

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

**TÜRKİYE HALK BANKASI  
ANONİM ŞİRKETİ**

**Unconsolidated Financial Statements  
As of 30 September 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 AŞ**

#### *Introduction*

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Halk Bankası AŞ (“the Bank”) as at 30 September 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 nine-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 18.283.434 thousand as at 30 September 2021. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would have been lower by TRY 2.410.632 thousand as at 30 September 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 AŞ as at 30 September 2021, and of the results of its operations and its cash flows for the nine-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 issue that may affect the Bank:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Bank in the Southern District of New York Court (“District Court”) for the alleged violations of Iranian sanctions. This criminal case is pending at the District Court.

In addition, a civil case was filed against the Parent Bank on March 27, 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 the violations of sanctions." District Court dismissed the case. Plaintiffs have appealed the decision to the US Court of Appeals for the Second Circuit. 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 July 19, 2019 and returned to Turkey, is completed. The decision regarding the conviction was confirmed.

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 conclusion 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 AŞ  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan  
Partner

Istanbul, 11 November 2021

**TÜRKİYE HALK BANKASI AŞ**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 nine-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 REVIEW REPORT
- **Section Seven** : INTERIM ACTIVITY REPORT

The unconsolidated financial statements for nine-month period ended 30 September 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, 11 November 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

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**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 2021 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Shareholders</b>	<b>30 September 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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	Chairman of the Board of Directors, Chairman of the Audit Committee
Himmet KARADAĞ	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAÇ	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mevlüt UYSAL	Independent Member of the Board of Directors, Member of the Audit Committee
Yılmaz ÇOLAK	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olcay ATLIOĞLU	Executive Vice President, Information Technologies(P.P.)
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Liquidation and Legal Proceedings
Ergin KAYA	Executive Vice President, Banking Operations and Support Services
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking (P.P.)
Hasan TUNCAY	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.

<b>Title</b>	<b>Name and Surname</b>	<b>Beginning Date</b>
Member of the Board of Directors	Şeref AKSAÇ	26 March 2021
Executive Vice President (P.P.)	Olcay ATLIOĞLU	28 July 2021
Executive Vice President (P.P.)	Ali ŞÖNER	28 July 2021

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

<b>Title</b>	<b>Name and Surname</b>	<b>Leaving Date</b>
Member of the Board of Directors	Kerem ALKİN	26 March 2021
Executive Vice President	Serdar SÜRER	7 July 2021

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 five hundred shareholders. Pamukbank started its private banking operations as an incorporation in accordance with the decision of the Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency numbered 742 published in the Official Gazette numbered 24790 dated 19 June 2002 including 3rd and 4th Sub-articles in the Article 14 of the Banking Law No: 4389, the shareholders rights, excluding dividends, management and supervision of Pamukbank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

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 30 September 2021, the Bank operates with a total of 1016 branches consisting of 1011 domestic and 5 foreign branches that are 4 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 29 satellite branches. The Bank has also 3 representative offices in England, Iran and Singapore.

**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**

There is no difference for the Bank in terms of consolidated subsidiaries between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements.

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 30 SEPTEMBER 2021**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

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

ASSETS	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2021			31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>65.232.014</b>	<b>88.514.178</b>	<b>153.746.192</b>	<b>62.699.185</b>	<b>80.238.698</b>	<b>142.937.883</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>8.060.869</b>	<b>68.663.655</b>	<b>76.724.524</b>	<b>8.625.349</b>	<b>57.386.694</b>	<b>66.012.043</b>
1.1.1 Cash and Balances with Central Bank	(1)	7.774.284	66.485.188	74.259.472	8.395.918	55.080.301	63.476.219
1.1.2 Banks	(3)	305.137	2.178.467	2.483.604	249.183	2.306.393	2.555.576
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		18.552	-	18.552	19.752	-	19.752
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>15.737.424</b>	<b>637</b>	<b>15.738.061</b>	<b>15.676.172</b>	<b>1.349</b>	<b>15.677.521</b>
1.2.1 Government Debt Securities		15.499.700	637	15.500.337	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		92.123	-	92.123	28.791	-	28.791
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>41.414.211</b>	<b>18.056.288</b>	<b>59.470.499</b>	<b>38.391.911</b>	<b>20.509.219</b>	<b>58.901.130</b>
1.3.1 Government Debt Securities		40.613.070	17.826.365	58.439.435	37.528.538	20.326.567	57.855.105
1.3.2 Equity Instruments		226.621	229.923	456.544	271.890	182.652	454.542
1.3.3 Other Financial Assets		574.520	-	574.520	591.483	-	591.483
<b>1.4 Derivative Financial Assets</b>	(2)(11)	<b>19.510</b>	<b>1.793.598</b>	<b>1.813.108</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		19.510	1.793.598	1.813.108	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>421.816.781</b>	<b>126.699.548</b>	<b>548.516.329</b>	<b>400.270.755</b>	<b>117.452.546</b>	<b>517.723.301</b>
<b>2.1 Loans</b>	(5)	<b>364.201.048</b>	<b>98.748.930</b>	<b>462.949.978</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>70.720.372</b>	<b>27.950.618</b>	<b>98.670.990</b>	<b>60.843.380</b>	<b>23.777.651</b>	<b>84.621.031</b>
2.4.1 Government Debt Securities		70.669.850	27.950.618	98.620.468	60.792.861	23.777.651	84.570.512
2.4.2 Other Financial Assets		50.522	-	50.522	50.519	-	50.519
<b>2.5 Expected Credit Loss (-)</b>		<b>13.104.639</b>	-	<b>13.104.639</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>3.000.532</b>	<b>3.675.524</b>	<b>6.676.056</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>78.073</b>	<b>759.635</b>	<b>837.708</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		78.073	759.635	837.708	78.073	674.237	752.310
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>2.922.459</b>	<b>2.915.889</b>	<b>5.838.348</b>	<b>3.356.430</b>	<b>2.140.652</b>	<b>5.497.082</b>
4.2.1 Unconsolidated Financial Subsidiaries		2.922.459	2.915.889	5.838.348	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>8.015.011</b>	<b>303</b>	<b>8.015.314</b>	<b>7.877.038</b>	<b>255</b>	<b>7.877.293</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>505.577</b>	-	<b>505.577</b>	<b>572.925</b>	-	<b>572.925</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		505.577	-	505.577	572.925	-	572.925
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(12)	<b>354.102</b>	-	<b>354.102</b>	<b>353.647</b>	-	<b>353.647</b>
<b>VIII. CURRENT TAX ASSET</b>		-	-	-	<b>326.239</b>	-	<b>326.239</b>
<b>IX. DEFERRED TAX ASSET</b>	(13)	<b>48.173</b>	-	<b>48.173</b>	-	-	-
<b>X. OTHER ASSETS (Net)</b>	(15)	<b>6.097.788</b>	<b>282.860</b>	<b>6.380.648</b>	<b>3.757.863</b>	<b>227.552</b>	<b>3.985.415</b>
<b>TOTAL ASSETS</b>		<b>505.069.978</b>	<b>219.172.413</b>	<b>724.242.391</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 30 SEPTEMBER 2021**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

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

LIABILITIES	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2021			31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	273.253.071	261.500.854	534.753.925	262.090.112	195.196.183	457.286.295
<b>II. FUNDS BORROWED</b>	(3)	484.161	9.352.657	9.836.818	380.664	10.006.335	10.386.999
<b>III. MONEY MARKETS</b>		73.566.241	2.103.316	75.669.557	102.841.789	1.114.631	103.956.420
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	6.891.509	-	6.891.509	5.641.402	7.553.277	13.194.679
4.1 Bills		4.570.061	-	4.570.061	3.551.547	-	3.551.547
4.2 Assets Backed Securities		1.011.031	-	1.011.031	1.011.622	-	1.011.622
4.3 Bonds		1.310.417	-	1.310.417	1.078.233	7.553.277	8.631.510
<b>V. FUNDS</b>		8.429	-	8.429	3.617.303	-	3.617.303
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		8.429	-	8.429	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)	100	740.770	740.870	20.113	513.928	534.041
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		100	740.770	740.870	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)	814.007	8.977	822.984	760.766	22.120	782.886
<b>X. PROVISIONS</b>	(8)	2.050.056	-	2.050.056	2.084.453	-	2.084.453
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		1.454.809	-	1.454.809	1.469.151	-	1.469.151
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		595.247	-	595.247	615.302	-	615.302
<b>XI. CURRENT TAX LIABILITY</b>	(9)	1.038.594	52	1.038.646	741.197	59	741.256
<b>XII. DEFERRED TAX LIABILITIES</b>	(9)	-	-	-	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)	6.021.752	10.283.444	16.305.196	6.036.525	8.824.063	14.860.588
14.1 Loans		-	10.283.444	10.283.444	-	8.824.063	8.824.063
14.2 Other Debt Instruments		6.021.752	-	6.021.752	6.036.525	-	6.036.525
<b>XV. OTHER LIABILITIES</b>	(5)	32.200.961	1.696.604	33.897.565	27.856.164	1.462.755	29.318.919
<b>XVI. SHAREHOLDERS' EQUITY</b>	(12)	41.314.804	912.032	42.226.836	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		6.846.813	180.902	7.027.715	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		1.070.589	180.902	1.251.491	968.844	164.993	1.133.837
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		4.602.378	775.116	5.377.494	5.136.475	696.265	5.832.740
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(845.283)	(43.986)	(889.269)	(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>		215.142	-	215.142	2.600.045	-	2.600.045
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		215.142	-	215.142	2.600.045	-	2.600.045
<b>16.7 Minority Shares</b>		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>437.643.685</b>	<b>286.598.706</b>	<b>724.242.391</b>	<b>454.701.904</b>	<b>225.324.191</b>	<b>680.026.095</b>

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 30 SEPTEMBER 2021**

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

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

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2021			31 December 2020		
OFF-BALANCE SHEET	TRY	FC	TOTAL	TRY	FC	TOTAL	
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>184.453.471</b>	<b>185.137.760</b>	<b>369.591.231</b>	<b>115.469.508</b>	<b>122.345.534</b>	<b>237.815.042</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1)	<b>69.141.208</b>	<b>70.987.228</b>	<b>140.128.436</b>	<b>55.280.784</b>	<b>59.274.553</b>	<b>114.555.337</b>
1.1 Letters of guarantee		62.004.750	59.795.611	121.800.361	50.275.455	50.551.647	100.827.102
1.1.1 Guarantees subject to public procurement law		3.529.911	7.055.561	10.585.472	2.868.957	6.032.807	8.901.764
1.1.2 Guarantees given for foreign trade operations		188.610	12.044.462	12.233.072	151.890	10.982.989	11.134.879
1.1.3 Other letters of guarantee		58.286.229	40.695.588	98.981.817	47.254.608	33.535.851	80.790.459
1.2 Bank loans		10.976	7.171.246	7.182.222	185.902	6.309.693	6.495.595
1.2.1 Import acceptances		-	180.544	180.544	-	161.040	161.040
1.2.2 Other bank acceptances		10.976	6.990.702	7.001.678	185.902	6.148.653	6.334.555
1.3 Letters of credit		13.533	3.983.625	3.997.158	55.249	2.352.972	2.408.221
1.3.1 Documentary letters of credit		13.533	3.983.625	3.997.158	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		7.111.949	36.746	7.148.695	4.764.178	60.241	4.824.419
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>49.761.355</b>	<b>6.913.013</b>	<b>56.674.368</b>	<b>42.401.518</b>	<b>4.054.304</b>	<b>46.455.822</b>
2.1 Irrevocable commitments	(1)	48.640.801	4.468.724	53.109.525	41.793.629	2.136.956	43.930.585
2.1.1 Forward asset purchase commitments		1.161.370	3.701.174	4.862.544	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		4.583.378	767.550	5.350.928	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		5.750.449	-	5.750.449	4.472.298	-	4.472.298
2.1.8 Tax and fund liabilities from export commitments		115.753	-	115.753	124.240	-	124.240
2.1.9 Commitments for credit card expenditure limits		31.797.845	-	31.797.845	27.941.932	-	27.941.932
2.1.10 Commitments for credit cards and banking services promotions		27.127	-	27.127	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		5.204.879	-	5.204.879	4.948.441	-	4.948.441
2.2 Revocable commitments		1.120.554	2.444.289	3.564.843	607.889	1.917.348	2.525.237
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		1.120.554	2.444.289	3.564.843	607.889	1.917.348	2.525.237
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>65.550.908</b>	<b>107.237.519</b>	<b>172.788.427</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		65.550.908	107.237.519	172.788.427	17.787.206	59.016.677	76.803.883
3.2.1 Forward foreign currency buy/sell transactions		1.858.271	3.697.542	5.555.813	203.727	2.589.660	2.793.387
3.2.1.1 Forward foreign currency transactions-buy		930.067	2.710.645	3.640.712	114.039	2.395.844	2.509.883
3.2.1.2 Forward foreign currency transactions-sell		928.204	986.897	1.915.101	89.688	193.816	283.504
3.2.2 Currency and interest rate swaps		61.070.329	92.007.682	153.078.011	17.149.875	47.177.049	64.326.924
3.2.2.1 Currency swap-buy		2.822	59.874.121	59.876.943	-	18.445.551	18.445.551
3.2.2.2 Currency swap-sell		60.427.507	3.626.907	64.054.414	15.739.875	4.575.468	20.315.343
3.2.2.3 Interest rate swap-buy		320.000	14.253.327	14.573.327	705.000	12.078.015	12.783.015
3.2.2.4 Interest Rate swap-sell		320.000	14.253.327	14.573.327	705.000	12.078.015	12.783.015
3.2.3 Currency, interest rate and marketable securities options		2.622.308	5.059.415	7.681.723	433.604	3.440.442	3.874.046
3.2.3.1 Currency call options		1.312.986	2.527.870	3.840.856	216.802	1.720.219	1.937.021
3.2.3.2 Currency put options		1.309.322	2.531.545	3.840.867	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		-	6.472.880	6.472.880	-	5.809.526	5.809.526
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>1.601.119.359</b>	<b>553.939.245</b>	<b>2.155.058.604</b>	<b>1.491.710.972</b>	<b>495.489.123</b>	<b>1.987.200.095</b>
<b>IV. CUSTODIES</b>		<b>651.595.179</b>	<b>63.917.913</b>	<b>715.513.092</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		120.629.748	2.946.687	123.576.435	123.005.587	2.619.679	125.625.266
4.3 Cheques in collection process		28.514.822	41.699.644	70.214.466	20.519.482	44.502.496	65.021.978
4.4 Commercial notes in collection process		446.688.514	12.617.449	459.305.963	427.042.837	9.150.085	436.192.922
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		890.457	1.123.221	2.013.678	2.318.514	1.143.741	3.462.255
4.8 Custodians		54.871.638	5.530.912	60.402.550	54.062.634	3.651.077	57.713.711
<b>V. PLEDGED ASSETS</b>		<b>949.524.180</b>	<b>490.021.332</b>	<b>1.439.545.512</b>	<b>864.761.918</b>	<b>434.422.045</b>	<b>1.299.183.963</b>
5.1 Marketable securities		8.268.450	1.519.797	9.788.247	6.448.999	1.582.195	8.031.194
5.2 Collateral notes		11.448.491	1.945.741	13.394.232	7.863.081	1.575.367	9.438.448
5.3 Commodity		25.813	-	25.813	25.813	-	25.813
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		723.300.843	378.385.577	1.101.686.420	650.415.346	333.631.298	984.046.644
5.6 Other pledged assets		169.184.161	67.981.889	237.166.050	169.327.906	56.874.518	226.202.424
5.7 Pledges		37.296.422	40.188.328	77.484.750	30.680.773	40.758.667	71.439.440
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>1.785.572.830</b>	<b>739.077.005</b>	<b>2.524.649.835</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**  
**30 SEPTEMBER 2021**

