

*(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures  
and Footnotes Originally Issued in Turkish, See Section 3.1)*

# **Türkiye Halk Bankası Anonim Şirketi**

**Unconsolidated Financial Statements**

**As of 31 March 2021**

**With Review Report Thereon**

*(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)*

## **REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

### *Introduction*

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Halk Bankası A.Ş. (“the Bank”) as at 31 March 2021, 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 three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying unconsolidated interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial 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 Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis for Qualified Conclusion*

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 requirements. The government bonds reclassified into financial assets measured at amortised cost amounted to TRY 19.253.201 thousand as at 31 March 2021. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would have been lower by TRY 3.981.545 thousand as at 31 March 2021.

### *Qualified Conclusion*

Based on our review, except for the effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Halk Bankası A.Ş. as at 31 March 2021, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

### *Emphasis of Matter*

As detailed in Section Five Note Seven, we draw attention to the following:

On 15 October 2019, 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 alleged violations of Iranian sanctions. This criminal case is pending at the District Court.

In addition, a civil case was filed against the Bank on 27 March 2020 with a claim for damages by plaintiffs in the Southern District of New York Court "on the grounds that they (plaintiffs) could not collect their judgments from Iran due to violations of sanctions." District Court dismissed the case. Plaintiffs have filed their notice to the US Court of Appeals for the Second Circuit with regard to the decision of the District Court. The appeal is pending.

In addition, the appeal process of the case which resulted in the conviction of the defendant former executive of the Bank, who was released on 19 July 2019 and returned to Turkey, is completed. The decision regarding the conviction was upheld.

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 accompanying unconsolidated financial statements related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

### **Report on Other Legal and Regulatory Requirements**

Based on our review, nothing has come to our attention that causes us to believe that the unconsolidated interim financial information provided in the Management’s interim report included in section seven of the accompanying unconsolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed unconsolidated interim financial statements and the explanatory notes.

*Additional paragraph for English translation:*

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying unconsolidated interim financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying unconsolidated 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 unconsolidated interim financial statements and IFRS.

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

Müjde Aslan  
Partner

Istanbul, 7 May 2021

**TÜRKİYE HALK BANKASI AŞ**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

1. The Bank's Headquarter Address:  
Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/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 financial report for three-month 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** : LIMITED AUDIT REPORT
- **Section Seven** : INTERIM ACTIVITY REPORT

The unconsolidated financial statements for three-month period ended 31 March 2021 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, 7 May 2021

R. Süleyman Özdil	Osman Arslan	Mevlüt Uysal	Yusuf Duran Ocak	Osman Bektaş
<i>Chairman of the Board of Directors, Chairman of the Audit Committee</i>	<i>Member of the Board of Directors, Chief Executive Officer</i>	<i>Independent Member of the Board of Directors, Member of the Audit Committee</i>	<i>Financial Management and Planning Vice Chief Executive Officer</i>	<i>Financial Accounting Department Head</i>

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Arman Acar / Manager  
Tel : 0216 503 57 19  
Fax No : 0212 340 09 90

## SECTION ONE

### General Information About the Bank

	<b>Page No</b>
I. Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including The Changes of These Articles	3
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	3
III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Bank, if any	4
IV. Information About the Persons and Institutions that Have Qualified Shares Attributable to the Bank	5
V. Explanations on the Bank's Functions and Lines of Activity	5
VI. Differences Between the Communiqué 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	6
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	7

## SECTION TWO

### Unconsolidated Financial Statements

I. Balance Sheet (Statement of Financial Position)	9
II. Statement of Off-Balance Sheet Items	11
III. Statement of Profit or Loss	12
IV. Statement of Profit or Loss and Other Comprehensive Income	13
V. Statement of Changes in Shareholders' Equity	14
VI. Statement of Cash Flows	15

## SECTION THREE

### Explanations on Accounting Policies

I. Explanations on Basis of Presentation	16
II. Explanations on the Strategy of Use of Financial Instruments and Foreign Currency Transactions	18
III. Explanations on Associates, Subsidiaries and Joint Ventures	18
IV. Explanations on Forward and Option Contracts and Derivative Products	19
V. Explanations on Interest Income and Expenses	19
VI. Explanations on Fee and Commission Income and Expenses	19
VII. Explanations on Financial Assets	19
VIII. Explanations on Impairment of Financial Assets	23
IX. Explanations on Offsetting Financial Instruments	26
X. Explanations on Sales and Repurchase Agreements (Repos) and Transactions on Securities Loaned	26
XI. Explanations on Assets Held For Sale, Assets of Discontinued Operations and Related Liabilities	26
XII. Explanations on Goodwill and Other Intangible Assets	26
XIII. Explanations on Property, Plant and Equipment	27
XIV. Explanations on Investment Properties	27
XV. Explanations on Leasing Transactions	28
XVI. Explanations on Provisions and Contingent Liabilities	29
XVII. Explanations on Employee Benefit Liabilities	29
XVIII. Explanations on Taxation	30
XIX. Additional Explanations on Borrowings	31
XX. Explanations on Shares Issued	32
XXI. Explanations on Bill Guarantees and Acceptances	32
XXII. Explanations on Government Incentives	32
XXIII. Explanations on Segment Reporting	32
XXIV. Explanations on Other Matters	32

#### **SECTION FOUR**

##### Information Related to Financial Position and Risk Management of the Bank

I.	Explanations on Capital	33
II.	Explanations on Currency Risk	41
III.	Explanations on Interest Rate Risk	43
IV.	Explanations on Position Risk of Shares	46
V.	Explanations on Liquidity Risk Management and Liquidity Coverage Ratio	47
VI.	Explanations on Leverage Ratio	52
VII.	Explanations on Business Segmentation	52
VIII.	Explanations on Risk Management and Risk Weighted Amounts	56

#### **SECTION FIVE**

##### Explanations and Notes Related to the Unconsolidated Financial Statements

I.	Explanation and Notes Related to the Assets	58
II.	Explanation and Notes Related to the Liabilities	75
III.	Explanation and Notes Related to the Off-Balance Sheet Items	82
IV.	Explanation and Notes Related to the Statement of Profit or Loss	84
V.	Explanations Related to the Risk Group of the Bank	89
VI.	Explanations Related to the Subsequent Events	91
VII.	Other Explanations	91

#### **SECTION SIX**

##### Limited Review Report

I.	Explanations on Limited Review Report	93
II.	Explanations and Notes Prepared by the Independent Auditor	93

#### **SECTION SEVEN**

##### Interim Activity Report

I.	Interim Period Activity Report Included Chairman of the Board of Directors and CEO's Assessments for the Interim Activities	94
----	---	----

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(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 March 2021 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Shareholders</b>	<b>31 March 2021</b>	<b>%</b>	<b>31 December 2020</b>	<b>%</b>
Türkiye Varlık Fonu <sup>(1)</sup>	1.862.602	75,29	1.862.602	75,29
Public shares <sup>(1)</sup>	611.094	24,70	611.094	24,70
Other shareholders <sup>(2)</sup>	80	0,01	80	0,01
<b>Total</b>	<b>2.473.776</b>	<b>100,00</b>	<b>2.473.776</b>	<b>100,00</b>

<sup>(1)</sup> The shares of the Türkiye Varlık Fonu amounting to TRY 1.224.326 have been included in Public shares..

<sup>(2)</sup> TRY 80 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**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)**

**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**

<b>Name</b>	<b>Title</b>
Recep Süleyman ÖZDİL Himmet KARADAĞ	Chairman of the Board of Directors, Chairman of the Audit Committee Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN Şeref AKSAÇ Meltem TAYLAN AYDIN	Member of the Board of Directors, Chief Executive Officer Member of the Board of Directors Member of the Board of Directors
Maksut SERİM Ebubekir ŞAHİN Sezai UÇARMAK Mevlüt UYSAL	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Independent Member of the Board of Directors, Member of the Audit Committee
Yılmaz ÇOLAK Faruk ÖZÇELİK	Member of the Supervisory Board Member of the Supervisory Board
İlhan BÖLÜKBAŞ Celal CANDAN Ergin KAYA Yalçın MADENCİ Yusuf Duran OCAK Serdar SÜRER Hasan TUNCAY	Executive Vice President, Loan Allocation and Management Executive Vice President, Credit Monitoring and Legal Follow-up Executive Vice President, Banking Operations and Support Services Executive Vice President, Corporate and Commercial Marketing Executive Vice President, Financial Management and Planning Executive Vice President, Treasury Management and International Banking Executive Vice President, Retail 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 2021 are listed with titles and dates of assignment.

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Şeref AKSAÇ	26 March 2021

- b) The Bank's top management members who have left their position in 2021 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Board of Directors	Kerem ALKİN	26 March 2021

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)**

**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**

a) 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.

b) 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. 13<sup>th</sup> 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)**

**V. EXPLANATIONS ON THE BANK'S FUNCTIONS AND LINES OF ACTIVITY(continued)**

b) Bank's restructuring process: (continued)

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.

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 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.

c) 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 March 2021, the Bank operates with a total of 1013 branches consisting of 1007 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 32 satellite branches. The Bank has also 3 representative offices in England, Singapore 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**

The Bank's subsidiaries Halk Yatırım Menkul Değerler A.Ş., Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Banka A.D. Skopje and its subsidiary Halk Osiguruvanje A.D. Skopje, Halk Faktoring A.Ş., Halkbank A.D. Beograd and Halk Varlık Kiralama A.Ş. are included in the scope of consolidation by line-by-line method.

Demir-Halkbank NV ("Demir Halk Bank") and Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. which are qualified as investments in associates, are included in the financial statements based on equity method of accounting. Associates are the domestic or foreign subsidiaries which the Bank participates to equity with significant influence but without controlling interest.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)**

**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**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Items
- III. Statement of Profit or Loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		31 March 2021			31 December 2020		
		ASSETS	TRY	FC	TOTAL	TRY	FC
<b>I. FINANCIAL ASSETS (NET)</b>		<b>65.928.998</b>	<b>78.854.997</b>	<b>144.783.995</b>	<b>62.699.185</b>	<b>79.828.773</b>	<b>142.527.958</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>9.817.613</b>	<b>55.716.433</b>	<b>65.534.046</b>	<b>8.625.349</b>	<b>56.976.769</b>	<b>65.602.118</b>
1.1.1 Cash and Balances with Central Bank	(1)	9.528.545	52.513.245	62.041.790	8.395.918	55.080.301	63.476.219
1.1.2 Banks	(3)	303.652	3.203.188	3.506.840	249.183	1.896.468	2.145.651
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		14.584	-	14.584	19.752	-	19.752
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>15.715.216</b>	<b>561</b>	<b>15.715.777</b>	<b>15.676.172</b>	<b>1.349</b>	<b>15.677.521</b>
1.2.1 Government Debt Securities		15.500.519	561	15.501.080	15.501.780	1.349	15.503.129
1.2.2 Equity Instruments		145.601	-	145.601	145.601	-	145.601
1.2.3 Other Financial Assets		69.096	-	69.096	28.791	-	28.791
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>40.342.588</b>	<b>20.390.497</b>	<b>60.733.085</b>	<b>38.391.911</b>	<b>20.509.219</b>	<b>58.901.130</b>
1.3.1 Government Debt Securities		39.485.046	20.192.076	59.677.122	37.528.538	20.326.567	57.855.105
1.3.2 Equity Instruments		270.461	198.421	468.882	271.890	182.652	454.542
1.3.3 Other Financial Assets		587.081	-	587.081	591.483	-	591.483
<b>1.4 Derivative Financial Assets</b>	(2)(11)	<b>53.581</b>	<b>2.747.506</b>	<b>2.801.087</b>	<b>5.753</b>	<b>2.341.436</b>	<b>2.347.189</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		53.581	2.747.506	2.801.087	5.753	2.341.436	2.347.189
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)</b>		<b>404.439.218</b>	<b>123.352.028</b>	<b>527.791.246</b>	<b>400.270.755</b>	<b>117.452.546</b>	<b>517.723.301</b>
<b>2.1 Loans</b>	(5)	<b>355.821.756</b>	<b>97.656.860</b>	<b>453.478.616</b>	<b>356.070.320</b>	<b>93.674.895</b>	<b>449.745.215</b>
<b>2.2 Lease Receivables</b>	(10)	-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(6)	<b>63.339.024</b>	<b>25.695.168</b>	<b>89.034.192</b>	<b>60.843.380</b>	<b>23.777.651</b>	<b>84.621.031</b>
2.4.1 Government Debt Securities		63.288.504	25.695.168	88.983.672	60.792.861	23.777.651	84.570.512
2.4.2 Other Financial Assets		50.520	-	50.520	50.519	-	50.519
<b>2.5 Expected Credit Loss (-)</b>		<b>14.721.562</b>	-	<b>14.721.562</b>	<b>16.642.945</b>	-	<b>16.642.945</b>
<b>III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>3.477.944</b>	<b>2.960.044</b>	<b>6.437.988</b>	<b>3.434.503</b>	<b>2.814.889</b>	<b>6.249.392</b>
<b>4.1 Investments in Associates (Net)</b>	(7)	<b>135.316</b>	<b>709.762</b>	<b>845.078</b>	<b>78.073</b>	<b>674.237</b>	<b>752.310</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		135.316	709.762	845.078	78.073	674.237	752.310
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>3.342.628</b>	<b>2.250.282</b>	<b>5.592.910</b>	<b>3.356.430</b>	<b>2.140.652</b>	<b>5.497.082</b>
4.2.1 Unconsolidated Financial Subsidiaries		3.342.628	2.250.282	5.592.910	3.356.430	2.140.652	5.497.082
4.2.2 Unconsolidated Non- Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>8.326.606</b>	<b>280</b>	<b>8.326.886</b>	<b>7.877.038</b>	<b>255</b>	<b>7.877.293</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>548.938</b>	-	<b>548.938</b>	<b>572.925</b>	-	<b>572.925</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		548.938	-	548.938	572.925	-	572.925
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(12)	<b>352.823</b>	-	<b>352.823</b>	<b>353.647</b>	-	<b>353.647</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>333.159</b>	-	<b>333.159</b>	<b>326.239</b>	-	<b>326.239</b>
<b>IX. DEFERRED TAX ASSET</b>	(13)	-	-	-	-	-	-
<b>X. OTHER ASSETS (Net)</b>	(15)	<b>4.094.640</b>	<b>214.733</b>	<b>4.309.373</b>	<b>3.757.863</b>	<b>637.477</b>	<b>4.395.340</b>
<b>TOTAL ASSETS</b>		<b>487.502.326</b>	<b>205.382.082</b>	<b>692.884.408</b>	<b>479.292.155</b>	<b>200.733.940</b>	<b>680.026.095</b>

The accompanying notes are an integral part of these unconsolidated financial statements.

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2021**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		31 March 2021			31 December 2020		
		LIABILITIES	TRY	FC	TOTAL	TRY	FC
<b>I. DEPOSITS</b>	(1)	264.363.769	207.259.034	471.622.803	262.090.112	195.196.183	457.286.295
<b>II. FUNDS BORROWED</b>	(3)	376.932	10.002.426	10.379.358	380.664	10.006.335	10.386.999
<b>III. MONEY MARKETS</b>		106.164.507	1.546.471	107.710.978	102.841.789	1.114.631	103.956.420
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	6.638.139	4.113.282	10.751.421	5.641.402	7.553.277	13.194.679
4.1 Bills		4.529.470	-	4.529.470	3.551.547	-	3.551.547
4.2 Assets Backed Securities		1.011.368	-	1.011.368	1.011.622	-	1.011.622
4.3 Bonds		1.097.301	4.113.282	5.210.583	1.078.233	7.553.277	8.631.510
<b>V. FUNDS</b>		79.701	-	79.701	3.617.303	-	3.617.303
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		79.701	-	79.701	3.617.303	-	3.617.303
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)(7)	17.246	578.069	595.315	20.113	513.928	534.041
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		17.246	578.069	595.315	20.113	513.928	534.041
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(6)	856.133	12.508	868.641	760.766	22.120	782.886
<b>X. PROVISIONS</b>	(8)	1.863.918	-	1.863.918	2.084.453	-	2.084.453
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.296.297	-	1.296.297	1.469.151	-	1.469.151
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		567.621	-	567.621	615.302	-	615.302
<b>XI. CURRENT TAX LIABILITY</b>	(9)	1.120.128	91	1.120.219	741.197	59	741.256
<b>XII. DEFERRED TAX LIABILITIES</b>	(9)	73.872	-	73.872	331.752	-	331.752
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(11)	6.020.511	9.393.069	15.413.580	6.036.525	8.824.063	14.860.588
14.1 Loans		-	9.393.069	9.393.069	-	8.824.063	8.824.063
14.2 Other Debt Instruments		6.020.511	-	6.020.511	6.036.525	-	6.036.525
<b>XV. OTHER LIABILITIES</b>	(5)	28.338.817	2.007.172	30.345.989	27.856.164	1.462.755	29.318.919
<b>XVI. SHAREHOLDERS' EQUITY</b>	(12)	41.416.354	642.259	42.058.613	42.299.664	630.840	42.930.504
16.1 Paid-in Capital		2.473.776	-	2.473.776	2.473.776	-	2.473.776
16.2 Capital Reserves		6.740.722	173.226	6.913.948	6.745.068	164.993	6.910.061
16.2.1 Share Premium		5.776.224	-	5.776.224	5.776.224	-	5.776.224
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		964.498	173.226	1.137.724	968.844	164.993	1.133.837
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		5.117.512	729.066	5.846.578	5.136.475	696.265	5.832.740
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(996.669)	(260.033)	(1.256.702)	(77.633)	(230.418)	(308.051)
<b>16.5 Profit Reserves</b>		28.021.978	-	28.021.978	25.421.933	-	25.421.933
16.5.1 Legal Reserves		2.548.763	-	2.548.763	2.418.760	-	2.418.760
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		25.426.034	-	25.426.034	22.955.992	-	22.955.992
16.5.4 Other Profit Reserves		47.181	-	47.181	47.181	-	47.181
<b>16.6 Income or (Loss)</b>		59.035	-	59.035	2.600.045	-	2.600.045
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		59.035	-	59.035	2.600.045	-	2.600.045
<b>16.7 Minority Shares</b>		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		457.330.027	235.554.381	692.884.408	454.701.904	225.324.191	680.026.095

