

⁽¹⁾ The Parent Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ has privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.

(9) Information on jointly controlled entities (joint ventures):

None.

(10) Information on finance lease receivables (Net):

a) Maturity structure of investments on financial lease:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	802.673	704.991	3.126.042	424.461
1 – 4 years	11.733.237	7.276.636	3.286.853	3.376.404
More than 4 years	3.747.919	2.256.105	1.459.005	1.811.085
Total	16.283.829	10.237.732	7.871.900	5.611.950

b) Information on net investments of financial lease:

	Current Period	Prior Period
Gross financial lease investment	16.283.829	7.871.900
Unearned revenues from financial lease	(6.046.097)	(2.259.950)
Total	10.237.732	5.611.950

c) Information on receivables from non-performing loans of financial lease:

	Current Period	Prior Period
Financial lease receivables with limited collectability	25.176	2.276
Financial lease receivables with doubtful collectability	14.202	7.289
Uncollectible financial lease receivables	280.161	293.797
Provisions	(291.388)	(274.956)
Total	28.151	28.406

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(11) Information on derivative financial assets for hedging purposes:

None (31 December 2022: None).

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	13.665.775	1.427.154	10.777.880	81.328	(2.355.102)	23.434.379
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	2.185.256	2.353.790	-	1.102.492	-	3.436.554
Office machines	2.101.083	1.350.741	-	72.822	-	3.379.002
Fixed assets obtained due to non-performing loans	4.721.284	821.842	-	2.121.026	-	3.422.100
Lease hold improvements costs	796.032	1.621.118	-	2.387	-	2.414.763
Other	603.282	771.130	-	98.150	-	1.276.262
Total Cost	24.072.712	8.345.775	10.777.880	3.478.205	(2.355.102)	37.363.060
Accumulated depreciation (-)						
Immovable	1.051.862	194.574	557.766	11.053	(8.214)	1.784.935
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	782.261	767.554	-	187.096	-	1.362.719
Office machines	1.155.192	633.985	-	32.741	-	1.756.436
Fixed assets obtained due to non-performing loans	32.237	9.814	-	26.628	-	15.423
Lease hold improvements costs	367.607	324.517	-	2.387	-	689.737
Other	390.156	140.819	-	11.971	-	519.004
Total Accumulated Depreciation	3.779.315	2.071.263	557.766	271.876	(8.214)	6.128.254
Provision for impairment (-)						
Immovable	23.983	-	25.577	-	-	49.560
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	4.077	-	278
Total provision for impairment (-)	28.338	-	25.577	4.077	-	49.838
Net Book Value	20.265.059	6.274.512	10.194.537	3.202.252	(2.346.888)	31.184.968

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	5.827.783	1.424.225	6.701.614	166.060	(121.787)	13.665.775
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.576.346	898.930	-	290.020	-	2.185.256
Office machines	1.389.773	774.003	-	62.693	-	2.101.083
Fixed assets obtained due to non-performing loans	4.571.769	2.065.395	-	1.915.880	-	4.721.284
Lease hold improvements costs	493.736	303.097	-	801	-	796.032
Other	487.618	144.487	-	28.823	-	603.282
Total Cost	14.347.025	5.610.137	6.701.614	2.464.277	(121.787)	24.072.712
Accumulated depreciation (-)						
Immovable	547.049	66.271	514.846	75.517	(787)	1.051.862
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	602.188	356.335	-	176.262	-	782.261
Office machines	890.893	316.984	-	52.685	-	1.155.192
Fixed assets obtained due to non-performing loans	22.074	21.264	-	11.101	-	32.237
Lease hold improvements costs	263.985	104.423	-	801	-	367.607
Other	328.292	68.820	-	6.956	-	390.156
Total Accumulated Depreciation	2.654.481	934.097	514.846	323.322	(787)	3.779.315
Provision for impairment (-)						
Immovable	15.325	-	8.658	-	-	23.983
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
Total provision for impairment (-)	19.680	-	8.658	-	-	28.338
Net Book Value	11.672.864	4.676.040	6.178.110	2.140.955	(121.000)	20.265.059

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(13) Information on intangible assets:

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	1.665.097	1.854.515	18.357	-	3.501.255
Total Cost	1.665.097	1.854.515	18.357	-	3.501.255
Accumulated Depreciation (-)					
Other intangible assets	826.542	591.129	18.057	-	1.399.614
Total Accumulated Depreciation	826.542	591.129	18.057	-	1.399.614
Net Book Value	838.555	1.263.386	300	-	2.101.641
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	1.248.573	416.524	-	-	1.665.097
Total Cost	1.248.573	416.524	-	-	1.665.097
Accumulated Depreciation (-)					
Other intangible assets	568.457	258.085	-	-	826.542
Total Accumulated Depreciation	568.457	258.085	-	-	826.542
Net Book Value	680.116	158.439	-	-	838.555

(14) Information on investment property:

	Current Period	Prior Period
Balance at the beginning of the period	6.562.752	2.322.502
Movements during the period	8.525.051	4.240.250
Purchase	731.598	639.188
Sales	(332.542)	(23.990)
Transfer	2.355.102	121.000
Revaluation increase/decrease	5.770.893	3.504.052
Balance at the end of the period	15.087.803	6.562.752

While the Parent Bank accounts for its investment properties by allocating accumulated depreciation and permanent impairment provision, if any, from their purchase cost values, it has changed its accounting policy as of November 2023 and adopted the revaluation method within the scope of TAS 40 Investment Properties Standard in the valuation of investment properties. The Parent Bank has engaged an independent appraisal firm for valuation of its investment properties and recognized the changes in the fair value in the profit or loss accounts in the period in which they occur.

(15) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	14.136.391	12.105.270
Revaluation of Financial Assets	(10.989.933)	(2.220.087)
Other	11.358.436	(1.369.551)
Deferred Tax Asset /(Liability):	14.504.894	8.515.632
Deferred tax accounted under shareholders' equity	(516.129)	(2.715.564)
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(107.365)	(2.598.507)
Actuarial gains/losses	805.733	470.093
Valuation of subsidiaries	(1.214.497)	(587.150)

⁽¹⁾ Includes reserve for employee benefits and other provisions.

⁽²⁾ Net deferred tax assets amounting to TRY 14.504.894 consists of deferred tax assets which amounting to TRY 14.507.046 and deferred tax liabilities amounting to TRY 2.152.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(16) Information on assets held for sale and held from discontinued operations:

	Current Period	Prior Period
Cost	3.522	1.772
Accumulated Depreciation (-)	-	-
Net book value	3.522	1.772
Opening Balance	1.772	2.481
Acquisition	1.750	1
Transfer (Net)	-	-
Disposals (Net)	-	(710)
Revaluation Increase	-	-
Impairment (-) / Reversal	-	-
Depreciation (-)	-	-
Closing net book value	3.522	1.772

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 43.617.026 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 23.876.662).

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

(1) Information on deposit / funds collected:

a) Information on maturity structure of deposits / funds collected:

	Current Period								Total
	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months -year	1 year and over	Cumulative deposits	
Saving deposits	30.329.239	-	9.944.277	204.020.330	202.608.222	53.891.123	7.635.219	127.300	508.555.710
Foreign currency deposits	198.149.638	-	69.281.805	213.028.296	25.320.980	20.522.187	27.535.646	32.254	553.870.806
Residents in Türkiye	154.315.413	-	59.336.380	198.969.802	16.340.597	9.906.696	13.419.585	31.632	452.320.105
Residents abroad	43.834.225	-	9.945.425	14.058.494	8.980.383	10.615.491	14.116.061	622	101.550.701
Public sector deposits	11.533.116	-	55.660.153	21.797.782	1.890.714	89.592	386.326	-	91.357.683
Commercial inst. deposits	78.278.354	-	84.074.210	106.869.325	78.317.130	56.761.909	13.919.066	-	418.219.994
Other inst. deposits	6.559.061	-	2.781.169	34.432.998	23.283.049	10.207.301	91.303	-	77.354.881
Precious metals	65.998.793	-	108.798	10.803.422	872.734	272.734	384.521	-	78.441.002
Interbank deposits	157.700.174	-	9.663.220	35.606.132	111.696	318	-	-	203.081.540
CBRT	3.279	-	-	-	-	-	-	-	3.279
Domestic banks	479.107	-	8.955.889	18.649.083	111.696	-	-	-	28.195.775
Foreign banks	157.217.788	-	707.331	16.957.049	-	318	-	-	174.882.486
Participation banks	-	-	-	-	-	-	-	-	-
Total	548.548.375	-	231.513.632	626.558.285	332.404.525	141.745.164	49.952.081	159.554	1.930.881.616

⁽¹⁾ As of 31 December 2023, the Parent Bank has a total of TRY 334.717.002 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

	Prior Period								
	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months -year	1 year and over	Cumulative deposits	Total
Saving deposits	24.119.641	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.714.055
Foreign currency deposits	99.768.616	-	49.866.705	159.022.163	31.834.515	10.947.876	19.613.612	23.189	371.076.676
<i>Residents in Türkiye</i>	76.567.976	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.558.121
<i>Residents abroad</i>	23.200.640	-	7.449.643	8.343.897	4.276.523	4.842.540	9.404.488	824	57.518.555
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.824.520	-	57.388.655	55.648.871	34.238.292	6.557.775	4.083.234	-	210.741.347
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.070.027	-	16.380.144	26.854.275	108	82.696	-	-	135.387.250
<i>CBRT</i>	1.779	-	-	-	-	-	-	-	1.779
<i>Domestic banks</i>	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
<i>Foreign banks</i>	86.792.579	-	692.756	10.639.100	-	193	-	-	98.124.628
<i>Participation banks</i>	4.894.260	-	800.449	-	-	-	-	-	5.694.709
Total	315.793.463	-	197.840.047	335.966.358	180.040.463	31.098.985	28.773.110	142.991	1.089.655.417

⁽¹⁾ As of 31 December 2022, the Parent Bank has a total of TRY 147.918.128 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

b) Information on saving deposits in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	121.187.544	65.044.411	386.913.960	147.363.380
Foreign currency saving deposits	69.337.461	36.299.334	172.811.908	132.468.862
Other deposits in the form of saving deposits	40.225.760	20.263.798	27.788.628	18.882.193
Foreign branches' deposits under foreign authorities' insurance	2.850.381	1.252.749	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

⁽²⁾ With the "Regulation on Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 22 December 2022 and numbered 32051, the amount of deposits under the guarantee insurance has been set as TRY 400 effective from the beginning of the calendar year of 2023, which was TRY 200 as of 2022.

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. In this scope, the balance of commercial deposits of the Parent Bank subject to insurance is TRY 44.152.518. This amount is not included at the above table that includes the insurance and exceeding the insurance limit saving deposit informations.