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

**III. STATEMENT OF PROFIT OR LOSS**

			Reviewed Current Period	Reviewed Prior Period	Reviewed Current Period	Reviewed Prior Period
			1 January-30 September 2021	1 January-30 September 2020	1 July-30 September 2021	1 July-30 September 2020
INCOME AND EXPENSES		Note				
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>53.360.989</b>	<b>38.224.775</b>	<b>20.189.630</b>	<b>14.229.846</b>
1.1	Interest on Loans		37.978.679	27.825.578	14.215.843	10.075.753
1.2	Interest on Reserve Requirements		2.222	554	766	195
1.3	Interest on Banks		896.475	142.923	366.000	77.841
1.4	Interest on Money Market Transactions		-	-	-	-
1.5	Interest on Marketable Securities Portfolio		14.370.784	10.205.835	5.562.034	4.065.603
1.5.1	Fair Value Through Profit or Loss		7.173	2.041	2.959	1.095
1.5.2	Fair Value Through Other Comprehensive Income		4.879.161	3.029.118	1.909.194	1.385.964
1.5.3	Measured at Amortized Cost		9.484.450	7.174.676	3.649.881	2.678.544
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		112.829	49.885	44.987	10.454
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	(2)	<b>48.107.786</b>	<b>21.976.139</b>	<b>15.920.658</b>	<b>8.609.610</b>
2.1	Interest on Deposits		32.259.058	14.341.022	11.068.566	5.455.170
2.2	Interest on Funds Borrowed		139.566	204.177	45.984	65.981
2.3	Interest Expense on Money Market Transactions		13.211.106	5.038.520	4.026.681	2.267.903
2.4	Interest on Securities Issued		2.060.839	1.865.412	647.842	658.320
2.5	Interest on Leases		83.407	56.696	33.003	17.497
2.6	Other Interest Expenses		353.810	470.312	98.582	144.739
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>5.253.203</b>	<b>16.248.636</b>	<b>4.268.972</b>	<b>5.620.236</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>2.826.059</b>	<b>1.959.605</b>	<b>1.132.423</b>	<b>695.147</b>
4.1	Fees and Commissions Received		3.904.377	2.605.474	1.552.568	957.288
4.1.1	Non – cash Loans		905.977	673.901	364.340	274.975
4.1.2	Other	(11)	2.998.400	1.931.573	1.188.228	682.313
4.2	Fees and Commissions Paid (-)		1.078.318	645.869	420.145	262.141
4.2.1	Non – cash Loans		108	238	15	202
4.2.2	Other	(11)	1.078.210	645.631	420.130	261.939
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>150.262</b>	<b>510.776</b>	<b>1.376</b>	<b>3.658</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	(3)	<b>(5.543.764)</b>	<b>(5.632.152)</b>	<b>(2.728.035)</b>	<b>(3.197.797)</b>
6.1	Trading Gains / (Losses) on Securities		32.847	47.783	7.365	4.333
6.2	Gains / (Losses) on Derivate Financial Transactions		644.014	3.486.976	(1.711.681)	1.783.455
6.3	Foreign Exchange Gains / (Losses)		(6.220.625)	(9.166.911)	(1.023.719)	(4.985.585)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(4)	<b>5.658.651</b>	<b>1.117.748</b>	<b>527.141</b>	<b>363.797</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>8.344.411</b>	<b>14.204.613</b>	<b>3.201.877</b>	<b>3.485.041</b>
<b>IX.</b>	<b>EXPECTED LOSS PROVISIONS (-)</b>	(5)	<b>1.691.687</b>	<b>5.811.858</b>	<b>705.406</b>	<b>1.570.711</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5)	<b>-</b>	<b>25.846</b>	<b>-</b>	<b>(205.654)</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>3.004.571</b>	<b>2.705.424</b>	<b>1.124.888</b>	<b>829.541</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(6)	<b>3.667.558</b>	<b>3.106.666</b>	<b>1.261.800</b>	<b>1.050.260</b>
<b>XIII.</b>	<b>NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>(19.405)</b>	<b>2.554.819</b>	<b>109.783</b>	<b>240.183</b>
<b>XIV.</b>	<b>INCOME AFTER MERGER</b>		<b>-</b>	<b>-</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>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	(7)	<b>(19.405)</b>	<b>2.554.819</b>	<b>109.783</b>	<b>240.183</b>
<b>XVIII.</b>	<b>TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	(8)	<b>234.547</b>	<b>(464.652)</b>	<b>(17.618)</b>	<b>74.823</b>
18.1	Current Tax Provision		14.116	193.001	4.958	(917.188)
18.2	Deferred Tax Income Effect (+)		1.508.880	1.116.812	(12.754)	735.903
18.3	Deferred Tax Expense Effect (-)		1.757.543	845.161	(25.414)	(106.462)
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	(9)	<b>215.142</b>	<b>2.090.167</b>	<b>92.165</b>	<b>315.006</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</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>	<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>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</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>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/(LOSS) (XVIII+XXIII)</b>	(10)	<b>215.142</b>	<b>2.090.167</b>	<b>92.165</b>	<b>315.006</b>
25.1	Profit / (Loss) of Group		215.142	2.090.167	92.165	315.006
25.2	Profit / (Loss) of Minority Shares (-)		-	-	-	-
	Profit / (Loss) Per Share (full TRY)		0,08697	1,13623	0,03726	0,12734

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**  
**30 SEPTEMBER 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
STATEMENT OF PROFIT OR LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January-30 September 2021	1 January-30 September 2020
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>215.142</b>	<b>2.090.167</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(1.036.464)</b>	<b>423.171</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>(455.246)</b>	<b>764.633</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	(10.849)	(8.616)
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	(445.482)	772.387
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.085	862
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>(581.218)</b>	<b>(341.462)</b>
2.2.1	Foreign Currency Translation Differences	(19.764)	9.363
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(691.631)	(403.697)
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	130.177	52.872
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>(821.322)</b>	<b>2.513.338</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 30 SEPTEMBER 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							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 Other Profit or Loss)	Foreign Currency Translation Differences	Value Through Other Comprehensive Income	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 Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)						
<b>Reviewed (1 January – 30 September 2020)</b>																		
<b>I. Prior Period End Balance</b>	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		
<b>II. Corrections and Accounting Policy Changes Made</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>III. Adjusted Beginning Balance (I+II)</b>	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		
<b>IV. Total Comprehensive Income</b>	-	-	-	-	(7.754)	-	772.387	9.363	(350.825)	-	-	-	2.090.167	2.513.338	-	2.513.338		
<b>V. Capital Increase by Cash</b>	1.223.776	5.776.224	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000		
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>VII. Paid in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>VIII. Convertible Bonds to Share</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>X. Increase / Decrease by Other Changes</b>	-	-	-	(36.293)	-	-	-	-	-	-	-	1.720.309	(1.720.309)	(36.293)	-	(36.293)		
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	1.720.309	(1.720.309)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	1.720.309	(1.720.309)	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.720.309	(1.720.309)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	2.473.776	5.776.224	-	1.112.227	1.356.971	(59.859)	3.622.272	3.517	(123.357)	-	25.421.933	-	2.090.167	41.673.871	-	41.673.871		
<b>Reviewed (1 January – 30 September 2021)</b>																		
<b>I. Prior Period End Balance</b>	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		
<b>II. Corrections and Accounting Policy Changes Made</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>III. Adjusted Beginning Balance (I+II)</b>	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		
<b>IV. Total Comprehensive Income</b>	-	-	-	-	(9.764)	-	(445.482)	(19.764)	(561.454)	-	-	-	215.142	(821.322)	-	(821.322)		
<b>V. Capital Increase by Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>VII. Paid in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>VIII. Convertible Bonds to Share</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>X. Increase / Decrease by Other Changes</b>	-	-	-	117.654	-	-	-	-	-	-	-	2.600.045	(2.600.045)	117.654	-	117.654		
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	2.473.776	5.776.224	-	1.251.491	1.565.611	(139.086)	3.950.969	(21.834)	(867.435)	-	28.021.978	-	215.142	42.226.836	-	42.226.836		

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**  
**30 SEPTEMBER 2021**

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

**VI. STATEMENT OF CASH FLOW**

	Note	Reviewed	Reviewed
		Current Period	Prior Period
		1 January-30 September	1 January-30 September
		2021	2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(8.064.746)</b>	<b>(5.901.988)</b>
1.1.1 Interest received		48.730.391	30.970.303
1.1.2 Interest paid		(46.473.889)	(21.983.751)
1.1.3 Dividend received		150.262	510.776
1.1.4 Fees and commissions received		3.301.578	3.335.056
1.1.5 Other income		2.730.427	522.419
1.1.6 Collections from previously written off loans		1.563.231	1.253.269
1.1.7 Cash payments to personnel and service suppliers		(3.048.228)	(2.740.114)
1.1.8 Taxes paid		(356.103)	(1.033.140)
1.1.9 Other		(14.662.415)	(16.736.806)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>13.292.026</b>	<b>45.605.849</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit		(58.842)	(26.150)
1.2.2 Net (increase) / decrease in due from banks		-	(2.318)
1.2.3 Net (increase) / decrease in loans		(15.175.427)	(147.418.901)
1.2.4 Net (increase) / decrease in other assets		(17.744.845)	(5.891.922)
1.2.5 Net increase / (decrease) in bank deposits		11.717.184	8.562.499
1.2.6 Net increase / (decrease) in other deposits		64.506.241	134.542.664
1.2.7 Net Increase / decrease in financial liabilities at fair value through		-	-
1.2.8 Net increase / (decrease) in funds borrowed		(971.792)	316.298
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(28.980.493)	55.523.679
<b>I. Net cash provided from banking operations</b>		<b>5.227.280</b>	<b>39.703.861</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(7.906.529)</b>	<b>(43.998.006)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(564.184)	(148.506)
2.2 Cash obtained from sale of entities joint ventures, associates and		-	-
2.3 Fixed assets purchases		(240.192)	(218.553)
2.4 Fixed assets sales		1.575.812	1.236.347
2.5 Cash paid for purchase of financial assets at fair value through other		(2.339.487)	(52.094.725)
2.6 Cash obtained from sale of financial assets at fair value through other		2.095.994	9.941.300
2.7 Cash paid for purchase of investment securities		(15.793.826)	(14.619.589)
2.8 Cash obtained from sale of investment securities		7.402.971	12.365.622
2.9 Other		(43.617)	(459.902)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(8.259.282)</b>	<b>2.010.106</b>
3.1 Cash obtained from loans borrowed and securities issued		10.671.650	10.349.650
3.2 Cash used for repayment of loans borrowed and securities issued		(18.741.771)	(15.146.939)
3.3 Bonds issued		-	7.000.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(189.161)	(192.605)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash</b>		<b>5.555.486</b>	<b>5.637.535</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>(5.383.045)</b>	<b>3.353.496</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>42.081.012</b>	<b>24.287.461</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>36.697.967</b>	<b>27.640.957</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

In accordance with the Bank's statement of financial position dated 30 September 2021 prepared in accordance with the uniform chart of accounts that entered into force on January 1, 2021, collaterals given over derivative transactions with foreign banks is reclassified into cash and cash equivalents from other assets amounting TRY 409.925 in the statement of financial position dated 31 December 2020. The effects of this classification on the cash flow statement have also been updated. Collaterals in institutions other than foreign banks continue to be monitored in the other assets item. This reclassification did not have any impact on the size and performance of the Bank's statement of financial position.