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 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**II. STATEMENT OF OFF BALANCE SHEET ITEMS**

OFF-BALANCE SHEET	Note	Reviewed			Audited		
		Current Period			Prior Period		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		31 March 2021			31 December 2020		
<b>A.</b>		<b>131.744.455</b>	<b>140.710.818</b>	<b>272.455.273</b>	<b>115.469.508</b>	<b>122.345.534</b>	<b>237.815.042</b>
<b>I.</b>		<b>59.253.148</b>	<b>64.964.907</b>	<b>124.218.055</b>	<b>55.280.784</b>	<b>59.274.553</b>	<b>114.555.337</b>
1.1	Letters of guarantee	53.251.753	54.711.593	107.963.346	50.275.455	50.551.647	100.827.102
1.1.1	Guarantees subject to public procurement law	3.144.555	6.692.285	9.836.840	2.868.957	6.032.807	8.901.764
1.1.2	Guarantees given for foreign trade operations	196.290	11.465.041	11.661.331	151.890	10.982.989	11.134.879
1.1.3	Other letters of guarantee	49.910.908	36.554.267	86.465.175	47.254.608	33.535.851	80.790.459
1.2	Bank loans	180.827	7.331.843	7.512.670	185.902	6.309.693	6.495.595
1.2.1	Import acceptances	-	174.672	174.672	-	161.040	161.040
1.2.2	Other bank acceptances	180.827	7.157.171	7.337.998	185.902	6.148.653	6.334.555
1.3	Letters of credit	25.011	2.868.752	2.893.763	55.249	2.352.972	2.408.221
1.3.1	Documentary letters of credit	25.011	2.868.752	2.893.763	55.249	2.352.972	2.408.221
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 Turkey	-	-	-	-	-	-
1.5.2	Other Endorsements	-	-	-	-	-	-
1.6	Purchase guarantees on marketable security issuance	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	5.795.557	52.719	5.848.276	4.764.178	60.241	4.824.419
1.9	Other sureties	-	-	-	-	-	-
<b>II.</b>		<b>45.757.203</b>	<b>3.428.768</b>	<b>49.185.971</b>	<b>42.401.518</b>	<b>4.054.304</b>	<b>46.455.822</b>
2.1	Irrevocable commitments	44.900.494	1.292.560	46.193.054	41.793.629	2.136.956	43.930.585
2.1.1	Forward asset purchase commitments	408.134	575.403	983.537	371.052	1.455.693	1.826.745
2.1.2	Forward deposit purchase and sale commitments	-	-	-	-	-	-
2.1.3	Capital commitments to subsidiaries and associates	-	-	-	-	-	-
2.1.4	Loan granting commitments	3.888.213	717.157	4.605.370	3.912.914	681.263	4.594.177
2.1.5	Securities underwriting commitments	-	-	-	-	-	-
2.1.6	Payment commitments for reserve deposits	-	-	-	-	-	-
2.1.7	Payment commitments for Cheques	5.428.475	-	5.428.475	4.472.298	-	4.472.298
2.1.8	Tax and fund liabilities from export commitments	119.423	-	119.423	124.240	-	124.240
2.1.9	Commitments for credit card expenditure limits	30.031.320	-	30.031.320	27.941.932	-	27.941.932
2.1.10	Commitments for credit cards and banking services promotions	24.197	-	24.197	22.752	-	22.752
2.1.11	Receivables from short sale commitments	-	-	-	-	-	-
2.1.12	Payables for short sale commitments	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	5.000.732	-	5.000.732	4.948.441	-	4.948.441
2.2	Revocable commitments	856.709	2.136.208	2.992.917	607.889	1.917.348	2.525.237
2.2.1	Revocable loan granting commitments	-	-	-	-	-	-
2.2.2	Other revocable commitments	856.709	2.136.208	2.992.917	607.889	1.917.348	2.525.237
<b>III.</b>		<b>26.734.104</b>	<b>72.317.143</b>	<b>99.051.247</b>	<b>17.787.206</b>	<b>59.016.677</b>	<b>76.803.883</b>
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	26.734.104	72.317.143	99.051.247	17.787.206	59.016.677	76.803.883
3.2.1	Forward foreign currency buy/sell transactions	863.163	4.247.010	5.110.173	203.727	2.589.660	2.793.387
3.2.1.1	Forward foreign currency transactions-buy	429.615	3.259.164	3.688.779	114.039	2.395.844	2.509.883
3.2.1.2	Forward foreign currency transactions-sell	433.548	987.846	1.421.394	89.688	193.816	283.504
3.2.2	Currency and interest rate swaps	24.708.206	57.165.924	81.874.130	17.149.875	47.177.049	64.326.924
3.2.2.1	Currency swap-buy	1.254	25.038.676	25.039.930	-	18.445.551	18.445.551
3.2.2.2	Currency swap-sell	23.846.952	5.781.116	29.628.068	15.739.875	4.575.468	20.315.343
3.2.2.3	Interest rate swap-buy	430.000	13.173.066	13.603.066	705.000	12.078.015	12.783.015
3.2.2.4	Interest rate swap-sell	430.000	13.173.066	13.603.066	705.000	12.078.015	12.783.015
3.2.3	Currency, interest rate and marketable securities options	1.162.735	1.986.171	3.148.906	433.604	3.440.442	3.874.046
3.2.3.1	Currency call options	581.367	992.978	1.574.345	216.802	1.720.219	1.937.021
3.2.3.2	Currency put options	581.368	993.193	1.574.561	216.802	1.720.223	1.937.025
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	-	-	-	-	-	-
3.2.4.1	Currency futures-buy	-	-	-	-	-	-
3.2.4.2	Currency futures-sell	-	-	-	-	-	-
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	-	8.918.038	8.918.038	-	5.809.526	5.809.526
<b>B.</b>		<b>1.433.500.357</b>	<b>517.676.540</b>	<b>1.951.176.897</b>	<b>1.491.710.972</b>	<b>495.489.123</b>	<b>1.987.200.095</b>
<b>IV.</b>		<b>527.004.966</b>	<b>57.473.869</b>	<b>584.478.835</b>	<b>626.949.054</b>	<b>61.067.078</b>	<b>688.016.132</b>
4.1	Assets under management	-	-	-	-	-	-
4.2	Custody marketable securities	121.834.421	2.450.602	124.285.023	123.005.587	2.619.679	125.625.266
4.3	Cheques in collection process	26.806.903	37.596.730	64.403.633	20.519.482	44.502.496	65.021.978
4.4	Commercial notes in collection process	336.688.827	11.373.923	348.062.750	427.042.837	9.150.085	436.192.922
4.5	Other assets in collection process	-	-	-	-	-	-
4.6	Underwritten securities	-	-	-	-	-	-
4.7	Other custodies	879.153	1.066.844	1.945.997	2.318.514	1.143.741	3.462.255
4.8	Custodians	40.795.662	4.985.770	45.781.432	54.062.634	3.651.077	57.713.711
<b>V.</b>		<b>906.495.391</b>	<b>460.202.671</b>	<b>1.366.698.062</b>	<b>864.761.918</b>	<b>434.422.045</b>	<b>1.299.183.963</b>
5.1	Marketable securities	7.626.733	1.457.159	9.083.892	6.448.999	1.582.195	8.031.194
5.2	Collateral notes	9.105.200	1.870.831	10.976.031	7.863.081	1.575.367	9.438.448
5.3	Commodity	25.812	-	25.812	25.813	-	25.813
5.4	Warranty	-	-	-	-	-	-
5.5	Land and buildings	675.448.428	353.784.493	1.029.232.921	650.415.346	333.631.298	984.046.644
5.6	Other pledged assets	166.028.407	61.820.725	227.849.132	169.327.906	56.874.518	226.202.424
5.7	Pledges	48.260.811	41.269.463	89.530.274	30.680.773	40.758.667	71.439.440
<b>VI.</b>							
<b>ACCEPTED BILL GUARANTEES AND SURETIES</b>							
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>1.565.244.812</b>	<b>658.387.358</b>	<b>2.223.632.170</b>	<b>1.607.180.480</b>	<b>617.834.657</b>	<b>2.225.015.137</b>

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 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**III. STATEMENT OF PROFIT OR LOSS**

			Reviewed Current Period	Reviewed Prior Period
			1 January- 31 March 2021	1 January- 31 March 2020
	<b>INCOME AND EXPENSES</b>	<b>Note</b>		
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>15.172.754</b>	<b>11.723.099</b>
1.1	Interest on Loans		11.284.997	8.787.921
1.2	Interest on Reserve Requirements		671	216
1.3	Interest on Banks		202.213	33.388
1.4	Interest on Money Market Transactions		-	-
1.5	Interest on Marketable Securities Portfolio		3.656.182	2.867.576
1.5.1	Fair Value Through Profit or Loss		1.423	397
1.5.2	Fair Value Through Other Comprehensive Income		1.309.622	655.016
1.5.3	Measured at Amortized Cost		2.345.137	2.212.163
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		28.691	33.998
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>15.272.160</b>	<b>6.435.446</b>
2.1	Interest on Deposits		10.067.264	4.264.539
2.2	Interest on Funds Borrowed		45.474	74.958
2.3	Interest Expense on Money Market Transactions		4.326.201	1.362.233
2.4	Interest on Securities Issued		669.016	613.793
2.5	Interest on Leases		22.722	20.390
2.6	Other Interest Expenses		141.483	99.533
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>(99.406)</b>	<b>5.287.653</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>724.118</b>	<b>721.476</b>
4.1	Fees and Commissions Received		1.042.099	906.804
4.1.1	Non – cash Loans		259.626	220.655
4.1.2	Other	<b>(11)</b>	782.473	686.149
4.2	Fees and Commissions Paid (-)		317.981	185.328
4.2.1	Non – cash Loans		22	7
4.2.2	Other	<b>(11)</b>	317.959	185.321
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>139.053</b>	<b>426</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(3)</b>	<b>(641.539)</b>	<b>(1.265.993)</b>
6.1	Trading Gains / (Losses) on Securities		22.988	79.812
6.2	Gains / (Losses) on Derivate Financial Transactions		1.645.612	1.292.062
6.3	Foreign Exchange Gains / (Losses)		(2.310.139)	(2.637.867)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>3.361.186</b>	<b>613.196</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>3.483.412</b>	<b>5.356.758</b>
<b>IX.</b>	<b>EXPECTED LOSS PROVISIONS (-)</b>	<b>(5)</b>	<b>1.245.835</b>	<b>2.326.409</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(5)</b>	<b>-</b>	<b>141.078</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>1.047.482</b>	<b>895.576</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>1.151.978</b>	<b>1.004.367</b>
<b>XIII.</b>	<b>NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>38.117</b>	<b>989.328</b>
<b>XIV.</b>	<b>INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(7)</b>	<b>38.117</b>	<b>989.328</b>
<b>XVIII.</b>	<b>TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>20.918</b>	<b>(164.243)</b>
18.1	Current Tax Provision		3.733	2.117
18.2	Deferred Tax Income Effect (+)		1.276.046	684.793
18.3	Deferred Tax Expense Effect (-)		1.300.697	522.667
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(9)</b>	<b>59.035</b>	<b>825.085</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income from Non-Current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (IXX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>(10)</b>	<b>59.035</b>	<b>825.085</b>
25.1	Profit / (Loss) of Group		59.035	825.085
25.2	Profit / (Loss) of Minority Shares (-)		-	-
	Profit / (Loss) Per Share (full TRY)		0,023864	0,660068

The accompanying notes are an integral part of these unconsolidated financial statements

**TÜRKİYE HALK BANKASI AŞ**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Reviewed	Reviewed
		Current Period	Prior Period
		1 January – 31 March 2021	1 January - 31 March 2020
<b>STATEMENT OF PROFIT OR LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>			
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>59.035</b>	<b>825.085</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(934.813)</b>	<b>(88.221)</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>13.838</b>	<b>30.813</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	(5.558)	(3.717)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	18.840	34.159
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	556	371
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>(948.651)</b>	<b>(119.034)</b>
2.2.1	Foreign Currency Translation Differences	4.346	10.987
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(1.185.670)	(218.918)
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	232.673	88.897
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>(875.778)</b>	<b>736.864</b>

The accompanying notes are an integral part of these unconsolidated financial statements

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2021**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Accumulated Other Comprehensive Income or Expense Not 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 Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Profit or Loss)	Current Period Profit or (Loss)	Total Equity Expect Minority Shares	Minority Shares	Total Equity	
	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other/Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Profit or Loss	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Profit Reserves						Prior Period Profit or (Loss)
<b>Reviewed (1 January – 31 March 2020)</b>																
I. Prior Period End Balance	1.250.000	-	-	1.148.520	1.364.725	(59.859)	2.849.885	(5.846)	227.468	-	23.701.624	-	1.720.309	32.196.826	-	32.196.826
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I-II)	1.250.000	-	-	1.148.520	1.364.725	(59.859)	2.849.885	(5.846)	227.468	-	23.701.624	-	1.720.309	32.196.826	-	32.196.826
IV. Total Comprehensive Income	-	-	-	-	(3.346)	-	34.159	10.987	(130.021)	-	825.085	-	825.085	736.864	-	736.864
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	(23.235)	-	-	-	-	-	-	-	1.720.309	(1.720.309)	(23.235)	-	(23.235)
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>1.250.000</b>	<b>-</b>	<b>-</b>	<b>1.125.285</b>	<b>1.361.379</b>	<b>(59.859)</b>	<b>2.884.044</b>	<b>5.141</b>	<b>97.447</b>	<b>-</b>	<b>23.701.624</b>	<b>1.720.309</b>	<b>825.085</b>	<b>32.910.455</b>	<b>-</b>	<b>32.910.455</b>
<b>Reviewed (1 January – 31 March 2021)</b>																
I. Prior Period End Balance	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I-II)	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504
IV. Total Comprehensive Income	-	-	-	-	(5.002)	-	18.840	4.346	(952.997)	-	59.035	-	59.035	(875.778)	-	(875.778)
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	3.887	-	-	-	-	-	-	-	2.600.045	(2.600.045)	(2.600.045)	3.887	3.887
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>2.473.776</b>	<b>5.776.224</b>	<b>-</b>	<b>1.137.724</b>	<b>1.570.373</b>	<b>(139.086)</b>	<b>4.415.291</b>	<b>2.276</b>	<b>(1.258.978)</b>	<b>-</b>	<b>28.021.978</b>	<b>-</b>	<b>59.035</b>	<b>42.058.613</b>	<b>-</b>	<b>42.058.613</b>

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 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**VI. STATEMENT OF CASH FLOWS**

	Reviewed	Reviewed
	Current Period	Prior Period
Note	1 January- 31 March 2021	1 January- 31 March 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
	<b>(2.244.125)</b>	<b>(206.533)</b>
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		
	14.636.968	10.667.304
1.1.1 Interest received	(14.685.640)	(6.298.434)
1.1.2 Interest paid	139.053	426
1.1.3 Dividend received	766.736	905.213
1.1.4 Fees and commissions received	1.381.896	302.962
1.1.5 Other income	503.729	730.452
1.1.6 Collections from previously written off loans	(1.062.229)	(909.366)
1.1.7 Cash payments to personnel and service suppliers	(910.107)	(483.557)
1.1.8 Taxes paid	(3.014.531)	(5.121.533)
1.1.9 Other		
	<b>2.050.871</b>	<b>3.045.530</b>
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		
	(37.044)	105
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss	-	(1.068)
1.2.2 Net (increase) / decrease in due from banks	(4.560.311)	(39.355.769)
1.2.3 Net (increase) / decrease in loans	(7.624.698)	5.486.439
1.2.4 Net (increase) / decrease in other assets	8.140.255	5.201.242
1.2.5 Net increase / (decrease) in bank deposits	5.670.224	24.031.555
1.2.6 Net increase / (decrease) in other deposits	-	-
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss	(147.042)	231.763
1.2.8 Net increase / (decrease) in funds borrowed	-	-
1.2.9 Net increase / (decrease) in matured payables	609.487	7.451.263
1.2.10 Net increase / (decrease) in other liabilities		
<b>I. Net cash provided from banking operations</b>	<b>(193.254)</b>	<b>2.838.997</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>II. Net cash provided from/ (used in) investing activities</b>	<b>(5.629.678)</b>	<b>(4.448.296)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries	(57.402)	-
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries	-	17.151
2.3 Fixed assets purchases	(82.227)	(43.704)
2.4 Fixed assets sales	393.777	554.222
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(4.349.169)	(10.422.005)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	1.290.315	3.966.671
2.7 Cash paid for purchase of investment securities	(5.129.496)	(949.183)
2.8 Cash obtained from sale of investment securities	2.317.498	2.432.914
2.9 Other	(12.974)	(4.362)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash flow from financing activities</b>	<b>(4.508.459)</b>	<b>(4.682.124)</b>
3.1 Cash obtained from loans borrowed and securities issued	9.847.650	8.243.815
3.2 Cash used for repayment of loans borrowed and securities issued	(14.291.809)	(12.862.289)
3.3 Bonds issued	-	-
3.4 Dividends paid	-	-
3.5 Payments for leases	(64.300)	(63.650)
3.6 Other	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>2.212.275</b>	<b>1.656.807</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>	<b>(8.119.116)</b>	<b>(4.634.616)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>41.671.087</b>	<b>24.122.353</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>33.551.971</b>	<b>19.487.737</b>

The accompanying notes are an integral part of these unconsolidated financial statement

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(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.

***Effects of COVID-19***

In December 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies.

In order to be protected from the effects of the pandemic, Banking Regulation and Supervision Agency (“BRSA”), Central Bank of Republic of Turkey (“CBRT”), Capital Markets Board of Turkey (“CMB”) and The Banks Association of Turkey (“TBA”) have taken various decisions regarding the banking sector in our country. These measures, which closely concern the banking sector, are listed below in general.

1. With the regulation made by the BRSA on 17 March 2020 in Regulation on Provisions, the delinquency period for the classification of loans as non-performing has been extended from 90 days to 180 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as Second Group Loans Under Close Monitoring within the scope of TFRS 9 are decided to be continued according to the banks’ own risk models. According to decision made by the BRSA on 8 December 2020, the period for the classification of loans has been extended to 30 June 2021.