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	851.863	524.208
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	37.324	21.252
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

(2) Information on derivative financial liabilities:

Negative differences table related to the derivative financial liabilities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	96.631	-	130.902
Swap transactions	186.308	610.572	-	644.566
Future transactions	-	-	-	-
Options	-	1.746	-	46.884
Other	-	-	-	-
Total	186.308	708.949	-	822.352

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	3.063.826	1.966.962	960.890	1.690.542
Foreign banks, institutions and funds	4.467	18.621.864	2.551	14.441.273
Total	3.068.293	20.588.826	963.441	16.131.815

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	2.879.300	565.194	722.863	319.001
Medium and long-term	188.993	20.023.632	240.578	15.812.814
Total	3.068.293	20.588.826	963.441	16.131.815

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c) Additional disclosures related to the concentrations of the Group's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Group is deposits, which is composed of 26,34% of saving deposits and 28,68% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 87,74% of bank deposits and 36,60% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	10.546.742	-	8.292.627	-
Bonds	132.492	-	857.411	-
Assets Backed Securities	6.471.955	-	4.180.403	-
Total	17.151.189	-	13.330.441	-

(5) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Technology, Ministry of Treasury and Finance, and other funds.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.444	1.411
Long Term	570.174	236.131
Total	571.618	237.542

(6) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 89.624.317 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 72.547.721).

(7) Information on finance lease payables (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Parent Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the related accounting standards.

b) Explanation on finance lease payables:

None (31 December 2022: None).

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c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	69.694	62.098	89.013	79.589
1 - 4 years	780.404	588.795	519.305	419.253
More than 4 years	3.202.475	1.642.788	1.689.033	1.020.320
Total	4.052.573	2.293.681	2.297.351	1.519.162

(8) Information on derivative financial liabilities for hedging purposes:

None (31 December 2022: None).

(9) Explanations on provisions:

a) Provisions for the foreign currency losses on the principal amount of foreign currency indexed loans and finance lease receivables:

As of 31 December 2023 the Group does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2022: None).

b) Specific provisions provided for unindemnified and unfunded non-cash loans:

As of 31 December 2023, the Group's stage 3 expected credit losses for unindemnified and unfunded non-cash loans balance is TRY 506.042 (31 December 2022: TRY 389.456).

c) Information on other provisions:

Total other provision balance amounting to TRY 4.520.833 (31 December 2022: TRY 3.468.144) consists of TRY 506.042 (31 December 2022: TRY 389.456) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 3.291.898 (31 December 2022: 2.773.127) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 138.861 (31 December 2022: TRY 107.145) for legal cases filed against the Group, and TRY 584.032 (31 December 2022: TRY 198.416) of other provisions.

d) Movement of employee termination benefits:

Severance indemnity provision of the Parent Bank as of 31 December 2022 is calculated by an independent company by using the actuarial conjectures.

The amount calculated for the employee termination benefits of the Parent Bank as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	19,79%	9,90%
Discount Rate	24,58%	13,09%
Estimated Real Wage Growth Rate	46,76% / 19,99% ^(*)	53,50% ^(**)

(*) For the first half of the 2024, a utilization rate of 46,76% is applied, while a rate of 19,99% is used for subsequent periods/years.

(**) A utilization rate of 53,50% is applied for 2023, while a rate of 10,10% is utilized for the following years.

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Calculated amounts as a result of actuarial conjectures are as follows:

	Current Period	Prior Period
As of January 1	3.269.728	1.538.791
Charge for the year	468.870	205.223
Interest Expense	417.509	289.635
Actuarial gain/loss	796.199	1.293.936
Prior period service cost composed current period	68.525	16.166
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.681	2.490
Benefits paid within the period (-)	(525.657)	(76.513)
Total	4.497.855	3.269.728

e) Liabilities for employee benefits:

As of 31 December 2023, unused vacation accruals are TRY 678.115, personnel dividend provision is TRY 3.025.037, severance indemnity provision for Group personnel is TRY 4.164.063, severance indemnity provision for outsourcing firms is TRY 333.792 and other personnel provision is TRY 96.337.

(31 December 2022: TRY 429.828 for unused vacation accruals; TRY 3.102.569 for severance indemnity provision for Group personnel; TRY 167.159 for severance indemnity provision for outsources; TRY 1.689.611 for personnel dividend provision).

The Group's accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

f.1. Liabilities of pension funds founded as per the Social Security Institution:

None.

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees:

Based on the results of the actuarial reports prepared as of 31 December 2023, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2023, in other words; it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

Assumptions	Current Period	Prior Period
Discount Rate	9,80%	9,80%
Mortality Rate	CSO 1980 women/men	CSO 1980 women/men

Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2023, the number of personnel who benefit from the Fund is 42.320 (31 December 2022: 39.857).

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Below table shows the present values of premiums and salary payments as of 31 December 2022, by taking into account the health expenses within the Social Security Institution limits.

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(21.355.713)	(9.641.633)
Net Present Value of Long Term Insurance Line Premiums	27.083.104	9.611.819
Net Present Value of Total Liabilities Other Than Health	5.727.391	(29.814)
Net Present Value of Health Liabilities	(3.596.862)	(1.687.560)
Net Present Value of Health Premiums	16.920.547	6.004.830
Net Present Value of Health Liabilities	13.323.685	4.317.270
Pension Fund Assets	13.865.164	8.089.148
General Administration Expenses (1%)	(249.526)	(113.292)
Amount of Actuarial and Technical Deficit	32.666.714	12.263.312

Total Assets	Current Period	Prior Period
Banks	10.939.310	6.720.925
Marketable Securities	526.418	515.350
Property and Equipment	936.988	404.510
Other	1.462.448	448.363
Total	13.865.164	8.089.148

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

Change in Assumptions (%)			
Assumptions	Death Benefits	Medical Benefits	Total
Discount rate +1	(16,80%)	(18,50%)	(18,50%)
Discount rate -1	22,10%	24,70%	24,70%
Inflation rate +1	22,40%	30,30%	30,30%
Inflation rate -1	(17,10%)	(21,80%)	(21,80%)

g) Insurance Technical Provisions (Net):

	Current Period	Prior period
Life-Mathematical Provisions	-	-
Provisions for unearned premium claims	179.129	103.898
Provision for outstanding claims	265.555	165.638
Provisions for unexpired risk reserves	-	-
Other	-	-
Total	444.684	269.536

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(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2023, the Group's calculated current tax liability is amounting to TRY 405.769 and recognized under corporate tax provision account as of the mentioned date (31 December 2022: TRY 8.180.085 corporate tax liability)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	405.769	8.180.085
Income on securities tax	2.142.207	641.431
Property income tax	7.545	4.713
Banking and insurance transactions tax (BITT)	1.595.899	505.394
Foreign exchange transactions tax	22.526	16.351
Value added tax payable	17.810	28.348
Other	516.006	173.657
Total	4.707.762	9.549.979

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums–employee	5.712	746
Social insurance premiums–employer	7.649	2.974
Bank social aid pension fund premium–employee	168.614	43.988
Bank social aid pension fund premium–employer	249.429	68.535
Pension fund membership fees and provisions–employee	-	-
Pension fund membership fees and provisions–employer	-	-
Unemployment insurance–employee	12.290	3.455
Unemployment insurance–employer	24.939	6.636
Other	7.380	2.057
Total	476.013	128.391

b) Explanations related to deferred tax liability:

It is explained in the 15th footnote of Section Five, Explanations And Notes Related To The Assets.

(11) Information on liabilities regarding non-current assets held for sale and discontinued operations:

None (31 December 2022: None).

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(12) Explanations on the number of subordinated loans the Group used maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any(*):

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	36.066.237	-	21.173.452
<i>Subordinated loans</i>	-	36.066.237	-	21.173.452
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.064.043	-	6.041.809	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.064.043	-	6.041.809	-
Total	6.064.043	36.066.237	6.041.809	21.173.452

(* Detailed information is disclosed in Section Four Footnote I.

(13) Information on shareholders' equity

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	7.184.778	4.969.121
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

There is an application of registered capital system and registered capital ceiling amount is TRY 30.000.000.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

In accordance with the decision of the Board of Directors of the Parent Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 4.969.121 to TRY 7.184.778.

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

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f) Information on the Parent Bank's acquired shares:

Between 1 January 2023 – 31 December 2023, the Parent Bank has repurchased shares amounting to TRY 69.252 and has not resold shares within the scope of the Board of Directors' decisions dated 17 March 2020 and 14 February 2023.

g) Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Group's equity due to the uncertainty of these indicators:

The Group has sustainable profitability and equity structure. There are no uncertainties that would impact the current position.

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	512.804	-	15.040	-
<i>Valuation differences</i>	<i>512.804</i>	<i>-</i>	<i>15.040</i>	<i>-</i>
<i>Exchange rate difference</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Financial assets at fair value through other comprehensive income	(696.147)	(118.697)	7.933.780	(889.029)
<i>Valuation differences</i>	<i>(696.147)</i>	<i>311.364</i>	<i>7.933.780</i>	<i>(893.748)</i>
<i>Exchange rate difference</i>	<i>-</i>	<i>(430.061)</i>	<i>-</i>	<i>4.719</i>
Total	(183.343)	(118.697)	7.948.820	(889.029)

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Parent Bank was held on August 2, 2023. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 14.016.201 to extraordinary reserves, after allocating TRY 737.695 of the unconsolidated net profit amounting to TRY 14.753.896 from the activities of the year 2022 as general legal reserves. In addition, the income from real estate sales made during the previous period will continue to be monitored in the special funds account of 132.355 TL, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520.

k) Information on Legal Reserves:

	Current Period	Prior Period
I. Legal Reserve	2.722.566	1.808.379
II. Legal Reserve	704.598	665.655
Special Reserves	438.956	232.169
Share Buyback Reserve Fund	1.169.931	424.229
Total	5.036.051	3.130.432

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l) Information on Extraordinary Reserves:

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	33.357.702	26.949.466
Retained Earnings	390.678	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	33.748.380	26.949.466

(14) Information on minority interest shares:

	Current Period	Prior Period
Paid-in Capital	347.694	329.869
Export Premium	10.438	10.446
Share Cancellation Profits	(44.928)	(43.134)
Marketable Securities Revaluation Fund	-224	-348
Legal Reserves	9.031	7.351
Extraordinary Reserves	4.044	3.613
Retained Earnings	796.091	226.142
Other Profit Reserves	20.138	11.109
Other Capital Reserves	6.181	9.548
Net Period Profit / Loss	922.484	624.369
Closing Balance	2.070.949	1.178.965

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	103.267.784	34.942.445
Payment commitments for cheques	18.516.662	9.705.677
Loan granting commitments	20.590.507	18.300.735
Forward asset purchase and sale commitments	5.262.414	29.819.815
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	17.102	24.391
Tax and fund liabilities from export commitments	569.005	163.349
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	14.709.381	8.216.891
Total	162.932.855	101.173.303