***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 and 17 June 2021, the period for the classification of loans has been extended to 30 September 2021. With the decision of the Banking Regulation and Supervision Agency dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, but as of October 1, 2021, the aforementioned application will continue in the same way for loans with a delay period of more than 91 days and not exceeding 180 days.

2. With the regulation made by the CBRT on March 17, 2020, the FX Reserve Requirement ratios were reduced by 500 basis points for banks that meet the real loan growth conditions. With the regulation made by the CBRT on 27 November 2020, the loan growth rate conditions were abolished as of the establishment date of 25 December 2020, and the same rates were 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.

4. In the regulation valid until 31 December 2020 and 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

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

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

*Effects of COVID-19 (continued)*

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. In accordance with the regulation dated 8 December 2020 by BRSA, the effective period of these applications is extended to 30 June 2021. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated after 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 and 17 June 2021, the ending date of the related regulation has been extended to 30 September 2021. Banking Regulation and Supervision Agency Decision dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, but to continue the application in the same way for loans with a delay period of more than 31 days and not exceeding 90 days as of October 1, 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 to be valid until December 31, 2020, 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. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated as of 30 September 2021. BRSA Decision dated September 16, 2021, it was decided to continue the implementation until a BRSA Decision to the contrary is taken.

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 as of current period 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.

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.

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

**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.

**IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS**

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, cross currency swaps, options and forwards. The bank uses derivatives to avoid economical risks and account for as trading under TFRS 9 Standard as "Changes in Fair Value through Profit or Loss".

Pledges arising from derivative transactions recorded in off-balance sheet accounts with their agreement amounts. Derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively depending on the fair values being positive or negative. Fair value changes of derivative instruments are recorded under statement of profit or loss in the gains and losses on derivative financial transactions line. Fair values of derivatives are calculated using discounted cash flow model or market value.

**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 30 September 2021, the Bank has credit default conditioned cross currency swap transaction amounting to USD 160 million with 5 year maturity. In this transactions the Bank sells protection.

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

**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.

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.



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

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

*Assessment of Business Model(continued)*

**2. A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:**

The Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Fair value changes of the financial assets that are held within the scope of this business model are accounted for under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**3. Other Business Models:**

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The Bank makes its decisions on the basis of business model, which is based on the fair value of the assets and manages the assets to obtain their fair value. Therefore, if the financial assets are held for the purpose of obtaining cash flows arising from their sale, the change in fair value are measured at fair value through profit or loss.

**Measurement Categories of Financial Assets and Liabilities**

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. As of September 30, 2021, the valuation of the related assets was made according to the annual inflation forecast of 19%. If the valuation of these securities were made according to the reference index valid for September 30, 2021, the Bank's securities valuation differences under equity would have increased by TRY 291.873 (net), and interest income from securities would have decreased by TRY 1.526.671.

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

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

**3. Other Business Models:(continued)**

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

**a. Financial Assets Measured at Amortised Cost:**

A financial asset is measured at amortized cost if both of the following conditions are met:

(a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

(b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are loans and receivables and financial assets. Subsequent to the initial recognition, financial investments are accounted for at amortised cost calculated by using the effective interest rate method. Loans are initially recognized with their cost and carried at their amortized costs calculated using the internal rate of return subsequent to recognition

**b. Financial Assets Measured at Fair Value through Other Comprehensive Income**

A financial asset is measured if both of the following conditions are met:

(a) Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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

In accordance with TFRS 9; Unless a financial asset is measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

However, the Bank may irrevocably prefer to apply to the financial assets at fair value through other comprehensive income for reflecting future changes in fair value for certain investments in equity instruments that would normally be measured at fair value through profit or loss at the time of initial inception in the financial statements.

***Cash Equivalents and Banks***

Cash and bank balances denominated in foreign currencies are valued by using the Bank's current period end exchange rates. The presented values of cash in TRY, foreign currency cash and banks at balance sheet are the estimated fair values of these assets.

***Loans and Receivables***

Loans and receivables represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans and receivables are initially recognized with their fair values including settlement costs and carried at their amortized costs calculated using the internal rate of return subsequent to recognition. Transaction fees, dues and other expenses paid for loan guarantees are recognized under the profit and loss accounts.

Consumer and corporate cash loans are recognized under the accounts specified by the Uniform Chart of Accounts and Explanations with their original balances based on their context.

Foreign currency indexed consumer and corporate loans are followed at TRY accounts after converting into TRY by using the opening exchange rates. At the subsequent periods, increases and decreases in the loan capital are recognized under the foreign exchange gain and loss line in the statement of profit or loss depending on foreign currency rates being higher or lower than opening date rates.

Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign exchange gain and loss line in the statement of profit or loss.

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

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

**3. Other Business Models:(continued)**

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

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

*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 under the shareholders' equity.

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS**

As of 1 January 2018, the Bank recognizes loan loss allowances for expected credit losses on financial assets and loans measured at amortised cost and measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit / loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018. Financial assets measured at fair value are not assessed for impairment.

As of the reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition in accordance with TFRS 9. When making the assessment, the Bank shall use the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The Bank calculates the expected credit loss on a collective or individual basis by grouping the financial assets having common credit risk features.

The Bank constituted a policy in order to make an assessment whether the credit risk on a financial instrument has increased significantly since initial recognition by taking into consideration the change in the risk of a default event occurring over the expected life of the financial instrument.

**Calculation of Expected Credit Losses**

A credit loss is present value of calculated difference between the total cash flows that will occur based on the contractual terms of financial instruments and the total cash flows, which the Bank expects to collect, with the initial effective interest rate. The Bank calculates expected credit losses based on a probability – weighted estimate of credit losses (the present value of all cash shortfalls) over the expected life of the financial instruments. The Bank estimates the cash flows over the expected life of the financial instrument by taking into account all contractual terms of the financial instrument, and considers the weighted average of loan losses according to the relevant default risks for determining expected credit losses.

TFRS 9 Financial Instruments Standard allows the calculation of expected credit loss provisions in aggregate or individually by grouping financial assets with common credit risk characteristics.

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**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.

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**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 September 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, as of the current period 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. With the Banking Regulation and Supervision Agency Decision dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021. However, as of October 1, 2021, it has been decided to continue the aforementioned application in the same way for loans with a delay period of more than 31 days and not exceeding 90 days. The Bank performed its transactions within the framework of the related decision.

**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.

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**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.

**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.

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

**XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (continued)**

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.

**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.

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

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

***Existence of right-of-use:***

As a result of internal evaluations, the Bank accounts real estate and vehicles subject to operational lease in accordance with TFRS 16. ATMs and other leasing transaction balances are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under Current Period Expense.

At the commencement date, the Bank measures the right-of-use real estates considered as the cost of right-of-use asset being the right-of-use asset in accordance with TFRS 16. The cost of the right-of-use;

- 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 TFRS 16, at the commencement date, the Bank measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the alternative borrowing interest rate.

After the commencement date, the Bank measures the lease liability as follows:

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



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

**XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES**

Provision and contingent liabilities are accounted in conformity with Turkish Accounting Standard on “Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of The Bank’s management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES**

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard No: 19 “Employee Benefits”. According to related legislation and union agreements, the Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees who resigns subsequent to her marriage within one year. The Bank provides provision by estimating the present value of the future retirement pay liability.

The retirement pay provision of the Bank has been determined by the actuarial report of an independent actuary firm. As of 1 January 2013, actuarial gains and losses are recorded under the shareholders’ equity according to the revised TAS 19.

T. Halk Bankası Employee Pension Fund, T. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members including employees of the Bank. Provisional article 23 of the Banking Act No: 5411 requires the Bank’s pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers’ decision dated 30 November 2006 and numbered 2006/11345 and accordingly, both pension funds would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated 31 March 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly (TGNA) started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 “Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws”, which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Council of Ministers decision dated 14 March 2011, which was published on the Official Gazette dated 9 April 2011 and numbered 27900. In addition, by the Law numbered 6283 “Emendating Social Security and General Health Insurance Act”, which was published on the Official Gazette dated 8 March 2012 and numbered 28227, the authority of the Council of Ministers extending 2 years has been raised to 4 years.

The statement “The Council of Ministers have entitled to determine transfer period” has taken place in the scope of the Article 51 of the Law No: 6645 which was published on the Gazette on 23 April 2015 and numbered 29335.

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

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

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 the temporary article 13 added to the Corporate Tax Law No. 5520, the 20% rate in the first paragraph of Article 32 of the Corporate Tax Law is, 25% for the corporate earnings of the corporations for the 2021 taxation period, and 23% for the corporate earnings of the 2022 taxation period. In accordance with the relevant law, provisional tax is calculated quarterly according to the principles specified in the Income Tax Law and at the rate of corporate tax, and the accrued temporary corporate tax is paid. The provisional tax payments in question are deducted from the corporate tax of the current taxation period.

As the tax rate used in the calculation of deferred tax assets and liabilities; 25% for temporary timing differences expected to occur within 2021, 23% for temporary timing differences expected to occur within 2022, and 20% for temporary timing differences expected to occur after 2022, is used.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. Carrying value of deferred tax asset is reduced when it is not probable that a financial profit will be obtained to allow some or all of the deferred tax asset to be benefited.

Tax expense is the sum of the current tax expense and deferred tax charge. Current year tax liability is calculated over taxable profit. Taxable profit is different from the profit in the statement of profit or loss since taxable income or deductible expenses for the following years and non-taxable and non-deductible items are excluded.

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of legal tax base, according to the balance sheet method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Deferred tax is calculated over the tax rates valid in the period when the assets are realized or the liabilities are fulfilled and recorded as expense or income in the income statement. However, deferred tax is associated directly with the equity account group if it relates to assets directly associated with equity in the same or a different period.

Current tax amounts payable are netted as they are related to prepaid tax amounts. Deferred tax receivables and liabilities are also netted off.

**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.

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

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

**Tax practices in the countries that foreign branches operate: (continued)**

*Turkish Republic of Northern Cyprus (TRNC) (continued)*

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 will be 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.

**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 AŞ as of 10 May 2007.

As per the decision of the Higher Council of Privatization numbered 2012/150 and dated 4 October 2012; 23,92% of the public shares that were previously held by the Privatization Administration were privatized by a second public offering and privatization was completed on 21 November 2012.

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 AŞ 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.

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

**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.

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**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 16 September 2021.

According to the related regulation; for monetary assets and non-monetary assets other than foreign currency items measured at historical cost in the calculation of the amount subject to credit risk; in calculating the valuated amounts and related special provisions in accordance with Turkish Accounting Standards; the practice of using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date continues until a decision to the contrary is taken by the BRSA.

As of 30 September 2021, the capital adequacy ratio and the capital amount of the Bank were realized as 13,43% (31 December 2020: 15,23%) and TRY 60.561.848 (31 December 2020: TRY 61.044.888) which were calculated within the scope of the above-mentioned regulation amendments.

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**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	6.124.388	
Profit	215.142	
Current Period Profit	215.142	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	358.918	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>44.190.877</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 (-)	1.612.274	
Leasehold Improvements on Operational Leases (-)	150.272	
Goodwill Netted with Deferred Tax Liabilities (-)	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	505.577	505.577
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 I Capital</b>	<b>2.619.890</b>	
<b>Total Common Equity Tier I Capital</b>	<b>41.570.987</b>	

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**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	9.210.600
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>9.210.600</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>9.210.600</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>50.781.587</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)	3.862.647
<b>Tier II Capital Before Deductions</b>	<b>9.792.442</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>9.792.442</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>60.574.029</b>
<b>Total Tier I 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 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	12.181

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**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)	60.561.848
Total Risk Weighted Assets	451.003.284
<b>Capital Adequacy Ratios</b>	
CET1 Capital Ratio (%)	9,22
Tier I Capital Ratio (%)	11,26
Capital Adequacy Ratio (%)	13,43
<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 (%)	4,717
<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	181.729
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	771.153
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	1.802.850
<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)	3.862.647
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3.862.647
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.



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**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 I Capital</b>	<b>1.643.825</b>	
<b>Total Common Equity Tier I Capital</b>	<b>42.364.980</b>	

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**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

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**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) a) Capital Conservation Buffer Ratio (%)	2,500
b) b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,008
c) 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.