2. With the regulation made by the CBRT on 17 March 2020, foreign currency reserve deposit ratios for the banks whose credit growth rate is at qualified reference interval have been decreased by 500 basis points. With the decision made by the CBRT on 27 November 2020, beginning from 25 December 2020 loan growth rate conditions have been cancelled and same rates have been started to be applied to all banks.

3. With the decision made by the TBA on 19 March 2020, it has been recommended that loan demands of the affected firms should be swiftly evaluated and met, credit access and terms should be improved, credit channels should be maintained, and a certain flexibility should be introduced in terms of due dates, installments and assurances regarding the clients whose income-expenditure balance is affected by the pandemic outbreak.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION (continued)**

*Effects of COVID-19 (continued)*

4. In the regulation issued on 23 March 2020 by BRSA, it is stated that negative valuation differences arising related to securities at Fair Value through Other Comprehensive Income which obtained before 23 March 2020 may not be taken into account in the equity calculation to be used in the CAR calculation, and impairment provisions arising from the securities owned by Banks may not be taken into account in the foreign currency net general position calculation, as effective until 31 December 2020. In accordance with the regulation dated 8 December 2020 by BRSA, the effective period of these applications is extended to 30 June 2021.

5. With the decision of the BRSA dated 26 March 2020, it has been decided to exempt Banks from their obligations to meet the Liquidity Coverage Ratio. With the 9312 numbered decision of the BRSA dated 8 December 2020, it has been decided to terminate the relevant exemption as of 31 December 2020.

6. With the amendments made by the BRSA on the Regulation on Provisions on 27 March 2020, classification period to loans under close monitoring has been extended from 30 days to 90 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as First Group Loans within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to order made by the BRSA on 8 December 2020, the ending date of the related regulation has been extended to 30 June 2021.

7. With the Board Resolution dated 16 April 2020 issued by the BRSA, it has been decided that 0% risk weight can be applied to the foreign currency denominated receivables of the Banks from the Republic of Turkey Central Management within the scope of CAR regulation.

8. With the decision made by the BRSA on 23 March 2020, banks were entitled to use the buying exchange rate used in preparation of financial statements as of 31 December 2019 when calculating the amount subject to credit risk for calculating the revalued amounts as per the Turkish Accounting Standards and related specific reserves, excluding the foreign currency assets measured at historical cost. With the Board Resolution dated 8 December 2020 issued by BRSA, by terminating the previous regulation, a new practice has been issued regarding this calculation to enable using the simple arithmetic average of buying exchange rates of the Central Bank for the last 252 days before the calculation date, and the effective period is extended to 30 June 2021. In accordance with the letter of BRSA dated 14 December 2020, it has been decided that this application is effective as of the date of the Board Resolution dated 8 December 2020.

9. With the resolution numbered 8998 dated 16 April 2020 by BRSA, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

The Bank has arranged its activities within the scope of the above-mentioned decisions and extended the period regarding the classification of loans under follow-up from 90 days to 180 days and classification of loans under close monitoring from 30 days to 90 days. As stated in the BRSA announcement for the mentioned loans, provisions were continued to be set within the framework of the Bank's risk model, for loans overdue 30-90 days in 12-Month Expected Credit Loss Provision (Stage 1), and for loans overdue 90-180 days in Expected Credit Loss for Significant Increase in Credit Risk (Stage 2) have been calculated. However, in order to follow the financial effects that may arise after the decision will be repealed, monitoring is performed for loans and their ECLs that may arise in case of related stage changes.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**I. EXPLANATIONS ON BASIS OF PRESENTATION (continued)**

*Effects of COVID-19 (continued)*

As regards to the consideration of macroeconomic factors, the Bank regularly evaluates scenario weights and macroeconomic factors in its model and if deemed necessary, makes additional provision through individual assessment due to the fact that the effects of the pandemic are still being experienced.

The possible effects of the outbreak on the Bank's financial statements are regularly monitored by the relevant Units and the Bank Management.

**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 firms. 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 A.D. Beograd (subsidiary), Halk Banka A.D. Skopje (subsidiary), Demirhalkbank 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS (continued)**

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.

**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 March 2021, the Bank has credit default conditioned cross currency swap transaction amounting to USD 260 million with 5 year maturity. In this transactions the Bank sells protection.

**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**

Banking service income is recorded in the income in the period when 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



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)**

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.

**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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)**

**Measurement Categories of Financial Assets and Liabilities**

As of 1 January 2018, 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 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.

**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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)**

**Measurement Categories of Financial Assets and Liabilities (continued)**

**c. Financial Assets Measured at Fair Value through Profit or Loss**

According to TFRS 9, the financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of 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.

**4. 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.

***Associates and subsidiaries:***

As of 1 January 2012, the Bank changed its accounting policy of Turkish Lira denominated subsidiaries, and as of 18 June 2015 the Bank changed its accounting policy of foreign currency denominated subsidiaries and associates, and started to measure related subsidiaries and associates with 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 "Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss" under the shareholders' equity.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**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.



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)**

**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 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 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)**

**Lifetime Expected Credit Losses (continued)**

“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 and 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.

Within the scope of the measures taken by the BRSA in order to reduce the effects of the COVID-19 outbreak, the delinquency period of classification to loans under follow-up has been extended from 90 days to 180 days until 30 June 2021 and the Expected Credit Loss provisions for the loans classified as Second Group Loans Under Close Monitoring within the scope of TFRS 9 are decided to be continued according to the banks’ own risk models. In this context, the Bank extended the delinquency period for classification to loans under follow-up from 90 days to 180 days and for classification to loans under close monitoring from 30 days to 90 days. As stated in the BRSA announcement for the mentioned loans, provisions are continued to be set within the framework of the Bank’s risk model, for loans overdue 30-90 days in 12-Month Expected Credit Loss Provision (Stage 1), and for loans overdue 90-180 days in Expected Credit Loss for Significant Increase in Credit Risk (Stage 2) have been calculated.

**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:

a) CBRT transactions (Currencies held in CBRT and reserve requirements)

b) Securities (Fair value through other comprehensive income and financial assets measured at amortised cost)

c) Treasury Loans

d) Loans guaranteed by Treasury of Republic of Turkey

**The Rules of 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**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 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.



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment except buildings 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 and is recognized in profit or loss.

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 determined by independent appraisal companies are reflected to the financial statements. Revaluation differences are recorded in shareholders' equity.

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:

	<b>Estimated useful lives (Year)</b>	<b>Depreciation rate</b>
Buildings	50	2 %
Safes	50	2 %
Other movable properties	3-25	33,33-4 %
Assets held under financial leases	4-5	25-20 %

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 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.

Investment properties in the attached unconsolidated financial statements 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. Investment properties 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 and is recognized in profit or loss.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**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”.

According to “IFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under “Property and Equipment” as an asset (tenure) and under “Lease Liabilities” as a liability.

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 IFRS 16. ATMs and other leasing transaction balances are not considered within the scope of IFRS 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 IFRS 16. The cost of the right-of-use;

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) 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 IFRS 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:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the book value to reflect the lease payments made,

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)**

c) 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.

**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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)**

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 2020 no technical deficit has been reported.

**XVIII. EXPLANATIONS ON TAXATION**

In accordance with Article 32 of the Corporate Tax Law No. 5520, corporate tax is calculated at a rate of 20% over the corporate income. In accordance with the relevant law, the accrual process is carried out by calculating the temporary tax in accordance with the principles specified in the Income Tax Law and at the rate of corporate tax in quarterly periods and the accrued temporary corporate tax is paid. The mentioned advance tax payments are offset against the corporate tax of the current taxation period. As the tax rate used in the calculation of deferred tax assets and liabilities, 20% is used over the temporary timing differences expected to reverse.

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.

In accordance with Article 32 of the Corporate Tax Law No. 5520, corporate tax is calculated at a rate of 20% over the corporate income. In accordance with the relevant law, the accrual process is carried out by calculating the temporary tax in accordance with the principles specified in the Income Tax Law and at the rate of corporate tax in quarterly periods and the accrued temporary corporate tax is paid. The mentioned advance tax payments are offset against the corporate tax of the current taxation period. As the tax rate used in the calculation of deferred tax assets and liabilities, 20% is used over the temporary timing differences expected to reverse.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**XVIII. EXPLANATIONS ON TAXATION (continued)**

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 is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

**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.

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.

First period advance corporate tax return for the period of 1 January 2021 – 31 March 2021 is accrued and paid in May 2021, second period advance corporate tax return for the period 1 April 2021 - 30 June 2021 is accrued and paid in August, third period advance corporate tax return for the period 1 July 2021 - 30 September 2021 is accrued and paid in November. Forth period advance corporate tax return for the period 1 October 2021 - 31 December 2021 will be issued in February 2022, and paid following its assessment date.

*Bahrain*

Banks in Bahrain are not subject to tax according to the regulations of the country.

**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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)**

**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 25% 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 A.Ş. 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.

In accordance with the decision of the Board of Directors of the Bank dated 11 May 2020, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 7.000.000, 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 A.Ş. with the Decision of the Capital Markets Board dated 14 May 2020. Accordingly, the recognition of the capital increase of TRY 1.223.776 on 20 May 2020 was realized on 21 May 2020, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 10 June 2020, and it was announced in the Trade Registry Gazette dated 15 June 2020 and numbered 10097. After the increase, TRY 1.223.776 of nominal and TRY 5.776.224 of share premium, totaling a capital increase of TRY 7.000.000, have been recognized in the financial statements. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

**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 VII.

**XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**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 8 December 2020.

These amendments include the following provisions respectively; in case of the net valuation differences of the securities included in the Fair Value Through Other Comprehensive Income portfolio as of 23 March 2020 are negative, these differences are not to be taken into account in the calculation of equity amount for the capital adequacy ratio, and the simple arithmetic average of Central Bank buying exchange rates of the last 252 business days can be used for the monetary and non-monetary assets’ carrying values in accordance with Turkish Accounting Standard except from the foreign currency items measured at historical cost basis for calculating the amount subject to credit risk and for the related specific provisions.

As of 31 March 2021, the capital adequacy ratio and the capital amount of the Bank were realized as 14,55% (31 December 2020: 15,23%) and TRY 60.931.621 (31 December 2020: TRY 61.044.888) which were calculated within the scope of the above-mentioned regulation amendments.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(1) Information on Equity items:

<b>Current Period</b>	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014(*)</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	3.694.227	
Share Premium	5.776.224	
Reserves	28.021.978	
Other Comprehensive Income according to TAS	6.469.485	
Profit	59.035	
Current Period Profit	59.035	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	269.261	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>44.290.210</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
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 (-)	1.656.706	
Leasehold Improvements on Operational Leases (-)	123.490	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	548.938	548.938
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 (-)	351.767	
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 (-)	-	
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 (-)	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>2.680.901</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>41.609.309</b>	



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(1) Information on Equity items (continued):

<b>ADDITIONAL TIER I CAPITAL</b>	
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	8.605.890
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
<b>Additional Tier I Capital before Deductions</b>	<b>8.605.890</b>
<b>Deductions from Additional Tier I Capital</b>	
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	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	
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 (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>8.605.890</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>50.215.199</b>
<b>TIER II CAPITAL</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795
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)	4.790.035
<b>Tier II Capital Before Deductions</b>	<b>10.719.830</b>
<b>Deductions From Tier II Capital</b>	
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 (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>10.719.830</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>60.935.029</b>
<b>Total Tier I and Tier II Capital (Total Equity)</b>	<b>60.931.621</b>
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	3.408

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(1) Information on Equity items (continued):

<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	
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 (-)	-
<b>TOTAL CAPITAL</b>	
Total Capital (Total of Tier I Capital and Tier II Capital)	60.931.621
Total Risk Weighted Assets	418.767.183
<b>Capital Adequacy Ratios</b>	
CET1 Capital Ratio (%)	9,94
Tier I Capital Ratio (%)	11,99
Capital Adequacy Ratio (%)	14,55
<b>BUFFERS</b>	
Bank-specific total CET1 Capital Ratio (a+b+c)	2,508
a) Capital Conservation Buffer Ratio (%)	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	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 (%)	5,436
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	
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	156.405
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	721.280
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	1.666.096
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	4.840.110
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.790.035
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	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	
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**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(1) Information on Equity items (continued):

<b>Prior Period</b>	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014(*)</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	3.694.227	
Share Premium	5.776.224	
Reserves	25.421.933	
Other Comprehensive Income according to TAS	6.255.348	
Profit	2.600.045	
Current Period Profit	2.600.045	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	261.028	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>44.008.805</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
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 (-)	611.148	
Leasehold Improvements on Operational Leases	107.985	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	572.925	572.925
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	351.767	
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	-	
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 (-)	-	
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>1.643.825</b>	
<b>Total Common Equity Tier 1 Capital</b>	<b>42.364.980</b>	

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(1) Information on Equity items (continued):

<b>ADDITIONAL TIER I CAPITAL</b>	
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	8.175.150
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
<b>Additional Tier I Capital before Deductions</b>	<b>8.175.150</b>
<b>Deductions from Additional Tier I Capital</b>	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-
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	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	
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 (-)	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>8.175.150</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>50.540.130</b>
<b>TIER II CAPITAL</b>	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795
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)	4.579.261
<b>Total Deductions from Tier II Capital</b>	<b>10.509.056</b>
<b>Deductions from Tier II Capital</b>	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
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 (-)	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>10.509.056</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>61.049.186</b>
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>	
Loans Granted against the Articles 50 and 51 of the Banking Law	-
Net Book Values of Movables and Immovables 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	4.298

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(1) Information on Equity items (continued):

<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	
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 (-)	-
<b>TOTAL CAPITAL</b>	
Total Capital (Total of Tier I Capital and Tier II Capital)	61.044.888
Total Risk Weighted Assets	400.934.749
<b>Capital Adequacy Ratios</b>	
CET1 Capital Ratio (%)	10,57
Tier I Capital Ratio (%)	12,61
Capital Adequacy Ratio (%)	15,23
<b>BUFFERS</b>	
Bank-specific total CET1 Capital Ratio (a+b+c)	2,508
a) Capital Conservation Buffer Ratio (%)	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	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 (%)	6,067
<b>Amounts Lower Than Excesses as per Deduction Rules</b>	
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	147.261
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	685.755
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	1.894.476
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	5.919.770
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	4.579.261
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	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>	
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 transition provisions.

- (2) The equity is calculated on the capital adequacy ratio calculation basis having reduced deductible assets on equity from the sum of core capital and supplementary capital within the scope of "Regulation on Equities of Banks" (Regulation). The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from the first stage and second stage expected loss provisions and subordinated debt instruments. On the other hand, in the calculation of the Total Capital, development costs for operating leases followed under tangible assets in the balance sheet and intangible assets. Additionally, some of the accounts determined by the Board are reduced from the total equity in the calculation of capital.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**I. EXPLANATIONS ON CAPITAL (continued)**

(3) Information about instruments to be included in the Equity Calculation:

<b>Details on Subordinated Liabilities:</b>				
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Varlık Fonu
Unique identifier (ex CUSIP, ISIN or Bloomberg identifier for private placement)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
<b>Regulatory treatment</b>				
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)	1.000	1.950	2.980	8.606
Par value of instrument	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
Perpetual 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 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	-	-	-	-
<b>Coupons / dividends</b>				
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	-	-	-	-
<b>Convertible or non-convertible</b>				
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	-	-	-	-
<b>Write-down feature</b>				
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 incompliances 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**II. 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 on a daily basis by using internal model methods. In addition, the value at risk limit determined by the Board of Directors of the Bank for the value at risk including foreign currency risk is monitored daily and reported to the key management personnel. As a foreign currency risk management policy, the Bank is not exposed to foreign exchange risk significantly and positions related to foreign currency risk are balanced with derivative transactions when necessary.

Announced current foreign exchange buying rates of the Bank as at financial statement date and the previous five working days in full TRY are as follows:

	<b>24.03.2021</b>	<b>25.03.2021</b>	<b>26.03.2021</b>	<b>29.03.2021</b>	<b>30.03.2021</b>	<b>31.03.2021</b>
USD	7,8300000	7,8600000	7,9300000	8,1000000	8,2400000	8,1400000
CHF	8,3502000	8,3679000	8,4141000	8,6169000	8,7259000	8,6429000
GBP	10,7141000	10,7725000	10,9203000	11,1564000	11,2965000	11,2208000
JPY	0,0716653	0,0717883	0,0720055	0,0735994	0,0744474	0,0733412
EUR	9,2551000	9,2740000	9,3451000	9,5414000	9,6630000	9,5621000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before the financial statement date are as follows:

	<b>Monthly Average Buying rate of exchange</b>
USD	7,6213043
CHF	8,1812696
GBP	10,5443696
JPY	0,0698613
EUR	9,0662261

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**II. EXPLANATIONS ON CURRENCY RISK (continued)**

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	19.389.152	21.867.243	11.256.850	52.513.245
Banks	1.759.211	812.611	631.366	3.203.188
Financial assets at fair value through profit and loss	109	452	-	561
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	7.848.497	12.561.755	-	20.410.252
Loans <sup>(2)</sup>	56.095.105	40.334.571	1.263.215	97.692.891
Subsidiaries, associates and entities under common control	709.762	-	2.250.282	2.960.044
Financial assets measured at amortised cost <sup>(5)</sup>	9.393.069	16.302.099	5.944.452	31.639.620
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	280	280
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	212.201	754.717	291	967.209
<b>Total assets</b>	<b>95.407.106</b>	<b>92.633.448</b>	<b>21.346.736</b>	<b>209.387.290</b>
<b>Liabilities</b>				
Bank deposits	13.194.136	3.792.210	615.178	17.601.524
Foreign currency deposits	72.343.979	93.820.435	23.493.096	189.657.510
Money market balances	-	1.546.471	-	1.546.471
Funds provided from other financial institutions	6.121.413	3.879.880	1.133	10.002.426
Bonds issued	-	4.113.282	-	4.113.282
Sundry creditors	283.744	907.535	1.009	1.192.288
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	9.854.514	725.515	81.135	10.661.164
<b>Total liabilities</b>	<b>101.797.786</b>	<b>108.785.328</b>	<b>24.191.551</b>	<b>234.774.665</b>
<b>Net balance sheet position</b>	<b>(6.390.680)</b>	<b>(16.151.880)</b>	<b>(2.844.815)</b>	<b>(25.387.375)</b>
<b>Net off-balance sheet position</b>				
<b>Financial derivative assets<sup>(4)</sup></b>	<b>4.950.765</b>	<b>15.864.305</b>	<b>4.525.026</b>	<b>25.340.096</b>
Financial derivative liabilities <sup>(4)</sup>	5.584.458	22.381.898	7.976.899	35.943.255
Non-cash loans <sup>(1)</sup>	633.693	6.517.593	3.451.873	10.603.159
	39.227.961	22.992.033	2.744.913	64.964.907
<b>Prior period</b>				
Total assets	84.478.476	97.255.975	23.339.454	205.073.905
Total liabilities	91.333.160	108.979.609	24.380.582	224.693.351
<b>Net balance sheet position</b>	<b>(6.854.684)</b>	<b>(11.723.634)</b>	<b>(1.041.128)</b>	<b>(19.619.446)</b>
<b>Net off-balance sheet position</b>				
<b>Financial derivative assets</b>	<b>6.262.753</b>	<b>9.302.315</b>	<b>1.372.096</b>	<b>16.937.164</b>
Financial derivative liabilities	7.325.960	14.550.855	4.749.937	26.626.752
Non-cash loans <sup>(1)</sup>	1.063.207	5.248.540	3.377.841	9.689.588
	36.659.770	19.919.355	2.695.428	59.274.553

<sup>(1)</sup> Non-cash loans are not included in the off-balance sheet position items.