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b) Amount and nature of probable losses and commitments from the off-balance sheet items:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
Letters of credit	15.295.865	6.316.149
Bank acceptances	37.949.369	23.628.261
Other guarantees	26.968.407	16.989.126
Total	80.213.641	46.933.536

b.2. Certain guarantees, tentative guarantees, sureties and similar transactions:

	Current Period	Prior Period
Letters of certain guarantees	80.993.386	43.254.431
Letters of advance guarantees	20.824.172	11.528.112
Letters of tentative guarantees	8.718.878	3.266.565
Letters of guarantee given to customs offices	13.969.783	6.605.339
Other letters of guarantee	410.083.529	210.975.937
Total	534.589.748	275.630.384

c) Explanations on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	104.774.509	44.389.420
<i>Within one year or less original maturity</i>	6.553.442	4.771.970
<i>Within more than one year maturity</i>	98.221.067	39.617.450
Other non-cash loans	510.028.880	278.174.500
Total	614.803.389	322.563.920

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c.2. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	1.266.759	0,31	82.482	0,04	569.671	0,28	130.204	0,11
<i>Farming and Stockbreeding</i>	675.218	0,16	34.991	0,02	418.276	0,21	40.703	0,03
<i>Forestry</i>	161.829	0,04	28	-	25.924	0,01	18	-
<i>Fishery</i>	429.712	0,11	47.463	0,02	125.471	0,06	89.483	0,08
Manufacturing	114.053.013	27,94	92.058.403	44,54	65.835.859	32,30	52.530.677	44,25
<i>Mining and Quarrying</i>	4.642.936	1,14	2.760.531	1,34	2.949.309	1,45	1.749.802	1,47
<i>Production</i>	105.344.250	25,80	83.047.647	40,18	59.871.713	29,37	46.580.887	39,24
<i>Electricity, Gas and Water</i>	4.065.827	1,00	6.250.225	3,02	3.014.837	1,48	4.199.988	3,54
Construction	117.382.398	28,76	66.682.032	32,26	51.405.050	25,22	36.898.205	31,07
Services	171.848.910	42,11	46.985.713	22,75	83.553.425	40,99	28.501.070	24,03
<i>Wholesale and Retail Trade</i>	100.555.369	24,64	26.095.758	12,63	51.620.210	25,32	11.914.486	10,04
<i>Accommodation and Dining</i>	13.263.153	3,25	6.741.698	3,26	4.332.324	2,13	4.481.727	3,78
<i>Transportation and Telecom.</i>	4.631.755	1,13	3.876.666	1,88	2.662.042	1,31	6.470.238	5,45
<i>Financial Institutions</i>	30.223.219	7,41	1.831.744	0,89	10.181.169	4,99	936.061	0,79
<i>Real Estate and Rental Services</i>	20.325.433	4,98	7.845.876	3,80	12.614.788	6,19	4.342.674	3,66
<i>Professional Services</i>	94.349	0,02	295.695	0,14	67.142	0,03	92.937	0,08
<i>Educational Services</i>	552.937	0,14	135.031	0,07	167.347	0,08	89.467	0,08
<i>Health and Social Services</i>	2.202.695	0,54	163.245	0,08	1.908.403	0,94	173.480	0,15
Other	3.587.737	0,88	855.942	0,41	2.487.477	1,21	652.282	0,54
Total	408.138.817	100,00	206.664.572	100,00	203.851.482	100,00	118.712.438	100,00

c.3. Non-cash loans classified under I. and II. Group

	Current Period		Group I		Group II	
	TRY	FC	TRY	FC	TRY	FC
Non-Cash Loans	403.868.949	190.733.344	4.269.868	15.931.228		
Letters of Guarantee	340.388.632	175.396.997	4.221.468	14.582.651		
Bills of Exchange and Bank Acceptances	36.516.272	1.384.697	48.400	-		
Letters of Credit	36.988	13.910.300	-	1.348.577		
Endorsements	-	-	-	-		
Underwriting Commitments	-	-	-	-		
Factoring Related Guarantees	-	-	-	-		
Other Guarantees and Sureties	26.927.057	41.350	-	-		
Prior Period						
Non-Cash Loans	202.149.800	113.880.875	1.701.682	4.831.563		
Letters of Guarantee	166.830.084	102.718.421	1.701.682	4.380.197		
Bills of Exchange and Bank Acceptances	18.466.650	5.124.321	-	37.290		
Letters of Credit	53.360	5.848.713	-	414.076		
Endorsements	-	-	-	-		
Underwriting Commitments	-	-	-	-		
Factoring Related Guarantees	-	-	-	-		
Other Guarantees and Sureties	16.799.706	189.420	-	-		

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
Foreign Currency related Derivative Transactions (I):	351.197.124	261.591.539	-	-
Currency Forwards-Purchases/Sales	36.756.906	11.334.982	-	-
Currency Swaps-Purchases/Sales	313.322.406	224.399.865	-	-
Currency Futures-Purchases/Sales	91.953	917.751	-	-
Currency Options-Purchases/Sales	1.025.859	24.938.941	-	-
Interest Rate related Derivative Transactions (II)	92.465.272	58.627.888	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	92.465.272	58.627.888	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III)⁽¹⁾	33.856.202	30.383.203	-	-
A. Total Trading Derivatives (I+II+III)	477.518.598	350.602.630	-	-
Derivative Financial Instruments held for Risk Management	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B. Total Derivative Financial Instruments held for Risk Management	-	-	-	-
Total Derivative Transactions (A+B)	477.518.598	350.602.630	-	-

⁽¹⁾ Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 6,586.176 and TRY 2,205.463; respectively, and swap precious metal purchase transactions of TRY 25,064.563.

3) Explanations related to credit derivatives and its risk exposures:

The Parent Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2023, the Parent Bank has credit default conditioned cross currency swap transaction amounting to USD 50 million with 5 year maturity (weighted average remaining maturity 1,2 months). In this transactions the Parent Bank sells protection.

4) Explanations on contingent liabilities and assets:

Group's commitments for the cheques given to customers are TRY 18,516.662 (31 December 2022: TRY 9,705.677).

5) Services provided on behalf of others:

None.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	71.467.899	1.399.075	25.334.668	699.365
Medium and long term loans	97.166.607	18.433.667	48.363.628	10.798.552
Interest on non-performing loans	2.323.624	9.595	1.100.281	22.555
Premiums from resource utilization support fund	-	-	-	-
Total	170.958.130	19.842.337	74.798.577	11.520.472

⁽¹⁾ Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	698.142	319.750	12.331
Domestic banks	912.190	1.215	119.519	4.608
Foreign banks	343.618	123.851	58.285	22.623
Foreign headquarters and branches	-	-	-	-
Total	1.255.808	823.208	497.554	39.562

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	70.408	4.690	31.936	1.843
Financial Assets at Fair Value through Other Comprehensive Income	17.347.305	2.571.437	12.969.640	1.349.262
Financial Assets Measured at Amortized Cost	86.623.505	7.272.482	49.636.655	3.682.759
Total	104.041.218	9.848.609	62.638.231	5.033.864

d) Interest income from subsidiaries and associates

None (31 December 2022: None).

(2) Information on interest expenses:

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

a) Information on interest expense on funds borrowed: ⁽¹⁾

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	588.330	761.842	230.875	349.586
CBRT	-	-	-	-
Domestic banks	588.330	58.186	230.875	63.644
Overseas banks	-	703.656	-	285.942
Overseas head office and branches	-	-	-	-
Other institutions	-	56.177	14	41.535
Total	588.330	818.019	230.889	391.121

⁽¹⁾ Includes fees and commissions obtained from cash loans.

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	625.164	64.969

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	4.126.562	3.636.125	2.301.327	1.467.299

d) Maturity structure of interest expenses on deposits:

Account name	Current Period							Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

TRY								
Bank deposits	564	7.591.748	5.123.559	113.100	-	-	-	12.828.971
Saving deposits	6	2.817.633	35.937.887	49.705.062	4.289.586	1.051.261	15.109	93.816.544
Public deposits	19	11.909.902	2.623.224	273.370	7.601	4.626	-	14.818.742
Commercial deposits	48	24.165.000	27.836.314	17.052.342	5.648.077	1.267.772	-	75.969.553
Other deposits	1	2.243.357	10.619.649	2.635.359	1.780.219	29.802	-	17.308.387
7 days call accounts	-	-	-	-	-	-	-	-
Total	638	48.727.640	82.140.633	69.779.233	11.725.483	2.353.461	15.109	214.742.197
Foreign currency								
Deposits	32.606	1.382.264	5.682.471	11.355.428	3.191.491	900.283	235	22.544.778
Bank deposits	-	52.919	937.093	1	-	-	-	990.013
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	749	41.945	64.575	6.992	6.430	-	120.691
Total	32.606	1.435.932	6.661.509	11.420.004	3.198.483	906.713	235	23.655.482
Grand total	33.244	50.163.572	88.802.142	81.199.237	14.923.966	3.260.174	15.344	238.397.679
Prior Period								
Account name	Demand deposits	Time deposits						Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	
TRY								
Bank deposits	292	2.860.892	1.162.647	3	-	-	-	4.023.834
Saving deposits	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	22.536.862
Public deposits	10	4.524.567	825.161	119.603	26.819	2.376	-	5.498.536
Commercial deposits	15	6.694.095	6.384.038	2.096.791	3.028.237	2.032.000	-	20.235.176
Other deposits	1	1.184.771	3.039.744	583.531	684.785	93.690	-	5.586.522
7 days call accounts	-	-	-	-	-	-	-	-
Total	325	16.481.462	18.473.053	15.415.964	4.544.362	2.951.911	13.853	57.880.930
Foreign currency								
Deposits	8.203	675.994	3.946.975	1.000.267	201.655	220.090	130	6.053.314
Bank deposits	53	61.392	498.451	8	-	-	-	559.904
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	1.017	25.522	1.408	783	1.147	-	29.877
Total	8.256	738.403	4.470.948	1.001.683	202.438	221.237	130	6.643.095
Grand total	8.581	17.219.865	22.944.001	16.417.647	4.746.800	3.173.148	13.983	64.524.025

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	320	1.267
Financial Assets at Fair Value Through other Comprehensive Income	19.246	9.286
Other	714	43.707
Total	20.280	54.260

(4) Explanations on trading profit/loss:

	Current Period	Prior Period
Profit	255.004.060	163.030.606
<i>Profit from the capital market transactions</i>	<i>3.786.139</i>	<i>336.662</i>
<i>Profit on derivative financial transactions</i>	<i>70.322.811</i>	<i>36.881.015</i>
<i>Foreign exchange gains</i>	<i>180.895.110</i>	<i>125.812.929</i>
Loss (-)	270.974.457	168.782.642
<i>Loss from the capital market transactions</i>	<i>542.438</i>	<i>75.404</i>
<i>Loss from derivative financial transactions</i>	<i>40.852.637</i>	<i>28.990.513</i>
<i>Foreign exchange losses</i>	<i>229.579.382</i>	<i>139.716.725</i>