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**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	9.211
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	-	-	-	-

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**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 (continued)

Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of 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.

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**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 Bank's Board of Directors for the value at risk, including the currency risk, is monitored daily and reported to the senior management. As a foreign currency risk management policy, the Bank is not exposed to currency risk to a significant extent and positions related to currency risk are balanced with derivative transactions made when deemed necessary.

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>23.09.2021</b>	<b>24.09.2021</b>	<b>27.09.2021</b>	<b>28.09.2021</b>	<b>29.09.2021</b>	<b>30.09.2021</b>
USD	8,7100000	8,8300000	8,8000000	8,8400000	8,8500000	8,8300000
CHF	9,4260000	9,5296000	9,4977000	9,5152000	9,4723000	9,4388000
GBP	11,9565000	12,0587000	12,0572000	11,9474000	11,8651000	11,8894000
JPY	0,0788797	0,0795150	0,0791805	0,0791795	0,0788758	0,0787117
EUR	10,2299000	10,3404000	10,2995000	10,3348000	10,2797000	10,2340000

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	8,5336364
CHF	9,2351409
GBP	11,6987227
JPY	0,0772283
EUR	10,0414136

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**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:

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	25.816.062	28.395.637	12.273.489	66.485.188
Banks	1.016.367	633.798	528.302	2.178.467
Financial assets at fair value through profit and loss	124	513	-	637
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	5.314.321	12.741.967	-	18.056.288
Loans <sup>(2)</sup>	57.024.300	40.352.893	1.388.502	98.765.695
Subsidiaries, associates and entities under common control	759.635	-	2.915.889	3.675.524
Financial assets measured at amortised cost <sup>(5)</sup>	10.283.444	17.667.174	6.804.971	34.755.589
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	303	303
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	203.863	627.988	326	832.177
<b>Total assets</b>	<b>100.418.116</b>	<b>100.419.970</b>	<b>23.911.782</b>	<b>224.749.868</b>
<b>Liabilities</b>				
Bank deposits	18.482.849	9.173.549	1.676.572	29.332.970
Foreign currency deposits	97.915.149	109.839.984	24.412.751	232.167.884
Money market balances	-	2.103.316	-	2.103.316
Funds provided from other financial institutions	5.597.800	3.754.857	-	9.352.657
Bonds issued	-	-	-	-
Sundry creditors	44.016	855.071	582	899.669
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	10.658.474	753.174	86.446	11.498.094
<b>Total liabilities</b>	<b>132.698.288</b>	<b>126.479.951</b>	<b>26.176.351</b>	<b>285.354.590</b>
<b>Net balance sheet position</b>	<b>(32.280.172)</b>	<b>(26.059.981)</b>	<b>(2.264.569)</b>	<b>(60.604.722)</b>
<b>Net off-balance sheet position</b>				
Financial derivative assets <sup>(4)</sup>	31.707.185	32.020.107	7.400.943	71.128.235
Financial derivative liabilities <sup>(4)</sup>	1.459.505	6.835.298	3.009.001	11.303.804
Non-cash loans <sup>(1)</sup>	42.190.708	25.843.880	2.952.640	70.987.228
<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>				
Financial derivative assets	7.325.960	14.550.855	4.749.937	26.626.752
Financial derivative liabilities	1.063.207	5.248.540	3.377.841	9.689.588
Non-cash loans <sup>(1)</sup>	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 16.765 of foreign currency indexed loans and their accruals. (31 December 2020: 45.321 TRY)

<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 54.198 and swap precious metal purchase transactions amounted to TRY 4.681.246. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 1.737.436 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

<sup>(5)</sup> Includes gold indexed bonds amounting to TRY 6.804.971 (31 December 2020: TRY 3.471.174).

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**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 repricing dates):

Current period- 30 September 2021	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	5.038.515	-	-	-	-	69.220.957	74.259.472
Banks and financial institutions	327.940	210.308	-	-	-	1.945.356	2.483.604
Financial assets at fair value through profit and loss	9	16.208	76.053	294	271	15.645.226	15.738.061
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	9.744.538	13.161.863	10.956.605	23.167.710	1.983.239	456.544	59.470.499
Loans	87.020.621	84.813.573	129.449.344	94.550.874	42.775.702	24.339.864	462.949.978
Financial assets measured at amortised cost	10.491.260	13.592.980	25.112.887	25.929.981	23.543.882	-	98.670.990
Other assets <sup>(4)</sup>	1.823.444	1.169	11.022	33.095	20.561	8.780.496	10.669.787
<b>Total assets</b>	<b>114.446.327</b>	<b>111.796.101</b>	<b>165.605.911</b>	<b>143.681.954</b>	<b>68.323.655</b>	<b>120.388.443</b>	<b>724.242.391</b>
<b>Liabilities</b>							
Bank deposits	24.155.772	4.132.350	110.000	-	-	18.318.115	46.716.237
Other deposits	257.542.989	113.644.383	19.536.410	481.944	-	96.831.962	488.037.688
Money market balances	74.233.091	885.486	442.177	-	-	108.803	75.669.557
Miscellaneous Payables	5.042.358	-	-	-	-	6.075.824	11.118.182
Bonds issued	2.038.000	3.634.000	150.000	1.000.000	-	69.509	6.891.509
Funds provided from other financial institutions <sup>(3)</sup>	336.412	1.155.054	5.568.519	2.095.927	633.930	46.976	9.836.818
Other liabilities <sup>(1)(2)</sup>	1.000.000	15.499.625	-	9.210.600	4.929.795	55.332.380	85.972.400
<b>Total liabilities</b>	<b>364.348.622</b>	<b>138.950.898</b>	<b>25.807.106</b>	<b>12.788.471</b>	<b>5.563.725</b>	<b>176.783.569</b>	<b>724.242.391</b>
Balance sheet long position	-	-	139.798.805	130.893.483	62.759.930	-	333.452.218
Balance sheet short position	(249.902.295)	(27.154.797)	-	-	-	(56.395.126)	(333.452.218)
Off-balance sheet long position	60.976.332	18.077.169	521.636	1.020.583	6.068.347	-	86.664.067
Off-balance sheet short position	(61.192.864)	(16.797.651)	(662.505)	(1.402.993)	(6.068.347)	-	(86.124.360)
<b>Total position</b>	<b>(250.118.827)</b>	<b>(25.875.279)</b>	<b>139.657.936</b>	<b>130.511.073</b>	<b>62.759.930</b>	<b>(56.395.126)</b>	<b>539.707</b>

<sup>(1)</sup> TRY 48.173 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.



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**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 repricing dates (continued):

<b>Prior Period - 31 December 2020</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and over</b>	<b>Non-bearing interest</b>	<b>Total</b>
<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	1.365.610	-	-	-	-	1.189.966	2.555.576
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>	2.557	3.514	7.982	22.707	-	5.012.643	5.049.403
<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.

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**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 (%):

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	12,50
Due from banks <sup>(1)</sup>	2,00	0,34	-	18,15
Financial assets at fair value through profit and loss <sup>(6)</sup>	-	5,32	-	16,23
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,71	3,36	-	16,53
Loans <sup>(2)</sup>	4,93	5,68	-	15,52
Financial assets measured at amortised cost	4,79	5,91	-	22,94
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,18	0,78	0,09	17,74
Other deposits <sup>(4)</sup>	0,40	1,01	-	15,03
Money market borrowings	-	3,58	-	18,07
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	15,81
Funds provided from other financial institutions	0,89	1,35	-	15,56

<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 30 September 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.

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<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 banks <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.

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**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	Comparison			
	Carrying Value	Fair Value Change <sup>(2)</sup>	Market Value	Capital Requirements
Investment in Shares-Grade A	1.798.337	1.798.337	1.798.337	143.867
Quoted Securities(1)	1.798.337	1.798.337	1.798.337	143.867
Investment in Shares-Grade B	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares-Grade C	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares- Grade D	-	-	-	-
Other	5.067.969	4.799.646	-	497.976

<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 AŞ

<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	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange <sup>(1)</sup>	-	1.064.238	1.064.238	-	-	-
3. Other share certificates	-	1.272.441	1.272.441	-	-	-
<b>Total</b>	-	<b>2.336.679</b>	<b>2.336.679</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 AŞ

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**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.

As part of the important developments regarding liquidity risk; the Parent 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 Parent Bank has taken measures to reduce liquidity risks and to provide the necessary liquidity buffer by effectively using the necessary deposit and fund resources.

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**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)**

High quality liquid assets are composed of 47,77% accounts held by the CBRT and the Central Banks of the foreign branches, 48,51% securities considered as high quality liquid assets and 3,72% 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 649.574.

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	12.07.2021 - 18.07.2021	507,27	20.09.2021 - 26.09.2021	147,05
Minimum	30.08.2021 - 05.09.2021	441,74	30.08.2021 - 05.09.2021	127,88

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**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)**

Liquidity Coverage Ratio:

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>Current Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			146.748.720	76.372.111
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	267.688.568	122.980.178	24.318.959	12.298.018
Stable Deposits	48.997.959	-	2.449.898	-
Less Stable Deposits	218.690.609	122.980.178	21.869.061	12.298.018
Unsecured wholesale funding , of which;	205.096.328	105.812.553	90.410.950	44.126.164
Operational Deposits	41.721.270	16.412.664	10.430.317	4.103.166
Non-operational Deposits	155.089.226	86.213.069	73.232.677	37.145.787
Other Unsecured Funding	8.285.832	3.186.820	6.747.956	2.877.211
Secured Funding			-	-
Other cash outflows, of which;	8.031.351	5.214.386	5.432.931	3.717.991
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	1.353.649	1.559.820	1.353.649	1.559.820
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	6.677.702	3.654.566	4.079.282	2.158.171
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	176.161.939	65.965.341	12.375.120	4.779.156
<b>Total Cash Outflows</b>			<b>132.537.960</b>	<b>64.921.329</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	37.341.610	7.514.165	22.843.351	5.483.887
Other Cash Inflows	201.179	46.760.610	201.179	46.760.610
<b>Total Cash Inflows</b>	<b>37.542.789</b>	<b>54.274.775</b>	<b>23.044.530</b>	<b>52.244.497</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>146.748.720</b>	<b>76.372.111</b>
<b>Total Net Cash Outflows</b>			<b>109.493.432</b>	<b>16.286.801</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>134,14 %</b>	<b>470,01 %</b>

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

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

Liquidity Coverage Ratio(continued):

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>Prior Period</b>				
<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.

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**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	7.408.774	66.848.477	-	2.221	-	-	-	74.259.472
Banks	1.940.015	331.196	212.393	-	-	-	-	2.483.604
Financial assets at fair value through profit and loss	-	7	15.500.835	91.053	294	271	145.601	15.738.061
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	4.523.345	2.424.255	7.780.254	35.347.887	8.938.214	456.544	59.470.499
Loans	19.455.274	30.527.975	29.101.747	134.425.339	183.729.085	65.710.558	-	462.949.978
Financial assets measured at amortised cost	-	1.778.057	3.157.526	12.969.548	40.020.918	40.744.941	-	98.670.990
Other assets <sup>(2)</sup>	1.642	69.951	1.750.061	1.160	23.896	42.580	8.780.497	10.669.787
<b>Total assets</b>	<b>28.805.705</b>	<b>104.079.008</b>	<b>52.146.817</b>	<b>155.269.575</b>	<b>259.122.080</b>	<b>115.436.564</b>	<b>9.382.642</b>	<b>724.242.391</b>
<b>Liabilities</b>								
Bank deposits	18.237.256	24.218.564	4.147.912	112.505	-	-	-	46.716.237
Other deposits	94.031.643	255.964.284	112.110.363	25.251.934	677.629	1.835	-	488.037.688
Funds provided from other financial institutions <sup>(3)</sup>	-	54.913	560.800	892.848	2.764.959	5.563.298	-	9.836.818
Money market balances	-	74.337.174	7.151	-	442.232	883.000	-	75.669.557
Bonds issued	-	1.669.846	3.178.647	345.192	1.697.824	-	-	6.891.509
Sundry creditors	85.618	5.173.227	260.993	1.222.611	3.304.371	17.463	1.053.899	11.118.182
Other liabilities <sup>(1)</sup>	8.430	9.613.042	15.753.785	55.525	10.691.235	6.320.941	43.529.442	85.972.400
<b>Total liabilities</b>	<b>112.362.947</b>	<b>371.031.050</b>	<b>136.019.651</b>	<b>27.880.615</b>	<b>19.578.250</b>	<b>12.786.537</b>	<b>44.583.341</b>	<b>724.242.391</b>
<b>Liquidity Gap</b>	<b>(83.557.242)</b>	<b>(266.952.042)</b>	<b>(83.872.834)</b>	<b>127.388.960</b>	<b>239.543.830</b>	<b>102.650.027</b>	<b>(35.200.699)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>(176.532)</b>	<b>126.617</b>	<b>265.631</b>	<b>323.991</b>	<b>-</b>	<b>-</b>	<b>539.707</b>
Derivative Financial Assets	-	60.961.332	9.825.338	993.136	2.747.566	12.136.695	-	86.664.067
Derivative Financial Liabilities	-	(61.137.864)	(9.698.721)	(727.505)	(2.423.575)	(12.136.695)	-	(86.124.360)
<b>Non-Cash Loans</b>	<b>43.129.881</b>	<b>3.650.778</b>	<b>14.238.482</b>	<b>52.102.610</b>	<b>22.868.930</b>	<b>4.137.755</b>	<b>-</b>	<b>140.128.436</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.