<sup>(2)</sup> Includes TRY 36.031 of foreign currency indexed loans and their accruals. (31 December 2020: 45.321 TL)

<sup>(3)</sup> 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 intangible assets, prepaid expenses, 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.

<sup>(4)</sup> Financial derivative assets include forward precious metal purchase transactions amounted to TRY 303.894 and swap precious metal purchase transactions amounted to TRY 6.252.744. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.361.400. Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

<sup>(5)</sup> Includes gold indexed bonds amounting to TRY 5.944.452 (31 December 2020: TRY 3.471.174).



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**III. 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
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	8.056.132	-	-	-	-	53.985.658	62.041.790
Banks and financial institutions	1.291.942	112.452	-	-	-	2.102.446	3.506.840
Financial assets at fair value through profit and loss	23.144	26.248	20.613	300	246	15.645.226	15.715.777
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	6.554.424	19.659.376	16.458.231	16.220.914	1.371.258	468.882	60.733.085
Loans	79.027.776	90.799.479	124.149.207	104.215.034	30.378.422	24.908.698	453.478.616
Financial assets measured at amortised cost	11.340.719	10.374.828	21.976.117	23.603.058	21.739.470	-	89.034.192
Other assets <sup>(4)</sup>	2.803.986	2.521	11.641	38.270	22.834	5.494.856	8.374.108
<b>Total assets</b>	<b>109.098.123</b>	<b>120.974.904</b>	<b>162.615.809</b>	<b>144.077.576</b>	<b>53.512.230</b>	<b>102.605.766</b>	<b>692.884.408</b>
<b>Liabilities</b>							
Bank deposits	27.387.661	4.829.728	-	-	-	10.904.678	43.122.067
Other deposits	240.401.276	82.886.572	25.390.256	740.320	-	79.082.312	428.500.736
Money market balances	106.698.133	814.731	-	-	-	198.114	107.710.978
Miscellaneous Payables	5.120.806	-	-	-	-	4.862.464	9.983.270
Bonds issued	1.004.000	4.122.000	4.530.000	1.000.000	-	95.421	10.751.421
Funds provided from other financial institutions <sup>(3)</sup>	505.659	1.066.029	5.757.729	2.265.606	733.904	50.431	10.379.358
Other liabilities <sup>(1)(2)</sup>	1.000.000	-	15.499.625	8.605.890	4.929.795	52.401.268	82.436.578
<b>Total liabilities</b>	<b>382.117.535</b>	<b>93.719.060</b>	<b>51.177.610</b>	<b>12.611.816</b>	<b>5.663.699</b>	<b>147.594.688</b>	<b>692.884.408</b>
Balance sheet long position	-	27.255.844	111.438.199	131.465.760	47.848.531	-	318.008.334
Balance sheet short position	(273.019.412)	-	-	-	-	(44.988.922)	(318.008.334)
Off-balance sheet long position	28.085.154	15.267.785	431.813	188.533	6.478.002	-	50.451.287
Off-balance sheet short position	(27.146.186)	(13.680.728)	(431.445)	(863.603)	(6.477.998)	-	(48.599.960)
<b>Total position</b>	<b>(272.080.444)</b>	<b>28.842.901</b>	<b>111.438.567</b>	<b>130.790.690</b>	<b>47.848.535</b>	<b>(44.988.922)</b>	<b>1.851.327</b>

<sup>(1)</sup> TRY 73.872 of net deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

<sup>(2)</sup> Shareholders' equity balance is disclosed under the non-bearing interest column in other liabilities line.

<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

<sup>(4)</sup> Provision amounts are included in the non-bearing interest column.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**III. EXPLANATIONS ON INTEREST RATE RISK (continued)**

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on re-pricing dates (continued):

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	6.746.564	-	-	-	-	56.729.655	63.476.219
Banks and financial institutions	955.685	-	-	-	-	1.189.966	2.145.651
Financial assets at fair value through profit and loss	-	3	31.047	998	248	15.645.225	15.677.521
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4.610.223	13.672.230	24.746.697	13.783.850	1.633.588	454.542	58.901.130
Loans	65.965.653	88.121.057	126.945.155	112.472.087	30.883.227	25.358.036	449.745.215
Financial assets measured at amortised cost	398.529	29.081.839	7.125.477	16.984.428	31.030.758	-	84.621.031
Other assets <sup>(4)</sup>	412.482	3.514	7.982	22.707	-	5.012.643	5.459.328
<b>Total assets</b>	<b>79.089.136</b>	<b>130.878.643</b>	<b>158.856.358</b>	<b>143.264.070</b>	<b>63.547.821</b>	<b>104.390.067</b>	<b>680.026.095</b>
<b>Liabilities</b>							
Bank deposits	21.151.261	4.168.538	-	-	-	9.661.988	34.981.787
Other deposits	239.070.343	86.949.641	15.745.027	591.030	-	79.948.467	422.304.508
Money market balances	103.086.844	740.000	-	-	-	129.576	103.956.420
Miscellaneous Payables	4.446.355	-	-	-	-	4.496.131	8.942.486
Bonds issued	647.000	7.081.452	4.280.000	1.000.000	-	186.227	13.194.679
Funds provided from other financial institutions <sup>(3)</sup>	284.731	4.807.253	2.332.423	2.212.957	700.215	49.420	10.386.999
Other liabilities <sup>(1)(2)</sup>	1.000.000	-	15.499.625	8.175.150	4.929.795	56.654.646	86.259.216
<b>Total liabilities</b>	<b>369.686.534</b>	<b>103.746.884</b>	<b>37.857.075</b>	<b>11.979.137</b>	<b>5.630.010</b>	<b>151.126.455</b>	<b>680.026.095</b>
Balance sheet long position	-	27.131.759	120.999.283	131.284.933	57.917.811	-	337.333.786
Balance sheet short position	(290.597.398)	-	-	-	-	(46.736.388)	(337.333.786)
Off-balance sheet long position	16.716.872	9.555.803	6.740.958	243.667	5.940.341	-	39.197.641
Off-balance sheet short position	(16.039.228)	(7.691.802)	(7.051.134)	(883.737)	(5.940.341)	-	(37.606.242)
<b>Total position</b>	<b>(289.919.754)</b>	<b>28.995.760</b>	<b>120.689.107</b>	<b>130.644.863</b>	<b>57.917.811</b>	<b>(46.736.388)</b>	<b>1.591.399</b>

<sup>(1)</sup> TRY 331.752 of net deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

<sup>(2)</sup> Shareholders' equity balance is disclosed under the non-bearing interest column in other liabilities line.

<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

<sup>(4)</sup> Provision amounts are included in the non-bearing interest column.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**III. EXPLANATIONS ON INTEREST RATE RISK (continued)**

2. Average interest rates applied to the monetary financial instruments (%):

Current period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	13,50
Due from other banks and financial institutions <sup>(1)</sup>	1,78	0,39	-	16,85
Financial assets at fair value through profit and loss <sup>(6)</sup>	1,55	6,57	-	14,45
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,39	2,94	-	14,54
Loans <sup>(2)</sup>	5,06	5,94	-	11,97
Financial assets measured at amortised cost	4,85	5,98	-	18,41
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,59	1,20	0,06	18,52
Other deposits <sup>(4)</sup>	0,78	1,80	0,01	15,04
Money market borrowings	-	4,34	-	18,99
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	4,75	-	15,05
Funds provided from other financial institutions	0,89	1,49	-	13,14

<sup>(1)</sup> Interest rates are calculated using weighted average method for placements as of the balance sheet date.

<sup>(2)</sup> Interest rates for loans given as of the balance sheet date are calculated by using client based weighted average interests.

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 March 2021.

<sup>(4)</sup> Demand deposit amounts are considered in the average interest rate calculation.

<sup>(5)</sup> Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

<sup>(6)</sup> Borrowed securities are not included in the average interest rate calculation.

Prior Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	12,00
Due from other banks and financial institutions <sup>(1)</sup>	0,19	0,75	-	15,80
Financial assets at fair value through profit and loss <sup>(6)</sup>	1,56	4,12	-	8,92
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,28	2,94	-	13,84
Loans <sup>(2)</sup>	5,11	5,98	-	11,31
Financial assets measured at amortised cost	4,87	5,62	-	17,56
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,94	1,61	-	17,42
Other deposits <sup>(4)</sup>	0,99	2,40	0,01	14,05
Money market borrowings	-	5,11	-	17,40
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	4,75	-	14,11
Funds provided from other financial institutions	0,92	1,54	-	10,70

<sup>(1)</sup> Interest rates are calculated using weighted average method for placements as of the balance sheet date.

<sup>(2)</sup> Interest rates for loans given as of the balance sheet date are calculated by using client based weighted average interests.

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2020.

<sup>(4)</sup> Demand deposit amounts are considered in the average interest rate calculation.

<sup>(5)</sup> Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

<sup>(6)</sup> Borrowed securities are not included in the average interest rate calculation.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**IV. EXPLANATIONS ON POSITION RISK OF SHARES**

Information about position risk of shares:

Equities	Carrying Value	Comparison		Capital Requirements
		Fair Value Change <sup>(2)</sup>	Market Value	
Investment in Shares-Grade A	2.226.729	2.226.729	2.226.729	178.138
Quoted Securities <sup>(1)</sup>	2.226.729	2.226.729	2.226.729	178.138
Investment in Shares-Grade B	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares-Grade C	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares- Grade D	-	-	-	-
Other	4.401.509	4.211.259	-	438.662

<sup>(1)</sup> 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 A.Ş.

<sup>(2)</sup> 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	Revaluated appreciation in the fair value			Unrealized gains and losses	
		Total	Included To Supplementary Capital	Total	Included To total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange <sup>(1)</sup>	-	1.528.610	1.528.610	-	-	-
3. Other share certificates	-	1.272.392	1.272.392	-	-	-
<b>Total</b>	<b>-</b>	<b>2.801.002</b>	<b>2.801.002</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The Banks' 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 A.Ş.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**V. 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. On the other hand, for 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 (gap analysis, core deposit reports, etc.) are conducted on a daily 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.

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 and Liquidity Risk Committee have been established.

The extension of the maturity structure of term deposits which reflects the primary funding source for the Bank, the development of new products encouraging savings and the protection of core deposit levels have been implemented as a strategic objective. Limits have been determined for issuing bonds based on Turkish Lira to provide long term funding resource for the purposes of extending maturity structure of liabilities besides deposits.

For the purposes of utilizing advantage of the new borrowing facilities in line with the needs of the Bank, alternative funding resources are evaluated in parallel with the close monitoring of price/cost movements in international capital markets and with convenient conditions. Adequate liquidity buffer is maintained by the Bank to meet its intraday liquidity and short-term liquidity needs.

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.

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, it 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 scope of the measures regarding the Covid-19 outbreak in 2020, deposit and participation banks is exempt from the liability to comply with the minimum legal limits set as 100% and 80% for TRY + FC and FC liquidity coverage ratios, respectively, with the resolution of BRSA numbered 8967 and dated 26 March 2020, until 31 December 2020. The exemption has been terminated as of 31 December 2020 with the BRSA resolution numbered 9312 and dated 8 December 2020.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (continued)**

As part of the important developments regarding liquidity risk; the Bank's loan volume has increased significantly with the loan support provided to customers during the Covid-19 outbreak, and loan payment deferral opportunities has been offered to loan customers. Within this scope, the Bank has taken measures to reduce liquidity risks and to provide the necessary liquidity buffer by effectively using the necessary deposit and fund resources.

With the funding strategies followed before and after the exemption for Liquidity Coverage Ratio expired, our Bank's Liquidity Coverage Ratios were above the legal limit on a solo and consolidated basis in the first quarter of 2021, and no limit exceeded was experienced.

High quality liquid assets are composed of 49,95% accounts held by the CBRT and the Central Banks of the foreign branches, 46,12% securities considered as high quality liquid assets and 3,93% 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. 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 on a consolidated basis, are TRY 634.777.

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.

Early warning levels and limits related to the liquidity coverage ratio and the liquidity metrics determined within the scope of the "Liquidity Emergency Action Plan" of the Bank are calculated on a daily basis and the changes in these ratios are reported to the Bank's Audit Committee, Asset-Liability Committee and related business units regularly. However, the metrics related to the liquidity status and liquidity risk are regularly evaluated by the Liquidity Risk Committee.

The Bank's minimum and maximum FC and TRY+FC liquidity coverage ratios calculated based on weekly 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	15.03.2021 - 21.03.2021	300,33	11.01.2021 - 17.01.2021	117,42
Minimum	01.02.2021 - 07.02.2021	175,39	08.02.2021 - 14.02.2021	104,05

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (continued)**

Current Period	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			110.429.808	59.699.306
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	223.257.536	107.004.660	20.313.084	10.700.466
Stable Deposits	40.253.394	-	2.012.670	-
Less Stable Deposits	183.004.142	107.004.660	18.300.414	10.700.466
Unsecured wholesale funding , of which;	194.280.271	75.612.014	88.683.104	33.908.888
Operational Deposits	37.953.950	10.041.959	9.488.487	2.510.490
Non-operational Deposits	148.531.340	62.022.564	72.682.226	28.022.621
Other Unsecured Funding	7.794.981	3.547.491	6.512.391	3.375.777
Secured Funding			-	-
Other cash outflows, of which;	9.055.630	5.421.463	5.025.099	3.237.864
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	820.982	1.031.208	820.982	1.031.208
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.234.648	4.390.255	4.204.117	2.206.656
Other revocable off-balance sheet commitments and contractual obligations.	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	149.851.465	55.132.710	11.117.166	4.313.099
<b>Total Cash Outflows</b>			<b>125.138.453</b>	<b>52.160.317</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	38.474.279	12.073.765	24.000.734	9.000.063
Other Cash Inflows	396.525	14.166.183	396.525	14.166.182
<b>Total Cash Inflows</b>	<b>38.870.804</b>	<b>26.239.948</b>	<b>24.397.259</b>	<b>23.166.245</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>110.429.808</b>	<b>59.699.306</b>
<b>Total Net Cash Outflows</b>			<b>100.741.194</b>	<b>28.994.072</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>%109,61</b>	<b>%211,30</b>

<sup>(1)</sup> Calculated by simple arithmetic average, weekly average calculated for the last three months of the values.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (continued)**

Prior Period	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			97.157.857	53.229.316
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	214.617.526	108.065.692	19.509.278	10.806.569
Stable Deposits	39.049.482	-	1.952.474	-
Less Stable Deposits	175.568.044	108.065.692	17.556.804	10.806.569
Unsecured wholesale funding , of which;	201.001.358	72.362.195	91.225.447	32.527.508
Operational Deposits	35.013.841	9.020.372	8.753.460	2.255.093
Non-operational Deposits	160.030.877	60.784.114	77.462.446	27.794.458
Other Unsecured Funding	5.956.640	2.557.709	5.009.541	2.477.957
Secured Funding			-	-
Other cash outflows, of which;	11.507.266	6.795.634	5.695.885	3.566.414
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	828.276	893.579	828.276	893.579
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	10.678.990	5.902.055	4.867.609	2.672.835
Other revocable off-balance sheet commitments and contractual obligations.	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	143.576.337	55.747.381	11.317.079	4.713.310
<b>Total Cash Outflows</b>			<b>127.747.689</b>	<b>51.613.801</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	33.462.760	11.637.431	21.161.935	8.543.201
Other Cash Inflows	159.799	2.940.010	159.799	2.940.010
<b>Total Cash Inflows</b>	<b>33.622.559</b>	<b>14.577.441</b>	<b>21.321.734</b>	<b>11.483.211</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>97.157.857</b>	<b>53.229.316</b>
<b>Total Net Cash Outflows</b>			<b>106.425.955</b>	<b>40.130.590</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>%91,65</b>	<b>%136,42</b>

<sup>(1)</sup> Calculated by simple arithmetic average, weekly average calculated for the last three months of the values.