Explanations on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	70.322.811	36.881.015
Effect of the change in foreign exchange on profit	69.139.300	36.071.229
Effect of the change in interest rate on profit	1.183.511	809.786
Loss on derivative financial instruments (-)	40.852.637	28.990.513
Effect of the change in foreign exchange on loss	39.745.380	28.218.449
Effect of the change in interest rate on loss	1.107.257	772.064
Profit/loss on derivative financial instruments	29.470.174	7.890.502

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	8.638.451	1.929.828
Insurance technical income	252.698	159.916
Income from the asset sale	1.429.164	894.958
Rent income	167.157	136.479
Other income	8.856.542	4.301.239
Total	19.344.012	7.422.420

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(6) Information on Expected Credit Losses and other provisions:

	Current Period	Prior Period
Expected Credit Losses	3.791.234	37.160.610
<i>12 Month Expected Credit Loss (Stage 1)</i>	<i>295.341</i>	<i>11.947.469</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>267.953</i>	<i>19.362.526</i>
<i>Non – Performing Loans (Stage 3)</i>	<i>3.227.940</i>	<i>5.850.615</i>
Marketable Securities Impairment Expense	-	165.683
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>-</i>	<i>165.683</i>
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	<i>-</i>	<i>-</i>
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint Ventures</i>	<i>-</i>	<i>-</i>
Other	48.206	23.635
Total	3.839.440	37.349.928

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	387.323	401.629
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	25.577	8.658
Depreciation expenses of fixed assets	1.447.052	671.702
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	591.129	207.056
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets to be sold	-	-
Amortization expenses of assets to be sold	9.814	21.264
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	12.937.910	6.146.639
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>547.958</i>	<i>231.995</i>
<i>Maintenance expenses</i>	<i>381.993</i>	<i>183.692</i>
<i>Advertisement expenses</i>	<i>1.866.271</i>	<i>1.244.319</i>
<i>Other expenses^(*)</i>	<i>10.141.688</i>	<i>4.486.633</i>
Loss on sales of assets	14	4.565
Other ^(*)	15.844.816	3.005.596
Total	31.243.635	10.467.109

^(*) It includes the cash donation payment of TRY 7.122.394 paid to the Disaster and Emergency Management Directorate of the Ministry of Interior – Republic of Türkiye due to the earthquake that occurred on February 6, 2023 centered by Kahramanmaraş.

^(*) Other expenses mainly comprise fees related to credit card and other banking transactions.

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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(8) Information on profit/loss from continuing and discontinued operations before taxes:

The Group's income before tax/loss is due from continuing activities. Net interest income is TRY 45.987.324 (31 December 2022: TRY 70.120.181), net fees and commissions income is TRY 21.067.911 (31 December 2022: TRY 9.372.362) and the profit from operations before tax is TRY 15.326.860 (31 December 2022: TRY 24.665.196).

(9) Information on tax provisions for continued and discontinued operations:

For the period then ended 31 December 2023, the Group's tax provision income amounting to TRY 2.426.379 (31 December 2022: TRY 5.684.523 tax provision expense) consists of TRY 1.363.448 (31 December 2022: TRY 17.046.469) of current tax charge and TRY 11.374.410 (31 December 2022: TRY 5.627.401) of deferred tax expense, TRY 15.164.237 (31 December 2022: TRY 16.989.347) of deferred tax income.

(10) Information on net operating income/expense from continued and discontinued operations after tax:

As of 31 December 2023, the Group's net operating income after tax is amounting to TRY 17.753.239.

(31 December 2023: TRY 18.980.673)

(11) Information on net profit/loss:

a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary to understand the bank's performance during the period, the explanation regarding the nature and amount of these items is as follows:

There is no issue to be disclosed.

b) Effects of changes in accounting estimates on the current and future periods' profit/loss:

There is no issue to be disclosed.

(12) Minority interest profit/losses:

	Current Period	Prior Period
Minority interest profit/losses	922.484	624.369

(13) Other items in the Income Statement:

The other items under Fees and Commissions Received and Fees and Commissions Paid generally consist of credit card and other banking transaction commissions.

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V. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

(1) Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement:

The "net increase/(decrease) in other liabilities" under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, debts from money market, payables from miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 67.706.669 decrease (31 December 2022: TRY 10.238.979 decrease) for the year 2023. The "others" item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TRY 163.891.310 decrease for the year 2023 (31 December 2022: TRY 67.172.063 decrease).

For the year ended 31 December 2023, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 34.122.283 increase (31 December 2022: TRY 15.559.295 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

(2) Items used in determination of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY and cash in foreign currency, Central Bank and bank deposits having maturity less than three months are defined as cash and cash equivalents.

(3) The effect of any change in accounting policies:

None.

(4) Cash and cash equivalents balance at the beginning of the period:

	Current Period	Prior Period
Cash	83.352.615	62.885.883
Cash in TRY, foreign currency and others ⁽¹⁾	9.785.238	7.413.148
Demand CBRT and Banks	73.567.377	55.472.735
Cash equivalents	2.156.596	648.354
Time Deposits Up to 3 Months	2.131.596	647.353
Money Market Placements	25.000	1.001
Total Cash and Cash Equivalents	85.509.211	63.534.237

⁽¹⁾ Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

(5) Cash and cash equivalents balance at the end of the period:

	Current Period	Prior Period
Cash	137.260.549	83.352.615
Cash in TRY, foreign currency and others ⁽¹⁾	16.166.723	9.785.238
Demand CBRT and Banks	121.093.826	73.567.377
Cash equivalents	14.261.394	2.156.596
Time Deposits Up to 3 Months	11.373.270	2.131.596
Money Market Placements	2.888.124	25.000
Total Cash and Cash Equivalents	151.521.943	85.509.211

(1) Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE PARENT BANK

(1) Volume of the Parent Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Information on the loans of the Parent Bank's risk group:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Current Period					
Loans						
Beginning Balance	-	2.255	-	-	-	-
Closing Balance	-	4.176	-	-	-	-
Interest and commissions income	-	354	-	-	-	-
Prior Period						
Loans						
Beginning Balance	-	2.133	-	-	-	-
Closing Balance	-	2.255	-	-	-	-
Interest and commissions income	-	38	-	-	-	-

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b) Deposits held by the Parent Bank's risk group:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Beginning Balance	522.749	138.492	-	-	-	-
Closing Balance	2.007.811	522.749	-	-	-	-
Interest expense on deposits	625.164	64.969	-	-	-	-

c) Forward and option contracts and similar transactions with the Parent Bank's risk group:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Transactions at Fair Value Through Profit or Loss					
Beginning Balance	-	28.466	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	(1.455)	-	-	-	-

(2) Disclosures for risk group of the Parent Bank:

a) The relations of the Parent Bank with the entities controlled by the Parent Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Parent Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Parent Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of "the Brokerage Contract for Order Submission".

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b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	4.176	<0,01
Deposits	2.007.811	0,10
Forward and Option Contracts	-	-
Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.255	<0,01
Deposits	522.749	0,05
Forward and Option Contracts	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method:

None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel of the Group are TRY 130.305 as of 31 December 2023.

(31 December 2022: TRY 60.577).

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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VIII. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES

(1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches

Current Period	Quantity	Number of Employees	Countries	Total Assets	Statutory Capital
Domestic Branch	1.073	22.091			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
Overseas Branch	5	122	T.R.N.C.	15.009.205	-
	1	4	BAHRAIN	100.077.178	-
Off-shore Branches	-	-		-	-
Prior Period	Quantity	Number of Employees	Countries	Total Assets	Statutory Capital
Domestic Branch	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
	-	-	SINGAPORE(*)		
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-		-	-

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Parent Bank:

During the year 2023, the Parent Bank opened 41 branches.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

IX. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/INDEPENDENT AUDIT AGENCIES

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	Current Period	Prior Period
a. Independent audit fees	18.344	11.754
b. Fees for other services	621	647
<i>Fees for other assurance services</i>	621	373
<i>Fees for tax advisory</i>	-	-
<i>Fees for other services except independent audit</i>	-	274
Total	18.965	12.401

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

In the announcement made by the BRSB on 11 January 2024, it is stated that banks, financial leasing, factoring, financing, savings financing and asset management companies will start applying inflation accounting within the scope of TAS 29 as of 1 January 2025.

International rating agency Moody's changed the Parent Bank's rating outlook from "Stable" to "Positive" as a result of the assessment made on 17 January 2024.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE PARENT BANKS' ACTIVITY

On October 15, 2019, the U.S. Department of Justice, United States Attorney Southern District of New York indicted the Parent Bank by repeating the allegations set forth in the case filed against the former executive of the Parent Bank due to the Iranian sanction violations.

First, the Parent Bank applied to the District Court on November 4, 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On December 5, 2019, the District Court denied the request of special appearance. The Parent Bank objected to the District Court's decision and appealed the decision at the Second Circuit on December 17, 2019. On February 21, 2020, the Second Circuit denied Parent Bank's objection.

In the meeting held by the Parent Bank's Board of Directors on March 27, 2020, it was decided to attend the District Court hearing at which the case starts to be heard on the merits on March 31, 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Parent Bank.

At the hearing on March 31, 2020, the District Court decided to postpone the hearing initially to June 9, 2020 and subsequently to June 30, 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on June 30, 2020; the schedule was determined regarding the motion to recuse, discovery motions, and filings of other motions. It was decided that the jury trials would begin on March 1, 2021 for which the schedule was revised on October 26, 2020. Accordingly, the jury trials are scheduled to be held on May 3, 2021. In this regard, the Parent Bank filed its recusal motion on July 14, 2020 and its other motions to dismiss the indictment on August 10, 2020 at the District Court.

Parent Bank's recusal motion was denied by the District Court on August 24, 2020 and the Second Circuit on December 23, 2020.

District Court denied Parent Bank's motion to dismiss the indictment on October 1, 2020. The Parent Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted Parent Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Parent Bank's appeal on October 22, 2021. The Parent Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Parent Bank's petition on December 15, 2021.

As the Parent Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the District Court are stayed until the process is completed in the US Supreme Court.

The Parent Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Parent Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

The US Supreme Court reviewed the Parent Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Parent Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Parent Bank filing its counter reply brief with the Court on January 6, 2023. Oral argument was held before the Court on January 17, 2023.

The US Supreme Court announced its opinion regarding the Parent Bank's FSIA appeal on April 19, 2023, ruling that FSIA applied only in civil cases and not in criminal cases. On the other hand, the Supreme Court ruled that the Second Circuit did not fully consider the Parent Bank's sovereign immunity status under common law and remanded the case for reconsideration by the Second Circuit.