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**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 Assets</b>		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	716.334.317	675.612.548
2.Assets That Are Deducted from Core Capital	(653.802)	(665.184)
3.Total on Balance Sheet Exposures	715.680.515	674.947.364
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	1.438.206	2.968.464
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	918.569	509.366
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	2.356.775	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 Assets)	2.195.350	1.770.902
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	2.195.350	1.770.902
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	189.744.011	161.158.994
11.Adjustments for Conversion to Credit Equivalent Amounts	(3.072.903)	(2.315.652)
12.The Total Risk of Off-Balance Sheet Items	186.671.108	158.843.342
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	50.231.380	49.675.826
14.Total Exposures	906.903.748	839.039.438
<b>Leverage Ratio</b>		
15.Leverage Ratio	5,54 %	5,92 %

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

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

**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.

The Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Bank's application, firms are segmented as corporate firms, commercial firms, enterprising business firms, small size enterprises and small-scale retailers.

Individual customers are real persons without having any commercial or professional purposes other than their individual demands in the Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

The following are the services provided by the Bank to all of its customers:

- Accepting deposits,
- Issuance of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money market transactions,
- Rendering insurance agency transactions and individual pension services,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement organised by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering,
- Trading the capital market instruments in the secondary market for the purpose of performing intermediary services,
- Acting as an operator in order to provide risk management systems related to technical support and consulting services,
- Providing technical support and consulting services to Bank's subsidiaries,
- Acting as a custodian in order to keep client's assets related to individual portfolio management of portfolio management companies,
- Acting as a portfolio management agency

Under the Treasury transactions, medium and long-term fund provision is performed through securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

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

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

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 30 September 2021 are presented in the table below.

<b>Current Period</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>(1 January – 30 September 2021)</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	11.025.349	27.100.411	15.235.229	53.360.989
<i>Interest on Loans</i>	10.939.442	26.922.701	116.536	37.978.679
<i>Interest Income on Marketable Securities</i>	-	156.258	14.214.526	14.370.784
<i>Interest Received from Banks</i>	-	-	896.475	896.475
<i>Other Interest Income</i>	85.907	21.452	7.692	115.051
Interest Expense	12.343.454	18.336.415	17.427.917	48.107.786
<i>Interest on Deposits</i>	12.301.374	17.949.554	2.008.130	32.259.058
<i>Interest on Borrowings</i>	13.091	46.325	80.150	139.566
<i>Interest on Money Market Borrowings</i>	-	35.810	13.175.296	13.211.106
<i>Interest on Marketable Bonds Issued</i>	-	-	2.060.839	2.060.839
<i>Other Interest Expense</i>	28.989	304.726	103.502	437.217
Net Interest Income	(1.318.105)	8.763.996	(2.192.688)	5.253.203
Net Fees and Commissions Income	905.898	1.609.874	310.287	2.826.059
Net Trading Profit / (Loss)	12.983	1.388.384	(6.945.131)	(5.543.764)
Dividend Income	-	-	150.262	150.262
Other Income	1.697.298	881.725	3.079.628	5.658.651
Expected Loss Provisions	390.038	965.889	335.760	1.691.687
Other Expenses	162.477	3.151.774	3.357.878	6.672.129
<b>Income Before Taxes</b>	<b>745.559</b>	<b>8.526.316</b>	<b>(9.291.280)</b>	<b>(19.405)</b>
Income Tax Provision	-	-	234.547	234.547
<b>Net Profit For The Period</b>	<b>745.559</b>	<b>8.526.316</b>	<b>(9.056.733)</b>	<b>215.142</b>

**SEGMENT ASSETS**

**(30 September 2021)**

Marketable Securities <sup>(1)</sup>	-	3.790.654	170.075.864	173.866.518
Derivative Financial Assets Held for Trading	-	384.222	1.428.886	1.813.108
Banks and Money Market Receivables	-	227.071	2.255.321	2.482.392
Associates and Subsidiaries (Net)	-	-	6.676.056	6.676.056
Loans <sup>(1)</sup>	149.986.798	292.320.437	7.551.136	449.858.371
Other Assets	3.767.886	4.742.704	81.035.356	89.545.946
<b>TOTAL ASSETS</b>	<b>153.754.684</b>	<b>301.465.088</b>	<b>269.022.619</b>	<b>724.242.391</b>

**SEGMENT LIABILITIES**

**(30 September 2021)**

Deposits	184.158.789	317.727.811	32.867.325	534.753.925
Derivative Financial Liabilities	-	268.144	472.726	740.870
Money Market Balances	-	2.103.317	73.566.240	75.669.557
Borrowing Funding Loans	376.132	920.705	8.539.981	9.836.818
Bonds Issued	-	-	6.891.509	6.891.509
Other Liabilities	3.008.442	8.734.396	39.291.336	51.034.174
Provisions and Tax Payable	172.389	302.242	2.614.071	3.088.702
Shareholders' Equity	751.843	8.593.986	32.881.007	42.226.836
<b>TOTAL LIABILITIES</b>	<b>188.467.595</b>	<b>338.650.601</b>	<b>197.124.195</b>	<b>724.242.391</b>

**OFF-BALANCE SHEET ITEMS**

**(30 September 2021)**

Guarantees and Sureties	72.142.329	47.800.022	20.186.085	140.128.436
Commitments	1.016.756	14.677.273	40.980.339	56.674.368
Derivative Financial Instruments	-	16.212.371	156.576.056	172.788.427
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>73.159.085</b>	<b>78.689.666</b>	<b>217.742.480</b>	<b>369.591.231</b>

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

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

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

<b>Prior Period</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>(1 January – 30 September 2020)</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	9.376.736	18.450.226	10.397.813	38.224.775
<i>Interest on Loans</i>	9.344.182	18.377.487	103.909	27.825.578
<i>Interest Income on Marketable Securities</i>	-	56.641	10.149.194	10.205.835
<i>Interest Received from Banks</i>	-	-	142.923	142.923
<i>Other Interest Income</i>	32.554	16.098	1.787	50.439
Interest Expense	6.431.984	7.480.632	8.063.523	21.976.139
<i>Interest on Deposits</i>	6.314.375	7.194.097	832.550	14.341.022
<i>Interest on Borrowings</i>	33.112	54.277	116.788	204.177
<i>Interest on Money Market Borrowings</i>	-	29.810	5.008.710	5.038.520
<i>Interest on Marketable Bonds Issued</i>	-	-	1.865.412	1.865.412
<i>Other Interest Expense</i>	84.497	202.448	240.063	527.008
Net Interest Income	2.944.752	10.969.594	2.334.290	16.248.636
Net Fees and Commissions Income	712.618	1.115.774	131.213	1.959.605
Net Trading Profit / (Loss)	7.031	1.933.771	(7.572.954)	(5.632.152)
Dividend Income	-	-	510.776	510.776
Other Income	262.926	508.701	346.121	1.117.748
Expected Loss Provisions	1.635.481	1.029.206	3.147.171	5.811.858
Other Expenses	354.671	2.593.832	2.889.433	5.837.936
<b>Income Before Taxes</b>	<b>1.937.175</b>	<b>10.904.802</b>	<b>(10.287.158)</b>	<b>2.554.819</b>
Income Tax Provision	-	-	(464.652)	(464.652)
<b>Net Profit For The Period</b>	<b>1.937.175</b>	<b>10.904.802</b>	<b>(10.751.810)</b>	<b>2.090.167</b>

**SEGMENT ASSETS**

**(31 December 2020)**

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	2.555.125	2.555.409
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	67.998.772	76.572.153
<b>TOTAL ASSETS</b>	<b>149.246.837</b>	<b>293.039.885</b>	<b>237.739.373</b>	<b>680.026.095</b>

**SEGMENT LIABILITIES**

**(31 December 2020)**

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>

**OFF-BALANCE SHEET ITEMS**

**(31 December 2020)**

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.

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**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.

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**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>	406.902.700	360.766.586	32.552.217	28.861.327
2 Standardized approach (SA)	406.902.700	360.766.586	32.552.217	28.861.327
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk <sup>(**)</sup>	3.663.879	4.060.871	293.110	324.870
5 Standardized approach for counterparty credit risk (SA-CCR)	3.663.879	4.060.871	293.110	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	14.773.138	14.804.413	1.181.851	1.184.353
17 Standardized approach (SA)	14.773.138	14.804.413	1.181.851	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)	1.803.940	1.513.386	144.315	121.071
24 Floor adjustment	-	-	-	-
<b>25 Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>451.003.284</b>	<b>400.934.749</b>	<b>36.080.263</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 decisions dated 8 December 2020 and 16 September 2021 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.

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

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

(1) Cash and Central Bank of the Republic of Turkey and information on balances with the Central Bank of the Republic of Turkey:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	1.554.906	4.647.972	1.736.896	3.042.808
CBRT	6.219.378	61.837.205	6.659.022	52.037.405
Other	-	11	-	88
<b>Total</b>	<b>7.774.284</b>	<b>66.485.188</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>	5.831.190	22.185.626	6.502.868	19.937.084
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	8.307.240
Other <sup>(2)</sup>	388.188	39.651.579	156.154	23.793.081
<b>Total</b>	<b>6.219.378</b>	<b>61.837.205</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%-24% varied according to their maturity compositions.

With the decision No.1072 dated 27 December 2019 of the Central Bank of the Turkish Republic of Northern Cyprus, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

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

**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	15.026.486	-	15.026.478	-
<b>Total</b>	<b>15.026.486</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	-	65.997	-	16.265
Swap transactions	19.445	1.718.814	5.418	2.324.636
Futures transactions	-	-	-	-
Options	65	8.787	335	535
Other	-	-	-	-
<b>Total</b>	<b>19.510</b>	<b>1.793.598</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	226.578	155.680	145.365	111.752
Foreign banks	78.559	2.022.787	103.818	2.194.641
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>305.137</b>	<b>2.178.467</b>	<b>249.183</b>	<b>2.306.393</b>



**TÜRKİYE HALK BANKASI AŞ**  
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**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	9.573.563	17.382.822	6.842.329	20.028.890
<b>Total</b>	<b>9.573.563</b>	<b>17.382.822</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	47.959	-	245.865	-
<b>Total</b>	<b>47.959</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	
	TRY	FC	TRY	FC
Debt securities	59.635.630		58.644.550	
<i>Quoted on a stock exchange</i>	59.635.630		58.644.550	
<i>Not quoted</i>	-		-	
Equity Securities	473.825		471.823	
<i>Quoted on a stock exchange</i>	411.895		409.893	
<i>Not quoted</i>	61.930		61.930	
Impairment provision (-)	638.956		215.243	
<b>Total</b>	<b>59.470.499</b>		<b>58.901.130</b>	

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**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:

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	574.741	-	522.920	-
<b>Total</b>	<b>574.741</b>	<b>-</b>	<b>522.920</b>	<b>-</b>

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

	Cash Loans	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	328.144.084	15.115.291	12.618	18.416.261	
<i>Corporation loans</i>	199.325.488	11.299.995	-	18.412.203	
<i>Export loans</i>	9.137.280	146.893	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	3.836.478	89.654	-	-	
<i>Consumer loan</i>	70.789.504	1.045.966	12.050	1.312	
<i>Credit cards</i>	17.469.492	358.017	568	-	
<i>Other</i>	27.585.842	2.174.766	-	2.746	
Specialized lending	73.741.158	3.477.664	-	-	
Other receivables	-	-	-	-	
Accruals	6.376.133	858.917	561	1.056.696	
<b>Total</b>	<b>408.261.375</b>	<b>19.451.872</b>	<b>13.179</b>	<b>19.472.957</b>	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	1.688.054	2.264.550	-	-
Significant Increase in Credit Risk	-	-	1.937.143	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.

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**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(\*):

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	527.981	69.327.378	69.855.359
<i>Real estate loans</i>	7.692	46.555.396	46.563.088
<i>Automobile loans</i>	1.646	402.504	404.150
<i>Consumer loans</i>	518.643	22.369.478	22.888.121
<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	4.844.073	565	4.844.638
<i>Installment</i>	1.481.455	565	1.482.020
<i>Non-installment</i>	3.362.618	-	3.362.618
Individual credit cards-FC	376	-	376
<i>Installment</i>	-	-	-
<i>Non-installment</i>	376	-	376
Personnel loans-TRY	24.316	360.966	385.282
<i>Real estate loans</i>	-	81	81
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	24.316	360.885	385.201
<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	153.527	-	153.527
<i>Installment</i>	42.201	-	42.201
<i>Non-installment</i>	111.326	-	111.326
Personnel credit cards-FC	183	-	183
<i>Installment</i>	-	-	-
<i>Non-installment</i>	183	-	183
Overdraft accounts-TRY (Retail customers)**	1.608.191	-	1.608.191
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>7.158.647</b>	<b>69.688.909</b>	<b>76.847.556</b>

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

(\*\*) TRY 35.749 of the overdraft account consists of loans given to personnel.