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (continued)**

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
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	5.332.205	56.708.914	-	671	-	-	-	62.041.790
Banks	2.099.065	1.295.260	112.515	-	-	-	-	3.506.840
Financial assets at fair value through profit and loss	-	23.145	26.248	15.520.237	300	246	145.601	15.715.777
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	1.548.132	10.000.462	13.275.446	27.754.500	7.685.663	468.882	60.733.085
Loans	18.575.862	32.833.273	31.992.143	118.832.418	194.914.841	56.330.079	-	453.478.616
Financial assets measured at amortised cost	-	2.612.577	4.285.796	11.833.529	34.242.463	36.059.827	-	89.034.192
Other assets <sup>(2)</sup>	1.969	1.201.565	1.588.038	11.705	31.526	44.450	5.494.855	8.374.108
<b>Total assets</b>	<b>26.009.101</b>	<b>96.222.866</b>	<b>48.005.202</b>	<b>159.474.006</b>	<b>256.943.630</b>	<b>100.120.265</b>	<b>6.109.338</b>	<b>692.884.408</b>
<b>Liabilities</b>								
Bank deposits	10.833.254	27.449.037	4.839.776	-	-	-	-	43.122.067
Other deposits	76.982.228	239.479.256	81.670.584	29.368.413	998.879	1.376	-	428.500.736
Funds provided from other financial institutions <sup>(3)</sup>	-	86.638	326.493	1.387.324	3.158.587	5.420.316	-	10.379.358
Money market balances	-	106.892.084	4.894	-	-	814.000	-	107.710.978
Bonds issued	-	-	4.069.596	5.195.104	1.486.721	-	-	10.751.421
Sundry creditors	8.626	4.085.265	215.280	1.122.252	3.614.942	14.220	922.685	9.983.270
Other liabilities <sup>(1)</sup>	80	6.183.394	509.355	15.572.535	9.855.799	6.318.863	43.996.552	82.436.578
<b>Total liabilities</b>	<b>87.824.188</b>	<b>384.175.674</b>	<b>91.635.978</b>	<b>52.645.628</b>	<b>19.114.928</b>	<b>12.568.775</b>	<b>44.919.237</b>	<b>692.884.408</b>
<b>Liquidity gap</b>	<b>(61.815.087)</b>	<b>(287.952.808)</b>	<b>(43.630.776)</b>	<b>106.828.378</b>	<b>237.828.702</b>	<b>87.551.490</b>	<b>(38.809.899)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>998.968</b>	<b>224.661</b>	<b>368</b>	<b>627.330</b>	<b>-</b>	<b>-</b>	<b>1.851.327</b>
Derivative financial assets	-	28.055.154	7.317.387	443.280	1.679.466	12.956.000	-	50.451.287
Derivative financial liabilities	-	(27.056.186)	(7.092.726)	(442.912)	(1.052.136)	(12.956.000)	-	(48.599.960)
<b>Non-cash loans</b>	<b>37.796.446</b>	<b>2.641.139</b>	<b>8.692.620</b>	<b>46.826.991</b>	<b>25.350.096</b>	<b>2.910.763</b>	<b>-</b>	<b>124.218.055</b>
<b>Prior Period</b>								
Total Assets	26.681.326	96.023.414	44.872.172	155.266.253	253.509.684	100.417.654	3.255.592	680.026.095
Total Liabilities	88.027.378	374.149.259	93.609.904	44.978.069	18.269.620	14.869.087	46.122.778	680.026.095
<b>Liquidity Gap</b>	<b>(61.346.052)</b>	<b>(278.125.845)</b>	<b>(48.737.732)</b>	<b>110.288.184</b>	<b>235.240.064</b>	<b>85.548.567</b>	<b>(42.867.186)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(2.355)</b>	<b>620.001</b>	<b>464.823</b>	<b>508.930</b>	<b>-</b>	<b>-</b>	<b>1.591.399</b>
Derivative financial assets	-	15.936.873	7.826.803	1.916.950	1.636.333	11.880.682	-	39.197.641
Derivative financial liabilities	-	(15.939.228)	(7.206.802)	(1.452.127)	(1.127.403)	(11.880.682)	-	(37.606.242)
<b>Non-cash loans</b>	<b>35.214.740</b>	<b>2.627.378</b>	<b>9.898.398</b>	<b>39.915.526</b>	<b>24.440.044</b>	<b>2.459.251</b>	<b>-</b>	<b>114.555.337</b>

<sup>(1)</sup> Shareholders' equity is disclosed in other liabilities line under the undistributed column.

<sup>(2)</sup> 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.

<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**VI. 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 <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Items</b>		
1.On-balance sheet items (excluding derivatives and SFTs, but including collateral)	678.926.590	675.612.548
2.Assets that are deducted from core capital	(674.231)	(665.184)
3.Total on balance sheet exposures	678.252.359	674.947.364
<b>Derivative exposures and credit derivatives</b>		
4.Replacement cost associated with derivative financial instruments and credit derivatives	2.549.349	2.968.464
5.The potential amount of credit risk with derivative financial instruments and credit derivatives	548.786	509.366
6.The total amount of risk on derivative financial instruments and credit derivatives	3.098.135	3.477.830
<b>Investment securities or commodity collateral financing transactions</b>		
7.The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	1.776.296	1.770.902
8.Risk amount of exchange brokerage operations	-	-
9.Total risks related with securities or commodity financing transactions	1.776.296	1.770.902
<b>Off -Balance Sheet Items</b>		
10.Gross notional amount of off-balance sheet items	167.078.423	161.158.994
11.Adjustments for conversion to credit equivalent amounts	(2.511.782)	(2.315.652)
12.The total risk of off-balance sheet items	164.566.641	158.843.342
<b>Capital and Total Exposures</b>		
13.Tier 1 Capital	50.045.681	49.675.826
14.Total Exposures	847.693.431	839.039.438
<b>Leverage Ratio</b>		
15.Leverage Ratio	5,90%	5,92%

<sup>(1)</sup> The amounts in the table represent three-month averages.

**VII. 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)**

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.
- 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)**

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.

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 March 2021 are presented in the table below.

<b>Current Period (1 January-31 March 2021)</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>OPERATING INCOME / EXPENSES</b>				
Interest income	3.381.760	7.894.127	3.896.867	15.172.754
<i>Interest on loans</i>	3.365.220	7.825.693	94.084	11.284.997
<i>Interest income on marketable securities</i>	-	56.384	3.599.798	3.656.182
<i>Interest received from banks</i>	-	-	202.213	202.213
<i>Other interest income</i>	16.540	12.050	772	29.362
Interest expense	4.381.114	5.223.296	5.667.750	15.272.160
<i>Interest on deposits</i>	4.361.295	5.077.994	627.975	10.067.264
<i>Interest on borrowings</i>	5.528	13.135	26.811	45.474
<i>Interest on money market borrowings</i>	-	11.282	4.314.919	4.326.201
<i>Interest on marketable bonds issued</i>	-	-	669.016	669.016
<i>Other interest expense</i>	14.291	120.885	29.029	164.205
Net interest income	(999.354)	2.670.831	(1.770.883)	(99.406)
Net fees and commissions income	232.598	435.233	56.287	724.118
Net trading profit / (loss)	3.417	645.633	(1.290.589)	(641.539)
Dividend income	-	-	139.053	139.053
Other income	1.806.685	321.300	1.233.201	3.361.186
Expected loss provisions	264.281	371.616	609.938	1.245.835
Other expenses	51.727	936.762	1.210.971	2.199.460
<b>Income before taxes</b>	<b>727.338</b>	<b>2.764.619</b>	<b>(3.453.840)</b>	<b>38.117</b>
Income tax provision	-	-	20.918	20.918
<b>Net profit for the period</b>	<b>727.338</b>	<b>2.764.619</b>	<b>(3.432.922)</b>	<b>59.035</b>
<b>SEGMENT ASSETS (31 March 2021)</b>				
Marketable securities <sup>(1)</sup>	-	3.456.337	162.015.073	165.471.410
Derivative financial assets held for trading	-	387.820	2.413.267	2.801.087
Banks and money market receivables	-	270.216	3.235.296	3.505.512
Associates and subsidiaries (net)	-	-	6.437.988	6.437.988
Loans <sup>(1)</sup>	149.203.675	286.146.786	3.418.237	438.768.698
Other assets	4.113.908	4.504.143	67.281.662	75.899.713
<b>TOTAL ASSETS</b>	<b>153.317.583</b>	<b>294.765.302</b>	<b>244.801.523</b>	<b>692.884.408</b>
<b>SEGMENT LIABILITIES (31 March 2021)</b>				
Deposits	166.013.910	272.732.731	32.876.162	471.622.803
Derivative financial liabilities	-	274.126	321.189	595.315
Money market balances	-	1.546.471	106.164.507	107.710.978
Borrowing funding loans	608.654	839.973	8.930.731	10.379.358
Bonds issued	-	-	10.751.421	10.751.421
Other liabilities	2.554.524	8.235.795	35.917.592	46.707.911
Provisions and tax payable	204.035	256.010	2.597.964	3.058.009
Shareholders' equity	727.429	2.722.935	38.608.249	42.058.613
<b>TOTAL LIABILITIES</b>	<b>170.108.552</b>	<b>286.608.041</b>	<b>236.167.815</b>	<b>692.884.408</b>
<b>OFF-BALANCE SHEET ITEMS (31 March 2021)</b>				
Guarantees and sureties	66.144.729	40.276.697	17.796.629	124.218.055
Commitments	842.098	13.633.878	34.709.995	49.185.971
Derivative financial instruments	-	15.008.722	84.042.525	99.051.247
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>66.986.827</b>	<b>68.919.297</b>	<b>136.549.149</b>	<b>272.455.273</b>

<sup>(1)</sup> TFRS 9 Expected Credit Loss provisions are presented in related lines.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)**

<b>Prior Period (1 January-31 March 2020)</b>	<b>Commercial/ Corporate</b>	<b>SME/ Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>OPERATING INCOME / EXPENSES</b>				
Interest income	3.037.713	5.706.824	2.978.562	11.723.099
<i>Interest on loans</i>	3.017.223	5.676.378	94.320	8.787.921
<i>Interest income on marketable securities</i>	-	17.516	2.850.060	2.867.576
<i>Interest received from banks</i>	-	-	33.388	33.388
<i>Other interest income</i>	20.490	12.930	794	34.214
Interest expense	1.574.924	2.476.514	2.384.008	6.435.446
<i>Interest on deposits</i>	1.562.322	2.395.169	307.048	4.264.539
<i>Interest on borrowings</i>	11.560	19.827	43.571	74.958
<i>Interest on money market borrowings</i>	-	12.092	1.350.141	1.362.233
<i>Interest on marketable bonds issued</i>	-	-	613.793	613.793
<i>Other interest expense</i>	1.042	49.426	69.455	119.923
Net interest income	1.462.789	3.230.310	594.554	5.287.653
Net fees and commissions income	250.013	404.199	67.264	721.476
Net trading profit / (loss)	2.560	615.394	(1.883.947)	(1.265.993)
Dividend income	-	-	426	426
Other income	139.935	269.361	203.900	613.196
Expected loss provisions	527.007	688.496	1.110.906	2.326.409
Other expenses	40.919	710.589	1.289.513	2.041.021
<b>Income before taxes</b>	<b>1.287.371</b>	<b>3.120.179</b>	<b>(3.418.222)</b>	<b>989.328</b>
Income tax provision	-	-	(164.243)	(164.243)
<b>Net profit for the period</b>	<b>1.287.371</b>	<b>3.120.179</b>	<b>(3.582.465)</b>	<b>825.085</b>
<b>SEGMENT ASSETS (31 March 2020)</b>				
Marketable securities <sup>(1)</sup>	-	2.005.568	157.183.377	159.188.945
Derivative financial assets held for trading	-	447.253	1.899.936	2.347.189
Banks and money market receivables	-	284	2.145.200	2.145.484
Associates and subsidiaries (net)	-	-	6.249.392	6.249.392
Loans <sup>(1)</sup>	145.410.763	285.849.473	1.852.771	433.113.007
Other assets	3.836.074	4.737.307	68.408.697	76.982.078
<b>TOTAL ASSETS</b>	<b>149.246.837</b>	<b>293.039.885</b>	<b>237.739.373</b>	<b>680.026.095</b>
<b>SEGMENT LIABILITIES (31 March 2020)</b>				
Deposits	172.945.135	259.510.901	24.830.259	457.286.295
Derivative financial liabilities	-	309.375	224.666	534.041
Money market balances	-	1.114.631	102.841.789	103.956.420
Borrowing funding loans	675.438	868.174	8.843.387	10.386.999
Bonds issued	-	-	13.194.679	13.194.679
Other liabilities	2.273.342	11.535.395	34.770.959	48.579.696
Provisions and tax payable	247.237	239.340	2.670.884	3.157.461
Shareholders' equity	1.159.958	14.033.456	27.737.090	42.930.504
<b>TOTAL LIABILITIES</b>	<b>177.301.110</b>	<b>287.611.272</b>	<b>215.113.713</b>	<b>680.026.095</b>
<b>OFF-BALANCE SHEET ITEMS (31 March 2020)</b>				
Guarantees and sureties	60.975.156	37.275.102	16.305.079	114.555.337
Commitments	862.674	12.634.337	32.958.811	46.455.822
Derivative financial instruments	-	13.586.811	63.217.072	76.803.883
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>61.837.830</b>	<b>63.496.250</b>	<b>112.480.962</b>	<b>237.815.042</b>

<sup>(1)</sup> TFRS 9 Expected Credit Loss provisions is presented in related lines.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**VIII. 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 Financial Crimes Investigation Board (MASAK) Compliance Unit is directly affiliated to the Audit Committee.

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. 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 BRSA 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**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Overview of Risk Weighted Amounts<sup>(\*)</sup>:**

		Risk Weighted Amounts		Minimum Capital Requirements	
		Current Period	Prior Period	Current Period	Prior Period
1	Credit risk (excluding counterparty credit risk) (CCR) <sup>(**)</sup>	377.777.018	360.766.586	30.222.161	28.861.327
2	Standardized approach (SA)	377.777.018	360.766.586	30.222.161	28.861.327
3	Internal rating-based (IRB) approach		-		-
4	Counterparty credit risk <sup>(**)</sup>	3.667.838	4.060.871	293.427	324.870
5	Standardized approach for counterparty credit risk (SA-CCR)	3.667.838	4.060.871	293.427	324.870
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	11.704.738	14.804.413	936.379	1.184.353
17	Standardized approach (SA)	11.704.738	14.804.413	936.379	1.184.353
18	Internal model approaches (IMM)	-	-	-	-
19	Operational Risk	23.859.627	19.789.493	1.908.770	1.583.159
20	Basic Indicator Approach	23.859.627	19.789.493	1.908.770	1.583.159
21	Standard Approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	1.757.962	1.513.386	140.637	121.071
24	Floor adjustment	-	-	-	-
25	<b>Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>418.767.183</b>	<b>400.934.749</b>	<b>33.501.374</b>	<b>32.074.780</b>

<sup>(\*)</sup> Amounts below the thresholds for deductions from capital are excluded from credit risk standard approach of RWA amount.

<sup>(\*\*)</sup> According to the BRSA's decision dated 8 December 2020 simple arithmetic average of Central Bank buying exchange rates of the last 252 business days as of the calculation date were used in the calculation of the amount subject to credit risk.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V : EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS**

(1) a) Cash and Central Bank of the Republic of Turkey:

	Current period		Prior period	
	TRY	FC	TRY	FC
Cash and foreign currency	1.451.492	3.711.949	1.736.896	3.042.808
CBRT	8.077.053	48.801.261	6.659.022	52.037.405
Other	-	35	-	88
<b>Total</b>	<b>9.528.545</b>	<b>52.513.245</b>	<b>8.395.918</b>	<b>55.080.301</b>

b) Information on balances with the Central Bank of the Republic of Turkey:

	Current period		Prior period	
	TRY	FC	TRY	FC
Demand unrestricted amount <sup>(1)</sup>	7.855.082	17.029.951	6.502.868	19.937.084
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	8.307.240
Other <sup>(2)</sup>	221.971	31.771.310	156.154	23.793.081
<b>Total</b>	<b>8.077.053</b>	<b>48.801.261</b>	<b>6.659.022</b>	<b>52.037.405</b>

<sup>(1)</sup> Reserve deposits kept in the CBRT.

<sup>(2)</sup> Blocked reserve deposits kept in the CBRT and Central Bank of TRNC.

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (CBRT), banks operating in Turkey keep reserve deposits for their TRY liabilities held at TRY, US Dollar, Euro and/or standard gold and/or scrap gold with reserve deposit rates between 3%-8% varied according to their maturity compositions, for their FC liabilities at TRY, US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-22% varied according to their maturity compositions.

Starting from 5 March 2021, the interest related to the reserve requirements for banks held at TRY is paid as 1350 basis points.

With the change dated 27 November 2020, it has been decided to apply a commission charge on the reserve accounts and notice accounts held within the CBRT by 0% (zero) annually for foreign currencies held in USD up to the amount required to be held for deposit / participation fund liabilities in USD, and by 0,00125 annually for foreign currencies held in EUR and USD up to the amount required to be held for deposit / participation fund liabilities in other currencies except USD. As of 27 November 2020, it has been decided to apply a commission charge on the reserve accounts by 0% (zero) annually for foreign currencies held in USD up to the amount required to be held for deposit / participation fund liabilities in USD.

With the change on 2 May 2015 made by the CBRT, execution of interest payments has been started for USD denominated reserve requirements, reserve options and free reserves held at CBRT. The interest rate is set on daily basis within the frame of global and local financial market conditions. The applicable yearly interest rate is 0% (announced on 19 September 2019).

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 as of 15 April 2020.



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(2) Financial assets at fair value through profit and loss:

a) Financial assets at fair value through profit and loss blocked/given as collateral:

None (31 December 2020: None).