The briefing with the Second Circuit started with the Parent Bank's opening brief filed on July 31, 2023. The Government filed its reply brief on November 20, 2023. The briefing with the Second Circuit was completed with the Parent Bank's counter-reply brief filed on January 12, 2024. According to the Court's schedule, the oral argument will be held on February 28, 2024. The ruling will be announced at a date following the oral argument.

If the Second Circuit review results in a decision that the Parent Bank is entitled to common law sovereign immunity the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court for the Southern District of New York, with Parent Bank's rights to appeal being fully reserved, and the District Court will need to create a new schedule for the trials.

In addition, a civil case (the Owens case) was filed by plaintiffs against the Parent Bank on March 27, 2020 with a claim for damages in the Southern District of New York Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Parent Bank's attorneys on July 1, 2020. The Parent Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Parent Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit ruled in the Parent Bank's favor and dismissed the lawsuit seeking to satisfy judgements on May 2, 2023. Plaintiffs applied to the US Supreme Court on August 30, 2023 for a writ of certiorari in order to appeal the Second Circuit decision. The Supreme Court reviewed the application on January 5, 2024 and announced its decision to reject the plaintiff's appeal on January 8, 2024. Accordingly, the Owens case brought against the Parent Bank on March 27, 2020 was conclusively dismissed.

Finally, on July 26, 2023, 151 plaintiffs filed a complaint in the U.S. District Court for the Southern District of New York and a new civil case (the Hughes case) against the Parent Bank seeking to satisfy judgments similar to the civil case dated March 27, 2020.

The service was processed on October 1, 2023. According to the complaint, the plaintiffs seek judgments from the Court to the fullest extent permitted by law, attempting to establish a connection between certain aggrievements they have suffered in various countries and the supposed allegations in the current criminal case against the Parent Bank, which was filed on October 15, 2019.

The Parent Bank filed its motion to dismiss with the District Court on December 22, 2023. As per the briefing schedule, the plaintiffs responded to Halkbank's motion on February 9, 2024. The proceedings of both the criminal case and the civil case are closely monitored by the Parent Bank through U.S. law firms with relevant expertise.

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION VII: AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Parent Bank's publicly available consolidated financial statements and footnotes as of 31 December 2023 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2024 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Performance Tables

Subject Title	Indicator		2021	2022	2023
Employee demographics (Age, Education and Gender)					
Senior Management - Gender Distribution	Gender Distribution	Female	5	6	8 ✓
		Male	60	61	61 ✓
Bank Employees	Gender Distribution	Female	9,060	9,361	10,354 ✓
		Male	11,279	11,420	11,865 ✓
		TOTAL	20,339	20,781	22,219 ✓
Board of Directors - Gender Distribution	Gender Distribution	Female	1	1	2 ✓
		Male	8	8	7 ✓
Educational Status of Bank Employees	PhD	Female	7	7	8 ✓
		Male	10	16	14 ✓
	Master's Degree	Female	672	700	761 ✓
		Male	830	837	870 ✓
	Bachelor's Degree	Female	7,147	7,367	8,358 ✓
		Male	7,684	7,726	8,197 ✓
	Vocational School	Female	767	834	806 ✓
		Male	677	749	747 ✓
	High School	Female	467	453	421 ✓
		Male	2,046	2,066	2,015 ✓
Elementary School	Female	0	0	0 ✓	
	Male	32	26	22 ✓	
Age Distribution of Employees	18-20		0	1	7 ✓
	21-30		4,127	3,762	4,954 ✓
	31-40		11,877	12,070	12,115 ✓
	41-50		3,838	4,308	4,472 ✓
	51-55		469	626	647 ✓
	>55		28	14	24 ✓
Number of employees who took maternity leave and returned to work after maternity leave (person)					
Number of Employees on Maternity Leave	New Hires		1,241	946	1,121 ✓
	On Leave		456	347	396 ✓
	TOTAL		1,697	1,293	1,517 ✓
Total number of employees, new hires, and employee turnover rate (person)					
Number of Employees Annual Average (bank + company personnel)			23,461	23,682	24,942 ✓
New Employees	<20 Years Old	Female	0	1	7 ✓
		Male	0	0	1 ✓
	21-30 Years Old	Female	280	456	1,371 ✓
		Male	284	377	867 ✓
	31-40 Years Old	Female	52	111	196 ✓
		Male	71	125	167 ✓
	41-50 Years Old	Female	17	8	16 ✓
		Male	31	17	16 ✓
	>50 Years Old	Female	0	1	4 ✓
		Male	1	2	2 ✓
TOTAL		Female	349	577	1,594 ✓
		Male	387	521	1,053 ✓

Subject Title	Indicator		2021	2022	2023	
Social Performance Indicators	Employee Turnover Rate (%)	New Employee Turnover Rate	1.90%	0.35%	0.58% ✓	
		Total Employee Turnover Rate	2.79 %	3.10%	5.61% ✓	
	Average training hours (hours/person)					
	Training Data	Classroom education		24.95	23.53	28.21 ✓
		E-learning		183.27	22.10	31.92 ✓
		Average Duration of Education according to Gender (classroom + e-learning)	Female Employees	218.58	46.45	61.37 ✓
			Male Employees	199.75	45.36	57.99 ✓
		Total Average Duration of Education (classroom + e-learning)		208.22	45.63	60.12 ✓
		Technical Trainings (classroom + e-learning)		197.13	39.49	42.61 ✓
		Personal Development Trainings (classroom + e-learning)		11.10	6.13	17.51 ✓

Subject Title	Indicator		2021	2022	2023	
OHS Indicators (Bank Employees)	Occupational accident and accident rates by type (%)	Injury Rate	0.125	0.174	0.295 ✓	1. Injury rate: Total number of accidents / Total working hours*200,000
		Lost Day Rate	0.564	2.979	41.075 ✓	2. Lost day rate: Total number of lost days/Total working hours*200,000
		Accident Frequency Rate	0.626	0.871	1.474 ✓	3. Injury rate: Total number of accidents / Total working hours*1,000,000
		Accident Severity Rate	0.003	0.015	0.205 ✓	4. Accident severity rate: Total number of lost days / Total working hours *1,000

Subject Title	Indicator		2021	2022	2023	
OHS Indicators (Contractor Employees)	Occupational accident and accident rates by type (%)	Injury Rate	N/A	1.015	1.674 ✓	1. Injury rate: Total number of accidents / Total working hours*200,000
		Lost Day Rate	N/A	2.611	4.202 ✓	2. Lost day rate: Total number of lost days/Total working hours*200,000
		Accident Frequency Rate	N/A	5.077	8.368 ✓	3. Injury rate: Total number of accidents / Total working hours*1,000,000
		Accident Severity Rate	N/A	0.013	0.021 ✓	4. Accident severity rate: Total number of lost days / Total working hours *1,000

Subject Title	Indicator		2021	2022	2023	
OHS Indicators (Total)	Occupational accident and accident rates by type (%)	Injury Rate	N/A	0.287	0.472 ✓	1. Injury rate: Total number of accidents / Total working hours*200,000
		Lost Day Rate	N/A	2.930	36.326 ✓	2. Lost day rate: Total number of lost days/Total working hours*200,000
		Accident Frequency Rate	N/A	1.436	2.362 ✓	3. Injury rate: Total number of accidents / Total working hours*1,000,000
		Accident Severity Rate	N/A	0.015	0.182 ✓	4. Accident severity rate: Total number of lost days / Total working hours *1,000

Performance Tables

Subject Title	Indicator	2021	2022	2023
Energy consumption from the Bank's activities				
Electricity Consumption	kWh	67,395,265.45	68,318,617.90	67,527,570.30 ✓
Natural Gas Consumption	m ³	2,530,507.80	2,590,202.17	2,308,791.96 ✓
Fuel-Oil Consumption	lt	22,329.58	11,598.66	3,009.00 ✓
Coal Consumption	tons	141.44	105.65	60.39 ✓
Diesel Consumption – for Heating	lt	219,149.14	159,071.25	134,253.46 ✓
Diesel Consumption – for Generators	lt	65,207.97	73,780.84	80,054.69 ✓
Vehicle fuel consumption				
Personnel Services (Diesel)	lt	662,343.77	718,842.65	964,404.95 ✓
Company Vehicles (Diesel)	lt	2,999,327.46	3,247,824.57	3,397,430.46 ✓
Company Vehicles (Gasoline)	lt	48,911.73	198,690.07	577,913.22 ✓
Total energy consumption within the organization	GJ	481,144.71	473,335.99	478,250.29 ✓
Energy consumption per employee	GJ/person	20.51	19.99	19.17 ✓
Total water withdrawal by source				
Water Consumption	m ³	206,234.59	215,088.10	210,357.27 ✓
Paper use in banking activities				
Paper Consumption	tons	1,764.82	2,287.79	1,780.41 ✓
Wastes collected, sent for recycling, recovery and disposal				
Recycling Waste (Glass, Plastic, Paper, Metal)	kg	672,710.05	687,054.80	678,844.80 ✓
Electronic Waste	units	2,377.00	1,659.00	4,143.00 ✓
Toner Waste	kg	6,444.00	13,101.00	12,310.00 ✓
Emissions from the Bank's operations				
Total Emissions	tCO ₂ e	72,962.33	68,604.19	63,974.85 ✓
Scope 1 – Direct greenhouse gas (GHG) emissions	tCO ₂ e	15,795.52	17,023.47	16,690.20 ✓
Scope 2 – Indirect energy greenhouse gas (GHG) emissions	tCO ₂ e	31,406.19	30,060.19	32,683.34 ✓
Scope 3 – Other indirect greenhouse gas (GHG) emissions	tCO ₂ e	25,760.61	21,520.53	14,601.30 ✓
Total emissions per employee	tCO ₂ e/person	3.11	2.90	2.56 ✓
Total emissions per study area	tCO ₂ e/m ²	0.11	0.11	0.09 ✓

Subject Title	Indicator	2021	2022	2023
Renewable Energy		653,517,000.00	2,511,854,620.49	6,427,353,981.82 ✓
Amount of Loans Provided for Energy Efficiency and Renewable Energy Projects (TRY)	HEPP	98,275,000.00	421,500,000.00	550,778,500.00 ✓
	WPP	257,120,000.00	-	84,000,000.00 ✓
	BEP	109,734,000.00	349,000,000.00	39,200,000.00 ✓
	GPP	-	-	-
	SPP	188,388,000.00	1,741,354,620.49	5,753,375,481.82 ✓
Energy Efficiency		-	3,870,000.00	-
TOTAL		653,517,000.00	2,515,724,620.49	6,427,353,981.82 ✓

Environmental Performance Indicators

Reporting Guidance

Halkbank Integrated Report 2023 – Reporting Guidance

This reporting guidance (“Guidance”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited audit process of Türkiye Halk Bankası A.Ş. (“Halkbank,” “Bank”) for the Halkbank Integrated Report 2023. These indicators consist of environmental indicators, social indicators and sustainable financing indicators. It is the responsibility of the Bank’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guidance is for the FY23, fiscal year ended December 31, 2023 (January 01 – December 31 2023) and as detailed in the “Key Definitions and Reporting Scope” section, it covers the relevant operations and subsidiaries in Türkiye and excludes information about subcontractors unless otherwise stated. Halkbank’s Türkiye operations include Head Office and Additional Service Buildings, Regional Coordination Offices, Branches and ATMs.