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**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)<sup>(\*)</sup>:

<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) <sup>(**)</sup>	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>

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

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

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**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	1.015.956	35.672.972	36.688.928
<i>Business premises loans</i>	211	753.802	754.013
<i>Automobile loans</i>	24.946	979.337	1.004.283
<i>Consumer loans</i>	990.799	33.939.833	34.930.632
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	4.119	4.119
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	4.119	4.119
<i>Other</i>	-	-	-
Commercial installment loans - FC	53.384	37.575.277	37.628.661
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	53.384	37.575.277	37.628.661
<i>Other</i>	-	-	-
Corporate credit cards-TRY	12.828.784	-	12.828.784
<i>Installment</i>	5.520.909	-	5.520.909
<i>Non-installment</i>	7.307.875	-	7.307.875
Corporate credit cards-FC	569	-	569
<i>Installment</i>	-	-	-
<i>Non-installment</i>	569	-	569
Overdraft accounts-TRY (Commercial customers)	4.997.425	-	4.997.425
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>18.896.118</b>	<b>73.252.368</b>	<b>92.148.486</b>

<sup>(\*)</sup> 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>

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

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

(5) Information on loans (continued):

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

	Current Period	Prior Period
Domestic loans	446.121.505	431.848.690
Foreign loans	1.077.878	978.731
<b>Total</b>	<b>447.199.383</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:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	2.338.391	3.164.527
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>2.338.391</b>	<b>3.164.527</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	371.504	799.164
Loans with Doubtful Collectability	440.636	270.090
Uncollectible Loans	8.654.270	9.979.896
<b>Total</b>	<b>9.466.410</b>	<b>11.049.150</b>

The decrease in the expected loan loss provision balance allocated for Stage 3 loans is caused by non-performing loans which are structured and transferred to performing loans in the current period and the individual assessment process carried out within the scope of the relevant articles of TFRS 9 and Provisions Regulation.

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

h.1. Information on non-performing loans and restructured loans<sup>(\*)</sup>:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>340.942</b>	<b>63.842</b>	<b>1.150.414</b>
<i>Restructured loans</i>	<i>340.942</i>	<i>63.842</i>	<i>1.150.414</i>
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>332.359</b>	<b>73.605</b>	<b>2.041.846</b>
<i>Restructured loans</i>	<i>332.359</i>	<i>73.605</i>	<i>2.041.846</i>

<sup>(\*)</sup>Rediscount is not included.

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**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:

	III. Group	IV. Group	V. Group
Current Period	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period end balance	2.333.051	637.011	13.947.732
Additions (+)	1.963.997	29.107	211.819
Transfers from other categories of loans under non-performing (+)	-	1.598.270	1.747.432
Transfers to other categories of loans under non-performing (-)	2.439.756	905.946	-
Collections (-)*	414.585	280.028	2.669.911
Write-offs (-)	-	-	7.598
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>1.442.707</b>	<b>1.078.414</b>	<b>13.229.474</b>
Provision (-)	371.504	440.636	8.654.270
<b>Net balance on balance sheet</b>	<b>1.071.203</b>	<b>637.778</b>	<b>4.575.204</b>
Prior Period			
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.

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

	III. Group	IV. Group	V. Group
Current period	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Balance at the end of the period	135.459	155.094	3.681.441
Provisions(-)	11.493	56.955	2.348.297
<b>Net balance in the balance sheet</b>	<b>123.966</b>	<b>98.139</b>	<b>1.333.144</b>
Prior period			
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.

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

(5) Information on loans (continued):

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current period (Net)</b>	<b>1.071.203</b>	<b>637.778</b>	<b>4.575.204</b>
Loans to granted real persons and legal entities (Gross)	1.442.707	1.078.414	13.229.474
Provisions (-)	371.504	440.636	8.654.270
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.071.203</b>	<b>637.778</b>	<b>4.575.204</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (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 (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	<b>9.745</b>	<b>2.695</b>	<b>612.251</b>
Interest Accruals and Valuation Differences	13.567	16.596	2.016.402
Provision (-)	3.822	13.901	1.404.151
<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



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**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):

j) Main guidelines of the liquidation policy of the Bank about the uncollectible loans and other 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 7.598 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.)

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**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	44.666.587	23.014.222	31.097.699	20.519.825
<b>Total</b>	<b>44.666.587</b>	<b>23.014.222</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	4.916.864	3.778.567	18.884.916	1.995.236
<b>Total</b>	<b>4.916.864</b>	<b>3.778.567</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	
	TRY	FC	TRY	FC
Government bonds		98.123.209		83.751.989
Treasury bills		-		-
Other public sector debt securities		497.259		818.523
<b>Total</b>		<b>98.620.468</b>		<b>84.570.512</b>

c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		98.670.990		84.621.031
<i>Quoted on a stock exchange</i>		98.670.990		84.621.031
<i>Not quoted</i>		-		-
Impairment provision (-)		-		-
<b>Total</b>		<b>98.670.990</b>		<b>84.621.031</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance		84.621.031		72.208.355
Foreign currency differences on monetary assets		3.879.197		5.473.915
Purchases during the year <sup>(1)</sup>		17.573.733		20.575.242
Disposals through sales and redemptions		(7.402.971)		(13.636.481)
Impairment provision (-)		-		-
<b>Balance at the end of the period</b>		<b>98.670.990</b>		<b>84.621.031</b>

<sup>(1)</sup> The difference between the discount amount of TRY 17.499.919 as of September 30, 2021 and the amount of discount amount of TRY 14.515.145 as of 31 December 2020 is shown in the line disposed by purchases during the year.

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**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>	The Netherlands	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>	Istanbul	18,18	18,18
4. Platform Ortak Kartlı Sistemler AŞ <sup>(4)</sup>	Istanbul	20,00	20,00
5. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(2)</sup>	Istanbul	33,33	33,33

b) Information related to the associates as shown in (a)

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value(3)
1.	17.816.790	2.595.670	34.765	290.774	5.248	78.766	45.061	759.635
2.	77.015	75.973	25	5.119	-	23.332	(1.516)	-
3.	468.526	272.775	220.891	18.594	-	41.963	48.549	-
4.	4.851	4.763	51	-	-	(464)	(22)	-
5.	210.504	158.280	108.340	13.103	-	146	1.852	-

<sup>(1)</sup> The financial data is obtained from 30 September 2021 financial statements used in consolidation.

<sup>(2)</sup> The financial data is obtained from unaudited 30 September 2021 financial statement.

<sup>(3)</sup> Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 30 September 2021.

<sup>(4)</sup> Financial information is taken from the financial statements as of 31 December 2020.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	752.310	507.786
Movements during the period	85.398	244.524
Purchases	57.243	34.992
Bonus shares obtained profit from current year's share	-	12.709
Dividends from current year income	-	-
Sales	-	(5.112)
Transfers	(57.243)	10.369
Revaluation decrease (-) / increase	85.398	191.566
Impairment provisions (-)/ reversals	-	-
<b>Balance at the end of the period</b>	<b>837.708</b>	<b>752.310</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	759.635	674.237
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	11.518	11.518
Other non- financial investments	66.555	66.555

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**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): (continued)

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 AD, Skopje	Halk Factoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
<b>COMMON EQUITY TIER I CAPITAL</b>							
Paid in Capital	150.000	1.020.000	323.000	799.036	96.000	356.373	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	49.945	-	11.633	-	256.281	-
Reserves	72.504	54.657	18.181	868.665	108.020	751.405	2.238
Other Comprehensive Income according to TAS	4.604	1.063.420	-	6.548	10	10.254	-
<b>Profit / Loss</b>	<b>130.698</b>	<b>24.240</b>	<b>66.599</b>	<b>(11.480)</b>	<b>64.505</b>	<b>59.804</b>	<b>395</b>
<i>Net Profit</i>	<i>130.698</i>	<i>24.240</i>	<i>71.634</i>	<i>25.888</i>	<i>53.116</i>	<i>59.804</i>	<i>395</i>
<i>Prior Period Profit/Loss</i>	-	-	<i>(5.035)</i>	<i>(37.368)</i>	<i>11.389</i>	-	-
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 (-)	-	-	(2.071)	613	-	154	-
Leasehold Improvements (-)	-	465	-	14.388	-	8.278	-
Intangible Assets (-)	6.498	309	1.433	29.857	2.761	38.468	-
<b>Total Core Capital</b>	<b>351.308</b>	<b>2.211.488</b>	<b>408.418</b>	<b>1.629.544</b>	<b>265.774</b>	<b>1.387.217</b>	<b>2.733</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-	<b>89.270</b>	<b>28.971</b>	<b>7.987</b>	<b>15.607</b>	-
<b>CAPITAL</b>	<b>351.308</b>	<b>2.211.488</b>	<b>497.688</b>	<b>1.658.515</b>	<b>273.761</b>	<b>1.402.824</b>	<b>2.733</b>
<b>NET AVAILABLE CAPITAL</b>	<b>351.308</b>	<b>2.211.488</b>	<b>497.688</b>	<b>1.658.515</b>	<b>273.761</b>	<b>1.402.824</b>	<b>2.733</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 30 September 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.

Extraordinary reserves are the status reserves which have been appropriated with the General Assembly decision after distributable profit have been transferred to legal reserves.

Legal reserves are the status reserves which have been appropriated from distributable profit in accordance with the related clauses of Turkish Commercial Code no. 6102.

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

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

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	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ <sup>(2) (3)</sup>	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,48	99,48
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	669.638	357.806	22.036	138.707	11.456	130.698	125.203	396.329
2.	3.171.919	2.183.506	2.107.604	5.227	-	24.240	26.873	1.798.337
3.	4.299.563	409.851	4.525	309.699	-	71.634	49.482	395.629
4.	11.134.533	1.673.789	458.235	256.966	11.200	25.888	50.177	1.636.385
5.	1.421.721	268.535	6.144	229.217	-	53.116	74.880	328.902
6.	8.378.960	1.433.963	163.820	184.513	27.840	59.804	28.343	1.279.504
7.	1.207.222	2.733	6	-	-	395	252	3.262

<sup>(1)</sup> The financial data is obtained from 30 September 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 Istanbul 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	341.266	2.255.201
Purchase <sup>(1) (2) (3) (4)</sup>	506.941	148.506
Bonus shares obtained profit from current year's share	81.981	30.224
Dividends from current year income	-	-
Sales	-	(56.003)
Transfer	-	(27.997)
Revaluation increase/decrease	(247.656)	2.160.471
Impairment Provisions (-)/ Reversals	-	-
<b>Balance at the end of the period</b>	<b>5.838.348</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.

<sup>(2)</sup> As a result of the paid capital increase, the Bank paid TRY 198.304 and increased its shareholding in Halk Banka AD, Skopje, located in Macedonia, to 99.48%.

<sup>(3)</sup> The Bank made a payment of 300.255 TRY due to the capital increase of Halk Banka A.D., located in Serbia, Beograd.

<sup>(4)</sup> In the current period, the Bank purchased 2.5% of Halk Faktoring AŞ amounting to TRY 8,223 and increased its share to 100%.

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**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	2.915.889	2.140.652
Insurance companies	-	-
Factoring companies	328.902	320.679
Leasing companies	395.629	395.629
Financing companies	-	-
Other financial subsidiaries	2.197.928	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>	1.798.337	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	2.936	875
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>438.575</b>	<b>435.639</b>
<b>Accumulated Depreciation (-)</b>		
Opening Balance	81.992	78.737
Amortization Charge	2.481	3.255
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
<b>Total Accumulated Depreciation (-)</b>	<b>84.473</b>	<b>81.992</b>
<b>Net Book Value</b>	<b>354.102</b>	<b>353.647</b>

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

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

(13) Information on deferred tax assets:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	1.550.847	1.501.262
Revaluation of Financial Assets	(1.937.894)	(1.324.198)
Other	435.220	(508.816)
<b>Deferred Tax Asset /(Liability):</b>	<b>48.173</b>	<b>(331.752)</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>44.292</b>	<b>(86.970)</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	183.477	53.300
Actuarial gains/losses	34.772	34.772
Valuation of subsidiaries	(173.957)	(175.042)

<sup>(1)</sup> Includes reserve for employee benefits and other provisions.

(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 6.380.648 and does not exceed 10% of the balance sheet total (31 December 2020: TRY 3.985.415).