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	15.026.482	-	15.026.478	-
<b>Total</b>	<b>15.026.482</b>	<b>-</b>	<b>15.026.478</b>	<b>-</b>

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	-	253.252	-	16.265
Swap transactions	53.581	2.476.900	5.418	2.324.636
Futures transactions	-	-	-	-
Options	-	17.354	335	535
Other	-	-	-	-
<b>Total</b>	<b>53.581</b>	<b>2.747.506</b>	<b>5.753</b>	<b>2.341.436</b>

(3) Information on banks and other financial institutions:

Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	198.326	161.798	145.365	111.752
Foreign banks	105.326	3.041.390	103.818	1.784.716
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>303.652</b>	<b>3.203.188</b>	<b>249.183</b>	<b>1.896.468</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(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
Treasury bills, government bonds and similar securities	15.420.231	19.885.313	6.842.329	20.028.890
<b>Total</b>	<b>15.420.231</b>	<b>19.885.313</b>	<b>6.842.329</b>	<b>20.028.890</b>

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
Treasury bills, government bonds and similar securities	41.991	-	245.865	-
<b>Total</b>	<b>41.991</b>	<b>-</b>	<b>245.865</b>	<b>-</b>

b) Information on financial assets at fair value through other comprehensive income portfolio:

	Current Period	Prior Period
Debt securities	61.288.978	58.644.550
<i>Quoted on a stock exchange</i>	61.288.978	58.644.550
<i>Not quoted</i>	-	-
Equity Securities	486.163	471.823
<i>Quoted on a stock exchange</i>	424.234	409.893
<i>Not quoted</i>	61.929	61.930
Impairment provision (-)	1.042.056	215.243
<b>Total</b>	<b>60.733.085</b>	<b>58.901.130</b>

(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	534.667	-	522.920	-
<b>Toplam</b>	<b>534.667</b>	<b>-</b>	<b>522.920</b>	<b>-</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

a) Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

Cash Loans	Standard Loans and Other Receivables	Loans and other receivables under close monitoring		
		Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non-specialized loans	319.757.986	20.587.063	15.611	14.837.707
<i>Corporation loans</i>	188.651.424	16.348.205	-	14.830.662
<i>Export loans</i>	10.847.065	174.623	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	4.171.201	37.315	-	-
<i>Consumer loan</i>	73.308.711	1.085.141	14.811	1.891
<i>Credit cards</i>	14.604.177	1.201.430	800	-
<i>Other</i>	28.175.408	1.740.349	-	5.154
Specialized lending	71.428.643	3.527.887	-	44
Other receivables	-	-	-	-
Accruals	5.449.151	1.121.556	686	930.581
<b>Total</b>	<b>396.635.780</b>	<b>25.236.506</b>	<b>16.297</b>	<b>15.768.332</b>

12 Months Expected Loss Provision	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	1.926.110	2.264.550	-	-
Significant Increase in Credit Risk	-	-	2.663.561	3.318.508

In the current period, the decrease in the Bank's expected loss provisions balance occurred due to the decrease in the risk levels of some customers.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

c) Information on consumer loans, individual credit cards, personnel loans and credit cards<sup>(\*)</sup>:

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Consumer loans-TRY	433.501	72.121.750	72.555.251
<i>Real estate loans</i>	4.782	47.222.647	47.227.429
<i>Automobile loans</i>	1.945	466.467	468.412
<i>Consumer loans</i>	426.774	24.432.636	24.859.410
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	4.451.814	795	4.452.609
<i>Installment</i>	1.587.615	795	1.588.410
<i>Non-installment</i>	2.864.199	-	2.864.199
Individual credit cards-FC	203	-	203
<i>Installment</i>	-	-	-
<i>Non-installment</i>	203	-	203
Personnel loans-TRY	23.589	365.876	389.465
<i>Real estate loans</i>	-	95	95
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	23.589	365.781	389.370
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	126.895	-	126.895
<i>Installment</i>	48.986	-	48.986
<i>Non-installment</i>	77.909	-	77.909
Personnel credit cards-FC	29	-	29
<i>Installment</i>	-	-	-
<i>Non-installment</i>	29	-	29
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	1.465.838	-	1.465.838
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>6.501.869</b>	<b>72.488.421</b>	<b>78.990.290</b>

<sup>(\*)</sup> Interest income accruals and discounts are not included in the table above.

<sup>(\*\*)</sup> TRY 18.278 of the overdraft account consists of loans given to personnel.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

c) Information on consumer loans, individual credit cards, personnel loans and credit cards (continued)\*:

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Consumer loans-TRY	482.483	74.674.956	75.157.439
<i>Real estate loans</i>	6.782	48.574.630	48.581.412
<i>Automobile loans</i>	1.816	511.311	513.127
<i>Consumer loans</i>	473.885	25.589.015	26.062.900
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	4.353.228	871	4.354.099
<i>Installment</i>	1.740.821	871	1.741.692
<i>Non-installment</i>	2.612.407	-	2.612.407
Individual credit cards-FC	214	-	214
<i>Installment</i>	-	-	-
<i>Non-installment</i>	214	-	214
Personnel loans-TRY	20.915	343.481	364.396
<i>Real estate loans</i>	-	102	102
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	20.915	343.379	364.294
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	131.241	-	131.241
<i>Installment</i>	46.527	-	46.527
<i>Non-installment</i>	84.714	-	84.714
Personnel credit cards-FC	43	-	43
<i>Installment</i>	-	-	-
<i>Non-installment</i>	43	-	43
Overdraft accounts-TRY (Retail customers) (**)	1.318.207	-	1.318.207
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>6.306.331</b>	<b>75.019.308</b>	<b>81.325.639</b>

(\*) Interest income accruals and discounts are not included in the table above.

(\*\*) TRY 27.240 of the overdraft account consists of loans given to personnel.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

d) Information on commercial installments loans and corporate credit cards<sup>(\*)</sup>:

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	684.334	37.470.528	38.154.862
<i>Business premises loans</i>	3.035	788.533	791.568
<i>Automobile loans</i>	35.303	1.030.917	1.066.220
<i>Consumer loans</i>	645.996	35.651.078	36.297.074
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	11.165	11.165
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	11.165	11.165
<i>Other</i>	-	-	-
Commercial installment loans - FC	213.761	32.049.002	32.262.763
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	213.761	32.049.002	32.262.763
<i>Other</i>	-	-	-
Corporate credit cards-TRY	11.226.542	-	11.226.542
<i>Installment</i>	4.332.757	-	4.332.757
<i>Non-installment</i>	6.893.785	-	6.893.785
Corporate credit cards-FC	129	-	129
<i>Installment</i>	-	-	-
<i>Non-installment</i>	129	-	129
Overdraft accounts-TRY (Commercial customers)	3.884.749	-	3.884.749
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>16.009.515</b>	<b>69.530.695</b>	<b>85.540.210</b>

(\*) Interest and income accruals and discounts are not included in table above.

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	479.625	38.139.826	38.619.451
<i>Business premises loans</i>	4.416	805.467	809.883
<i>Automobile loans</i>	26.881	1.002.576	1.029.457
<i>Consumer loans</i>	448.328	36.331.783	36.780.111
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	14.990	14.990
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	14.990	14.990
<i>Other</i>	-	-	-
Commercial installment loans - FC	28.217	27.519.321	27.547.538
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	28.217	27.519.321	27.547.538
<i>Other</i>	-	-	-
Corporate credit cards-TRY	10.484.279	-	10.484.279
<i>Installment</i>	4.495.889	-	4.495.889
<i>Non-installment</i>	5.988.390	-	5.988.390
Corporate credit cards-FC	203	-	203
<i>Installment</i>	-	-	-
<i>Non-installment</i>	203	-	203
Overdraft accounts-TRY (Commercial customers)	3.227.895	-	3.227.895
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>14.220.219</b>	<b>65.674.137</b>	<b>79.894.356</b>

(\*) Interest and income accruals and discounts are not included in table above.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

e) Domestic and foreign loans<sup>(\*)</sup>:

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	436.641.317	431.848.690
Foreign loans	1.015.598	978.731
<b>Total</b>	<b>437.656.915</b>	<b>432.827.421</b>

<sup>(\*)</sup>Non-performing loans balance is not included in the table above.

f) Loans granted to subsidiaries and associates:

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	2.415.037	3.164.527
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>2.415.037</b>	<b>3.164.527</b>

g) Specific provisions related to loans or credit-impaired losses (Stage III):

	<b>Current Period</b>	<b>Prior Period</b>
Loans and receivables with limited collectability	697.991	799.164
Loans and receivables with doubtful collectability	337.114	270.090
Uncollectible loans and receivables	9.085.142	9.979.896
<b>Total</b>	<b>10.120.247</b>	<b>11.049.150</b>

The decrease in the expected credit loss allowance balance provided by the Bank for the Stage 3 Loans is due to the effect of the decrease in the NPL balance.

h) Information on non-performing loans (Net):

h.1. Information on non-performing loans and restructured loans:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and</b>	<b>Loans and</b>	<b>Uncollectible</b>
	<b>receivables with</b>	<b>receivables with</b>	<b>loans and</b>
	<b>limited</b>	<b>doubtful</b>	<b>receivables</b>
	<b>collectability</b>	<b>collectability</b>	
<b>Current period</b>			
Gross amounts before the specific provisions	<b>332.027</b>	<b>72.035</b>	<b>1.121.798</b>
Rescheduled loans and other receivables	332.027	72.035	1.121.798
<b>Prior period</b>			
Gross amounts before the specific provisions	<b>332.359</b>	<b>73.605</b>	<b>2.041.846</b>
Rescheduled loans and other receivables	332.359	73.605	2.041.846

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

h) Information on non-performing loans (Net) (continued):

h.2. Information on the movement of non-performing loans:

**Current Period:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
Current period end balance	2.333.051	637.011	13.947.732
Additions (+)	575.075	6.194	68.481
Transfers from other categories of loans under non-performing (+)	-	586.622	350.465
Transfers to other categories of loans under non-performing (-)	635.761	301.326	-
Collections (-)*	118.873	97.670	1.521.921
Write-offs (-)	-	-	7.379
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>2.153.492</b>	<b>830.831</b>	<b>12.837.378</b>
Provision (-)	697.991	337.114	9.085.142
<b>Net balance on balance sheet</b>	<b>1.455.501</b>	<b>493.717</b>	<b>3.752.236</b>

\* 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.

**Prior Period:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
Prior period end balance	2.811.379	4.508.885	8.599.817
Additions (+)	3.530.141	148.504	1.630.758
Transfers from other categories of loans under non-performing (+)	-	2.314.879	5.820.793
Transfers to other categories of loans under non-performing (-)	3.181.201	4.954.471	-
Collections (-)*	827.268	1.380.786	1.510.321
Write-offs (-)	-	-	593.315
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>2.333.051</b>	<b>637.011</b>	<b>13.947.732</b>
Provision (-)	799.164	270.090	9.979.896
<b>Net balance on balance sheet</b>	<b>1.533.887</b>	<b>366.921</b>	<b>3.967.836</b>

\* 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.



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

h) Information on non-performing loans (Net) (continued):

h.3. Information on foreign currency non-performing loans and other receivables<sup>(\*)</sup>:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current period</b>			
Balance at the end of the period	929.808	16.515	3.206.937
Provisions(-)	325.169	9.759	2.598.615
<b>Net balance in the balance sheet</b>	<b>604.639</b>	<b>6.756</b>	<b>608.322</b>
<b>Prior period</b>			
Balance at the end of the period	924.035	79.645	4.218.214
Provisions(-)	296.121	34.662	3.466.879
<b>Net balance in the balance sheet</b>	<b>627.914</b>	<b>44.983</b>	<b>751.335</b>

<sup>(\*)</sup>Discounts are not included.

h.4. Gross and net amounts of non-performing loans according to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current period (Net)</b>	<b>1.455.501</b>	<b>493.717</b>	<b>3.752.236</b>
Loans to granted real persons and legal entities (Gross)	2.153.492	830.831	12.837.378
Provisions (-)	697.991	337.114	9.085.142
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.455.501</b>	<b>493.717</b>	<b>3.752.236</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans and receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (Net)</b>	<b>1.533.887</b>	<b>366.921</b>	<b>3.967.836</b>
Loans to granted real persons and legal entities (Gross)	2.333.051	637.011	13.947.732
Specific provisions (-)	799.164	270.090	9.979.896
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.533.887</b>	<b>366.921</b>	<b>3.967.836</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans and receivables (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued):

i) Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V.Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period (Net)</b>	<b>8.414</b>	<b>5.862</b>	<b>592.123</b>
Interest Accruals and Valuation Differences	21.902	23.628	2.094.394
Provision (-)	13.488	17.766	1.502.271
<b>Prior Period (Net)</b>	<b>10.059</b>	<b>7.549</b>	<b>659.036</b>
Interest Accruals and Valuation Differences	23.383	25.850	2.136.175
Provision (-)	13.324	18.301	1.477.139

j) Main guidelines of the liquidation policy of the Bank about the uncollectible loans and receivables:

The Bank liquidates its uncollectible receivables through three methods. These are by signing financial restructuring contract under the Law No: 4743, 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.

k) Explanations on write-off policy:

As per the provisions of TFRS 9 Financial Instruments Standard and the Provisions Communique 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.

The Bank derecognised a 5th group non-performing loan amounting to TRY 7.379 due to lack of reasonable expectations in the current period, and this derecognition has no effect on the NPL ratio. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 593.315 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 3.84% to 3.72% after the loans were written off in accordance with the related the Regulation of Allowance.)

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(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
Bills	-	-	-	-
Government bonds and other securities	48.677.567	21.148.098	31.097.699	20.519.825
<b>Total</b>	<b>48.677.567</b>	<b>21.148.098</b>	<b>31.097.699</b>	<b>20.519.825</b>

a.2. Financial assets measured at amortised cost investments subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar	8.046.355	2.688.953	18.884.916	1.995.236
<b>Total</b>	<b>8.046.355</b>	<b>2.688.953</b>	<b>18.884.916</b>	<b>1.995.236</b>

b) Information on public sector debt investments financial assets measured at amortised cost:

	Current Period	Prior Period
Government bonds	88.180.060	83.751.989
Treasury bills	-	-
Other public sector debt securities	803.612	818.523
<b>Total</b>	<b>88.983.672</b>	<b>84.570.512</b>

b) Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt securities	89.034.192	84.621.031
<i>Quoted on a stock exchange</i>	89.034.192	84.621.031
<i>Not quoted</i>	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>89.034.192</b>	<b>84.621.031</b>

d) Movement of financial assets measured at amortised cost within the year:

	Current Period	Prior Period
Beginning balance	84.621.031	72.208.355
Foreign currency differences on monetary assets	1.902.329	5.473.915
Purchases during the year	5.129.496	20.575.242
Disposals through sales and redemptions <sup>(1)</sup>	(2.618.664)	(13.636.481)
Impairment provision (-)	-	-
<b>Balance at the end of the period</b>	<b>89.034.192</b>	<b>84.621.031</b>

<sup>(1)</sup> The difference between the discount amount of TRY 14.213.979 as of March 31, 2021 and the amount of discount amount of TRY 14.515.145 as of 31 December 2020 is shown in the line disposed by sales and redemption.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(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. Demir-Halkbank NV <sup>(1)</sup>	Hollanda	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Ankara	31,47	33,12
3. Kredi Kayıt Bürosu AŞ <sup>(2)</sup>	İstanbul	18,18	18,18
4. Platform Ortak Kartlı Sistemler AŞ	İstanbul	20,00	20,00
5. Bileşim Finansal Teknolojiler ve Ödeme Sis. AŞ <sup>(2)</sup>	İstanbul	33,33	33,33
6. Keskinöğlü Tavukçuluk ve Damızlık AŞ <sup>(2)</sup>	Manisa	23,46	23,46

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 <sup>(3)</sup>
1.	15.596.713	2.372.892	34.739	87.577	3.327	22.349	18.042	709.762
2.	53.989	52.987	34	1.556	-	346	(99)	-
3.	396.297	246.375	220.774	5.527	-	15.770	11.740	-
4.	5.250	5.250	-	-	-	-	-	-
5.	198.358	158.678	18.202	4.484	-	2.848	(317)	-
6.	447.440	(339.484)	173.717	447	-	(32.944)	(130.185)	-

<sup>(1)</sup> The financial data is obtained from 31 March 2021 financial statements used in consolidation.

<sup>(2)</sup> The financial data is obtained from unaudited 31 March 2021 financial statement .

<sup>(3)</sup> Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 March 2021.

(7) Information on associates (Net) (continued):

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	752.310	507.786
Movements during the period	92.768	244.524
<i>Purchases</i>	57.243	34.992
<i>Bonus shares obtained profit from current year's share</i>	-	12.709
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	(5.112)
<i>Transfers</i>	-	10.369
<i>Revaluation decrease (-) / increase</i>	35.525	191.566
<i>Impairment provisions (-)/ reversals</i>	-	-
<b>Balance at the end of the period</b>	<b>845.078</b>	<b>752.310</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	709.762	674.237
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	11.518	11.518
Other non- financial investments	123.798	66.555

e) Associates quoted on a stock exchange:

None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries<sup>(1)</sup>:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka A.D., Skopje	Halk Faktöring AŞ	Halkbank A.D. Beograd	Halk Varlık Kiralama AŞ
<b>COMMON EQUITY</b>							
<b>TIER I CAPITAL</b>							
Paid in Capital	104.000	970.000	323.000	600.732	96.000	213.395	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	49.945	-	11.633	-	99.004	-
Reserves	96.806	75.558	18.181	682.970	108.020	605.959	2.238
Other Comprehensive Income according to TAS	18.481	1.063.258	-	9.221	10	22.387	-
<b>Profit / Loss</b>	<b>75.468</b>	<b>43.431</b>	<b>6.619</b>	<b>77.201</b>	<b>39.940</b>	<b>87.274</b>	<b>82</b>
<i>Net Profit</i>	64.517	10.882	11.654	20.562	28.551	16.780	82
<i>Prior Period Profit/Loss</i>	10.951	32.549	(5.035)	56.639	11.389	70.494	-
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 (-)	-	-	94	613	-	154	-
Leasehold Improvements (-)	-	1.556	-	14.754	-	7.452	-
Intangible Assets (-)	2.413	345	1.671	26.677	2.512	25.307	1
<b>Total Core Capital</b>	<b>292.342</b>	<b>2.200.291</b>	<b>346.035</b>	<b>1.339.713</b>	<b>241.458</b>	<b>995.106</b>	<b>2.419</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>	<b>50.760</b>	<b>18.796</b>	<b>7.985</b>	<b>13.903</b>	<b>-</b>
<b>CAPITAL</b>	<b>292.342</b>	<b>2.200.291</b>	<b>396.795</b>	<b>1.358.509</b>	<b>249.443</b>	<b>1.009.009</b>	<b>2.419</b>
<b>NET AVAILABLE CAPITAL</b>	<b>292.342</b>	<b>2.200.291</b>	<b>396.795</b>	<b>1.358.509</b>	<b>249.443</b>	<b>1.009.009</b>	<b>2.419</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 31 March 2021.