General Reporting Principles

In preparing this guidance document, consideration has been given to the following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability/consistency with other data including prior year and understandability/transparency providing clarity to users.

Data preparation details can be reviewed in the indicator explanations in the table below.

Key Definitions and Reporting Scope

Type	Indicator	Scope
Social Indicators	Employee Demographics	This indicator reflects the gender, age, education level and distribution of employees of the Bank (excluding subsidiaries and group companies), as well as the gender distribution of the employees in the senior management, during the reporting period. This indicator covers Bank employees and subcontractors.
	Number of Employees that Took Parental Leave and Returned to Work After Parental Leave	This indicator reflects the number of employees who took maternity leave during the reporting period, and who returned to work after maternity leave during the reporting period.
	Total Number of Employees, New Hires, and Employee Turnover Rate	This indicator reflects the total number of employees and new hires during the reporting period. It also reflects employee turnover rate which is the ratio of resignation and termination of employment to the average number of employees in the reporting period.
	Average Training Hours by Gender	This indicator reflects average hours of training by gender and by training category given to the employees during the reporting period. Training categories include in-class and e-learning training. This indicator covers Bank employees and subcontractors.
	Occupational Health and Safety	This indicator reflects number of accidents by type, ratio of incidents (%) (injury rate (IR), accident frequency rate, accident severity rate, lost day rate and absenteeism rate of employees during the reporting period. This indicator covers Bank employees and subcontractors.
Environmental Indicators	Energy Consumption	
	Electricity Consumption (kWh)	This indicator reflects the total purchased electricity consumption used for air conditioning, lighting, electrical equipment uses and other business operations that require electricity, at the relevant locations of the Bank during the reporting period.
	Natural Gas Consumption (m ³)	This indicator means the total purchased natural gas (volume- m ³) consumption used for heating, cooking and other business operations that require natural gas at all relevant locations of the Bank during the reporting period.
	Coal Consumption (tons)	This indicator reflects the total purchased coal (by weight – tons) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Fuel-Oil Consumption (lt)	This indicator reflects the total purchased fuel-oil (by volume – lt) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Diesel Consumption (Heating) (lt)	This indicator reflects the total purchased diesel (volume – l) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Diesel Consumption (Generator) (lt)	This indicator reflects the total purchased diesel (volume – l) consumption used for generators at the relevant locations of the Bank during the reporting period.
	Diesel and Gasoline Consumption (for vehicles) (l)	This indicator reflects the total purchased diesel and gasoline (volume – l) consumption used for company-owned cars and personnel services at the relevant locations of the Bank during the reporting period.
	Energy Consumption within the Organization (Total GJ)	This indicator reflects the total energy consumption (total GJ) of the Bank during its operations, during the reporting period.
	Energy consumption per employee (GJ/Employee)	This indicator reflects the total energy consumption per employee during the reporting period.
	Other Environmental Performance Data	
	Water Consumption (m ³)	This indicator reflects the total water consumption (volume – m ³) of the Bank during its operations, during the reporting period.
	Paper Consumption (tons)	This indicator reflects the total paper consumption (by weight – tons) of the Bank during its operations, during the reporting period.

Reporting Guidance

Environmental Indicators	Amount of Waste Collected and Disposed (kg)	This indicator reflects the total amount of waste by type and disposal method where the Bank's operations take place during the reporting period. It includes types of recycling waste (glass, plastic, paper, metal) and toner (by weight – kg).
	The Amount of Electronic Equipment Provided for Recovery/Disposal to Licensed Companies (Pcs)	This indicator reflects the amount of waste electrical and electronic equipment (units) given by the Bank to licensed companies for recycling/disposal during the reporting period.
	Scope 1, 2 and 3 Emissions	
	Direct (Scope 1) Greenhouse Gas Emissions (tCO ₂ e)	This indicator reflects the emissions of greenhouse gases due to the use of natural gas, fuel-oil, coal, diesel, gasoline consumption, and refrigerant gases and fire extinguishing devices at the relevant locations of the Bank during the reporting period.
	Energy-related Indirect (Scope 2) Greenhouse Gas Emissions (tCO ₂ e)	This indicator reflects the emissions of greenhouse gases due to the use of purchased electricity at the relevant locations of the Bank during the reporting period.
	Other Indirect (Scope 3) Greenhouse Gas Emissions (tCO ₂ e)	This indicator reflects the emissions of greenhouse gases due to non-company and non-directly controlled sources such as employee commuting, business travel, accommodation, remote working, water consumption, paper consumption, disposal of collected wastes, fuel production and fuel transportation/distribution and other indirect emissions, during the reporting period.
	Emission Performance Per Employee (co ₂ e/Employee)	This indicator reflects the total Scope 1, Scope 2 and Scope 3 emissions of greenhouse gases per employee during the reporting period.
Sustainable Financing Indicators	Emission Performance per Working Area (tCO ₂ e/m ²)	This indicator reflects the total Scope 1, Scope 2 and Scope 3 emissions of greenhouse gasses per working area during the reporting period.
	Funded Renewable Energy and Energy Efficiency Projects by the Bank (TRY)	This indicator reflects the total amount of loans (TRY) provided by the Bank to renewable energy and energy efficiency projects, during the reporting period.

Data Preparation

Social Indicators

Employee Demographics

In the senior management gender distribution indicator, unit manager, information technology unit manager, consultant, member of the supervisory board, assistant general manager and group manager positions are included in senior management positions.

Employee Turnover Rate

The following formula is used to calculate the employee turnover rate.

Employee Turnover Rate= Total Number of Employees Leaving the Job (Resigned and Employment Contract Terminated) / Average Number of Personnel * 100

Occupational Health and Safety (OHS) Data

The following definitions and formulas are used in the calculation of OHS data. While calculating the total working hours, the number of employees in the reporting period was accepted as 21,500. The number of women employees was accepted as 9,858 and the number of men employees as 11,642.

1. Injury rate: Total number of accidents/Total working hours*200,000
2. Lost day rate: Total number of lost days/Total working hours*200,000
3. Accident frequency rate: Total number of accidents/Total working hours*1,000,000
4. Accident severity rate: Total number of lost days/Total working hours *1,000

Environmental Indicators

Energy Consumption

Energy consumption data are reported for electricity and primary fuel sources, which comprise of electricity, natural gas, coal, fuel-oil, diesel and gasoline.

Electricity and natural gas consumption data are obtained from supplier meters and service provider invoices. Coal and fuel-oil consumption data are obtained from service provider invoices. Diesel consumption for the use of generators, heating and company owned vehicles are obtained from service provider invoices. Gasoline consumption for the use of company owned cars data are obtained from service provider invoices.

The Bank uses the following conversion factors in its energy consumption calculations:

- Since the electricity supply unit is billed in kWh, a conversion factor of 1 kWh=0.0036 GJ is used for conversion to GJ;
- Since the natural gas supply unit is billed in m³, a conversion factor 1m³ = 0.0362 GJ is used for conversion to GJ;
- Since the coal supply unit is billed in tons, a conversion factor of [1ton * (28.61) GJ/tons] is used for conversion to GJ;
- Since the fuel-oil supply unit is billed in tons, a conversion factor of [1ton * (40.91) GJ/tons] is used for conversion to GJ;
- Since the diesel supply unit is billed in liters, the conversion factor 1 lt = 0.0357 GJ is used for conversion to GJ;
- Since the gasoline supply unit is billed in liters, the conversion factor 1 lt= 0.0332 GJ is used for conversion to GJ.

Reporting Guidance

Scope 1, 2 and 3 Emissions

Scope 1, Scope 2 and Scope 3 emissions have been calculated in accordance with ISO 14064-1, with the principle of operational control within the framework of the "Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard." In Scope 1 calculations, CO₂ equivalent factors consisting of CO₂, CH₄, N₂O, HFCs (refrigerant gas) CO₂ equivalent emission factors were used. In Scope 2 emission calculations, electricity sourced emissions are calculated using the total carbon factor. In Scope 3 emission calculations, employee commuting, business travel, accommodation, remote working, water consumption, paper consumption, disposal of collected wastes, fuel production and fuel transportation/distribution and other indirect emissions are calculated by using the total carbon factor. The emission factors used are detailed in the table below.

Global Warming Potential (GWP) coefficients (excluding Turkish electric power) are from 5th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and "DEFRA (Department for Environment, Food and Rural Affairs) 2023 Emission Factors" published by the Government of United Kingdom, and the resultant kg CO₂-e value is calculated by multiplying with the appropriate coefficients. The emission factor of Turkish electric power (Consumption Point Emission Factor Based on Distribution Line) is taken from the "Turkish Electricity Generation and Electricity Consumption Point Emission Factors Information Form" published by the Ministry of Energy and Natural Resources of the Republic of Türkiye in 2022.