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

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES**

(1) Information on deposit / funds collected:

a) Information on maturity structure of deposits / funds collected:

**Current Period**

	Demand accounts	7 day call	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	13.787.393	-	11.738.013	79.471.292	7.502.915	3.488.519	3.477.043	129.475	119.594.650
Foreign currency deposits	38.527.232	-	21.659.458	127.105.995	10.116.006	3.332.548	8.774.239	14.007	209.529.485
<i>Residents in Turkey</i>	34.321.324	-	20.010.160	122.856.752	9.728.489	2.416.670	5.889.390	13.609	195.236.394
<i>Residents abroad</i>	4.205.908	-	1.649.298	4.249.243	387.517	915.878	2.884.849	398	14.293.091
Public sector deposits	7.317.260	-	1.958.367	4.372.752	506.238	218.797	19.656	-	14.393.070
Commercial inst. deposits	14.368.254	-	34.578.335	34.983.555	1.655.158	915.675	2.253.547	-	88.754.524
Other inst. deposits	1.408.790	-	2.330.196	17.316.073	3.155.501	3.072.853	5.844.147	-	33.127.560
Precious metals	18.622.714	-	134.562	3.477.393	163.226	89.776	150.728	-	22.638.399
Interbank deposits	18.237.256	-	12.946.359	15.167.319	365.303	-	-	-	46.716.237
<i>CBRT</i>	-	-	-	-	-	-	-	-	-
<i>Domestic banks</i>	91.987	-	11.772.640	12.067.604	365.303	-	-	-	24.297.534
<i>Foreign banks</i>	15.363.818	-	518.383	3.099.715	-	-	-	-	18.981.916
<i>Participation banks</i>	2.781.451	-	655.336	-	-	-	-	-	3.436.787
<b>Total</b>	<b>112.268.899</b>	<b>-</b>	<b>85.345.290</b>	<b>281.894.379</b>	<b>23.464.347</b>	<b>11.118.168</b>	<b>20.519.360</b>	<b>143.482</b>	<b>534.753.925</b>

**Prior Period**

	Demand accounts	7 day call	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>



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

(1) Information on deposit / 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	50.858.967	40.394.097	68.462.680	48.828.336
Foreign currency saving deposits	28.190.443	28.680.997	84.011.273	66.880.922
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	481.105	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	265.244	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	3.299	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	-	24.874	-	26.206
Swap transactions	-	703.931	19.744	480.510
Future transactions	-	-	-	-
Options	100	11.965	369	7.212
Other	-	-	-	-
<b>Total</b>	<b>100</b>	<b>740.770</b>	<b>20.113</b>	<b>513.928</b>

(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	484.161	1.221.709	380.664	1.564.665
Foreign banks, institutions and funds	-	8.130.948	-	8.441.670
<b>Total</b>	<b>484.161</b>	<b>9.352.657</b>	<b>380.664</b>	<b>10.006.335</b>

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

(3) Information on funds borrowed: (continued)

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	394.974	188.547	380.359	212.013
Medium and long-term	89.187	9.164.110	305	9.794.322
<b>Total</b>	<b>484.161</b>	<b>9.352.657</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 22,36% of saving deposits and 39,18% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 62,79% of bank deposits and 47,57% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	4.570.061	-	3.551.547	-
Bonds	1.310.417	-	1.078.233	7.553.277
Assets Backed Securities	1.011.031	-	1.011.622	-
<b>Total</b>	<b>6.891.509</b>	<b>-</b>	<b>5.641.402</b>	<b>7.553.277</b>

(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).

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

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

(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	
	TRY	FC	TRY	FC
Up to 1 year	24.798	23.760	28.613	28.545
1 - 4 years	351.011	285.921	259.499	227.436
More than 4 years	889.667	513.303	738.599	526.905
<b>Total</b>	<b>1.265.476</b>	<b>822.984</b>	<b>1.026.711</b>	<b>782.886</b>

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

None. (31 December 2020: 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 30 September 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 30 September 2021, the Bank's specific provision for unindemnified non-cash loans balance is TRY 152.241 (31 December 2020: TRY 150.942).

- c) Information on other provisions:

Total other provision balance amounting to TRY 595.247 (31 December 2020: TRY 615.302) consists of TRY 152.241 (31 December 2020: TRY 150.942) for specific provisions of unindemnified and unfunded non-cash loans, TRY 205.867 (31 December 2020: 306.224) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 67.824 (31 December 2020: TRY 94.052) for legal cases filed against the Bank, and TRY 169.315 (31 December 2020: TRY 64.084) of other provisions.

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**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:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 30 September 2021, the Bank's calculated current tax liability is amounting to TRY 6.957 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:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate tax payable	6.957	-
Income on securities tax	653.467	475.152
Property income tax	1.651	1.136
Banking and insurance transactions tax (BITT)	230.782	153.656
Foreign exchange transactions tax	7.286	9.021
Value added tax payable	-	-
Other	66.451	51.929
<b>Total</b>	<b>966.594</b>	<b>690.894</b>

a.3. Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	13	21
Social insurance premiums-employer	15	27
Bank social aid pension fund premium-employee	25.110	18.063
Bank social aid pension fund premium-employer	41.031	28.084
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	1.808	1.279
Unemployment insurance-employer	3.584	2.526
Other	491	362
<b>Total</b>	<b>72.052</b>	<b>50.362</b>

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

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

b) Information on deferred tax liability:

It is explained in the 13th footnote of Section Five, Explanations And Notes Related To The Assets.

(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	-	10.283.444	-	8.824.063
<i>Subordinated loans</i>	-	10.283.444	-	8.824.063
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.021.752	-	6.036.525	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.021.752	-	6.036.525	-
<b>Total</b>	<b>6.021.752</b>	<b>10.283.444</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:

	Current 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.

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

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

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 - September 30, 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.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	1.561.563	775.116	2.085.896	696.265
<i>Valuation differences</i>	1.561.563	775.116	2.085.896	696.265
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(845.283)	(43.986)	(77.633)	(230.418)
<i>Valuation differences</i>	(845.283)	(22.152)	(77.633)	(228.348)
<i>Exchange rate difference</i>	-	(21.834)	-	(2.070)
<b>Total</b>	<b>716.280</b>	<b>731.130</b>	<b>2.008.263</b>	<b>465.847</b>

j) Information on Profit Distribution:

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 2.470.042 to extraordinary reserves, after allocating TRY 130.003 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.

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**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	31.797.845	27.941.932
Payment commitments for cheques	5.750.449	4.472.298
Loan granting commitments	5.350.928	4.594.177
Forward asset purchase and sale commitments	4.862.544	1.826.745
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	27.127	22.752
Tax and fund liabilities from export commitments	115.753	124.240
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	5.204.879	4.948.441
<b>Total</b>	<b>53.109.525</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	3.997.158	2.408.221
Bank acceptances	7.182.222	6.495.595
Other guarantees	7.148.695	4.824.419
<b>Total</b>	<b>18.328.075</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	20.919.974	16.981.843
Letters of advance guarantees	6.022.504	5.104.565
Letters of tentative guarantees	2.386.461	2.215.108
Letters of guarantee given to customs offices	3.221.051	2.706.440
Other letters of guarantee	89.250.371	73.819.146
<b>Total</b>	<b>121.800.361</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	14.771.927	12.107.654
<i>Within one year or less original maturity</i>	<i>1.354.923</i>	<i>786.030</i>
<i>Within more than one year maturity</i>	<i>13.417.004</i>	<i>11.321.624</i>
Other non-cash loans	125.356.509	102.447.683
<b>Total</b>	<b>140.128.436</b>	<b>114.555.337</b>

d) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 5.750.449 (31 December 2020: TRY 4.472.298)

e) Services provided on behalf of others:

None.

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**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	8.729.712	143.759	4.018.598	292.215
Medium and long term loans	24.613.420	4.225.681	18.990.440	4.161.306
Interest on non-performing loans	266.107	-	363.019	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>33.609.239</b>	<b>4.369.440</b>	<b>23.372.057</b>	<b>4.453.521</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	853.168	-	119.940	-
Domestic banks	26.241	230	14.534	599
Foreign banks	10.777	6.059	6.012	1.838
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>890.186</b>	<b>6.289</b>	<b>140.486</b>	<b>2.437</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	7.138	35	2.037	4
Financial Assets at Fair Value through Other Comprehensive Income	4.454.501	424.660	2.853.577	175.541
Financial Assets Measured at Amortized Cost	8.381.167	1.103.283	6.217.676	957.000
<b>Total</b>	<b>12.842.806</b>	<b>1.527.978</b>	<b>9.073.290</b>	<b>1.132.545</b>

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	151.506	157.965



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**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	39.546	81.827	36.850	149.851
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	39.546	19.559	36.850	49.503
<i>Overseas banks</i>	-	62.268	-	100.348
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	6	18.187	7	17.469
<b>Total</b>	<b>39.552</b>	<b>100.014</b>	<b>36.857</b>	<b>167.320</b>

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	57.110	20.489

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	1.506.478	554.361	1.220.257	645.155
<b>Total</b>	<b>1.506.478</b>	<b>554.361</b>	<b>1.220.257</b>	<b>645.155</b>

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**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:

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	230	1.961.970	591.917	13.217	-	-	-	2.567.334	
Saving deposits	21	1.471.559	9.101.119	1.011.646	467.809	354.711	9.385	12.416.250	
Public deposits	16	520.916	432.207	52.833	24.950	1.751	-	1.032.673	
Commercial deposits	20	4.389.322	5.146.481	237.131	136.939	856.422	-	10.766.315	
Other deposits	1	387.927	2.356.789	347.429	221.371	171.171	-	3.484.688	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>288</b>	<b>8.731.694</b>	<b>17.628.513</b>	<b>1.662.256</b>	<b>851.069</b>	<b>1.384.055</b>	<b>9.385</b>	<b>30.267.260</b>	
<b>Foreign currency</b>									
Deposits	117	208.639	1.456.593	76.025	33.277	68.664	58	1.843.373	
Bank deposits	-	12.909	122.184	117	-	-	-	135.210	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	440	11.337	640	249	549	-	13.215	
<b>Total</b>	<b>117</b>	<b>221.988</b>	<b>1.590.114</b>	<b>76.782</b>	<b>33.526</b>	<b>69.213</b>	<b>58</b>	<b>1.991.798</b>	
<b>Grand total</b>	<b>405</b>	<b>8.953.682</b>	<b>19.218.627</b>	<b>1.739.038</b>	<b>884.595</b>	<b>1.453.268</b>	<b>9.443</b>	<b>32.259.058</b>	

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	110	748.832	374.781	12.302	531	-	-	1.136.556	
Saving deposits	134	368.300	3.573.350	410.155	56.793	361.275	8.023	4.778.030	
Public deposits	48	491.700	179.147	29.220	23.952	558	-	724.625	
Commercial deposits	743	1.896.760	2.669.815	164.549	41.714	511.747	-	5.285.328	
Other deposits	1	189.534	903.031	141.328	38.590	165.287	-	1.437.771	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>1.036</b>	<b>3.695.126</b>	<b>7.700.124</b>	<b>757.554</b>	<b>161.580</b>	<b>1.038.867</b>	<b>8.023</b>	<b>13.362.310</b>	
<b>Foreign currency</b>									
Deposits	76	67.063	691.219	34.544	22.677	63.304	-	878.883	
Bank deposits	4	90.601	-	-	-	-	-	90.605	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	580	6.264	1.233	323	824	-	9.224	
<b>Total</b>	<b>80</b>	<b>158.244</b>	<b>697.483</b>	<b>35.777</b>	<b>23.000</b>	<b>64.128</b>	<b>-</b>	<b>978.712</b>	
<b>Grand total</b>	<b>1.116</b>	<b>3.853.370</b>	<b>8.397.607</b>	<b>793.331</b>	<b>184.580</b>	<b>1.102.995</b>	<b>8.023</b>	<b>14.341.022</b>	

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**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) Information on trading profit/loss:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>73.476.823</b>	<b>42.644.231</b>
<i>Profit from the capital market transactions</i>	34.313	172.185
<i>Profit on derivative financial transactions</i>	12.939.894	8.417.986
<i>Foreign exchange gains</i>	60.502.616	34.054.060
<b>Loss (-)</b>	<b>79.020.587</b>	<b>48.276.383</b>
<i>Loss from the capital market transactions</i>	1.466	124.402
<i>Loss from derivative financial transactions</i>	12.295.880	4.931.010
<i>Foreign exchange losses</i>	66.723.241	43.220.971

(4) Information on other operating income:

	<b>Current Period</b>	<b>Prior Period</b>
Adjustments for prior period expenses	5.392.039	818.050
Income from the asset sale	158.773	229.039
Rent income	42.527	35.800
Other income	65.312	34.859
<b>Total</b>	<b>5.658.651</b>	<b>1.117.748</b>

(5) Information on expected credit loss and other provision expenses:

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Losses	1.691.687	5.811.858
<i>12 Month Expected Credit Loss (Stage 1)</i>	165.392	730.508
<i>Significant Increase in Credit Risk (Stage 2)</i>	144.559	2.368.433
<i>Non – Performing Loans (Stage 3)</i>	1.381.736	2.712.917
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	-	25.846
<b>Total</b>	<b>1.691.687</b>	<b>5.837.704</b>

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**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	154.075	115.714
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	331.201	284.383
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	110.965	59.834
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	12.735	15.142
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	1.806.940	1.669.185
<i>Leasing Expenses on TFRS 16 Exceptions</i>	80.626	66.708
<i>Maintenance expenses</i>	37.777	32.270
<i>Advertisement expenses</i>	230.003	142.317
<i>Other expenses</i>	1.458.534	1.427.890
Loss on sales of assets	1.982	208
Other	1.249.660	962.200
<b>Total</b>	<b>3.667.558</b>	<b>3.106.666</b>

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

The Bank's income before tax is due from continuing activities. Net interest expense is TRY 5.253.203 (30 September 2020: TRY 16.248.636 net interest income) and net fees and commissions income is TRY 2.826.059 (30 September 2020: TRY 1.959.605). The loss from continuing operations before tax of the Bank is amounting to TRY 19.405 (30 September 2020: TRY 2.554.819 operating profit).