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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(8) Information on subsidiaries (Net) (continued):

a) Information on subsidiaries (continued):

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) 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	İstanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ <sup>(2) (3)</sup>	İstanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	İstanbul	100,00	100,00
4. Halk Banka AD, Skopje	Makedonya	99,40	99,40
5. Halk Faktoring AŞ	İstanbul	97,50	99,99
6. Halkbank A.D. Beograd	Sırbistan	100,00	100,00
7. Halk Varlık Kiralama AŞ	İstanbul	100,00	100,00

c) Information related to the subsidiaries as shown in (b) <sup>(1)</sup>:

	Total Shareholders' assets	Total fixed equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Fair Value
1.	780.813	294.755	18.914	51.421	3.392	64.517	35.162	396.329
2.	2.781.345	2.174.846	1.953.068	2.257	-	10.882	15.999	2.226.729
3.	4.224.371	347.706	4.268	89.604	-	11.654	10.791	395.629
4.	10.406.812	1.381.144	435.688	76.392	3.253	20.562	13.889	1.341.654
5.	1.184.644	243.970	6.119	91.341	-	28.551	35.544	320.679
6.	6.957.150	1.027.865	130.400	53.579	8.108	16.780	8.999	908.628
7.	863.414	2.420	9	-	-	82	143	3.262

<sup>(1)</sup> The financial data is obtained from 31 March 2021 financial statements used in consolidation.

<sup>(2)</sup> Halk Gayrimenkul Yatırım Ortaklığı AŞ is valued at stock price.

<sup>(3)</sup> 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 İstanbul AŞ.

d) Movement of the subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>5.497.082</b>	<b>3.241.881</b>
Movements during the period	95.828	2.255.201
Purchase <sup>(1)</sup>	159	148.506
Bonus shares obtained profit from current year's share	-	30.224
Dividends from current year income	-	-
Sales	-	(56.003)
Transfer <sup>(1)</sup>	-	(27.997)
Revaluation increase/decrease	95.669	2.160.471
Impairment Provisions (-)/ Reversals	-	-
<b>Balance at the end of the period</b>	<b>5.592.910</b>	<b>5.497.082</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> In the current period, the Bank has increased its share ratio to 100% by purchasing 0.04% of Halk Yatırım Menkul Değerler AŞ for a price of TRY 159.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(8) Information on subsidiaries (Net) (continued):

e) Sectorial information on subsidiaries and the related carrying amounts:

	<b>Current Period</b>	<b>Prior Period</b>
Banks	2.250.282	2.140.652
Insurance companies	-	-
Factoring companies	320.679	320.679
Leasing companies	395.629	395.629
Financing companies	-	-
Other financial subsidiaries	2.626.320	2.640.122
Other non-financial subsidiaries	-	-

f) Subsidiaries quoted in the stock exchange:

	<b>Current Period</b>	<b>Prior Period</b>
Quoted to domestic stock <sup>(1)</sup>	2.226.729	2.240.689
Quoted foreign stock exchange	-	-

<sup>(1)</sup> 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 İstanbul 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 investment property:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cost:</b>		
Opening Balance	435.639	434.764
Acquisitions	-	875
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>435.639</b>	<b>435.639</b>
<b>Accumulated Depreciation (-)</b>		
Opening Balance	81.992	78.737
Amortization Charge	824	3.255
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
<b>Total Accumulated Depreciation (-)</b>	<b>82.816</b>	<b>81.992</b>
<b>Net Book Value</b>	<b>352.823</b>	<b>353.647</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(13) Information on tax assets:

Please refer to Section 5 Explanations related to the Liabilities, footnote (9).

(14) Information on assets held for sale and held from discontinued operations:

None.

(15) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 4.309.373 and does not exceed 10% of the balance sheet total (31 December 2020: TRY 4.395.340).



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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	11.501.915	-	8.431.636	65.590.429	8.465.403	3.954.908	2.954.401	130.819	101.029.511
Foreign currency deposits	30.194.787	-	18.835.417	102.103.098	4.720.658	3.576.551	8.345.268	13.970	167.789.749
<i>Residents in Turkey</i>	26.363.674	-	18.498.468	97.868.790	4.223.569	2.458.437	4.423.863	13.351	153.850.152
<i>Residents abroad</i>	3.831.113	-	336.949	4.234.308	497.089	1.118.114	3.921.405	619	13.939.597
Public sector deposits	5.403.424	-	3.902.224	4.405.445	521.218	328.203	14.460	-	14.574.974
Commercial inst. deposits	10.826.364	-	33.900.415	39.678.967	2.025.088	1.342.750	3.147.925	-	90.921.509
Other inst. deposits	1.028.590	-	2.257.092	18.441.769	3.357.434	1.459.769	5.772.578	-	32.317.232
Precious metals	18.027.148	-	110.102	3.357.897	153.772	77.126	141.716	-	21.867.761
Interbank deposits	10.833.254	-	21.225.070	11.020.080	43.663	-	-	-	43.122.067
<i>CBRT</i>	-	-	-	-	-	-	-	-	-
<i>Domestic banks</i>	163.732	-	20.825.453	7.977.364	43.663	-	-	-	29.010.212
<i>Foreign banks</i>	9.196.182	-	399.617	2.798.190	-	-	-	-	12.393.989
<i>Participation banks</i>	1.473.340	-	-	244.526	-	-	-	-	1.717.866
<b>Total</b>	<b>87.815.482</b>	<b>-</b>	<b>88.661.956</b>	<b>244.597.685</b>	<b>19.287.236</b>	<b>10.739.307</b>	<b>20.376.348</b>	<b>144.789</b>	<b>471.622.803</b>

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	11.028.158	-	10.547.317	61.271.001	4.063.473	894.825	1.528.413	123.289	89.456.476
Foreign currency deposits	32.388.126	-	14.493.218	96.236.799	4.090.991	3.154.734	7.608.486	13.273	157.985.627
<i>Residents in Turkey</i>	28.386.432	-	14.179.996	92.415.789	3.611.688	1.929.613	4.390.421	12.693	144.926.632
<i>Residents abroad</i>	4.001.694	-	313.222	3.821.010	479.303	1.225.121	3.218.065	580	13.058.995
Public sector deposits	3.708.109	-	13.485.208	4.173.024	442.413	161.066	13.676	-	21.983.496
Commercial inst. deposits	11.820.116	-	32.587.470	49.309.349	825.344	604.306	2.994.737	-	98.141.322
Other inst. deposits	1.105.021	-	3.660.760	20.127.802	2.481.584	452.782	4.469.915	-	32.297.864
Precious metals	18.324.815	-	134.150	3.375.240	382.651	75.080	147.787	-	22.439.723
Interbank deposits	9.601.355	-	14.584.786	10.645.338	150.308	-	-	-	34.981.787
<i>CBRT</i>	-	-	-	-	-	-	-	-	-
<i>Domestic banks</i>	86.802	-	12.009.319	7.107.240	150.308	-	-	-	19.353.669
<i>Foreign banks</i>	7.035.553	-	111.316	3.315.793	-	-	-	-	10.462.662
<i>Participation banks</i>	2.479.000	-	2.464.151	222.305	-	-	-	-	5.165.456
<b>Total</b>	<b>87.975.700</b>	<b>-</b>	<b>89.492.909</b>	<b>245.138.553</b>	<b>12.436.764</b>	<b>5.342.793</b>	<b>16.763.014</b>	<b>136.562</b>	<b>457.286.295</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

(1) Information on maturity structure of deposits / funds collected (continued):

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	43.159.172	40.394.097	57.629.319	48.828.336
Foreign currency saving deposits	27.588.401	28.680.997	71.994.085	66.880.922
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	440.115	410.927	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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	249.383	235.014
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	3.269	3.213
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 Turkey	-	-

(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	-	45.016	-	26.206
Swap transactions	16.871	513.656	19.744	480.510
Future transactions	-	-	-	-
Options	375	19.397	369	7.212
Other	-	-	-	-
<b>Total</b>	<b>17.246</b>	<b>578.069</b>	<b>20.113</b>	<b>513.928</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

(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	376.932	1.471.496	380.664	1.564.665
Foreign banks, institutions and funds	-	8.530.930	-	8.441.670
<b>Total</b>	<b>376.932</b>	<b>10.002.426</b>	<b>380.664</b>	<b>10.006.335</b>

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	371.685	200.443	380.359	212.013
Medium and long-term	5.247	9.801.983	305	9.794.322
<b>Total</b>	<b>376.932</b>	<b>10.002.426</b>	<b>380.664</b>	<b>10.006.335</b>

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 21,42% of saving deposits and 35,58% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 40,82% of bank deposits and 44,26% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	4.529.470	-	3.551.547	-
Bonds	1.097.301	4.113.282	1.078.233	7.553.277
Assets Backed Securities	1.011.368	-	1.011.622	-
<b>Total</b>	<b>6.638.139</b>	<b>4.113.282</b>	<b>5.641.402</b>	<b>7.553.277</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

- (5) Information on other liabilities:

Other liabilities balance does not exceed 10% of the balance sheet total.

(31 December 2020: Other liabilities balance does not exceed 10% of the balance sheet total).

- (6) 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:

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 2020: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	21.088	16.660	28.613	28.545
1 - 4 years	291.317	252.017	259.499	227.436
More than 4 years	882.609	599.964	738.599	526.905
<b>Total</b>	<b>1.195.014</b>	<b>868.641</b>	<b>1.026.711</b>	<b>782.886</b>

- (7) Information on derivative financial liabilities for hedging purposes:

None.

- (8) 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 March 2021 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2020: None).

- b) Specific provisions provided for unindemnified non-cash loans:

As of 31 March 2021, the Bank's specific provision for unindemnified non-cash loans balance is TRY 148.421 (31 December 2020: TRY 150.942).

- c) Information on other provisions:

Total other provision balance amounting to TRY 567.621 (31 December 2020: TRY 615.302) consists of TRY 148.421 (31 December 2020: TRY 150.942) for specific provisions of unindemnified and unfunded non-cash loans, TRY 224.210 (31 December 2020: 306.224) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 94.040 (31 December 2020: TRY 94.052) for legal cases filed against the Bank, and TRY 100.950 (31 December 2020: TRY 64.084) of other provisions.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

(9) Explanations related to tax liabilities (continued):

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 March 2021, the Bank's calculated current tax asset is amounting to TRY 333.159 and recognized under corporate tax provision account as of the mentioned date (31 December 2020: TRY 326.239 corporate tax asset).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	-	-
Income on securities tax	675.645	475.152
Property income tax	1.357	1.136
Banking and insurance transactions tax (BITT)	184.849	153.656
Foreign exchange transactions tax	7.601	9.021
Value added tax payable	-	-
Other	107.271	51.929
<b>Total</b>	<b>976.723</b>	<b>690.894</b>

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	31	21
Social insurance premiums-employer	41	27
Bank social aid pension fund premium-employee	52.606	18.063
Bank social aid pension fund premium-employer	78.831	28.084
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	3.772	1.279
Unemployment insurance-employer	7.513	2.526
Other	702	362
<b>Total</b>	<b>143.496</b>	<b>50.362</b>

b) Information on deferred tax liability:

	Current Period	Prior Period
<b>Deffered Tax Asset/(Liability)</b>		
Provisions <sup>(1)</sup>	1.264.210	1.501.262
Valuation of Financial Assets	(1.979.691)	(1.324.198)
Other	641.609	(508.816)
<b>Net Deffered Tax Asset (Liability)</b>	<b>(73.872)</b>	<b>(331.752)</b>
<b>Deffered Tax Accounting Under Equity</b>	<b>146.259</b>	<b>(86.970)</b>
Fair Value of Security Internal Efficiency Market Value Difference Through Other Comprehensive Income	285.973	53.300
Actuarial Loss / Earning	34.772	34.772
Real Estate Revaluation	(174.486)	(175.042)

<sup>(1)</sup> Consists of employee rights obligations and other provisions.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

(10) Information on liabilities regarding assets held for sale and discontinued operations:

None.

(11) 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	-	9.393.069	-	8.824.063
Subordinated loans	-	9.393.069	-	8.824.063
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.020.511	-	6.036.525	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	6.020.511	-	6.036.525	-
<b>Total</b>	<b>6.020.511</b>	<b>9.393.069</b>	<b>6.036.525</b>	<b>8.824.063</b>

(\* Detailed information is disclosed in Section Four Footnote I.

(12) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Curren Period	Prior Period
Common stock	2.473.776	2.473.776
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 10.000.000.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period.

None.

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 January 1 - March 31, 2021, the Bank did not repurchase or sell any shares.

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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

(12) Information on shareholders' equity (continued):

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	2.071.936	729.066	2.085.896	696.265
Valuation differences	2.071.936	729.066	2.085.896	696.265
Exchange rate difference	-	-	-	-
Financial assets at fair value through other comprehensive income	(996.669)	(260.033)	(77.633)	(230.418)
Valuation differences	(996.669)	(262.309)	(77.633)	(228.348)
Exchange rate difference	-	2.276	-	(2.070)
<b>Total</b>	<b>1.075.267</b>	<b>469.033</b>	<b>2.008.263</b>	<b>465.847</b>

13) The Ordinary General Assembly Meeting of the Bank was held on March 26, 2021.

At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 2.470.043 to extraordinary reserves, after allocating TRY 130.002 of the unconsolidated net profit amounting to TRY 2.600.045 from the activities of the year 2020 as general legal reserves. In addition, in accordance with TFRS 9, the 75% exception amount in the article 5/1/e of the Corporate Tax Law No. 5520 of the sales gain obtained from the sales of the partnerships monitored with their fair values will continue to be monitored in the special funds account.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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:

<b>Types of irrevocable commitments</b>	<b>Current Period</b>	<b>Prior Period</b>
Commitments for credit card expenditure limits	30.031.320	27.941.932
Payment commitments for cheques	5.428.475	4.472.298
Loan granting commitments	4.605.370	4.594.177
Forward asset purchase and sale commitments	983.537	1.826.745
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	24.197	22.752
Tax and fund liabilities from export commitments	119.423	124.240
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	5.000.732	4.948.441
<b>Total</b>	<b>46.193.054</b>	<b>43.930.585</b>

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:

	<b>Current Period</b>	<b>Prior Period</b>
Letters of credit	2.893.763	2.408.221
Bank acceptances	7.512.670	6.495.595
Other guarantees	5.848.276	4.824.419
<b>Total</b>	<b>16.254.709</b>	<b>13.728.235</b>

b.2. Certain guarantees, tentative guarantees, sureties and similar transactions:

	<b>Current Period</b>	<b>Prior Period</b>
Letters of certain guarantees	19.348.938	16.981.843
Letters of advance guarantees	5.476.164	5.104.565
Letters of tentative guarantees	1.690.791	2.215.108
Letters of guarantee given to customs offices	2.900.520	2.706.440
Other letters of guarantee	78.546.933	73.819.146
<b>Total</b>	<b>107.963.346</b>	<b>100.827.102</b>

c) Total non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans for providing cash loans	12.876.019	12.107.654
<i>Within one year or less original maturity</i>	994.645	786.030
<i>Within more than one year maturity</i>	11.881.374	11.321.624
Other non-cash loans	111.342.036	102.447.683
<b>Total</b>	<b>124.218.055</b>	<b>114.555.337</b>



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION V: EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS (continued)**

(1) Information on off-balance sheet liabilities (continued):

d) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 5.428.475 (31 December 2020: TRY 4.472.298).

e) Services provided on behalf of others:

None.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**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
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	2.328.548	56.653	1.387.273	112.804
Medium and long term loans	7.533.856	1.320.572	5.636.051	1.350.825
Interest on non-performing loans	45.368	-	300.968	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>9.907.772</b>	<b>1.377.225</b>	<b>7.324.292</b>	<b>1.463.629</b>

<sup>(1)</sup> Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	189.793	-	23.216	-
Domestic banks	7.978	101	5.749	588
Foreign banks	3.260	1.081	2.963	872
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>201.031</b>	<b>1.182</b>	<b>31.928</b>	<b>1.460</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Financial Assets at Fair Value through Profit or Loss	1.403	20	397	-
Financial Assets at Fair Value through Other Comprehensive Income	1.173.893	135.729	629.923	25.093
Financial Assets Measured at Amortized Cost	1.998.861	346.276	1.935.574	276.589
<b>Total</b>	<b>3.174.157</b>	<b>482.025</b>	<b>2.565.894</b>	<b>301.682</b>

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	60.158	38.776

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	10.597	29.025	14.428	55.288
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	10.597	7.908	14.428	16.501
<i>Overseas banks</i>	-	21.117	-	38.787
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	2	5.850	2	5.240
<b>Total</b>	<b>10.599</b>	<b>34.875</b>	<b>14.430</b>	<b>60.528</b>

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	18.909	125.505

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	464.964	204.052	423.845	189.948
<b>Total</b>	<b>464.964</b>	<b>204.052</b>	<b>423.845</b>	<b>189.948</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Account name	Current Period		Time deposits					Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TRY</b>									
Bank deposits	75	624.790	199.592	6.962	-	-	-	831.419	
Saving deposits	11	431.146	2.607.885	214.807	54.399	78.068	2.856	3.389.172	
Public deposits	11	298.773	121.334	13.183	5.390	457	-	439.148	
Commercial deposits	7	1.426.588	1.872.500	56.454	39.788	243.959	-	3.639.296	
Other deposits	-	155.279	744.322	115.239	38.422	69.090	-	1.122.352	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>104</b>	<b>2.936.576</b>	<b>5.545.633</b>	<b>406.645</b>	<b>137.999</b>	<b>391.574</b>	<b>2.856</b>	<b>9.421.387</b>	
<b>Foreign currency</b>									
Deposits	23	64.875	482.880	17.312	11.979	21.334	-	598.403	
Bank deposits	-	6.542	36.831	24	-	-	-	43.397	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	144	3.438	272	68	155	-	4.077	
<b>Total</b>	<b>23</b>	<b>71.561</b>	<b>523.149</b>	<b>17.608</b>	<b>12.047</b>	<b>21.489</b>	<b>-</b>	<b>645.877</b>	
<b>Grand total</b>	<b>127</b>	<b>3.008.137</b>	<b>6.068.782</b>	<b>424.253</b>	<b>150.046</b>	<b>413.063</b>	<b>2.856</b>	<b>10.067.264</b>	

Account name	Prior Period		Time deposits					Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TRY</b>									
Bank deposits	35	267.475	84.830	153	257	-	-	352.750	
Saving deposits	11	82.446	1.195.056	156.963	21.764	152.852	2.926	1.612.018	
Public deposits	18	145.906	62.773	8.455	10.067	331	-	227.550	
Commercial deposits	4	476.416	712.619	48.402	12.539	182.097	-	1.432.077	
Other deposits	-	22.005	205.524	61.747	24.220	49.286	-	362.782	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>68</b>	<b>994.248</b>	<b>2.260.802</b>	<b>275.720</b>	<b>68.847</b>	<b>384.566</b>	<b>2.926</b>	<b>3.987.177</b>	
<b>Foreign currency</b>									
Deposits	15	9.311	184.273	14.120	9.182	21.070	-	237.971	
Bank deposits	4	36.589	-	-	-	-	-	36.593	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	38	1.910	463	134	253	-	2.798	
<b>Total</b>	<b>19</b>	<b>45.938</b>	<b>186.183</b>	<b>14.583</b>	<b>9.316</b>	<b>21.323</b>	<b>-</b>	<b>277.362</b>	
<b>Grand total</b>	<b>87</b>	<b>1.040.186</b>	<b>2.446.985</b>	<b>290.303</b>	<b>78.163</b>	<b>405.889</b>	<b>2.926</b>	<b>4.264.539</b>	

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(3) a) Information on trading profit/loss:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>30.756.944</b>	<b>13.202.269</b>
Profit from the capital market transactions	23.549	141.185
Profit on derivative financial transactions	4.786.113	3.216.516
Foreign exchange gains	25.947.282	9.844.568
<b>Loss (-)</b>	<b>31.398.483</b>	<b>14.468.262</b>
Loss from the capital market transactions	561	61.373
Loss from derivative financial transactions	3.140.501	1.924.454
Foreign exchange losses	28.257.421	12.482.435

As of 31 March 2021, necessary adjustments have been made in the TRY yield curves used in the valuation of derivative transactions, since they do not fully reflect market conditions.