Emission Factors – Scope 1	Total Carbon Factor (kg CO ₂ -e)
Company Vehicles	
Gasoline (lt)	2.35
Diesel (lt)	2.66
Other Fossil Fuels	
Diesel for heating (kg/l)	2.66
Diesel for generator (kg/l)	2.66
Natural Gas (kg/m ³)	2.04
Coal (kg/tons)	2,904.95
Fuel-Oil (kg/tons)	3.17
Refrigerant Gases/Air Conditioning Gases	
R22	1,760.00
R410A	1,924.00
R600A	3.00
Fire Extinguishers	
HFC-227 EA	3,350.00
NOVEC (Pentanone)	1.00
Emission Factors – Scope 2	
Türkiye Electrical Energy (Consumption Point Emission Factor Based on Distribution Line)	tCO ₂ -e/MWh 0.484

Emission Factors – Scope 3	Total Carbon Factor (kg CO ₂ -e)
Personnel Services	
Diesel (kg/l)	2.66
Travel	
Ship (Intercity)	0.0187
Metro	0.0278
Motorcycle	0.1137
Bus (Urban/Municipal)	0.1184
Bus (Intercity)	0.0272
Private Vehicle - Gasoline	0.1639
Private Vehicle - Diesel	0.1698
Private Vehicle - LPG	0.197
Taxi	0.1486
Tramway	0.0286
Train (Urban, Suburban)	0.0355
Train (Intercity)	0.0045
Air Travel-Overseas-Business-Short Distance	0.2743
Air Travel-Overseas-Business-Long Distance	0.5803
Air Travel-Overseas-Economy-Short Distance	0.1829
Air Travel-Overseas-Economy-Long Distance	0.2001
Air Travel-Domestic-Business-Short Distance	0.2743
Air Travel-Domestic-Economy-Short Distance	0.2726
Air Travel-Domestic-Economy-Long Distance	0.2726
Air Travel -Domestic-Promotion-Short Distance	0.2726

Reporting Guidance

Emission Factors – Scope 3	Total Carbon Factor (kg CO₂-e)
Travel – Indirect Emissions	
Ship (Intercity)	0.00424
Metro	0.00728
Motorcycle	0.02956
Bus (Urban/Municipal)	0.02887
Bus (Intercity)	0.00656
Private Vehicle – Gasoline	0.05901
Private Vehicle – Diesel	0.04225
Private Vehicle – LPG	0.02339
Taxi	0.03697
Tramway	0.00749
Train (Urban, Suburban)	0.00897
Train (Intercity)	0.00117
Air Travel-Overseas-Business-Short Distance	0.03373
Air Travel-Overseas-Business-Long Distance	0.07137
Air Travel-Overseas-Economy-Short Distance	0.02249
Air Travel-Overseas-Economy-Long Distance	0.02461
Air Travel-Domestic-Business-Short Distance	0.0335
Air Travel-Domestic-Economy-Short Distance	0.0335
Air Travel-Domestic-Economy-Long Distance	0.0335
Air Travel -Domestic-Promotion-Short Distance	0.0335
Paper – Indirect Emissions	
Paper Consumption (kg/tons)	910.48
Waste – Indirect Emissions	
Recycling Waste (kg/ton)	21.28
Water – Indirect Emissions	
Water Consumption (kg/m ³)	0.3780

Emission Factors – Scope 3	Total Carbon Factor (kg CO₂-e)
Accommodation	
Hotel Accommodation	32.10
Company Vehicles – Indirect Emissions	
Gasoline (kg/l)	0.61
Diesel (kg/l)	0.62
Personnel Services – Indirect Emissions	
Diesel (kg/l)	0.62
Other Fossil Fuels – Indirect Emissions	
Diesel for heating (kg/l)	0.62
Diesel for generator (kg/l)	0.62
Natural Gas (kg/m ³)	0.34
Coal (kg/tons)	470.96
Fuel-Oil (kg/tons)	0.695
Remote Working Employees	
Remote Working Employees	0.334

Restatement

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level.

GRI Content Index



For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.		
Statement of Use	Halkbank has reported in accordance with the GRI Standards for the period 1 January–31 December 2023.	
GRI 1 Used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	Since the sector standard for the banking industry has not been prepared yet, no sector standard has been used.	
GRI 2: General Disclosures 2021	The Organization and Its Reporting Practices	
	2-1 Organizational details	About the Report, page 1 Halkbank in Brief, page 24 Shareholder Structure and Shareholder Portfolio, page 34–39 Directory, page 518
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 1
	2-3 Reporting period, frequency and contact point	About the Report, page 1 surdurulebilirlik@halkbank.com.tr
	2-4 Restatements of information	None.
	2-5 External assurance	Independent Assurance Report, pages 516–517
	Activities and Employees	
	2-6 Activities, value chain and other business relations	Performance in 2023, pages 18–19 Halkbank in Brief, page 24 Halkbank's Value Creation Model, pages 60–63 Gaining Trust with the Products and Services Offered pages 80–107 Stakeholder Relations at Halkbank, pages 110–117
	2-7 Employees	Halkbank's Value Creation Model, pages 60–63 Halkbank's Identity as an Inclusive Employer, pages 118–119 Performance Tables, pages 496–499
	2-8 Workers who are not employees	Unconsolidated Financial Statements and Independent Audit Report (Explanations Regarding Provisions), pages 328–329 Consolidated Financial Statements and Independent Audit Report (Explanations Regarding Provisions), pages 471–472 Performance Tables, pages 496–499
	Governance	
	2-9 Governance structure and composition	Board of Directors and Supervisory Board, pages 28–29 Executive Management, pages 30–31 Organizational Chart, pages 32–33 Board of Directors and Committees, pages 169–178
	2-10 Nomination and selection of the highest governance body	Regarding the minimum qualifications to be sought for the election of the members of the Board of Directors, the Bank acts within the framework of the Banking legislation, and the regulations of the Turkish Commercial Code and the CMB. Articles of Association of the Bank–Article 19 https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/yatirimci-ilisleri/kurumsal-yonetim/esas-sozlesme.pdf Board of Directors and Supervisory Board, pages 28–29 Executive Management, pages 30–31 Board of Directors and Committees, pages 169–178

GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	Board of Directors and Supervisory Board, pages 28–29 Executive Management, pages 30–31
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors and Supervisory Board, pages 28–29 Executive Management, pages 30–31 Halkbank's Sustainability Organizational Structure and Approach, pages 66–67
	2-13 Delegation of responsibility for managing impacts	Board of Directors and Supervisory Board, pages 28–29 Executive Management, pages 30–31 Halkbank's Sustainability Organizational Structure and Approach, pages 66–67 Sustainability Committee (Committees), pages 177–178
	2-14 Role of the highest governance body in sustainability reporting	Halkbank's Sustainability Organizational Structure and Approach, pages 66–67 Halkbank's Priorities in Sustainability, pages 68–69 Sustainability Committee (Committees), pages 177–178
	2-15 Conflicts of interest	Sustainability Risks and Trends Management, pages 74–79 Risk Management Policies by Risk Types and Risk Management Information, pages 165–167 Corporate Governance Committee (Committees), pages 176 Code of Ethics https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87lkeler-ve-politikalar/etik-ilkeler.pdf
	2-16 Communication of critical issues	Corporate Governance Information Form–3.1 Company Policy regarding Stakeholders (Corporate Governance Principles), page 193
	2-17 Collective knowledge of the highest governance body	Board of Directors and Supervisory Board, pages 28–29 Executive Management, pages 30–31 Halkbank's Sustainability Organizational Structure and Approach, pages 66–67
	2-18 Evaluation of the performance of the highest governance body	Halkbank's Sustainability Organizational Structure and Approach, pages 66–67 Board of Directors and Committees, pages 169–178
	2-19 Remuneration policies	Unconsolidated Financial Statements and Independent Audit Report (Information on Remuneration Policies), pages 304–305 Remuneration Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87lkeler-ve-politikalar/ucretlendirme-ve-ozellikli-calisan-politikalari-20-06.pdf
	2-20 Process to determine remuneration	Corporate Governance Information Form–3.3. Company's Human Resources Policy (Corporate Governance Principles), page 194 Remuneration Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87lkeler-ve-politikalar/ucretlendirme-ve-ozellikli-calisan-politikalari-20-06.pdf
	2-21 Annual total compensation ratio	Unconsolidated Financial Statements and Independent Audit Report (Explanations on Provisions), pages 328–329 Consolidated Financial Statements and Independent Audit Report (Explanations on Provisions), pages 471–472

GRI Content Index

	Strategy, Policies and Practices	
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Chairman's Assessment, pages 12-13 General Manager's Assessment, pages 14-17 Management's Evaluation and Analysis, page 20-21 Halkbank's Sustainability Structure, pages 64-79 Sustainability Principles, pages 205-212
	2-23 Policy commitments	Principles and Policies https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
	2-24 Embedding policy commitments	Sustainability Risks and Trends Management, pages 74-79 Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2023, pages 158-163 Risk Management Policies by Risk Types and Risk Management Information, pages 165-167 Corporate Governance Information Form, pages 191-201 Principles and Policies https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
	2-25 Processes to remediate negative impacts	Stakeholder Relations at Halkbank, pages 110-117 Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2023, pages 158-163 Corporate Governance Information Form-3.1 Corporation's Policy on Stakeholders Ethical Rules and Social Responsibility (Corporate Governance Principles), pages 193-195 Sustainability Principles, pages 205-212
	2-26 Mechanisms for seeking advice and raising concerns	Halkbank's Identity as an Inclusive Employer, pages 118-119 Corporate Governance Information Form-3.1 Corporation's Policy on Stakeholders Ethical Rules and Social Responsibility (Corporate Governance Principles), pages 193-195
	2-27 Compliance with laws and regulations	There were no developments that were not in compliance with the laws during the reporting period, and no significant administrative penalties were levied for non-compliance with laws and regulations.
	2-28 Membership associations	Stakeholder Relations at Halkbank, pages 110-117
	Stakeholder Engagement	
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Halkbank's Priorities in Sustainability, pages 68-69 Stakeholder Relations at Halkbank, pages 110-117
	2-30 Collective bargaining agreements	Halkbank's Identity as an Inclusive Employer, pages 118-119
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Halkbank's Priorities in Sustainability, pages 68-69
	3-2 List of material topics	Halkbank's Priorities in Sustainability, pages 68-69

	Financial Performance and Profitability	
GRI 3: Material Topics 2021	3-3 Management of material topics	Chairman's Assessment, pages 12-13 General Manager's Assessment, pages 14-17 Areas of Focus in 2023, pages 50-59 Halkbank's Priorities in Sustainability, pages 68-69 Gaining Trust with the Products and Services Offered, pages 80-107
	201-1 Direct economic value generated and distributed	Economic Value Created and Distributed (Gaining Trust with the Products and Services Offered), page 83
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Risks and Trends Management, pages 74-79 Winning the Future of the Planet with a Responsible Perspective, pages 146-155 Risk Management Policies by Risk Types and Risk Management Information, pages 165-167
	201-3 Defined benefit plan obligations and other retirement plans	Unconsolidated Financial Statements and Independent Audit Report (Retirement Rights Liabilities), pages 329-330 Consolidated Financial Statements and Independent Audit Report (Retirement Rights Liabilities), pages 472-473
	201-4 Financial assistance received from government	Unconsolidated Financial Statements and Independent Audit Report (Information on Government Incentives), page 257 Consolidated Financial Statements and Independent Audit Report (Information on Government Incentives), page 393
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Halkbank's Identity as an Inclusive Employer, pages 118-119
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Executive Management, pages 30-31
	203-1 Infrastructure investments and services supported	Gaining Trust with the Products and Services Offered, pages 80-107
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Areas of Focus in 2023, pages 50-59 Gaining Trust with the Products and Services Offered, pages 80-107 Social Benefit-Focused Finance Approach, pages 130-135 Corporate Social Responsibility and Social Impact Activities, pages 136-137