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

For the period then ended 30 September 2021, the Bank's tax provision income amounting to TRY 234.547 (30 September 2020: TRY 464.652 tax provision expense) consists of TRY 14.116 (30 September 2020: TRY 193.001) of current tax charge and TRY 1.508.880 (30 September 2020: TRY 1.116.812) of deferred tax charge, TRY 1.757.543 (30 September 2020: TRY 845.161) of deferred tax income.

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

As of 30 September 2021, the Bank's net operating income after tax is amounting to TRY 215.142 (30 September 2020: TRY 2.090.167).

(10) Information on net profit/loss:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for an understanding of the Bank's performance during the period, an explanation of the nature and amount of these items:

There is no issue to be disclosed.

- b) Effects of changes in accounting estimates on the current and future periods' profit/loss:

There is no issue to be disclosed.

(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.

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**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:

<b>Current Period</b>						
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans						
Beginning Balance	3.128.930	264.217	-	-	-	-
Closing Balance	2.338.391	209.519	-	-	-	-
Interest and commissions	151.506	1.113	-	-	-	-
<b>Prior Period</b>						
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans						
Beginning Balance	2.331.642	313.114	-	-	-	-
Closing Balance	3.128.930	264.217	-	-	-	-
Interest and commissions	157.965	461	-	-	-	-

b) Deposits held by the Bank's risk group:

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Beginning Balance	458.773	3.574.573	-	-	-	-
Closing Balance	676.129	458.773	-	-	-	-
Interest expense on deposits	57.110	13.608	-	-	-	-

c) Forward and option contracts and similar transactions with the Bank's risk group:

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Transactions at Fair Value Through Profit or Loss</b>						
Beginning Balance	-	17.918	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	16	(19)	-	-	-	-

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

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

(2) Disclosures for risk group:

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of "the Brokerage Contract for Order Submission".

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
Cash Loans	2.338.391	0,51
Non-Cash Loans	209.519	0,15
Deposits	676.129	0,13
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 10.100 as of 30 September 2021 (31 September 2020: TRY 8.384)

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

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

None.

**VII. OTHER EXPLANATIONS**

On October 15, 2019, the U.S. Department of Justice, United States Attorney Southern District of New York indicted the Bank by repeating the allegations set forth in the case filed against the former executive of the Bank due to the Iranian sanction violations.

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

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

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

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

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

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Court of Appeals for the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the 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, the oral argument was presented on April 12, 2021. The Court of Appeals for the Second Circuit denied Halkbank's appeal on October 22<sup>nd</sup>, 2021.

In the process ahead, the Bank submits a petition for the panel rehearing by the judges who denied the appeal in addition to an *en banc* rehearing at the Court of Appeals for the Second Circuit. Through the petition, the stay on the District Court proceedings shall be extended till the Second Circuit issues the opinion on the rehearing petition of the Bank. If the rehearing petition on the Foreign Sovereign Immunity Act appeal of the Bank is denied by the Second Circuit, the District Court needs to create a new schedule for the jury trials.

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

The Plaintiffs filed their appeal brief at the Court of Appeals for the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed. The appeal is still ongoing at the Court of Appeals for the Second Circuit.

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

**VII. OTHER EXPLANATIONS (continued)**

The proceedings of both the criminal case and civil case are closely monitored by the Bank through the 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 July 19, 2019 and returned to Turkey, is completed. The decision of the conviction was confirmed.



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**SECTION VI: LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON LIMITED REVIEW REPORT**

The Bank's publicly available unconsolidated financial statements and footnotes as of 30 September 2021 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 11 November 2021 is presented in front of the financial statements.

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

None.

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**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,

The world economy is reshaping to shake off the impact of COVID-19, which is one of the worst pandemics our world has witnessed in the last 100 years. Record-breaking pace of vaccination is driving efforts to return to our pre-pandemic lives. The threat has yet to be completely eliminated, but it has weakened overall despite the sporadic new variants. All countries, including Turkey, are now striving to be a part of the picture in the emerging global order.

International institutions underline the recovery, particularly in developed countries, over the first quarter of the year, while pointing at the significant divergence between countries. The International Monetary Fund (IMF) voiced significant concern over the asymmetrical vaccination practices between developed and developing countries turning into a source of divergence. The Organisation for Economic Co-operation and Development (OECD) shared similar concerns as well. The Economic Overlook Report released by the Organization noted improving economic recovery through the advances in vaccination and the support provided by public investment and central banks. However, it underscored that the significant difference between vaccination rates in countries have exacerbated inequalities in economic recovery.

As economies accelerated, the consequent rise in demand resulted in serious price increases for food, energy, and other goods. Furthermore, supply chain disruptions and surging inflation in many countries, particularly in the U.S., are other hot risk topics in the global economy.

Turkey has had a standout performance compared to other economies during this period. The extraordinary efforts of our Ministry of Health and decisive actions of relevant public institution heads to solve the vaccination issue, which plays a key role in the recovery of economies around the world, has boosted our economic activities. Indeed, we followed the United Kingdom in second place among the OECD countries with a 21.7 percent growth in the second quarter. The world's largest economy, the U.S., within the same period showed a 12.2 percent growth, while China, as the world's second largest economy, remained at 7.9 percent.

Turkey's strong and decisive growth positively influences end-of-year estimations. The Medium Term Plan prepared by the Ministry of Treasury and Economy and the Presidency of Strategy and Budget estimate the year-end growth at 9 percent, while the IMF, the OECD and other rating institutions estimate it around 8-9 percent.

This growth was driven by a strong export performance, triggered by rising foreign demand, that broke all records in the Republic's history. Our bank contributed in this period by supporting different segments of the society. I proudly emphasize that we are one the most important financial actors to fund the Turkish economy with our total loan support that reached 603 billion Turkish lira in the third quarter of the year. We have not only supported small business owners, artisans and SMEs with a particular focus on women entrepreneurs to help them survive and thrive, but with our tailored new products and services we have also contributed to the growth of business volume and enterprises, to the increase of production and investment, and therefore, to the expansion of employment and exports.

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

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**SECTION VII: INTERIM ACTIVITY REPORT**

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

**Chairman's Review (continued)**

Of course, as a public bank that contains the word Halk in its name, we cannot be expected to limit our activities to finance. We were also one of the first to reach out to the victims of the aftermath of the devastating fires and floods that afflicted our country during the summer. We strived to respond to their urgent needs with our disaster relief vans, alleviate their pain and help them get back on their feet in areas struck by the disasters. We also donated 100,000 saplings to restore those forests lost to wildfires.

Following our founding mission and our 83 years of experience, we will continue to support the healthy development of our country, and to offer our resources to our people for their financial and social development. We will continue to provide exemplary services that will boost the dynamism of our financial system with the power we take from our large, 20,000-person family at Halkbank, all adopting a solution-oriented business approach. I would like to thank all our stakeholders and shareholders for putting their trust in us and inspiring us along the way.

Sincerely,

R. Süleyman ÖZDİL  
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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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,

At Halkbank, we expanded the scope of our support to artisans, tradespeople and SMEs and launched advantageous loan packages aimed at facilitating women entrepreneurs access to financing. Our Women Entrepreneur Loan Package and Productive Women Meetings have today become one of the biggest contributors to the women entrepreneur ecosystem of Turkey. In this context, the third quarter was a period full of impressive and fruitful developments. We had the opportunity to positively affect the lives of thousands of women throughout the country within a span of just seven months. We provided 6.4 billion Turkish lira to 67,000 women entrepreneurs through the financial channels specifically designed for women. We witnessed how, imbued with entrepreneurial zeal, our women have revitalized not just their own businesses, but their local economy as well. Our support for women entrepreneurs will continue toward its first-year goal of reaching 100,000 women and 10 billion Turkish lira.

Our women-oriented efforts have resonated not only in Turkey but also abroad as well. Our Bank competed against global finance and banking players to win five gold awards at the Stevie Awards for Great Employers and Globee Business Awards programs in both the "new financial products for women," and "supporting and empowering women entrepreneurs" categories.

In addition to the awards in recognition of our support for women, we were honored by awards for our other achievements. We were chosen as the "Bank of the Year" globally and "Employer of the Year" in the human resources category at the International Business Awards, regarded as the "Oscars" of the business world. These international awards have provided a huge motivation for all Halkbank employees in their efforts to help Turkey develop and nurture unique and innovative projects.

Through our projects, our Bank continues to be one of the greatest contributors to SMEs, artisans and tradespeople, who together constitute the lifeblood and backbone of Turkey's economy. We signed up 750,000 new tradespeople customers during the pandemic. As a result, the number of artisan and tradespeople borrowers increased to 1.2 million and our loan balance reached 76.1 billion Turkish lira. We reached a market share of 20.7 percent with 205.3 billion Turkish lira in SME loans.

Continuing to fulfill its responsibilities toward the Turkish economy, our Bank increased its total assets by 9.1 percent to 724.2 billion Turkish lira, and its total deposits, by 21.4 percent to 534.8 billion Turkish lira in the third quarter compared to the same quarter of 2020. Our cash loans rose to 462.9 billion Turkish lira and our total loans, by 7.5 percent to 603.1 billion Turkish lira.

The Turkish economy gained strong momentum during this period, which also proved to be a dynamic time for our Bank. After finishing the first quarter of the year with a 7.2-percent growth, our economy showed signs of recovery from the global pandemic with a record-breaking 21.7-growth during the second quarter. The biggest drivers of this success were the service and industrial sectors, which grew by 45.8 and 40.5 percent, respectively. The strong growth was also reflected in record high export figures. Our exports reached \$20.8 billion in September and set a record by crossing the \$20-billion mark in a single month for the first time in the history of our Republic.

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**TÜRKİYE HALK BANKASI AŞ**  
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**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)**

Despite the exhilarating economic news, we were deeply saddened by the natural disasters that hit our country during the summer. Halkbank has stood by the victims from the very first day. We directed relief trucks and vehicles to the affected areas and provided urgently needed items, particularly food, to our citizens in need. We donated to a campaign initiated by the Banks Association of Turkey to provide 100,000 saplings to reforest areas affected by wildfires.

As the Turkish people showed strong solidarity with its emergency responders and volunteers in their fight against the wildfires and floods, our Bank supported our people during these trying times as it always has under any all conditions. I wish Allah's mercy upon those who lost their lives, and I also wish Turkish people a quick recovery.

Dear Stakeholders,

Following the great achievements we made in the third quarter, we will continue to develop and implement projects that will help improve the economic and social wellbeing of our people in the upcoming period, and we will begin this process with micro-businesses. Our biggest supporters during this quest will be you, our esteemed investors. We thank you for your unwavering support and extend our gratitude for your trust in our Bank.

Sincerely,

Osman ARSLAN

General Manager

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**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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**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 Sheet (TRY Million)</b>	<b>September 2021</b>	<b>December 2020</b>	<b>Change (%)</b>
Total Assets	724.242	680.026	6,5
Loans	462.950	449.745	2,9
<i>TRY</i>	364.201	356.070	2,3
<i>FC</i>	98.749	93.675	5,4
Marketable Securities	173.880	159.200	9,2
Deposit	534.754	457.286	16,9
<i>TRY</i>	273.253	262.090	4,3
<i>FC</i>	261.501	195.196	34,0
Total Equity	42.227	42.931	(1,6)

<b>Summary Statement of Profit or Loss (TRY Million)</b>	<b>September 2021</b>	<b>September 2020</b>	<b>Change (%)</b>
Interest Income	53.361	38.225	39,6
<i>On Loan</i>	37.979	27.826	36,5
<i>On Securities</i>	14.371	10.206	40,8
Interest Expense	48.108	21.976	118,9
<i>On Deposit</i>	32.259	14.341	124,9
Net Interest Income	5.253	16.249	(67,7)
Net Fee and Commission	2.826	1.960	44,2
Net Profit	215	2.090	(89,7)

<b>Ratio (%)</b>	<b>September 2021</b>	<b>December 2020</b>
Cash Loans/Total Asset	63,9	66,1
Non-Performing Loans/Total Cash Loans (Gross)	3,4	3,8
Demand Deposit/Total Deposit	21,0	19,2
Loan/Deposit Ratio	86,6	98,4
Average Return on Asset (ROA)	0,04	0,46
Average Return on Equity (ROE)	0,68	6,92
Capital Adequacy Ratio	13,43	15,23

**TÜRKİYE HALK BANKASI AŞ**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
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*(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)**

**2021 Third Quarter Interim Developments**

**Significant Developments**

- Our Bank has issued bonds with a par value of 3.768.000.000 Turkish lira to the qualified investors throughout this period.

**New Products and Campaigns**

- “Immediate Support Loan for SMEs Affected by Natural Disasters” has been established in order to meet the urgent financing needs of SME companies whose commercial activities have been damaged due to natural disasters, especially earthquakes, floods and fires.

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