(4) Information on other operating income:

	<b>Current Period</b>	<b>Prior Period</b>
Adjustments for prior period expenses	3.274.169	500.559
Income from the asset sale	61.779	91.392
Rent income	14.945	11.714
Other income	10.293	9.531
<b>Total</b>	<b>3.361.186</b>	<b>613.196</b>

(5) Impairment losses on loans and other receivables:

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Losses	1.245.835	2.326.409
<i>12 Month Expected Credit Loss (Stage 1)</i>	<i>125.262</i>	<i>181.919</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>493</i>	<i>913.285</i>
<i>Non – Performing Loans (Stage 3)</i>	<i>1.120.080</i>	<i>1.231.205</i>
Marketable Securities Impairment Expense	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	-	141.078
<b>Total</b>	<b>1.245.835</b>	<b>2.467.487</b>

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(6) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	51.498	38.571
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	109.748	93.068
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	36.963	12.247
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	4.286	4.958
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	534.583	516.680
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>27.018</i>	<i>18.083</i>
<i>Maintenance expenses</i>	<i>10.702</i>	<i>12.627</i>
<i>Advertisement expenses</i>	<i>43.021</i>	<i>20.176</i>
<i>Other expenses</i>	<i>453.842</i>	<i>465.794</i>
Loss on sales of assets	188	198
Other	414.712	338.645
<b>Total</b>	<b>1.151.978</b>	<b>1.004.367</b>

(7) Information on profit/loss from continuing and discontinued operations before taxes:

The Bank's income before tax is due from continuing activities. The amount of profit before tax consists TRY (99.406) (31 March 2020: TRY 5.287.653 net interest income) of net interest expense and TRY 724.118 (31 March 2020: TRY 721.476) of net fees and commissions income. The profit from continuing operations before tax of the Bank is amounting to TRY 38.117 (31 March 2020: TRY 989.328).

(8) Information on tax provisions for continuing and discontinued operations:

For the period then ended 31 March 2021, the Bank's tax provision income amounting to TRY 20.918 (31 March 2020: TRY 164.243 tax provision expense) consists of TRY 3.733 (31 March 2020: TRY 2.117) of current tax charge and TRY 1.276.046 (31 March 2020: TRY 684.793) of deferred tax charge, TRY 1.300.697 (31 March 2020: TRY 522.667) of deferred tax income.

(9) Information on net income/expense from continuing and discontinued operations after tax:

As of 31 March 2021, the Bank's net operating income after tax is amounting to TRY 59.035 (31 March 2020: TRY 825.085).

(10) Information on net profit/loss:

a) Income and expenses from ordinary banking operations:

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.

(11) 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.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**V. 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 and other receivables					
Beginning balance	3.128.930	264.217	-	-	-	-
Closing balance	2.415.037	257.042	-	-	-	-
Interest and commissions income	60.158	373	-	-	-	-

**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 and other receivables					
Beginning balance	2.331.642	313.114	-	-	-	-
Closing balance	3.128.930	264.217	-	-	-	-
Interest and commissions income	38.776	581	-	-	-	-

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	458.773	3.574.573	-	-	-	-
Closing Balance	907.779	458.773	-	-	-	-
Interest expense on deposits	18.909	122.798	-	-	-	-

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK (continued)**

(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 (continued):

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
<b>Financial Assets At Fv Through Profit And Loss</b>					
Beginning balance	-	17.918	-	-	-
Closing Balance	-	-	-	-	-
Total Profit/Loss	15.320	(40)	-	-	-

(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 A.Ş. 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:

	Amount	% compared to the amounts in the financial statements
Cash loans	2.415.037	0,55
Non-cash loans	257.042	0,21
Deposits	907.779	0,19
Forward and option contracts	-	-

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 3.286 as of 31 March 2021 (31 December 2020: TRY 2.548).



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**VI. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS**

In accordance with the Law on the Procedure of Collection of Public Receivables and the Law Amending Certain Laws published in the Official Gazette dated April 22, 2021 and numbered 31462, the corporate tax rate is currently applied as 20%. To be valid for the taxation period starting from January 1, 2021, starting from the declarations that must be submitted as of July 1, 2021, 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period will be applied.

**VII. OTHER EXPLANATIONS**

On 15 October 2019, 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 Iranian sanction violations.

First, the Bank applied to the District Court on 4 November 2019, and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On 5 December 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 Court of Appeals for the Second Circuit on 17 December 2019. On 21 February 2020, the Second Circuit denied Bank's objection.

In the meeting held by the Bank's Board of Directors on 27 March 2020, it was decided to attend the District Court hearing on 31 March 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Bank.

At the hearing on 31 March 2020, the District Court decided to postpone the hearing initially to 9 June 2020 and subsequently to 30 June 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on 30 June 2020; the schedule regarding the motion to recuse, discovery motions, and filings of other motions were identified. It was decided that the jury trials would begin on 1 March 2021 for which the schedule was revised on 26 October 2020. Accordingly, the jury trials are scheduled to be held on 3 May 2021. In this regard, the Bank filed its recusal motion on 14 July 2020 and its other motions to dismiss the indictment on 10 August 2020 at the District Court.

Bank's recusal motion was denied by the District Court on 24 August 2020 and by the Court of Appeals for the Second Circuit on 23 December 2020.

District Court denied Bank's motion to dismiss the indictment on 1 October 2020. The Bank appealed the Court of Appeals for the Second Circuit through the motion to dismiss the indictment with regard to Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On 23 December 2020, the Court of Appeals for 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 Court of Appeals for the Second Circuit, oral argument was presented on 12 April 2021 and the appeal is still pending. On condition that, the Bank does not prevail at the Court of Appeals for the Second Circuit, a new schedule will be necessary to be created by the District Court for the jury trials.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

**VII. OTHER EXPLANATIONS (continued)**

In addition, a civil case was filed against the Bank on 27 March 2020 with a claim for damages by plaintiffs in the District 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 1 July 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs on 25 September 2020. The case was fully briefed on 16 December 2020. District Court conditionally granted Bank's motion to dismiss, filed on 16 December 2020, on the grounds of forum non conveniens. The case was closed at the District Court on 3 March 2021.

Plaintiffs filed their notice of appeal at the Court of Appeals for the Second Circuit with regard to the District Court's Decision on 17 March 2021. The appeal with regard to the civil case is still pending.

The proceedings of both the criminal case and civil case are closely monitored by the Bank through law firms representing the bank.

The appeal process of the case which resulted in the conviction of the defendant former executive of the Bank, who was released on 19 July 2019 and returned to Turkey, is completed. The decision of the conviction was upheld.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VI: LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON LIMITED REVIEW REPORT**

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 March 2021 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 7 May 2021 is presented in front of the financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR**

None.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VII: INTERIM ACTIVITY REPORT**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES**

**Chairman's Review**

Esteemed Stakeholders,

We are all living through extraordinary times. We have been struggling with the global effects of COVID-19 for more than a year. The coronavirus has redefined the way we manage our health and many of our social habits, and we are deeply experiencing the resulting changes in our routines. Even though the pace of vaccinations accelerates all around the world, the number of cases is still on the rise. This increase is partly caused by the emergence of COVID-19 variants that are even more contagious.

The pandemic has been putting a heavy strain on all economies, and the global banking sector has been no exception. Financial institutions have taken alleviating actions to support the markets and expansionary monetary policies, which facilitated economic activity in the face of the crisis. Although global economic stability has not yet been restored in the first quarter of 2021, optimistic forecasts and data validate our expectations for a stronger recovery later this year.

The US Federal Reserve (Fed) is one of these optimists. The Fed left the interest rate unchanged in the first quarter and later revised its growth forecast for 2021 to 6.5 percent, higher than its original prediction of 4.2 percent. Fed Chair Jerome Powell gave a market-friendly message by declaring that they do not expect the expansionary monetary policy to change and emphasized that the US economy in general, though not all industries, performed better than expected.

The data from the European Union, our largest export market, were also more positive in the first quarter. Although the EU economy contracted by 6.8 percent in 2020, the European Central Bank (ECB) announced its growth forecast for 2021 in the Euro area as 4 percent. Moreover, the signing of the post-Brexit trade deal between the EU and the UK in December last year eased any related tensions and uncertainties. Additionally, growth-oriented 2021 predictions by OECD and IMF, especially for developed economies, further heightened the positive expectations.

Meanwhile, Turkish businesses mostly focused on increasing their foreign exchange revenues. Our exports in the first quarter of 2021 exceeded \$50 billion with a year-on-year increase of 17.3 percent, yielding the highest first-quarter figure of all time. This is achieved thanks to the encouraging steps taken by the public sector and many practices implemented to support the real economy.

During this period, the Turkish government has greatly helped large manufacturers preserve their operations and protect their employees. The government also developed lifeline projects for small businesses which have been hardest hit by the pandemic. The Turkish banking industry has played a key role in meeting the financial needs of our citizens, while state banks were particularly successful in preserving economic activity.

<sup>(\*)</sup> Interim activity report information concerning amounts are consolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES (continued)**

**Chairman's Review (continued)**

At Halkbank, we strived to do our best to provide financial support to various professions and industries in the first quarter of the year. We are the bank of artisans, craftspeople, and SMEs, so we have granted various loan support packages to help them maintain their activities. We have also launched a loan package for female entrepreneurs. Increasing women's economic participation will not only improve diversity in the world of work but also help fight against gender inequality and social discrimination.

Our Bank will continue to work determinedly and in harmony with the real economy, be a driver of public policies, and encourage all institutions in the banking system. I thank all our stakeholders for supporting us in these challenging times.

Sincerely,

R. Süleyman Özdil  
Chairman

<sup>(\*)</sup> Interim activity report information concerning amounts are consolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (continued)**

**General Manager's Review**

Dear Stakeholders,

We started 2021 with a positive outlook for our Bank and our country. As you may recall, Turkey ended 2020 with a 1.8-percent GDP growth, becoming the second-fastest growing G20 member country behind China to expand its economy during the pandemic. In addition, the 5.9 percent growth in the last quarter of 2020 added momentum to this growth and bolstered the economic activity in the first quarter.

The economic stimulus policies, implemented by the Ministry of Treasury and Finance in accordance with the decisions of our President, played a pivotal role in this achievement. In addition to the rise in industrial output, increases in consumption and investment expenditures also led to further growth in the Turkish economy. The Manufacturing PMI index, an important indicator of manufacturer sentiment, has remained above the 50-point threshold at 50.4 for the past 11 months. The index reached 50.4 in April which signaled that growth in manufacturing is to continue.

The swift progress in stimulation and vaccination efforts, especially in the United States, led to positive pricing by international capital markets. The Organization for Economic Co-operation and Development's (OECD) report in March showed that the administration of COVID-19 vaccinations in phases and additional financial stimulus provided by governments in their own countries will help improve the global economic outlook significantly despite supply shortages. OECD also estimates that the Chinese and Turkish economies will grow by 7.8 percent and 5.9 percent, respectively, in 2021. The IMF's growth forecast for the same period for Turkey is 6 percent.

Esteemed Stakeholders,

As Halkbank, we had an active and productive start to 2021 in terms of our business figures thanks to the morale boost from favorable 2020 year-end results. Although we are still affected by the pandemic in the first quarter of the year both globally and nationally, we continue to fulfill our responsibilities toward the Turkish economy. Through our dedication in this quarter, our Bank's total assets rose by 41.1 percent compared to the first quarter of 2020 and reached 692.9 billion Turkish lira, while total deposits grew by 44.1 percent to 471.6 billion Turkish lira. Over the same period, our cash loans rose by 30.3 percent to 453.5 billion Turkish lira, and our total loans increased by 30.8 percent to 577.7 billion Turkish lira.

While our financing services and business partnerships tailored for different professions, sectors and women entrepreneurs left its mark on the first quarter, we focused on stimulating the market through our support packages. Accordingly, we signed the "Paraf Secure Supply Chain Financing" agreement with the Union of Chambers and Commodity Exchanges of Turkey. With this agreement, we not only reduced the non-payment risk faced by sellers to zero but also provided buyers with repayment terms up to 18 months. We also signed a protocol with Ankara Chamber of Commerce (ATO) and provided up to 75,000 Turkish lira support to members under the "Support Package for ATO-Member Insurance Agents and Adjusters." As part of "Support Package for TÜRSAB-Member Travel Agencies," which was formed to minimize the negative impact incurred by tourism companies as a result of the pandemic, we provided up to 100,000 Turkish lira support for cash and non-cash needs of the businesses.

<sup>(\*)</sup> Interim activity report information concerning amounts are consolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (continued)**

**General Manager's Review (continued)**

Another Halkbank product that added momentum to our economy in the first quarter was "Woman Entrepreneur Loan Package." With this product, we provide support of up to 100,000 Turkish lira to facilitate the access of women entrepreneurs to finance. With our Women Entrepreneurs Loan, launched on March 8, on International Women's Day, we have extended loans worth more than 1.8 billion Turkish lira to nearly 20,000 women entrepreneurs, including tradeswomen, in the first quarter. We have taken our efforts towards women entrepreneurs further in this process by establishing the Women Entrepreneurs Department, which is a first in the Turkish banking sector. With the new department, we aim to continue providing advantageous products and services to women entrepreneurs in all financial aspects. We also organized Productive Women Meetings in Istanbul and Bursa, bringing together pioneering women and women entrepreneurs who inspire the society. With these meetings, we aim to share the extraordinary breakthroughs and career stories of women entrepreneurs with Turkey.

Dear Stakeholders,

During this period, our main priority is to maintain the sustainability of our economy and provide a lasting contribution to the fight against this pandemic by meeting the urgent needs of different segments of the society. By creating fast and expedient solutions, we are steadily moving towards our targets we have set in line with our motto, "People-First Banking." We are determined to remain an active player in the field in the coming quarter. We would like to thank you, our esteemed investors, for your unwavering support, and as Halkbank family, express our gratitude for your trust in our Bank.

Sincerely,

Osman Arslan  
CEO  
Türkiye Halk Bankası A.Ş.

<sup>(\*)</sup> Interim activity report information concerning amounts are consolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (continued)**

**Major Financial Information**

<b>Summary Balance</b>			
<b>Sheet (TRY Million)</b>	<b>March 2021</b>	<b>December 2020</b>	<b>Change (%)</b>
Total Assets	710.105	696.215	2,0
Loans	462.912	457.210	1,2
<i>TRY</i>	354.401	353.823	0,2
<i>FC</i>	108.511	103.387	5,0
Marketable Securities	167.604	161.073	4,1
Deposit	483.091	468.062	3,2
<i>TRY</i>	264.099	261.818	0,9
<i>FC</i>	218.992	206.244	6,2
Total Equity	41.951	42.779	(1,9)

<b>Summary Statement of</b>			
<b>Profit or Loss (TRY Million)</b>	<b>March 2021</b>	<b>March 2020</b>	<b>Change (%)</b>
Interest Income	15.469	11.945	29,5
<i>On Loan</i>	11.345	8.830	28,5
<i>On Securities</i>	3.670	2.877	27,6
Interest Expense	15.376	6.388	140,7
<i>On Deposit</i>	10.079	4.157	142,4
Net Interest Income	93	5.557	(98,3)
Net Fee and Commission	836	707	18,3
Net Profit	73	1.136	(93,5)

<b>Ratio (%)</b>	<b>March 2021</b>	<b>December 2020</b>
Cash Loans/Total Asset	65,2	65,7
Non-Performing Loans/Total Cash Loans (Gross)	3,5	3,7
Demand Deposit/Total Deposit	18,7	19,4
Loan/Deposit Ratio	95,8	97,7
Average Return on Asset (ROA)	0,04	0,63
Average Return on Equity (ROE)	0,70	9,85
Capital Adequacy Ratio	13,95	14,56



**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (continued)**

**2021 First Quarter Interim Developments**

**Significant Developments**

- Our Bank has issued bonds with a par value of 5,046,000,000 Turkish lira to the qualified investors throughout this period.

**New Products and Campaigns**

- “The Doctor’s Day Loan” campaign was organized for health industry workers in recognition of Doctor’s Day, commemorated on March 14, and World Health Day, commemorated on April 7.
- A “Loan for Female Entrepreneurs” was established to facilitate and encourage the financing access of female entrepreneurs who have/will set up their first business.
- A protocol was signed between our Bank and the Association of Turkish Travel Agencies (TÜRSAB) to meet the financing needs of TÜRSAB Travel Agencies under favorable terms. In line with the protocol, the “Support Package for TÜRSAB Travel Agencies” was established.

<sup>(\*)</sup> Interim activity report information concerning amounts are consolidated and full TRY unless otherwise stated.