GRI Content Index

	Combating Climate Change	
GRI 3: Material Topics 2021	3-3 Management of material topics	Winning the Future of the Planet with a Responsible Perspective, pages 146-155
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management, page 152 Performance Tables, pages 496-499
	302-4 Reduction of energy consumption	Sustainability Risks and Trends Management, pages 74-79 Energy Management, page 152
GRI 303: Water and Wastewater 2018	303-1 Interactions with water as a shared resource	Sustainability Risks and Trends Management, pages 74-79 Water Management, page 154
	303-5 Water consumption	Water Management, page 154 Performance Tables, pages 496-499
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emissions Management, page 150-151 Performance Tables, pages 496-499
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions Management, page 150-151 Performance Tables, pages 496-499
	305-3 Other indirect (Scope 3) GHG emissions	Emissions Management, page 150-151 Performance Tables, pages 496-499
	305-5 Reduction of GHG emissions	Halkbank's Sustainability Targets, pages 72-73 Emissions Management, page 150-151
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Sustainability Risks and Trends Management, pages 74-79 Waste Management, page 155
	306-4 Waste diverted from disposal	Waste Management, page 155 Performance Tables, pages 496-499
	Being a Preferred Employer	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Sustainability Risks and Trends Management, pages 74-79 Halkbank's Identity as an Inclusive Employer, pages 118-119 Stakeholder Relations at Halkbank, page 110-117 Career and Talent Management at Halkbank, pages 120-125 Occupational Health and Safety, pages 128-129
GRI 204: Responsible Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Stakeholder Relations at Halkbank, page 110-117
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Halkbank's Identity as an Inclusive Employer, pages 118-119 Performance Tables, pages 496-499
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Halkbank's Identity as an Inclusive Employer, pages 118-119 Disclosures and Footnotes Related to Unconsolidated Financial Statements (Information on Remuneration Policies), pages 304-305 Disclosures and Footnotes Related to Unconsolidated Financial Statements (Information on Remuneration Policies), pages 444-445
	401-3 Parental leave	Halkbank's Identity as an Inclusive Employer, pages 118-119 Performance Tables, pages 496-499

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Risks and Trends Management, pages 74-79 Occupational Health and Safety, pages 128-129 OHS Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87lkeler-ve-politikalar/is-sagligi-ve-guvenligi-politikasi.pdf
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, pages 128-129
	403-3 Occupational health services	Occupational Health and Safety, pages 128-129
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pages 128-129
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, pages 128-129
GRI 404: Training and Education 2016	403-9 Work-related injuries	Occupational Health and Safety, pages 128-129 Performance Tables, pages 496-499
	404-1 Average hours of training per year per employee	Career and Talent Management at Halkbank, pages 120-125 Performance Tables, pages 496-499
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Risks and Trends Management, pages 74-79 Career and Talent Management at Halkbank, pages 120-125
	404-3 Percentage of employees receiving regular performance and career development reviews	Career and Talent Management at Halkbank, pages 120-125
	Inclusivity and Equality of Opportunity	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Sustainability Risks and Trends Management, pages 74-79 Halkbank's Identity as an Inclusive Employer, pages 118-119 Corporate Governance Information Form-3.3. Company's Human Resources Policy (Corporate Governance Principles), page 194
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance Information Form-3.5. Ethical Principles and Social Responsibility (Corporate Governance Principles), page 195
	205-2 Communication and training about anti-corruption policies and procedures	Career and Talent Management at Halkbank, pages 120-125 Corporate Governance Information Form-3.5. Ethical Principles and Social Responsibility (Corporate Governance Principles), page 195
	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance Information Form-3.5. Ethical Principles and Social Responsibility (Corporate Governance Principles), page 195
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Halkbank's Identity as an Inclusive Employer, pages 118-119 Performance Tables, pages 496-499
	405-2 Ratio of basic salary and remuneration of women to men	Halkbank's Identity as an Inclusive Employer, pages 118-119

GRI Content Index

GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Risks and Trends Management, pages 74-79 Halkbank's Identity as an Inclusive Employer, pages 118-119 Corporate Governance Information Form-3.3. Company's Human Resources Policy (Corporate Governance Principles), page 194 https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87%keker-ve-politikalar/insan-haklari-ve-insan-kaynaklari-politikasi.pdf
GRI 407: Collective Bargaining and Union Right 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Halkbank's Identity as an Inclusive Employer, pages 118-119
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Halkbank's Identity as an Inclusive Employer, pages 118-119 Human Rights and Human Resources Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87%keker-ve-politikalar/insan-haklari-ve-insan-kaynaklari-politikasi.pdf
GRI 409: Forced/Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Halkbank's Identity as an Inclusive Employer, pages 118-119 Human Rights and Human Resources Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87%keker-ve-politikalar/insan-haklari-ve-insan-kaynaklari-politikasi.pdf
	Information Security and Customer Confidentiality	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, page 68-69 Sustainability Risks and Trends Management, pages 74-79 Data Security and Customer Privacy (Stakeholder Relations at Halkbank), page 113
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Customer Privacy (Stakeholder Relations at Halkbank), page 113 Privacy and Website Data Security Policy: https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87%keker-ve-politikalar/gizlilikveinternetsitesiveriguvenligipolitikasi.pdf Personal Data Protection and Processing Policy: https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/genel/kvkk-formlari/101121-KisiselVerilerinKorunmasiveislenmesiPolitikasi.pdf

	Corporate Governance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Corporate Governance, pages 156-214
	Increasing Access to Financial Services	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Halkbank's Identity as an Inclusive Employer, pages 118-119
	Digital Transformation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Winning the Future with Digital Transformation, pages 138-145
	Risk and Crisis Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Risk Management Policies by Risk Types and Risk Management Information, pages 165-167
	Customer Satisfaction	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Gaining Trust with the Products and Services Offered, pages 80-107 Stakeholder Relations at Halkbank, pages 110-117
	Creating Value with SME Banking	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 SME-Artisans Banking, pages 94-99
	Contribution to Social Welfare with Social Responsibility	
GRI 3: Material Topics 2021	3-3 Management of material topics	Halkbank's Priorities in Sustainability, pages 68-69 Social Benefit-Focused Finance Approach, pages 130-135 Corporate Social Responsibility and Social Impact Activities, pages 136-137

Independent Assurance Report

Deloitte.

Independent auditor's limited assurance report by DRT Bağımsız Denetim ve SMMM A.Ş. ("Deloitte") to the Board of Directors of Türkiye Halk Bankası A.Ş. ("Banka/Halkbank") on 2023 Integrated Annual Report for the year ended 31 December 2023.

Scope of Limited Assurance Audit

We have been engaged to perform a limited assurance audit, pursuant to the International Standard for Assurance Engagements (ISAE) 3000 (Revised) and (ISAE) 3410 (the "Standards"), that the Selected Sustainability Information ("Selected Information"), listed below in the Integrated Annual Report ("2023 Integrated Annual Report") of the Bank prepared for the year ended 31 December 2023 has been prepared in accordance with the principles in the Bank's Reporting Guide section on pages 500–507,

Selected non-financial performance information for a limited assurance audit

We have been assigned by the Bank to perform a limited assurance procedures regarding the accuracy of the following key performance indicators included in the 2023 Integrated Annual Report for the year ended 31 December 2023. The scope of indicators marked with ✓, on pages 18, 19, 20, 21 59, 61, 88, 108, 109, 118, 119, 121, 122, 123, 129, 151, 152, 154, 155, 496, 497, 498 and 499 of the 2023 Integrated Annual Report which are the subject of limited assurance procedures, are as follows as of the year ended 31 December 2023:

Social Indicators

- Employee Demographics
- Number of Employees Taking and Returning from Maternity Leave
- Total Number of Employees, New Hires and Employee Turnovers
- Average Training Hours by Gender
- Occupational Health and Safety

Environmental Indicators

- Energy Consumption
 - Electricity Consumption (kWh)
 - Natural Gas Consumption (m3)
 - Coal (tonnes)
 - Fuel-Oil (Lt)
 - Diesel Consumption (Heating) (Lt)
 - Diesel Consumption (Generator) (Lt)
 - Vehicle Fuel Consumption (lt)
 - Energy Consumption (Total GJ) Within the Organization
- Other Environmental Performance Data
 - Water Consumption (m3)
 - Paper Consumption (tonnes)
 - Amount of Disposal Waste Collected (kg)
 - Amount of Electronic Equipment Given to Licensed Companies for Recovery/Disposal (Number)
- Scope 1, 2 and 3 Emissions
 - Scope 1 (tCO₂e)
 - Scope 2 (tCO₂e)
 - Scope 3 (tCO₂e)
- Emission Performance per Employee (tCO₂e/Employee)
- Energy Consumption per Employee (GJ/Employee)

Sustainable Finance Indicators

- Funded renewable energy and energy efficiency projects (TL))

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial information, such as that included in reporting documents is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our audit provides limited assurance as defined in ISAE 3000 (Revised) and ISAE 3410. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Specific Purpose

Our work has been undertaken so that we might state to the Board of Directors of the Bank those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of the Bank for our work, for this report, or for the conclusions we have formed.

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Our Independence and Competence

Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

Management's Responsibilities

The Managers of the Bank are responsible for the preparation, accuracy and completeness of the sustainability information and statements contained within the Report. Bank Managers are responsible for determining the Bank sustainability objectives; for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Auditor's Responsibilities

Our responsibility is to express a conclusion on the Selected Information based on our procedures. Our limited assurance work was conducted in accordance with the International Standards on Assurance Audits (ISAE 3000) (Revised) and, in particular, the International Standard for Assurance Audits on Audits or Non-Reviews of Historical Financial Information, and the Standard on Assurance Audits on Greenhouse Gas Disclosures (ISAE 3410).

The assurance audit performed represent a limited assurance audit. The nature, timing and extent of procedures performed in a limited assurance audit is limited compared with what is necessary in a reasonable assurance audit. Consequently, the level of assurance obtained in a limited assurance audit is lower.

Our Key Assurance Procedures

We carried out limited assurance regarding the accuracy of selected key performance indicators included in the 2023 Integrated Annual Report, which are stated in the "Selected Sustainability Information" section below for the year 2023.

To achieve limited assurance, the ISAE 3000 (Revised) and ISAE 3410 requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected information indicators;
- Conducted interviews with employees of the Bank responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm the accuracy of received data to the selected information indicators;
- Made enquiries of management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment and stakeholder engagement processes relevant to the identification, management and reporting of sustainability issues; and

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited assurance conclusion

Based on the scope of our work and the assurance procedures, as stated above in the section "Auditor's Responsibilities", we conclude that nothing has come to our attention that causes us to believe that the Selected Information stated above as of the year ended 31 December 2023 in the 2023 Integrated Annual Report of the Bank, to which we are tasked to provide limited assurance, is not prepared, in all material respects, in accordance with the Bank's Reporting Guidelines.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Erdem Taş
Partner

İstanbul, 11 Mart 2024

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HALKBANK Integrated Annual Report 2023

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